

# 2023 HOME PROGRAM URBAN/RURAL ROUND APPLICATION WORKSHOP

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THDA COMMUNITY PROGRAMS DIVISION

**Virtual Application Workshop**  
**4/6/2023 9:00AM CDT**  
**Via WebEx Virtual Meeting Platform**  
**Presenter: THDA HOME Team**

# Expected 2023 HOME Allocation

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- FY 2023 allocation approximately \$5 million in program funds for the Urban Rural round with an additional \$325 thousand for administrative costs.

- Actual program allocation subject to change based on the number of successful applicants and available funds.



# Allocation of Funding

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## ➤ Urban/Rural Projects

- 45% Urban round
- 55% Rural round

# 2023 Application Dates

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- Applications due by 4:00PM (CDT) on Friday, May 12, 2023
- Successful applicants will be notified on or about June 9, 2023.
- 2023 Contracts will be effective July 1, 2023 through June 30, 2026
  - **2023 Contracts are contingent upon approval of the 2023 Action Plan**

# Eligible Applicants

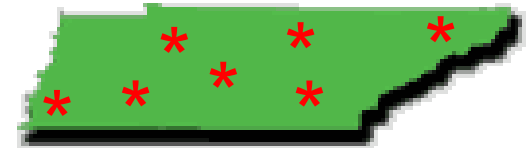
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- Tennessee Cities and Counties
- 501(c)(3) Non-Profit organizations
  - Charitable Organization
- 501(c)(4) Non-Profit organizations
  - Non-profit Social welfare organization
- 501(c) designations must demonstrate proof from the IRS of the status or designation

# Local Participating Jurisdictions (PJs)

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- Receive own HOME funds directly from HUD
- Applicants from non-profit organizations located in Local PJs are eligible to apply for State HOME funds if applying for projects located outside of a Local PJ



The Local PJs receiving direct funding from HUD are not eligible for funding in this round. The Local PJ's 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).

# Eligible Non-Profit Applicants

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- Have a Certificate of Existence dated within 30 days of application due date **(April 12, 2023 or After)**
- If organized outside of Tennessee, also have a Certificate of Authorization dated within 30 days of application due date **(April 12, 2023 or After)**
- Have among its purposes the provision of housing to low income household
- Have standards of financial accountability
- Have an active **501(c)(3) or 501(c)(4)** designation from IRS
- Additional requirements in **Non-profit Checklist**

# Eligible Non-Profit Applicants

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- 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
- 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)



# Eligible Activities

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## ➤ Urban and Rural Rounds

- Owner-Occupied Rehabilitation Programs including reconstruction
- ❖ Housing includes (1) on-site, stick built housing, (2) manufactured housing (3) modular housing as permitted under each eligible activity.

# Draw Down Requirements

<b>HOME Grant Year</b>	<b>Spend Down Requirement</b>
1992-2019 Urban/Rural	Completed and Closed
2020 Urban or Rural Rounds	100% Committed and 75% Spent
2021 Urban or Rural Rounds	100% Committed and 50% Spent
2022 Urban or Rural Rounds	25% Committed

# Draw Down Requirements

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- All applicants with prior HOME grants must meet both of the following:
  - Have submitted a complete request for payment form with all supporting documentation by **April 1, 2023**; and
  - Be in material compliance with **ALL** other THDA programs in which they participate

# Minimum and Maximum Grants

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- Applicants must apply for at least \$250,000
- Maximum grant is \$700,000
- Limit of \$1,000,000 that can be awarded to any one county
  - Grants to successful applicants in the same county will be reduced proportionately
  - If grants must be reduced, the goal is a minimum of \$250,000 but could be less

# Urban-Rural Commitment

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- Urban-Rural grants are committed when the Grantee's subgrant is set-up in IDIS
- The subgrants cannot be set-up unless the fully executed Working Agreement has been returned to THDA
- Grantees need to submit Working Agreements within 30 days of THDA's transmission of the Working Agreement

# Urban-Rural Commitment Requirement

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- **All funds must be committed within 24 months of the start of the written agreement.**
- **All units must be committed to site specific units by:**
  - **June 30, 2025 for FY2023 Funds**
- HUD may recapture any funds not committed to specific activities by the deadlines. If this occurs, these funds will be lost to Tennessee!
- Grant extensions cannot be made to cover funds that do not meet this requirement

# Threshold Criteria

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- Submission of a COMPLETE application
  - All the correct and required documentation has been properly uploaded during the application submission process.
- Proposal of an eligible activity
- Proposal of a project that is physically, financially and administratively feasible
- Spend down requirements met
- Proposed program meets the requirements of the HOME Final Rule at 24 CFR Part 92, as amended

# Threshold Criteria

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- Review the application before you submit it.  
You will be able to view and print a summary of your application at any time during the application process.
- THDA staff will not contact you for incorrect or missing documentation prior to the deadline for submission.



# PIMS

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- Participant Information Management System (PIMS)
  - On-line tool for **ALL Applicants** to Submit Required Documentation
  - You will first need to establish an account on the PIMS system.  
<https://thda.org/government-nonprofit-partners/participant-information-management-system-pims>
  - Must enter GMS through PIMS. Allow up to 7 days for your PIMS account to be created
  - It is YOUR responsibility to make sure that all required documents are uploaded and saved in the system prior to submitting the application

# Project Soft Costs

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- **All project soft costs count toward the HUD maximum per unit subsidy limit. If a contracted 3<sup>rd</sup> party performs the service the cost CAN NOT exceed the actual contracted amount**
- Costs for progress reviews and preparing work write-ups/projects cost estimates
- Costs for lead-based paint inspections, risk assessments and clearance testing
- Architectural and engineering fees
- Termite inspection fees

# Owner-Occupied Rehabilitation

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- HOME funds may only be used for the rehabilitation, including the reconstruction, of existing structures
- At project completion, the unit must be in compliance with all applicable building codes, UPCS, and THDA Design Standards for Rehabilitation
  - If no local building code exists the State adopted existing building code will prevail

# Owner-Occupied Rehabilitation

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- 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 should be reconstructed.
  - Hard construction costs exclude those for building inspections, lead-based paint inspections, energy related inspections, and work write-ups, but include all remaining costs associated with addressing lead-based paint hazards for the unit.
  - A waiver of this requirement can be applied for in special circumstances with a 15 year compliance period.

# Owner-Occupied Rehabilitation

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- The maximum investment per unit will be limited by both:
  - (1) The federal maximum HOME subsidy limit as adjusted by the number of bedrooms per unit and
  - (2) The after-rehabilitation value of the unit permitted under the federal regulations.

# Subsidy Limits

<b>MINIMUM HOME DOLLARS</b>	<b>\$1,000</b>	<b>PER UNIT</b>
MAXIMUM HOME DOLLARS	\$119,815	0-Bedroom (Efficiency) Limit
	\$137,349	1-Bedroom Limit
	\$167,020	2-Bedroom Limit
	\$216,250	3-Bedroom Limit
	\$237,177	4-Bedroom Limit

Subsidy Limits are published annually by HUD. THDA has set the subsidy limits at 130% of HUDs base subsidy limit rate.

# Income Limits

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- HOME funds may only be used to assist:
  - Households with gross annual income at or below 80% of area median income, adjusted for family size
  - Income limits are updated annually by HUD

# Compliance Period

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## ➤ **Homeowner Rehabilitation Programs**

**\*Without Reconstruction**

- Five year compliance period
- 20% annual forgiveness feature
- If unit is sold during the compliance period, the amount of HOME funds subject to recapture can be reduced by 20% per year
- **Recaptured funds are repaid to THDA**



# Compliance Period

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## ➤ **Homeowner Rehabilitation Programs**

\* Includes reconstruction or any rehabilitation that exceeds 75% of the after rehab value

- Fifteen year compliance period
- 6.67% annual forgiveness feature
- If unit is sold during the compliance period, the amount of HOME funds subject to recapture can be reduced by 6.67% per year
- **Recaptured funds are repaid to THDA**

# After Rehabilitation Property Value

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- **Applicable to homeowner rehabilitation projects**
  - This is the affordability requirement for owner-occupied rehabilitation projects
  - Based on 95% of median purchase price for an area as established by HUD on an annual basis
  - Must be determined prior to project set up

# Equal Opportunity & Fair Housing

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- No individual can be excluded from participation in the HOME Program on the basis of:
- Race
  - Color
  - Religion
  - Sex
  - Familial Status
  - National Origin
  - Disability



# Affirmative Marketing

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- Grantees must adopt procedures to provide information and otherwise attract eligible persons in the housing market to the available program benefits without regard to race, color, religion, sex, familial status, national origin or disability

# Limited English Proficiency (LEP)

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- Each Grantee must have policies and procedures to assist non-English speaking applicants
- Local staff should be knowledgeable of the procedures
- Each Grantee should also have a process that notifies LEP persons of language assistance available (i.e. notices, signs)

# Environmental Review

- HOME funds cannot be committed to a project **prior to the completion of the environmental review**
  - Tier 2 reviews must be completed before the work write-up is submitted for approval
- The applicability of the environmental review is **based on the project as a whole** and not the type of costs paid with HOME funds
  - **No commitment of non-federal funds** in the project before completion of the environmental review



# Flood Plains

- THDA does not typically fund HOME projects in a 100 year flood plain.
  - A project may be considered for funding **IF**:
    - The flood plain is mitigated by a minimum of 1 foot for the lowest occupiable floor including all mechanical equipment and HVAC ductwork. **The beneficiary will be required to obtain and maintain Flood Insurance**
    - Obtain a map revision. If a map revision is obtained no flood insurance is required.



# Conflict of Interest

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- Applies to the selection of beneficiaries and procurement of property and services
- The new HOME regulations have been revised to clarify that the covered conflict involves:
  - a financial benefit or interest; and
  - covered familial relationships are limited to immediate family members



# Procurement

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- Open and competitive solicitation that encourages competition by communities and non-profit agencies applies to:
  - ALL goods and services
  - Professional service contracts
- At a minimum obtain three (3) bids
- Have written procedures for selecting the successful bid.
- All procurement activity must comply with local, state, and federal procurement policy.

# Financial Analysis of Non-profits

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- The asset and liability information in the audits will be used to evaluate the financial capacity of the non-profit organization by reviewing financial ratios, including:
  - Current Ratios
  - Working Capital
  - Cash to Working Capital
  - Current to Non-Current Liabilities
  - Debt Ratios

# Non-profit Checklist

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- List of organization's staff and experience
- Copy of business plan or strategic management plan
- Documentation of operating funds and amounts
- Explanation of other programs operated by the agency
- One page explanation of the organization's experience in housing, particularly for low and very low income

# Scoring Threshold

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- Includes a minimum point threshold that applications must receive in order to be considered for funding.
  - To be eligible, an application must receive a minimum threshold score equal to 60% of the total points available under the applicable scoring matrix.
- Includes the ability to re-allocate funding between the Urban and Rural matrices should an insufficient number of applications receive the minimum threshold score necessary to award all funds allocated under either respective matrices

# Scoring Criteria

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- Items under Program Design portion of the matrix may be affected by the previous HOME experience and administrative capacity of both the applicant and the administrator if one has been identified.

# Consideration Factors

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- **Previous Grantees and Administrators**
  - Have the benchmarks identified in the implementation plan been met?
  - Have there been any monitoring findings in the last 3 years?
    - Nature of the findings and how many?
    - Procedural changes made to ensure no repeat finding?

# Consideration Factors

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- Is required documentation submitted on time and is it complete?
  - Is there a pattern of incomplete documentation or lack of promptness?
- Are there complaints that have been determined to be justified and is there an identifiable pattern?
- Has there been good and open communication among all parties?
- How many active contracts does an administrator have and what is the status of each?

# Consideration Factors

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## ➤ Rehab Coordinators

- Have work write-ups or plans/specifications consistently adhered to the THDA Design Guidelines and the UPCS Checklist?
- Has the work been accomplished as agreed upon?
- Are deficiencies or inconsistencies resolved or clarified promptly?
- Have inspections been completed in a timely manner as requested by the administrator?



# Consideration Factors

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## ➤ Rehab Coordinators

- Has there been good and open communication among all parties?
- How many active contracts does the Rehab Coordinator manage and what is the status of each?
- Are there complaints that have been determined to be justified and is there an identifiable pattern?

# Urban-Rural Scoring – Up to 100 Points

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- **Program Design - Up to 50 Points**
  - Planning, readiness, and administrative capacity
  - Program administrators have been identified:
    - Has personnel who are knowledgeable of HOME grant administration
    - Has relevant experience in the administration of housing grants; and/or has otherwise shown capacity to administer the project
    - Has the ability to follow 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
    - Has not left HOME funds in a grant in excess of \$75,000 in a prior year grant at closeout
    - Responds to client or contractor concerns or complaints
    - Responds to THDA staff and requests for information
    - Follows THDA HOME policies and procedures

# Urban-Rural Scoring

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- Individuals/firms providing architectural, construction management and/or inspection services have been identified, appropriately procured, and are qualified to perform the services.
- Consideration of the number and locations of current grants for which an individual/firm is providing inspection services in any given program year, and other factors, deemed relevant in evaluating an application.

# Urban-Rural Scoring

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- 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 community, the local government is involved in the administration of the program
- All necessary components to accomplish the program proposed are identified in the program design
- 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

# Urban-Rural Scoring

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- The program design should provide a tiered timeline, prepared in accordance with THDA's application instructions, that clearly shows that the Applicant will meet the commitment requirements of the program and the completion of all units and the close out of the grant by June 30, 2026

# Urban-Rural Scoring

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## ➤ **County Need Score – Up to 10 Points**

- % of owner households that are low income
- % of affordable owner units built before 1960
- % of food stamp recipient households
- % of owner households greater than one and one half times overcrowded
- % of average homeowner delinquency rate
- % of county poverty rate
- County unemployment rate

# Urban-Rural Scoring

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- **Not Proportionately Served Score – Up to 10 Points**
  - Awards points to counties based on the percentage of 2011-2021 HOME dollars awarded in each county
  - Higher points awarded to counties where the amount of prior HOME funding is below the state average
  - For multi-county project, points are awarded proportionately based on the number of units in each county

# Urban-Rural Scoring

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## ➤ **Disaster Areas – 5 Points**

- Points awarded to projects in counties declared presidential disaster areas

## ➤ **Leverage – Up to 5 Points**

- Points awarded based on the actual percentage of other funding in the project



# Urban-Rural Scoring

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## ➤ **Match – Up to 5 points**

- Points will be awarded 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.

# Urban-Rural Scoring

HOME Match Contribution that is....	Points
Equal to or greater than 15% of the proposed HOME funds to be used for project costs	5 points
Equal to or greater than 10% and less than 15% of the proposed HOME funds to be used for project costs	4 points
Equal to or greater than 5% and less than 10% of the proposed HOME funds to be used for project costs	3 points
Equal to or greater than 1% and less than 5% of the proposed HOME funds to be used for project costs	2 points
Less than 1% of the proposed HOME funds to be used for project costs	0 points

# Urban-Rural Scoring

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## ➤ **Energy Conservation – Up to 5 Points**

- Points awarded to applications for rehabilitation that include an independent energy audit  
  
and
- Incorporate a minimum of (3) energy conservation measures that exceed THDA's design standard requirements for rehabilitation
- ❖ New Construction standards for units to be reconstructed

# Urban-Rural Scoring

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- **Tennessee Growth Policy Act – Up to 10 Points**
  - Points awarded to applications from cities and counties with approved Growth Plans
  - Counties not subject to the Tennessee Growth Policy Act will also receive these points
  - Nonprofit applicants not eligible for points

# Urban-Rural Scoring

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- **Prior Year Unexpended HOME Funds Deduction – Up to -7 Points**
  - The balance of unspent HOME funds (2012-present) will be subject to the following deductions:
    - \$100,000 and Over – (-7 Points)
    - \$60,000 - \$99,999 – (-3 Points)
    - \$30,000 - \$59,999 – (-2 Points)
    - \$1 - \$29,999 – (-1 Point)

# Internet Availability

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- The Program Description link to PIMS and the GMS online application are available on the THDA website at [www.thda.org](http://www.thda.org) under <https://thda.org/government-nonprofit-partners/home-program>

The application must be completed and submitted online through THDA's GMS interface.

- All applicants must upload all required organizational documentation to THDA's PIMS online site.

# Contact THDA

- Community Programs staff can answer your questions about the HOME application anytime prior to the May 12, 2023 submission deadline
  
- Craig Stevens: 615-815-2035
- Allison Moore: 615-815-2040
- Mia Billingsley: 615-815-2033
- Monica Rutherford: 615-815-2105
- Dwayne Hicks (Construction Questions) : 615-815-2044
- Eric Hall (Construction Questions) : 615-815-2076
- Aaron Toran: 615-815-2037

Call us or schedule a meeting!



# Application Deadline

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**Friday, May 12, 2023**

**4:00 PM CDT**

**No support available after 4:00PM on 5/12/2023**





# Questions

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