

TN HOUSING TRUST FUND

2023 CHALLENGE GRANT PROGRAM

APPLICATION WEBINAR

JUNE 1, 2023

HIGHLIGHTS

Challenge Grant funds provide seed funding in support of fundraising efforts of non-profits to implement housing activities

- Activities must represent:
 - A Unique Milestone
 - Broad Community Initiative, or
 - Significant Expansion of Work Outside Normal Day to Day Activities

HIGHLIGHTS

- Amount available for the 2023 round is \$500,000.
- Maximum grant amount is \$500,000. Minimum grant amount is \$50,000.
- All Nonprofit applicants must submit organizational documents through THDA's online tool: **Participant Information Management System (PIMS)**.
- All applications must be submitted electronically to the **EDT – Web Transfer System**.
- *There is no cure period. Submission of a complete application is a threshold criterion.*

HIGHLIGHTS

- Applications are due Friday, July 1, 2022 by 4:00 pm CDT.
- Funding announcements by July 22, 2022.
- Contract term:
August 1, 2022 through July 31, 2025.

ELIGIBLE APPLICANTS

- Non-profit entities must be organized under Tennessee law or the laws of another state with a current **Certificate of Existence** and current **Certificate of Authorization to do business in TN**.
- Two years of experience in providing housing assistance in TN.
- Have IRS 501(c)(3) or 501 (c)(4) designation.
- Be in good program standing with THDA.
- Additional requirements as noted in [Attachment One: Non-Profit Checklist](#).

ELIGIBLE ACTIVITIES

The Housing Activity must significantly involve one of the following broad goals:

- Expand or preserve the supply of housing for sale to low and moderate income homebuyers.
- Preserve the supply of existing owner occupied units.
- Expand or preserve the supply of rental housing for low and moderate income households.
- Reduce the number of individuals who are homeless.
- Move a significant number of a vulnerable population into housing.

ELIGIBLE ACTIVITIES

- New construction, reconstruction, and/or rehabilitation of housing for sale.
- Rehabilitation of owner occupied units.
- New construction and/or rehabilitation of rental units.
- Activities designed to reduce the number of individuals who are homeless.
- Activities designed to move vulnerable populations into housing.

INELIGIBLE ACTIVITIES

- Administrative costs of the applicant or any participant in the proposed project.
- Non-housing costs associated with the approved housing activity.
- Acquisition of land or housing.
- Rental assistance.
- The housing activity must not be part of an ongoing or existing project.
- Costs incurred prior to the Challenge Grant contract start date – August 1, 2022.

HOUSING FOR INDIVIDUALS WITH DISABILITIES

Housing for persons with physical, emotional, mental, or developmental disabilities must adhere to the qualities of settings eligible for reimbursement under Medicaid home and community – based services as established by the Centers for Medicare and Medicaid Services (CMS) as follows:

- Integrated setting with full access to the greater community.
- Is selected by the individual from among setting options.
- Ensure individual rights of privacy, dignity, respect, and freedom from coercion and restraint.
- Optimize autonomy and independence in making life choices.
- Facilitate choice regarding services and who provides them.

HOUSING FOR INDIVIDUALS WITH DISABILITIES

Housing for individuals with disabilities should also adhere to the following if the housing is owned by the sponsor:

- Lease or other legally enforceable agreement with similar protections.
- Privacy including lockable doors, choice of roommates, and freedom to furnish or decorate.
- Control of the individual's own schedule.
- Access to food at any time.
- Visitors at any time.
- Setting is physically accessible.

ELIGIBLE POPULATIONS

- Challenge Grant funds may be used to benefit low to moderate income households.
- Low to moderate income is defined as gross annual income **at or below 80% of area median income** as defined by HUD for the HOME Program.

LEVERAGE – Eligible Sources

Proposals must generate cash leverage in an amount equal to 300% of Challenge Grant funds approved.

Leveraged resources must:

- Be in the form of cash.
- Be used for the approved activity.
- Be from a third party entity with no expectation of repayment.
- Be secured through formal documentation within nine months of the THDA Challenge Grant contract effective date.
- Formal documentation must demonstrate a binding commitment of resources.
- Receipt of cash contribution must occur during the grant term.

LEVERAGE – Ineligible Sources

- Administrative costs of the applicant or its partners.
- Other funds of the applicant that are currently on hand at time of agreement start.
- Project resources provided through any other THDA programs.
- Donated materials, land, or services.
- In-kind services.
- Funds invested in earlier phases of the proposed project or committed to the activity prior to the commitment of Challenge Grant funds.
- Fundraising and capital campaign pledges.

LEVERAGE – Commitment Letters

- Commitment letters from corporations on company letterhead may be considered as formal documentation of a cash commitment from a third party entity.
- Pledges from individuals will not be considered toward meeting the leverage requirement.
- **Grant funds will not be dispersed until documentation of cash match is received.**

PROGRAM REQUIREMENTS



INCOME LIMITS

- The Challenge Grant Program uses the income limits established by the U.S. Department of Housing and Urban Development for the HOME program; and
- Household income as defined by the Section 8 Rental Assistance Program.

Income Limits are posted on the Challenge Grant Page of the THDA website at www.thda.org. Go to Government & Nonprofit Partners > TN Housing Trust Fund > Challenge Grant Program

CRIMINAL BACKGROUND

The Challenge Grant Program will follow HUD regulations with regard to the provision of housing for ex-offenders. Housing assistance is prohibited to the following:

- Ex-offenders who have been evicted from federally-assisted housing for drug related criminal activity with an effective date of eviction within the last three year period.
- An ex-offender household that includes a member who has ever been convicted of drug related criminal activity involving the manufacturing or production of methamphetamines on the premises of federally-assisted housing.
- An ex-offender household that includes a member who is subject to a lifetime registration requirement under a state sex-offender registry program.

CONSTRUCTION STANDARDS

All units constructed or rehabilitated with Challenge Grant funds must meet the following as applicable:

- All local codes, rehabilitation standards and zoning ordinances at project completion.
- In the absence of local codes, the units must meet the current State approved edition of the applicable International Code.

RENT LIMITS

- Maximum rents are the High HOME rents.
 - See Rent Limits posted on the Challenge Grant Page of the THDA website at www.thda.org. Go to Government & Nonprofit Partners > Tennessee Housing Trust Fund > Challenge Grant Program
- Property owners are encouraged to charge tenants no more than 30% of their gross monthly income as rent.
- The published rents include utilities. The cost of utilities paid by tenants must be subtracted from the published rent to determine the maximum allowable rent.

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 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 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 rent can be the applicable state or Federal project-based rent, as long as it is occupied by a very low income tenant who does not pay more than 30% of the family's monthly adjusted income for rent. |

PROCUREMENT

- Solicitation of bids for goods, materials, services and/or equipment must be open and competitive.
- Non-profit organizations must follow their procurement policies.
- At a minimum, there must be an established procedure and written rationale for selecting the successful bid or proposal.
- Grantees are expected to obtain at least three bids. Purchase should be made from the lowest or best bidder.

FAIR HOUSING AND EQUAL OPPORTUNITY

- Successful applicants must comply with both state and federal laws with regard to fair housing and equal opportunity.
- No person can be excluded from Challenge Grant units on the basis of race, color, national origin, religion, disability, familial status, or sex.



**EQUAL HOUSING
OPPORTUNITY**

FAIR HOUSING AND EQUAL OPPORTUNITY

- Efforts should be made to assure minority- and female-owned businesses are offered opportunities to bid on service, material and construction contracts.
- Grantees must have procedures to provide information and to attract eligible participants without regard to race, color, national origin, religion, disability, familial status, or sex.

MARKETING

- Successful applicants must develop marketing and public relations plans to accentuate the achievements of the Challenge Grant Program.
- Grantees will be required to submit data and beneficiary stories to THDA.



SUBMISSION INSTRUCTIONS - EDT

- The Challenge Grant application must be uploaded to the secure **EDT – Web Transfer Client System site**.
- Email THTF@thda.org for set up and access to the site.
- Information needed for set up:
 - Organization Name.
 - Name & email address of agency staff who will be uploading the application.
- Upload the application as one document.
- Attachments must be uploaded in the order as indicated on the Non-profit Checklist.

SUBMISSION INSTRUCTIONS - PIMS

- Basic organizational documents must be uploaded to PIMS.
- The PIMS page of the THDA website is here: <https://thda.org/business-partners/pims>
- Organizational Documents not uploaded to PIMS will not be considered.
- All documents uploaded to PIMS must be in a .pdf format.
- Applicants will receive a confirmation email documenting satisfactory upload.
- The **Documents** section of PIMS is the only functionality being used at this time. Applicants are not required to submit information under the **Threshold & Self Certification Sections**.

SUBMISSION INSTRUCTIONS

- All Applicants submit one copy of latest audit or audited financial statement.
- If audit period covered is more than 12 months prior to the application due date, current unaudited financial statements such as the balance sheet and profit & loss statements must also be submitted.
- All Applicants complete Part I, Part II, Part V, and Part VI of the application.
- Applicants proposing to develop housing (including homeowner rehabilitation) complete Part III.
- Applicants proposing non-development activities complete Part IV.

SUBMISSION INSTRUCTIONS

- All Applicants complete [Attachment One: Non-Profit Checklist](#) and include supporting documents.
- Applicants proposing Rental Housing programs complete [Attachment Two: Rental Housing Feasibility Worksheet](#).
- Answer all questions in the relevant parts. Mark NA if not applicable to your project.
- Applications must be typed.

NON-PROFIT CHECKLIST (PIMS Items)

- Certificate of Existence from TN Secretary of State or, if applicable, COE from another state's certifying authority and Certificate of Authorization to do business in TN dated within 30 days of the application due date.
- Copy of 501(c)(3) or 501(c)(4) designation from IRS.
- Copy of Charter & By-Laws.
- Board Member Information Forms.
- Copy of business plan or strategic management plan.

NON-PROFIT CHECKLIST (PIMS Items)

- Most recent financial audit or audited financial statements.
- **Individual Disclosures** must be completed, signed by each Board Member and the Executive Director, *and notarized*.
- **Corporate Disclosure** must be completed, and signed by the Board Chair or Executive Director, *and notarized* .

NON-PROFIT CHECKLIST

- One page explanation of how the Board of Directors is involved in the operation of the Agency.
- Current Board resolution approving submission of the **2023 Challenge Grant** application.
- Copy of the minutes from the most recent Board meeting at which this application and/or proposal was discussed and approved.
- List of agency staff members including how many are full-time or part-time, specific responsibilities related to housing programs, and years of experience in housing development.

NON-PROFIT CHECKLIST

- Documentation of agency operating funds from other sources.
- Explanation of any other programs operated by the agency and the funding sources for the other programs.
- One page explanation of your agency's experience in housing, especially the provision of housing for low income households in Tennessee.
- For projects involving Low Income Housing Tax Credits, copy of organizational chart showing relationship of the non-profit to the development owner.

NON-PROFIT CHECKLIST

For agencies providing housing for ex-offenders:

- Copy of tenant screening and selection procedures.
- Copy of policies and procedures guiding the operation of the rental housing program.
- Copy of the agency's application for tenancy.
- If providing transitional housing, documentation confirming the agency is on the TN Dept. of Corrections list of approved transitional housing providers.

APPLICATION PACKET

The application packet may be found by going to:

www.thda.org > Government & Nonprofit Partners > Tennessee Housing Trust Fund > **Challenge Grant Program.**

All applications must be submitted electronically through the EDT – Web Transfer Client System.

APPLICATION DEADLINE

Friday, July 1, 2022

4:00 PM CDT

Late applications will not be evaluated

CONTACT INFORMATION

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QUESTIONS

