

**RULES
OF
TENNESSEE HOUSING DEVELOPMENT AGENCY**

**CHAPTER 0770—6—5
GRANT PROGRAM**

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0770—6—5—.01 ELIGIBLE APPLICANTS.

Eligible applicants for the grant program are those eligible political subdivisions defined in Section 0770—6—1—.03. Eligible political subdivisions may authorize any local agency to administer the local program pursuant to ordinance or resolution of the applicable legislative body. The Agency shall determine the qualifying criteria for such local agency. In addition, should a county decide not to participate in the program in any year, a municipality or municipalities may apply for the grant. In no event shall the municipality or municipalities be allowed to apply for more than the maximum grant amount for that county as determined by the Agency Board.

Authority: T.C.A. §13—23—115(18). *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.02 APPLICATION PROCEDURES.

- (1) Grants shall be made on the basis of applications submitted to the Executive Director by the applicant. The application shall include at least:
 - (a) List of proposed activities;
 - (b) Amount requested;
 - (c) Amount and source of matching funds;
 - (d) Targeting elements (physical or economic);
 - (e) Method of notifying the public of the program;
 - (f) Criteria for choosing applicants;
 - (g) Procedure for selection of contractor, if applicable;
 - (h) Number of households to be assisted;
 - (i) Itemized administrative budget.

(Rule 0770—6—5—.02, continued)

Authority: T.C.A. §13—23—115(18). **Administrative History:** Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.03 ELIGIBLE ACTIVITIES.

- (1) Local housing programs may be established by any eligible political subdivision, as defined in Rule 0770—6—1—.03 or any local agency thereof which may be authorized to operate such programs pursuant to ordinance or resolution of the applicable legislative body. Such programs shall exist for the exclusive purpose of increasing the availability of adequate housing for very low, low and moderate income households. These programs can include but are not limited to:
 - (a) Downpayment assistance for home purchase;
 - (b) Interest rate assistance;
 - (c) Technical or short-term financial assistance to avoid foreclosure;
 - (d) Rehabilitation programs for homeowners;
 - (e) Rehabilitation programs for rental housing;
 - (f) Construction of single family homes;
 - (g) Construction of rental units;
 - (h) Construction of rental units for the elderly;
 - (i) Construction of rental units for those with mental or physical handicaps.
- (2) No portion of the state or local matching funds may be used for administrative expenses except as approved by the Agency. In no case shall the Agency approve such expenses except as may otherwise be necessary to make the project successful.
- (3) It is further provided that grants provided to local programs shall not be pledged as support for tax exempt borrowing by such local programs.

Authority: T.C.A. §13—23—115(18). **Administrative History:** Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.04 INCOME LIMITS.

Households receiving state assistance or local matching assistance under this program shall be very low and low income households.

Authority: T.C.A. §13—23—115(18). **Administrative History:** Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.05 SALES PRICE AND RENTAL LIMITS.

- (1) Local housing programs shall establish sales price and rent limitations for each program provided that:
 - (a) The sales price limit shall not exceed the limit established for the LIFT Single Family Homeownership Program;
 - (b) The annual rent received by the property owner from the occupant shall not exceed 30% of the income limit for a very low income household adjusted by family size.

Authority: T.C.A. §13—23—115(18). *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.06 MINIMUM GRANT AMOUNT.

The Agency shall establish a minimum grant amount to ensure that a viable housing program can be established by each eligible local housing program. For 1988, this amount shall be \$25,000. The Agency may establish different amounts for subsequent years.

Authority: T.C.A. §13—23—115(18). *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.07 ALLOCATION PROCEDURE.

The Agency Board shall establish an allocation for distribution of the grant funds. The amount of money allocated to each jurisdiction shall be determined by multiplying the amount allocated to the Program Fund by an appropriate factor. This factor may be based on certain demographic factors including population, percent of households in poverty, households, housing units constructed before 1940, and the percent of poor households living in housing with certain problems.

In order to receive the allocation, the eligible political jurisdiction must submit an acceptable application and provide matching funds. The Agency shall establish deadlines for submitting applications.

Authority: T.C.A. §13—23—115(18). *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.08 LEVEL OF SUBSIDY.

The local program shall establish maximum levels of subsidy provided however, that the level of state subsidy shall not exceed \$5,000 per unit to be occupied by low income households. The level of state subsidy shall not exceed \$10,000 per unit to be occupied by very low income households.

Authority: T.C.A. §13—23—115(18). *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.09 FEES.

Local governments shall not charge an application fee in excess of twenty-five dollars (\$25.00) for any grant or loan made in connection with this program.

Authority: T.C.A. §13—23—115(18). *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988.

0770—6—5—.10 COMPLIANCE PERIOD.

Local housing programs shall establish compliance periods for each program, provided that each local recipient shall comply with the rules for at least 15 years, or 3 years if the grant is \$3000 or less. The local housing program may also establish features for each local award which will allow a portion of the grant to be forgiven over time.

Authority: T.C.A. §13—23—115(18) and 13—23—410 et seq. *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988. Amendment filed March 12, 1990; effective April 26, 1990.

0770—6—5—.11 COMPLIANCE REPORTING AND RECAPTURE.

- (1) Grant allocations made under this section shall be recaptured by the Agency and returned to the Housing Program Fund if not committed to an identified recipient within one year of the grant award. At the discretion of the Agency Board and upon written request by the local grantee, the grant period may be extended for a period of time not to exceed one year.
- (2) Local grantees shall develop methods for monitoring compliance with all rules established and shall develop rules for recapture of program funds not properly used. Funds recaptured from individual recipients shall be returned to the local housing program fund and shall be used for housing activities contained in the approved grant application.
- (3) Local grantees shall also develop rules for the use of program funds repaid to the local program fund.
- (4) Should a local housing program cease to exist, the balance of the state portion of the local housing program fund shall revert to the state housing program fund. Local matching funds shall revert to the local political jurisdiction.

Authority: T.C.A. §13—23—115(18). *Administrative History:* Original rule filed August 30, 1988; effective October 14, 1988.