

# 2021 TN HOUSING TRUST FUND

2021 WINTER ROUND  
COMPETITIVE GRANTS  
GRANTEE WORKSHOP

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MARCH 11, 2021

# 2021 WINTER ROUND COMPETITIVE GRANTS

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- 22 Applications
- 8 Grants Awarded
- \$8.8 Million Requested
- \$3.5 Million Awarded
- 116 units benefitting 136 households
- Populations served: Extremely Low Income, Homeless, Disabled, Ex- offenders, Homeless Veterans, Youth Aging Out of Foster Care, Domestic Violence Victims

# HTF GRANT CONTRACTS

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## **Three Year Contracts**

- March 1, 2021 through February 29, 2024

## **Attachment A**

- The activities described in the approved grant application

## **Attachment B**

- THTF Budget showing line item funding including matching funds

# HTF GRANT CONTRACTS

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## Contract Requirements – Review Contracts Carefully:

- **New!** Executed contracts and start up forms must be returned within 60 days. Due date – 5/11/2021.
- Maintenance of Records for 5 years from final payment.
- Periodic Progress Reports due by June 30<sup>th</sup> and December 31<sup>st</sup> of each year until project completion.

*(Progress Report Forms are on Competitive Grants page of the THDA Website)*

# HTF GRANT CONTRACTS

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## **Contract Requirements – Review Contracts Carefully:**

- Clearly display public accountability sign in passageway through which the public enters.
- Grantees must carry insurance coverages as indicated in the contract with THDA named as an insured.
- Grantees must provide a Zoning Letter documenting that the property is properly zoned for the intended use.

# HTF GRANT CONTRACTS

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## **Contract Requirements – Review Contracts Carefully:**

- **New!** Annual Certification of Rents, Utilities & Income due by January 31<sup>st</sup> of each year throughout the compliance period.
- Upon project completion provide a copy of a Recorded Notice of Completion.

# COMPETITIVE GRANTS MANUAL

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2021 Winter Program Description and Competitive Grants Program Manual available online at [www.thda.org](http://www.thda.org)

Click on:

- Government & Nonprofit Partners
- Tennessee Housing Trust Fund
- Competitive Grant Administrators (right hand side of page)

**\*Note** – Updated Competitive Grants manual is currently under construction

# MARKETING REQUIREMENT

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**It is a goal of the THTF to raise the profile of affordable housing across the State**

- Each Grantee must develop and execute marketing and public relations plans to publicize the achievements of the THTF.
- It is expected that successful applicants will work with the **Industry and Government Affairs** and **Communications** Divisions of THDA to publicize the success of their THTF projects.



# FAIR HOUSING AND EQUAL OPPORTUNITY

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- No person can be excluded from THTF-assisted units on the basis of race, color, religion, sex, disability, familial status, or national origin.
- Policies and Procedures are critical in defining eligibility criteria and target populations.
- Post POLICY OF NON-DISCRIMINATION (Form 4) so it is clearly visible to all.
- Efforts should be made to assure minority/female-owned businesses are offered opportunities to bid on service, material, and construction contracts.

# CONFLICT OF INTEREST

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- An employee or official of the State of Tennessee and no Covered Person identified below may obtain a financial interest or benefit from a TN Housing Trust Fund assisted activity.
- Covered Persons include immediate family members of any employee or board member of the Grantee.
- Immediate family members include the spouse, parent (step-parent), child (step-child), grandparent, grandchild, sister or brother (step-sister or step-brother), and in-laws of any Covered Person.

# CONFLICT OF INTEREST

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- Grantees must make every effort to avoid the appearance of favoritism in the eligibility determination process.
- If the appearance of a conflict of interest or the appearance of favoritism exists, the Grantee must contact THDA.
- Conflict of interest provisions also apply to any employee, agent, consultant, officer, elected official, or appointed official of THDA.

# PROCUREMENT

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**The contract with THDA requires that Grantees procure for goods, materials, services and equipment through a competitive process**

- Price or rate quotations must be obtained from at least 3 qualified sources.
- Quotations may be obtained over the telephone as long as a written record is kept with the person contacted, the date contacted, and the price quoted.
- Purchase should be made from the lowest or best bidder.

# AFFIRMATIVE MARKETING

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**Grantees must have procedures to provide information and attract eligible persons without regard to race, color, national origin, sex, religion, familial status or disability**

- Contact lenders, churches, community organizations, employment centers, fair housing groups or housing counseling agencies to solicit applications.
- Make the information known through advertisements and announcements in local media.
- Maintain records to document affirmative marketing efforts.
- **List properties on [TNHousingSearch.org](http://TNHousingSearch.org).**

# POLICIES AND PROCEDURES

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**Grantees must develop written policies and procedures to guide the day-to-day operation of the housing program.**

**Policies and Procedures must minimally include:**

- Description of the goals of the program and program activities.
- Explanation of tenant eligibility requirements and selection procedures.

# POLICIES AND PROCEDURES

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- Explanation of the terms and conditions of THTF assistance.
- Explanation of rehabilitation or construction standards.
- Explanation of the procurement process.
- Procedures for resolving tenant grievances or complaints.

# POLICIES AND PROCEDURES

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- Sample policies and procedures are included in the Competitive Grants Manual.

**Note:** *Copy of Policies and Procedures must be submitted to THDA prior to drawing down grant funds*



# ELIGIBLE ACTIVITIES

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- Acquisition of rental housing units
- Rehabilitation of existing rental units
- New Construction of rental housing units
- Conversion of non-residential to residential units
- Combinations of the above

# ELIGIBLE POPULATIONS

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TN Housing Trust Funds must be used for rental housing activities for:

- Low, Very Low, and Extremely Low Income households
  - Elderly (62+)
  - Special Needs
  - Youth Transitioning from Foster Care
  - Ex-offenders
  - Homeless Veterans

# ELIGIBLE POPULATIONS

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- **Low Income** – Households with gross annual income **at or below 80%** of the area median.
- **Very Low Income** – Households with gross annual income **at or below 50%** of the area median.
- **Extremely Low Income** – Households with gross annual income **at or below 30%** of the area median.

# INCOME ELIGIBILITY

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- Program beneficiaries must complete a written application for assistance and submit proof of income to determine eligibility.
- Income Limits are available on the Competitive Grants Administrators page of the THDA website at [www.thda.org](http://www.thda.org).

# INCOME DETERMINATION

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- THTF uses the Section 8 Rental Assistance Program definition of annual income.
- Annual income is the **anticipated GROSS** income to be received by all household members during the next 12 months.
- Income includes assets.
- See THTF Manual [Income Determination Section](#) for information on how to determine income.

# TENANT INCOME REQUIREMENTS

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## Recertification

- Tenant income must be recertified on an annual basis throughout the compliance period.
- Tenants who no longer qualify as low income must pay 30% of the household's adjusted gross income as rent.

# RENT LIMITS

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**THTF **maximum** rents** are the High HOME rents as published annually by HUD

- Rent Limits are available online at [www.thda.org](http://www.thda.org). Click:  
[Government & Nonprofit Partners > TN Housing Trust Fund > Competitive Grants Administrators](#).
- Rents are controlled for the length of the compliance period.
- Utilities paid by tenants must be subtracted from the published HOME rents to determine the maximum rent.
- The tenant portion of rent may not exceed 30 % of the tenant's gross monthly income.

# RENT LIMITS – GROUP HOMES

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**The Rent limit for Group Homes is the HUD Fair Market Rent (FMR) limit for the total number of bedrooms in the group home.**

- Bedrooms of live-in supportive service staff are not included in the calculation of total number of bedrooms.
- Each tenant pays a pro-rata share of the total rent.
- If tenants are paying utilities, the utility allowance must be subtracted from the FMR limit to determine the max combined rent that may be charged to all tenants.
- Rents may not include food or supportive services costs.



# RENT LIMITS – GROUP HOMES

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**Services and fees for persons with disabilities must adhere to the following:**

- Disability related services must be non-mandatory.
- Persons with disabilities must have the option to choose service providers.
- Leases must state whether fee-based services are optional or mandatory.
- Leases must identify the amount of additional fees separately from the basic rent for each tenant.

# RENT LIMITS – GROUP HOMES

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## Group Home Rent Calculation Example:

The pro-rata share is calculated by dividing the FMR by the number of persons in the group home.

- Number of persons residing in the group home: **3**
- Number of bedrooms: **4** (1 bedroom is occupied by a live-in service provider)
- Number of bedrooms used to establish rent: **3**
- Fair Market Rent: **\$990**, Utility Allowance: **\$90**, Max Total Rent: **\$900**  
 $\$900/3$  persons = **\$300** (Max rent per person)  
 $\$300/\$900 = .33$  (each person's pro-rata share)

# RENT LIMITS – SRO UNITS

**Rents for Single Room Occupancy units are based on the HUD Fair Market Rents or the HUD High HOME rent depending on the type of unit as described below:**

IF THE SRO HOUSING IS...	THEN...
A unit with neither food preparation nor sanitary facilities, or with one (food preparation or sanitary facilities)	The THTF rent may not exceed 75% of the HUD-published FMR limit for a 0-bedroom (efficiency) unit.
A unit with both food preparation and sanitary facilities	The THTF rent cannot exceed the HUD published High HOME rent limit for a 0-bedroom unit.
A unit that receives state or federal project-based rental assistance and is occupied by a very low income tenant	The THTF rent can be the applicable state or federal project-based rent, as long as the unit is occupied by a very low income tenant who does not pay more than 30% of the family's monthly adjusted income for rent.

# RENT LIMITS – SRO UNITS

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- If tenants are paying utilities, the utility allowance must be subtracted from the FMR or High HOME limit to determine the max allowable rent that may be charged.

**Depending on unit configuration - max rent must be calculated as follows:**

- 75 % of FMR for 0 Bed Unit (minus) Utility Allowance = Max Rent
- or -
- High HOME Rent for 0 Bed Unit (minus) Utility Allowance = Max Rent

# LEASES

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- Leases should be for one year, unless by mutual consent, the tenant and owner agree to a lesser term.
- Owner cannot refuse to renew the lease except for serious or repeated violations of the lease.
- Termination of a lease or refusal to renew a lease must be preceded by a 30 day written notice specifying the grounds for termination or refusal to renew.

# SUBSIDY LIMITS

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There are no per unit subsidy limits for the THTF Competitive Grants Program.

# COMPLIANCE PERIOD

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All grants will have a compliance period that begins on either:

- The date the units are first available for occupancy as determined by the date on the [certificate of occupancy](#) for the final building placed in service.
- The date of recordation of a [notice of completion](#) provided that recordation occurred after 100% completion of construction and the applicable time period specified in T.C.A. Section 66-11-143 has run.
- The grant is forgiven at the end of the term if full compliance was achieved during the term.
- Compliance period is secured by a Grant Note, Deed of Trust and Restrictive Covenants.

# COMPLIANCE PERIOD

The length of the compliance period is based on the amount of Competitive Grants funds invested per unit as follows:

Average Per Unit Competitive Grants Investment	Compliance Period
< \$15,000	5 Years
\$15,000 - \$40,000	10 Years
>\$40,000	15 Years



# LEGAL DOCUMENTS

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- The Competitive Grants legal documents must be in place before grant funds may be drawn down.
- Legal documents include a Grant Note, Deed of Trust, and Restrictive Covenants.
- THDA will draw up legal documents upon receipt of the **Legal Documents Request Form.**



# LEGAL DOCUMENTS

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- Submit Legal Documents Request Form Early in the Grant Term!!
- *THTF funds will not be disbursed until the legal documents have been executed and recorded.*
- *The Restrictive Covenants must be recorded BEFORE the Deed of Trust*



# REHABILITATION STANDARDS

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- Housing that is rehabilitated must meet THDA Design Standards for rehabilitation and must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion.
- THDA Design Standards may be found on the Competitive Grants Program page of the THDA website.
- In the absence of local codes, rehabilitation of existing units must meet the current State adopted edition of the International Existing Building Code.

# CONSTRUCTION STANDARDS

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- Construction of rental units must meet THDA Design Standards for New Construction and all applicable local codes, rehabilitation standards, and zoning ordinances at project completion.
- THDA Design Standards may be found on the Competitive Grants Program page of the THDA website.

# CONSTRUCTION STANDARDS

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In the absence of local codes:

- New construction of multi-family apartment units must meet the current State adopted edition of the International Building Code.
- New construction of single-family units, duplexes, or townhomes must meet the current State adopted edition of the International Residential Code for One- and Two-Family Dwellings.
- New construction must also meet the State adopted edition of the International Energy Conservation Code.

# BUILDING PERMITS

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- Building Permits must be pulled on all **New Construction** projects as required by the State or the Local Jurisdiction.
- Permits must be pulled on **Rehabilitation** projects as required by the State or the Local Jurisdiction.
- Depending on the type of work performed, **Rehabilitation** projects may require building, mechanical, plumbing, and/or electrical permits.

# INSPECTIONS – New Construction

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- All new construction work performed as part of a TN Housing Trust Fund project must be inspected by a state certified inspector, as applicable.
- State certified inspectors are licensed by the TN Dept. of Commerce and Insurance (State Fire Marshal's Office) in the field of expertise to be inspected – i.e. – building, plumbing, mechanical, electrical.

# INSPECTIONS – Multi-family

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## **Multifamily :**

- Multi-family projects of 5 or more units involving **new construction** must be inspected by a certified inspector through the State Fire Marshal's Office or the local jurisdiction as applicable.
- When a building permit is issued for multi-family **rehabilitation** projects, inspections must be conducted by either the State Fire Marshal's Office or the local jurisdiction as applicable.
- If the work is exempted by the state or local code and a permit is not required, then a qualified inspector may be used.
- If a permit is not required, documentation confirming the exemption from the state or local codes office must be provided.



# INSPECTIONS – Single Family

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## Single Family:

- **New construction** of single family projects of 1-4 units must be inspected by the State Fire Marshal's Office or the local jurisdiction as applicable.
- When a building permit is issued for single family **rehabilitation** projects of 1 – 4 units, inspections must be conducted by either the State Fire Marshal's Office or the local jurisdiction as applicable.
- If the work is exempted by the state or local code and a permit is not required, then a qualified inspector may be used.
- If a permit is not required, documentation confirming the exemption from the state or local codes office must be provided.

# QUALIFIED INSPECTORS

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**Qualified inspectors** include individuals with credentials appropriate for the type of work being performed.

Inspectors must have credentials to support expertise in the type of work being inspected.

Qualified Inspectors may include:

- Inspectors licensed by the State of Tennessee as Building Inspectors or Home Inspectors.
- Individuals certified by a national organization such as the International Code Council, the National Fire Protection Association, or the Standard Building Code Congress as a Housing Inspector.

# QUALIFIED INSPECTORS

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- Other qualifications may be accepted on a case by case basis and require THDA approval before the inspector may begin conducting inspections.

# INSPECTIONS – Third Party

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- If the Grantee obtains a third party inspector, the cost of the inspection is an eligible soft cost for the project.
- The grant will pay up to \$350 as a soft cost per inspection if a third party inspector is needed.

# PROPERTY STANDARDS

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- Rental units must, at a minimum, continue to meet Section 8 Housing Quality Standards on an annual basis throughout the Compliance Period.

# RENTAL PROGRAM RECORDS

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## **All Rental Program Records Must Include:**

- Policies and Procedures for the operation of the rental program.
- Documentation to demonstrate that the tenant selection process followed the adopted Policies and Procedures.
- Current waiting list with application date, eligibility, and date accepted or rejected for the unit.

# RENTAL PROGRAM RECORDS

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- Documentation that all units are maintained in accordance with Section 8 Housing Quality Standards.
- Documentation of efforts to affirmatively market the units.
- Documentation that the rents are within program guidelines.

# TENANT RECORDS

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## **All Tenant Records Must Include:**

- Tenant's application for a rental unit.
- Initial verification of tenant's income and eligibility.
- A signed & dated lease for the unit.
- Annual tenant income certifications.



# PROGRAM FORMS

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## **START UP FORMS**

**All Start Up Forms must be returned within 60 days - by 5/11/2021.**

- **FORM 1** Authorized Signatures
- **FORM 2** Authorization for Automatic Deposit (ACH), with voided check
- **FORM 3** Certification for Reuse of Funds
- **FORM 4** Policy of Non-Discrimination

# PROGRAM FORMS

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## **START UP FORMS**

- W-9 FORM
- Rental Program Policies and Procedures
- Recorded Warranty Deed (if grantee already owns the property)
- Legal Documents Request Form

# PROGRAM FORMS

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## REQUEST FOR PAYMENT FORMS

- **FORM 5** Request for Payment
- **FORM 6** Interim Draw Certification
- **FORM 7** Certification of Completion and Final Inspection
- **FORM 8** Invoice Summary Sheet or Cost Certification for Materials and Labor

# DOCUMENTATION FOR PAY REQUESTS

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- **All Start-up forms and the following must be submitted before THTF funds may be drawn down:**
  - Signed TN Housing Trust Fund Contract/Working agreement.
  - Original Grant Note, recorded Restrictive Covenants, and recorded Deed of Trust securing the compliance period.
  - Rental Program Policies and Procedures.
  - Insurance Certificate – See Working Agreement Section E, # 2, page 11.

# SUBMISSION OF PAY REQUESTS

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- All Requests for payment must be submitted through the **Web Transfer Client System** also known as the **THDA Drop Box**.
- Requests for payment should not be sent via email.
- All grantees will be set-up with user names and passwords for drop box submissions.
- Contact Assigned THDA Grant Coordinator for set-up and access to drop box.
- Grantees must log in every 30 days or system lock out will occur and the password will need to be reset.

# ACQUISITION

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Draw requests for THTF funds to be used toward acquisition of property must include:

- Grant amount going into each property
- Preliminary settlement statement for purchase (*amount of THTF grant going into the property must be indicated on settlement statement*)
- Form 5 Request for Payment form **with two signatures**
- **Source and amount of match noted on each Form 5**
- **Documentation confirming the source of matching funds**

# ACQUISITION

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- Sales contract for acquisition
- Appraisal to support acquisition cost
- Name and contact information for the Closing Agent
- Wiring Instructions for the Closing Agent
- **Post Closing** - Copy of final fully executed settlement statement, original Grant Note, recorded Restrictive Covenants, recorded Deed of Trust, and Insurance Certificate
- **New!** Close Out Form with final assisted property if the project only involves acquisition.

# REHABILITATION OR NEW CONSTRUCTION

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**First draw for rehabilitation or new construction projects must include:**

- Project Budget showing sources & uses of funds
- Zoning Letter or other documentation showing proper zoning for the intended use of the property
- Building Permit
- Plans & Specs or Work Write-up
- Construction or Rehabilitation Contract



# REHABILITATION OR NEW CONSTRUCTION

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- Form 5 Request for Payment *with two signatures*
- Source and amount of match noted on each Form 5
- Documentation confirming the source of matching funds
- AIA Payment Application Form - or - Form 6 Interim Draw Form
- Invoices are not required if using AIA Payment Application Form

# REHABILITATION OR NEW CONSTRUCTION

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- Back-up Documentation (invoices &/or receipts) are required with Interim Draw Form
- Invoice Summary Sheet - list of invoices/receipts serving as back-up documentation for amount requested on Interim Draw Form
- Cost Certification for Materials *(if applicable)*
- Back-up Documentation supporting materials reimbursement request *(if applicable)*

# REHABILITATION OR NEW CONSTRUCTION

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- The final 10% of THTF development funds will be paid when the Certificate of Completion and Final Inspection and Certificate of Occupancy are received.
- Certificate of Occupancy and Certification of Completion and Final Inspection must be submitted with final draw.
- Recorded Notice of Completion – (*recorded by County Register of Deeds*) must be filed at **least 30 days prior** to final draw.
- **New!** Close Out Form. Submit with final draw upon completion of all THTF assisted activities.

# DEVELOPER FEES

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**Applicants may request a developer fee equal to or less than 7 % of the total Competitive Grant request less any fees or costs associated with the developer fee, acquisition, and/or permanent financing.**

- If other funds are involved in the project, total developer fee from all sources may not exceed 15 % of total development costs less any fees or costs associated with the developer fee, acquisition, and/or permanent financing.
- Developer fees must be requested in proportion to Competitive Grants project funds until 75 % of the grant has been expended.

# DEVELOPER FEES

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- Final 25 % of the developer fee may be requested upon project completion and submission of the Close Out Form, Recorded Notice of Completion, and all applicable Certificates of Occupancy or inspection reports.
- Final 10 % held until project completion.

# CHECKLISTS

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**Refer to the following checklists and forms to assist with the submission of documents needed for grant reimbursement**

- Start –up Forms Checklist
- Legal Documents Request Form
- Rental Acquisition Checklist
- Rehabilitation – New Construction Checklist
- Invoice Summary Sheet

# GRANTEE ASSIGNMENTS

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<b>Kenyell Chalmers</b>	<b>Maree Emberton</b>	<b>Nekishia Potter</b>
Community Health of East Tennessee	Bell Street 3 Corporation	Community Housing Partnership of Williamson County
MDHA	Emory Valley Center	Project Return
Sertoma Center	Volunteer Ministry Center	

# Contact Information:

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# QUESTIONS

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