

2022 TN HOUSING TRUST FUND

2022 WINTER ROUND
COMPETITIVE GRANTS
GRANTEE WORKSHOP

MARCH 17, 2022

2022 Winter ROUND COMPETITIVE GRANTS

- 11 Applications
- 3 Grants Awarded
- \$4.1 Million Requested
- \$1.7 Million Awarded
- Awards will produce 74 housing units, benefitting 74 households
- Populations served: Low, Very Low, & Extremely Low Income Households, Formerly Incarcerated, & Youth Transitioning from Foster Care

HTF GRANT CONTRACTS

Three Year Contracts

- March 1, 2022 through February 28, 2025

Attachment A

- The activities described in the approved grant application

Attachment B

- THTF Budget showing line item funding including matching funds

HTF GRANT CONTRACTS

Contract Requirements – Review Contracts Carefully:

- Executed contracts and start up forms must be returned within 60 days.
Due date – 5/16/2022
- Maintenance of Records for 5 years from final payment.
- Periodic Progress Reports due by June 30th and December 31st of each year until project completion.

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

HTF GRANT CONTRACTS

Contract Requirements – Review Contracts Carefully:

- Clearly display public accountability sign in passageway through which the public enters.
- Grantees must provide a Zoning Letter documenting that the property is properly zoned for the intended use.
- Upon project completion provide a copy of a Recorded Notice of Completion.

COMPETITIVE GRANTS MANUAL

2022 Winter Program Description and
Competitive Grants Program Manual available
online at www.thda.org

Click on:

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

MARKETING REQUIREMENTS

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

- 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 that 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.

AFFIRMATIVE MARKETING

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.**

CONFLICT OF INTEREST

- 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

- 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

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.

POLICIES AND PROCEDURES

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

- 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

- 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

- 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

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

- **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

- 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.

INCOME DETERMINATION

- 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

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

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

- Rent Limits are available online at 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 max allowable rent.
- The tenant portion of rent may not exceed 30 % of the tenant's gross monthly income.

RENT LIMITS – GROUP HOMES

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

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

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

- 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

- 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

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

COMPLIANCE PERIOD

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

- 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

- 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

- 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 Administrators](#) 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

- 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 Administrators](#) page of the THDA website.

CONSTRUCTION STANDARDS

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

- 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

- 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 State Fire Marshal's Office of the TN Dept. of Commerce and Insurance in the field of expertise to be inspected – i.e. – building, plumbing, mechanical, electrical.

INSPECTIONS – Multi-family

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

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

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

- 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

- 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

- 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

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

- 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

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

START UP FORMS

All Start Up Forms must be returned within 60 days. Due Date: 05/16/2022.

- **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

START UP FORMS

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

***NOTE – All Program Forms are available on the Competitive Grants Administrators page of the THDA website**

PROGRAM FORMS

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

- **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 – Attachment A

SUBMISSION OF PAY REQUESTS

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

ACQUISITION

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

- 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 for the property
- Close Out Form to be submitted upon project completion.

REHABILITATION OR NEW CONSTRUCTION

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

- 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

REHABILITATION OR NEW CONSTRUCTION

- Contract Change Orders – if applicable
- Invoices are not required if using AIA Payment Application Form
- Back-up Documentation (invoices &/or receipts) are required with Interim Draw Form

REHABILITATION OR NEW CONSTRUCTION

- Invoice Summary Sheet - List of invoices/receipts serving as back-up documentation for amount requested on Interim Draw Form
- Cost Certification for Materials Form *(if applicable)*
- Cost Certification for Materials – List of back-up documentation (invoices/receipts) supporting materials reimbursement request *(if applicable)*

REHABILITATION OR NEW CONSTRUCTION

- The final 10% of the grant will be paid upon submission of:
 - Certificate of Completion and Final Inspection
 - Certificate of Occupancy or other inspection reports (as applicable)
 - Recorded Notice of Completion
 - Close Out Form

REHABILITATION OR NEW CONSTRUCTION

- 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.
- Close Out Form. Submit with final draw upon completion of all THTF assisted activities.

DEVELOPER FEES

Applicants may request a developer fee of up to 7 % of the THTF development costs, net of the development fee, prorated acquisition costs and any prorated permanent financing costs may be charged as a project soft cost.

- Developer fees may be requested in proportion to Competitive Grants project funds until 75 % of the grant has been expended.

DEVELOPER FEES

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

CHECKLISTS

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

Kenyell Chalmers	Knoxville Leadership Foundation
Maree Emberton	Omni Family Foundation
Nekishia Potter	Project Return

CONTACT INFORMATION:

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QUESTIONS

