

All changes being made are regulatory in nature and mandatory under HUD.

Summary of Changes to the Rules of
Tennessee Housing Development Agency Executive Division

Chapter 0770-01-05
Housing Choice Voucher Program

Chapter 0770-01-05 Table of Contents is amended by moving rule 0770-01-05-.46 Project Based Voucher Program to 0770-01-05-.47 to allow for the HUD regulatory change of the inclusion of rule 0770-01-05-.46 Special Purpose Vouchers (SPV) (24 C.F.R. 982) so that as amended, the table of contents shall read:

Table of Contents

0770-01-05-.01	General
0770-01-05-.02	Administrative Plan Purpose
0770-01-05-.03	Objective of the Program
0770-01-05-.04	Basic Structure of the Program
0770-01-05-.05	Conflict of Interest
0770-01-05-.06	Application Process
0770-01-05-.07	Notice of Address Change
0770-01-05-.08	Special, Non-Waiting List Admission (24 C.F.R 982.202(a), 203(a), (4))
0770-01-05-.09	Prohibited Selection Criteria (24 C.F.R. 982.202)
0770-01-05-.10	Eligibility Requirements
0770-01-05-.11	Family Composition (24 C.F.R. 5.403, 982.201)
0770-01-05-.12	Income Limits (24 C.F.R. 982.201, 982.353)
0770-01-05-.13	Citizenship (24 C.F.R. 5 (e))
0770-01-05-.14	Social Security Number Provision
0770-01-05-.15	Student Status
0770-01-05-.16	Other Eligibility Criteria
0770-01-05-.17	Eligibility Process
0770-01-05-.18	Verification Process (24 C.F.R. 982.516)
0770-01-05-.19	Income and Asset Determination (24 C.F.R.5.609)
0770-01-05-.20	Obligations of Participants (24 C.F.R. 982.551)
0770-01-05-.21	Determination of Eligibility
0770-01-05-.22	Lease-Up Process
0770-01-05-.23	0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407
0770-01-05-.24	Owner Responsibilities (24 C.F.R 982.54(d)(5), (8); 982.153(b)(1); 982.306; 982.302(a)(8); 982.453)
0770-01-05-.25	Other Change of Unit/Portability (24 C.F.R. 982.354)
0770-01-05-.26	Annual and Interim Activities (24 C.F.R. 982.516, 982.405)
0770-01-05-.27	Terminations (24 C.F.R. 982.552(b), 982.310, 982.455, and 982.354)
0770-01-05-.28	Complaints, Conferences, Appeals (24 C.F.R. 982.54(d)(2), (13) 982.554, 982.555(a-f)
0770-01-05-.29	Notice and Mailings Rules
0770-01-05-.30	Fair Housing Compliance, Disability Accommodations, and the Violence Against Women Act (VAWA)
0770-01-05-.31	Requests for Information Rules
0770-01-05-.32	Resident Advisory Board (24 C.F.R. 964)
0770-01-05-.33	Special Housing and Housing Conversion Actions
0770-01-05-.34	Homeownership Voucher Option (24 C.F.R. 982.625)
0770-01-05-.35	Through 0770-01-05-.45 Repealed
0770-01-05-.46	Special Purpose Vouchers (SPV) (24 C.F.R. 982)
0770-01-05-.47	Project-Based Voucher Program (24 C.F.R. 983)

Rule 0770-01-05-.06 Application Process is amended by revising part (7)(g)1 by adding new subparts (7)(g)1(iii) Project-Based Voucher Choice Mobility, (vi) Mainstream Preference, and (vii) Emergency Housing Voucher (EHV) Holder Preference; by adding new parts (7)(g)5 Project Based Voucher (PBV) Mobility, (7)(g)8 Mainstream Preference, and (7)(g)9 Emergency Housing Voucher (EHV) Holder Preference to adhere to HOTMA regulatory updates and 24 C.F.R. 982.207 allowing inclusions for local preferences; by updating the definition of Non-Elderly Disabled (NED) Preference in part (7)(g)7; by accordingly renumbering the parts and subparts to include the new additions; and providing clarifications of defined people and groups; and clearly identifying the preference so that, as amended it reads as follows:

(7)

- (g) Local Preferences. Under 24 C.F.R. 982.207, the THDA may establish local preferences for the selection of applicants from the waiting list based on local housing needs and priorities, as determined by the THDA. The THDA reserves the right to request any verification necessary to determine preference eligibility.
 - 1. The THDA has adopted the following local preferences and has weighted them as follows:
 - (i) Involuntary Displacement Due to Natural Disaster Preference.
 - (ii) Local In-State Preference.
 - (iii) Project-Based Voucher Choice Mobility
 - (iv) Elderly or Disabled Families Preference.
 - (v) Non-Elderly Disabled (NED) Preference.
 - (vi) Mainstream Preference.
 - (vii) Emergency Housing Voucher (EHV) Holder Preference.
 - 5. Project-Based Voucher (PBV) Mobility Preference. Under 24 C.F.R. 983.261, PBV participants may terminate the assisted lease after one (1) year of PBV assistance. If the participant terminates the lease after one (1) year of PBV assistance, THDA must offer the participant the opportunity for continued tenant-based rental assistance under its HCV Program if available. If voucher assistance is offered to the participant and the search term expires, THDA must issue the voucher to the next eligible participant.
 - 6. Elderly or Disabled Families Preference. An applicant may claim the Elderly or Disabled Families Preference when the applicant's household contains an elderly (sixty-two (62) years of age or older) or disabled head of household or spouse that receives social security, social security disability, or supplemental security income (SSI) from the Social Security Administration (SSA), determined at the time of the eligibility determination.
 - (i) A current SSA benefit letter must be provided to THDA. Persons who have applied for SSI, but are not receiving SSI income as of the date of the application, do not qualify for the preference.
 - 7. Non-Elderly Disabled (NED) Preference. Pending availability of funds for this special preference, an applicant may claim the NED Preference when the applicant's household contains a head of household, spouse, or co-head who is non-elderly (under age 62) and disabled. Persons who have applied for the NED preference must be verified by a Continuum of Care partner and eligible for the HCV program.
 - 8. Mainstream Preference. Pending availability of funds for this special preference, an applicant may claim the Mainstream Preference when the applicant's household contains

a non-elderly person with disabilities (persons who are 18 years or older and less than 62 years of age).

9. Emergency Housing Voucher (EHV) Holder Preference. Applicants may claim the EHV Holder Preference if they are currently assisted EHV families whose assistance is at risk of termination due to lack of program funding.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 982 and 983.

Rule 0770-01-05-.11 Family Composition (24 C.F.R. 5.403, 982.201) is amended by revising the definitions for foster child and foster adult in parts (3)(a)1 and (3)(a)2 pursuant to HOTMA regulatory updates, so that, as amended it reads as follows:

- (3)
 - (a) Foster Children and Adults.
 1. Foster Child Definition. A foster child is defined as a member of the household who meets the definition of a foster child under state law. In general, a foster child is placed with the family by an authorized placement agency (e.g., public child welfare agency) or by judgment, decree, or other order of any court of competent jurisdiction.
 2. Foster Adult Definition. A foster adult is defined as a member of the household who is 18 years or older and meets the definition of a foster adult under state law. In general, a foster adult is a person who is 18 years of age or older, is unable to live independently due to a debilitating physical or mental condition and is placed with the family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.15 Student Status is amended by deleting part 2 in subparagraph (2)(a) Dependents; by adding new subparagraph (2)(b) to define a full-time student and by moving part 1 of (2)(a) to (2)(b)1; and by renumbering subparagraph (2)(b) Non-dependents to (2)(c) to reflect HOTMA regulatory changes, so that as amended it reads as follows:

- (2) Full-time Students Age Eighteen or Older. The THDA requires families to provide information about the student status and income of all full-time student household members who are eighteen (18) years of age or older.
 - (a) Dependents. Usually, a dependent is a family member who is under eighteen (18) years of age, but a dependent may also be a person of any age who is a person with a disability or a full-time student.
 - (b) A full-time student attending a higher education institution and living on campus or entered into a lease of six (6) months or less will be considered a household member.
 1. The head of household, spouse, co-head, foster children/adults and live-in aides can never be defined as a dependent, even if the individual is a full-time student.
 - (c) Non-dependents. The THDA must verify the full-time student status of certain adult, non-dependent household members. Student information for non-dependents will be verified in the following circumstances:
 1. To verify eligibility for single, adult student households;
 2. The household claims a childcare deduction to enable a household member to further his or her education; and
 3. To determine student income of non-dependent adults who are enrolled in institutions of higher education.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.15 Student Status is amended by revising “Restriction” to “Restrictions” in subparagraph (3)(b); by updating the definition in part (3)(b)1 for Student Financial Assistance; by deleting subparts (3)(b)1(i), (ii), (iii), and (v) in their entirety and revising and renumbering subparts (iv) to (i) to reflect HOTMA regulatory changes; by revising part (3)(b)2 to reflect HOTMA changes to definitions and adding new subparts (i) and (ii); by revising part (3)(b)3 and deleting parts 4 through 6 in their entirety; by renaming subparagraph (3)(c) Verifications to “Other Considerations” and deleting part (3)(c)1 Eligibility Determination and all its subparts, except for subparts (3)(c)(vi) Ongoing Rent Calculation and (ix) Documents Required which have been accordingly renumbered and reformatted to parts (3)(c)1 and (3)(c)2 to reflect updated definitions; by accordingly renumbering and reformatting items (3)(c)1(vi)(I) and (II) to subparts (3)(c)1(i) and (ii); as well as by renumbering and reformatting items (3)(c)2(ix)(I), (II), and (III) to subparts (3)(c)2(i), (ii), and (iii); and replacing the word “mailing” with “sending” in the new subpart (3)(c)2(ii), so that, as amended, it reads as follows:

(3)

(b) Additional Income Eligibility Restrictions on Part-time and Full-time Students Seeking Assistance to Reside in Their Own Units.

1. Student Financial Assistance. As an additional restriction on eligibility, student financial assistance received under the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087uu), required to be excluded from household income.

(i) HUD has interpreted the term student financial assistance to not include loan proceeds for the purpose of determining income under 24 C.F.R. 5.609(b)(9).

2. Other Student Financial Assistance. Student financial assistance, not excluded under the HEA or Under Bureau of Indian Affairs student assistance programs for actual covered costs to assist the student with the cost of higher education or to assist the student who is not the head of household or spouse, with the reasonable costs of housing while attending the institution and not residing in the assisted unit is excluded (24 C.F.R. 5.609(b)(9)(ii)).

(i) Must be a grant scholarship received from the Federal government; a State; Tribal, local government; a private institution registered as a non-profit; a business entity; or an institution of higher education.

(ii) Actual covered costs of the student are the actual costs of tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, and, for a student who is not the head of household or spouse, the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit. The educational institution must meet the definition of an institution of higher education (as defined under section 102 of the HEA). The financial assistance described above is not considered annual income for persons over the age of twenty-three (23) with dependent children.

3. Student financial assistance does not include financial support in the form of a fee for services performed (e.g. a work study or teaching fellowship); gifts, including gifts from family or friends; or any amount of the scholarship or grant that exceeds the actual covered costs of the student. (24 C.F.R. 5.609(b)(9)(ii)(B)).

(c) Other Considerations.

1. Ongoing Rent Calculation. To determine whether the student income should be included in the rent calculation, the THDA will consider the following:

- (i) If the student household member is twenty-four (24) years or older and has dependent children, student income is excluded.
- (ii) If the student household member is twenty-three (23) years or younger and does not have dependent children, the student income that is not used towards tuition, is verified and included in the income determination.

2. Documents Required:

- (i) Computer-generated document from the educational institution that includes the name of the institution, total amount of financial assistance, type of financial assistance, amount of tuition, and time period (quarter, semester, annual) covered by the financial assistance payment.
- (ii) If appropriate computer-generated documents are not available, third-party verification methods will be attempted by sending the THDA Student Status/Income Verification form to the appropriate office at the institution.
- (iii) If third-party verification fails, a self-certification will be accepted.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.16 Other Eligibility Criteria is amended by revising paragraph (1) and subparagraph (1)(a) to reflect the correct citations; by adding new paragraphs (9) and (10) to reflect updated HOTMA regulatory changes, so that as amended, it reads as follows:

- (1) Violation of Family Obligations (24 C.F.R. 982.552(c)(1)(i)). If an applicant, or any household member, has previously violated the family obligations listed in 24 C.F.R. 982.551 or on the voucher within the last three (3) years, the applicant household is denied even if they qualify for a local preference.
 - (a) Failure to Supply Timely Information (24 C.F.R. 982.551(b), 24 C.F.R. 982.552(b)(3)). Failure to supply information in a timely manner requested by the THDA for use in the eligibility determination is a violation of the family obligations in the program and includes:
 - (9) Ownership in Real Property (24 C.F.R. 5.618(a)(1)(ii)). If the family has the legal right to reside in the property and the effective legal authority to sell it and it is suitable for occupancy as a residence and the family does not meet any exceptions in 24 C.F.R. 5.618(a)(1)(ii), the applicant will be denied.
 - (10) Asset Restriction (24 C.F.R. 5.618(a)(1)(i)). If the household has net family assets that exceed \$100,000, the applicant will be terminated. This amount will be adjusted annually by HUD in accordance with the CPI-W.

Authority: T.C.A. §§ 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.18 Verification Process (24 C.F.R. 982.516) is amended by revising subparts (2)(a)2(i) and (ii) to include the correct form and updated changes required under HOTMA; by deleting subpart (2)(a)2(iii) in its entirety and accordingly renumbering subpart (iv) to (iii); by revising part (2)(a)3 to include revocation of consent; by updating subparagraph (2)(b) to reflect HOTMA changes to process, so that as amended, it reads as follows:

- (2)
 - (a)
 - 2. Forms.
 - (i) HUD-9886-A, Authorization for Release of Information. At initial eligibility determination or at annual recertification, all adult household members are required to sign this form. The purpose of this form is to facilitate automated data collection and computer matching from specific sources, such as employers. This

form provides household consent only for the specific purposes specified. HUD and the THDA may collect information from State Wage Information Collection Agencies (SWICAs), other wage matching systems, and current and former employers of adult household members. Only HUD is authorized to collect information directly from other federal agencies.

- (ii) The THDA Authorization for Release of Information. This form must also be signed by every adult household member at initial eligibility determination. This form allows the THDA to collect information from sources not included on the HUD-9886-A, such as childcare providers, medical professionals and educational institutions.
 - (iii) Adult household members may be asked to sign additional and specific consent forms as needed to collect information relevant to the household's eligibility and level of assistance.
3. Penalties for Failing to or Revoking Consent (24 C.F.R. 5.232). If any household member who is required to sign a consent form fails to or revokes consent, the THDA will deny admission to applicants and terminate assistance of participants for failure to cooperate with the verification process. The household may request an informal review in accordance with the THDA procedures.
- (b) Personal Declaration. Once consent is secured, verification of eligibility factors, including income source(s), asset source(s), and deduction/allowances is gathered. The THDA requires the head of household to complete and all adult household members must sign the Personal Declaration form verifying eligibility information at the time of application, and when any changes in household income or composition take place (recertification). The Personal Declaration form completed by the family is used to guide the verification process and determine sources of income, assets, deduction/allowance qualification and eligibility factors.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.18 Verification Process (24 C.F.R. 982.516) is amended by revising item (2)(c)1(iii)(I) to update the language required under HOTMA; and by adding new subitem (2)(c)1(iii)(I)III and accordingly renumbering subitem (2)(c)1(iii)(I)IV, so that as amended, it reads as follows:

- (2)
 - (c)
 - 1.
 - (iii) The THDA currently utilizes the following sources of UIV:
 - (I) Enterprise Income Verification (EIV) System. HUD maintains this system to collect employment and social security information for Housing Choice Voucher participants. An EIV report must be attempted for every participant during reexaminations, except Interim Recertification. EIV is not available at initial eligibility.
 - I. Social Security Reports in EIV. Social security information in EIV is updated quarterly; therefore, supplemental information is not necessary unless the tenant disputes the EIV report. If the participant disputes the EIV report, they must provide a current benefit letter from the Social Security Administration (SSA), dated within sixty-(60) days of a request by the THDA, to supplement the EIV report information.
 - II. Employment Reports in EIV. EIV data is updated quarterly, therefore, is not current for employment income. EIV may be used to calculate past income, but may not be used to calculate current income and rent without supplemental documents, preferably computer-generated documents or third-party documentation. If the participant disputes EIV, written third-party verification of the income source disputed must

be initiated. Written third-party verification may also be required to supplement EIV, rather than computer-generated documents, if the THDA determines that additional information is necessary to determine income and rent.

- III. EIV New Hire Reports. THDA will review New Hire Reports quarterly.
- IV. Acceptable Documents to Supplement EIV Information for Employment Income.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by revising subparagraphs (1)(a) and (b), by deleting part (1)(b)1 in its entirety, and by accordingly renumbering and revising part (1)(b)2 to reflect updated definitions and processes under HOTMA; by revising part (1)(c)1 and deleting subpart (1)(c)1(i) in its entirety and accordingly renumbering subparts (1)(c)1(ii) through (iv), and revising item (1)(c)1(ii)(II) and subpart (1)(c)1(iv) to reflect updated definitions under HOTMA; by revising part (1)(c)2 and subpart (1)(c)2(ii) to reflect changes made under HOTMA regulatory updates; by deleting item (1)(c)2(iii)(I) in its entirety as it no longer applies; by deleting the last sentence in subpart (1)(c)2(iv) and deleting subpart (1)(c)2(v) in its entirety to update the language pursuant to HOTMA; by revising subparagraphs (1)(d) and (e) to reflect changes made under HOTMA, so that as amended, it reads as follows:

(1) General Information.

- (a) Gross annual income (annual income) is used to determine if the household falls within the Income Limits and to determine the Total Tenant Payment (TTP), the amount of the rent the program participant is responsible for paying. The income of every household member who resides in the assisted unit, including persons who are temporarily absent but included in the unit size calculation, will be included when calculating income. Temporarily absent household members are individuals absent from the assisted unit for less than ninety (90) consecutive days. See 0770-01-05-.26(2)(d) Absences from Unit.
- (b) Annual Income. Annual income is all amounts, not specifically excluded in 24 C.F.R. 5.609(b), received from all sources by each member of the household who is 18 years of age or older or is the head of household or spouse of the head of household, plus unearned income by or on behalf of each dependent who is under 18 years of age, and imputed returns on net household assets exceeding \$50,000 (adjusted annually using the CPI-W) when the value of the actual returns from a given asset cannot be calculated. Imputed returns are based on the current passbook savings rate, as determined by HUD. See 24 C.F.R. 5.609(a).
 - 1. Participants. Annual income is all amounts received or earned during the previous twelve-month (12) period.
- (c) Calculating Income (24 C.F.R. 5.609(c)). The following procedures are observed when calculating income:
 - 1. Applicants. Annual income is all amounts received or earned during the twelve-month (12) period following admission, since EIV income information is not available for applicants.
 - (i) Previous Year's Income. The previous year's income may be utilized to determine the amount of income to be anticipated when current income cannot be clearly verified or determined, such as:
 - (I) When a household member has a sporadic annual work history (factory production work, temporary services, teacher's aides, etc.).

- (II) The household composition changes, and thus, household income is non-recurring (a particular member moves into and out of the household frequently).
 - (ii) Annualized Income Conversion. All income is converted from periodic amounts to an annualized figure to complete rent calculations.
 - (iii) Irregular Income. Some circumstances present challenges to estimating anticipated income, including situations where a participant has non-recurring work or seasonal income or a participant who is self-employed. In all instances, the THDA will make a reasonable judgment as to the most reliable approach in estimating what the participant will receive during the year. In many of these challenging situations, mid-year or interim recertifications may be required to reflect changing circumstances.
2. Participants. Annual income is all amounts received or earned during the previous twelve-month (12) period. THDA will use information available in the Enterprise Income Verification (EIV) System, when available.
- (ii) Full Twelve Months Not Available in EIV. If there are not 12 consecutive months of income information available in EIV, then the THDA must revert to using projected, anticipated income.
 - (iii) Change in Circumstances or Dispute. If there has been a change in circumstances for an applicant or participant household or the household disputes the EIV-reported income information and is unable to provide acceptable documentation to resolve the dispute, the THDA must request written third-party verification.
 - (iv) Sources Not Available in EIV. The THDA must continue to verify income from sources not available in EIV. However, the THDA must use the same time period for both wage and non-wage income.
- (d) Minimum Income/Expenses Requirement. The THDA follows HUD Rental Integrity Monitoring (RIM) guidance when determining income. There is no minimum income requirement, but income reported must be reasonable in relationship to financial commitments reported by the household. The THDA will review the Personal Declaration to compare self-declared paid current expenses to reported income for reasonability. If the THDA finds that the household has claimed less income than non-delinquent expenses, the household will be required to report the additional income sources and amounts available to cover their currently paid expenses. If the household refuses to cooperate, the THDA may tally the amount of paid current monthly expenses and count this amount as monthly income, using the Personal Declaration as verification of the income.
- (e) A household claiming zero income will have an interim contact every ninety (90) days until the household reports income.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by revising subparagraph (2)(c) and deleting part (2)(c)2 in its entirety to reflect changes made under HOTMA; by updating the definition in paragraph (3) and adding new subparagraph (3)(a) and by accordingly renumbering and revising subparagraph (3)(b) pursuant to HOTMA; by deleting part (3)(b)1 in its entirety to reflect HOTMA changes; by accordingly renumbering part (3)(b)2 and revising the language to reflect the updated code section and mirror the code and naming conformity pursuant to HOTMA changes; by adding new part (3)(b)2 and subparts (3)(b)2(i) and (ii) to reflect changes under HOTMA; and by deleting subparagraphs (3)(b) through (j) in their entirety as they no longer apply under HOTMA regulatory changes, so that as amended, it reads as follows:

(2)

- (c) Income of Full-Time Students. When full-time students aged eighteen (18) or older are dependents, THDA will count their earned income up to the maximum of the dependent allowance. If the income is less than the dependent allowance, the full amount of the income will be counted. If the income exceeds the dependent allowance, only the amount equal to the dependent allowance will be counted, and any excess will be excluded.
 - 1. A head, spouse or co-head can never be classified as a full-time student dependent. All income of a full-time student, eighteen years of age or older, is counted if that person is the head of the family, spouse, or co-head.
- (3) Income Inclusions. Annual household income includes all amounts not specifically excluded in this Administrative Plan, received from all sources by each member of the family who is 18 years of age or older or is the head of household or spouse of the head of household, plus unearned income by or on behalf of each dependent who is under 18 years of age.
 - (a) When the value of net family assets exceeds \$50,000 (which amount HUD will adjust annually in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)) and the actual returns from a given asset cannot be calculated, imputed returns on the asset based on the current passbook savings rate, as determined by HUD.
 - (b) Earned Income. Earned income means income or earning wages, tips, salaries, other employee compensation, and net income from self-employment or operation of a business. Earned income does not include any pension or annuity, transfer of payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare, social security, and governmental subsidies for certain benefits), or any cash or in-kind benefits.
 - 1. Self-Employment/Operation of a Business (24 C.F.R. 5.609 (b)(28)). Income from self-employment or operation of a business is counted using the calculation of net income equals gross income less expenses.
 - 2. Independent Contractor. An individual is considered an independent contractor instead of an employee in accordance with Internal Revenue Code Federal income tax requirements and whose earnings are consequently subjected to the Self-Employment Tax. In general, an individual is an independent contractor if the payer has the right to control or direct only result of the work and not what will be done and how it will be done.
 - (i) Income received as an independent contractor is included in annual income even if the source, date or amount of the income varies;
 - (ii) Considered self-employed.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by deleting subparagraph (4)(a) in its entirety as it no longer applies under HOTMA and by accordingly renumbering subparagraphs (4)(b) and (4)(c); by updating the new part (4)(b)1 to reflect program changes under HOTMA; by deleting part (4)(b)2 and accordingly renumbering parts (4)(b)3 through (4)(b)8; by deleting subpart (4)(b)4(i) as it no longer applies; by updating parts (4)(c)1, 4, 6, 8, 10, 12, 20, 25, 28, 29, and subpart (4)(c)8(i) to reflect definition and program changes under HOTMA; by deleting parts (4)(c)7, 9, 14, 15, 18, 19, 21, 22, 23, 24, 26, and 27 in their entirety and by adding new items (4)(b)7(i)(I) through (VI) and new parts (4)(b)19 through 32 to reflect changes made under HOTMA; so that as amended, it reads as follows:

- (4) Income Exclusions.
 - (a) Earned Income Disallowance for Households with a Person with Disabilities (EID) (24 C.F.R. 5.617).

1. The EID is a special income exclusion, extended to qualified households that include a person with disabilities who chooses to work or earn additional income, where the additional income is temporarily excluded from income so that it does not result in a rent increase. As of January 2, 2024, no new households qualify for the EID. The EID ends January 1, 2026.
 2. Qualified households consist of households that include a previously unemployed person with disabilities who has earned, in the twelve (12) months prior to employment, no more than would be received for ten (10) hours of work per week for fifty (50) weeks at the established minimum wage and whose:
 3. The temporary disallowance is limited to two twelve-month (12-month) exclusion periods, one full and one partial, and a lifetime limit of forty-eight (48) months (four (4) years). The terms are not required to be consecutive, but must fall within the lifetime, 48-month period.
 4. The disallowance/exclusion of an increase in annual income is applied as follows:
 5. Inapplicability to Admission. The disallowance of increases in income as a result of employment of persons with disabilities under this section does not apply for purposes of admission to the program, including the determination of income eligibility or any income targeting that may be applicable.
 6. Failure to Timely Report Earned Income that would qualify for a Disallowance. If a household fails to timely report a change in employment income, but it is determined that the income could have been excluded due to the Earned Income Disallowance, no repayment will be required.
 7. If a household claims the earned income disallowance (disabled members only) for a source of income, both the source and the income must be verified.
- (b) There are other certain types of income that are specifically excluded by regulation and are not counted towards the household's Total Tenant Payment (TTP). Specific income exclusions include:
1. Income from the employment of children (including foster children) under the age of eighteen (18) years and foster adults;
 2. Income of a live-in aide (as defined at 24 C.F.R. 5.403);
 3. Payments received for the care of foster children, foster adults through official foster care relationships with local welfare agencies or kinship payments;
 4. Earnings in excess of the dependent allowance for each full-time student 18 years of age or older other than the head, spouse, or co-head;
 5. The special pay to a family member serving in the armed forces who is exposed to hostile fire;
 6. Amounts received by a family that are specifically for, or in reimbursement of, the cost of health and medical care expenses for any family member are excluded from annual income;
 7. Non-recurring income of any kind, including employment income, that will not be repeated in the coming year (i.e. the twelve (12) months following the effective date of the certification) based on information provided by the family.

- (i) Income that has a discrete end date and will not be repeated beyond the coming year during the family's upcoming annual reexamination period will be excluded from a family's annual income as nonrecurring income.
 - (I) Payments from the U.S. Census Bureau for employment (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not culminating in permanent employment;
 - (II) Direct Federal or State payments intended for economic stimulus or recovery;
 - (III) Amounts directly received by the family as a result of State or Federal refundable tax credits or tax refunds at the time they are received;
 - (IV) Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding gifts, baby showers, anniversaries);
 - (V) Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization; and
 - (VI) Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings.

- 8. Adoption assistance payments in excess of the dependent allowance per adopted child are excluded from annual income;

- 9. Amounts received by participants in publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (for special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program;

- 10. Amounts paid by a state Medicaid managed care system, other state agency or authorized entity to a family to enable a family member who has a disability to reside in the family's assisted unit; to a family to offset the cost of services and equipment needed to allow a developmentally disabled family member to live at home;

- 11. Amounts received by a person with a disability that are disregarded for a limited time for purposes of SSI eligibility and benefits because they are set aside for use under a plan to attain self-sufficiency (PASS) are excluded from annual income;

- 12. Earned income tax credit (EITC) refund payments received on or after January 1, 1991, including advanced earned income credit payments;

- 13. Amounts received in the form of refunds or rebates under state or local law for property taxes paid on a dwelling unit are excluded from annual income (i.e. state homestead exemptions);

- 14. Reparation payments made by a foreign government pursuant to claims filed under the law of that government by persons who were persecuted during the Nazi era;

- 15. Amounts received under a resident service stipend not to exceed \$200 per month. A resident service stipend is a modest amount received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development;

- 16. Incremental earnings and benefits resulting to any family member from participation in training programs funded by HUD or in qualifying Federal, State, Tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff;
 - (i) Excluded amounts must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during

which the family member participates in the employment training program unless those amounts are excluded under part (b)(7)(i) of this section.

17. Any participants who are eligible for and have received the \$250 stimulus payment as a part of the 2009 American Recovery and Reinvestment Act (ARRA);
18. Deferred periodic amounts from supplemental security income (SSI) and social security (SS) benefits that are received in a lump sum amount (lump sum distributions are treated as an asset);
19. Any imputed return on an asset when net family assets total \$50,000 or less (which amount HUD will adjust annually in accordance with the CPI-W and no actual income from the net family assets can be determined);
20. Income earned by government contributions to, or distributions from, "baby bond" accounts created, authorized, or funded by federal, state, or local government;
21. Income and distributions from any Coverdell education savings account or any qualified tuition program under IRS sections 529 and 530;
22. The net amount disbursed by a lender to a borrower, under the loan terms. Funds may be received by the family or a third party (e.g. educational institution or car dealership);
23. Payments received by tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States. This includes payments from tribal trust settlements. Payments must be excluded from gross income under the IRS Code or other federal law;
24. Replacement housing "gap" payments that offset increased rent and utility costs to families that are displaced from one federally subsidized housing unit and move into another federally subsidized housing unit;
 - (i) If the gap is reduced or eliminated because of subsequent move by the tenant or change in the subsidy, and the tenant continues to receive the payment, the payment that is no longer needed to close the gap should be counted as income.
25. Civil rights settlements or judgments, including settlements or judgments for back pay;
26. Income earned on amounts placed in a family's Family Self Sufficiency (FSS) Account, including interim or final distributions from the account;
27. Insurance payments and settlements for personal or property losses, including but not limited to payments through health insurance, motor vehicle insurance, and workers' compensation;
28. Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a member of the family becoming disabled;
29. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
30. Payments related to aid and attendance for veterans under 38 U.S.C. § 1521;
31. Income received from any account under an IRS-recognized retirement plan, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals; except that any distribution of periodic payments from such accounts shall be income at the time they are received by the family; and

32. Deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by changing “child care” to “childcare” in paragraph (5); by revising subparagraph (5)(a) to correct the citation and reflect changes to the definition; by revising subparagraph (5)(b) and part (5)(b)1 to update the elderly/disabled allowance; by revising subparagraph (5)(c) to change the title and definition; by updating the citation and definition in part (5)(c)1; by revising subpart (5)(c)1(i) to reflect the change under HOTMA; by deleting item (5)(c)1(ii)(I) and accordingly renumbering and revising item (5)(c)1(ii)(II) pursuant to regulatory changes; by deleting subitem (5)(c)1(ii)(II)XI; by updating subpart (5)(c)1(iii) and item (5)(c)1(v)(VI) to reflect changes made to the definition pursuant to HOTMA, so that as amended, it reads as follows:

- (5) Adjusted Income Allowances/Deductions (24 C.F.R. 5.611). Adjusted income is annual income minus allowances or mandatory deductions for dependents, elderly household allowance, childcare, medical and handicap expenses/deductions.
 - (a) Dependent Allowance (24 C.F.R. 5.611, 5.603(b)). The dependent allowance will be adjusted annually by HUD in accordance with the CPI-W, for each household member who is under eighteen (18) years of age, is age 18 or over and a person with a disability, or 18 or over and a full-time student. The only requirement is that the THDA verify that the family members identified as dependents or elderly/disabled persons meet the statutory definitions.
 1. The head, spouse, foster child or live-in attendant is never counted as a dependent.
 - (b) Elderly/Disabled Household Allowance (24 C.F.R. 5.611, 5.403(a)). The elderly/disabled household allowance is \$525 which will be adjusted annually by HUD in accordance with the CPI-W, per household for all families in which the head or spouse is at least sixty-two (62) years of age or under age 62 and a person with a disability.
 1. The elderly/disabled allowance is a household deduction (only one per household, even if both head and spouse are elderly or have a disability).
 2. A household may have a member who is elderly or disabled, but if this person is not the head or spouse, the household does not qualify for the deduction.
 - (c) Health and Medical Care Expenses, Reasonable Attendant Care, and Auxiliary Apparatus Expenses. The sum of these, to the extent that the sum exceeds ten (10) percent of annual income, must be deducted from annual income.
 1. Unreimbursed Health and Medical Care Expenses Deduction (24 C.F.R. 5.609(b)(6), 5.603, 5.611). Health and medical care expenses are any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatment affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated during the period for which annual income is computed. The Unreimbursed Health and Medical Care Expenses Deduction is allowed only for households in which the head or spouse is at least sixty-two (62) years old or disabled.
 - (i) If the household is eligible for a Health and Medical Care Expenses Deduction, the medical expenses of all household members are counted.
 - (ii) Verification. The THDA must verify that the household is eligible for the deduction, the costs to be deducted are qualified health and medical care expenses, the expenses are not paid for or reimbursed by any other source, and costs incurred in past years are counted only once.

- (I) Qualified Expenses. To be eligible for the Health and Medical Care Expenses Deduction, the costs must qualify as medical expenses. When it is unclear as to whether or not to allow an item as a health and medical care expense, the IRS Publication 502 is used as a guide. These may include:
- (iii) Unreimbursed Expenses. To be eligible, the household must certify that the health and medical care expenses are not paid or reimbursed to the household from any source. The Personal Declaration serves as a self-certification.
- (v) Amount of Expense. The amount of the expense will be verified using the following (dependent upon the type of expense and verification available):
 - (VI) Receipts or other computer-generated record (pharmacy statement) of health and medical care expenses incurred during the past twelve (12) months that can be used to anticipate future health and medical care expenses. The THDA may use this approach for “general health and medical care expenses” such as non-prescription drugs and regular visits to doctors or dentists but not for one-time, non-recurring expenses from the previous year.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by revising subpart (5)(c)2(iv) to reflect changes made pursuant to HOTMA, so that as amended it reads as follows:

- (iv) Three Percent of Annual Income. There is a special calculation required for households who are eligible for both disabled and health and medical care expenses. Three (3) percent of the annual income must first be deducted from the handicap expense and any remainder is then deducted from the total health and medical care expense.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by adding part (5)(c)3 to reflect new requirements under HOTMA, so that as amended, it reads as follows:

(5)

(c)

- 3. Hardship for Health and Medical Care and Disability Assistance Expenses (24 C.F.R. 5.611(c)). There are two categories of hardship exemptions.
 - (i) Households currently receiving a deduction for expenses over three (3) percent of its income.
 - (I) The household will receive a deduction totaling the sum of the expenses that exceed five (5) percent of annual income.
 - (II) Twelve months after the relief in item (5)(c)3(i)(I) is provided, the household must receive a deduction totaling the sum of expenses that exceed seven point five (7.5) percent of annual income.
 - (III) Twenty-four months after the relief in item (5)(c)3(i)(I) is provided, the household must receive a deduction totaling the sum of expenses that exceed ten (10) percent of annual income.
 - (IV) A household may request hardship relief under (5)(c)3(ii) prior to the end of the twenty-four (24) month transition period. If a household making such a request is determined eligible for hardship relief under (5)(c)3(ii), hardship

relief under (5)(c)3(i) ends and the household's hardship relief shall be administered in accordance with (5)(c)3(ii).

- (ii) Households who can demonstrate a financial hardship. A household must demonstrate a financial hardship due to an increase in the household's qualified expenses.
 - (I) The household will receive a deduction for the sum of the eligible expenses that exceed five (5) percent of annual income.
 - (II) The household's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after ninety (90) days, whichever comes earlier. THDA will grant an extension of the hardship up to an additional ninety (90) days, in thirty (30) day increments.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by revising paragraph (5)(d) to update the title and citation; by revising part (5)(d)1 to add the new definition under HOTMA; by deleting item (5)(d)4(ii)(I); by deleting the second sentence in part (5)(d)7; by adding new part (5)(d)8 and its subparts (5)(d)8(i) and (ii) to update the admin plan to reflect changes made under HOTMA, so that as amended, it reads as follows:

(5)

(d) Childcare Allowance Expense Deduction (24 C.F.R. 5.603 and 611(a)(4)).

- 1. Reasonable child care expenses, necessary to enable a member of the household to be employed or to further the household member's education, for the care of children, including foster children, under the age of thirteen (13), may be deducted from annual income if all of the following are true:
 - 4. Allowable Type of Childcare. The type of care to be provided is determined by the household but must fall within certain guidelines. The THDA will verify that the type of childcare selected by the household is allowable.
 - (i) The THDA will verify that the fees paid to the childcare provider cover only childcare costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for household members).
 - (ii) The THDA will verify that the childcare provider is not an assisted household member. Verification will be made through the head of household's declaration of household members who are expected to reside in the unit.
 - (iii) If accurate and complete documentation is provided, the THDA will not make a determination of "adequate childcare provided within the home" based on another adult being present within the unit while childcare services are provided.
 - 7. Payments to a minor child who lives in the assisted household for caring for other minor children in the household are not deducted.
 - 8. Hardship for Child Care Expenses. A household whose eligibility for the childcare expense deduction is ending may request a financial hardship exemption to continue the deduction.
 - (i) A household must demonstrate a financial hardship due to being unable to pay their rent because of loss of this deduction, and the childcare expense is still necessary even though the family member is no longer employed or furthering education.

- (ii) The household's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after ninety (90) days, whichever comes earlier.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by updating the title, citation, and definition in paragraph (6); by revising subparagraph (6)(a) and deleting all its three parts to reflect changes under HOTMA; by adding new subparagraphs (6)(b) and (c), and accordingly renumbering subparagraph (6)(b) to (6)(d) and changing the title; by updating and deleting the previous language in part (6)(b)1; by adding new part (6)(d)2 and its subparts (6)(d)2(i) and (ii) to reflect changes pursuant to HOTMA; by deleting all three subparts of (6)(b)1 and parts (6)(d)2 and (6)(d)3 in their entirety, so that as amended it reads as follows:

- (6) Assets (24 C.F.R. 5.603(b)). Net family assets is the net cash value of all assets owned by the household, after deducting reasonable costs that would be incurred in disposing real property, savings, stocks, bonds, and other forms of capital investment.
 - (a) THDA must include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received;
 - (b) In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives consideration not measurable in dollar terms;
 - (c) Negative equity in real property or other investments does not prohibit the owner from selling the property or other investments, so negative equity alone would not justify excluding the property or other investments from family assets;
 - (d) Income from Assets. The calculation to determine the amount of income from assets to include in annual income considers the following:
 - 1. Ability to calculate. Use amount calculated from actual returns from an asset.
 - 2. Inability to calculate. If it is not possible to calculate an actual return and:
 - (i) The net family assets are \$50,000 or less, the imputed income from that asset is excluded; and
 - (ii) The net family assets are over \$50,000, THDA will impute income for the asset based on the current passbook savings rate, as determined by HUD.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by updating the definition in subparagraph (7)(a) pursuant to HOTMA; by deleting parts (7)1 through 11 in their entirety; by revising parts (7)(b)1 through 4 and adding new parts (7)(b)5 through 12 to reflect changes pursuant to HOTMA, so that as amended, it reads as follows:

- (7) Asset Inclusion/Exclusions.
 - (a) Asset Inclusions. Household assets include all assets not specifically excluded in this Administrative Plan.
 - (b) Asset Exclusions. The following household assets are not included:
 - 1. The value of necessary items of personal property;

2. The combined value of all non-necessary items of personal property if the combined total value does not exceed \$50,000 (which amount will be adjusted by HUD in accordance with the CPI-W);
3. The value of any account under a retirement plan recognized by the Internal Revenue Service;
4. The value of real property that the family does not have the effective legal authority to sell;
5. Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a family member being a person with a disability;
6. The value of any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986, the value of any qualified tuition program under section 529 of such Code, the value of any Achieving a Better Life Experience (ABLE) account authorized under Section 529A of such Code, and the value of any "baby bond" account created, authorized, or funded by Federal, State, or local government;
7. Interests in Indian trust land;
8. Equity in a manufactured home where the family receives assistance under 24 C.F.R. 982;
9. Equity in property under the Homeownership Option for which a family receives assistance under 24 C.F.R. 982;
10. Family Self-Sufficiency Accounts;
11. Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family; and
12. Trust Fund that is not revocable or under the control of any member of the household.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by deleting subparagraphs (8)(a) and (b) in their entirety and accordingly renumbering subparagraph (8)(c) to (8)(a); by deleting subparagraph (8)(d) and all its parts and accordingly renumbering subparagraph (8)(e) to (8)(b); by updating the title in subparagraph 8(e) and revising part (8)(e)1 to reflect changes under HOTMA; by adding new part (8)(b)2 and its three subparts; by deleting subparts (8)(e)1(i) and (ii) in their entirety; by deleting subparagraph (8)(f) and accordingly renumbering subparagraph (8)(g) to (8)(c); by deleting subparagraphs (8)(h) and (8)(i) in their entirety and accordingly renumbering subparagraph 8(j) to 8(d) to reflect changes made pursuant to HOTMA, so that as amended, it reads as follows:

(8) Calculating Income from Assets-Specific Types.

(a) Annuities.

(b) Trust Distributions.

1. Revocable trust considered part of net household assets. Revocable trust is a trust that the creator of the trust may amend or end (revoke) and if any member of the household has the right to withdraw the funds in the account. If the value of the trust is considered part of the household's net assets, then distributions from the trust are not considered income to the household.
2. Revocable or irrevocable trust not considered part of the net household assets. Irrevocable trust is a trust where the creator has no access to the funds in the account. If the value of the trust is not considered part of the household's net assets, then distributions from the trust are treated as follows:

- (i) Distributions of the principal, or corpus, of the trust, and
 - (ii) Distributions of income from the trust used to pay the costs of health and medical care expenses for a minor.
 - (iii) Except that any actual income earned by the trust, regardless of whether it is distributed, shall be considered income to the family at the time it is received by the trust.
- (c) Assets Owned Jointly.
- 1. If assets are owned by more than one person, prorate the assets according to the percentage of ownership, but if no percentage is specified or provided by a state or local law, prorate the assets evenly among all owners.
 - 2. If an asset is not effectively owned by an individual, do not count it as an asset.
 - (i) An asset is not effectively owned when the asset is held in an individual's name, but:
 - (I) The asset and any income it earns accrue to the benefit of someone else who is not a member of the family; and
 - (II) That other person is responsible for income taxes incurred on income generated by the assets.
- (d) Assets Disposed of for Less than Fair-market Value. At every certification and recertification, applicants and participants must declare, on the Personal Declaration, every asset that has been disposed of for less than fair-market value during the two years preceding the certification or recertification. If the household disposes of more than \$1,000 in assets during a twelve-month period, the amount must be imputed and counted as income.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.19 Income and Asset Determination (24 C.F.R. 5.609) is amended by adding new paragraph (9) and accordingly renumbering the previous paragraph (9) to (10) to reflect changes pursuant to HOTMA and to mirror the ordering in the code, so that as amended, it reads as follows:

- (9) Restrictions Based on Assets.
- (a) The household's net assets may not exceed \$100,000, which amount will be adjusted annually by HUD in accordance with the CPI-W.
 - (b) The household may not have ownership interest in, a legal right to reside in, and the effective legal authority to sell real property that is by the household as a residence, except this real property restriction does not apply to:
 - 1. Any property for which the household is receiving assistance under THDA's Home Ownership program;
 - 2. Property jointly owned by a member of the household and at least one non-household member who does not live with the family, if the non-household member resides at the jointly owned property;
 - 3. Any person who is a victim of domestic violence, dating violence, sexual assault, or stalking; or
 - (i) Verification must include the HUD's VAWA Self-Certification Form (Form HUD-5382).
 - 4. Any household that is offering such property for sale.

- (i) Verification of Seller. Provide a contract between the listing agent and seller and/or the real estate listing.
- (c) A property will be considered suitable for occupancy unless the household demonstrates that it:
 1. Does not meet the disability-related needs for all members of the household;
 2. Is not sufficient for the size of the household according to THDA's subsidy standards;
 3. Is located so as to be a hardship for the household;
 4. Is unsafe because of physical condition according THDA's HQS or occupancy standards; or
 5. Is not a property that a household may reside in under the State or local laws of the jurisdiction where the property is located.

(10) Verification. Any assets and income reported by the household must be verified.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Parts 5 and 982.

Rule 0770-01-05-.21 Determination of Eligibility is amended by revising subpart (3)(a)5(vi) to update the language to reflect changes made pursuant to HOTMA, so that it reads as follows:

- (vi) Space is provided for a full-time student who is away at school, but lives with the family during school recesses.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by revising subparagraphs (1)(b) and (c) to update language and definitions to reflect required changes pursuant to NSPIRE; paragraph (2) is amended to include updated definitions; subpart (2)(c) is amended to update the correct citation and language; paragraph (3) is amended to update the correct citation; subpart (3)(a)1(iii) is amended to update processes required by NSPIRE; subpart (3)(a)2(i) is amended to reflect language updates pursuant to NSPIRE; part (3)(a)3 is amended to reflect language changes pursuant to NSPIRE requirements; subparagraph (3)(b) is amended to reflect NSPIRE title change; part (3)(b)1 is amended to reflect updated NSPIRE requirements; part (3)(b)6 is amended to reflect definitions under NSPIRE and a new title; part (3)(b)7 is amended to reflect updated NSPIRE requirements, so that as amended, it reads as follows:

- (1) Responsibility for Locating a Suitable Unit. The applicant or participant is responsible for locating a suitable unit.
 - (a) An online database of available rental properties, TNHousingSearch.org, is provided for families to use to find available units.
 - (b) The THDA provides households with the basic information on what is required for a unit to pass the HQS inspection.
 - (c) The selection of the unit is the applicant's preference as long as the unit meets the eligibility criteria.
 - (d) If the voucher expires before an applicant locates a suitable unit, the applicant must reapply to the program, unless there is an owner or THDA-caused delay, in which case the voucher will be extended for time of the delay.
- (2) Housing Quality Standards (HQS), Acceptable Subsidy Standards, and Criteria for Acceptable Housing (24 C.F.R. 982.4). Units are inspected according to HUD National Standards for the Physical Inspection of Real Estate (NSPIRE), must meet acceptable subsidy standards, and must conform to

certain criteria for acceptable housing.

(c) Eligible Housing Types (24 C.F.R. 982.352). The following types of housing are eligible for leasing under the HCV program if they pass HQS and meet occupancy standards:

(3) Types of Inspections and General Requirements (24 C.F.R. 982.401 and 982.405).

(a) Initial Inspection. A unit must be inspected and have a pass rating prior to the execution of the Housing Assistance Payment (HAP) Contract. The owner must complete all required repairs. If the unit fails the final inspection, the Request for Tenancy Approval (RTA) will be denied. This also applies to relocations for participants.

1. Scheduling of the Inspection.

(iii) A Confirmation of Scheduled Initial Inspection will be sent to the owner and tenant.

2. Notice of Initial Inspection Failure will be sent to the owner and applicant/participant within two (2) business days following a failed inspection. The notice will provide the necessary repairs and the fourteen (14) business day deadline to make the repair. This may be completed sooner if the issues are corrected prior to the appointment date. At the re-inspection, only the previously failed items will be inspected, unless a new failed item is observed. The deadline may be extended, by request, if it is impossible for the repair to be completed within fourteen (14) days. This must be approved by the Program Director or the assigned HQS Coordinator.

(i) If the unit does not pass HQS after two inspections, the RTA will be cancelled for that unit, but the family may search for another unit if the household is still within the first 60 days of the voucher term or any reasonable accommodation extension.

3. Pass Results. If the unit passes the inspection, a HQS Compliance Notice will be sent to applicant/participant family and either left with the owner at the unit, if the owner was present for the inspection, or sent to the owner as documentation of the unit's passed status.

(b) Periodic Inspections. HCV assisted units are inspected annually and/or biennially if the units remain on the Program. Each unit must be inspected before or during the same month each year (annual) or every other year (biennial).

1. The Notice of Inspection will be sent to the owner and participant with the scheduled date and time within fourteen (14) business days prior to the inspection. An automated reminder call will be placed to the participant a minimum of forty-eight (48) hours prior to the inspection.

6. Self-Certification for Non-Life Threatening Deficiencies (NLT). HUD allows owners and participants to self-certify that repairs for NLT deficiencies have been completed. This eliminates the need for re-inspections.

7. Self-Certification Form. When the unit fails inspection, the inspector sends the Self-Certification Form and the Notice of HQS Violations to the owner and participant within two (2) business days. The owner and the participant are required to sign the Self-Certification Form verifying that all repairs are complete.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by deleting subparagraph (3)(c) and replacing it with the following language to reflect required changes under NSPIRE, so that as amended it reads as follows:

- (3)
- (c) Interim Inspections. A unit may also be inspected at the request of the owner or the household because of a complaint or special issue, but only if the issue reported represents a potential violation of HQS.
1. Life-Threatening (LT). LT deficiencies are those conditions that, if evident in the home or on the property, present a high risk of death to a participant. If the reported deficiency is life-threatening, THDA will, within twenty-four (24) hours of notification, both inspect the housing unit and notify the owner if the LT deficiency is confirmed. The owner must then make the repairs within 24 hours of notification.
 2. Non-Life-Threatening (NLT). NLT deficiencies known as severe and moderate are those conditions that, if evident in the home or on the property, affect the physical security or safety of tenant and/or property. If the reported deficiency is non-life-threatening, THDA will, within fifteen (15) days of notification, both inspect the unit and notify the owner if the deficiency is confirmed. The owner must then make the repairs within thirty (30) days of notification from THDA or within any THDA-approved extension.
 - (i) Severe conditions are those conditions that, if evident in the home or on the property, present a high risk of permanent disability, serious injury or illness, or the physical security or safety of tenant or property is seriously compromised.
 - (ii) Moderate conditions are those conditions that, if evident in the home or on the property, present a moderate risk of an adverse medical event requiring a healthcare visit, causes temporary harm, if left untreated causes or worsens a chronic condition that may have long-lasting adverse health effects, or the physical security or safety of tenant or property is compromised.
 3. Extraordinary Circumstances. In the event of extraordinary circumstances (e.g. presidentially declared disaster area) HUD may approve an exception of the twenty-four (24) hour or the fifteen (15) day inspection requirement until such time as an inspection is feasible.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by updating subparagraph (5)(a) to reflect updated NSPIRE requirements; by revising subparagraph (5)(b) to update the numbering conventions under NSPIRE; and by substituting “mail” with “send” in part 5(b)1, so that as amended, it reads as follows:

- (5)
- (a) The inspection results must be signed by the adult that allowed entry into the unit. If the unit passes the HQS inspection, a HQS Compliance Pass Letter will be sent to the owner and left with the participant family.
 - (b) Failed Results. The inspector may perform onsite maintenance at inspected units using their own provided supplies when such replacement would eliminate the need to perform a twenty-four (24) hour emergency re-inspection or thirty (30) day re-inspection at the unit (repair/replace damaged or missing light switch and outlet covers; repair/replace missing smoke alarm batteries). The Inspector is not obligated to provide such maintenance when other repair items are found that would require re-inspection of the unit within twenty-four (24) hours (for emergency repair items) or thirty (30) days (for routine items).
 1. If other non-compliant fail items are present, the inspector will send the Notice of HQS Violations to the owner and participant family within three (3) business days. The necessary repairs will indicate who is responsible for the repairs, the THDA action that will result from non-compliance, and the requirement of self-certification for non-emergency items.

Authority: T.C.A. §§ 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by adding a new part (6)(a)1 and renumbering former parts 6(a)1 and 6(a)2 to parts 6(a)2 and 6(a)3 to reflect changes required under NSPIRE, so that as amended, it reads as follows:

(6)

(a)

1. An owner may not terminate the tenancy of any family due to withholding or abatement of assistance.
 - (i) During the period that assistance is abated, the family may terminate the tenancy by notifying the owner and THDA. If the family chooses to terminate the tenancy, the HAP contract will automatically terminate on the effective date of the tenancy termination or the date the family vacates the unit, whichever is earlier. THDA must promptly issue the family a relocation voucher.
2. Failure to Repair and Certify Timely (24 C.F.R. 982.404). If the owner or participant fail to complete repairs, sign the Self-Certification Form, or submit a completed Self - Certification form by the 30-day deadline or by the extension deadline, the following actions will be taken:
 - (i) Owner's Responsibility. If the repairs are not made by the end of the abatement period, the HAP contract will be terminated and the participant will be issued a relocation voucher.
 - (ii) Participant's Responsibility. If the repairs are not made by the end of the 30-day repair period, a proposed termination will be issued to the participant and the family's assistance is terminated; the HAP Contract will be terminated in thirty (30) days.
 - (I) The participant has the right to appeal a termination decision that results from the failure to make HQS repairs.
 - (iii) If either party does not make the repairs at the end of the 30-day repair period, the unit will be abated and the participant will be issued a proposed termination.
3. Special Circumstances.
 - (i) Owner and Participant Responsibility. In cases where there is a discrepancy, THDA will investigate. For example, in cases where one party completes the repairs and the other party is unwilling/unable to sign the self-certification form, THDA will determine if the repairs are completed satisfactorily. If the repairs are the participant's responsibility, the family may be issued a proposed termination and the landlord may not be abated.
 - (ii) Affidavit in Lieu of Self-Certification. In cases when the landlord and/or participant claim that the self-certification was submitted, but it was not received, the THDA may accept an affidavit in lieu of the self-certification. The THDA will consider the self-certification as timely.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by revising subparagraph (7)(a) to reflect

additional and updated definitions and by providing an itemized breakdown of various life-threatening deficiencies as required by NSPIRE changes, so that as amended, it reads as follows:

(7) Life-Threatening Deficiencies.

(a) Life-threatening (LT) Deficiencies include, but are not limited to:

1. Bathtub or shower, where only one (1) is present in the unit, and it is inoperable or does not drain;
2. Call-for-aid system is blocked, pull cord is higher than six (6) inches off floor, or does not emit sound, light, or send a signal to the annunciator;
3. Smoke alarm or carbon monoxide alarm is missing, not installed, not installed in a proper location, is obstructed, does not produce audio or visual alarm;
4. Damaged or incomplete chimney unit such that it may not safely contain fire and convey smoke and combustion gases to the exterior;
5. Electric or gas clothes dryer transition duct is detached, missing, or constructed of unsuitable material or the ventilation system has restricted airflow;
6. Entry door and/or fire labeled door is missing;
7. Obstructed means of egress;
8. Outlet or switch is damaged, including exposed electrical conductor or water in contact with conductor;
9. Overcurrent protection device (fuse or breaker) is damaged;
10. Exit sign is damaged, missing, obstructed, or not adequately illuminated;
11. Fire escape component is damaged or missing;
12. Fire extinguisher is damaged or missing, pressure gauge reads over or under-charged, or service tag is missing, illegible, or expired;
13. Combustible materials or improperly stored chemicals near the gas water heater or gas furnace;
14. Guardrail is missing, not installed, or not functionally adequate;
15. The permanently installed heating source is inoperable or interior temperature is 64 degrees Fahrenheit between October 1 and March 31;
16. Unvented space heater that burns gas, oil, or kerosene is present;
17. Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing; or combustion chamber cover or gas shutoff valve is missing;
18. Natural gas, propane, or oil leak;
19. Presence of mold-like substance at extremely high levels is observed visually (cumulative area of patches is more than 9 square foot in a room);
20. Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head or sprinkler head assembly or component is damaged, inoperable, missing and it is detrimental to performance, has evidence of corrosion or foreign material that is detrimental to performance;
21. Structural system exhibits signs of serious failure;

22. Toilet, where only 1 is present in unit, is missing, damaged, or inoperable; or
23. Water heater chimney or flue piping is blocked, misaligned, or missing; or gas shutoff valve is damaged, missing, or not installed.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by revising subparagraph (7)(b) to reflect the name change and replacing “defects” with “conditions” as required under NSPIRE; and by revising part (7)(b)1 to reflect the name change from “Emergency Repairs” to “LT Deficiencies”, so that as amended, it reads as follows:

- (7)
 - (b) Deadline for LT Deficiencies. Such conditions must be corrected within twenty-four (24) hours of the repair notice or the HAP will be abated or terminated, depending on the circumstances as outlined below.
 1. Extension of LT Deficiencies. A short extension of no more than forty-eight (48) hours will be given where the owner or participant cannot be reached or if it is impossible to repair within the twenty-four (24) hour period, i.e., it is a weekend, etc.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by revising subparagraph (7)(c) and its parts to reflect changes in definitions and the name change under NSPIRE, and by deleting part (7)(d)2 in its entirety, so that as amended, it reads as follows:

- (7)
 - (c) Owner Responsibility for LT Deficiencies.
 1. If the owner is responsible for the repair, the owner must correct the condition or the HAP contract will be abated immediately and the participant will be issued a voucher to relocate.
 2. If the owner takes steps to correct the condition, but it is impossible for the condition to be corrected in twenty-four (24) hours; the participant does not want to relocate; and the family wants and is able to make alternative living arrangements during the repairs, the HAP will be abated until repairs are complete for a maximum of thirty (30) days. If the participant is unable to find alternate housing, the household must be relocated and the HAP contract will be terminated.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by revising subparagraph (7)(d) to reflect changes to definitions and time frames under NSPIRE, so that as amended, it reads as follows:

- (7)
 - (d) Participant Responsibility for LT Deficiencies.
 1. If an HQS violation caused by the family is identified as a LT deficiency, the family must correct the condition within twenty-four (24) hours. If deficiencies are not remedied, assistance will be terminated.
 - (i) For other family-caused deficiencies, the family must correct the deficiency within 30 calendar days of notification or any THDA-approved extension.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by revising subparagraph (7)(e) to update language reflecting new definitions under NSPIRE, so that as amended, it reads as follows:

- (7)
- (e) If any of the above LT Deficiency conditions can be remedied in such a manner that the health and safety of the occupants is not compromised, the Inspection Booklet must be documented with an explanation of the manner taken to temporarily remedy the situation, but the LT Deficiency guidelines will not be required.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.23 Housing Quality Standards (HQS) – Inspections (24 C.F.R. 982.305, 24 C.F.R. 982.4, 24 C.F.R. 982.401, 24 C.F.R. 982.405, 24 C.F.R. 982.407) is amended by adding new paragraph (9) to reflect changes made under NSPIRE, so that as amended; it reads as follows:

- (9) Enforcement of HQS (24 C.F.R. 982.407). A tenant has no right to require enforcement of the HQS requirements by HUD or THDA, or to assert any claim against HUD or THDA, for damages, injunction, or other relief for alleged failure to enforce the HQS.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.25 Other Change of Unit/Portability (24 C.F.R. 982.354) is amended by deleting paragraph (3) in its entirety because THDA has created a separate VASH section and accordingly renumbering paragraph (4) to paragraph (3), so that as amended, it reads as follows:

- (3) Only one request to port is allowed every ninety (90)-calendar days.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.26 Annual and Interim Activities (24 C.F.R. 982.516, 982.405) is amended by revising part (2)(a)5 to add language required under NSPIRE, so that as amended, it reads as follows:

- (2)
- (a)
 - 5. THDA Errors. Interim Recertifications may also be conducted to correct any discovered errors that are made by staff at admission or reexamination. THDA will not be considered out of compliance due to de minimis errors in calculated income. A de minimis error results in a difference in the determination of a households adjusted income of \$30 or less per month. HAP will be adjusted. The household is not charged retroactive rent for errors made by staff.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.27 Terminations (24 C.F.R. 982.552(b), 982.310, 982.455, AND 982.354) is amended by adding new subparagraphs (2)(c) and 2(d) to reflect changes made under NSPIRE, and renumbering the subsequent subparagraphs accordingly, so that as amended, it reads as follows:

- (2)
- (c) Ownership in Real Property (24 C.F.R. 5.618(a)(1)(ii)). If the family has the legal right to reside in the property and the effective legal authority to sell it and it is suitable for occupancy as a residence and the family does not meet any exceptions in 24 C.F.R. 5.618(a)(1)(ii), the applicant will be denied.

- (d) Asset Restriction (24 C.F.R. 5.618(a)(1)(i)). If the household has net family assets that exceed \$100,000, the participant will be terminated. This amount will be adjusted annually by HUD in accordance with the CPI-W.
- (e) Termination of Assistance for Non-program Violations-End Participation. Other causes of termination of assistance, which are not the result of a program violation, will not result in a three (3) year penalty from program participation.
- (f) Termination of Assistance Requirements for the Written Notice and Notice Period.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, 24 C.F.R. Parts 5 and 982.

Rule 0770-01-05-.30 Fair Housing Compliance, Disability Accommodation, and the Violence Against Women Act (VAWA) is amended by revising paragraph (6) to update definitions to reflect the revisions made pursuant to federal code updates, so that as amended, it reads as follows:

- (6) Violence Against Women Act (24 C.F.R. 5.2003; 5.2005; 5.2007; 5.2009). The law protects all victims (not just women) of dating violence, domestic violence, sexual assault and stalking, as well as their immediate family members, from being evicted or being denied housing assistance if an incident of violence is reported and confirmed. The VAWA also provides that an incident of actual or threatened dating violence, domestic violence, sexual assault and stalking does not qualify as a serious or repeated violation of the lease nor does it constitute good cause for terminating the assistance, tenancy, or occupancy rights of the victim. Furthermore, criminal activity directly relating to dating violence, domestic violence, sexual assault, and stalking is not grounds for terminating the victim's tenancy.
 - (a) Definitions for Purposes of VAWA.
 1. Affiliated Individual. A spouse, parent, brother or sister, or child of that individual, or a person to whom that individual stands in place of a parent or guardian (for example, the affiliated individual is a person in the care, custody, or control of that individual); or any individual, tenant, or lawful occupant living in the household of that individual.
 2. Dating Violence. Violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the length of the relationship; the type of relationship; and the frequency of interaction between the persons involved in the relationship.
 3. Domestic Violence. Includes felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction. The term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship.
 4. Sexual Assault. Refers to any nonconsensual sexual act proscribed by Federal, tribal, or State law, including when the victim lacks capacity to consent.

5. Stalking. Engaging in a course of conduct directed at a specific person that would cause a reasonable person to fear for the person's individual safety or the safety of others; or suffer substantial emotional distress.
- (b) General THDA Policy. The THDA strives to help child and adult victims of domestic violence, dating violence, sexual assault or stalking preserve their rental assistance. All persons who receive a housing choice voucher are notified of their rights under the Violence Against Women Act (VAWA) at the initial briefing. A copy of the HUD form 5380 is included in the Applicant Booklet and the Annual Packet distributed to participants at annual reexamination each year. Families are encouraged to notify the THDA when they need protection under this law. The THDA also works with owners to understand the Act and their obligations under it and the HAP Contract.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, 24 C.F.R. Parts 5 and 982.

Rule 0770-01-05-.33 Special Housing and Housing Conversion Actions is amended by revising items (2)(a)2(i)(I) and (2)(b)4(i)(I) by deleting the examples as they no longer are needed under NSPIRE, so that as amended, the examples have been removed.

Authority: T.C.A. §§ 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.34 Homeownership Voucher Option (24 C.F.R. 982.625) is amended by revising the language to reflect the changes made under HOTMA and the end of the program, so that as amended, it reads as follows:

0770-01-05-.34 HOMEOWNERSHIP VOUCHER OPTION (24 C.F.R. 982.625). Under 24 C.F.R. 982.625, the THDA may elect to provide Housing Choice Voucher assistance to an eligible family, who purchases, rather than rents, a dwelling unit that will be occupied by the family. The homeownership option does not require, and HUD does not provide, additional or separate funding. The THDA uses the voucher program funding previously established under existing Annual Contributions Contracts (ACC) for the Housing Choice Voucher program to fund the Homeownership Voucher program option. The program provides additional affordable homeownership opportunities for low-income families and encourages self-sufficiency among Housing Choice Voucher Program participants. As of April 1, 2023, THDA is no longer offering the homeownership subsidy assistance program to new applicants.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

Rule 0770-01-05-.34 Homeownership Voucher Option (24 C.F.R. 982.625) is amended by revising paragraph (22) to reflect the changes made under HOTMA, so that as amended, it reads as follows:

- (22) Asset Income (24 C.F.R. 5.603(b)). Excluded from the calculation of net family assets is equity in property under the Homeownership Option for which a family receives assistance under 24 C.F.R. 982.

Authority: T.C.A. §§ 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, 24 C.F.R. Parts 5 and 982.

Rule 0770-01-05-.47 Project-Based Voucher Program (24 C.F.R. 983) formerly rule 0770-01-05-.46 was moved in its entirety and renumbered to be Rule 0770-01-05-.47.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.

New

Rule 0770-01-05-.46 Special Purpose Vouchers (SPV) is a new rule created pursuant to federally awarded vouchers that reads as follows:

0770-01-05-.46 SPECIAL PURPOSE VOUCHERS (SPV) (24 C.F.R. 982). Section 8(o)(6)(A) of the United States Housing Act of 1937 (1937 Act) and the Consolidated Appropriations Act, 2024 (Public Law 118-42) (“2024 Act”) authorize the administration and issuance of Special Purpose Vouchers which are specifically funded by Congress in separate appropriations from regular HCV program funding in order to target specific populations. THDA administers the following types of special purpose vouchers: Veterans Affairs Supportive Housing (VASH); Emergency Housing Voucher (EHV); Mainstream Voucher Program; and Non-Elderly Disabled (NED). THDA has discretion to administer other special purpose vouchers.

(1) Veteran’s Administrative Support Housing (VASH). Section 8(o)(9) of the United States Housing Act of 1937, as modified by the Further Consolidated Appropriations Act, 2023 (Public Law 117-328, approved December 29, 2022) (the Act), authorized HUD to allocate approximately \$94.4 million in HUD-Veterans Affairs Supportive Housing (HUD-VASH). Under this Act, THDA is allocated HUD-VASH vouchers to serve homeless veterans in partnership with the Veterans Administration. THDA will administer the HUD-VASH vouchers, in compliance with Federal Regulations and this Administrative Plan. THDA reserves the right to continue administration of VASH vouchers, dependent on available and adequate HUD funding, including the right to project-base VASH vouchers.

(a) Eligibility and Selection. HUD-VASH eligible families are homeless veterans. The Veteran Affairs Medical Center (VAMC) screens all families in accordance with its screening criteria. Public Housing Authorities (PHA) that agree to administer the HUD-VASH Program relinquish their authority to determine the eligibility of families in accordance with regular HCV Program rules and PHA policies. Specifically, under the HUD-VASH Program, PHAs do not have the authority to screen potentially eligible families or deny assistance for any grounds permitted under 24 C.F.R. 982.552 (broad denial for violations of HCV program requirements) and 982.553 (specific denial for criminals and alcohol abusers), with one exception. PHAs will still be required to prohibit admission if any member of the household is subject to a lifetime registration requirement under a state sex offender registration program.

1. Income Eligibility. THDA must determine income eligibility for HUD-VASH families in accordance with 24 C.F.R. 982.201.
2. Initial Term of Housing Choice Voucher. Recognizing the challenges that HUD-VASH participants may face with their housing search, HUD-VASH vouchers must have an initial search term of at least 120 days. Therefore, 24 C.F.R. 982.303(a), which states that the initial search term must be at least 60 days, shall not apply, since the initial term must be at least 120 days.
3. Ineligible Housing. HUD-VASH families will be permitted to live on the grounds of a VAMC in units owned by the VA. Therefore, 24 C.F.R. 982.352(a)(5), which prohibits units on the grounds of a medical, mental, or similar public or private institution, is waived for that purpose only. All other units found suitable under regular voucher program rules apply for VASH families.
4. Portability of HUD-VASH Vouchers. An eligible family issued a HUD-VASH voucher must receive case management services provided by the VAMC. Therefore, special mobility and portability procedures must be established. HUD-VASH participant families may reside only in those jurisdictional areas that are accessible to case management services as determined by the partnering VAMC.
 - (i) Portability within the Initial VAMC’s area. The family must be able to continue with case management services provided by the VAMC to port the voucher. The receiving PHA must process the move in accordance with portability procedures. If the receiving PHA administers a HUD-VASH program, it can either bill the initial PHA or absorb the family. If the receiving PHA does not administer a VASH

program, it must bill the initial PHA.

- (ii) Portability outside of the Initial VAMC's area. If a family wants to move to another jurisdiction where it will not be possible for the initial PHA's partnering VAMC to provide case management services, the initial VAMC must determine that the family could be served by another VAMC that is partnering in the HUD-VASH Program and that the receiving PHA has an available HUD-VASH voucher. The family must be absorbed by the receiving PHA either as a new admission or as a portability move-in. Upon absorption, the initial PHA's HUD-VASH voucher will be available to lease to a new HUD-VASH eligible family and the absorbed family will count toward the number of HUD-VASH vouchers awarded to the receiving PHA. The receiving PHA must process the move in accordance with portability procedures.
- (iii) Completing Form HUD-50058. When the form HUD-50058 is completed, the action type that must be recorded on line 2a is "4" for a portability move-in (a family that was previously leased up in the jurisdiction of the initial PHA). In section 12 of the HUD-50058, line 12d is marked "Y," 12e must have an amount recorded, and 12f must include the initial PHA's code. The VASH special program code must be maintained on line 2n of the form HUD-50058 by the initial and receiving PHA for all HUD-VASH families when the family is admitted to the voucher program and throughout the family's participation in the program. If, under portability, THDA does not enter the VASH code, the initial PHA will not get credit for the family's leasing.

(b) Case Management Requirements. The VAMC responsibilities include:

- 1. Screening of homeless veterans to determine whether they meet the HUD-VASH program participation criteria established by the VA national office;
- 2. Providing appropriate treatment and supportive services to potential HUD-VASH program participants, if needed, prior to PHA issuance of rental vouchers;
- 3. Providing housing search assistance to HUD-VASH participants with rental vouchers;
- 4. Identifying the social service and medical needs of HUD-VASH participants and providing, or ensuring the provision of, regular ongoing case management, outpatient health services, hospitalization, and other supportive services as needed throughout this initiative; and
- 5. Maintaining records and providing information for evaluation purposes, as required by HUD and the VA.

(c) Denials of Admission and Termination of Assistance.

- 1. Denials. The only reasons for denial of assistance by THDA are failure to meet the income eligibility requirements and a family member that is subject to a lifetime registration requirement under a state sex offender registration program.
- 2. Termination of Assistance. The VASH Operating Requirements do not specify that THDA must treat VASH clients any differently than regular HCV participants in terms of

the requirements of the family obligations. Therefore, the termination policies outlined within this Administrative Plan apply.

3. If a VASH client is terminated from a THDA program for a program violation, but the same family is sent to THDA by an initial PHA with a VASH allocation before the end of the three-year penalty for re-admission, THDA will not accept the portability move-in.
 - (i) HUD regulations and THDA policy determine whether and when the family may move to another unit.
 - (ii) If the family moves to another unit, the same lease-up steps are followed.
- (2) Emergency Housing Voucher (EHV) Option (American Rescue Plan Act of 2021, H.R. 1319, 117th Cong. (2021)). The American Rescue Plan Act of 2021 (“the ARP”) provides relief to address the continued impact of the COVID-19 pandemic. Section 3202 of the ARP appropriates funds for the cost of administering the Emergency Housing Voucher (EHV) to address homelessness. HUD allocated approximately 70,000 EHV to public housing agencies (PHAs). THDA will administer the EHV program, in compliance with PIH Notice 2021-15, Federal Regulations, and this Administrative Plan. Funding expires September 30, 2023. After September 30, 2023, a PHA may not reissue any previously leased EHV, regardless of when the assistance for the formerly assisted family ends or ended. THDA reserves the right to continue administration of the EHV, dependent on available and adequate HUD funding.
 - (a) Eligibility Requirements. An EHV family wishing to utilize the voucher, must meet the following initial eligibility requirements:
 1. Referral from an area Tennessee Continuum of Care (CoC) partner, serving a county within THDA’s Housing Choice Voucher Program jurisdiction. An applicant shall be referred to the EHV Program by an area Tennessee CoC, which is a regional or local planning body that coordinates housing and services funding for homeless families and individuals, primarily using funding received through U.S. Department of Housing and Urban Development (HUD). The referring agent or partner must be a member of the identified Tennessee CoC.
 - (i) Partner Agencies. To ensure that the EHV’s assist families who are most in need, the THDA has partnered with area Tennessee CoCs to determine the best use and targeting for the vouchers along with other resources available in the community. The CoC is organized to carry out the responsibilities required under HUD’s CoC program and is composed of representatives of organizations, including nonprofit homeless providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons to the extent these groups are represented within the geographic area and are available to participate. In particular, the THDA has partnered with Chattanooga-Southeast TN CoC, Central Tennessee CoC, Upper Cumberland CoC, Jackson/West Tennessee CoC, and Tennessee Valley CoC, who services the counties in its jurisdiction.
 - (ii) Waiting list. The THDA will maintain a separate waiting list, for EHV referrals and applicants, from the HCV waiting list. HUD has waived 24 C.F.R. 982.206, which requires the PHA to give public notice when opening and closing the waiting list. The THDA will work directly with its CoCs and other referral agency partners to

manage the number of referrals and the size of the EHV waiting list. Priority preference will be given to rapid re-housing participants, currently working with partnering CoCs.

2. An applicant must meet one of the four eligibility categories, which shall be verified by the referring CoC or other partnering agency and supported by documentation provided to THDA:
 - (i) Homeless, which is defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)) and is codified in HUD's Continuum of Care Program regulations at 24 C.F.R. 578.3;
 - (ii) At risk of homelessness, which is defined in section 401(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(1)) and is codified in HUD's Continuum of Care Program regulations at 24 C.F.R. 578.3;
 - (iii) Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, including cases where a HUD-assisted tenant reasonably believes that there is a threat of imminent harm from further violence if they remain within the same dwelling unit, or in the case of sexual assault, the HUD-assisted tenant reasonably believes there is a threat of imminent harm from further violence if they remain within the same dwelling unit that they are currently occupying, or the sexual assault occurred on the premise during the 90-day period preceding the date of the request for transfer; see 0770-01-05-.30(6)(a).
 - (iv) Recently homeless, and who providing rental assistance will prevent the family's homelessness or having high risk of housing instability, which is defined as individuals and families who have previously been classified by a member agency of the CoC as homeless but are not currently homeless as a result of homeless assistance (financial assistance or services), temporary rental assistance or some type of other assistance, and where the CoC or its designee determines that the loss of such assistance would result in a return to homelessness or the family having a high risk of housing instability. Examples of households that may be defined as recently homeless by the CoC include, but are not limited to, participants in rapid rehousing, and permanent supportive housing.
3. All applicants must meet HUD's, as well as the THDA's, criteria for eligibility determinations. 24 C.F.R. 982.201 outlines that only eligible families may be admitted to the HCV Program. The THDA applies the requisite eligibility factors of Family Composition (see 0770-01-05-.11), Income Limits (see 0770-01-05-.12), Citizenship (see 0770-01-05-.13), Social Security Number Provision (see 0770-01-05-.14), Student Status (see 0770-01-05-.15), and Other Eligibility Criteria (see 0770-01-05-.16) in determining an applicant or participant's eligibility for the HCV Program.
 - (i) Income Verification at Admissions. Income Verifications will be the same as those set by the HCV Program. See 0770-01-05.18(2)(c).
 - (ii) EIV Data. The THDA must review the EIV Income and Income Validation Tool (IVT) Reports to confirm/validate family-reported income within 90 days of the PIC-NG submission date; print and maintain copies of the EIV Income and IVT Reports in the tenant file; and resolve any income discrepancy with the family within 60 days of the EIV Income or IVT Report dates.

- (iii) Social Security Number (SSN) and Citizenship Verification. HUD is waiving the requirement to obtain and verify SSN documentation and documentation evidencing eligible noncitizen status before admitting the family to the EHV program. Individuals must provide the required documentation within 180 days of admission to be eligible for continued assistance, pending verification, unless the THDA provides an extension based on evidence from the family or confirmation from the CoC or other partnering agency that the family has made a good-faith effort to obtain the documentation. If a family member appeals secondary verification of immigration documents, assistance may not be delayed, denied, reduced or terminated on the basis of immigration status pending the completion of the appeal.
- (iv) Date of Birth and Disability Verification. The THDA may accept self-certification of date of birth and disability status if a higher level of verification is not immediately available. If self-certification is used, the THDA must obtain a higher level of verification within 90 days of admission or verify the information in EIV.
- (v) Income Targeting. The regular HCV Program process in determining income eligibility will be utilized for the EHV. See 0770-01-05-12. However, the income targeting requirements are waived and do not apply to EHV families. The THDA may not deny admission to a family with zero income and must consider hardship circumstances before charging a minimum rent.
- (vi) Other Eligibility Requirements and Denial of Assistance (24 C.F.R. 982.552 and 24 C.F.R. 982.553). Unless otherwise noted, the grounds under which THDA may deny an applicant admission to the program will follow the same grounds as those set by the HCV Program. See 0770-01-05.16.
 - (l) Specifically, under the EHV Program, the THDA may not deny admission based on the following:
 - I. Eviction from Public Housing. Any member of the family has been evicted from federally assisted housing in the last five years.
 - II. Violation of Family Obligations. A PHA has ever terminated assistance under the program for any member of the family.
 - III. Outstanding Debt to a PHA. The family currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act. The family has not reimbursed any PHA for amounts paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease.
 - IV. Breach of Repayment Agreement to a PHA. The family breached an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA.
 - V. Abuse of Alcohol. The family would otherwise be prohibited admission under alcohol abuse standards established by the PHA in accordance with 24 C.F.R. 982.553(a)(2)(ii)(C)(3).
 - VI. Prior Criminal History. The THDA determines that any household member

is currently engaged in or has engaged in during a reasonable time before the admission, drug-related criminal activity.

VII. If the application for assistance is denied, the THDA will send a notice of denial and a notice of opportunity for informal review. See 0770-01-05-.28(3).

(b) Lease-Up Process. Unless otherwise noted, the lease-up process will follow the same process as those set by the HCV Program. See 0770-01-05.22.

1. Housing Choice Voucher Term. The THDA follows the procedures outlined below when issuing vouchers, setting terms of vouchers, and assisting families in selecting units.

(i) In accordance with HUD's waiver of 24 C.F.R. 982.303(a), a voucher is issued for an initial term of one-hundred twenty (120) days to allow the household time to search for a unit. The HCV software system will be utilized to print vouchers, and the voucher term will begin on the date the voucher is issued.

(ii) Extension and Suspension of Voucher Search Term.

(I) If the household does not find a unit within the 120-day voucher search term, then the household may request extension of the voucher in 30-day increments, but only if they can clearly illustrate that they have actively searched but have been unable to find a unit eligible for the HCV Program.

(II) Approval of any extension must be by the Director of the HCV Program or the assigned designee.

(III) The total voucher search term may not exceed 150 days.

(IV) Once a Request for Tenancy Approval (RTA) is received by the THDA, the voucher term is suspended until that RTA is either approved or denied.

(c) Utility Allowance (24 C.F.R. 982.517). The regular HCV Program utility allowance will be utilized for the EHV. See 0770-01-05-.22(2)(b)2.

(d) Subsidy Standards. Subsidy standards will be the same as those set by the HCV Program. See 0770-01-05-.22(2)(b)6.

(e) Rent Reasonableness (24 C.F.R. 982.507). The THDA follows the procedures outlined above when determining rent reasonableness. See 0770-01-05-.22(2)(b)7.

(f) Services Fee. THDA is allocated a one-time services fee, per allocated EHV, to support its efforts in implementing and operating an effective EHV services program. The services fee is not tied to each voucher but instead is the combined total of services fees available to the THDA to design a menu of services that will best address the leasing challenges faced by EHV eligible families. Eligible families will receive an estimated service fee based on need. The CoC or Partner Agent will be reimbursed for service fees paid on behalf of the eligible family. The THDA will provide the following menu of services:

1. Housing Search Assistance.

(i) Assist families identify and visit potentially available units during their housing

search.

- (ii) Transportation. Provide transportation costs to assist families with their housing search.
- (iii) Housing Locator. Provide access to housing locator, TNHousingSearch.org, to locate potential available units.
- (iv) Assist with the completion of rental applications and THDA forms.

2. Security Deposit/Utility Deposit/Rental Application.

- (i) Security Deposit Assistance. The amount of the security deposit assistance may not exceed the lesser of two months' rent to owner, the maximum security deposit allowed under applicable state and/or local law, or the actual security deposit required by the owner. The EHV family must return the security deposit assistance to the THDA at the end of the family's tenancy, less any amounts retained by the owner in accordance with the lease. Security deposit assistance returned to the THDA must be used for either services fee for eligible uses or other EHV administrative costs.
- (ii) Utility Assistance.
 - (I) The THDA will provide utility deposit assistance, including connection fees, required for the utilities to be supplied by the EHV family under the lease. The EHV family must return the utility deposit assistance to the THDA at such time the deposit is returned by the utility company, less any amounts retained by the utility company.
 - (II) The THDA will provide utility arrears assistance to pay utility arrears to establish services for tenant-supplied utilities. This shall include a one-time payment up to 2 (two) months, including any late fees on those arrears in gas, electric, water, sewer, or trash.
- (iii) Rental application fee. Assistance with completing rental application forms and rental application fees, not to exceed \$150 (one-hundred fifty dollars).

3. Owner-Related Uses.

- (i) Landlord recruitment. THDA will work with its housing locator vendor to increase landlord participation to serve EHV families.
- (ii) Landlord incentive. To remove barriers of locating housing, THDA will provide a one-time flat rate single payment to landlords, regardless of number of assisted units, to assist families with acquiring housing.
- (iii) Damages to the unit. In cases where unpaid damages serve as a barrier to THDA families accessing affordable housing, THDA will provide a single payment at a maximum rate.

4. Other Eligible Uses.

- (i) Reimbursement for tenant-readiness services. The THDA may use the services fee funding to help create customized plans to address or mitigate barriers that

individual families may face in renting a unit with an EHV, such as negative rental or utility history or to connect the family to other community resources that can assist with rental arrears.

- (ii) Reimbursement for renters' insurance. If required under the lease, the THDA will provide assistance for renters' insurance, at a flat rate annual schedule.
 - (g) Housing Quality Standards (HQS) Inspection. The THDA will conduct all HQS inspections according to the HUD guidelines and as outlined by the HCV Program. See 0770-01-05-.23.
 - (h) Portability (24 C.F.R. 982.354). Unless otherwise noted, the portability process will follow the same process as those set by the HCV Program. See 0770-01-05.25(2).
 - 1. In accordance with HUD's waiver of 24 C.F.R. 982.353(c), if a non-resident applicant, the THDA may not restrict an EHV family from exercising portability. EHV families may immediately move under portability.
 - 2. A receiving PHA cannot refuse to assist an incoming EHV family, regardless of whether the PHA does or does not currently administer EHV's under its own ACC.
 - 3. A receiving PHA may only absorb the incoming EHV family with an EHV. If the PHA does not have an EHV available to absorb the family, it must bill the initial PHA. The receiving PHA must allow the family to lease the unit with EHV assistance and may not absorb the family with a regular HCV when the family leases the unit.
 - 4. Regardless of whether the receiving PHA absorbs or administers the initial PHA for the family's EHV assistance, the EHV administration of the voucher is in accordance with the receiving PHA's EHV policies.
 - 5. If the EHV family moves under portability to another PHA that does not administer EHV under its own ACC, the receiving PHA may absorb the family into its regular HCV program or may bill the initial PHA.
 - 6. If the portability move is in connection with the EHV family's initial lease-up, the receiving PHA and the initial PHA must consult and coordinate on the EHV services and assistance that will be made available to the family, to ensure there is no duplication of EHV services and assistance provided to the family and that the receiving PHA is aware of the maximum amount of services fee funding that the initial PHA may provide to the receiving PHA on behalf of the family.
 - (i) Termination of Assistance. The EHV Operating Requirements do not specify that PHAs must treat EHV participants any differently than regular HCV participants. Therefore, the termination policies outlined within this Administrative Plan apply. See 0770-01-05.27.
 - (ii) Informal Hearing Process (24 C.F.R. 982.555). When the THDA makes certain adverse decisions towards an EHV applicant or participant, there are times when an informal review or an informal hearing is available. See 0770-01-05-.28.
- (3) Non-Elderly Disabled (NED) Vouchers. THDA is allocated NED vouchers to assist families whose head of household, spouse, or co-head is non-elderly (under age 62) and disabled. THDA will administer the NED vouchers, in compliance with Federal Regulations and this Administrative Plan. Existing families receiving NED vouchers, where the eligible family member is now age 62 or older,

will not “age out” of the program as long as the family was eligible on the day it was first assisted under a HAP contract. THDA reserves the right to continue administration of NED vouchers, dependent on available and adequate HUD funding, including the right to project-base NED vouchers.

- (a) Eligibility and Selection.
- (b) All applicants must meet HUD’s, as well as THDA’s, criteria for eligibility determinations. 24 C.F.R. 982.201 outlines that only eligible families may be admitted to the HCV Program. THDA applies the requisite eligibility factors of Family Composition (see 0770-01-05-.11), Income Limits (see 0770-01-05-.12), Citizenship (see 0770-01-05-.13), Social Security Number Provision (see 0770-01-05-.14), Student Status (see 0770-01-05-.15), and Other Eligibility Criteria (see 0770-01-05-.16) in determining an applicant or participant’s eligibility for the HCV Program.
- (c) Waiting list. THDA will not maintain a separate waiting list. Waiting list policies outlined within this Administrative Plan apply.
- (d) Income Eligibility. THDA must determine income eligibility for NED families in accordance with 24 C.F.R. 982.201.
- (e) Other Eligibility Requirements and Denial of Assistance (24 C.F.R. 982.552 and 24 C.F.R. 982.553). Unless otherwise noted, the grounds under which THDA may deny an applicant admission to the program will follow the same grounds as those set by the HCV Program. See 0770-01-05.16.
 - 1. If the application for assistance is denied, THDA will send a notice of denial and a notice of opportunity for informal review. See 0770-01-05-.28(3).
- (f) Initial Term of NED Voucher. NED vouchers will have an initial search term of at least 120 days.
 - 1. THDA must provide a current listing of available accessible units known to THDA.
 - 2. Extension of Term. Each extension will be for a minimum of ninety (90) days. THDA will approve the first extension request, regardless of how the request is made (written or verbal) or when it is made, if the request is made on or before the voucher expiration date. Subsequent requests should be processed in accordance with THDA’s Administrative Plan.
 - 3. THDA will on at least one occasion after voucher issuance, notify the family prior to the initial term expiration to remind them of the term expiration date, the process for requesting an extension, and to inquire if the family is in need of assistance with their housing search.
- (g) Lease-Up Process. Unless otherwise noted, the lease-up process will follow the same process as those set by the HCV Program. See 0770-01-05.22.
- (h) Utility Allowance (24 C.F.R. 982.517). The regular HCV Program utility allowance will be utilized. See 0770-01-05-.22(2)(b)2.
- (i) Subsidy Standards. Subsidy standards will be the same as those set by the HCV Program. See 0770-01-05-.22(2)(b)6.
- (j) Rent Reasonableness (24 C.F.R. 982.507). THDA follows the procedures outlined above when determining rent reasonableness. See 0770-01-05-.22(2)(b)7.

- (k) Housing Quality Standards (HQS) Inspection. THDA will conduct all HQS inspections according to the HUD guidelines and as outlined by the HCV Program. See 0770-01-05-.23.
 - (l) Portability (24 C.F.R. 982.354). Unless otherwise noted, the portability process will follow the same process as those set by the HCV Program. See 0770-01-05.25(2).
 - (m) Termination of Assistance. The NED Voucher Operating Requirements do not specify that PHAs must treat NED participants any differently than regular HCV participants. Therefore, the termination policies outlined within this Administrative Plan apply. See 0770-01-05.27.
 - (n) Informal Hearing Process (24 C.F.R. 982.555). When THDA makes certain adverse decisions towards a NED applicant or participant, there are times when an informal review or an informal hearing is available. See 0770-01-05-.28.
- (4) Mainstream Voucher Program. The Mainstream voucher program (previously referred to as the Mainstream 5-Year program or the Section 811 voucher program) was originally authorized under the National Affordable Housing Act of 1990. THDA is allocated Mainstream vouchers to assist non-elderly persons with disabilities and their families. THDA will administer the Mainstream vouchers, in compliance with Federal Regulations and this Administrative Plan. THDA reserves the right to continue administration of Mainstream vouchers, dependent on available and adequate HUD funding, including the right to project-base Mainstream vouchers.
- (a) Eligibility and Selection. Mainstream eligible families are non-elderly persons with disabilities and their families, defined as any family that includes a person with disabilities who is at least 18 years old and not yet 62 years old as of the effective date of the initial HAP contract. The eligible disabled household member does not need to be the head of household. Existing families receiving Mainstream vouchers, where the eligible family member is now age 62 or older, will not “age out” of the program as long as the family was eligible on the day it was first assisted under a HAP contract.
 - (b) All applicants must meet HUD’s, as well as THDA’s, criteria for eligibility determinations. 24 C.F.R. 982.201 outlines that only eligible families may be admitted to the HCV Program. THDA applies the requisite eligibility factors of Family Composition (see 0770-01-05-.11), Income Limits (see 0770-01-05-.12), Citizenship (see 0770-01-05-.13), Social Security Number Provision (see 0770-01-05-.14), Student Status (see 0770-01-05-.15), and Other Eligibility Criteria (see 0770-01-05-.16) in determining an applicant or participant’s eligibility for the HCV Program.
 - (c) Waiting list. THDA will not maintain a separate waiting list. Waiting list policies outlined within this Administrative Plan apply.
 - (d) Residency Preference. THDA will not apply the residency preference to Mainstream Voucher applicants.
 - (e) Income Eligibility. THDA must determine income eligibility for Mainstream families in accordance with 24 C.F.R. 982.201.
 - (f) Other Eligibility Requirements and Denial of Assistance (24 C.F.R. 982.552 and 24 C.F.R. 982.553). Unless otherwise noted, the grounds under which THDA may deny an applicant admission to the program will follow the same grounds as those set by the HCV Program. See 0770-01-05.16.
1. If the application for assistance is denied, THDA will send a notice of denial and a notice of opportunity for informal review. See 0770-01-05-.28(3).

- (g) Initial Term of Mainstream Voucher. Mainstream vouchers must have an initial search term of at least 120 days. Therefore, 24 C.F.R. 982.303(a), which states that the initial search term must be at least 60 days, shall not apply, since the initial term must be at least 120 days.
 - 1. THDA must provide a current listing of available accessible units known to THDA and, if necessary, otherwise assist the family in identifying an accessible unit.
 - 2. Extension of Term. Each extension must be for a minimum of ninety (90) days. THDA will approve the first extension request, regardless of how the request is made (written or verbal) or when it is made, if the request is made on or before the voucher expiration date. Subsequent requests should be processed in accordance with THDA's Administrative Plan.
 - 3. THDA will on at least one occasion after voucher issuance, notify the family prior to the initial term expiration to remind them of the term expiration date, the process for requesting an extension, and to inquire if the family is in need of assistance with their housing search.
- (h) Lease-Up Process. Unless otherwise noted, the lease-up process will follow the same process as those set by the HCV Program. See 0770-01-05.22.
- (i) Utility Allowance (24 C.F.R. 982.517). The regular HCV Program utility allowance will be utilized. See 0770-01-05-.22(2)(b)2.
- (j) Subsidy Standards. Subsidy standards will be the same as those set by the HCV Program. See 0770-01-05-.22(2)(b)6.
- (k) Rent Reasonableness (24 C.F.R. 982.507). THDA follows the procedures outlined above when determining rent reasonableness. See 0770-01-05-.22(2)(b)7.
- (l) Housing Quality Standards (HQS) Inspection. THDA will conduct all HQS inspections according to the HUD guidelines and as outlined by the HCV Program. See 0770-01-05-.23.
- (m) Portability (24 C.F.R. 982.354). Unless otherwise noted, the portability process will follow the same process as those set by the HCV Program. See 0770-01-05.25(2).
- (n) A receiving PHA cannot refuse to assist an incoming Mainstream family, regardless of whether the PHA does or does not currently administer Mainstream Vouchers under its own ACC.
- (o) If the Mainstream family moves under portability to another PHA that does not administer Mainstream under its own ACC, the receiving PHA may absorb the family into its regular HCV program or may bill the initial PHA.
- (p) Termination of Assistance. The Mainstream Voucher Operating Requirements do not specify that PHAs must treat Mainstream participants any differently than regular HCV participants. Therefore, the termination policies outlined within this Administrative Plan apply. See 0770-01-05.27.
- (q) Informal Hearing Process (24 C.F.R. 982.555). When THDA makes certain adverse decisions towards a Mainstream applicant or participant, there are times when an informal review or an informal hearing is available. See 0770-01-05-.28.

Authority: T.C.A. §§ 13-23-102, 13-23-104, 13-23-115(18), 42 U.S.C. § 1437, and 24 C.F.R., Part 982.