



**TENNESSEE HOUSING TRUST FUND
2026 COMPETITIVE GRANTS PROGRAM**

Program Description

The Tennessee Housing Development Agency (“THDA”) is seeking creative and innovative proposals for a 2026 Round of Competitive Grants funded under the Tennessee Housing Trust Fund (“THTF”). This Program Description explains program requirements and the application process. The amount available for the FY 2026 Round is approximately \$3.5 million. Additionally, THDA may make available any unallocated or returned funds from the 2025 or earlier funding rounds, as determined at the time of award.

Applications for the 2026 Round will be available on March 2, 2026, and must be received by THDA on or before 4:00 PM Central on April 16, 2026. THDA anticipates notifying successful applicants on or before May 15, 2026. The 2026 Competitive Grants grant term will begin on July 1, 2026, and will end on June 30, 2029. Applicants should be aware that there is no cure period for general application responses; however, THDA will allow seventy-two (72) hours from the date and time of notification to upload missing threshold documents to PIMS. Timely submission of a complete, signed application is a threshold requirement.

The Program Description and Application Package will be made available on THDA’s website on or before March 2, 2026 at [Tennessee Housing Development Agency | Competitive Grants Administrators](#). From the [THDA Homepage](#) go to LOCAL GOVERNMENT & NONPROFIT PARTNERS, TENNESSEE HOUSING TRUST FUND, COMPETITIVE GRANTS, scroll down to INFORMATION FOR TENNESSEE HOUSING TRUST FUND COMPETITIVE GRANTS ADMINISTRATORS. Applications must



be submitted to THDA electronically through the secure EDT site provided by THDA. Access to the secured site may be obtained by emailing THTF@thda.org. Applicants must submit an email to THTF@thda.org once the application has been uploaded. If you have questions, please contact Toni Shaw at (615) 815-2034 or email THDA at THTF@thda.org.

1) ELIGIBLE APPLICANTS

THDA will accept applications for the 2026 Grant Round from public housing authorities and non-profit housing development organizations that each meet the requirements of this Program Description (“Applicant”).

Competitive grant funds may not be layered with Low Income Housing Tax Credits (LIHTC) or Multifamily Tax-Exempt Bond Authority (MTBA) issued by THDA.

The Applicant selected for a Competitive Grant (“Grantee”) must have sole control over the final ownership entity, as demonstrated by the organizational chart at the time of the grant commitment

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

All Applicants must submit the **Non-Profit Checklist** with supporting documentation. All non-profit organizations must be either:

- Organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application due date) or,
- If organized and existing in another state, be organized and existing under the laws of that



state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from that state’s Secretary of State dated no more than thirty (30) days prior to the application due date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date).

All Applicants must demonstrate at least two (2) consecutive years of experience providing affordable housing or affordable housing related services within the last five (5) years.

Applicants seeking funding for transitional housing targeted to formerly incarcerated individuals shall demonstrate good standing with the Tennessee Department of Corrections (“TDOC”) as of the date of submission of the 2026 Round Competitive Grant application. All such Applicants shall demonstrate evidence of being included on TDOC’s List of Approved Transitional Housing Providers.

Housing owned or operated by a religious organization must comply with all provisions of the Fair Housing Act, with limited exceptions. If a faith-based organization plans to limit access to dwelling units funded through Competitive Grant funding based on a religious exemption, the organization must include with the Competitive Grant application an attorney opinion letter demonstrating satisfaction of compliance based upon 42 U.S. Code § 3607. Religious housing providers that receive HUD or other federal funds cannot discriminate on the basis of religion.

A. SPEND DOWN REQUIREMENTS

Applicants with prior Competitive Grant awards must have submitted an official Request For Payment (Form 5) with supporting documentation demonstrating the spend down of the following percentages of their existing rental development grants no later than April 1, 2026, to be eligible for the FY 2026 Competitive Grants Program:

- All 2022 and earlier Grants must be 100 % spent and closed.



- All 2024 Grants must be 75 % spent.
- All 2025 Grants must be 50 % spent.

In addition to meeting spend-down requirements for Competitive Grants, applicants must be in compliance with all Competitive Grants contract terms as well as the contract terms of all THDA programs to be eligible. Compliance with spend-down requirements and contract terms will be determined by THDA in its sole discretion.

2) FORM OF ASSISTANCE

Competitive Grants funds will be awarded to successful Applicants through a grant contract and secured by a note, deed of trust, and declaration of restrictive covenants (the “Legal Documents”). The entire grant term, beginning with the issuance of a Reservation of Funds and ending with the final project completion, issuance of a Certificate of Occupancy or equivalent, and submission of all final draw requests and legal documentation, is three (3) years.

Applicants receiving a Competitive Grants award will be initially provided a Reservation of Funds with a total term period of three (3) years, but with a commitment requirement of twelve (12) months from the beginning of the reservation funds effective date. Commitment is defined as having entered into a grant contract for the project. Prior to being issued the grant contract and within nine (9) months of the beginning of the term of the Reservation of Funds, Grantees must have satisfied the following requirements:

- Submittal of a final development budget and proforma worksheet with documentation of all committed development sources. Committed development sources will be accepted as determined by THDA in its sole discretion. Committed development sources may include but are not limited to grant commitment letters dated no more than twelve (12) months prior to the contract effective date or bank commitment letters that must be dated no more than three (3) months prior to the contract effective date.



- If serving special needs or specialized populations, submittal of program agreement or occupancy agreement if these are being utilized in lieu of a standard lease.

Upon satisfaction of all Reservation of Funds terms, Grantees must sign a grant contract awarding Competitive Grants funds to a proposed project.

Prior to requesting any draws, a Grantee must execute and record the Legal Documents and provide such to THDA.

All applicants must complete the Competitive Grants Budget and Proforma Worksheet to demonstrate the need for the Competitive Grant funds and the financial feasibility of the project throughout the period of compliance.

3) SUBSIDY LIMITS

The investment of Competitive Grant funds in any project must conform to minimum and maximum standards as outlined in this section. These standards or limits apply to each unit designated as a Competitive Grants unit. The minimum Competitive Grant funds investment is \$1,000 per unit.

Maximum Competitive Grant funds investments according to bedroom size are as follows:

- 0-bedroom (efficiency unit), \$136,613
- 1-bedroom unit, \$156,036
- 2-bedroom unit, \$189,745
- 3-bedroom unit, \$245,470
- 4-bedroom unit, \$269,447

Periodically, THDA may update these limits. The maximum amount of Competitive Grant funds that may be invested per Competitive Grants unit per bedroom size is based on THDA's subsidy limits at the time the written agreement is executed. Updated limits will be posted on the Competitive Grants Administrators page of the THDA website.



4) ELIGIBLE ACTIVITIES

All housing financed using Competitive Grant resources must be affordable rental housing and must address the housing needs of eligible populations as defined in Section 5.

A. The following rental housing activities are eligible:

- i. New construction of rental housing units.
- ii. Acquisition of rental housing units.
- iii. Rehabilitation of rental housing units.
- iv. Conversion of non-residential units to residential units.
- v. Combinations of the above.

B. The rental housing provided may be either permanent or transitional as defined below:

- i. “Permanent Housing” is community-based housing with a tenant on a lease for an initial term of at least one (1) year that is renewable and is terminable only for cause.
- ii. “Transitional Housing” is housing that is designed to provide individuals and families with interim stability and support for up to twenty-four (24) months in order to assist the household to successfully move to and maintain permanent housing. Transitional Housing must include a lease, sublease, or occupancy agreement.

5) INCOME ELIGIBLE POPULATIONS

Low-income households at or below eighty percent (80%) of the Area Median Income (“AMI”) are eligible for rental housing. THDA will provide a preference for applications with a twenty-five percent (25%) set-aside of units for extremely low-income households (0-30% AMI) or with a fifty percent (50%) set-aside of units for very low-income households (0-50% AMI). Income level set asides apply to Competitive Grants units only.



6) HOUSING FOR OLDER PERSONS

Housing for Older Persons is defined as housing that meets one (1) of the three (3) definitions below:

- Housing provided under any Federal or State program that the Secretary of the U.S. Department of Housing and Urban Development (HUD) determines is specifically designed and operated to assist older persons, as defined in the State or Federal program.
- Housing intended for and solely occupied by persons sixty-two (62) years of age or older; or
- Housing intended and operated for occupancy by persons fifty-five (55) years of age or older if all of the following requirements are met:
 - i. At least eighty percent (80%) of the units must have at least one occupant who is fifty-five (55) years of age or older;
 - ii. The facility or community must publish and adhere to policies and procedures that demonstrate the intent to operate as “55 or older” housing; and
 - iii. The facility or community must comply with HUD’s regulatory requirements for age verification of residents. Any of the following documents are considered reliable documentation of the age of the occupants of the housing facility or community. See CFR 24 100.307 for the complete list.
 - Driver’s license
 - Birth Certificate
 - Passport
 - Immigration card



- Military identification

7) HOUSING FOR ADULTS WITH DISABILITIES

A. Adult with Disabilities

An “adult with disabilities” is defined as an adult who has a physical, mental or emotional impairment that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such a nature that such disability could be improved by more suitable housing.

A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that is attributable to a mental or physical impairment or combination of mental and physical impairments; is manifested before the person attains age twenty-two (22); is likely to continue indefinitely; results in substantial functional limitations in three (3) or more of the following areas of major life activities:

- i. Self-care.
- ii. Receptive and expressive language.
- iii. Learning.
- iv. Mobility.
- v. Self-direction.
- vi. Capacity for independent living.
- vii. Economic self-sufficiency.
- viii. The person’s need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are of life long or extended duration and are individually planned and coordinated.

Housing for adults with disabilities is considered a rental housing set-aside for adults with a disability.



B. Requirements for Housing for Adults with Disabilities

If units are designated as housing for adults with disabilities, the project must provide access to flexible support services designed to help the individual stay housed and live a more productive, integrated life in the community. However, services must not be mandated or a condition of housing the individual.

If more than twenty percent (20%) of total units are designated as housing funded for this population the project must meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (“CMS”) in the final rule dated January 16, 2014. The 2014 CMS final rule on settings standards may be found on the [Federal Register webpage on Home and Community Based Services](#).

The final rule requires that all home and community-based settings meet certain qualifications, including:

- i. The setting is integrated and supports full access to the greater community;
- ii. is selected by the individual from among setting options;
- iii. ensures individual rights of privacy, dignity, respect, and freedom from coercion and restraint;
- iv. optimizes autonomy and independence in making life choices; and
- v. facilitates choice regarding services and who provides them.

For provider owned or controlled residential settings, the following additional requirements apply:

- i. The individual has a lease or other legally enforceable agreement providing similar protections;



- ii. the individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
- iii. the individual controls his/her own schedule, including access to food at any time;
- iv. the individual can have visitors at any time; and
- v. the setting is physically accessible.

8) Households who are Homeless

Households who are homeless includes individuals who meet the HUD definition of “homeless” found at 24 CFR Part 578.3.

- (1) *Category 1: An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:*
 - (i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport or camping ground;
 - (ii) An individual or family living in a supervised publicly or privately operated shelter designed to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
 - (iii) An individual who is exiting an institution where he or she resided for 90 day or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- (2) *Category 2: An individual or family who will imminently lose their primary nighttime residence, provided that:*



- (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (ii) No subsequent residence has been identified; and
 - (iii) The individual or family lacks the resources or support networks, e.g., family friends, faith-based or other social networks, needed to obtain other permanent housing;
- (3) *Category 3: Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:*
- (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), Section 17(b) or Section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434A);
 - (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing the 60 days immediately preceding the date of application for assistance;
 - (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and,
 - (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable



employment; or

- (4) *Category 4: Any individual or family who:*
- (i) Is experiencing trauma or a lack of safety related to, or fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous, traumatic, or life-threatening conditions related to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
 - (ii) Has no other residence; and
 - (iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.

9) UNIT DESIGNATION

In a project containing Competitive Grants assisted units along with unassisted units, the Grantee may designate fixed or floating Competitive Grants units. This designation will be required in the application and designation of specific units must be included in the written agreement between THDA and the Grantee. The unit designations specified in the Competitive Grants Legal Documents must be maintained throughout the compliance period.

10) PROHIBITED ACTIVITIES

A Grantee may not use the Competitive Grant for any of the following:

- A. Pledge Competitive Grant funds as support for tax-exempt borrowing.



- B.** Provide off-site improvements or neighborhood infrastructure or public facility improvements.
- C.** Provide assistance to private, for-profit owners of rental property.
- D.** Implement homeowner rehabilitation projects.
- E.** Implement homeownership activities, including down payment assistance programs and the development of units for homeownership.
- F.** Acquire, rehabilitate or construct rental housing that is a dormitory, treatment, or skilled nursing facilities (hospice, nursing home, or convalescent facility).
- G.** Project Operating Reserves.
- H.** Cover costs incurred prior to the Competitive Grant contract start date.

11) MATCH

Proposals must include a fifty percent (50%) match of the Competitive Grants Funds requested.

Eligible Sources of Match include:

- A.** Grants from other agencies.
- B.** Federal sources such as the Community Development Block Grant (“CDBG”) program, the HOME Investment Partnership Program (HOME), or USDA Rural Development.
- C.** Cash Contributions by local church groups, local agencies, or contributions by individuals.



- D.** Bank loans.

- E.** A funding pool established by a local lender, available to the applicant for the project.

- F.** Supportive services provided for projects serving adults with disabilities, individuals who are homeless, formerly incarcerated individuals, older persons, or youth transitioning out of the foster care system. The value of supportive services may be counted over the length of the applicable compliance period.

- G.** Rental assistance tied to the property. To be eligible, the commitment of rental assistance must extend beyond the end of the grant term. The value of rental assistance may be counted over the duration of the compliance period. For purposes of application scoring, THDA will only count the value of rental assistance that extends beyond the grant term.

- H.** In-kind donations, services, or labor may be an eligible source in accordance with the program manual.

- I.** The value of property owned by the Applicant upon which the proposed housing will be rehabilitated or constructed and must meet the following requirements:
 - i. The appraised value of the property must be documented by appraisal or tax assessment;
 - ii. the deed must be free of all encumbrances; and
 - iii. the warranty deed must show the applicant as the sole fee simple owner

THDA will prioritize applications with firm match commitments. The value of the match commitment must be clearly documented in the application by the entity providing the match source. THDA, at its sole discretion, will determine both the eligibility and amount of match based on the guidelines established in Section 10.



12) PROGRAM REQUIREMENTS

A. Income Limits

Competitive Grants for rental projects may be used to benefit low-, very low- or extremely low-income households.

- i. "Low-income household" means an individual or family unit whose gross annual income does not exceed eighty percent (80%) of the AMI, adjusted for family size.
- ii. "Very low-income household" means an individual or family unit whose gross annual income does not exceed fifty percent (50%) of the AMI, adjusted for family size.
- iii. "Extremely low-income household" means an individual or family unit whose gross annual income does not exceed thirty percent (30%) of the AMI, adjusted for family size.

The income limits apply to the incomes of the tenants, not to the owners of the property.

Grantees shall use the income limits established by the U.S. Department of Housing and Urban Development for the HOME Program and household income as defined by the Section 8 Rental Assistance Program. Current HOME Program Income Limits are available at [Tennessee Housing Development Agency | Competitive Grants Administrators](#).

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 or rental unit. Annual gross income is "anticipated" for the next twelve (12) months, based upon current circumstances or known upcoming changes, minus certain income exclusions.



Grantees shall ensure occupancy of units for which Competitive Grants were used by income eligible tenants during the compliance period. Tenants whose annual income increases to over eighty percent (80%) of the area median may remain in occupancy, but must pay no less than thirty percent (30%) of their adjusted monthly income for rent and utilities.

In the event that a thirty percent (30%) or fifty percent (50%) AMI household's income rises above that level, the tenant may remain in occupancy, and the next available unit must be leased to a thirty percent (30%) or fifty percent (50%) AMI household in accordance with the designations made in the proposal, THDA Competitive Grants contract, and the THDA Competitive Grants Legal Documents.

B. Criminal Background

Grantees shall prohibit housing assistance to the following groups of formerly incarcerated individuals:

- i. Formerly incarcerated individuals who have been evicted from federally assisted housing for drug-related criminal activity with an effective date of eviction within the last three (3) year period.
- ii. A formerly incarcerated individual's household that includes a member who has been convicted of a drug-related criminal activity involving the manufacturing or production of methamphetamines on the premises of federally assisted housing.
- iii. A formerly incarcerated individual's household that includes a member who is subject to a lifetime registration requirement under a state sex offender registry program.

C. Compliance Period

All rental housing projects for which Competitive Grant funds are used will have a compliance period beginning on the date of issuance of the certificate of occupancy for the final building



within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the Notice of Completion for the project. Prior to drawing down Competitive Grant funds, grantees shall sign the Legal Documents. The Competitive Grant is forgiven at the end of the compliance period if full compliance was achieved throughout the compliance period. No forgiveness will occur for a year in which there is a default as defined in the Legal Documents.

The length of the compliance period will be determined based on the amount of Competitive Grant funds invested per unit. The annual forgiveness rate will be based on the length of the compliance period as follows:

- If the per unit Competitive Grants investment is less than \$15,000, there will be a 5-year compliance period with a 20 % annual forgiveness rate.
- If the per unit Competitive Grants investment is between \$15,000 to \$40,000 there will be a 10-year compliance period with a 10 % per year annual forgiveness rate.
- If the per unit Competitive Grants investment is more than \$40,000, there will be a 15 year compliance period with a 6.67 % annual forgiveness rate.

D. PROPERTY AND DESIGN STANDARDS

- i. Property standards must be met when Competitive Grants funds are used for a project. All rental housing constructed or rehabilitated with Competitive Grants funds must meet all THDA Design Standards, applicable local, county and state codes, rehabilitation standards, National Standards for the Physical Inspection of Real Estate (NSPIRE), and zoning ordinances at the time of project completion. In the absence of a local code, new construction of single- family units must meet the current, State-adopted edition of the International Residential Code for One- and Two- Family Dwellings. Modular Housing must be certified by the state of Tennessee.
- ii. The newly constructed units must also meet accessibility requirements and mitigate



disaster impact as applicable per State and local codes, ordinances, etc. Rehabilitation of existing single-family units must meet the current, State- adopted edition of the International Existing Building Code.

- iii. Buildings and units must also conform to the THDA Minimum Design Standards for New Construction and Rehabilitation of Single Family and Multifamily Units.
- iv. THDA must review and approve plans, work write-ups and written cost estimates and determine cost reasonableness for both new construction and rehabilitation prior to putting the project out to bid.
- v. All contractors performing work on Competitive Grants assisted units must be appropriately licensed for the type of work being performed. All projects including new construction, substantial rehabilitation and non-substantial rehabilitation must be permitted by either the local codes enforcement official or in the absence of local codes by the State Fire Marshal’s office and pass all required inspections under the permit performed by a properly licensed codes official. Following project completion, all properties assisted with Competitive Grant funds must meet the NSPIRE throughout the compliance period and obtain a certificate of occupancy, completion or equivalent.
- vi. Additional design standards include:
 - 1) Energy Code. New construction projects must also meet the State-adopted edition of the International Energy Conservation Code. Copies of the Energy Code may also be obtained from the International Code Council.
 - 2) Broadband Infrastructure. Newly constructed rental units and those which are substantially rehabilitated must be wired for broadband internet access or infrastructure for project wide wireless internet service.

vii. Section 504



- 1) Section 504 prohibits discrimination in federally assisted activities and programs on the basis of disability and imposes requirements to ensure accessibility for qualified individuals with disabilities to these programs and activities. As a recipient of federal funds, THDA must comply with Section 504 of the Rehabilitation Act of 1973 in all its programs, regardless of whether or not the program is federally assisted.

- 2) For new construction of Multifamily Housing (five or more units), a minimum of 5 percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and at a minimum, an additional two percent (2 percent) of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a Competitive Grants project, regardless of whether all units are Competitive Grants-assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are Competitive Grants-assisted, the accessible units may be either Competitive Grants-assisted or non-Competitive Grants-assisted.

- 3) The Section 504 definition of substantial rehabilitation for Multifamily Housing includes construction in a project with eleven (11) or more units for which the rehabilitation costs will be seventy five percent (75%) or more of the replacement cost. In such projects, a minimum of five percent (5%) of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional two percent (2%), at a minimum, (but not less than one unit) must be accessible to individuals with sensory impairments. As in the case of new construction, the total number of units in a Competitive Grants-assisted project, regardless of whether they are all Competitive Grants-assisted, is used as the basis for determining the minimum number of accessible units, and, in a project where not all of the units are Competitive Grants-assisted, the accessible units may be either Competitive Grants-assisted or non-Competitive Grants-assisted.



- 4) When rehabilitation is less extensive than Substantial Rehabilitation is undertaken in projects of eleven (11) units, alterations must, to the maximum extent feasible, make the units accessible to and usable by individuals with a disability, until a minimum of five percent (5%) of the units (but not less than one (1) unit) are accessible to people with mobility impairments. For this category of rehabilitation, the additional two percent (2%) of unit's requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible.

viii. Fair Housing Act of 1968, as amended. In buildings that are ready for first occupancy after March 13, 1991, and that have an elevator and four or more units, the public and common areas must be accessible to persons with disabilities; doors and hallways must be wide enough for wheelchairs; and all units must have the following:

- 1) An accessible route into and through the unit.
- 2) Accessible light switches, electrical outlets, thermostats and other environmental controls.
- 3) Reinforced bathroom walls to allow later installation of grab bars; and kitchens and bathrooms that can be used by people in wheelchairs.
- 4) If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units.
- 5) These requirements for new construction do not replace any more stringent standards in State or local law.

ix. Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131–12189) implemented at 28 CFR parts 35 and 36, as applicable.

E. UNIVERSAL DESIGN AND VISITABILITY



THDA encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit the units constructed or rehabilitated with Competitive Grants funds through the use of Universal Design and Visitability.

i. Universal Design

- 1) Universal Design is a building concept that incorporates products, general design layouts and other characteristics to a housing unit in order to:
 - a) Make the unit usable by the greatest number of people.
 - b) Respond to the changing needs of the resident.
 - c) Improve the marketability of the unit.

- 2) The goal of universal design is to build housing that meets the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of persons with disabilities. However, universal design is inclusive of adaptable design as universal design incorporates structural features that will allow a housing unit to be adapted to an individual's current or future needs. Universal design features include, but are not limited to:
 - a) Stepless entrances. Minimum 5' x 5' level clear space inside and outside entry door.
 - b) Broad blocking in walls around toilet, tub and shower for future placement of grab bars.
 - c) Full-extension, pull-out drawers, shelves and racks in base cabinets in kitchen.
 - d) Front mounted controls on all appliances.
 - e) Lever door handles.
 - f) Loop handle pulls on drawers and cabinet doors.



- 3) More information on Universal Design may be found on the webpage for [The Center For Universal Design at North Carolina State University](#)

ii. Visitability

- 1) Visitability refers to homes that are designed and built in a manner that allows individuals who have trouble with steps or use wheelchairs or walkers to live in or visit the unit. These features include:
 - a) One zero-step entrance.
 - b) Doors with thirty two (32) inches of clear passage space.
 - c) One bathroom on the main floor that is accessible to a person using a wheelchair.

More information on Visitability can be found on the webpage for the [National Council on Independent Living](#).

F. Project Progress and Construction Compliance Reviews by a Qualified Rehabilitation and Construction Coordinator.

Grantees are also required to retain or employ a qualified Rehabilitation and Construction Coordinator (the “Coordinator”) for the project. The Coordinator shall be responsible for evaluating project sites and developing a comprehensive scope of work consistent with program requirements and construction standards. The Coordinator will conduct ongoing monitoring of rehabilitation and new construction activities to ensure quality, adherence to approved plans and specifications, and compliance with all applicable regulations. The Coordinator will also verify and document construction progress to support payment requests and certify that work is completed in accordance with the approved scope, schedule, and program guidelines.



The roles and requirements of the Grantee’s Coordinator are referenced in the Manual.

G. Lead Based Paint

Units assisted with Competitive Grant funds are subject to the Tennessee Department of Environment and Conservation’s Lead-Based Paint Abatement Rules, found in Rule Chapter 0400-13-01. These requirements are available on the [Tennessee Lead Based Paint Abatement Program webpage](#).

H. Flood Plains

Competitive Grant funds may not be used to acquire or construct housing in an area identified by the Federal Emergency Management Agency (“FEMA”) as having special flood hazards. In addition, THDA strongly discourages the rehabilitation of units located in special flood hazard areas, but in a few limited instances and with written permission from THDA, units located in a flood plain may be assisted if the flood plain is mitigated by construction design or an approved map revision.

In cases where rehabilitation in the flood plain is allowed, the project must be participating in the National Flood Insurance Program and flood insurance must be obtained, on the units.

With permission from THDA, units located in a flood plain may be assisted if the flood plain is mitigated by construction design or an approved map revision.

I. Rent Levels

Rents are controlled for the length of the compliance period based on the HUD HOME program maximum rents, which are updated annually. The published rents include utilities. The cost of utilities paid by tenants must be subtracted (using applicable utility allowances)



from the published HOME rents to determine the maximum allowable rent for each unit size. The maximum rent allowable is the “High HOME Rent.”

Each Grantee should establish a rent structure that takes into consideration both market conditions in the area where the project is located and affordability for eligible renters under the occupancy requirements of THDA’s Competitive Grants program (e.g. very low, or extremely-low income households).

Rents shall not exceed the High HOME Rent adjusted for the appropriate utility allowance. However, rents must also be affordable to eligible income tenants (fall within thirty percent (30%) of the tenant’s monthly income), thus actual rents may need to be lower than the High HOME Rent where it is determined that the rent based on that standard would exceed affordability for eligible renters under the THDA Competitive Grants program.

Every rental unit assisted with Competitive Grants funding is subject to rent controls designed to ensure that rents are affordable to income eligible households. The maximum rents used for Competitive Grants are the High HOME Rents except as noted below with regard to Federal or State rental subsidies, group homes, and single room occupancy units. The tenant portion of rent in any rental property assisted with Competitive Grants funds may not exceed thirty percent (30%) of gross monthly income. HOME Program Rent Limits and current HOME Program Income Limits are available on the webpage for the [Tennessee Housing Development Agency Competitive Grants Administrators](#).

i. Federal or State Rental Subsidies

If the unit receives Federal or State rental subsidy payments, including through a tenant or project based voucher, and the very low-income family pays as a contribution toward rent no more than thirty percent (30%) of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus rental subsidy) is the rent allowable under



the Federal or State rental subsidy program.

ii. Group Homes

A Competitive Grant may assist with the development of a group home, a housing unit that is occupied by two or more single people or families. A group home consists of common space and/or facilities for group use by the occupants and, except in the case of a shared one-bedroom unit, a separate private space for each individual or family. Group homes often house older persons or persons with disabilities who require accompanying supportive services. The calculation of the applicable rent and tenant contributions must adhere to the following requirements:

- 1) A THDA Competitive Grants assisted group home is treated as a single Competitive Grants assisted housing unit with multiple bedrooms. The Competitive Grants rent limit for a group home is the HUD-published Fair Market Rent (“FMR”) rent limit for the total number of bedrooms in the group home.
- 2) However, 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 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) 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 supportive services. Costs for such services must be billed as separate charges. For group home units that are developed for adults with disabilities, disability-related services must be non-mandatory and the resident must have the option to choose the service provider. 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 Competitive Grants rent for each tenant.

iii. **Single Room Occupancy (“SRO”)**

A Competitive Grant may assist with the development of Single Room Occupancy (“SRO”) housing, which consists of a single room dwelling unit that is the primary residence of a single occupant. The unit may or may not have food preparation and sanitary facilities. Rents for SRO units are based on the FMR Limit or the HUD High HOME rent depending on the characterization of the unit as described below.

- 1) For units that lack food preparation and sanitary facilities or that have one of the two, the rent may not exceed 75 % of the HUD FMR for a zero bedroom or efficiency unit.
- 2) For units with both food preparation and sanitary facilities, the rent cannot exceed the High HOME rent limit for a zero-bedroom unit.
- 3) For units that receive State or Federal rental assistance or if there is a tenant or project-based voucher and the unit is occupied by a very low-income tenant, the rent can be the State or Federal tenant or project-based rent as long as the unit is occupied by a very low income tenant who does not pay more than 30 % of the family’s monthly adjusted income for rent.

The calculation of the applicable rent and tenant contributions must adhere to the



following requirements:

- 1) Utility costs are included in the maximum published High HOME or FMR SRO rent. If SRO tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published High HOME rent limit or FMR Limit in order to determine the maximum rent that can be charged for the SRO unit.
- 2) SRO units 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 adults with disabilities, disability-related services must not be mandatory and the resident must have the option to choose the service provider.
- 3) 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 Competitive Grants rent for each tenant.

J. Grantee's On-Going Obligations for Rental Property

During the compliance period, the Grantee shall:

- Conduct initial and annual income certification of tenants;
- Adhere to the Competitive Grants rent limits;
- Comply with NSPIRE;
- Comply with all applicable state and federal non-discrimination laws, including the Tennessee Human Rights and Disability Acts and the Fair Housing Act, Comply with THDA conducted desk file reviews during the compliance period in order to determine compliance with tenant selection, income, rent, and affirmative marketing requirements, and to verify any information submitted by the Grantee to THDA;
- Comply with THDA conducted physical condition inspections of the property;



- Report to THDA as THDA may require; and
- Take other actions as THDA may require.

K. Compliance Monitoring and Close Out

Upon project completion and occupancy, the Competitive Grants funded rental project will be subject to a development close out review by THDA's Community Housing Division. The development close out review is for the purpose of ensuring that the grant is administratively compliant prior to transfer of the grant for long term monitoring by THDA's Compliance and Asset Management Division. Monitoring will occur every three (3) years throughout the compliance period but may occur more frequently as determined necessary by THDA.

13) PROCUREMENT

It is important to keep the solicitation of bids for goods and services, materials, supplies and/or equipment open and competitive. Grantees shall develop and follow their procurement policies. At a minimum, Grantees must adhere to the current procurement requirements included in THDA's Competitive Grants Manual at the time of solicitation of goods or services. In cases requiring sealed bids, Grantees shall make every effort to obtain a minimum of three (3) bids when possible, and the purchase should be made from the lowest qualified, responsive bidder. There must be a written rationale for selecting the successful bid or proposal. At THDA's sole discretion, an award may be made in cases where less than three (3) bids were received if it is likely that additional solicitations would not increase the number of respondents.

14) CONFLICT OF INTEREST

- A.** No Covered Person as listed in paragraph B below, may obtain a financial interest or benefit from a Competitive Grants assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or



those with whom they have family or business ties, during their tenure or for one (1) year thereafter.

B. COVERED PERSONS

Immediate family members of any employee or board member of a Grantee are ineligible to receive benefits through the Competitive Grants program. “Immediate family member” means the spouse, parent (including a stepparent), child (including a stepchild), grandparent, grandchild, sister or brother (including a stepsister or stepbrother) of any covered individual.

In addition, the conflict-of-interest provisions also apply to any person who is an employee, agent, consultant, officer, or appointed official of THDA, or the Grantee receiving Competitive Grants funds, and who exercises or has exercised any functions or responsibilities with respect to activities assisted with Competitive Grants funds or who is in a position to participate in a decision-making process or gain inside information with regard to these activities.

C. APPEARANCE OF A CONFLICT OF INTEREST

Grantees must also make every effort to avoid the appearance of favoritism in the eligibility determination process. In those cases where the applicant is otherwise eligible, but there exists the appearance of a conflict of interest or the appearance of favoritism, the Grantee should contact THDA for guidance.

15) DEVELOPER FEE REQUIREMENTS

A Developer Fee of up to seven percent (7%) of the Competitive Grants development costs, net of the development fee, prorated acquisition costs, and any prorated permanent financing costs may be charged as a project soft cost.



The Developer Fee may be requested in equal percentages along with project funds until seventy-five percent (75%) of the grant has been expended. The final twenty-five percent (25%) of the developer fee may not be requested until project development is complete, with all applicable certificates of occupancy or inspection reports issued and all required documentation submitted to THDA.

No administrative funds are provided under this program description.

16) PROJECT SOFT COSTS

In planning their programs, applicants may include as a project soft cost, the reasonable and customary costs for work write up, rehabilitation or construction reviews and inspections, the costs for lead-based paint inspections, risk assessments and clearance testing, as well as architectural and engineering fees. The value of eligible project soft costs charged to the Competitive Grants funding may not exceed ten percent (10%) of the total awarded grant amount or include costs or fees that are charged to other funding sources.

17) MARKETING REQUIREMENTS

One goal of Competitive Grants is to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing impacts all facets of community development.

Each Grantee shall implement marketing and public relations plans to accentuate the achievements of the program. THDA's Communications Division will assist in the development of these plans. Grantees shall submit data and beneficiary stories to THDA as may be required by THDA.

18) FAIR HOUSING AND NON-DISCRIMINATION



Each Grantee must comply with all state and federal, non-discrimination laws, including the Tennessee Human Rights and Disability Acts and the Fair Housing Act. Grantees are required to assure that no person is excluded from participation in, denied benefits, or otherwise subjected to discrimination, when seeking program benefits, or in employment, based on race, color, creed, disability, age, religion, sex, national origin, or any other classification protected by federal or state law. The Grantee will, upon request, show proof of nondiscrimination, and post notices of nondiscrimination in conspicuous places available to all applicants and employees.

Each Grantee shall establish and follow procedures to ensure marketing efforts affirmatively reach all eligible populations, specifically any underserved eligible populations in the market area. Grantees shall maintain records of efforts to affirmatively market rental units and provide the records for THDA review upon request.

19) TN HOUSING SEARCH.ORG

Beginning at the start of initial lease-up through the end of the compliance period, all Grantees must list units available for occupancy on TNHousingSearch.org or any subsequent affordable rental housing locator system sponsored by THDA and, as permitted by the locator system for the type of housing funded. All units must be listed on TNHousingSearch.org or any subsequent affordable rental housing locator system sponsored by THDA unless specifically waived in writing by THDA.

20) APPLICATION AND EVALUATION PROCEDURE

Applications for Competitive Grant funds should be limited only by imagination, program requirements, availability of matching funds, availability of support services, and a demonstrated need for the proposed project in a given area.



Proposals for funding in the 2026 Grant Round are limited to a maximum of six hundred thousand dollars (\$600,000) and a minimum of two hundred thousand dollars (\$200,000). THDA expects that the combination of Competitive Grant funds and the required matching funds will be sufficient to allow the proposed project to be completed in a timely manner.

Proposals that address the housing needs of income eligible households and that meet other requirements specified in the Program Description will receive additional points in the scoring matrix. Proposals with an identified, firm commitment for the matching funds are preferred. Proposals with a firm commitment for match resources which exceed the fifty percent (50%) requirement will be highly preferred.

Additionally, applications with projects located in designated rural areas of Tennessee or located in one (1) of the eleven (11) distressed counties will receive extra points on the scoring matrix. The eleven (11) designated distressed counties are: Bledsoe, Clay, Cocke, Grundy, Hancock, Hardeman, Haywood, Lake, Perry, Pickett, and Scott.

For this Program Description, “Rural” counties are defined as all Tennessee counties, except the following: Anderson, Bedford, Blount, Bradley, Carter, Coffee, Cumberland, Davidson, Hamblen, Hamilton, Hawkins, Knox, Loudon, Madison, Maury, McMinn, Montgomery, Putnam, Roane, Robertson, Rutherford, Sevier, Shelby, Sullivan, Sumner, Washington, Williamson, Wilson.

THDA will evaluate each application to determine if the proposal meets program criteria, including, without limitation, submission of a complete application, proposal of an eligible activity serving eligible populations, proposal of a project that is ready to get underway except for the gap in financing to be provided by the Competitive Grant, and proposal of a project that, in the opinion of THDA, in its sole discretion, is physically, financially and administratively feasible.

Applications will not be considered if the following threshold items are not submitted to THDA by the application due date:



- Application signed by the Chief Executive of the organization or the President/Chairman of the Board of Directors.
- Copy of the latest financial audit or audited financial statement of the organization. The audit period covered must be for the operating year prior to the grant application program year and performed within twelve (12) months of the application due date.
- Submission of a Competitive Grants project budget and proforma worksheet. The proforma will be for five to fifteen (5 – 15) years depending on the compliance period for a given project.
- Copy of a current resolution by the Board of Directors or governing body approving the submission of the application under the 2026 Competitive Grants Program Description.
- If a non-profit organization, a Certificate of Existence or Certificate of Authorization from the Tennessee Secretary of State, as applicable, dated within thirty (30) days of the application due date. If the non-profit organization is organized in a state other than Tennessee, a Certificate of Existence from the Secretary of State in which the organization was organized must also be submitted.
- If a non-profit organization, documentation of an IRS designation under Section 501(c)3 or Section 501(c)4 of the federal tax code.
- If a nonprofit organization, copy of the Charter and current By-laws of the organization.

All nonprofit organizations must upload all required organizational documents with the application. Organizational documents submitted through another means will not be accepted or considered.

Additionally, as a threshold requirement, organizations seeking funding for transitional housing targeted to formerly incarcerated individuals shall demonstrate approval and good standing with the Tennessee Department of Corrections (“TDOC”) as of the application due date. All such organizations shall demonstrate evidence of being included on TDOC’s List of Approved Transitional Housing Providers.



As a threshold requirement for consideration, applications from organizations seeking Competitive Grants to provide permanent or transitional rental housing for formerly incarcerated individuals shall provide a copy of the policies and procedures guiding the operation of their program and a copy of the program's application for tenancy.

A Review Committee will score and rank all applications meeting the threshold criteria, as determined by the Review Committee in its sole discretion. Applications will be ranked in descending numerical order based on the categories in the Competitive Grant Matrix.

Applicants must receive a minimum score of sixty (60) to be considered for funding. The Review Committee will present its recommendations to the Executive Director for determination of awards.

Applications meeting the threshold requirements will be scored and ranked by Grand Division, as defined in Tennessee Code Annotated Title 4, Chapter 1, Part 2, in descending numerical order based on the scoring matrix. Once all applications are scored THDA will continue as follows:

- THDA will first select the highest scoring application from each Grand Division of Tennessee. To be considered the highest scoring application in a Grand Division, all Competitive Grant proposed units must be located in the same Grand Division.
- If additional funding is available, THDA will combine all remaining applications into a single ranking by score. THDA will award funding starting with the highest score to lowest score until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.
- In the event of a tie score, THDA first will select the application with the highest total Innovation score. Then, if a tie remains, the highest total Need score. If a tie still remains,



THDA will prioritize funding for the application with the greatest number of Competitive Grants funded units as the final determinant.

- Given the limited funding available statewide, and in order to distribute Competitive Grants funding across Tennessee, THDA reserves the right to limit funding to only one award per county.



COMPETITIVE GRANT MATRIX – Up to 100 Points

1. CAPABILITY (CAPACITY plus PROGRAM DESIGN) – Up to 70 Total Points

The program design is complete, and all necessary components are identified in the application.

PROGRAM DESIGN – Up to 35 Points

- The proposal demonstrates adherence to program guidelines, is well designed for the targeted population, and demonstrates an effective use of THDA resources.
- Sites have been identified and the applicant has site control of the parcel(s) on which the housing will be developed or the applicant can demonstrate a consistent and successful history for securing ownership control of property in each of the past five (5) consecutive years that is either (1) at least double the number of single family units proposed in this Competitive Grants application or (2) if multifamily housing is proposed, at least double the number of sites proposed for acquisition in this Competitive Grants application.
- The project is physically, administratively, and financially feasible with sufficient revenue for the on-going operation of the housing during the compliance period.
- The applicant's financial statements and audit indicate a healthy financial position and include diverse funding sources.
- The project budget and proforma worksheet is complete, correct, and demonstrates a need for a Competitive Grant.
- The proposed rents charged to tenants are reasonable given the income of the targeted population or rental assistance is committed to lower the contribution of the tenant toward rent and utilities.
- If new construction, the housing will include design features that meet universal design, visitability, and/or enhanced energy efficiency measures.
- For projects targeting special populations, including but not limited to adults with disabilities, individuals who are youth aging out of foster care, older persons, formerly incarcerated, or homeless, a plan for the provision of services, a plan for the funding of services, and a firm commitment for the delivery of supportive services is in place.
- For projects targeting individuals with disabilities, the proposed housing meets the goals of the Final Rule for the qualities of settings that are eligible for reimbursement under the Medicaid home



and community-based services that have been established by the Centers for Medicare and Medicaid Services (CMS) on January 16, 2014. Point deductions will be assessed if the CMS qualities of settings are not met based on THDA's sole determination.

- The applicant demonstrates the likelihood and feasibility to secure matching funds. Firm commitment letters are included in the application.

CAPACITY – Up to 35 Points

- The Applicant and its staff have experience in providing housing to the targeted population.
- The Applicant and its staff have a demonstrated capacity to manage rental housing.
- The Applicant's organizational budget reflects multiple sources of funding.
- If the Applicant has previous experience with Competitive Grants or other THDA programs, point deductions will be assessed if the Applicant has not demonstrated success in:
 - drawing down funds;
 - completing a project in a timely manner
 - operating a program within THDA guidelines, or
 - responding timely to client concerns or complaints, contractor concerns or complaints, or THDA request for information and/or client stories

2. NEED – Up to 23 Points

Income Targeting

The applicant will set aside twenty-five percent (25%) of the units for individuals at thirty percent (30%) of AMI or less. 5 Points

The Applicant will set aside fifty percent (50%) of the units for individuals at fifty percent (50%) of AMI or less. 4 Points

Prior Funding

A Competitive Grant has not been awarded since July 1, 2021, for a project located



in the county in which the proposed housing will be located. 5 Points

Distressed Counties

The proposed project is located in one of the designated distressed counties. 3 Points

Rural Counties

The proposed project is located in one of the designated rural counties. 3 Points

Special Needs Populations

At least fifty percent (50 %) of the units will be set aside for Individuals who are youth transitioning from foster care, older persons, Formerly incarcerated, or homeless. 3 Points

Or

Units will be set-aside for adults with disabilities in compliance CMS Settings Standards.

3. INNOVATION – Up to 7 Points

The housing proposed in the application demonstrates a creative approach to affordable rental housing for households through:

- Unique partnerships.
- A variety of funding sources.
- Use of alternative energy sources or energy conservation measures above the required standards.
- Inclusion of universal design elements in housing that will be rehabilitated.
- The addition of design elements to make the unit to be rehabilitated visitable for individuals with physical disabilities.
- The targeting of individuals who are homeless through a Housing First approach.



- A commitment for the provision of services for populations other than adults with disabilities, youth transitioning from foster care, older persons, formerly incarcerated, or homeless.
- Other innovative means to address housing needs.

