Section	AP-30 Methods of Distribution
State Program Name:	HOME Rental Development
Funding Sources:	HOME
Describe the state program addressed by the Method of Distribution.	All activities funded through the annual HOME allocation must address the housing needs of low-income households. However, several types of activities are eligible for funding. **Original Text:** ~~HOME Rental Development focuses on the eligible activity of rental rehabilitation. THDA provides HOME funds for the rehabilitation of existing affordable rental units for low-income households.~~ ~~Specifically, HOME Rental funds must be used for the new construction of or the acquisition and/or rehabilitation of existing affordable, permanent rental housing projects that consist of eleven (11) total units or less that address the needs of low-income households, families whose annual incomes do not exceed 80 percent of the area median income ("AMI"), as further defined at 24 CFR 92.2. The housing may be stick-built or modular housing, as defined in Tennessee Code Annotated Title 68 - 126-202 & 303, provided that the housing meets all of the applicable state and local codes. All HOME Units must be occupied by low-income families and meet the requirements of 24 CFR 92.252.~~ **2026 Substantial Amendment:** HOME Rental Development focuses on the eligible activities of rehabilitation or new construction of affordable rental units for low-income households. Projects being developed in urban areas may not consist of more than a total of 11 units of rental housing. The HOME funding may be combined with other resources, except Low-Income Housing Tax Credits (LIHTC). Projects being developed in rural areas must not have more than 11 HOME-funded rental units, but the total number of rental units in the project is not limited. The funding may be combined with other resources, including LIHTC.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	These are the criteria the HOME Rental Development program will use to evaluate applications: PROGRAM DESIGN AND PLANNING- Up to 35 points APPLICANT'S CAPACITY AND EXPERIENCE - Up to 30 points NEED - Up to 10 Points AREAS OF OPPORTUNITY SCORE - Up to 10 Points CHDO DESIGNATION – Up to 5 points RURAL DESIGNATION– Up to 5 points PROJECTS LOCATED OUTSIDE OF A LOCAL PJ – 5 points DESIGNATED DISTRESSED COUNTIES – 5 points Bonus MATCH EXCEEDING 25% MINIMUM – 5 points Bonus See Section AP-90 for the link to the program's FY 2026-27 Program Description.

Describe how resources will be allocated among funding categories.	Since the actual amount of the FY 2026-27 HOME allocation is unknown at the time the Annual Action Plan is prepared, and because the HOME allocation supports several eligible HOME activities, the following describes how THDA's HOME program intends to apportion its annual allocation and make funding available to eligible applicants. THDA will initially set aside up to 10% of its total allocation for administrative and planning purposes, 20% for its CHDO set aside, and up to 5% for CHDO Operating Expenses. Next, 50% of the remaining funding will be for Homeowner Rehabilitation activities and 50% for Rental Development Activities. Note: After applications for each type of HOME activity (e.g. Homeowner Development, Homeowner Rehabilitation, Rental Development) are received, if there are not enough eligible applications for the funding available, unutilized funding may be used to fund additional applications for another eligible HOME activity. In addition, any leftover funding from previous years' allocations may also be used to fund additional applications for any of the eligible HOME activities. Finally, while THDA intends to implement the competitive process outlined above, the distribution of HOME program funds among eligible HOME activities may be adjusted if a significant need arises (e.g. natural disaster, change in housing market, macroeconomic change). In addition, HOME funds can be awarded on a discretionary basis, rather than competitive, in these instances.

Describe threshold factors and grant size limits.	**Original Text:** ~~Program funding will be administered as grants through a competitive application process for projects located in any of Tennessee's 95 counties. Applicants must apply for at least \$300,000 and may apply for a maximum grant of \$1,500,000.~~ **2026 Substantial Amendment:** HOME program funding for projects that do NOT also receive LIHTC funding will be administered as grants. HOME program funding for projects that also receive LIHTC funding will be administered as low-interest loans. All HOME funds will be made available through a single competitive application process for projects located in any of Tennessee's 95 counties. Applicants must apply for at least \$300,000 and may apply for a maximum of \$1,500,000.
What are the outcome measures expected as a result of the method of distribution?	The outcome measures for this program are: • Rental units constructed (Household Housing Units) • Rental units rehabilitated (Household Housing Units) Please see section AP-20 Annual Goals and Objectives for estimated numeric outcomes for this fiscal year (FY).