

STATE OF TENNESSEE

2017-2018 HOUSING TRUST FUND ALLOCATION PLAN

Prepared by: Tennessee Housing Development Agency

Overview

The Tennessee Housing Development Agencies administers Housing Trust Fund allocations for the State of Tennessee.

The HTF program was created by section 1131 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289). Section 1131 amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) to add a new section 1337 “Affordable Housing Allocation” and a new section 1338, “Housing Trust Fund.” HTF provides formula grants to States to increase and preserve the supply of rental housing for extremely low income households (ELI) and very low income households (VLI), including homeless households. ELI households are those with income less than the federal poverty guideline or less than 30% of area median (AMI). VLI households are those with income of 50% of AMI or less. THDA will make all funds available to households at 30% of AMI or less in accordance with federal requirements.

HUD published an interim rule for HTF (Interim Rule) on January 30, 2015. The rule, codified at 24 CFR Part 93, establishes both the program requirements and the formula for allocating grant funds to States.

Consultation

The State of Tennessee solicited citizen participation through the use of email correspondence, postings to state and development district websites, and social media accounts (Facebook and Twitter). The state also published newspaper public notices to inform citizens of the public comment period for the Action Plan. Public notices informing citizens of the public comment period were published in the following newspapers:

- Chattanooga Times Free Press – Chattanooga
- The Commercial Appeal – Memphis
- El Crucero de Tennessee – Nashville
- Herald-Citizen – Cookeville
- The Jackson Sun – Jackson
- Johnson City Press – Johnson City
- Knoxville News Sentinel – Knoxville

- La Campana – Franklin
- La Prensa Latina – Memphis
- The Leaf-Chronicle – Clarksville
- State Gazette – Dyersburg
- The Tennessean - Nashville

Public input was solicited through these modes of communication during the Allocation Plan public comment period of June 15, 2017 until end of day July 15, 2017. Although a waiver granting a 14 day comment period was ultimately granted, THDA had prepared a regular 30 day public comment period before the waiver was granted. THDA also created a space to submit comments and questions on the THDA website during the public comment period. Accommodations such as translation services or interpreter services for persons with disabilities were available upon request.

The HTF Allocation Plan public comment period ran in tandem with the comment period for the Annual Action Plan. The HTF Allocation Plan received no unique comments despite outreach efforts.

Formula Allocations

HTF funding comes from assessments on the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), rather than appropriations. OMB determines the amount of funds available for allocation to the States through the HTF. HUD determines each State's HTF formula allocation amount and publishes a notice in the Federal Register announcing the availability of the allocations to States.

For 2017-18, the State of Tennessee will receive \$3,160,279 in allocated funding.

Distribution of Funds

HTF funds will not be distributed through sub-grantees, but rather will be awarded to eligible recipients on a competitive basis for locally-driven projects that address the criteria outlined in this allocation plan as well as the priority housing needs as identified in the State's Consolidated Plan.

Use of Funds

In total, 10% of funding will serve as an administrative fee for THDA. Up to 33% of funding may be used for operating cost assistance and operating cost assistance reserves for HTF assisted housing for which project-based rental assistance is not available. The State reserves the right to reallocate uncommitted operating funds to development costs if qualified applications for operating funds are insufficient to award all operating funds.

The grant minimum is \$250,000 and the grant maximum is \$750,000. There is no difference in minimum or maximum for non-entitlement, entitlement, urban and rural jurisdictions. THDA reserves the right to limit the number of grants per county to ensure that needs in a range of counties are met.

Eligibility Requirements

The Tennessee Housing Development Agency will distribute HTF funds by selecting applications submitted by eligible recipients. Eligible recipients include organizations, agencies, and other for-profit and non-profit entities. A recipient must:

- Eligible participants will include public housing authorities and both for-profit and nonprofit organizations which are organized and existing to do business in the State of Tennessee, or if organized in another state, must be qualified to do business in the State of Tennessee. All Applicants must demonstrate at least two years of related housing experience in Tennessee.
- Demonstrate the financial capacity necessary to undertake, complete, and manage the proposed project, as demonstrated by its ability to own, construct, or rehabilitate and manage and operate affordable rental housing. THDA will evaluate the experience of the entire proposed team with owning, developing and managing projects of similar size and scope serving the intended population proposed. Applicants and their development team must undergo an evaluation by THDA of their capacity before the applicant qualifies as an eligible recipient.
- Have demonstrated understanding of the Federal, State and local housing programs used in conjunction with HTF funds to ensure compliance with all applicable program requirements and regulations.
- Not be debarred or excluded from receiving federal assistance or THDA assistance prior to selection or entering into a Written Agreement or closing the loan.
- Certify that housing units assisted with the HTF will comply with HTF program requirements during the entire period that begins upon selection and ending upon the conclusion of all HTF - funded activities.

Application Requirements

See Attached Program Description for information regarding application requirements.

Selection Criteria

Tennessee will select recipients of HTF resources through a competitive selection process that will evaluate the following factors:

A. Geographic Diversity

THDA will accept and consider proposals for HTF resources that will serve communities across the state consistent with the State's certification to affirmatively further fair housing. THDA will establish a minimum score threshold that must be received in order to be eligible for NHTF funding. This minimum score will be determined to ensure that sound, well-designed, and financially viable rental housing will be financed using HTF resources. THDA will rank all applications by Tennessee's three Grand Divisions – East, Middle, and West - that receive the minimum score. THDA will select the highest scoring application from each Grand Division. If additional funding is available, THDA will then rank all remaining applications in a single ranking by score. Those remaining applications that receive the highest score will be selected until funding runs out. Given the limited funding available statewide and to disperse HTF funding across Tennessee, THDA reserves the right to limit funding to only one award per county. THDA also reserves the right to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant. In such instances and at its sole and absolute discretion, THDA may move to the next lower scoring project(s) in order to meet its commitment obligations under the HTF program.

B. Applicant Capacity to obligate HTF funds and undertake eligible activities in a timely manner

THDA will evaluate the experience of the entire proposed team with owning, developing and managing projects of similar size and scope serving the intended population proposed. Applicants and their development team must undergo an evaluation by THDA of their capacity to carry out the proposed housing project before the applicant qualifies as an eligible recipient. THDA will also evaluate the experience and capacity of the organization to ensure compliance with the requirements and regulations of all Federal, State and local housing programs used in conjunction with HTF funds; THDA will also evaluate the history of the applicant and project team in serving the community in which the HTF - assisted housing is proposed.

The applicant must be capable of undertaking and completing HTF - funded activities in a timely manner. THDA will evaluate the past performance of the applicant in completing THDA funded development activities.

C. Project-Based Rental Assistance

For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low-income families: THDA will provide a preference for applications which propose to preserve existing housing with project-based rental assistance and for proposals with binding commitments of project-based vouchers to the project.

D. Duration of Affordability Period

For rental housing, the duration of the units' affordability period: All rental developments assisted with HTF resources will have a 30 year period of affordability. No additional consideration is proposed for developments that will extend the period of affordability beyond this minimum requirement.

E. Priority Housing Needs of the State

The merits of the application in meeting the State's priority housing needs: THDA will provide a priority for applications in counties with a higher rental housing need based on variables determined

by THDA, which may include, but is not limited to, percent of extremely low income renters, population growth rate, vacancy rate, and the pipeline of rental housing under construction. Additionally, THDA will provide a priority for applications located in census tracts of opportunity based on variables to be determined by THDA, which may include median gross rent, high cost burden, proximity to employment, high workforce participation, low levels of abandoned housing, rental market vacancy rate, and the pipeline of rental housing under construction.

F. Leveraging

The extent to which application makes use of non-federal funding sources: THDA manages federal resources, including the HOME Investment Partnership Program and the Housing Choice Voucher Program. In order to encourage the diversity of funding sources, THDA will provide a preference for applications that include the use of non - THDA, federal and non-federal resources towards the development of the housing. THDA will not consider rental assistance provided for the purposes of this category. THDA will award points based on the actual percentage of other non - THDA funds in the project against the total development costs of the project. In order to receive points, written documentation committing the non - THDA funds must be included in the application.

G. Other

(1) Applications that propose housing in which more than 20% of the assisted units will be set-aside for individuals with disabilities must meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014: <https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>.

The final rule requires that all home and community-based settings meet certain qualifications, including:

- The setting is integrated and supports full access to the greater community;
- Is selected by the individual from among setting options;
- Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
- Optimizes autonomy and independence in making life choices; and,
- Facilitates choice regarding services and who provides them.

Additionally for provider owned or controlled residential settings, the following additional requirements apply:

- The individual has a lease or other legally enforceable agreement providing similar protections;
- The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
- The individual controls his/her own schedule, including access to food at any time;

- The individual can have visitors at any time; and,
- The setting is physically accessible

(2) THDA will evaluate the design of the proposed project for the population to be served, including unit configuration, on-site amenities and services, integration with mixed income housing options, and access to community services, including education, transportation, medical, support, recreation, and other activities of daily living.

(3) THDA will evaluate the firm financial commitments available for the proposed project as well as the extent that site control of the proposed project location(s) has been obtained.

(4) THDA will evaluate the inclusion of universal design features into the housing design.

Performance Goals and Benchmarks

The State of Tennessee estimates that it will develop 25 affordable housing units for extremely low-income households with funds from this program year.

Maximum Per-unit Subsidy Amount

To implement the Housing Trust Fund program, THDA will follow HUD the interim policy issued for the HOME Program that requires the use of the Section 234-Condominium Housing, elevator-type, basic mortgage limits as the maximum per unit subsidy limits for the Housing Trust Fund program. Effective as of November 18, 2015 and until it is amended, superseded, or rescinded, the maximum per unit subsidy for the HOME program is as follows:

Minimum HOME Dollars	\$1,000	Per Unit Limit
Maximum HOME Dollars	\$58,378	Efficiency
	\$66,923	1 Bedroom
	\$81,377	2 Bedrooms
	\$105,276	3 Bedrooms
	\$115,560	4+ Bedrooms

For the Housing Trust Fund, the State of Tennessee adopted the limits used in the HOME program in order to have consistency among the federal grant programs that we administer. These limits have proven to be successful for the HOME program and, due to the similarities between programs, we believe they will also be successful for the HTF program.

Rehabilitation Standards

See: “[Design Standards for Rehabilitation](https://thda.org/research-planning/consolidated-planning)” on <https://thda.org/research-planning/consolidated-planning> or see attached appendix

Resale and Recapture Guidelines

The State will not use HTF funds to assist first-time homebuyers.

HTF Affordable Homeownership Limits

The State will not use HTF funds for homeownership housing.

State Limited Beneficiaries or Preferences

The State will not limit beneficiaries and/or give preferences to any segments of the extremely low-income population.

Refinancing of Existing Debt

The State will not permit the refinancing of existing debt.

List of Appendices

Appendix A: SF-424

Appendix B: National Housing Trust Fund Program Description

Appendix C: Design Standards for Rehabilitation

Appendix A: SF-424

Application for Federal Assistance SF-424

* 1. Type of Submission:

- Preapplication
 Application
 Changed/Corrected Application

* 2. Type of Application:

- New
 Continuation
 Revision

* If Revision, select appropriate letter(s):

* Other (Specify):

* 3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

* a. Legal Name:

State of Tennessee

* b. Employer/Taxpayer Identification Number (EIN/TIN):

62-6001445

* c. Organizational DUNS:

8780474890000

d. Address:

* Street1: 502 Deaderick Street, 2nd Floor

Street2:

* City: Nashville

County/Parish: Davidson

* State:

TN: Tennessee

Province:

* Country:

USA: UNITED STATES

* Zip / Postal Code: 37243

e. Organizational Unit:

Department Name:

TN Housing Development Agency

Division Name:

Community Programs

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

Mr.

* First Name:

Don

Middle Name:

* Last Name:

Watt

Suffix:

Title: Director of Community Programs

Organizational Affiliation:

* Telephone Number: 615-815-2032

Fax Number: 615-564-2700

* Email: dwatt@thda.org

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

U.S. Department of Housing and Urban Development

11. Catalog of Federal Domestic Assistance Number:

14.275

CFDA Title:

Housing Trust Fund

*** 12. Funding Opportunity Number:**

* Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

State of Tennessee - National Housing Trust Fund

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="3,160,279.00"/>
* b. Applicant	<input type="text"/>
* c. State	<input type="text"/>
* d. Local	<input type="text"/>
* e. Other	<input type="text"/>
* f. Program Income	<input type="text"/>
* g. TOTAL	<input type="text" value="3,160,279.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

- Yes
- No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: 

* Date Signed:

Appendix B: National Housing Trust Fund Program Description



NATIONAL HOUSING TRUST FUND 2016

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.

NHTF grants are awarded through a competitive application process to Public Housing Authorities, non-profit and for-profit entities. Applications for the NHTF program must be received by THDA on or before 4:00 PM CST on Friday, December 15, 2017. THDA anticipates notifying successful applicants by March 31, 2018. NHTF grant agreements will begin on May 1, 2018 and will end on April 30, 2021.

The application package for NHTF resources as well as additional program documentation will be made available on THDA's website at <https://thda.org/programs>.

DEFINITION OF TERMS

For purposes of the NHTF program, the following definitions shall apply.

Developer Fee: Means the sum of the Developer's overhead and Developer's profit. Consulting fees and guarantor fees are also considered part of the total Developer Fee calculation.

Housing for the Elderly: Means housing intended for, and solely occupied by, individuals sixty two (62) years of age or older.

Housing for Older Persons: Means housing intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is fifty five (55) years of age or older; and where the Owner publishes and adheres to policies and procedures which demonstrate an intent by the Owner and manager to provide housing for individuals fifty five 55 years of age or older.

Extremely Low Income: Means an individual or household whose income does not exceed thirty percent (30%) of the area median income, adjusted for household size or households with incomes at or below the poverty line (whichever is greater).

Family Housing: Means housing designed for families which does not meet the definition of “Elderly Housing” or “Housing for Older Persons”.

Grantee: Means the state entity that prepares the NHTF Allocation Plan, receives the NHTF dollars from HUD, and administers the NHTF in the state. THDA is the NHTF grantee for the State of Tennessee.

Layering: Means the combining of more than one governmental resource on a NHTF-assisted project.

Leverage: Means a contribution of value in the form of cash, materials or labor in a pre-approved form and method toward the hard development costs of a project.

Modular Housing: Means housing as defined in Tennessee Code Annotated Title 68 -126-202 & 303

- *"Modular Building Unit"*: Means a structural unit, or preassembled component unit, including the necessary electrical, plumbing, heating, ventilating and other service systems, manufactured off-site and transported to the point of use for installation or erection, with or without other specified components, as a finished building. "Modular building unit" does not apply to temporary structures used exclusively for construction purposes, nonresidential farm buildings, or ready-removables that are not modular structures;
- *"Ready-removable"*: Means a structure without any foundation, footings, or other support mechanisms that allow a structure to be easily relocated but which may include electrical wiring. Ready-removable structures include, but are not limited to, stadium press boxes, guard shelters, or structures that contain only electrical, electronic, or mechanical equipment that are solely occupied for service or maintenance of such equipment; and
- *"Structure"*: Means any building or improvement and its components, systems, fixtures, and appurtenances at the time of completion or construction.

Manufactured Housing: Means housing as defined in Tennessee Code Annotated Title 68 -126-202 & 303

- *"Manufactured Home"*: Means a structure, transportable in one (1) or more sections, which, in the traveling mode, is eight (8) body feet or more in width, or forty (40) body feet or more in length, or, when erected on site, is three hundred twenty (320) or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained in the structure; except that "manufactured home" includes any structure that meets all the requirements of this subdivision (2), except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the secretary;
- *"Manufacturer"*: Means any person engaged in manufacturing or assembling new manufactured homes.

- **“Mobile Home”:** Means a structure manufactured before June 15, 1976, that is not constructed in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974, compiled in 42 U.S.C. § 5401 et seq. It is a structure that is transportable in one (1) or more sections that in the traveling mode is eight (8) body-feet or more in width and forty (40) body-feet or more in length, or, when erected on site, is three hundred twenty (320) or more square feet and that is built on a chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities and includes any plumbing, heating, air conditioning and electrical systems contained in the structure;

Multifamily Housing: Means any building or group of buildings totaling more than four permanent residential rental units operated as a single housing project.

NHTF-Assisted Unit: Means a housing unit which meets the NHTF eligibility requirements and benefits from financial assistance from the NHTF.

Period of Affordability: Also, “Affordability Period”. Means the thirty (30) year timeframe beginning at time of Project Completion as defined at 24 CFR §93.2 during which projects receiving NHTF assistance will be required to maintain affordability to households at or below 30% AMI and must maintain compliance with NHTF regulations.

Proforma: Means a cash flow projection for a specific period of time that takes into account expected income and expenses of a rental property and projects financial viability and affordability over the period.

Recipient: Means an organization, agency or other entity (including a public housing authority, a for-profit entity or a nonprofit entity) that receives NHTF assistance from THDA and is the owner of a NHTF–assisted project.

Rent Restricted: Means rent, including utilities and tenant-based rental assistance that does not exceed the published Maximum NHTF Rent Limit, which is affordable to households at 30% AMI and based on an assumed (1.5) persons per bedroom (single person in an efficiency).

Single Family Housing: Means a structure that contains at least one but no more than four permanent residential units.

Stabilized Occupancy: Means occupancy of at least ninety percent (90%) of the units in the property for a continuous period of at least ninety (90) calendar days.

Substantial Rehabilitation: Means the rehabilitation of a project in which the rehabilitation costs will be seventy five percent (75%) or more of the replacement cost.

Total Development Cost: Means the all-in cost of developing the project including acquisition, predevelopment costs, hard and soft construction or rehab costs, financing costs, developer fees, and reserve account capitalization.

Uniform Physical Condition Standards (UPCS): Means the standardized inspection code created by HUD and Congress in 1998 as a way of establishing a dynamic inspection code that could satisfy the diverse housing stock monitored by the U.S. Department of Housing and Urban Development (HUD). The inspection code predominately provides a set of minimum standards for components found in real estate.

THE NATIONAL HOUSING TRUST FUND

The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) (Act) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund."

This program is governed by Title 24 Code of Federal Regulations, Parts 91 and 93; Interim Rule. Those regulations are incorporated by reference in this Program Description. In cases of conflicting requirements, the more stringent requirement will apply.

Tennessee operates a THDA-funded Housing Trust Fund commonly known as the "Housing Trust Fund", "HTF", or the "Tennessee Housing Trust Fund" While all references in this program description and other related documentation refer to this funding as the "National HTF" or "NHTF", all federal requirements will identify this resource as the "Housing Trust Fund" or "HTF". Applicants and recipients of NHTF funding must maintain awareness of this distinction in all program documentation.

1) ALLOCATION OF FUNDS

- a. The total allocation for this round of NHTF funding under this program description will be three million dollars (\$3,000,000). THDA will award ninety percent (90%) of the allocated amount in NHTF grants to successful applicants through a competitive application process. Each award will be a minimum of two hundred fifty thousand dollars (\$250,000) and a maximum of seven hundred fifty thousand dollars (\$750,000).
- b. NHTF funding committed in the State of Tennessee by THDA will be allocated as provided in the State of Tennessee's Consolidated Plan, as amended. THDA will use ten percent (10%) of the NHTF allocation for its own administrative expenses.

2) ELIGIBLE RECIPIENTS

- a. THDA, as the Grantee for the State of Tennessee, will accept applications for the NHTF program from public housing authorities, and non-profit or for-profit entities that will be the owner of the proposed rental project. To be eligible the entity must meet the following criteria:

- i) Be organized and existing to do business in the State of Tennessee, or if organized in another state, must be qualified to do business in the State of Tennessee.
- ii) Demonstrate at least two years of related housing experience in Tennessee. For the purposes of this program, “related housing experience” means the development, ownership and management of affordable rental housing.”
- iii) Demonstrate the financial capacity necessary to undertake, complete, and manage the proposed project, as demonstrated by its ability to own, construct, or rehabilitate and manage and operate affordable rental housing. THDA will evaluate the experience of the entire proposed team with owning, developing and managing projects of similar size and scope serving the intended population proposed. Applicants and their development team must undergo an evaluation by THDA of their capacity before the applicant may qualify as an eligible Recipient.
- iv) Have demonstrated understanding of the Federal, State and local housing programs used in conjunction with NHTF funds to ensure compliance with all applicable program requirements and regulations.
- v) Not be debarred or excluded from receiving federal assistance or THDA assistance prior to selection or entering into the written agreement with THDA.
- vi) Certify that housing units assisted with the NHTF will comply with NHTF program requirements during the entire period that begins upon selection and ending upon the conclusion of all NHTF-funded activities.

3) FORM OF ASSISTANCE

- a. NHTF funds will be awarded as a grant secured by a note, deed of trust, and a restrictive covenant.

4) LEVEL OF SUBSIDY

- a. The investment of NHTF funds must conform to the following minimum and maximum standards per unit:
 - i) Minimum NHTF Funds: \$1,000 per unit
 - ii) Maximum NHTF Funds Per Unit:

\$58,378	0-Bedroom (Efficiency) Limit
\$66,923	1-Bedroom Limit
\$81,377	2-Bedroom Limit

\$105,276	3-Bedroom Limit
\$115,560	4-Bedroom Limit

5) DEVELOPER FEE

- a. A Developer Fee of up to fifteen percent (15%) of the NHTF development costs, net of the development fee, acquisition costs and any permanent financing costs may be charged as a project soft cost.

6) ELIGIBLE ACTIVITIES

- a. NHTF funds must be used to produce or preserve affordable, permanent rental housing that addresses the needs of extremely low-income households. The housing may be stick built or Modular Housing, provided that the housing meets all the applicable state and local codes. Eligible housing activities include:
 - i) New construction of rental housing units.
 - ii) Acquisition and/or rehabilitation of existing rental housing units.
 - iii) Funding of an operating cost reserve associated with the new construction or acquisition and rehabilitation of housing assisted with NHTF funds

7) PROHIBITED ACTIVITIES

- a. Providing tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act.
- b. Assisting or developing emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, dormitories, including those for farm workers or housing for students.
- c. Providing any form of housing that is considered short term or transitional.
- d. Providing NHTF assistance to rental units that require reconstruction.
- e. Providing NHTF assistance to rental units that are Manufactured Housing and/or Manufactured Housing lots.
- f. Using NHTF funds to refinance existing debt.

- g. Using NHTF funds for the acquisition and rehabilitation or new construction of housing for sale to home buyers.
- h. Providing non-federal matching contributions required under any other Federal program.
- i. Providing assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing).
- j. Carrying out activities authorized under 24 CFR Part 968 (Public Housing Modernization).
- k. Providing assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages).
- l. Providing assistance to a project previously assisted with NHTF funds during the period of affordability established by HUD and THDA in the written agreement with the Recipient as stated in § 93.205(a) except as permitted for renewal of funds committed to operating cost assistance.
 - i) Additional NHTF funds may be committed to a project up to one year after project completion, but the amount of NHTF funds in the project may not exceed the maximum per-unit subsidy amount; Attachment Two: Maximum Federal Subsidy Limit.
- m. Using NHTF funds for political activities; advocacy; lobbying, whether directly or through other parties; counseling services; travel expenses; and preparing or providing advice on tax returns.
- n. Using NHTF funds for administrative, outreach, or other costs of the Recipient, or any other Recipient of such grant amounts, subject to the exception in Section 1338(c)(10)(D)(iii) of the Act,
- o. Paying for any cost that is not eligible under 24 CFR 92.730 through 93.200.

8) LAYERING

- a. Layering is the combination of government resources on a NHTF-assisted project.
- b. THDA will review each project to ensure that only the minimum amount of NHTF assistance needed is allocated to the project.
- c. Total NHTF resources allocated to any project cannot exceed the current maximum per unit subsidy limit.

9) LEASE-UP AND INITIAL OCCUPANCY

- a. Projects must be fully occupied by income eligible tenants within six (6) months of issuance of a certificate of occupancy for the completed units. If all units are not fully occupied by income eligible tenants within six (6) months of completion of construction or acquisition and rehabilitation, the grant Recipient must report to THDA on current marketing efforts in a form and with substance as required by THDA.
- b. If a rental project has not achieved initial occupancy within eighteen (18) months of Completion, all NHTF funds invested in the rental project must be repaid to THDA.

10) LEVERAGE

- a. Leverage must be in the form of contributions to the project's hard development costs.
- b. In the scoring matrix, any project that has leveraged funds will receive additional points. Leveraged funds are funds provided by the applicant and grants from other sources. The value of land acquired through non-NHTF resources may be counted as leverage when the appraised value is documented and proof of ownership at the time of application is demonstrated. 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 when properly documented. Administrative funds, anticipated fund-raising revenues and construction loans do not count toward leverage. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. All proposed leverage must be thoroughly supported by appropriate back-up documentation, including firm commitment letters, award letters, and warranty deeds.
- c. 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 project. The donor must provide a letter to confirm the amount of the supplies or materials. Proposed discounts will not count as leverage.

11) MARKET

- a. Applicants must document that neighborhood market conditions demonstrate a need for the project.

12) MIXED INCOME TENANCY

- a. For the purpose of the NHTF Program, a “mixed income” project contains at least one residential unit that is set aside for an extremely low income household and one or more other residential units available to tenants in other higher income designations.
- b. NHTF funds may only be used for NHTF qualifying residential units.

13) MIXED USE PROJECTS

- a. For purposes of the NHTF Program, a “mixed-use” project contains, in addition to at least one residential unit, other non-residential space which is available to the public. If laundry and/or community facilities are for use exclusively by the project tenants and their guests, then the project is not considered mixed-use. Neither a leasing office nor a maintenance area will trigger the mixed-use requirements. No NHTF funds can be used to fund the commercial or non-residential portion of a mixed-use project. Therefore, if a NHTF-assisted project contains such commercial or non-residential space, other sources of funding must be used to finance that space. In order to be eligible for NHTF funding, a mixed-use project must meet the following conditions:
 - i) Residential living space in the project must constitute at least fifty one percent (51%) of the total project space.
 - ii) Each building in the project must contain residential living space
- b. NHTF funds can only be used to fund the residential portion of the mixed-use project which meets the NHTF rent limits and income requirements. If the rental project will contain a model apartment that will be shown to potential renters, the model apartment will be considered a non-residential area subject to the mixed-use requirements, unless the model apartment will be rented in the event of high occupancy.

14) RENT LEVELS AND UTILITY ALLOWANCES

- a. Every NHTF assisted unit is subject to rent limits designed to make sure that rents are affordable to extremely low income households. These maximum rents may be referred to as NHTF rents. Attachment Four: NHTF Program Rents.
- b. Rents are limited for the length of the Period of Affordability. These rents are determined on an annual basis by HUD. The Recipient/Owner will be provided with these rents, which include all utilities.

- c. The cost of utilities paid by tenants must be subtracted (using applicable utility allowances) from the published NHTF rents to determine the maximum allowable rents.
- d. THDA must annually review and approve the rents for each NHTF-assisted rental project. In addition, THDA must determine individual utility allowances for each rental project either by using the HUD Utility Schedule Model or determining the utility allowance based on the specific utilities used at the project. Utility allowances are reviewed and updated annually. Use of utility allowances provided by public housing authorities is not permitted.
- e. NHTF rents are not necessarily representative of market conditions and NHTF rents may increase or decrease from year to year. Regardless of changes in fair market rents and in median income over time, the NHTF rents for a project are not required to be lower than the NHTF rents for the project in effect at the time of Commitment as defined at 24 CFR §93.2
- f. Each Recipient must be aware of the market conditions of the area in which the project is located. Rents shall not exceed the published NHTF rents, adjusted for utility arrangements and bedroom size.
- g. If the NHTF-assisted unit receives project-based rental subsidy, and the tenant pays a contribution toward rent of not more than 30% of the tenant's adjusted income, then the maximum rent for the NHTF-assisted unit (only and specifically for the unit in which the project based rental subsidy is designated) is the rent allowable under the project-based rental subsidy program, also known as the payment standard.

15) LONG TERM OCCUPANCY REQUIREMENTS

- a. Tenants whose annual incomes increase to over 30% of median may remain in occupancy but must pay no less than thirty percent (30%) of their adjusted monthly income for rent and utilities.

16) INCOME LIMITS

- a. NHTF funds must be used to benefit only Extremely Low-Income households.
- b. The income limits apply to the incomes of the tenants, not to the owners of the property. 100% of the tenant households in NHTF-assisted units must be Extremely Low Income. Households must meet the NHTF Income Limit established by HUD and effective at the time of application for occupancy of a NHTF-assisted unit.
- c. Income Determination: To ensure that the income targeting requirements are met, a Recipient must verify that each household occupying an NHTF-assisted unit is income-

eligible by determining the household's annual income. When determining eligibility, the Recipient must calculate annual income as defined at 24 CFR 5.6091. The method for determining and calculating annual income for tenants are also addressed in the full text of the interim rule.

- d. 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 rental unit. Annual gross income is "anticipated" for the next twelve (12) months, based upon current circumstances or known upcoming changes, minus certain income exclusions.
- e. Current limits are in Attachment Three: Income Limits for the NHTF Program.
 - i) Median income for an area of the state shall be that median income value established by HUD.
 - ii) Median incomes change when HUD makes revised estimates.

17) HOUSING SET-ASIDES FOR INDIVIDUALS WITH DISABILITIES

- a. Applications that propose housing in which more than twenty percent (20%) of the assisted units will be set-aside for individuals with disabilities must meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014:

<https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>.

- b. The final rule requires that all home and community-based settings meet certain qualifications, including:
 - i) Is integrated and supports full access to the greater community.
 - ii) Is selected by the individual from among setting options.
 - iii) Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint.
 - iv) Optimizes autonomy and independence in making life choices.
 - v) Facilitates choice regarding services and who provides them.

- c. For provider owned or controlled residential settings, the following additional requirements apply:
 - i) The individual has a lease or other legally enforceable agreement providing similar protections.
 - ii) The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit.
 - iii) The individual controls his/her own schedule, including access to food at any time.
 - iv) The individual can have visitors at any time.
 - v) The setting is physically accessible.

18) PROPERTY AND DESIGN STANDARDS

- a. Property standards must be met when NHTF funds are used for a project. All rental housing constructed or rehabilitated with NHTF funds must meet all THDA Design Standards, applicable local, county and state codes, rehabilitation standards, Uniform Property Condition Standards (UPCS), and zoning ordinances at the time of project completion.
- b. In the absence of a local code, new construction of single-family units for rental must meet the current, State-adopted edition of the International Residential Code for One- and Two-Family Dwellings. The newly constructed units must also meet accessibility requirements and mitigate disaster impact as applicable per State and local codes, ordinances, etc. Rehabilitation of existing single-family units for rental must meet the current, State-adopted edition of the International Existing Building Code.
- c. NHTF funded units must also conform to the THDA Minimum Design Standards for New Construction of Single Family and Multifamily Units or to the THDA Design Standards for Rehabilitation of Single Family and Multifamily Housing Units, as applicable. 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.
- d. Additional design standards include:

- i) 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.
 - ii) 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.
 - iii) Broadband Infrastructure. THDA requires that newly constructed rental units and those which are substantially rehabilitated must be wired for broadband internet access.
 - iv) Modular Housing must be certified by the state of Tennessee
- e. Section 504
- i) 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.
 - ii) For new construction of Multifamily Housing (five or more units), a minimum of 5% of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and at a minimum, an additional two percent (2%) of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a NHTF-assisted project, regardless of whether all units are NHTF-assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are NHTF-assisted, the accessible units may be either NHTF-assisted or non-NHTF-assisted.
 - iii) The Section 504 definition of substantial rehabilitation for Multifamily Housing includes construction in a project with fifteen (15) or more units for which the rehabilitation costs will be seventy five percent (75%) or more of the replacement cost. In such projects, a minimum of five percent (5%) of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional two (2%), at a minimum, (but not less than one unit) must be accessible to individuals with sensory impairments. As in the case of new construction, the total number of units in a NHTF-assisted, regardless of whether they are all NHTF-assisted, is used as the basis for determining the minimum number of accessible units, and, in a project where not all of the units are NHTF-assisted, the accessible units may be either NHTF-assisted or non-NHTF-assisted.

- iv) When rehabilitation less extensive than Substantial Rehabilitation is undertaken in projects of fifteen (15) or more units, alterations must, to the maximum extent feasible, make the units accessible to and usable by individuals with a disability, until a minimum of five percent (5%) of the units (but not less than one (1) unit) are accessible to people with mobility impairments. For this category of rehabilitation, the additional two percent (2%) of unit's requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible.

- f. Fair Housing Act of 1968, as amended. In buildings that are ready for first occupancy after March 13, 1991, and that have an elevator and four or more units, the public and common areas must be accessible to persons with disabilities; doors and hallways must be wide enough for wheelchairs; and all units must have the following:
 - i) An accessible route into and through the unit.

 - ii) Accessible light switches, electrical outlets, thermostats and other environmental controls.

 - iii) Reinforced bathroom walls to allow later installation of grab bars; and kitchens and bathrooms that can be used by people in wheelchairs.

 - iv) If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units.

 - v) These requirements for new construction do not replace any more stringent standards in State or local law.

- g. Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131–12189) implemented at 28 CFR parts 35 and 36, as applicable.

19) UNIVERSAL DESIGN AND VISITABILITY

- a. THDA encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit the units constructed or rehabilitated with federal NHTF funds through the use of Universal Design and Visitability.

- b. Universal Design
 - i) Universal Design is a building concept that incorporates products, general design layouts and other characteristics to a housing unit in order to:

- (1) Make the unit usable by the greatest number of people.
 - (2) Respond to the changing needs of the resident.
 - (3) Improve the marketability of the unit.
- ii) 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:
- (1) Stepless entrances. Minimum 5' x 5' level clear space inside and outside entry door.
 - (2) Broad blocking in walls around toilet, tub and shower for future placement of grab bars.
 - (3) Full-extension, pull-out drawers, shelves and racks in base cabinets in kitchen.
 - (4) Front mounted controls on all appliances.
 - (5) Lever door handles.
 - (6) Loop handle pulls on drawers and cabinet doors.
- iii) 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>.

c. Visitability

- i) 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:
- (1) One zero-step entrance.
 - (2) Doors with thirty two (32) inches of clear passage space.
 - (3) One bathroom on the main floor that is accessible to a person using a wheelchair.
- ii) More information on Visitability can be found at: <http://www.visitability.org>.

20) ENVIRONMENTAL REVIEW

- a. In implementing the NHTF program, regulations establish specific property standards for units assisted with NHTF funds. These standards include Environmental Provisions for projects involving new construction and rehabilitation. The NHTF Environmental Provisions for new construction and rehabilitation under the Property Standards at 24 CFR

§ 93.301(f)(1) and (2) are similar to HUD's Environmental Regulations at 24 CFR Parts 50 and 58. NHTF projects are subject to the same environmental concerns to which HUD-assisted projects are subject. The main difference is that the NHTF Environmental Provisions are outcome based, and exclude consultation procedures that would be applicable if NHTF project selection was a Federal action. Parts 50 and 58 are process based, and include consultation procedures for several laws and authorities where there may be environmental impacts.

- b. THDA and the Recipient will be responsible for carrying out environmental reviews in accordance with HUD Notice CPD-16-14. Each Recipient will be responsible for gathering the information required for the environmental reviews. NHTF funds cannot be committed until the environmental review process has been completed. The Environmental Review covers the entire project, not just the portion funded by NHTF.

21) LEAD-BASED PAINT

- a. Units assisted with NHTF funds are 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 1-800-424-6243. The lead-based paint requirements apply to all units and common areas in the project.

22) FLOOD PLAINS

- a. NHTF funds may not be used to construct housing in an area identified by the Federal Emergency Management Agency as having special flood hazards. In addition, THDA strongly discourages the rehabilitation of units located in special flood hazard areas, but in a few limited instances and with written permission from THDA, units located in a floodplain may be assisted. The community must be participating in the National Flood Insurance Program and flood insurance must be obtained on the units.

23) PROCUREMENT

- a. It is important to keep the solicitation of bids for goods and services as well as professional services and construction contracts open and competitive.
 - i) At a minimum all Recipients must comply with 24 CFR 200.318.
 - ii) All Recipients must have adopted procurement policies and procedures that meet state and federal requirements.

- iii) Recipients must seek to obtain three (3) to five (5) quotes or bids using formal advertising or requests for proposals for the procurement of professional or construction services.
- iv) There must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

24) CONFLICT OF INTEREST

- a. In the procurement of property and services by THDA and Recipients, the conflict of interest provisions in 2 CFR 200.318 apply. In all cases not governed by 2 CFR 200.318, the provisions described in this Section 24 apply.
- b. The NHTF conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of THDA or the Recipient. No person listed above who exercise or have exercised any functions or responsibilities with respect to activities assisted with NHTF 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 NHTF-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the NHTF-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.
- c. No owner of a project assisted with NHTF funds (or officer, employee, agent, elected or appointed official, board member, consultant, of the owner or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, board member, consultant, of the owner) whether private, for profit or non-profit may occupy a NHTF-assisted affordable housing unit in a project during the required period of affordability. 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. This provision does not apply to an employee or agent of the owner of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- d. Recipients shall avoid conflicts of interest associated with their NHTF funded project. THDA will not request exceptions to the conflict of interest provisions from HUD. In the event a conflict of interest is discovered, Recipients shall repay that portion of the NHTF

grant related to the conflict of interest or may have all or some portion of the NHTF grant rescinded, all as determined by THDA in its sole discretion.

25) DEBARMENT AND SUSPENSION

- a. On all NHTF funded projects, Recipients shall certify that no vendor, its principals or managers are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction or listed on the “Excluded Parties List System” found at www.SAM.gov.

26) PROFORMA

- a. All Applicants shall complete Attachment One: Thirty (30) Year Affordability Proforma. The applicant must demonstrate a need for the NHTF funds. If the project development costs require additional financing, including other grant source funding, prior to making any NHTF draws documentation must be provided by Recipient that all other financing or grant funding has been identified and secured. If the project can support debt, other financing will be a threshold requirement.

27) PROJECT SOFT COSTS

- a. In planning their programs, Applicants may include, as a project soft costs, the reasonable and customary costs for work write-up and inspections. In addition, the costs for inspections and work write-ups, the costs for lead-based paint inspections, environmental reviews, risk assessments and clearance testing, and architectural and engineering fees are also paid as project soft costs. All project soft costs count toward the maximum per unit subsidy limit.

28) REPLACEMENT RESERVE ACCOUNTS

- a. All projects shall maintain a replacement reserve account beginning at the time of completion for the term of the NHTF period of affordability.
- b. The replacement reserve requirement for new construction properties and the substantial rehabilitation of Housing for the Elderly shall, initially, be two hundred fifty dollars (\$250) per unit per year, inflated at three percent (3%) annually.
- c. The replacement reserve requirement for the substantial rehabilitation of Housing for Older Persons shall, initially, be two hundred fifty dollars (\$250) per unit, inflated at three percent (3%) annually.

- d. The replacement reserve requirement for all properties designed for families as well as all rehabilitation developments shall, initially, be three hundred dollars (\$300) per unit per year, inflated at three percent (3%) annually.
- e. This account shall be used only for capital improvements and the replacement of long-lived capital assets, and not for routine maintenance and upkeep expenses.
- f. The replacement reserve shall be, and shall remain, an asset of the project, and shall not be distributed to the Owner or any entity or person affiliated with the Owner at any time during or after the Period of Affordability.
- g. Owners shall provide THDA with a record of all activity associated with the replacement reserve account during the prior fiscal year in conjunction with submission of the project's annual compliance monitoring materials.
- h. The replacement reserve account must be maintained in a separate account in a federally insured financial institution.
- i. Reserve accounts must also be separate from the project's ordinary operating account.

29) OPERATING RESERVE ACCOUNT

- a. All projects shall establish and maintain, until the project has achieved a minimum of five (5) years of Stabilized Occupancy, an operating reserve equal to a minimum of six (6) months of projected operating expenses plus must-pay debt service payments and annual replacement reserve payments.
- b. This requirement can be met with an up-front cash reserve; a guarantee from the owner with a surety bond to stand behind the guarantee; or partnership documents specifying satisfactory establishment of an operating reserve.
- c. The operating reserve account must be maintained in a separate account in a federally insured financial institution.
- d. If operating cost assistance is provided as part of a project's NHTF award, the Owner must submit annual audited financial statements, specific to the project.
- e. Based on an analysis of the financial statements, THDA will determine the amount of operating cost assistance that is eligible to be disbursed from the operating reserve account for the previous fiscal year.

- f. The analysis will determine the deficit remaining after the annual rent revenue of the NHTF-assisted units is applied to the NHTF-assisted units' share of eligible operating costs.
- g. For purposes of this paragraph, eligible operating costs are limited to insurance, utilities, real property taxes, maintenance, and replacement reserve payments.

30) REPAYMENT

- a. All NHTF awards will be structured as a grant to a Recipient with a Period of Affordability of 30 years. Repayment of NHTF funds may be required in the event that the final total development costs were such that NHTF assistance provided by THDA exceeds established program limits, or exceeded that which was necessary to make the project financially feasible.
- b. Compliance with income requirements, rent restrictions, design standards and UPCS requirements is required for the entire Period of Affordability for each project. Failure to comply with any of these requirements may trigger repayment of the NHTF grant.
- c. A NHTF assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and the Recipient must repay any NHTF funds invested in the project to THDA.
- d. In the event of a foreclosure or transfer in lieu of foreclosure, the Recipient must repay the full NHTF investment in the project.

31) COMPLIANCE

- a. NHTF assisted rental units are rent and income limited for the thirty (30) year Period of Affordability.
- b. Recipients/Owners of rental property shall maintain occupancy of NHTF assisted units by Extremely Low Income Persons for the Period of Affordability.
- c. During the Period of Affordability, the Recipient shall:
 - i) Certify annually the income of tenants.
 - ii) Adhere to the NHTF rent and income guidelines.
 - iii) Comply with all applicable adopted housing codes and the Uniform Physical Condition Standards (UPCS).

- iv) Report to THDA in a form and with substance as required by THDA.
- d. Prior to drawing down NHTF funds, Owners of projects with NHTF assisted units shall sign a grant note, deed of trust and restrictive covenant to enforce the NHTF Affordability Period.
- e. Once NHTF funds are awarded to a Recipient, THDA will monitor compliance by reviewing certain records related to the NHTF-assisted project. THDA will monitor compliance by conducting desk and/or on-site reviews of the project.
- f. THDA will conduct an on-site inspection at project completion in order to confirm that the project meets the Rehabilitation Standards listed in the NHTF Allocation Plan and THDA's Minimum Design Standards for New Construction or THDA's Minimum Design Standards for Rehabilitation, as applicable.
- g. At a minimum THDA will conduct desk compliance reviews annually.
- h. THDA will conduct on-site property inspections during the Period of Affordability in order to determine compliance with income and rent requirements, tenant selection, affirmative marketing requirements, and property and design standards and to verify any information submitted by the Recipient to THDA.
 - i) THDA will perform onsite inspection of all NHTF assisted projects no less than every three (3) years during the Period of Affordability.
 - ii) For NHTF assisted projects of four (4) NHTF assisted residential units or less, THDA will perform an on-site inspection of one hundred percent (100%) of the units no less than every three (3) years during the Period of Affordability.
 - iii) For NHTF assisted projects consisting of five (5) or more units, THDA will inspect a minimum of 20% of the NHTF assisted units no less than every three (3) years during the Period of Affordability.
 - iv) The on-site inspection may include a review of records for all or a sample of the income and rent restricted units including, but not limited to, tenant files, rent rolls, approved and declined tenant applications, documentation supporting tenant income and employment verification, marketing materials and advertisements, and documentation of requests for reasonable accommodations.
 - v) The on-site review may also include a review of any local health, safety, or building code violation reports or notices and an inspection of the property to determine if the

buildings are suitable for occupancy, taking into account local health, safety, and building codes, applicable THDA Design Standards, and UPCS standards as prescribed by HUD.

- vi) Any reports made by state or local government units of violations, with documentation of correction, will be reviewed.
- i. Each year during the Period of Affordability, the Recipient shall submit to THDA, within one hundred twenty (120) days after the end of the project's fiscal year, each of the following:
 - i) Audited financial statements for the Owner.
 - ii) Audited financial statements for the project.
 - iii) Bank statements for operating reserve and replacement reserve accounts as of the end of the project fiscal year.
 - iv) Proof of sufficient property and liability insurance coverage with THDA listed as mortgagee.
 - v) Documentation to show the current utility allowance is being used (i.e. a copy of the utility allowance table).
 - vi) For projects that received points at initial NHTF application for pledging to provide permanent supportive services to special needs populations, an affidavit attesting to the supportive services provided to the project's population during the fiscal year must be provided by the provider(s) of such services.
 - vii) Compliance monitoring fees from previous years re-inspections if applicable.
 - viii) Such other information as may be requested in writing by THDA in its sole discretion.

32) MONITORING FEES

- a. THDA charges a monitoring fee for all NHTF assisted units. NHTF Recipients shall pay the entire fee covering the 30-year Period of Affordability as indicated in Attachment Five - Schedule of Monitoring Fees; but no less than \$600 per NHTF assisted unit.
 - i) The monitoring fee must be paid prior to the Recipient making the request for Developer Fees to be drawn from the NHTF grant.

- b. Additional fees may be charged when follow-up is required due to non-compliance findings. Failure to pay these fees will be considered an administrative noncompliance issue.
 - i) The fee will be the current approved fee as published in the NHTF manual and the most current program description at the time the fee is incurred but no less than:
 - (1) Reinspection of a file or reinspection of a 1-4 unit property: Two Hundred Dollars (\$200) per unit inspected
 - (2) Reinspection of a NHTF project with five (5) or more units:
 - (a) Two hundred dollars (\$200) per unit inspected;
 - (b) Standard mileage rate in effect under the current State of Tennessee travel regulations at the time of the reinspection from Nashville to the property and back to Nashville;
 - (c) Applicable state allowed per-diem for one staff person;
 - (d) Lodging expenses as allowed under then current State of Tennessee travel regulations;
 - (e) Any other expenses incurred by THDA relating to the project reinspection.
- c. Fees for reinspections will be due to THDA prior to issuance of reinspection results or release of any additional NHTF-funded operating subsidy.

33) RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

- a. Recipients shall replace all occupied and vacant habitable low income housing demolished or converted to a use other than as lower income housing in connection with a project assisted with NHTF funds.
 - i) All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a working agreement committing THDA to provide funds for a project that will directly result in the demolition or conversion, THDA will make public by and submit to the HUD/Knoxville NHTF coordinator certain information. Each applicant proposing demolition or any reduction in lower income housing units shall submit the following information to THDA in connection with their application:
 - (1) A description of the proposed assisted project;
 - (a) The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to a use other than as lower income housing as a result of an assisted project.

- (b) A time schedule for the commencement and completion of the demolition or conversion.
- (c) To the extent known, the address, number of bedrooms and location on a map of the replacement housing that has been or will be provided.
- (d) The source of funding and a time schedule for the provision of the replacement housing.
- (e) The basis for concluding that the replacement housing will remain lower income housing for at least ten (10) years from the date of initial occupancy.
- (f) Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

34) NHTF RELOCATION REQUIREMENTS

- a. THDA DISCOURAGES PROJECTS INVOLVING DISPLACEMENT OR RELOCATION of households. Prior to application, contact THDA if you are planning any project that may involve displacement or relocation.
 - i) A Displaced person is any person (household, individual, business, farm, or non-profit organization) that moves from the real property, permanently, as a direct result of rehabilitation, demolition, or acquisition for a project assisted with NHTF funds. Relocation requirements apply to all occupants of a project/site for which NHTF assistance is sought even if less than one hundred percent (100%) of the units are NHTF assisted.
 - (1) Before Application displacement is triggered when a tenant moves permanently from the project before the owner submits an application for NHTF assistance if THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the NHTF project. (e.g., THDA determines that the owner displaced tenants in order to propose a vacant building for NHTF assistance.)
 - (2) After Application displacement is triggered when a tenant moves permanently from the project after submission of the application, or, if the applicant does not have site control, the date THDA or the Recipient approves the site because:
 - (a) The owner requires the tenant to move permanently; or
 - (b) The owner fails to provide timely required notices to the tenant; or

- (c) The tenant is required to move temporarily and the owner does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable.
 - (3) After Execution of Agreement displacement is triggered when tenant moves permanently from the project after execution of the agreement covering the acquisition, rehabilitation or demolition because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project.
- b) A Displaced person is not:
 - (1) A tenant evicted for cause, assuming the eviction was not undertaken to evade URA obligations.
 - (2) A person with no legal right to occupy the project under State or local law (e.g., squatter).
 - (3) A tenant who moved in after the application was submitted but before signing a lease and commencing occupancy, was provided written notice of the planned project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under URA) as a result of the project.
 - (4) A person, after being fully informed of their rights, waives them by signing a Waiver Form.
- c) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), and its implementing regulations at 49 CFR Part 24, requires relocation assistance where acquisition has occurred under the Uniform Act. In addition, the Uniform Act coverage was expanded in 1987 amendments to cover displacement of individuals resulting from rehabilitation, demolition or private acquisition carried out under a federally assisted project or program.
- d) Section 104(d) of the Housing and Community Development Act ("The Barney Frank Amendments") and HUD's Residential Anti-Displacement and Relocation Assistance Plan include additional relocation requirements. This extra level of relocation protection may be triggered for low-income households when units are converted or demolished with CDBG, UDAG, HOME, or NHTF funds. In addition, when Section 104(d) is triggered, jurisdictions may need to replace any low/moderate income dwelling units that are lost due to the conversion or demolition. This section refers only to residential relocation. If non-residential (commercial/industrial) relocation is involved, contact THDA.
- e) Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives is essential in making NHTF program decisions. Concerns about relocation may cause a Recipient to consider establishing a preference for vacant buildings. However, Recipients should also consider that vacant buildings are often in

various states of deterioration. Rehabilitating an occupied building, even with the cost of assisting tenants to remain or relocate, may be less costly than rehabilitating a vacant building. In occupied buildings, Recipients must consider whether occupants will be able to return after rehabilitation and whether Section 8 assistance is available to help meet relocation costs. Selecting vacant projects does not relieve all relocation concerns. Vacant buildings in good condition may have been recently occupied. If so, the Recipient must consider whether the owner removed the tenants in order to apply for NHTF assistance for a vacant building. If so, these tenants are displaced persons.

- f) Skilled staff can save the local program money and build goodwill with owners and tenants. Failure to understand and follow relocation requirements can result in unnecessary costs for the local program. It is possible for uninformed owners and staff to take steps that would obligate the local program to provide significant relocation benefits and services. Early briefings for owners and program staff on relocation rules are essential. Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition consolidates relocation requirements for NHTF and other HUD programs in one document. It is available from HUD Field Offices or by contacting THDA. HUD informational booklets for persons who are displaced or whose property is to be acquired are also available from HUD Field Offices or from THDA.
- g) URA requirements are triggered at the time the application is being prepared, and additional requirements are triggered at the time the working agreement is signed between THDA and the Recipient and when rehabilitation is completed. Treatment of displaced persons depends upon whether the displaced person is (1) a tenant or owner; (2) a business or household; (3) has income above or below the Section 8 Lower Income Limit.

31) SITE AND NEIGHBORHOOD STANDARDS

- a) Housing provided through the NHTF 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.
- b) New construction rental housing. In carrying out the site and neighborhood requirements for new construction, the Recipient shall provide documentation as THDA may require, in THDA's sole discretion, to determine that proposed sites for new construction meet the requirements in 24 CFR 93.150 with cross reference to 983.6(b) which places limiting conditions on building in areas of "minority concentration" and "racially mixed" areas.
- c) Rehabilitation of rental housing. Site and neighborhood standards do not general apply to rehabilitation projects funded under NHTF unless project-based vouchers are used in an

NHTF rehabilitation unit. In such case, the site and neighborhood standards for project-based vouchers will apply as determined by the issuing authority for the project-based vouchers.

32) EQUAL OPPORTUNITY AND FAIR HOUSING

- a) 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 NHTF funds.
- b) The following Federal requirements as set forth in 24 CFR 5.105(a), Nondiscrimination and equal opportunity, are applicable to NHTF projects:
 - i) Fair Housing Act (24 CFR Part 100)
 - ii) Executive Order 11063, as amended (24 CFR Part 107 - Equal Opportunity in Housing)
 - iii) Title VI of the Civil Rights Act of 1964 (24 CFR Part 1 - Nondiscrimination in Federal programs)
 - iv) Age Discrimination Act of 1975 (24 CFR Part 146)
 - v) Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8)
 - vi) Section 109 of Title I of the Housing and Community Development Act of 1974 (24 CFR Part 6)
 - vii) Title II of the Americans with Disabilities Act 42 U.S.C. §12101 et seq.
 - viii) Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity 24 CFR Parts 5, 200, 203, 236, 400, 570, 574, 882, 891 and 982
 - ix) Section 3 of the Housing & Urban Development Act of 1968 24 CFR 135 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135
 - (1) 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.

- x) Executive Order 11246, as amended 41 CFR 60 (Equal Employment Opportunity Programs)
 - xi) Executive Order 11625, as amended (Minority Business Enterprises)
 - xii) Executive Order 12432, as amended (Minority Business Enterprise Development)
 - xiii) Executive Order 12138, as amended (Women's Business Enterprise)
 - xiv) Executive Orders 11625, 12432, and 12138 (Minority/Women's Business Enterprise) require that Recipients 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. Recipients must also develop acceptable policies and procedures if their application is approved by THDA.
- c) 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:
- i) Architectural Barriers Act of 1968 42 U.S.C. §4151 et seq.
 - ii) Executive Order 12892, as amended (Affirmatively Furthering Fair Housing)
 - iii) Executive Order 12898
 - iv) Executive Order 13166 (Limited English Proficiency)
 - v) Executive Order 13217 (Community-based living arrangements for persons with disabilities)
- d) In addition to the above requirements, the Recipient must assure that its Equal Opportunity and Fair Housing policies in the NHTF Program are consistent with the State's current Consolidated Plan.

33) AFFIRMATIVE MARKETING

- a) Prior to beginning a NHTF project, Recipients must adopt affirmative marketing procedures and requirements for all NHTF rental projects with five or more units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability. The Recipient must also

identify and take steps to attract populations that are least likely to apply for the housing to be created. Requirements and procedures must include:

- i) Methods for informing the public, owners and potential tenants about fair housing laws and the Recipient's policies;
 - ii) A description of what the Recipient will do to affirmatively market housing assisted with NHTF funds;
 - iii) A description of what the Recipient will do to inform persons not likely to apply for housing without special outreach;
 - iv) Maintenance of records to document actions taken to affirmatively market NHTF-assisted units and to assess marketing effectiveness; and
 - v) Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.
- b) All projects that receive NHTF grants must advertise all vacant units on the www.TNhousingsearch.org website.

34) APPLICATION AND EVALUATION PROCEDURE

- a) THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria includes:
- i) Submission by an eligible applicant of a complete application, including any documentation required to be submitted through THDA's Participant Information Management System (PIMS).
 - ii) Proposal of an eligible activity; proposal of a project that in the opinion of THDA is physically, financially and administratively feasible; proposal of a project that meets the requirements of 24 CFR Parts 91 and 93, as amended.
 - iii) Submission of a 30-Year Proforma demonstrating a need for the NHTF funds.
 - iv) Proposals that will set-aside more than 20% of the units for individuals with disabilities must demonstrate that the project will meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014:

<https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>.

- v) Receipt of a score that equals at least 60% of the total points available.
- b) Applications meeting the threshold requirements will be scored and ranked by Grand Division, as defined in Tennessee Code Annotated Title 4, Chapter 1, Part 2, in descending numerical order based on the scoring matrix provided in #2 of this section.
- c) THDA will first select the highest scoring application from each Grand Division of Tennessee.
- d) If additional funding is available, THDA will combine all remaining applications into a single ranking by score. THDA will award funding 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) 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.
- f) When the amount of funds available is less than the request for funding identified in the application, THDA reserves the right to offer partial funding pending the applicant's ability to secure additional financing within a timeframe established by THDA or to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant.
 - 1. When the applicant is not able to secure additional financing within THDA's identified timeline, THDA, subsequently and at its sole discretion, may move to the next lower scoring application(s) in order to meet its commitment obligations under the NHTF program.
 - 2. When THDA opts to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant, THDA may move to the next lower scoring project (s) in order to meet its commitment obligations under the NHTF program.
- 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 Score. In the event that a tie still remains, the application with the highest Opportunity Score will be selected.

35) NHTF RENTAL HOUSING SCORING MATRIX Up to 100 Points

a) PROJECT DESIGN - Up to 30 points

- i) The proposed project demonstrates exceptional planning, readiness to proceed, and administrative capability. All necessary components to accomplish the project have been identified in the application. The applicant has site control of the proposed site to be developed.
- ii) Firm financial commitments for non-NHTF resources have been secured, are current, and are demonstrated within the application.
- iii) The extent to which the project has a binding commitment for Federal, State, or local project-based rental assistance so rents are affordable to extremely low income families and sufficient funds support the project's operation. Projects that preserve existing housing with project-based rental assistance are preferred.
- iv) The project's proforma demonstrates sufficient cash flow to supports the project's operation without a contribution of NHTF funds by THDA to an operating reserve account for the project.
- v) The extent to which the proposed project fills the need demonstrated by the neighborhood market conditions.
- vi) The extent to which the design of the proposed project is appropriate and meets the needs of the targeted population to be served.
- vii) The extent to which formal partnerships have been established and demonstrated within the application to provide voluntary and appropriate support services for the targeted population.
- viii) The extent to which the proposed project provides easy access to community living, including retail, employment, transportation, medical, education, recreation, and government services.
- ix) The extent to which the proposed project integrates the NHTF-assisted households with households of higher incomes within the project.
- x) The extent to which universal design and visitability features will be included in the design of the projects.
- xi) The extent to which energy efficiency features exceed the requirements of THDA's Design Standards for New Construction or Rehabilitation, as applicable.

b) APPLICANT'S CAPACITY AND EXPERIENCE - Up to 30 points

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

- iii) 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.
- iv) The past experience of the applicant and its development and management team to undertake THDA rental development projects in a timely manner.
- v) The past history of the applicant in serving the community in which the proposed project is to be located.
- vi) The past history of the applicant and its development and management team to comply with THDA funding requirements and processes.
- vii) The applicant's financial statements and audit indicate a healthy financial position and include diverse funding sources.

c) NEED - Up to 15 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 Low Income Housing Tax Credit Program under construction and in lease-up. Scores to be used in the evaluation of rental projects are shown in Attachment Six: 2016 NHTF Need Scores.

d) AREAS OF OPPORTUNITY SCORE - Up to 15 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 Low Income Housing Tax Credit Program under construction and in lease-up.

Scores to be used in the evaluation of areas of opportunity are shown in Attachment Seven: 2016 NHTF Areas of Opportunity Scores.

e) LEVERAGE - Up to 10 points

THDA may award up to 10 points to applications that include the use of non-THDA resources towards the development costs of the project. Rental assistance and permanent financing resources will not be considered in this category. THDA will award points based on the percentage of non-THDA resources in the project against the total development cost for the project. In order to receive points, there must be written documentation in the application supporting the contribution of the non-THDA leveraged funds to the project.

Appendix C: Design Standards for Rehabilitation

**Minimum Design Standards
For the Rehabilitation of
Single Family & Multifamily Housing Units**



**Community Programs Division
502 Deaderick Street, 2nd Floor
Nashville, Tennessee 37243
615-815-2030**

January 2017

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Division I: General Requirements

1 Minimum Design Standards:

These Minimum Design Standards shall apply when applicable THDA funding is used for rehabilitation of single family and multifamily housing financed through THDA's Community Programs Division.

THDA's Minimum Design Standards are to be used as a guideline to meet and/ or exceed all applicable federal, state, county, and local codes. These standards also serve as a vehicle to promote and enforce modern construction and design practices for builders, contractors, and design professionals who wish to use funding from the Tennessee Housing Development Agency's Community Programs Division. Other methods of construction and design may be acceptable on a case by case basis.

THDA must review and approve all plans, specifications, work write-ups and written cost estimates and determine cost reasonableness for rehabilitation activities prior to putting the project out to bid.

2 Quality Assurance:

General Contractors and/or subcontractors shall furnish a written material and labor warranty on all units, materials, and construction for a period not less than one full year after the date of issuance of a certificate of occupancy or owner's final inspection acceptance.

3 Units for Elderly Residents:

All newly rehabilitated multi-family constructed units for elderly residents, age 62 or older, shall be located at the grade level or on an elevator accessible floor in compliance with ICC A117.1-2009 1005 Type C Visitable Units

4 Universal Design:

Projects that receive funding from THDA for the purpose of rehabilitating single family or multi-family housing are encouraged to use Universal Design principles to ensure the unit's viability for a range of future users. Information regarding Universal Design principles can be found at:

<http://www.huduser.org/Publications/PDF/remodel.pdf>
and at <https://www.ncsu.edu/ncsu/design/cud/>

5 **Codes:**

All construction shall comply with applicable federal, state, county, and local codes, planning and zoning requirements, local authorities' rules and regulations. In the absence of local codes, the following Tennessee State adopted codes shall apply as applicable:

- 2012 International Building Code
- 2012 International Existing Building Code
- 2012 International Fire Code
- 2012 International Fuel Gas Code
- 2012 International Plumbing Code
- 2012 International Mechanical Code
- 2008 National Electrical Code
- 2012 International Property Maintenance Code
- 2012 International Energy Conservation Code

The International Code books are available from:

Eastern Regional Office:
(BIR) 900 Montclair Road
Birmingham, AL 35213
[P] 888-ICC-SAFE (888-422-7233) and press 0
[F] (205) 599-9871
Open 8 a.m. to 4 p.m., Central, Monday-Friday

Central Regional Office:
(CH) 4051 Flossmoor Road
Country Club Hills, IL 60478
[P] 888-ICC-SAFE (888-422-7233) and press 0
[F] (708) 799-4981 or 1-800-214-7167
Open 8 a.m. to 4 p.m., Central, Monday-Friday

Western Regional Office:
(LA) 5360 Workman Mill Road
Whittier, CA 90601
[P] 888-ICC-SAFE (888-422-7233) and press 0
[F] (562) 908-5524
Open 8 a.m. to 4 p.m., Pacific, Monday-Friday

Website: www.iccsafe.org

6 **Accessibility:**

Federal regulations such as the Fair Housing Amendment Act of 1988, Section 504 of the Rehabilitation Act of 1973 and Americans with Disabilities Act of 2010, as

amended, shall apply as required by each regulation based on the specific project activity funded.

7 Uniform Physical Condition Standards:

The Uniform Physical Condition Standards shall apply shall apply. A comprehensive list can be found on the THDA website (www.THDA.org) for the applicable THDA program.

8 Energy Efficiency:

All rehabilitated residential building envelope designs shall strive to meet or exceed minimum energy efficiency requirements as currently adopted by the State of Tennessee.

9 Disaster Mitigation Control Methods:

All rehabilitation construction should be constructed in a method that would attempt to protect the 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. Additional information can be found in Chapter 34 of the 2012 International Building Code as adopted by the State of Tennessee.

10 Major Systems:

Major systems include Structural Support (foundations/footings, walls/floors/ceilings, and roof support); Roofing (covering, eaves, penetrations, gutters/downspouts); Exterior (siding, windows, fascia, doors); Plumbing (water supply, sanitary sewer, fixtures, water heater); Mechanical (HVAC, ventilation), and Electrical (panel/fuse/breaker box, receptacles, switches, wiring methods).

Upon project completion of all projects, an estimate of the remaining useful life of each major system, based on age and condition, must be provided.

For multifamily housing with 26 or more units, the useful life must be determined through a capital needs assessment that is completed and provided to THDA for review prior to starting construction. The capital needs assessment must be used to determine the work to be performed under the construction contract and to identify the long-term physical needs of the project.

For all projects, if the remaining useful life of 1 or more major system is less than 30 years, a replacement reserve must be established with adequate monthly payments to repair or replace the system(s) as needed.

11 Health and Safety:

If any item on any of these lists is in a condition that could possibly cause damage to the structure or the health and safety of a person, or persons in or around the structure, the issue must be recorded on this UPCS checklist as an Emergency Repair (ER) item and reported to the resident, if applicable, and, if a rental property, to the property owner. Rental property owners must correct the issue and protect the health and safety of the occupants within 24 hours as provided in the applicable program manual.

12 Inspection Protocols

The following protocols will govern the inspection of newly constructed units:

- a. A Work Write-Up (WWU) is performed by a State of Tennessee Certified Building Inspector. His/her inspection and WWU starts the process to set the Scope of Work for the Project. Included in this WWU is the THDA Minimum Design Standards for the Rehabilitation of Single Family and Multi-family Units as well as the THDA Uniform Physical Condition Standards (UPCS) Checklist.
- b. The WWU is sent to THDA to be approved.
- c. THDA returns the Approved WWU to the Grantee and THDA's third party Quality Control Inspector (QCI).
- d. The Grantee forwards the WWU and schedules an Initial Quality Control inspection with the QCI.
- e. The QCI performs an Initial Quality Control Inspection and returns the report to THDA.
- f. THDA returns the Initial Quality Control to the Grantee with comments to be addressed, or approved. If comments are to be addressed, the Grantee returns the report to THDA for approval.
- g. The Project is bid and awarded to the selected contractor by the Grantee.
- h. At approximately 60% of the construction project being completed, the Grantee requests that the QCI performs a Progress Quality Control Inspection.
- i. The QCI forwards the Progress Quality Control Inspection to THDA with comments to be addressed, or approved. If comments are to be addressed, the Grantee returns the report to THDA for approval.
- j. At the conclusion of the project being completed, the Grantee requests that the Quality Control Inspector perform a Final QC Inspection.

- k. The QCIU forwards the Final Quality Control to THDA with comments to be addressed, or approved. If comments are to be addressed, the Grantee returns the report to THDA for approval.

NOTE: If the construction work is in a jurisdiction that issues permits for construction work, the local inspector also would perform the required inspections from his/her jurisdiction to determine code compliance with local zoning, building and planning requirements. A copy of the certificate of occupancy must be provided to THDA by the Grantee.

Division 2: Existing Conditions

1 Lead Based Paint:

When federal funds are utilized, all project sites shall be certified free of Lead Based Paint upon completion of the project in conformance with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, M and R of this title..

If the home was built prior to 1978, the home must be tested for LBP prior to the approval of the work.

Division 3: Concrete

1 Exterior Concrete:

Shall conform to the latest revised Standard Specification for Portland cement, ASTM C595. All concrete shall have a minimum 28-day compressive strength of 3000 psi and be entrained with 5 percent air with a minimum cement content of 520 lbs. per cubic yard (5.5 sacks). Expansion-joint material shall be ½” thick asphalt-impregnated pre-molded fiber, ASTM D1752. Follow American Concrete Institute (ACI) 318. Minimum 4” thick for driveways, parking areas, sidewalks, porches and stoops. Driveways to have fiberglass mesh or 6x6 WWF or 6” thick.

2 Concrete Finishes:

Smooth formwork, no patterns, shall be used for all poured in place walls exceeding 3 feet or more exposure.

Division 4: Masonry

1 Face Brick:

Shall be ASTM C 216, Type FBS, Grade SW, or equivalent, modular size.

2 Concrete Masonry Units (CMU):

Stucco or split face shall be used for all CMU walls exceeding 3 feet or more exposure.

Division 5: Metals

1 Metal Ties:

For rehabilitation, metal tie-down or “hurricane” straps shall be added at each bearing location of each roof truss, rafter and ceiling joist where a new roof or attic construction occurs. Correct nails and nailing pattern as required by the IRC Fastening Schedule, or the manufacturers’ installation requirements of the strap shall be used.

2 Steel Lintels:

Steel lintels, when specified for openings in masonry walls, shall be galvanized, primed and painted.

Division 6: Wood, Plastics, and Composites

1 Stair Riser and Tread Construction:

All newly constructed steps shall conform to 2009 IRC requirements having a riser not greater than 7 3/4” and a tread of 11”.

2 Wood Exposed to Weathering Elements:

All exterior wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground.

3 Wood Decking:

Exterior wood decking shall consist of composite, natural durable wood or pressure treated wood material.

4 Wood Stairs and Handrails:

Exterior wood stairs shall be constructed with properly treated dimensional lumber. Handrails shall be constructed of composite, natural durable wood or pressure treated wood material. Handrails shall meet the graspability and size standards in the International Residential Code.

Division 7: Thermal and Moisture Protection

1 Fascia:

- a. **Metal:** 0.019" minimum thickness aluminum, factory finish (coil stock).
- b. **Exposed Wood:** redwood, cedar, or pressure treated.
- c. **Composite:** Cement fiber board or other durable material as approved by THDA.

2 Roof:

- a. **Shingles:** 215 lb. seal tab type over 30 lb. felt with metal drip edge, with minimum 25-year product warranty.
- b. **Metal:** Metal roofs will be considered on a case-by-case basis if the house being rehabbed currently has a metal roof system.
- c. **Decking:** Decking shall be a minimum of ½" OSB with fastening clips.
- d. Minimum roof slope on all newly constructed roofs except porch roofs shall be 4" vertical to 12" horizontal.

3 Gutters and Downspouts:

All structures shall have gutters and downspouts and be appropriately designed with a minimum 5" gutter and a 2"x 3" downspout. All downspouts shall empty onto a splash block or be piped to an appropriate location.

4 Siding:

- a. **Composite:** Fiber cement siding, primed, with two-coat minimum painted finish or factory finish.

- b. **Metal:** 26 gauge minimum thickness aluminum or galvanized steel with factory finish.
- c. **Vinyl:** 0.42" minimum thickness, UV protected.
- d. **Wood:** Cedar or redwood stained or primed once with 2-coat minimum finish sealer.

5 Insulation:

All crawl spaces shall contain cavity floor insulation equal to or greater than R-19. Combined wall insulation value shall be equal to or greater than R-13. Combined attic insulation value shall be equal to or greater than R-38. As per NAIMA (North American Insulation Manufacturers Association) standards, or ICC Energy Conservation Code as adopted by the State of Tennessee.

Division 8: Openings

1 Exterior Doors:

Exterior Doors shall be 1 $\frac{3}{4}$ " thick 6 panel, steel material, or with limited panes of glass, insulated and be appropriately finished as recommended by the manufacturer. All opaque exterior doors shall have a U-factor equal to or less than 0.40.

- a. **Exterior Hardware:** All exterior doors, except sliding glass doors, shall have a lever key-lock latch and security accessories (eyelet peep hole and deadbolt).
- b. **Exterior Storm Doors:** All exterior storm doors, shall be provided with a manufacturer's designation specifying the type of glass and the safety glazing standard with which it complies, which is visible at the final installation. And shall have a storable glass and screen in the lower sash, as well as a self-closing device.

2 Interior Doors:

Solid Wood, Composite or hollow core panel doors. Interior doors shall be a minimum of 1 $\frac{3}{8}$ " thick.

a. **Interior Hardware:**

All doors, except bi-fold and bypass type doors, shall be equipped with passage lever-handle hardware. All bedrooms and bathrooms shall be equipped with privacy locks.

3 **Windows:**

- a. All window frames must be solid vinyl. Double hung or Single hung type to have at a minimum the lower sash able to slide with a removable bug screen.
- b. All glazing shall be double-paned with low E with Argon.
- c. The vapor seal on the glazing must have a minimum ten-year warranty.
- d. All windows shall have a minimum one-year warranty on the operation of the window.
- e. All windows shall have a National Fenestration Rating, SHGC Rating and U-Factor meeting minimum energy code requirements as required by the International Energy Conservation Code as currently adopted by the State of Tennessee.

Division 9: Finishes

1 **Exterior Ceiling:**

Solid backing to be used when using vinyl or aluminum material for porch ceilings, provide a rigid, solid backing such as ½" OSB or plywood.

2 **Exterior Finishes:**

- a. **Wood:** All exterior exposed wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground. All structural posts below grade shall have the factory treated end of the post below grade. Use of CCA Treated lumber shall be prohibited.
- b. **Posts and Columns:** All posts columns and guardrails at deck level and above shall be factory made and finished, or meet the exterior wood finish in section "a".
- c. **Handrails:** Rails shall be smooth, splinter-free, painted or factory finished, withstanding weather, and resisting checking and splintering. All handrails shall meet the graspability standards as required by the International Residential Code as currently adopted by the State of Tennessee.
- d. **Fiber Cement Siding:** Shall be factory finished or be painted with at least two coats of exterior grade paint.

3 **Finished Floor Treatments:**

- a. **Carpet Padding:** 7/16" thick, 6-lb. minimum re-bond polyurethane.
- b. **Sheet Carpet:** 25 oz. minimum, 100 percent nylon. Other options include Berber type with blended fiber.
- c. **Sheet Vinyl:** Shall be Armstrong or equivalent minimum 10 mil wear layer. Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry, and appropriate temperature during installation. Vinyl sheet flooring shall conform to the requirements of ASTM F 1303, Type I.
- d. **Vinyl Composition Tile (VCT):** Shall be Armstrong or other approved equal, 1/8" x 12" x 12". Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry, and appropriate temperature during installation. Follow manufacture's recommendation for pattern layout.
- e. **Wood Flooring:** Flooring shall be tongue and groove hardwood; factory finished, or have a minimum of three coats of site-applied, UV-protective polyurethane.
- f. **Laminate Wood Flooring:** Composite panel(s) comprised of four main components: a high pressure decorative laminate surface, an Aqua Resist high density fiberboard (HDF) core, a high pressure balancing backer, and an attached high density polyethylene underlayment. Typical size: 7.6" x 47.55" x .385". Aluminum locking system for glue-free installation. Wax-impregnated edges. The floor shall be resistant to stains and reagents. The floor shall have a horizontal joint strength of not less than 1,000 lbs./lineal ft. and Ball Impact Resistance (ANSI/NEMA LD3-2000, 3.8)

4 **Other Flooring Products: Ceramic Tile and Laminates:**

At the interior side of the main entry door within each dwelling unit, there shall be an uncarpeted, finished floor area. This area shall be no less than sixteen (16) square feet.

5 **Interior Doors:**

- a. **Paint:** Primed once, with two-coat semi-gloss finish on all sides and faces. No VOC.
- b. **Stain:** Stain or oil on all sides and faces, with three-coat varnish, polyurethane finish. Low VOC.

c. **Factory Finished:** Factory finish doors are acceptable with factory warranty.

6 Water-Resistant Drywall:

Water-resistant gypsum board (commonly called “green board”) or equivalent must be used on all walls in the bathroom and within six feet of wall surfaces where the drywall can be splashed such as kitchen sink, next to water heater and/or washer. Water-resistant/ mold resistant gypsum board or equivalent shall be provided behind any tub/shower unit located on an exterior wall. Water-resistant gypsum, when used on ceilings must be rated for the span. Prefer non-paper faced drywall or a product that meets ASTM D3273 for mold resistance above and immediately around tubs, showers.

7 Interior Wall Finishes: Primed once and two finish coats of flat, eggshell or satin. Use semi-gloss, or satin finish for bathrooms, laundry, and kitchens. No VOC.

Division 10: Specialties

1 Roof Offsets:

Projects of four (4) or more attached units shall be designed in such a way as to vary the roof line with offsets, gable porch roofs, etc.

2 Entries:

All main entries shall have a roof or awning over the entry area. The roof shall cover at least a 5' x 5' area.

3 Closet Storage/Accessories:

Closets shall include a 12” deep vinyl wrapped wire shelf in coat, laundry and bedroom closets. Minimum of (4) 24” deep vinyl wrapped wire shelves for kitchen pantries.

4 Mailboxes:

All units shall have a United States Postal Service (USPS) approved mailbox either at each individual unit, common area, or a designated location per USPS post master.

5 Bath Accessories:

At minimum, all bathrooms shall have:

- a. Medicine cabinet with mirror 16" wide by 20" tall (minimum) if in a full bath
- b. Wall hung toilet paper dispenser
- c. 24" (minimum) towel bar
- d. Mirror above vanity backsplash

Other combinations of mirror and storage may be acceptable with the approval of THDA. All electrical outlets in the bathroom are required to be of the GFCI Type or GFCI Protected.

Division 11: Equipment

1 Refrigerator:

A refrigerator shall be minimum 18 cubic foot frost free provided in all dwelling units to match color with the dishwasher and range on all projects where identified in the PCNA (physical/capital needs assessment). All refrigerators must be Energy Star qualified. The Energy Star mark must be clearly marked on the front/top of the product, clearly displayed in product literature and listed on the manufacturer's Internet site.

2 Dishwasher:

A dishwasher shall be 24" under counter mount unit to match manufacturer and model line with the refrigerator and range including new construction and rehabilitation projects where identified in the PCNA (physical/capital needs assessment). Standard dishwashers shall use less than 4.25 gallons per cycle and 295 kWh per year. All dishwashers must be Energy Star qualified. The Energy Star mark must be clearly marked on the front/top of the product, clearly displayed in product literature and listed on the manufacturer's Internet site.

****Note: For homeowner rehabilitation activities, dishwashers will only be considered for replacement if the appliance is causing physical damage to the unit. In such activities, THDA will not replace non-working dishwashers or dishwashers that are not currently causing damage to the unit. All dishwashers in homeowner rehabilitation activities must be approved by THDA for replacement prior to adding to the write-up sheet.***

3 Range:

An electric or gas range shall be minimum 30" 4 burner with self-cleaning oven provided in all dwelling units to match color with the refrigerator and dishwasher on all rehabilitation projects where identified in the PCNA (physical/capital needs assessment). They must also have an Energy Star Rating and Label on the equipment at the final inspection.

4 Laundry:

All clothes washers supplied in individual units shall have an MEF equal to or greater than 2.0 and a WF equal to or less than 6.0.

All laundry facilities located inside any habitable space shall be equipped with a properly installed washer overflow pan indirectly discharging to an overflow waste receptor, floor drain, or to the exterior of the building. Water supply shut off valve to be single throw cutoff. All washer / dryer areas are required to have a washer box installed into the wall at the location of the washer / dryer.

5 Trash Collection:

Provisions for dumpsters or trash cans are required. Screening of trash cans and/or dumpsters shall be provided for multi-family units.

6 Playgrounds:

For multifamily rental units only, playgrounds shall be comprised of construction grade equipment approved by THDA prior to installation. The area immediately in and around the playground shall be mulched with 6" of appropriate material such as cypress mulch, pine bark or rubber mulch.

Playground equipment is not an eligible single family expense.

Division 12: Furnishings

1 Casework:

Cabinet fronts shall be made of solid wood (not particleboard); doors, draws and fronts shall be factory finished. Cabinet ends shall be finished with appropriate veneer. All cabinets shall be Kitchen Cabinet Manufacturers Association (KCMA) approved.

2 Countertops:

Tops shall be post form plastic laminate, bullnose front edge, rolled backsplash, finished exposed ends and sealed at the cut out for sink, and the backsplash at the wall. Other appropriate materials may be used such as solid surface, and cultured marble for bathroom vanities. Any other types of countertops must be approved by THDA.

Division 13: Special Construction

1 Office/ Laundry/ Maintenance Building:

Unless individual units are supplied with laundry facilities, all projects consisting of four (4) or more units shall provide common laundry facilities including a minimum of one (1) washer and one (1) dryer per every twelve units up to a maximum total of four (4) washers and four (4) dryers. All clothes washers in common areas shall have a Modified Energy Factor (MEF) equal to or greater than 2.2 and a Water Factor (WF) equal to or less than 4.5.

Division 14-20: Reserved for Future Use

Division 21: Fire Suppression

All rehabilitation construction must comply with the International Residential, Building and Fire Codes as currently adopted by the State of Tennessee.

Division 22: Plumbing

All plumbing, including piping, fixtures and appurtenances must meet or exceed the standards of the International Residential or Plumbing Code.

1 Bath Tub:

Tubs shall be 30" deep white porcelain finish steel, or cultured marble.

2 Shower:

Showers shall be 36" x 36" minimum with 4" curb; made of fiberglass, acrylic, or cultured marble. Shower head flow not to exceed 2.5 gpm.

3 Tub/ Shower Surround:

Tub/ shower surrounds shall be 3 piece integral panels of plastic, fiberglass, or cultured marble minimum 72" above flood rim.

4 Lavatories:

Sinks shall be 15" minimum diameter; made of white porcelain finish steel or cultured marble.

5 Faucets:

Polished chrome finish two handle with pop-up stopper. Lever handle type shall be used when ADA requirements apply. Faucets containing plastic material for exterior housing are prohibited. Flow not to exceed 1.5 gpm.

6 Water Closets:

Water closets shall be white porcelain elongated bowls with acrylic seat maximum 1.6 GPF.

7 Kitchen Sink:

Sinks shall be a minimum eight inches (8") deep, 33 x 20 stainless steel double bowl. For ADA compliance when applicable, roll under sink depth shall be shallower as required in mobility impaired dwelling units

8 Plumbing Accessories:

Water heaters located in any interior space shall have a metal 2" deep overflow pan with discharge pipe indirectly plumbed into DWV receptor, floor drain or to the exterior. Discharge pipe end shall have a bug screen.

9 Piping:

Potable water lines shall be copper or PEX material. Installation in exterior walls must be centered in the insulation. Hose bibs must be of the freeze proof kind. All piping located in attic or crawl space shall be insulated. All hot water lines shall be insulated equal to or greater than R-4 pipe wrap. All lines within the crawl space or attic must have an insulation equal to or greater than R-2 pipe wrap. All exterior hose bibs shall be of the frost-free type.

10 Water Heater:

Water Heater shall be minimum 40 gallon electric with a minimum Energy Factor (EF) equal to or greater than .92. Gas fired water heaters shall an EF equal to or greater than .59. Instantaneous gas water heaters shall have an EF equal to or greater than .94 (96%AFUE). Prefer direct vent on gas water heaters or sealed combustion.

11 Radon Reduction:

Radon venting is currently not required unless otherwise specified by local codes or regulations. Refer to the IRC Appendix F.

Division 23: Heating, Ventilating, and Air Conditioning

All mechanical systems, shall be regulated, including the design, installation, maintenance, and alteration of mechanical systems that are permanently installed and used to control environmental conditions within buildings to meet or exceed the standards of the International Residential or Mechanical Code.

1 Heating Ventilating and Air Conditioning Equipment:

All units shall have a central HVAC system comprised of a split system heat pump or a package unit with emergency heat strips for heating and cooling using high-efficiency equipment. Units shall consist of a system air conditioner and furnace. Split System Heat pump/ AC systems shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14.5 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8.5. Fuel oil, gas fired furnaces and boilers shall have an Annual Fuel Utilization Efficiency (AFUE) equal to or greater than ninety-two percent (92%). Packaged A/C and Heat Pumps shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8.0. Fuel oil, gas fired furnaces and boilers shall have an Annual Fuel Utilization Efficiency (AFUE) equal to or greater than eighty percent (80%). Electric-resistance-only heat systems are prohibited. Prefer direct vent on gas furnace or sealed combustion. All HVAC Systems shall be sized by using the ACCA Manual J & S as required by the state adopted International Residential Code.

If any of the above units cannot be included in any building because of structural constraints, please submit to THDA alternate systems for review and issuance of a determination.

2 Ducting:

Duct system can be a mix of; hard duct main trunk lines (sheet metal) from the air handlers with flex duct branching out to the individual vents. All duct must be insulated with a minimum R-5, unconditioned space R-8 and installed per SMACNA standards. All joints and connections shall be sealed tight compliant with UL 181 and pass pressure testing. Exhaust vent piping shall be insulated. All ducts shall be installed per manufactures requirements and free of restrictions. Vent louvers shall be white adjustable type. Dryer vent shall be through wall weather type with damper. All supply ducts shall have individual dampers enabling supply air adjustments at each register grill and repositioning damper. All completely replaced HVAC systems and ducts shall be Tested and Balanced within 20% of the ACCA Manual J, S, and D calculations.

3 Thermostat:

All individual HVAC systems shall be controlled by a digital programmable thermostat.

4 Range Hoods:

All units shall be equipped with a minimum 200 CFM range hood. All range hoods shall be Energy Star qualified. The Energy Star mark must be clearly marked on the front/top of the product, clearly displayed in product literature and listed on the manufacturer's Internet site.

Recirculation hoods shall be equipped with an activated charcoal filter. Gas appliances must be ducted to the exterior. Hood shall have a light with the ability to accept a CFL or LED bulb.

5 Ceiling Fans:

Ceiling fans shall be minimum 42" 4 paddle with light kit located in all bedrooms and a 52" 5 paddle with light kit in the living room. Fans shall be Energy Star qualified. The Energy Star mark must be clearly marked on the front/top of the product, clearly displayed in product literature and listed on the manufacturer's Internet site. Minimum 120 cfm/watt at medium speed setting. Fans shall have the ability to accept a CFL or LED bulb.

5 Bathroom Exhaust Fans:

Exhaust air from bathrooms and toilet rooms shall not be recirculated within a residence or to another dwelling unit and shall be exhausted directly to the outdoors. Exhaust air from bathrooms and toilet rooms shall not discharge into an attic, crawl space or other areas inside the building. Ventilation systems shall be designed to have

the capacity to exhaust the minimum air flow rate and mechanical exhaust capacity of 50 cfm intermittent or 20 cfm continuous, and may be of the exhaust, heat, or light types, or combo units.

Division 24-25: Reserved for Future Use

Division 26: Luminaries / Electrical

All electrical work must conform to the currently adopted National Electrical Code (NFPA 70), as adopted by the State of Tennessee. All electrical work will require the obtaining of electrical permits and receiving a passing final inspection by a Tennessee Licensed Electrical Inspector for that jurisdiction or area.

1 Exterior Luminaries:

Luminaries shall be located at all entrances and common areas. All on-site parking areas shall be lighted. The electrical supply for all-common areas, stairways, walkways and parking areas shall not originate from an individual unit. Each fixture should have dusk/ dawn and motion sensor capabilities with CFL or LED lamp.

2 Interior Luminaries:

Each room, hall, stair, and walk in closet shall have a minimum of one switched overhead light (color to match door hardware) with energy efficient CFL or LED lamp and globe (ceiling fan light kit is acceptable in bedrooms and living room). Kitchens shall include adequate lighting over the counter top, appliances, and sink. Bathrooms shall be equipped with adequate lighting over the vanity sink with CFL or LED lamps and a combination exhaust fan light in the ceiling near the water closet/ tub

Division 27: Communications

1 Telephone and Cable:

All dwelling units requiring re-wiring shall be wired in the master bedroom and living room for telephone, internet jacks, and cable for television. Common areas, community rooms and on-site management offices in multifamily developments to have communication lines as required.

Division 28: Electronic Safety and Security

1 Fire Alarm & Smoke Detectors:

Provide smoke detectors and Fire Alarm Systems as required by NFPA 72, and the International Fire Code as adopted by the State of Tennessee. Provide hardwired with battery back-up smoke detectors in all bedrooms and hallways. No bedroom door shall be more than eight (8) feet from a hallway smoke detector. Install devices per manufactures installation requirements. Instructions for specific locations and other details shall be strictly observed and tested. Comply with all state, county, and local codes.

2 Carbon Monoxide Detectors:

UL listed carbon monoxide detectors shall be installed outside each sleeping area in the immediate vicinity of all bedrooms if the dwelling contains fuel burning appliances or has an attached garage.

Division 29 - 30: Reserved for Future Use

Division 31: Earthwork

1 Site Layout:

Property line, setbacks, easements, right-of-way and clearances must be properly identified. Other engineered designs may be required by THDA for approval.

Division 32: Exterior Improvements

1 Landscaping:

Adequate landscaping is required on all multifamily projects. The developer shall submit a landscape plan as part of final plans and specifications. Each building shall include a minimum landscaping package.

2 Turf:

All lawn areas shall be seeded with the seed variety, lime, and fertilizer application rate, which is appropriate to establish a good lawn cover. All slopes in excess of 3:1 within 10 feet of the building, driveway and/or walkway shall receive sod or other

approved erosion control materials which will enhance the establishment of a permanent ground cover.

3 Sodded Areas:

Sod is optional in building front yards and common areas for all projects.

4 Fencing:

All multifamily projects shall be fenced to provide security around the site boundaries.

5 Parking/Driveways:

All multifamily projects shall have adequate parking as determined by the local zoning or building. Unless prohibited by local code, jurisdiction or structural constraints all projects shall have a minimum of one parking space per unit. Single Family Dwellings shall have a minimum parking space for 2 vehicles.

6 Parking Lots:

All on-site parking lots and access drives are to be paved and parking spaces shall have bumper stops or curbs. If walkways are used as bumper stops, the walkway shall be 6' wide.

7 Concrete pads and walks:

All entry walks shall be a minimum of 3' wide, 3000 psi concrete, and shall be provided at all units from the entry to parking area. Provide ¼ inch per foot crown or cross slope in the direction of drainage. Expansion-joint material shall be ½" thick asphalt-impregnated pre-molded fiber, ASTM D1752. Follow ACI 318. Minimum concrete thickness shall be 4".

8 Walkways:

Units which have a walkway that needs repairing or replacing shall be 3' wide or to match existing width, 3,000 psi concrete with broom finish walkway from the parking area to the main entrance.

9 Ramps:

All newly constructed accessible ramps shall be a minimum 42" wide with 5' turning areas at each landing, a maximum slope of 1:12, maximum rise 30" and a minimum load capacity of 1500 lbs. Existing ramps may be no steeper than 1:8.

- a. **Composite:** Wood/ fiberglass with non-skid surface.
- b. **Concrete:** With non-skid surface.
- c. **Metal:** Galvanized steel, or aluminum with non-skid surface.
- d. **Wood:** All exterior wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground. Use of CCA treated lumber is prohibited. Portable or temporary ramps are prohibited.

10 Asphalt:

Asphalt shall consist of a hot-mix asphaltic concrete pavement complying with TDOT design mix standards for parking areas. Batching and placement of the asphalt may be tested at the request of THDA. Placement of the asphalt in 2 lifts. 2 ½” base course with a 1 ½” finish course. Pavement striping to be completed within 30 days after asphalt placement.

11 Soil Treatment-Termite Protection:

A proper and complete termite inspection of all properties is required. The inspection must be completed by a licensed exterminator who shall report any activity located and treatment applied. A warranty for a period of a minimum one year on all inspections is required.

Division 33: Utilities

1 Electric:

Electrical service shall be installed underground except in cases where deemed structurally infeasible. Overhead service is allowed for infill sites.

2 Water:

Water service to be replaced or constructed to units shall be installed with methods and materials as approved by the IRC and the International Plumbing Code.

3 Sanitary Sewer / Private Septic:

Sanitary Sewer / Private Septic service to be replaced or constructed to units shall be installed with methods and materials as approved by the IRC, the International Plumbing Code, the Private Sewer Disposal Code and the State of Tennessee Department of Environment and Conservation rules and regulations.