

CHAPTER EIGHT RENTAL HOUSING

1. DEVELOPING PROGRAM POLICIES AND PROCEDURES

- A. **INTRODUCTION** – Your organization must formally adopt a set of Policies and Procedures for the operation of the NHTF program. These will serve as the guidelines for the day-to-day operation of the program. If applicants are aware of the goals of the program, its limitations and the way the program will be handled on a day-to-day basis, many potential problems and misunderstandings can be eliminated.
1. The Policies and Procedures must state that 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.
 2. The Policies and Procedures must also state 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.
 3. THDA provides a "Sample Set of Policies and Procedures". Grantees may wish to use these as a guide, adopt them in whole or in part. Grantees must address in some fashion all of the essential topics, and the policies and procedures must be approved by THDA before adoption by the Grantee's governing board or management.
- B. **PURPOSE** – Describe the goals of the program and what activities will be undertaken to meet those goals.
- C. **AUTHORITY** – Indicate what legal authority - Federal, State and local - your program is operating under.
- D. **PROGRAM RESOURCES** – Specify the funds available for the program, their source, and how long they will be available.
- E. **APPLICABLE LAWS** – The local governing body, contractors, subcontractors, vendors and potential applicants for assistance are required to abide by a number of Federal and State laws. THDA will assist you in ensuring compliance and will monitor your program to make sure that you are in compliance. The Grantee must follow the appropriate laws and document their efforts. Failure to do so can have serious repercussions for the program. The following is a list of the applicable laws:
1. Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128 and 24 CFR 92.358)
 2. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)(42 U.S.C. 4201-4655), 49 CFR Part 24, and 24 CFR 92.353)
 3. Debarment and Suspension provisions as required by 24 CFR Part 24 and 24 CFR 92.357.
 4. National Environment Policy Act of 1969 (NEPA), 24 CFR Parts 50 and 58, and 24 CFR 92.352.
 5. Equal Opportunity Provisions and Fair Housing, 24 CFR 92.350.
 6. Affirmative Marketing, 24 CFR 92.351.
 7. Lead-based Paint Poisoning Prevention Act, 24 CFR 92.355.
 8. Conflict of Interest Provisions, 24 CFR 85.36 or 24 CFR 84.424, as applicable, and 24 CFR 92.356.
 9. Intergovernmental Review of Federal Programs, Executive Order 12372 and 24 CFR 92.359.
 10. Drug-Free Workplace, 24 CFR part 24, subpart F.
 11. Standard Equal Opportunity Construction Contract Specifications.
 12. Certification of Non-segregated Facilities for Contracts Over \$10,000.
 13. Title VI of Civil Rights Act of 1964 Provisions.
 14. Section 109 of Housing and Community Development Act of 1974 Provisions.
 15. Section 3 Compliance Provisions.

16. Age Discrimination Act of 1975 Provisions.
 17. Section 504 Affirmative Action for Handicapped Provisions.
 18. And any other Federal requirements as set forth in 24 CFR Parts 91 and 93, NHTF
4. **TENANT SELECTION** – The Policies and Procedures governing the operation of your rental housing program must include written tenant selection policies and criteria that:
1. Are in compliance with applicable fair housing laws which prohibit discrimination in housing based on race, color, religion, sex, familial status, national origin, age and disability;
 2. Are based on objective criteria related solely to program qualifications and the tenant’s ability to pay the rent and abide by the terms of the lease, such as household income, housing history, credit history and/or lack of a felony conviction for manufacture or distribution of methamphetamine or placement on a state or national sexual offender registry.
 3. Apply the selection criteria consistently to all applicants and expressly prohibit bias in the selection process, including prohibiting discrimination and favoritism toward friends or relatives or other situations in which there might be a conflict of interest;
 4. Provide for the selection of tenants from the written waiting list in the chronological order of their application, insofar as practical; and
 5. Give prompt written notification to any rejected applicant of the grounds for any rejection.
5. **TENANT SELECTION FOR SPECIAL NEEDS** – Grantees cannot discriminate based on the nature of the disability. NHTF-assisted housing for persons with disabilities must be equally available to *all* persons with disabilities. Owners may offer and advertise non-mandatory services that may be appropriate for persons with a particular special need or disability.
1. There is an exception for housing for persons with a specific type of disability who could not reside in housing that is available to the general public. This exception would apply to persons whose disabilities require them to have on-site supportive services (such as 24-hour supervision), because without the on-site services, these persons would be unable to maintain themselves in housing.

2. GROUP HOMES AND SINGLE ROOM OCCUPANCY UNITS

- A. **GROUP HOME** – Housing that is occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the unit, and (except in the case of shared one bedroom units) separate private space for each household. Supportive services may be provided. A group home is generally a large single-family unit, and is considered a one-unit project.
1. The subsidy level for a group home is based on the number of bedrooms in the unit. Bedrooms occupied by resident supportive service providers are counted as eligible bedrooms for subsidy purposes.
- B. **SINGLE ROOM OCCUPANCY (SRO)** – Housing consisting of clearly identifiable separate dwelling units that is the primary residence of its occupant or occupants.
1. If the project consists of new construction, conversion of non-residential space, or reconstruction, the unit must contain either food preparation or sanitary facilities (and may contain both).
 2. For acquisition or rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by the tenants.
 3. The subsidy level is based on the maximum per units subsidy limit for a zero-bedroom (efficiency) unit. The maximum subsidy is calculated based on the number of NHTF- assisted units in the structure times the allowable per unit subsidy. However, the maximum subsidy may never exceed the actual development cost of the NHTF-assisted unit based on their proportionate share of the total development cost.
 4. The designation as an SRO must be consistent with local zoning and building code classifications.

3. MIXED INCOME DEVELOPMENTS

- A. A Unit used in conjunction with a mixed income development must be used solely for the benefit of the NHTF designated units in the development. All NHTF units in a development must be fixed or floating and designated as NHTF available units in the NHTF file.
- B. The minimum number and configuration of NHTF units designated at any given time must equal the number of NHTF units committed to in the original grant application and Attachment A of the Grant Agreement.

4. INCOME REQUIREMENTS FOR TENANTS

- A. **General** – The NHTF program has income-targeting requirements and all units must be occupied by households whose income is equal to or less than 30 percent of the area median income as determined by HUD. Therefore, the grantee must determine that each family occupying an NHTF assisted unit is income-eligible by determining the family’s annual income.
- B. **Definition of “annual income.”**
 - 1. When determining whether a family is income-eligible, the grantee must use one of the following two definitions of “annual income”:
 - a. “*Annual income*” as defined at 24 CFR 5.609; or
 - b. “*Adjusted gross income*” as defined for purposes of reporting under the Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.
 - 2. The grantee may use only one definition for each NHTF-assisted program (*e.g.*, down payment assistance program) that it administers and for each rental housing project.
- C. **Determining annual income** – For families who are tenants in NHTF assisted housing, the grantee must initially determine annual income using the method in paragraph (D)(1) of this section. For subsequent income determinations during the period of affordability, the grantee may use any one of the methods described in paragraph (D) of this section, in accordance with § 93.302(e).
- D. **Methods of determining annual income.**
 - 1. Examine at least 2 months of source documents evidencing annual income (*e.g.*, wage statement; interest statement; unemployment compensation statement) for the family.
 - 2. Obtain from the family a written statement of the amount of the family’s annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.
 - 3. Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant’s family size and state the amount of the family’s annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant’s annual income does not exceed this limit.

5. INCOME LEVELS FOR GROUP HOMES AND SRO UNITS

- A. It is expected that most, if not all tenants of group homes or single room occupancy units would have incomes at or below 60% of area median income.
- B. **GROUP HOMES** – All tenants, except live-in service providers, must have incomes at or below 80% of area median income.
- C. **SINGLE ROOM OCCUPANCY UNITS** – In SRO projects with 3 or more units, 20% of the units must be occupied by tenants with incomes at or below 50% of area median income.

6. RENT LEVELS

- A. The NHTF rent limits are the *maximum* rents that can be charged to an income-eligible tenant residing in a NHTF-assisted unit. Rents are controlled for the length of the applicable affordability period. These rents are determined on an annual basis by HUD. The NHTF rents are based on the current Fair Market Rents (FMRs) and the current Income Limits published by HUD. THDA is now required to annually review and approve rents for each NHTF-assisted rental project to ensure ongoing compliance with the NHTF rent limits and to prohibit undue rent increases.

1. *Please note that NHTF rent limits are not simply the FMRs used to determine rents for Section 8 certificates or vouchers.*
2. *In some instances, the Section 8 rents may be higher than the allowable NHTF rents. However, if NHTF funds have been invested in the unit, the NHTF rents must be used.*
3. *Section 8 rules specifically prohibit an owner from charging a higher rent for a unit that is occupied by a voucher holder than the rent charged for a comparable unit not occupied by a voucher holder.*

B. NHTF RENTS – The NHTF Program has two rent limits: the High NHTF rent limits and the Low NHTF rent limits. The published NHTF rents include all utilities. *The utilities paid by tenants must be subtracted from the rents provided to determine the maximum allowable rents.*

1. **HIGH NHTF RENTS** – The *lesser* of Fair Market Rents for existing units as determined by HUD or 30% of 65% of median income, adjusted for family size. This rent is used for 80% of the NHTF units (if the 5 unit rule applies).
2. **LOW NHTF RENTS** – This rent is equal to 30% or 50% of median income, adjusted for family size. This rent is used for 20% of the NHTF units (if the 5 unit rule applies).

a. If the project has less than 5 rental units, all of the units may rent at the High NHTF rent.

C. THDA will post the new NHTF rents to its website (www.thda.org) when they are issued by HUD each year.

1. Rents may increase or decrease from year to year. Where rents have increased, an owner may not raise rents in occupied units immediately. Any increase in rent is subject to the existing lease provisions, and the owner must provide the tenants 30 day prior written notice before increasing any rents.
2. Where rents have decreased, an owner is not required to reduce the rents in occupied units immediately. Compliance with the decreased limits may be done at the point in time specified in the lease, or if not specified, customary for periodic (usually annual) adjustments in rent.
3. Regardless of changes in Fair Market Rents and in median income over time, the qualifying rents are not required to be lower than the NHTF rent for the project in effect at the time of project commitment, , i.e., the date the project is entered into the Integrated Disbursement Information System (IDIS).

D. UTILITY ALLOWANCES – Utility Allowances: NHTF statutes and regulations establish rent limits for assisted rental units. These are gross limits that include contract rent plus a utility allowance (UA) for tenant-paid utilities. Owners are required to establish maximum monthly allowances for utilities and services (excluding telephone) and to update the UA annually. NHTF rules require owners to use a project-specific UA. Owners are NOT permitted to use the UA established by the local Public Housing Authority (PHA) for any NHTF-assisted properties.

The following methodologies will meet the regulatory requirements for a project-specific UA:

1. **Average of Actual Consumption.** In 2015, HUD published Multifamily Notice H-2015-4 to provide instructions to owners of Section 8 and other HUD-assisted properties for completing the required utility analysis. This analysis is also used for the USDA Rural Housing Service program and allowed for Low-income Housing Tax Credit (LIHTC) projects per IRS regulations at 26 CFR 1.42-10(b)(3). Owners may use the methodology from the notice, including the required baseline utility analysis, the optional factor-based utility analysis, and the utility analysis sample size.
2. **Utility Company Estimate (26 CFR 1.42-10(b)(4)(B)).** Owners may establish a UA based on estimates obtained from a local utility company for each of the utilities used in the project. The estimate must be obtained in writing and must be based on the estimated cost of that utility for a unit of similar size and construction for the geographic area in which the building containing the unit is located.
3. **Energy Consumption Model (ECM) (26 CFR 1.42-10(b)(4)(E)).** Owners may establish a UA based on an energy and water and sewage consumption and analysis model. The model must at a minimum take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, characteristics of the building location and available historical data. The utility consumption estimates must be calculated by a mechanical engineer properly licensed in the State of Tennessee or a Residential Energy Services Network (RESNET) certified Home Energy Rating System (HERS) rater. The engineer and building owner must not be related within the meaning of IRC section 267(b) or 707(b), to which the engineer and building owner must certify. The owner and engineer must also certify that the model complies with the

minimum requirements described above. Use of the energy consumption model is limited to a building's consumption data and local rates for the 12-month period ending no earlier than 60 days prior to the effective date of the UA. In the case of new buildings with less than 12 months of consumption data, 12 months of data can be used for units of similar size and construction in the geographic area.

The initial UA approval will occur prior to loan closing. Once the method and allowances have been approved by THDA, the owner must update the allowances annually using the approved method and current rate information. The updated allowances and source documentation must be made available for review during the on-site inspection.

If an owner wishes to change to a different UA methodology, they must request approval from THDA.

- E. **MARKET CONDITIONS** – Each Grantee should be aware of the market conditions of the area in which the project is located. Each project should show market feasibility not based upon the High and Low NHTF rents, but rather upon area housing markets and NHTF occupancy requirements which demand occupancy by low and very low income persons.
- F. Rents shall not exceed the published High and Low NHTF rents, adjusted for utility arrangements and bedroom size. *However, because these rents must also be attractive to lower income tenants, actual rents may be lower than the High and Low NHTF rents.* Programs should be designed so they take into consideration the market feasibility of projects funded.

7. HOME RENT LIMITS FOR GROUP HOMES AND SRO UNITS
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A. **GROUP HOMES** – A group home is housing that is occupied by two or more single persons or families. It consists of common space and/or facilities for group use by the occupants of the units (except in the case of shared one-bedroom units), and separate private space for each individual/family. Group homes often house the elderly or persons with disabilities.

1. A NHTF-assisted group home is treated as a *single* NHTF-assisted housing unit with multiple bedrooms. The NHTF rent limits for a group homes is the HUD-published Fair Market Rent (FMR) rent limit for the total number of bedrooms in the group home.
2. The bedrooms of live-in supportive service providers or other non-client staff are not included when calculating the total number of bedrooms for the purpose of establishing the rent. For example, if one bedroom in a four-bedroom group home is occupied by a service provider, the maximum rent for the group home is the HUD-published FMR Limit for a three-bedroom unit.
3. The HUD-published FMR limit is the *maximum combined* rent that can be charged to all income eligible tenants residing in the group home. Each tenant pays a pro-rata share of the total rent.
4. When group home tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published FMR limit in order to determine the maximum combined rent that can be charged to all tenants.
5. **RENT AND ADDITIONAL SERVICES IN GROUP HOMES** – Group homes frequently include food and/or other supportive services to its residents. *Group home rents may not include food costs or the costs of any supportive services.* Costs for such services must be billed as separate charges. For group home units that are developed for persons with disabilities, disability-related services must be *non-mandatory*.
6. The lease must also state whether the fee-based services are optional or mandatory and must identify the amount of the additional fees or surcharges separately from the basic HOME rent for each tenant. The State must approve in writing the costs of food and supportive services.
7. **SINGLE ROOM OCCUPANCY (SRO) HOUSING** – A single room occupancy (SRO) housing unit consists of a single room dwelling unit that is the primary residence of its occupant(s). It may or may not have food preparation and sanitary facilities.
8. The rent limit for an SRO unit is based on either the HUD Fair Market Rent (FMR) or the High and Low NHTF rent limits, depending upon the characteristics of the unit:

IF THE SRO HOUSING HAS....	THEN...
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A unit with <i>neither</i> food preparation nor sanitary facilities, or with one (food preparation or sanitary facilities)	The rent may not exceed 75% of the HUD-published FMR limit for a 0-bedroom (efficiency) unit. This limit is used for High NHTF Rent units and Low NHTF Rent units. Even though the rent limits are the same for High and Low NHTF Rent units, in projects with 5 or more NHTF-assisted units, at least 20% of the units must be occupied by very low income tenants.
A unit with <i>both</i> food preparation and sanitary facilities	The High NHTF Rent cannot exceed the HUD-published High NHTF rent limit or Low NHTF rent limit for a 0-bedroom (efficiency) unit. The Low NHTF Rents for these units cannot exceed either: 1. The HUD-published Low NHTF rent limit for a 0- bedroom unit; or 2. 30% of the monthly adjusted family income of the very low income tenant. In projects with 5 or more NHTF-assisted units, at least 20% of the units must be occupied by very low income tenants.
A Low NHTF Rent unit that receives state or Federal <i>project-based</i> rental assistance and is occupied by a very low income tenant	The rent can be the applicable state or Federal project-based rent, as long as it is occupied by a very low income tenant who does not pay more than 30% of the family’s monthly adjusted income for rent.

9. Unlike group homes, in SRO housing with 5 or more NHTF-assisted rental units, at least 20% of the units must be set aside as Low NHTF Rent units for occupancy by very low income tenants.
10. Utility costs are included in the maximum NHTF SRO rents. If SRO tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published NHTF rent limit or FMR limit in order to determine the maximum rent that can be charged for the SRO unit.
11. SRO unit rents may not include food costs or the costs of any supportive services. Costs for such services must be billed as separate charges. For SRO units that are developed for persons with disabilities, disability-related services must be *non-mandatory*.
12. Each SRO tenant’s lease must clearly state whether the fee-based services are optional or required and must also identify the amount of additional fees or surcharges separately from the basic NHTF rent for each tenant. The State must approve in writing the costs of food and supportive services.

8. MARKETING

- A. Owners of NHTF-assisted rental housing must conduct marketing and advertising activities in accordance with applicable fair housing laws, as well as specific NHTF requirements that relate to affirmative marketing. These fair housing and affirmative marketing requirements ensure that owners and managers provide the opportunity to rent NHTF-assisted units to *all* eligible applicants. Owners and managers must also take certain additional steps to make accessible units available to persons with disabilities.
- B. Fair housing laws prohibit discrimination in all housing, housing-related activities and housing programs, regardless of whether or not the housing receives Federal financial assistance. Owners and managers cannot discriminate in the rental of units, in establishing terms and conditions of property rentals, or in advertising the availability of rental housing units.
- C. In addition, Grantees with projects of 5 or more NHTF-assisted units develop affirmative marketing procedures to ensure special outreach and advertising efforts are made to communicate the availability of NHTF-assisted housing to those groups or individuals that might otherwise be unlikely to apply.
- D. **MARKETING ACCESSIBLE UNITS** – Owners of properties with accessible units must develop procedures to ensure that information regarding the availability of those units reaches eligible individuals with disabilities. Reasonable, nondiscriminatory steps must be taken to make sure that available, accessible units are offered first to persons with disabilities who require the unit’s accessible features. Owners or managers must take the following steps when an accessible unit becomes vacant, regardless of the status of the waiting list:
 1. First, offer the unit to a current occupant of the project who might require or benefit from the accessibility feature(s) of the unit;

2. Second, offer the unit to an eligible qualified applicant on the waiting list who requires the accessibility feature(s) of the unit; and
3. Last, offer the unit to a non-disabled person on the waiting list. A non-disabled tenant may only rent an accessible unit after the owner has made all reasonable efforts to attract a tenant with a disability according to the above steps.

E. **TN HOUSING SEARCH** – Owners of NHTF-assisted rental property are required to list their properties on TNHousingSearch.org as part of their marketing procedures.

9. TENANT RELATIONS AND LEASE PROTECTIONS (92.253)

- A. The initial written lease between a tenant and an owner of rental housing assisted with NHTF funds must be for at least ONE year. Lease renewals should also be in increments of ONE year, unless by mutual consent, the tenant and the owner agree to a lesser term. The lease term may never be for less than 30 days.
- B. An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with NHTF funds except for serious or repeated violation of the terms of the lease; for violation of applicable federal, state or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause.
- C. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing.
- D. Any termination of refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action.
- E. An owner of rental housing assisted with NHTF funds must maintain the housing in compliance with all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet all applicable state and local housing quality standards and code requirements and if there are no such standards, or code requirements, the housing must meet the ongoing property standards as specified by HUD based on the HUD Physical Inspection procedures (Uniform Physical Conditions Standards (UPCS)). Prescribed by HUD pursuant to 24CFR5.705.
- F. Owners may not refuse to lease a NHTF-assisted unit to a family which holds a rental certificate (Rental Certificate Program) or a rental voucher (Rental Voucher Program) or a comparable document under the NHTF program.
- G. **REASONABLE ACCOMODATIONS FOR PERSONS WITH DISABILITIES** – The Fair Housing Act requires that all applicants and tenants of rental housing be given equal treatment and prohibits discrimination against anyone with respect to race, color, religion, sex, disability, familial status, or national origin. However, there are limited circumstances when the Act requires a housing provider to treat persons with disabilities differently, to enable them to have equal access to, or enjoyment of, housing and other housing-related programs. The Fair Housing Act requires owners to provide “reasonable accommodation” to persons with disabilities. This means that an owner may have to modify rules, policies, practices, procedures, and/or services to afford a person with a disability an equal opportunity to use and enjoy the housing.
- H. Owners of NHTF-assisted rental properties should have written procedures in place that address disputes between individual tenants or households and tenant grievances against management.
 1. Generally, it is an acceptable business practice for the Grantee, as owner, property manager to act as first intermediary in a conflict under limited circumstances, such as when one tenant complains about noise from another tenant's unit.
 2. Owners or managers should establish an impartial way to address complaints about property management staff or the way in which the property is being operated which generally requires the involvement of a neutral third party.
- I. **PROHIBITED LEASE TERMS** – Certain Lease Terms are prohibited. These include:
 1. **AGREEMENT TO BE SUED** – Agreement by the tenant to be sued, admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.
 2. **TREATMENT OF PROPERTY** – Agreement by the tenant that the owner may take, hold, or sell

personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with the state law.

3. **EXCUSING THE OWNER FROM RESPONSIBILITY** – Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.
 4. **WAIVER OF NOTICE** – Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant.
 5. **WAIVER OF LEGAL PROCEEDINGS** – Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense or before a court decision on the rights of the parties.
 6. **WAIVER OF A JURY TRIAL** – Agreement by the tenant to waive any right to a jury trial.
 7. **WAIVER OF RIGHT TO APPEAL COURT DECISION** – Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a decision in connection with the lease.
 8. **TENANT CHARGEABLE WITH COST OF LEGAL ACTION REGARDLESS OF OUTCOME** – Agreement by the tenant to pay attorney fees or other legal costs even if the tenant wins the court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
 9. **MANDATORY SUPPORTIVE SERVICES** – Agreement by the tenant to accept supportive services that are offered.
- J. Grantees shall comply with all applicable state statutes, including the Uniform Landlord Tenant Law. The Grantee's attorney, or the area Legal Aid Office, can provide assistance.
- K. Grantees shall also comply with all applicable local ordinances and keep informed about the existence of or changes in such ordinances.
- L. The Grantee must comply with the provisions of the Violence against Women Reauthorization Act of 2013 in accordance with 24 CFR §93.356 and the THDA National HTF Requirements.
- M. **TENANT RELATIONS IN CHDO PROJECTS** – NHTF-assisted rental housing that is owned, sponsored or developed by a CHDO must establish and implement a plan for tenant participation in management decisions *and* establish a fair lease and grievance procedure that is approved by the State.
1. Tenant participation in management decisions can be achieved through a tenant association that acts as a formal body to provide input for project management or through a tenant-elected representative who acts as liaison with management.
 2. Fair Lease and grievance procedures should be objective and clearly state to whom the tenant should direct a complaint; who will investigate and/or respond to the complaint; and by when the tenant should expect to receive a response.

10. RENTAL HOUSING RECORDKEEPING

- A. **PROGRAM RECORDS** – Grantees are responsible for maintaining records that demonstrate that they are operating a rental housing program in compliance with NHTF regulations. At a minimum, the program records must include the following:
1. Policies and Procedures for the operation of the rental program which have been adopted by the Grantee's governing board and which are available to all applicants.
 2. Adequate documentation to demonstrate that the tenant selection process was accomplished as stated in the adopted Policies and Procedures.
 3. A current waiting list which includes the application date, eligibility, and date accepted or rejected for a rental unit.

4. Documentation of the Grantee's efforts to ensure that the composition of the units meets income guidelines.
5. Documentation that all of the units meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code, NHTF-assisted new construction of multi-family rental units of 3 or more apartments must meet the most recently state adopted edition of the International Building Code; new construction or reconstruction of single-family rental units must meet the most recently state adopted edition of the International Residential Code for One- and Two-Family Dwellings; and NHTF-assisted rehabilitation of rental units must meet the most recently state adopted edition of the International Property Maintenance Code. New Construction projects must also meet the 2006 International Energy Conservation Code, published by the International Code Council.
6. Documentation that the Grantee has adopted an Affirmative Marketing Plan and is marketing the rental units according to the plan.
7. Documentation that the rents for all the units are in compliance with NHTF regulations.

B. **TENANT RECORDS** – In addition to program records which establish a Grantee's compliance with NHTF regulations, there must also be individual tenant records. These files should contain, at a minimum, the following:

1. The tenant's application for a rental unit.
2. Verification of the tenant's income and eligibility within the NHTF income limits.
3. Copies of required notices signed by the tenant, i.e., lead-based paint notices and fair housing.
4. A signed 12-month lease for the unit with the required tenant protections.

C. **GRANTEE'S ON-GOING OBLIGATIONS FOR RENTAL PROPERTY** – After the project is officially closed out by letter to the Grantee, the Community Programs Division of THDA will be responsible for NHTF Long-Term Compliance monitoring. Each Grantee will be monitored in accordance with HUD guidelines to determine each project's compliance with the NHTF Rules and Regulations. Each Grantee will also be monitored for adherence to its contract with THDA. Each Grantee will receive a letter explaining the details of the long term monitoring process and annual reporting requirements.

1. The rental housing long term monitoring requirements are the responsibility of the Grantee. They are responsible for:
 - a. Annual income certification of tenants;
 - b. Adherence to the NHTF rent and income composition guidelines;
 - c. Compliance with the Standard Housing Codes or the Uniform Physical Conditions Standards;
 - d. Reporting to THDA.

XII. DEFINITIONS

FULL-TIME EMPLOYMENT

A job at which a person regularly spends 31 or more hours per week.

HANDICAPPED OR DISABLED

A person who has been declared disabled for the purposes of Social Security or who has been certified as disabled or handicapped by a qualified public or private agency.

HOMELESS

A family is homeless if they lack a fixed, regular, adequate night-time, and has a primary night-time residence for individuals that is either a supervised public or private shelter; an institution that provides temporary residence for individuals intended to be institutionalized; or a public or private place not designed for or ordinarily used for sleeping.

HOUSEHOLD

All persons who regularly reside together in a single housing unit.

INVOLUNTARILY DISPLACED

An individual or a family is involuntarily displaced if they are displaced from the home they have been occupying

or if they will be displaced within six months from the date of certification because of fires, disasters, government action, or action by a private owner that the tenant could not control or prevent (not to include eviction for cause or a reasonable increase in rent); or actual or threatened physical violence that has occurred recently or is of a continuous nature.

MORE THAN 50% OF INCOME FOR HOUSING

A family paying more than 50% of their gross monthly income for rent and utilities combined. Utilities include electricity, water, heating fuel, and sewer, if available. A family may document actual utility bills or use the lowest applicable utility allowance published by THDA or the local PHA.

OVERCROWDED CONDITIONS

A household is overcrowded if there is an average of three or more persons per bedroom; or if there is no bedroom space for any member(s) of the household.

PART-TIME EMPLOYMENT

A job at which a person regularly works at least 10 but no more than 30 hours per week.

SUBSTANDARD HOUSING

A housing unit is substandard if it does not have operable indoor plumbing; does not have a useable flush toilet, bathtub or shower inside the unit for the exclusive use of the family; does not have electricity, or has inadequate or unsafe electrical service; does not have a safe and adequate source of heat; does not have a kitchen; has been declared unfit for habitation by any agency of government; or is dilapidated to the point that it does not provide decent, safe and sanitary shelter or has one or more critical defects in sufficient number to require considerable repair or rebuilding. Any one of these conditions qualify a unit as substandard.