

2025 HOME Rental GRANTEE WORKSHOP

Community Housing Division
Tennessee Housing Development Agency

October 28, 2025

2025 Rental Award



Congratulations!



FY2025 Application Round

Scoring Matrix:

- \$4.3M available for program activities
- \$3.8 in eligible applications for program activities from 3 qualified applicants across TN
- \$1.3M awarded to 1 applicant
- Total rental units to be developed (build/renovated): 11

Promoting Fair Housing and the ADA

All program material must include the fair housing and ADA logos:



Fair Housing and Equal Opportunity

FHEO laws are designed to protect individuals and groups against discrimination and to provide equal opportunities in housing, employment and contracting with federal funds.

- No person 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 HOME Rental

Fair Housing Activities

The Grantee must provide each applicant with a copy of the **Fair Housing: Equal Opportunity for All** brochure as part of the application process

- **Maintain documentation in your files that all potential tenants have received the brochure – Prospective tenant to acknowledge receipt**

Fair Housing Activities

The Grantee must take steps outlined in their Policies and Procedures to encourage the application for assistance of those who are least likely to apply for assistance

- To accomplish, the Grantee may advertise for assistance availability at public places including but not limited to:
- Churches
- Convenience stores
- Libraries
- Senior centers
- Local offices of the TN Department of Human Services

Systematic Alien Verification for Entitlements (S.A.V.E.)

Purpose: To verify the immigration status of non—citizens applying for HUD-assisted housing programs, ensuring that only eligible individuals receive benefits

Who must be verified: All non-citizens applying for housing assistance and non-citizens to be added to an existing voucher household

How to verify: USCIS SAVE platform; please file citizenship documentation in the file for all applicants

Future Guidance: THDA will provide more guidance in the very near future

Limited English Proficiency

- Each Grantee must have policies and procedures to assist non-English speaking applicants
- Each Grantee must also have a process that notifies LEP persons of language assistance available (i.e., notices, signs) and that is accessible to individuals seeking assistance
- Grantee staff should be knowledgeable of all procedures and processes

Americans with Disabilities Act (ADA)

- Title II requires that State and local governments give people with disabilities an equal opportunity to benefit from all their programs, services, and activities
- State and local governments must relocate programs or otherwise provide access in older buildings that are inaccessible and communicate effectively with people who have hearing, vision, or speech disabilities
- Grantees must take steps to promote the availability of HOME Rental assistance at locations that are accessible to individuals with disabilities, including any web sites that are used to publicize the program

Violence Against Women Reauthorization Act (VAWA) of 2013

VAWA protects any person who is both – an applicant or tenant of a covered project and a survivor of:

- Domestic violence
- Dating violence
- Sexual Assault, or
- Stalking

Must allow tenants who qualify to transfer to another HOME unit in same project if considered safe or may assist to move out of project into another HOME project.

Affirmative Marketing

- Required for rental projects of 5 or more units
- The Grantee must establish procedures to inform the public, owners and potential tenants of the availability of the units
- **Rental units must be listed on TNHousingSearch.org**
- The Grantee must maintain records of efforts to affirmatively market the units

Site and Neighborhood Standards

Promotes housing choice by providing opportunities for low-income residents to live in a variety of neighborhoods, rather than concentrated areas of poverty by reviewing, approving or denying projects based on the following information:

- Location in Non-Concentrated Areas
- Access to Services
- Job Accessibility
- Site Adequacy
- Avoiding Concentration of Assisted Housing

HUD Section 3

Section 3 is a provision of the Housing and Urban Development Act of 1968 as amended that helps foster local economic development, neighborhood economic improvement and individual self-sufficiency.

The Section 3 program requires that recipients of HUD financial assistance, to the greatest extent feasible, provide job training, employment and contracting opportunities for low- or very low-income residents in connection with projects and activities in their neighborhoods.

HUD Section 3

There is a Section 3 safe harbor provision and THDA would encourage Grantee to start on these qualitative efforts as soon as possible. **Including but not limited to:**

- Engaging in outreach efforts to generate job applicants
- Providing training opportunities or apprenticeship opportunities
- Facilitating one or more job fairs

Other Federal Requirements

- Uniform Relocation Act
- 2 CFR 200 (Uniform Administrative Requirements, cost principals, and audit requirements for federal awards)
- Conflict of Interest
- MBE/WBE reporting
- FFATA (Federal Funding Accountability and Transparency Act)

Conflict of Interest

The HOME Rental Conflict of Interest policy applies to any person who is an employee, agent, consultant, elected or appointed official of THDA, a State Recipient (Grantee) receiving HOME Rental funds.

No person listed above who exercises or has exercised any function or responsibility with respect to activities assisted with HOME Rental Funds or are in a position to participate in a decision-making process or gain inside information may obtain a financial interest or benefit from any HOME Rental activity or the proceeds of such activity either for themselves or for those who they have business or immediate family ties.

Conflict of Interest

Covered familial relationships are limited to immediate family members:

- Immediate family ties include (whether by blood, marriage or adoption) the spouse (including a step-parent), child (including step-child), sister, brother (including step-brother or step-sister), grandparent, grandchild, and in-laws of a covered person

Appearance of a Conflict of Interest

- All Grantees must also take steps to avoid the appearance of a conflict of interest.
- Grantees must notify THDA of the Appearance of any Conflict of Interest before taking any action.

The Contract

The HOME Rental Program is a performance contract....

- THDA has a contract with HUD to perform....
- Each grantee has a contract with THDA to perform....

...those recipients that meet the terms of the THDA HOME Rental program will receive funds to cover eligible costs based on your specific project and application criteria.

General Requirements

- Income restricted at or below 80% of AMI (HUD) or Federal Poverty Guideline
- Rents restricted to be affordable at 80% of AMI (HUD)
- 15-year affordability period for Rehabilitation when HOME subsidy is \$40,000 or more per unit
- 20-year affordability period for new construction
- Ongoing monitoring for property condition and compliance
- Year One financial review
- Environmental Review: Follows regulations of HUD Part 58

General Requirements (cont.)

- Maximum per-unit subsidy will follow current HOME Rental program limits as published
- Tenant protections: Lease required, Prohibited lease terms, Termination only for cause
- Fair Housing, ADA and other applicable laws apply

Role of the Grantee

- Ultimate responsibility for the grant lies with the Grantee
- A developer contact or consultant is a grant management resource, not a substitute for the **Grantee's** hands-on involvement with the project and full responsibility for oversight of the grant implementation
 - Disputes will be settled with the grantee not the limited partner or Developer.
- The **Grantee** will be **100% responsible** for providing all required project information including progress reports, pay requests and all requested documentation as the project matures.

Written Agreements

- **October 1, 2025 through September 30, 2028**
- Expenses or commitments incurred prior to October 1, 2025, will not be eligible except for qualified A&E expenses
- **60 days** after September 30, 2028, to submit final draws
- The applicant must sign and return to THDA with all required Start-up Forms.
- **Written Agreements are due at THDA within 30 days of receiving them.**

Attachment A

- Details of the activities funded by the HOME grant, including specific addresses or legal descriptions
- Affordability period for rental projects must be secured by Grant Note, Deed of Trust and Restrictive Covenant **prior** to drawing down HOME funds

Attachment B

- HOME Project Budget
- Shows uses and sources of HOME and other funding
- HOME funds must be drawn down in proportion to the other funding in the project

Attachment C

- Detailed implementation plan for carrying out HOME project

HOME Legal Documents

HOME affordability period must be secured by a lien on the property before the 1st draw can occur

- **Restrictive Covenant**
 - RECORDED FIRST
- **Deed of Trust**
 - RECORDED SECOND
- **Grant Note**

Level of Subsidy

Minimum and Maximum HOME Rental investment per unit:

- Minimum HOME Rental Funds: \$1,000 per unit
- Maximum HOME Rental Funds Per Unit:
 - \$136,613 0-Bedroom (Efficiency) Limit
 - \$156,036 1-Bedroom Limit
 - \$189,745 2-Bedroom Limit
 - \$245,470 3-Bedroom Limit
 - \$269,447 4-Bedroom Limit

Environmental Review

- **HOME funds cannot be committed to a Project prior to the completion of the Environmental Review and Release of Funds**
- This also applies to any non-federal funds in a project
- Complete own environmental review
- Submit original environmental review to THDA
- THDA approves and provides Notice for publication
- After 15-day comment period, THDA requests Release of Funds from HUD - Knoxville Office

Environmental Review

- HUD provides a few online training opportunities for the ERR process. You will find them at the following links:

YouTube:

<https://youtu.be/ytkzT4HvXQY>

HUD WISER Training:

<https://www.hudexchange.info/trainings/wiser/>

Environmental Review

- The applicability of the Environmental Review requirements is based on the HOME activity (new construction and/or acquisition/rehabilitation) **as a whole, not on the type of the cost paid for with HOME funds**
- If the grantee has a release of funds for this project from HUD, there must still be a release of funds for this HOME grant from THDA.
 - A prior ER can be used as information towards the completion of the ER for the HOME-funded activity providing the information is accurate and current at the time the HOME ER is completed.

Environmental Review

- HOME funds **ABSOLUTELY MAY NOT** be committed to a project prior to the completion of the environmental review and release of funds.
- The Grantee MAY NOT take any choice limiting actions prior to completion of the environmental review
 - This includes all funds contemplated for investment into the project

Responsibility for the Environmental Review

- Grantees gather environmental review data
- Grantees submit original environmental review documentation to THDA prior to publishing Notice
- THDA reviews and authorizes notice publication and issues Release of Funds from HUD/Knoxville after the comment period

Environmental Review Record (ERR)

- The ERR contains all relevant documents, public notices, and written determinations about the project

Levels of Environmental Review

Exempt (not applicable to rental projects)

Categorically Excluded not subject to the authorities of the Statutory Checklist

Categorically Excluded subject to the authorities of the Statutory Checklist

Categorically Excluded activities converted to Exempt

Environmental Assessment

Required Consultation with Tribes



Tribe Website
<https://egis.hud.gov/tdat/#>

HOME RENTAL PROCESSES AND PROCEDURES



EFT (Electronic File Transfer)

Required method of sending documents to THDA:

- All work write-ups and estimates, pay requests, and ERRs
- Your THDA Senior Housing Program Coordinator will assist you with getting your account set up.
- Please notify your assigned coordinator when documents are uploaded.
- <https://edt.thda.org/EFTClient/Account/Login.htm>

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MR1

Do we still have this link available on our webpage? I was unable to locate it

Monica Rutherford, 2025-10-02T15:53:01.469

AT1 0

I didn't see it on there, but the link still works. At one time, it was mentioned to disable this platform. We may need to ask Kathleen.

Aaron Toran, 2025-10-03T11:30:45.759

Start-up

Confirm the budget and funding sources from the application.

- Provide documentation that all funding has been secured
 - No draws can be processed until all funding sources for the project have been secured.
- If there have been changes to the funding stack or development budget at any time during the project you must complete the development, operating and proforma update
- If the funds are being loaned from the Grantee to a development entity
 - The intent to create the loan must be disclosed prior to payment of any draws
 - The loan must not have any principal or interest payments due during the period of affordability (20 years).

Start-up Forms

Return the following forms to THDA at Start Up

- Signed Written Agreement
- W-9 – Request for Taxpayer Identification Number and Certification (Must be latest Rev.)
- Authorized Signature Form
- Remittance Advice Form

PLEASE PAY SPECIAL ATTENTION:

Return the original (W-9 and Supplier Direct Deposit Authorization) Form, completed and signed by bank official **DIRECTLY** to the **State of Tennessee Finance and Administration**

Set-up Forms

All Project Set up Forms MUST be submitted prior to requesting any draws

- HOME Rental Environmental Review (completed and approved)
- Project Set-Up Form
- Lead Based Paint Compliance Form
- Copy of LBP Inspection/ Risk Assessment (if applicable)
- Copy of the final project budget indicating all funding sources and costs
- Commitment letter for ALL non-HOME Rental funding in the project
- Copy of Legal Description for Legal Doc Prep

Submitting Draw **Requests to THDA**

Drawing Funds....

Prior to first draw, THDA must have:

- All Start-Up documents and information
- All Set-Up documents and information
- Updated financial budgets and proforma.
- Firm commitment letters for ALL other funding for the project
- Completed and approved HOME Rental specific Environmental Review
- Copy of the contract between the grantee and the general contractor (needed for 1st draw request only)

Pay Request

For Remaining Draws THDA Must Have:

- Completed HOME Rental Request for Payment Form
- All supporting documentation for the eligible project expenses being paid with this draw;
- General Contractor's Sworn Construction Statement of percentage of completion; (HOME Rental Interim Draw Request Form)

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MR1

Is this even required? I'm unable to locate anything on the rental side pertaining to this?

Monica Rutherford, 2025-10-08T16:44:40.494

Pay Request (Cont.)

For Remaining Draws THDA Must Have:

- AIA inspection report signed by a licensed architect in support of the draw request indicating that all work and materials to be paid for with this disbursement have been furnished in accordance with the plans and specifications.
- **50% Draw** must also have a completed and approved **THDA** Progress Review and passed rough in code inspection reports for all electrical, mechanical and plumbing work.

Pay Request

For Final Draw THDA Must Have:

- Same elements required for the initial and interim draws **plus**;
- Completed and approved THDA Final Progress Review
- Passed final codes inspection reports
- Lead based paint hazard clearance report (if applicable)
- Certificate of Occupancy
- General Contractor's Sworn Construction Statement of completion; (Certification of Completion and Final Inspection) form

Income Eligibility

HOME Rental funds must only benefit households at or below 80% of area median income as adjusted for household size

See 2025 Income Limits applicable for your county

- www.thda.org -> Government & Nonprofit Partners -> Federal Grants programs -> HOME Program-> For Grant Administrators-> 2025 Income Limits
- HOME income limits **ALWAYS** apply to HOME units regardless of other funding sources

Income Determination

Section 8 Rental Assistance definition is used for the HOME Rental program

- Gross annual income *anticipated* to be received by ***all*** persons in the *household* during the next 12 months.
- Income must be verified prior to entering a lease and not be older than 6 months.
- Must examine a minimum of 2 months of source documentation for all persons in the household.
- Documentation of income verification and how the income was calculated must be maintained in the project file.
- Household income must be re-verified annually.

Income Determination

Acceptable source documents may include:

- Wage statement for the past 2 months
- Interest statements
- Unemployment compensation statements
- 3rd party verification from employer, bank, etc.
- Self-certification is an acceptable form of income verification **ONLY** *if no other source(s) are possible*
- *Initial income determinations are good for only 6 months*

HOME RENTS

Rents are controlled for the entire affordability period and are determined annually by HUD

See 2025 HOME Rents

- www.thda.org → Government & Nonprofit Partners → Project Based Vouchers
- Rents for HOME-assisted units may not exceed the published HOME rent limits even if Section 8 rents are higher

HOME RENT LEVELS

High HOME Rents

- Apply to 80% of the HOME units in a project with 5 or more units

Low HOME Rents

- Apply to 20% of the HOME units in a project with 5 or more units
- *Note: Rents for HOME-assisted units may not exceed the published HOME rent limits even if Section 8 rents are higher, but may be less than the HOME limits*

HOME Rents §92.252

New regulation requires PJ to annually review and approve rents for each HOME-assisted rental project

- Ensures compliance with HOME rent limits
- Prohibits undue rent increases from previous years

HOME Rents Over Time

- ✓ HOME rents may increase or decrease over time
- ✓ Owners are not required to charge rents lower than the Low HOME rents that are in effect at initial occupancy
- ✓ If a household's income rises above 80% of area median income, the tenant may stay in the unit, but must pay rent equal to 30% of their *adjusted* gross income

Tenant Selection

There must be an objective selection criteria in the Policies and Procedures adopted for your rental program

- Related to program eligibility and applicant's ability to meet lease requirements
- Serve eligible tenants from written waiting list in chronological order, where practical

Tenant Selection Procedures

Owners must:

- Identify criteria for selecting tenants
- Describe HOME requirements
- Maintain written waiting lists and applications
- Select tenants as stated in the adopted policies and procedures
- Notify rejected applicants in writing

Tenant Selection Criteria

Owners *may* use objective criteria such as:

- Housing history
- Credit history
- Lack of criminal record

The criteria must be applied consistently and included in the adopted policies and procedures

The criteria must also comply with state and local tenant/landlord laws

TENANT LEASE PROTECTIONS

Leases should have **one year term**

- Lesser terms are permitted if mutually agreed upon by tenant & landlord.
- There must be **30-day written notice** to tenant **to terminate** a lease under certain conditions by the owner.

Utility Allowance §92.252

HOME regulations require PJs to determine individual utility allowance for each rental project that comes on-line after January 24, 2015, by:

- Using HUD Utility Schedule Model or
- Determining utility allowance for a project based on the specific utilities used at the project

Utility allowances for each project must be updated annually

Note:

If tenants pay their own utilities, a utility allowance must be subtracted from the published rent to determine the maximum rent

Utility allowances are calculated by county and housing type

Online Utility Allowances

Go to www.thda.org

Click on Local Government and Nonprofit Partners

Select Utility Allowances from the Menu

Choose county and housing type (house, mobile home or apartment)

Calculate the allowance based on the tenant paid utilities for the unit

Initial and Long Term Occupancy

Initial occupancy means the first tenants residing in the unit(s)

Income composition at initial occupancy is based on the number of units in the project

Long-term occupancy requirements become effective once initial occupancy has been met and continues throughout the affordability period

Initial Occupancy Requirements

% of Area Median income (AMI)	4 or Fewer Units	5 or More Units
≤ 50 % AMI	_____	20% <u>must</u> pay Low HOME Rents
≤ 60 % AMI	90% <u>may</u> pay High HOME Rents	70% <u>may</u> pay High HOME rents
≤ 80 % AMI	10% <u>may</u> pay High HOME Rents	10% <u>may</u> pay High HOME Rents
≥ 80 % AMI	Ineligible	Ineligible

Long Term Occupancy Requirements

% of Area Median income (AMI)	4 or Fewer Units	5 or More Units
$\leq 50\%$ AMI	_____	20% <u>must</u> pay Low HOME Rents
$\leq 60\%$ AMI	_____	_____
$\leq 80\%$ AMI	100% <u>may</u> pay High HOME Rents	80% <u>may</u> pay High HOME Rents
$\geq 80\%$ AMI	Must pay 30% Adjusted Monthly Gross Income	Must pay 30% Adjusted Monthly Gross Income

Maintenance

HOME-assisted rental units must be maintained in compliance with all applicable Federal, State and local housing quality standards throughout the affordability period

In the absence of such standards, the units must at a minimum meet Section 8 Housing Quality Standards

- Effective October 2024 all HOME units must meet Inspire Standards
- Owners must conduct routine property inspections
 - Quarterly inspections are recommended
 - Annual inspections are the minimum

Replacement Reserves

Must budget for replacement reserves to cover costs throughout the entire affordability period

Plan for capital improvements

Research specific needs for capital funds

- Look at comparable properties
- Complete a property-specific capital needs assessment every 3-5 years at a minimum
- Can the property survive a modestly adverse event

Capital Needs Assessment

Review the property's components and systems:

- Identify installation and replacement dates
- Determine remaining estimated useful life
- Estimate the cost of replacing items in *today's dollars*
- Determine the cost of replacing item(s) at the estimated date(s)

Funding Capital Repairs

- HOME funds cannot be used to fund capital repairs
- Must rely on replacement reserves, owner investment or other funding sources
- Property insurance is required

Long Term Affordability

The HOME grant is forgiven at the END of the affordability period

There is no reduction or forgiveness feature for HOME rental projects

HOME funds invested in rental units that do not meet the long-term affordability requirements must be repaid to HUD

Record Retention

Records must be maintained for 5 years after the HOME Rental affordability period has expired

- **Example**: If project was new construction with HOME Rental funds, project records must be maintained for 25 years following the completion of the project
- Remember, “completion” is based on the date the project is closed in IDIS.
- Project can be completed in IDIS with units marked vacant; however,
- Project cannot be closed-out by THDA until all beneficiary data is entered in IDIS

Construction Approval Process

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MR1

If Wayne is unable to present can we remove these slides or provide brief look into how the construction process will look?

Monica Rutherford, 2025-10-02T16:17:02.046

AT1 0

My first choice is for him to present. I've always encouraged him to review and condense if he sees fit. If he's not able to present, then yes.

Aaron Toran, 2025-10-03T12:48:04.725

Design Standards

All rental housing units constructed or rehabilitated with HOME Rental funds must meet all the below:

- THDA Design Standards
- Have Broadband Access
- Applicable local, county and state codes
- Rehabilitation standards
- All local zoning ordinances

Procurement

Any contract over \$10,000 must be advertised for bid to ensure an open and competitive process was completed

- Maintain copies of bid advertisements in your files
- There must be at least 3 valid bids
- If less than 3 bids are received, the project must be re-bid
- Grantees **may not** negotiate with the lowest bidder
- If the scope of the project changes, all bidders must be given an opportunity to amend their bid

Codes

All rehabilitation must comply with all applicable federal, state, county, and local codes

You must also comply with:

- Planning and zoning requirements
- Local authorities' rules and regulations
- 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

Codes

In the absence of local codes, the Tennessee State adopted ICC codes and the Existing Building Code as published by the International Code Congress (ICC) and the Uniform Physical Condition Standards (a comprehensive list which can be found on the HUD.Gov website below) shall apply.

http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_26481.pdf

Permits

THDA requires that all applicable permits be obtained by the contractor before performing the work.

All rehabilitation shall require a permit. All rehabilitation shall also comply with applicable federal, state, county, and local codes, planning and zoning requirements, local authorities' rules and regulations.



Permits

THDA requires that all applicable permits be obtained by the contractor before performing the work.

In the event a project is in an opt out jurisdiction or does not participate in the State Building Codes program the contractor must obtain the proper permits from the State Fire Marshalls Office.



Lead-Based Paint Hazards

For all units that are pre-1978

- All households must receive a copy of LBP-1 (Protect Your Family from Lead in Your Home)
 - The family must sign verifying that they did receive the information
- HUD designates three categories of rehabilitation based on the level of investment in the unit:
 - Less than \$5,000
 - \$5,000 - \$25,000
 - More than \$25,000

Follow instructions in HOME Rental Manual based on level of investment in the unit

Radon Reduction

Radon reduction ventilation systems are required in all new construction homes and rehabilitated homes, **effective as of May 7, 2024.**

Radon mitigation systems are to be installed by an individual or entity who has been certified by the National Radon Proficiency Program (NRPP), the National Radon Safety Board (NRSB) or other certifying organization or entity recognized and approved by the Environmental Protection Agency (EPA).

Change Orders

CHANGE ORDERS - In many housing rehabilitation situations, it is not uncommon for a change in the scope of the work to occur. For example, the work write-up may call for replacing the existing wall covering (drywall, paneling, etc.), and it is discovered that the wall studs have severe termite damage which must be replaced. This was not anticipated in the work write-up and a change is now required to correct the unanticipated problem. A change order request (HO-16) would be initiated at this time.

Change Orders

Since a change order becomes a binding part of the contract, the owner and contractor must sign it. The Grantee must receive approval from THDA of all change order prior to entering into agreement with contractor.

Any change order that constitutes the deletion of a previously approved line item or any component thereof must be approved by THDA and a change order (HO-16) initiated.

Change Orders

All change orders, or deviations from the contract documents must be reviewed and approved by the Grantee. Any work omitted or added outside of the rehabilitation documents are subject to be corrected at the expense to the owner and/ or contractor or the pay application can be rejected.

Contacts

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Contacts

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Remaining Questions

