Tennessee Housing Development Agency
Leading Tennessee Home

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HOME Program

The Tennessee Housing Development Agency (THDA) administers the federally funded HOME program to help meet the housing needs of low and very low income individuals and families. Under this program, THDA funds local housing programs designed to promote the production, preservation, and rehabilitation of affordable housing.

ELIGIBLE APPLICANTS

HOME funds are awarded through an annual competitive application process to cities, counties and eligible non-profit organizations, including community housing development organizations (CHDOs). Local governments in Tennessee that receive HOME funds directly from the Department of Housing and Urban Development are not eligible to apply for HOME funds from THDA. The communities or local participating jurisdictions operating their own HOME programs separate from THDA are: Clarksville, Chattanooga, Jackson, Knoxville, Memphis, Nashville-Davidson County, Knox County, Shelby County and the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Bluff City, Kingsport, Johnson City, Sullivan County and Washington County, excluding the Town of Jonesborough).

APPLICATION PROCESS

The annual application procedure begins with an application workshop in January in each Grand Division. The applications are due in mid-March, and successful applicants are notified at the end of May. HOME contracts begin on July 1 for a three year term. An applicant must apply for at least $100,000 and may apply for a maximum HOME grant of $500,000. Applicants with prior HOME grants must meet spending requirements to be eligible for a new grant. Each applicant must have a demonstrated capacity for carrying out activities assisted with HOME funds.

ALLOCATION OF FUNDS

- Ten percent (10%) of the annual allocation from HUD is reserved for administrative and planning expenses. THDA will use three percent (3%) of HOME funds for its own administrative expenses. The remaining seven percent (7%) is available to pay the administrative costs of local governments and non-profit grant recipients.

- Fifteen percent (15%) of the total allocation will be reserved for CHDOs outside the local participating jurisdictions, or for CHDOs located in local participating jurisdictions but proposing projects outside the local participating jurisdictions.

- Ten (10%) percent of the total allocation will be reserved for eligible applicants proposing special needs projects. Special needs projects include, but are not limited to, housing designed for persons with an unusual need due to a condition that can be either a permanent or temporary disability.

- Sixty five percent (65%) percent will be allocated regionally, based upon the percentage of low-income households outside the local participating jurisdictions. Counties will be grouped in regions that correspond to the existing nine development districts across the State with three regions in each Grand Division.

ELIGIBLE ACTIVITIES

A variety of programs are offered to meet the housing needs of low and very low income individuals and families:

- **Homeowner Rehabilitation Programs**
  Homeowner rehabilitation programs are designed to rehabilitate owner-occupied, dilapidated houses in order to bring the structure up to the local building code. Program beneficiaries receive the funds as a forgivable grant with a compliance period of five years. In the event that an existing house is so dilapidated that it is not economically feasible to rehabilitate, a new house may be "reconstructed" on the same site. Reconstruction is considered rehabilitation under the federal HOME regulations.

- **Rental Housing Programs**
  Rental housing programs are designed to provide affordable rental units for low income households through new construction of rental units or acquisition and/or rehabilitation of rental units. Rental housing also includes transitional housing, single-room occupancy housing and group homes for persons with a physical, emotional or mental disability. Successful applicants are awarded the funds as a grant with an affordability period of five to twenty years. During the affordability period, Grantees are responsible for annual income certification of tenants; adherence to the HOME rent and income composition guidelines; and maintenance of the units in compliance with housing quality standards.

- **Homeownership Programs**
  Homeownership programs are designed to promote homeownership opportunities for low and very low income families and individuals. Cities, counties and non-CHDO not-for-profit agencies are restricted to a down payment assistance program in which the funds are awarded to program beneficiaries as a soft second mortgage not to exceed $14,999 with an affordability period of five years. CHDOs may use the HOME funds for construction financing or acquisition/rehabilitation to develop affordable single-family units. At the time the unit is sold to an income-eligible homebuyer, the CHDO must allow up to $14,999 to remain with the unit as a soft second mortgage with an affordability period of five years.

HOME PROGRAM REQUIREMENTS

- **Income Limits** - HOME funds may be used only to benefit households with incomes of 80% or less of area median income, adjusted for family size. For rental projects, 90% of the households must have incomes below 60% of area median income, adjusted for family size.

- **Subsidy Levels** - The subsidy levels for HOME-assisted units range from a minimum of $1,000 per unit to a maximum of $100,672 for a unit with four or more bedrooms.

- **Property Standards** - HOME-assisted housing must meet all applicable local codes, rehabilitation standards and zoning ordinances at project completion. In the absence of local codes, HOME-assisted housing must meet the applicable 2003 International Code.

This is only a brief description of some elements of the HOME Program.
For complete information, please contact the Community Programs Division of THDA
at (615) 815-2041 or see our site, www.thda.org.