

**TENNESSEE HOUSING TRUST FUND
REBUILD AND RECOVER DISASTER PROGRAM**

Program Description

The Rebuild and Recover Disaster Program was created to address weather-related incidents in local communities when it is doubtful that the damage will qualify for assistance from either the Federal Emergency Management Agency (FEMA) or the Tennessee Emergency Management Agency (TEMA). This Program Description broadens that goal to also assist communities with a declared federal disaster declaration where the impact to housing has been so severe that additional resources are necessary to assist in the community's recovery.

A. ELIGIBLE INCIDENT

An eligible incident is any weather-related event in a geographically defined area that either:

1. Includes at least 25 damaged owner-occupied homes and that is not likely to rise to the level of a Presidential Disaster Declaration for Individual Assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act or be the subject of a state disaster declaration by TEMA.

OR

2. Has received a Presidential Disaster Declaration for Individual Assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and the event was of the severity and magnitude that the need for supplemental Federal assistance was determined to be necessary prior to the completion of joint Federal, State, and local government Preliminary Damage Assessment as permitted by 44 CFR §206.33(d) and §206.36(d).

If an eligible incident occurs, as determined by the THDA Executive Director in the Executive Director's sole discretion, and neither FEMA nor TEMA makes a declaration within a week of the eligible incident, the THDA Executive Director may make a Rebuild and Recover grant available to the local community in which the eligible incident occurred in an amount as determined by the THDA Executive Director, in the Executive Director's sole discretion.

If FEMA or TEMA ultimately make determinations that permit individual assistance for the eligible incident, THDA will not rescind the Rebuild and Recover grant.

B. ELIGIBLE GRANTEES

Only local communities may be Rebuild and Recover grant recipients. Requests for Rebuild and Recover assistance must come from the County or City Mayor, as applicable. THDA staff will schedule a visit to the affected community to assess the level of damage and to assess whether the affected community is eligible for Rebuild and Recover assistance. The THDA Executive Director, in the Executive Director's sole discretion, will determine eligibility for and the appropriate amount of Rebuild and Recover assistance. If the THDA Executive Director

determines a local community is eligible and determines an appropriate amount of assistance, THDA will issue a Rebuild and Recover contract to the local community. The local community should consider its capacity to fairly and equitably administer the grant, and can use either its development district or a non-profit or for-profit agency to administer the grant on its behalf.

C. MAXIMUM GRANT

The maximum grant awarded to any community under the Rebuild and Recover Program is \$500,000 and the minimum grant is \$100,000.

D. ELIGIBLE ACTIVITIES

1. **Rehabilitation of owner-occupied housing.** Rebuild and Recover funds will be provided as grants to owner-occupants to address repairs, including reconstruction, not covered by insurance or other disaster relief programs.
2. **Demolition.** Rebuild and Recover funds may be used to cover the cost to demolish owner-occupied housing that cannot be rehabilitated and re-occupied.
3. **Relocation.** Rebuild and Recover funds may be used to cover the cost to relocate homeowners out of a flood plain.
4. **Administration.** Up to 5% of a Rebuild and Recover grant may be used for administrative costs.

E. PROHIBITED ACTIVITIES

1. Pledge Rebuild and Recover funds as support for tax exempt borrowing by local grantees;
2. Provide off-site improvements or neighborhood infrastructure or public facility repairs or improvements;
3. Provide assistance to private, for-profit or to private non-profit owners of rental property.
4. Provide assistance to public housing authorities.
5. Provide assistance for the development of housing for sale to home buyers.
6. Provide rental assistance.

F. MATCH/LEVERAGE

The Rebuild and Recover Program requires a 50% match for any Rebuild and Recover grant. The matching funds can be provided by in-kind services from other State agencies; federal sources such as the CDBG program, USDA Rural Development or the Federal Home Loan Bank (FHLB)

disaster program; contributions or in-kind services by local church groups or local agencies; or contributions by individuals. Other THDA programs including, without limitation, HOME grants to communities or non-profit agencies, will *not* be eligible sources of the matching funds. However, while they will not qualify as matching funds, other THDA-funded programs, including the HOME and Emergency Repair Program may be used to complete the rehabilitation or reconstruction of the damaged unit.

Although a community may meet the local match requirement from in-kind services by state agencies, or local agencies or church groups, there will still be a need for additional assistance to fully rehabilitate individual homes. Insurance payments, donated materials and volunteer labor to eligible homeowners may also count as match. Grantees are encouraged to utilize the FHLB disaster program which can provide an additional \$20,000 per unit.

In order to leverage additional funds, twenty-five percent (25%) of a Rebuild and Recover grant may be drawn as the first funds in the recovery effort before the Grantee has secured the required match.

G. PROGRAM REQUIREMENTS

1. INCOME LIMITS

Rebuild and Recover grants may only be used to benefit low or very low-income households. "Low income" means an individual or household whose gross income does not exceed 80% of the area median income, adjusted for family size. "Very low income" means an individual or family unit whose gross annual income does not exceed 50% of the area median income, adjusted for family size.

Rebuild and Recover grants use the income limits established by the US Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program. Current income limits are posted on the THDA website at www.thda.org under the Community Programs tab. 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 family member residing in the home. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

2. PROPERTY STANDARDS

Property standards must be met when a Rebuild and Recover grant is used for a project. Any housing constructed or rehabilitated with any Rebuild and Recover grant must meet all applicable local codes and zoning ordinances at time of project completion. Additionally, all units must meet THDA's Design Standards for Rehabilitation or, if reconstructed, THDA's Design Standards for New Construction. at the time of project completion.

In the absence of a local code, new construction of single-family units or duplexes must meet the current, State-approved edition of the International Residential Code for One- and Two-Family Dwellings; and the rehabilitation of existing homeowner units must meet the current, State-approved edition of the International Existing Building Code.

New construction projects must also meet the 2012 International Energy Conservation Code as well as accessibility and disaster mitigation requirements as applicable per State and local codes, ordinances, etc.

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

All completed work must be inspected by a qualified inspector. THDA has defined a “qualified inspector” as an individual with credentials appropriate for the type of work being performed, such as inspectors licensed by the State of Tennessee as Building Inspectors or Home Inspectors; individuals certified by a national organization such as the International Code Council, the National Fire Protection Association, or the Standard Building Code Congress as a Housing Inspector; or individuals qualified as FHA Fee Inspectors. Other qualifications may be accepted on a case by case basis.

3. SUBSIDY LIMIT

The maximum per unit subsidy from a Rebuild and Recover grant is \$40,000. This amount may not be sufficient to rehabilitate a homeownership unit in compliance with the Property Standards referenced in Section G. 2 above. Grantees should seek additional funding specific to eligible homeowners.

4. COMPLIANCE PERIOD

Grants for homeowner rehabilitation projects that do not include reconstruction shall have a compliance period of five years with a forgiveness feature of 20% annually. In order to enforce the compliance period, THDA will require that a Grantee have assisted homeowners execute a grant note and a recorded deed of trust.

Grants for homeowner rehabilitation projects that include reconstruction shall have a compliance period of fifteen years with a forgiveness feature of 6.67% annually. In order to enforce the compliance period, THDA will require that a Grantee have assisted homeowners execute a grant note and a recorded deed of trust.

If the homeowner of a property that has been rehabilitated dies during the compliance period and the property is inherited by heirs, the property may be rented without repaying the unforgiven portion of the Rebuild and Recover subsidy to

THDA. However, if the house is sold by the heirs during the compliance period, the remaining unforgiven portion must be repaid to THDA.

Grants for the demolition of owner occupied housing will not require a compliance period.

H. PROCUREMENT

The solicitation of bids for goods and services, materials, supplies and/or equipment using Rebuild and Recover grants, must be open and competitive. Rebuild and Recover Grantees must follow their procurement policies. At a minimum, there must be an established contractor selection procedure and a written rationale for selecting the successful bid or proposal.

I. SUBGRANTS TO NON-PROFIT AGENCIES

If the Rebuild and Recover Grantee plans to subgrant Rebuild and Recover funds to a non-profit organization, the Rebuild and Recover Grantee must provide THDA with a copy of the following for the non-profit before any agreements are made with the non-profit:

1. The Charter and By-laws;
2. The 501(c)(3) designation letter from the Internal Revenue Service (IRS);
3. A current Certificate of Existence from the Tennessee Secretary of State, i.e. dated within thirty (30) calendar days of the effective date of the grant with the nonprofit entity.

NOTE: Subgranting the funds to a non-profit agency is not the same as procuring the services of a program administrator.

J. MARKETING REQUIREMENTS

Each successful Rebuild and Recover Grantee must work with the Industry and Government Affairs Division and the Communications Division of THDA to publicize the availability and effectiveness of the Rebuild and Recover Program in their communities. This marketing can include, but is not limited to, photo opportunities and beneficiary stories.

K. FAIR HOUSING AND EQUAL OPPORTUNITY

Each Grantee funded under Rebuild and Recover must comply with both state and federal laws with regard to fair housing and equal opportunity (FHEO). FHEO requirements have been developed to protect individuals and groups against discrimination on the basis of: race, color, national origin, religion, age, disability, familial status or sex.

In particular, program administrators will need to be aware of discrimination issues with regard to: housing opportunities; employment opportunities; business opportunities; and benefits resulting from activities funded in full or in part by Rebuild and Recover.

THDA requires that each Grantee establish procedures and hold a public meeting to outline the application process for potential homeowners, including the income guidelines, match requirements, and property standards of the program; and federal Fair Housing laws.

L. REPORTING

The THDA Executive Director shall periodically report to the THDA Board of Directors regarding Rebuild and Recover grants awarded. Each report shall include information about the eligible incident, the local community involved, the amount of the Rebuild and Recover grant awarded, and information about FEMA or TEMA declarations, if any.