New Non-Discrimination in Services Requirements

FOR THDA SUB-RECIPIENTS
Online Training

• New online training modules posted to THDA’s website.
• Recommended that sub-recipients view the training “Non-Discrimination in Federally Funded Activities” training, which includes the compliance requirements (in handout).
• To access the training, go to THDA website: “About THDA” from top thread; “Fair Housing-Know your Rights” from sidebar; page down to bottom of page for “Resources.”
About THDA

Our Aspirations:

As the state’s leading housing resource, THDA aspires to meaningfully expand safe, sound, affordable housing opportunities for low and moderate income Tennesseans. In addition, we aspire to excel in the management and stewardship of our resources and to produce strong earnings that allow creative reinvestment to meet the housing needs in Tennessee. Programmatically, our aspirations include these areas: to expand homeownership opportunities statewide; support successful, ongoing homeownership; and maximize the value of THDA rental housing programs to Tennesseans and their communities.

What We Do:

The Tennessee Housing Development Agency (THDA) is Tennessee’s housing finance agency, created by
Non-discrimination in Services Self Survey

• Non-discrimination in Services Self Survey form due to THDA by August 30 this year; June 30 in future years.

• The non-discrimination activities reported are not new; the form is a new method of collecting information on your activities.

• To access form, go to THDA website: “About THDA” from top thread; “Fair Housing-Know your Rights” from sidebar; “Title VI of the Civil Rights Act of 1964” from sidebar; on Title VI page, page down to “Resources.”
Title VI Compliance

The Tennessee Human Rights Commission (THRC) is responsible for monitoring Title VI compliance among Tennessee State Agencies. THDA develops and submits the Title VI Compliance Implementation Plan annually to THRC. The Plan to read the plan and learn more about THDA’s procedures and monitoring of Title VI compliance activities, click here.

Title VI & Fair Housing Questions?

For questions about THDA’s Title VI procedures, please contact Laura Swenson, Title VI Coordinator at 615-815-3177, or for questions regarding Title VI or Fair Housing and THDA programs, contact THDA Assistant Legal Counsel, Charity Williams.

Discrimination Complaints

Participants in any of THDA’s programs may submit a complaint regarding discrimination directly to THDA. Click here for THDA’s Discrimination Complaint form. Your complaint may be investigated and answered internally or may be forwarded to the Tennessee Human Rights Commission (THRC) or the Department of Housing and Urban Development for investigation and response. To file a complaint directly with THRC, click here. To file a complaint directly with the Department of Housing and Urban Development, click here.

Tennessee Fair Housing Survey – Respond by August 31, 2019

Whether you are a renter or homeowner, fair and affordable housing matters to everyone. THDA and partners have released a survey for ALL Tennesseans to tell us about your housing experiences. THDA is conducting a study of fair housing in Tennessee called the Analysis of Impediments to Fair Housing Choice. As the name suggests, we are looking to identify barriers faced to fair and affordable housing choices and determine solutions to remediate those barriers.

All Tennesseans are encouraged to click the link below and share with friends, family, neighbors, colleagues, and clients. The survey is available in English and Spanish. Please respond by August 31, 2019. Click here to complete the Analysis of Impediments to Fair Housing Choice Survey.

Resource Links

To fill out and sign the Non-Discrimination in Service Survey, download the file and open it in Adobe Acrobat.

Non-Discrimination in Service Survey

Title VI Implementation Plan
Questions

Call or email Laura Swanson, THDA Civil Rights Advisor:

615-815-2127 or lswanson@thda.org
2020 National Housing Trust Fund
Tennessee
National Housing Trust Fund Team

- **Bill Lord – Program Manager:** blord@thda.org
- **Allison Moore – Senior Housing Program Coordinator**
- **Dwayne Hicks – Senior Housing Program Coordinator for Construction**
- **Craig Stevens – Senior Housing Program Coordinator**
- **Mia Billingsley – Senior Housing Program Coordinator**
- **Cynthia Peraza – Director, Community Programs Division.**
Highlights

- $3,377,390 for Tennessee in 2020 Funds
- THDA will reserve up to 10% of the allocation for administrative costs
- Acquisition, new construction or rehabilitation of affordable rental housing
- Extremely low income; <30% AMI or poverty
- 30 Year Affordability Period
- Must be organized or licensed to operate in Tennessee
Background

HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (HERA) ESTABLISHED THE NATIONAL HOUSING TRUST FUND (HTF)

- **Administered by HUD**
- **Granted to designated State entities**
- **Funded from fees on Fannie Mae and Freddie Mac transactions**
- **2016 were the first allocation year funds became available**
2019 Program Description
Grant Round

- Applications for the NHTF program must be received by THDA on or before 4:00 PM CDT on Thursday, April 2, 2020
- THDA anticipates notifying successful applicants by May 31, 2020
- NHTF grant agreements will begin on January 1, 2020 and will end on June 30, 2023.
General Requirements

- **Income restricted at 30% < of AMI or Federal Poverty Guideline**
- **Rents restricted to be affordable at 30% of AMI (HUD)**
- **30 Year Affordability Period**
- **Ongoing monitoring for property condition and compliance**
- **No match required**
- **Davis Bacon requirements do not apply**
- **Environmental Review: similar to HUD Part 58, but a separate process**
- **Maximum per-unit subsidy will follow HOME program limits**
General Requirements

Cont;

- **Underwriting** required to determine appropriate level of subsidy
- **New Construction**: must be built to code and design standard
- **Energy Efficiency**: must meet minimum efficiency standards
- **Accessibility and Visitability** per Program Description:
- **Lead Based Paint Hazard Requirements** – for rehab built prior to 1978 must comply with 24 CFR.35
- **Tenant Protections**: lease required, prohibited lease terms, termination only for cause
- **Fair Housing, ADA, VAWA and other applicable laws** apply
Eligible Applicants

NON-PROFIT DEVELOPERS AND PUBLIC HOUSING AUTHORITIES

• The Applicant must be the sole general partner or the sole managing member of the ownership entity or own 100% of the stock of a corporate ownership entity.

• The Applicant must materially participate (regular, continuous, and substantial on-site involvement) in the development and operation of the development throughout the compliance period.
Eligible Applicants

NON-PROFIT DEVELOPERS AND PUBLIC HOUSING AUTHORITIES

- Demonstrate financial capacity for the project
- Minimum 2 years experience with affordable rental housing development
- Demonstrate financial viability throughout the 30 year affordability period
- Capacity to develop and manage rental housing in compliance with program requirements
Some Likely Applicants

EXPERIENCE AND CAPACITY ARE VITAL QUALIFICATIONS FOR THE NHTF PROGRAM

- **Community Housing Development Organizations** (CHDO’s) with experience using HOME and/or LIHTC programs
- **Non-profit organizations** with experience developing 811 or 202 projects or similar, or other low income rental housing projects
- **Public housing authorities** with experience using LIHTC, choice neighborhoods or other complex programs or are in a RAD conversion.
PHA’s

PHA’S CAN USE HTF FOR NEW CONSTRUCTION OR REHABILITATION OF PUBLIC HOUSING ONLY:

• AS PART OF THE CHOICE NEIGHBORHOODS PROGRAM

• WHERE UNITS WILL BE CONVERTED UNDER THE RAD PROGRAM

• NOTE: A PHA MAY USE HTF FUNDS TO DEVELOP AFFORDABLE HOUSING IN A PROJECT CONTAINING PUBLIC HOUSING UNITS, IF THE HTF FUNDS ARE NOT USED IN THOSE UNITS

This does not inhibit PHA’s from undertaking other Low Income Housing Development that is not supported by Public Housing Capital or Operating Funds using NHTF.
Grant Funding

**MINIMUM GRANT:** $100,000  
**MAXIMUM GRANT:** $900,000

- GRANTS AWARDED THROUGH COMPETITIVE APPLICATION PROCESS
- APPLICATIONS SCORED BY THREE GRAND DIVISIONS
- HIGHEST RANKING QUALIFIED APPLICATION IN EACH DIVISION AWARDED
- IF FUNDS AVAILABLE REMAINING APPLICATIONS RANKED BY SCORE
- THDA RESERVES THE RIGHT TO LIMIT AWARDS TO ONE PER COUNTY
Affordability

Units assisted with HTF funds must remain affordable for 30 years after completion.

- Longer than many programs
- Requires careful evaluation of the project’s financial viability
- Will include annual reporting and regular, periodic inspections and file review (monitoring)
- Requires skilled management to succeed
  - Careful tenant selection
  - Strong management team
  - Budgeting for the long haul (completion of 30 year proforma)
Eligible Activities

PRODUCE OR PRESERVE AFFORDABLE, PERMANENT RENTAL HOUSING TO ADDRESS THE NEEDS OF EXTREMELY LOW-INCOME HOUSEHOLDS

- **NEW CONSTRUCTION OF RENTAL HOUSING UNITS.**
- **ACQUISITION AND/OR REHABILITATION OF EXISTING RENTAL HOUSING UNITS.**
- **FUNDING OF AN OPERATING COST RESERVE ASSOCIATED WITH THE NEW CONSTRUCTION OR ACQUISITION AND REHABILITATION OF HOUSING ASSISTED WITH NHTF FUNDS**
Ineligible Activities

- Providing tenant-based rental assistance
- Assisting or developing emergency shelters, nursing homes, hospitals, treatment or correctional facilities or dorms.
- Providing any form of housing that is considered short term or transitional
- Providing NHTF assistance to rental units that require reconstruction
- Using NHTF funds to refinance existing debt
Ineligible Activities

Cont;

- Providing non-federal matching contributions required under any other Federal program

- 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.

- Paying for any cost that is not eligible under 24 CFR 92.730 through 93.200

- Other uses prohibited by THDA’s program description
THE INVESTMENT OF NHTF FUNDS MUST CONFORM TO THE FOLLOWING MINIMUM AND MAXIMUM STANDARDS PER UNIT:

- **Minimum NHTF Funds:** $1,000 PER UNIT
- **Maximum NHTF Funds Per Unit:**
  - $62,445 0-BEDROOM (EFFICIENCY) LIMIT
  - $71,584 1-BEDROOM LIMIT
  - $87,047 2-BEDROOM LIMIT
  - $112,611 3-BEDROOM LIMIT
  - $123,611 4-BEDROOM LIMIT
Eligible Costs

Funds from the NHTF award may only be expended for eligible costs specific to or prorated to committed units.

- Acquisition of real property
- Site improvements
- Conversion from other uses
- Demolition
- New construction
- Rehabilitation
- Approved project soft costs
- Other reasonable costs as approved
Layering

Layering is the combination of government resources on a NHTF-assisted project.

- THDA will review each project to ensure that only the minimum amount of NHTF assistance needed is allocated to the project.
- Total NHTF resources allocated to any project cannot exceed the current maximum per unit subsidy limit.
Possible Projects

This is not an all inclusive list. Other types of projects may qualify.

- **Multi-family rental development (typically LIHTC) with a specified number of HTF units reserved for ELI**
  - If/when income increases, a different unit would be designated as the HTF unit (if ‘floating’)

- **Targeted special needs housing where supportive services are critical and available (but not required)**

- **May require ‘internal’ subsidy or other sources of operating funds to be viable**
Possible Projects

Cont;

- **Rental (not transitional) housing for homeless families and individuals**
  - Could be limited # of homeless units in a larger property (such as LIHTC)

- Could be stand-alone property or scattered sites, but might need other resources to cash flow

- Could work well with supportive housing, or perhaps 811/202.

- Preserve and revitalize older properties with project based rental assistance (PBRA).
Design Standards

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)
- All zoning ordinances
Funding a development with only HTF funds would be possible but very difficult

- Deep rent limits – 30% of AMI or Poverty
- Increasing operating expenses over time
- Property must cash flow for 30 years
- Best scenarios will involve layers of funding with different income limits, or…..
- Other sources of revenue to support operations
Managing Risk

**BIGGEST RISK:** 30 YEAR AFFORDABILITY PERIOD FOR ELI
FAILURE TO MANAGE RISK MAY RESULT IN POTENTIAL FOR REPAYMENT OF FUNDS

- **CANNOT INVEST MORE HTF AFTER COMPLETION**
- **AVOIDING AND MANAGING THE RISK**
  - **STRONG DEVELOPMENT TEAM WITH EXPERIENCE**
  - **LAYERING OTHER FINANCING TO REDUCE EXPOSURE**
  - **MIX OF INCOME/RENT RESTRICTIONS**
  - **CAREFUL, ACCURATE ASSESSMENT OF MARKET**

2020 National Housing Trust Fund Application Workshop
Other Requirements

In addition to the general requirements all projects must also meet other federal requirements:

- **Uniform Relocation Act**
- **2 CFR 200** *(Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards)*
- **Affirmative Fair Housing Marketing**
- **Conflict of Interest**
- **MBE/WBE Reporting**
- **FFATA** *(Federal Funding Accountability and Transparency Act)*
- **Others as identified**
- **Violence Against Women's Act (VAWA)*
Application

THDA WILL EVALUATE EACH APPLICATION TO DETERMINE IF THE PROPOSAL MEETS THRESHOLD CRITERIA.

- Submission of an Eligible Application
- Upload of required documents into THDA’s PIMS System (Non-Profits) Only
- Proposal of an Eligible Activity
- Submission of a 30 Year Proforma demonstrating financial feasibility for the entire 30 year affordability period
- 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
Submission Instructions

Applications will be available online at: thda.org/business-partners/NHTF

- Applications are available now at: https://thda.org/business-partners/nhtf
- One original application and all required supporting documents must be physically received in our office no later than 4:00PM CDT April 2, 2020. Applications received late will not be considered
- Faxed or emailed applications will not be accepted
- No cover pages or binders
PIMS

- All applicants will be required to upload certain supporting documentation to THDA’s Participant Information Management System (PIMS)
Proforma

All applications must include a 30 year cash flow proforma

- A template is provided with the application package for the 30 year proforma
- The proforma must be completed and demonstrate that the project will be financially feasible for the entire 30 affordability period
NHTF RENTAL HOUSING SCORING MATRIX UP TO 100 POINTS

- **PROJECT DESIGN** - UP TO 30 POINTS
- **APPLICANT’S CAPACITY AND EXPERIENCE** - UP TO 25 POINTS
- **NEED** - UP TO 10 POINTS
- **AREAS OF OPPORTUNITY SCORE** - UP TO 10 POINTS
- **LEVERAGE** - UP TO 10 POINTS
- **RURAL DESIGNATION** – UP TO 10 POINTS
- **DESIGNATED DISTRESSED COUNTIES** – UP TO 5 POINTS
Project Design

UP TO 30 POINTS AVAILABLE

- Demonstrates exceptional planning, readiness and capability — Applicant has site control
- Firm financial commitments for non-NHTF resources
- Projects with existing or committed PBA preferred
- Demonstrates sufficient cash flow without using NHTF operating reserves
- Project meets needs of targeted population
- Project integrates NHTF assisted households with higher income households
- Universal design; Visitability; Energy efficiency
Capacity and Experience

Up to 25 Points Available

- **Minimum 2 Years Experience** developing, managing and owning affordable rental units/projects
- **Capacity of the management and development team**
- **Past experience with compliance** of federal, state and local program, requirements
- **Past experience in developing and managing** THDA rental projects
- **Past experience complying with** THDA funding requirements and processes
- **Financial statements and annual audit indicate** sound financial health and diverse funding sources
Need Score

Up to 10 Points Available

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 pop. growth as a % of TN’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
Opportunity Score

Up to 10 Points Available

THDA has determined factors which indicate Census tracts of high opportunity.

- Areas of high median gross rent
- High cost burden
- Proximity to employment
- Prior allocation
- High workforce participation
- Low levels of abandoned housing
- Rental market (LIHTC) vacancy rate
- Pipeline of rental housing financed under the Low Income Housing Tax Credit Program under construction and in lease-up
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.
- Percentage of non-THDA resources in the project against the total development cost.
- There must be written documentation in the application supporting the contribution of the non-THDA leveraged funds to the project.
Rural Designation

10 Points

THDA will award 10 Points to applications located in designated rural areas of Tennessee.

- For this program description, “rural” is defined as all Tennessee counties except the following: Anderson, Blount, Bradley, Carter, Coffee, Davidson, Dyer, Gibson, Hamilton, Hamblen, Haywood, Knox, Loudon, Madison, Maury, Montgomery, Putnam, Roane, Rutherford, Shelby, Sumner, Unicoi, Williamson and Wilson.

- All other counties are considered Rural.
Designated Distressed Counties

10 Points

THDA will award 5 points to applications located in designated distressed counties of Tennessee.

- Distressed Counties refers to those fifteen counties defined in Governor Bill Lee’s Executive order of January 23, 2019.
- Tennessee Governor Bill Lee issued an executive order designating fifteen Tennessee Counties as distressed, including: Lake, Lauderdale, Hardeman, McNairy, Perry, Jackson, Clay, Grundy, Van Buren, Bledsoe, Fentress, Morgan, Scott, Hancock and Cocke.
Application Deadline

April 2, 2020

4:00 PM CDT

Late applications will not be evaluated
Contact THDA

- Community Programs staff can answer your questions about the HOME application until the April 2, 2020 submission deadline
  - Bill Lord: 615-815-2018
  - Craig Stevens: 615-815-2035
  - Allison Moore: 615-815-2040
  - Mia Billingsly: 615-815-2033

Call us or schedule a meeting!
Program Guidance

• **2019 PROGRAM DESCRIPTION:** [HTTPS://THDA.ORG/BUSINESS-PARTNERS/NHTF](https://thda.org/business-partners/nhtf)

• **INTERIM RULE:** [HTTPS://WWW.HUDEXCHANGE.INFO/RESOURCE/4406/HOUSING-TRUST-FUND-INTERIM-RULE/](https://www.huDEXCHANGE.info/resource/4406/HOUSING-TRUST-FUND-INTERIM-RULE/)

• **ADDITIONAL GUIDANCE AND RESOURCES:** [HTTPS://WWW.HUDEXCHANGE.INFO/PROGRAMS/HTF/](https://www.huDEXCHANGE.info/programs/htf/)
Questions