



NATIONAL HOUSING TRUST FUND

2023 GAP FUNDING ROUND

PROGRAM DESCRIPTION

Tennessee Housing Development Agency

The Tennessee Housing Development Agency (“THDA”) administers the federally funded (National) Housing Trust Fund (“NHTF”), which is designed for the production and preservation of affordable rental housing through the acquisition, new construction, or rehabilitation of affordable housing for households with extremely-low incomes. The purpose of this Program Description is to explain the program requirements and application process to be an Eligible Recipient under the 2023 Gap Funding Round of THDA’s NHTF Program.

NHTF funds under the 2023 Gap Funding Round will be awarded through a competitive application process to eligible Public Housing Authorities and non-profit entities. Applications for the NHTF Gap Funding Round program must be received by THDA on or before 4:00 PM CDT on Thursday, October 19, 2023. THDA anticipates notifying successful applicants on or about November 15, 2023. NHTF grant amendments will begin on December 1, 2023 and will end on the date of the original National Housing Trust Fund Award being amended.

The application package for NHTF resources, as well as additional program documentation, will be made available on THDA’s website beginning October 5, 2023 at <https://thda.org/government-nonprofit-partners/national-housing-trust-fund>.

1) ALLOCATION OF FUNDS

NHTF funds committed to the State of Tennessee, through THDA, are allocated as provided in the State of Tennessee's Consolidated Plan, as amended. For the NHTF 2023 GAP Funding Round, THDA will make approximately \$1.5 Million Dollars available from leftover or returned funds from 2023 and earlier NHTF Rounds. THDA will award an amount up to the lower of (1) \$1,000,000 and (2) the amount of funds allowed under the NHTF Per Unit Subsidy Limits based on the NHTF funds previously awarded and the funds available under this program description.

2) ELIGIBLE RECIPIENTS

THDA will accept applications from Public Housing Authorities and non-profit entities that will be the final owner (or for projects that include low-income housing tax credits (“LIHTC”), Public Housing Authorities and non-profit entities that will be the sole general partner or the sole member

of the final LIHTC ownership entity) of the proposed rental project that received a NHTF grant from THDA for the program years of 2020, 2021 and 2022 that has not received a previous NHTF gap funding award from THDA. Additionally, the project must:

- a. Currently be open, meaning the project has not met Project Completion requirements of THDA;
- b. Be experiencing a gap in funding sources documented by completing the financial update documents provided by THDA; and,
- c. Does not exceed the per unit subsidy limits as noted in Section 4 of this document.

3) FORM OF ASSISTANCE

Funds will be awarded as an amendment to the original grant and will be secured by a note, deed of trust, and a declaration of land use restrictive covenants (“restrictions”), amended as needed.

- a. Recipient shall execute a note and record a fully and accurately executed deed of trust and restrictions (the “closing documents”) during the construction phase prior to requesting a draw.
- b. A copy of the recorded deed of trust and restrictions must be submitted to THDA within thirty (30) days of final closing.

4) PER UNIT SUBSIDY LIMITS

The total investment of NHTF funds, including additional funding under this Program Description, must conform to the following minimum and maximum standards:

- a. Minimum NHTF Funds: \$1,000 per unit
- b. Maximum NHTF Funds Per Unit:

\$129,758	0-Bedroom (Efficiency) Limit
\$148,748	1-Bedroom Limit
\$180,882	2-Bedroom Limit
\$234,004	3-Bedroom Limit
\$256,862	4-Bedroom Limit

5) NUMBER OF NHTF UNITS

Applicants may increase their original, approved number of NHTF units in a project in order to qualify for additional NHTF monies. However, the total number of all units in the development may not be adjusted. THDA will not provide funding under this program description to increase a project’s size and scope. Additionally, the number of NHTF units also may not be decreased.

6) REQUIREMENTS

Except for the Per Unit Subsidy Limits established in Section 4 of this program description, all other requirements imposed by previous NHTF awards and contracts will remain in effect and apply to the total NHTF award. Nothing in this agreement is intended to supersede or replace those requirements.

7) APPLICATION AND EVALUATION PROCEDURE

THDA will evaluate each application to determine if the proposal meets eligibility criteria. Threshold criteria includes:

- a) Submission by an eligible applicant of a complete application to THDA via THDA's Electronic Data Transfer system.
- b) Submission of a financial update for the existing approved project to include an updated development budget and 30 year pro forma demonstrating a need for the NHTF funds and viability of the project throughout the 30 year compliance period.
- c) Where applicable, THDA will use the points assigned during THDA's review of an applicant's original application, based on a proportionate percentage of points originally awarded to the points available in the original application, in order to determine the points to be awarded under this scoring criteria as outlined below.
- d) THDA will fund applications starting with the highest score to lowest score until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.
- e) THDA may make a partial award of remaining funds to the next highest score at its sole discretion.
- f) Given the limited funding available statewide and in order to distribute NHTF funding across Tennessee, THDA reserves the right to limit funding to only one award per county.
- g) In the event of a tie score between applications, THDA will prioritize that application with the highest combined total of the Need and Opportunity Scores. In the event that a tie still remains, the application with the highest Need Score will be selected.

8) NHTF RENTAL HOUSING SCORING MATRIX - Up to 100 Points.

APPLICANT'S CAPACITY AND EXPERIENCE - Up to 60 points

- a) The applicant's experience with owning, developing and managing rental units of similar size and scope serving the intended population proposed.
- b) The capacity of the applicant and its development and management team to carry out the proposed project within the schedule proposed.

- c) The past experience of the applicant and its development and management team to successfully develop or manage rental housing in compliance with all Federal, state or local program requirements.
- d) The past experience of the applicant and its development and management team to undertake THDA rental development projects in a timely manner.
- e) The past history of the applicant in serving the community in which the proposed project is to be located.
- f) The past history of the applicant and its development and management team to comply with THDA funding requirements and processes.
- g) The applicant's financial statements and audit indicate a healthy financial position and include diverse funding sources.
- h) Other as indicated in the original round scoring.

NEED - Up to 20 points

THDA has determined rental housing need factors for households who are extremely low income. The county need factors are the percentage of extremely low income tenant households that are cost burdened; projected 10-year population growth rate; county's projected 10-year population growth as a percent of the state's overall growth; prior allocation amount per extremely low income household; prior allocation; rental market LIHTC vacancy rate, and the pipeline of rental housing financed under the LIHTC Program under construction and in lease-up. Scores to be used in the evaluation of rental projects are available at <https://thda.org/government-nonprofit-partners/national-housing-trust-fund>

AREAS OF OPPORTUNITY SCORE - Up to 20 Points

THDA has determined factors which indicate census tracts of high opportunity. These factors include areas of high median gross rent, high cost burden, proximity to employment, high workforce participation, low levels of abandoned housing, rental market LIHTC vacancy rate, and the pipeline of rental housing financed under the LIHTC Program under construction and in lease-up. Scores to be used in the evaluation of areas of opportunity are available at <https://thda.org/government-nonprofit-partners/national-housing-trust-fund>

BONUS POINTS- 10 Points

THDA will award 10 additional points as bonus points when the percentage of NHTF units to total units equals or exceed 25%.