

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

Program Description

The Rebuild and Recover Disaster Program (“Rebuild and Recover”) was created to address weather-related incidents in local communities when it is doubtful that the damage will qualify for assistance from the Federal Emergency Management Agency (“FEMA”). 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 where the incident 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 the Tennessee Emergency Management Agency (“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).

Staff of the Tennessee Housing Development Agency (“THDA”) will schedule a visit to the affected community to assess the level of damage. THDA will then wait a week to see if FEMA or TEMA make any declaration concerning the geographical area. THDA’s Executive Director will have the sole discretion to determine whether a community is eligible for assistance and, if so, what the appropriate amount of assistance is. If the Executive Director determines a community is eligible for assistance, then THDA will issue a Rebuild and Recover grant contract to an eligible grantee within the area.

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

B. ELIGIBLE GRANTEES

Only local governments and non-profit agencies that meet the requirements listed below are eligible to receive a grant under the Rebuild and Recover Program.

1. Local Governments. A County or City Mayor may elect to administer the Rebuild or Recover Program for their jurisdiction. To be considered eligible, the jurisdiction must be located within a geographical area impacted by an eligible incident.

However, a local government should consider its capacity to fairly and equitably administer the grant and consider entering into one of the following agreements:

- a. Administration Agreement. The local government could enter into an Administration Agreement with the local development district or, after following applicable procurement requirements, an eligible non-profit or for-profit organization to administer the grant on behalf of the local government.
 - i. Non-profit Administrator. To be an eligible administrator of the grant, the local government must provide THDA with documentation that the non-profit organization meets all of the requirements of a non-profit grantee under Section B.2., with the exclusion of the charter and by-laws.
 - ii. For-profit Administrator. To be an eligible administrator of the grant, a for-profit organization must have at least two (2) years of experience providing affordable housing or affordable housing related services in the state of Tennessee satisfactory to THDA in its sole discretion.
 - iii. The local government will remain responsible for all grant requirements and any agreements and other legal documents will remain between the local government and the affected homeowner.
 - b. Sub-grant Agreement. With THDA's consent, a local government may sub-grant the Rebuild and Recover funds to a non-profit organization. The local government must provide THDA with documentation that the non-profit organization meets all of the requirements of a non-profit grantee under Section B.2. before any sub-grant is executed.
 - i. Subgranting the funds to a non-profit agency is not the same as procuring a non-profit as a program administrator. As a subgrantee, the non-profit will administer the program, enter into all agreements with homeowners to provide assistance, and remain responsible for the long-term compliance requirements associated with each unit assisted. However, the grantee will remain responsible to THDA under the grant contract for assuring all program compliance requirements are met.
2. Non-profit Organization. To be an eligible grantee under the Rebuild and Recover Program, the non-profit organization must provide THDA with a letter of acknowledgement from the County Mayor that the County has designated the nonprofit organization to seek Rebuild and Recover assistance on behalf of the County and documentation that the non-profit meets the following requirements:

- a. Current Charter and By-Laws;
- b. Valid 501(c)(3) designation letter from the Internal Revenue Service (IRS);
- c. Current Certificate of Existence from the Tennessee Secretary of State dated within thirty (30) calendar days of the application to THDA under the Rebuild and Recover program; and
- d. Has at least two (2) years of experience providing affordable housing or affordable housing related services in the state of Tennessee, satisfactory to THDA in its sole discretion.

C. MAXIMUM GRANT

The maximum grant awarded to any under the Rebuild and Recover Program is \$500,000 and the minimum grant is \$100,000. Only one request per eligible incident per will be accepted by THDA.

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 grantee 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 access the FHLB Disaster Reconstruction 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. 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 \$65,000. 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 will 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 will 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.

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 Executive Director shall periodically report to the THDA Board of Directors regarding Rebuild and Recover grants awarded. Each report must 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.

M. BOARD ACTION:

The Tennessee Housing Development Agency Board of Directors authorized staff in that board meeting on May 24, 2022 to make minor program changes and housekeeping changes to the program, as deemed necessary by appropriate THDA staff or as directed by any federal agency, and for appropriate staff to do all things necessary and proper, including execution of all documents, to carry out the described changes.

THDA may provide notice of changes by posting such changes to its website at: <https://thda.org/government-nonprofit-partners/tennessee-housing-trust-fund/rebuild-and-recover-program>.