HOME PROGRAM FOR FISCAL YEAR 2022

PROGRAM DESCRIPTION
URBAN/RURAL ROUND

TENNESSEE HOUSING DEVELOPMENT AGENCY
THDA Board Approved 11/16/2021

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 cities, counties and non-profit organizations outside local participating jurisdictions. Local participating jurisdictions (Local PJs) are those local governments in Tennessee that receive HOME funds directly from the Department of Housing and Urban Development (HUD). The Local PJs are Clarksville, Chattanooga, Jackson, Knoxville, Memphis, Nashville-Davidson County, Knox County, Shelby County, and the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Kingsport, Johnson City, Bluff City, Sullivan County, and Washington County, excluding the Town of Jonesborough). Non-profit organizations located in a local participating jurisdiction may apply for projects located outside the local participating jurisdictions.

An applicant must apply for at least $100,000 and may apply for a maximum HOME grant of $750,000 . There is a $1,000,000 limit on the amount of HOME funds that can be awarded in any one county.

In the event a high performing awardee has expended (drawn) their awarded funds committed to projects, but such funds are not sufficient to complete the next project on their eligibility list and there is adequate time to bid and complete a final project within the original grant period, THDA may increase the grantee’s funding through an amendment of the working agreement by the amount needed to complete the remaining project so long as the grantee’s total amended award does not cause the maximum county award to be exceeded. Increases in funding will be at THDA’s sole discretion and subject to the availability of funds based on the time and date of the request.

Applications for the HOME program must be received by THDA on or before 4:00 PM CST on Friday, March 11, 2022. THDA anticipates notifying successful applicants by May 1, 2022. HOME contracts for applicants funded under the Urban or Rural Matrices will begin July 1, 2022 and will end June 30, 2025.

Funds awarded under the 2022 HOME Urban or Rural Matrices will have a strict 24 month commitment requirement. A successful Applicant that receives an allocation of funds under this round must commit 90% of those funds to specific projects by June 30, 2024. Fund uncommitted after that date are subject to recapture by THDA.

The program description and link to the Participant Information Management System (PIMS) to initiate the application will be available at www.thda.org no later than January 7, 2022. Once at the THDA website, click on PROGRAMS and the HOME program link is listed under PROGRAMS FOR LOCAL GOVERNMENT & NONPROFIT PARTNERS. Click on HOME for the link to the 2022 HOME Program Description, application and the application attachments. If you have questions, please call Aaron Toran at (615) 815-2037 or email at atoran@thda.org. The HOME Program

This 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 cities, counties, and private, non-profit organizations.

1. To be eligible, a non-profit organization must meet one of the two following criteria:

   a) 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;

   b) 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).

2. Demonstrate at least two (2) years of experience providing affordable housing or affordable housing related services in the state of Tennessee satisfactory to THDA, in its sole discretion.

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

4. 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;

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

6. 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.

Applicants with past HOME grants from THDA under the Urban or Rural Matrices must meet all of the following requirements:

B. Spend Down/Commitment Requirement

1. Commitment requirement means: there is an agreement between the Grantee and homeowner for a specific project and the required documentation has been submitted in THDA's Grants Management System (GMS) by February 28, 2022. THDA will review and make a determination that all required documentation has been submitted for an eligible HOME project.
2. To be consider spent, draw requests must meet the following definition: *Requested* (submitted an official Request for Payment Form with supporting documentation) the following percentages of their grants by February 28, 2022 to be eligible for the 2022 HOME program:

HOME GRANT YEAR	SPEND DOWN REQUIREMENT
1992 – 2018	Completed and Closed
2019 Urban or Rural Rounds	100% Committed and 75% Spent
2020 Urban or Rural Rounds	100% Committed and 50% Spent
2021 Urban or Rural Rounds	25% Committed

a) To be eligible, all applicants for the 2022 HOME application cycle must demonstrate a need for the HOME funds and be in compliance with all other THDA programs in which they participate and have no outstanding findings for any THDA programs.

b) **ALL** entities with past HOME grants, starting with 2012, from THDA that failed to spend a minimum of **100%** of **any** previous HOME grant award within the term of their HOME contract, including approved extensions, are eligible for application under the 2022 HOME Urban and Rural Funding Competition if the spend down requirements are met, as detailed in Section B. Any grant that successfully closed, but did not 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 unspent.

C. 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 make a minimum of $8,000,000 of its 2022 HOME allocation from HUD available for the 2022 HOME Urban and Rural Funding Competition and an additional amount up to $480,000 for Administrative use from THDA's available administrative funds. THDA may provide additional funding to the 2022 HOME Urban and Rural Funding Competition, at its discretion, from the unallocated funds that are either returned or leftover from the 2021 or earlier funding rounds as determined at the time of award in May 2022.

Urban/Rural Funding Competition:

2022 HOME funds will be allocated for eligible projects in Urban and Rural areas of the State outside of a local Participating Jurisdiction. The urban areas include the following counties: Anderson, Blount, Bradley, Carter, Coffee, Dyer, Gibson, Hamilton, Hamblen, Haywood, Loudon, Madison, Maury, Montgomery, Putnam, Roane, Rutherford, Sumner, Unicoi, Williamson and Wilson. All other counties are considered Rural. The urban allocation is 45% of this funding amount, and the rural allocation is 55%. The percentages are based on the low-income population in the designated urban and rural counties. However, the urban areas do not include the low-income populations of the local participating jurisdictions of Chattanooga, Clarksville, Jackson, Knox County, Knoxville, Memphis, Metropolitan Nashville-Davidson County, Shelby County, Sullivan County, and Washington County, excluding the Town of Jonesborough. THDA will score, rank and fund urban and rural applications separately.

To be considered for funding, an application must receive a minimum threshold score of 60, an amount equal to 60% of the total points available under the urban or rural matrices. All applications will be ranked in descending order from highest to lowest score and HOME funds will be awarded until all funds are awarded or until the lowest scoring application that meets the threshold score is funded. Applications that do not meet the threshold score will not be considered for funding. Should an insufficient number of applications receive the minimum threshold score to award all funds allocated to either the urban or rural matrix, THDA may re-allocate the remaining funds to the other (Urban or Rural) matrix. There is a $1,500,000 maximum grant per county. Grants to successful applicants in the same county will be reduced proportionately should there be multiple successful applicants from the same county with a minimum grant of $250,000; however, the THDA Board of Directors may award less than $250,000 should there be more than three successful applicants from the same county.

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 do not result in a qualified HOME unit or are not completed and ready for occupancy within 3 years of the date the Written Agreement is executed between the Grantee and THDA.

Grantees may also be required to repay HOME funds as described in the Working Agreement. Required HOME land use restrictive covenants and/or deeds of trust must be recorded prior to any other financing documents.

D. ELIGIBLE ACTIVITIES

There are specific eligible activities under the HOME Program that must address the housing needs of low-income households.

Housing includes (1) on-site, stick built housing, (2) manufactured housing (3) modular housing as permitted under each eligible activity.

Housing does not include emergency shelters (including shelters for disaster victims) 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.

Eligible housing activities include:

1. Homeowner Rehabilitation Program.

For all homeowner rehabilitation activities, the value of the HOME assisted property after rehabilitation must not exceed 95 percent of the median purchase price for the area. If the proposed HOME investment for hard construction costs into a unit to be rehabilitated exceeds 75% of the after rehabilitation appraised value of the unit, the unit must be reconstructed. Hard construction costs exclude those for building inspections, lead-based paint inspections, energy related inspections, and work write-ups, but includes all remaining costs associated with addressing lead-based paint hazards for the unit. On a case-by-case basis, THDA may waive this requirement and allow the unit to be rehabilitated at its sole discretion.

"Reconstruction" is defined as the rebuilding, on the same lot, of housing standing on a site at the time of project commitment, except that housing that was destroyed by a disaster may be rebuilt on the same lot if HOME funds are committed within 12 months of the date of destruction. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project. However, the number of rooms per unit may be increased or decreased depending upon the needs and the size of the household. The reconstructed housing must be substantially similar to the original housing unit. All debris and demolition associated with the reconstruction of the home must be properly disposed. All reconstructed housing will have a compliance period of 15 years.

For all homeowner rehabilitation activities, the unit assisted must meet one of the following three housing types:

A. The unit must be stick-built and sited on a lot owned by homeowner.

OR

B. The unit must be manufactured housing built in conformance with 24 CFR 3280.2 and must, at the time of project completion, be connected to permanent utility hook-ups, affixed to a permanent foundation, and sited on land that is owned by the homeowner. Manufactured housing must be reconstructed.

OR

C. The unit must be modular built in conformance with State of Tennessee Modular Building Program established under the authority of the Tennessee Code Annotated 68-126-301 as implemented by the Tennessee Department of Commerce and Insurance and in accordance with the Property Standards requirements outlined in Section H.5 of this program description. Additionally, the unit must be on a lot owned by the homeowner.

Each housing type must also must all applicable requirements as identified in this program description. Priority should be given to the Uniform Property Condition Standards (UPCS) Checklist deficiencies identified during the initial inspection. Level 3, 2, and 1, respectively, rate the severity of the item needing the repair, including, but not limited to: roofs, HVAC systems, electrical systems, plumbing systems, foundation problems, water supply issues, exterior painting to maintain the structure, and limited interior painting. The structure must exhibit at least one code violation as revealed by the initial code inspection.

HOME regulations require that after the work is complete, the entire structure must meet the Uniform Physical Condition Standards (UPCS) and the adopted building code in effect for the jurisdiction in which the housing unit is located, or in the absence of a local building code, the Existing Building Code of the International Code Council (ICC). Units assisted with HOME funds must require at least $1,000 of rehabilitation work to bring the unit into compliance with the applicable codes. Housing units that cannot be brought up to the applicable code using the maximum grant funds are ineligible.

Housing Rehabilitation Costs and Lead-based Paint. If a unit to be rehabilitated was built after 1978, the rehabilitation costs are capped by the HOME subsidy limit. *All units built prior to 1978 will require a risk assessment by a qualified lead inspector.* If the risk assessment of a pre-1978 unit discloses no lead, then the cap for rehabilitation costs will be the currently adopted HOME subsidy limit. If the risk assessment for a pre-1978 unit reveals the presence of lead-based paint and the estimated rehabilitation costs are less than $25,000, then standard treatments will apply and the HOME subsidy for rehabilitation is limited to $25,000. If the risk assessment reveals the presence of lead-based paint and the estimated rehabilitation costs exceed $25,000, then abatement will be required by a qualified abatement contractor to provide rehabilitation assistance up to the HOME subsidy limit.

2. Project Soft Costs.

In planning their programs, applicants may include the costs for inspections and work write-ups as a project-related soft cost. The costs for progress reviews and work write-ups are capped at a maximum of THDA's current published maximum for inspections and work write-ups, currently $2,500. THDA will review and revise, if necessary, maximum costs for progress reviews and work- write-ups annually.

In addition to the costs for progress reviews and work write-ups, the actual 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 current adopted maximum per unit subsidy limit.

D. PROHIBITED ACTIVITIES

1. Provide project reserve accounts, or operating subsidies;

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

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

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

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

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

7. 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;

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

9. Use HOME funds for rental housing projects;

10. Use HOME funds for the new construction or rehabilitation of homes for sale to low and moderate income home buyers.

11. Provide assistance for a homeowner rehabilitation project by a CHDO from the 15% CHDO set-aside. A CHDO funded through the 15% CHDO set-aside can only participate in the HOME program if they are the owner and developer of a project.

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 insure that only the minimum amount of assistance is allocated to the project. In no case may the amount of HOME funds exceed the current Maximum Per Unit Subsidy Limit.

F. MATCH

For the FY 2022 HOME program, THDA will continue to provide the required federal match for projects submitted under the Urban/Rural Round. 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 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. Matching contributions may be in the form of one or more of the following:

a. 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.

b. Reasonable value of donated site-preparation and construction materials when passed on as a final benefit to the project.

c. Reasonable rental value of the donated use of site preparation or construction equipment when passed on as a final benefit to the project.

d. Waived fees and taxes.

e. 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.

f. The direct cost of donated, compliant home buyer 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.

g. 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. Must result is a permanent benefit to the project.

h. Value of sweat equity may also be eligible only 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.

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

THDA will monitor the contribution of match throughout the implementation of the grant.

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 program 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. 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. THDA encourages the targeting of HOME resources for homeowner rehabilitation activities to very low-income households.

"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 posted online at: thda.org/government-nonprofit-partners/home-program. 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. FORMS OF ASSISTANCE

Homeowner rehabilitation programs. Assistance from grant recipients to program beneficiaries will be limited to grants that are completely forgiven after a specified period of time as long as the beneficiary adheres to the conditions of the grant.

3. COMPLIANCE PERIOD

Grants for homeowner rehabilitation projects that do not include reconstruction and where the hard construction costs into a unit to be rehabilitated are equal to or less than 75% of the after rehabilitation appraised value of the unit shall have a compliance period of five years with a forgiveness feature of 20% annually. In order to enforce the compliance period, THDA will require that grant recipients obtain a grant note and a recorded deed of trust executed by the homeowners.

Grants for homeowner rehabilitation projects where the hard construction costs into a unit to be rehabilitated is greater than 75% of the after rehabilitation appraised value of the unit shall have a compliance period of fifteen years with a forgiveness feature of 6.67% annually. In order to enforce the compliance period, THDA will require that grant recipients obtain a grant note and a recorded deed of trust executed by the homeowners.

Grants for homeowner rehabilitation projects that include reconstruction shall have a compliance period of fifteen years with a forgiveness feature of 6.67% annually. In order to enforce the compliance period, THDA will require that grant recipients obtain a grant note and a recorded deed of trust executed by the homeowners.

If the homeowner of a property that has been rehabilitated dies during the compliance period and the property is inherited by heirs, the property may be rented without repaying the unforgiven portion of the HOME subsidy to THDA. However, if the house is sold by the heirs during the affordability period, the remaining unforgiven portion must be repaid to THDA. This policy may be applied retroactively to prior HOME projects as needed.

4. AFFORDABILITY PERIOD

Down Payment Programs by Local Governments or Non-CHDO Non-Profit Organizations. A grant recipient that is a local government, or a non-CHDO non-profit agency may provide down payment and closing cost assistance as a soft second mortgage loan in an amount equal to the lesser of $14,999 in HOME funds 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 grant recipient and the homebuyer. The HOME loan 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 home buyer 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 by the Grantee.

a. *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.

b. *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).

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

5. 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 within the range as allowed by 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/pdf/3.29-Amendment-to-Subsidy-Limits.pdf

6. 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. Thenewly 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.

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.

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.

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.

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.

7. AFTER REHABILITATION PROPERTY VALUE

F*or homeowner rehabilitation projects*, 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. **Property Value Limits – Existing Homes HOME Purchase Price** are posted online at https://thda.org/government-nonprofit-partners/home-program

I. 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.

J. 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 24 CFR Part 107 (Equal Opportunity in Housing)

Title VI of the Civil Rights Act of 1964 24 CFR Part 1 (Nondiscrimination in Federal programs)

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 24 CFR Part 6 Development Act of 1974

Title II of the Americans with Disabilities Act 42 U.S.C. §12101 *et seq*.

Equal Access to Housing in HUD Programs Regardless of 24 CRF Parts 5, 200, 203, Sexual Orientation or Gender Identity 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.

K. 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.

L. 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 Participating Jurisdiction, and the units of local government receiving HOME funds from THDA will be responsible for carrying out environmental reviews. THDA will approve the release of funds for local governments and 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.***

M. 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).

N. 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.

O. FLOOD PLAINS

THDA prohibits rehabilitation of units in the floodway and discourages the rehabilitation of units located in special flood hazard areas. However, with approved mitigation steps or where an official flood zone map revision has been obtained and with written permission from THDA, houses located in a floodplain may be assisted. When a unit in a special flood zone is assisted, the community must be participating in the National Flood Insurance Program and flood insurance must be obtained on the units.

P. 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 exercise or have 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.

Q. 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 2 CFR 200.318 – 326 General Procurement Standards.

Prior to solicitation of bids, the Grantee should develop a comprehensive scope of work and perform an independent cost estimate. Grantees must use formal solicitation methods including advertisement and solicitation of sealed bids for all construction activity requiring a general contractor's services. 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.

R. APPLICATION AND 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 following required documentation in accordance with the application instructions:

A. 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.

B. 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.

C. Copy of Organizational Charter

D. Copy of Organizational By-laws

E. 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.

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

G. The most recent financial audit or audited financial statements of the organization.

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

I. 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*.

J. 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.

K. Resolution by the Board of Directors authorizing the submission of this application.

L. 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.

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

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

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

All 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.

Applications meeting the threshold criteria will be scored and ranked in descending numerical order within the Urban matrix and the Rural matrix, based on the criteria provided below. In the event of a tie score under the Urban or Rural matrix, THDA first will select the application with the highest Need score and then, if a tie still remains, the application with the highest Not Proportionally Served score.

URBAN RURAL MATRIX — Up to 100 Points

1. PROGRAM DESIGN — Up to 50 points

The proposed program demonstrates exceptional planning, readiness and administrative capability. All necessary components to accomplish the project have been identified in the application.

- Program administrators with the following characteristics have been identified:
    - ➢ Has personnel who are knowledgeable in HOME grant administration;
    - ➢ Has relevant experience in the administration of housing grants; and/or has otherwise shown the capability to administer the project;
    - ➢ Has the ability to follow the timeframe of Attachment B: Implementation Plan of the Working Agreement;
    - ➢ Is able to draw down funds in a timely manner;
    - ➢ Has a lack of monitoring findings associated with past grants on which the administrator has worked;
    - ➢ Has not left HOME funds in excess of $75,000 in a prior grant at closeout; and
    - ➢ Responds appropriately to client concerns or complaints, contractor's concerns or complaints, and information requests from THDA staff.
    - ➢ THDA will also consider the number and locations of current grants an administrator is administering and other factors THDA, in its sole discretion, deems relevant, in evaluating an application.
- Individuals/firms providing architectural, construction management and/or inspection services have been identified, appropriately procured, and are qualified to perform the services.
    - ➢ THDA will consider the number and locations of current grants for which an individual/firm is providing inspection services in any given program year, and other factors, THDA, in its sole discretion, deems relevant in evaluating an application.
- If applicable, the lead inspector and/or risk assessors have been identified and are qualified to perform the services.
- If the applicant is a local jurisdiction, the local government is involved in the administration of the project.
- The program design should provide a timeline, prepared in accordance with THDA's application instructions, that clearly provides for the completion of all units and the close out of the grant by June 30, 2024.
- Program designs for homeowner rehabilitation activities that set-aside all or a portion of the available assistance to households with incomes at or below 50% of AMI will be prioritized.

2. NEED **Up to 10 points**

THDA has calculated need factors using housing statistics for counties. Factors are based on percentages rather than absolute numbers. The need factors used are the percentage of owner households who are low income; the percentage of owner households with cost burden; the percentage of affordable owner units built before 1960; the percentage of food stamp recipient households in the county; percent of owner households greater than one and one-half times overcrowded; percent of county average homeowner delinquency rate; percent of county poverty rate for all households; and county unemployment rate. Scores to be used in the evaluations are shown in **2022 HOME Need Scores for Homeowner Projects** are posted online at https://thda.org/government-nonprofit-partners/home-program. For multi-county projects, the need score is calculated proportionately according to the number of units proposed for each county.

3. NOT PROPORTIONALLY SERVED **Up to 10 points**

THDA shall award up to 10 points to applications submitted from areas where the amount of prior HOME funding is below the state average. The formula for awarding these points is based on the percentage of 2011 - 2021 HOME dollars awarded in each county. These calculations are shown in **HOME Program Not Proportionally Served** are posted online at https://thda.org/government-nonprofit-partners/home-program. For multi-county projects, this score is calculated proportionately according to the number of units in each county.

4. DISASTER AREAS **10 points**

THDA shall award 5 points to applications for projects located in counties that have been declared a presidential disaster area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act in the year prior to the application due date. **Disaster Counties** for the current disaster areas are posted online at https://thda.org/government-nonprofit-partners/home-program.

5. MATCH **Up to 5 points**

THDA shall award up to 5 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 5 points
- The project's sources include an eligible HOME match contribution that is equal to or greater than 10% and less than 15% of the proposed HOME funds to be used for project costs. 4 points
- The project's sources include an eligible HOME match contribution that is equal to or greater than 5% and less than 10% of the proposed HOME funds to be used for project costs. 3 points

- 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. 2 points

- 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. 0 point

6. 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 dollar value of the funds from other sources as a percentage of the total 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 of the leveraged funds in the application.

7. ENERGY CONSERVATION **Up to 5 points**

THDA shall award up to 5 points to applications for rehabilitation that include an independent energy audit and incorporate a minimum of (3) three energy conservation measures that exceed the THDA Design Standard requirements for rehabilitation; the New Construction standards for units to be reconstructed.

8. TENNESSEE GROWTH POLICY ACT **Up to 5 Points**

TCA Section 6-58-109(c) requires THDA to award 5 points on a 100 point scale or a comparable percentage on a different point scale to municipalities or counties with approved growth plans when the local communities apply for HOME funds. Applications from counties not subject to the Tennessee Growth Policy Act will also receive these points. Applications submitted by nonprofit organizations are not eligible for receipt of these points

9. PRIOR YEAR UNEXPENDED HOME FUNDS DEDUCTIONS **Up to -10 Points**

Applicants that have administered a HOME grant in prior years, 2012 to present, that have successfully closed their HOME grant are eligible for application under the 2022 HOME Urban and Rural Funding Competition if the spend down requirements are met, as detailed in Section B. Any grant that successfully closed, but did not 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 unspent. In the event an applicant has had multiple grants during the period the highest amount unspent for any one grant term will be used to determine the point deduction.

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

- $100,000.00 and Over - 10 Points

- $50,000.00-$99,999.99 - 5 Points

- $30,000.00 - $49,999.99 - 4 Points
- $20,000.00 - $29,999.99 - 3 Points
- $10,000.00 - $19,999.99 - 2 Points
- $1.00 - $9,999.99 - 1 Point