



Metro Nashville-Davidson County Barnes Fund for Affordable Housing Round 13 Grant Policy

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Barnes Fund History

In 2013, Mayor Karl Dean and the Metro Council created Metro Nashville's first housing trust fund to leverage affordable housing developments throughout Davidson County. Named after Reverend William Barnes who worked tirelessly over five decades to improve the lives and housing conditions of Davidson County residents, the Barnes Fund continues that legacy today by granting funds to community efforts that encourage and preserve affordability. The Barnes Fund utilizes operational Metro dollars and other donations by awarding proposals that encourage the preservation or construction of affordable homeownership, rehab, and rental opportunities, as well as other supportive efforts that catalyze long-term affordability.

To address critical housing needs, the Barnes Fund supports households with incomes at or below 80% of the HUD area median income (AMI) adjusted by household size. The Metropolitan Housing Trust Fund Commission provides oversight and administration of the Barnes Fund. The Commission is dedicated to excellent stewardship and investment opportunities that both fulfill the mission of the Barnes Fund and boosts prosperity for the entire community.

Since its inception, approximately \$109 million dollars has been granted through the Barnes Fund to create and preserve more than 4,700 units of affordable housing throughout Davidson County.

General Funding Information and Process

The Metropolitan Nashville and Davidson County operating budget allocates annual funding to the Barnes Fund at the discretion of the Mayor and Metropolitan City Council. Each year, the Metropolitan Council allocates a budget comprised of operational dollars and a percentage of short-term rental tax revenue to the Barnes Fund for Affordable Housing. . From time to time, the Metro Council may allocate other funds to the Barnes Fund, such as American Rescue Plan Act (ARPA) dollars. The Housing Trust Fund Commission, which oversees the Barnes Fund, determines the amount allocated to each 'round' of funding and utilizes a competitive application model.

Barnes Fund Project Types

Four types of projects are considered for funding:

1. **Homeownership Development**
2. **Rental New Construction**
3. **NEW CATEGORY: Rental Rehab**, or projects where nonprofit organizations acquire and repair existing homes to rent to eligible tenants.
4. **Owner-Occupied Rehab**, or rehabilitation of existing affordable owner-occupied homes.

We encourage one application per organization in one category. At a maximum, an organization can submit two applications, provided that the applications are for different funding grants and are for two different development projects.

Once the application window opens, applicants may submit questions in writing to the Housing Trust Fund Manager during the two weeks immediately following the application window opening. The application window generally is open for 30-45 days (will be specified in the Round Timeline). After the application window closes, Barnes staff may ask applicants to clarify aspects of their proposals at the request of the review committee prior to making a recommendation for funding to the Housing Trust Fund Commission.

All applications are reviewed by staff and by a committee of volunteer experts that are screened for any potential conflicts of interest. Funding guidelines and an associated scoring matrix determine project scoring and rank. Awards are made to the top scoring applications in each of the funding categories.

Award adjustments may be recommended by the review committee and/or the Housing Trust Fund Commission depending on the funding available and the number of applications received. The Barnes Fund

receives requests for, on average, about twice as much funding as is available. This is a very competitive grant opportunity. Scoring feedback and suggestions for improvement can be submitted to karin.weaver@nashville.gov and rasheedah.pardue@nashville.gov after awards have been announced. Declined applicants will be offered a chance to review the declined application with the Affordable Housing Program Manager after awards are announced.

If a proposal receives an award recommendation by the Housing Trust Fund Commission in an affirmative vote, a contract between Metro and awarded applicants will be formalized through a legislative resolution that must be passed by Metro Council. This contract outlines the invoicing procedure (draw requests) for each awarded applicant. Please note the Barnes Fund remits payment on a reimbursement schedule. All work is to be documented, invoiced, paid, and inspected prior to the remittance of Barnes funding.

Is Barnes Funding Right for Me?

General Applicant Requirements

- Applicant must be a 501(c)3 nonprofit. The nonprofit may partner with a for-profit developer as long as the nonprofit maintains 51% control of the development. Team and partnership structures should be described in the application.
- Nonprofits who serve their mission through housing, but whose mission is not specifically the creation or preservation of housing, must partner with an experienced general contractor or other experienced partners with development experience. This includes nonprofits seeking to grow their housing expertise.
- Homeownership and rental applicants must have good financial standing including a positive cash flow and demonstrate the financial ability to carry out the project.
- Contract terms are for 24 months, and the proposed project must be completed within that timeframe unless an approved contract extension is granted by the Commission.
- Previously funded grantees must be in good standing with the Commission based on their project completion and progress within their contract period.
- Applicants are encouraged to have multiple funding sources outside of the Barnes request. Using Low Income Housing Tax Credit (LIHTC) funding and other sources are permissible, but applicants must specify all funding sources in the Funding Sources and Uses question.
- Homeownership and rental proposals must include Universal Design.
- Homeownership and rental proposals must meet Sustainability Standards.
- Site control is strongly recommended. Evidence of site control includes deed in hand, a 99-year ground lease, or a signed sales contract. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.
- Applicants will describe the level of due diligence performed to understand zoning, permitting,

and code requirements for the proposed project.

- Level of design for the proposed project must be specified.

Homeownership Applicant Requirements

- All Barnes-funded units must serve households at 80% AMI or below per the annual [HUD AMI](#) adjusted for household size in Nashville MSA. Household income is determined (and documented) at the time a prospective homebuyer enters into a program agreement with the Applicant.
- Loans provided by the nonprofit must meet or exceed [FHA standards of lending](#) for homebuyers.
- Barnes-funded homes must remain affordable for a minimum affordability term of 30 years. A Deed of Restrictive Covenant must be filed by Metro at time of the title transfer from Applicant to Homebuyer. Applicant must demonstrate that Homebuyer understands the terms of the affordability term and their responsibilities with regard to income limits and maximum sales price.
- Applicants are encouraged to have strong land control for the proposed development prior to applying.
- Unless otherwise prohibited by local, state, or Federal law, these programs will be open to all potential homebuyers regardless of immigration status.
- Developer Fee must be no more than 20% of the total project budget request from Barnes. Higher points may be earned by projects where the Developer Fee is 10% or less.

Rental New Construction Applicant Requirements

- All Barnes-funded units must serve tenants at 60% AMI or below per the annual [HUD AMI](#) for the Nashville MSA adjusted for household size. Although income averaging may be allowed by other funding sources, household income for Barnes Funded units cannot exceed 60% AMI.
- Barnes-funded developments must remain affordable for a minimum affordability term of 30 years. A Deed of Restrictive Covenant will be filed by Metro at project completion .
- Proposals must have a positive proforma within the affordability period.
- Applicants are encouraged to have strong land control for the proposed development prior to applying.
- Unless otherwise prohibited by local, state, or Federal law, these programs will be open to all potential tenants regardless of immigration status.
- Developer Fee must be no more than 20% of the total project budget request from Barnes. Higher points may be earned by projects where the Developer Fee is 10% or less.
- Recipient shall not increase rents during an agreed upon lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

Rental Rehabilitation Applicant Requirements

- Eligible Activities
 - Acquisition of a single site or multiple sites.
 - Rehabilitation of existing or acquired homes owned and operated by the Applicant.
- Income Requirements
 - Unoccupied Units: Tenant household income should not exceed 60% AMI adjusted for household

- size at initial occupancy.
- Occupied Units: To preserve housing security, no tenants should be displaced due to income. However, when an occupied unit becomes vacant, it must be rented to a tenant with household income not exceeding 60% AMI adjusted for household size.

Owner-Occupied Rehabilitation Applicant Requirements

- All Barnes-funded rehab units must serve homeowners at 80% AMI or below per the annual [HUD AMI](#) adjusted for household size in Nashville MSA.
- Barnes-funded rehab must show a lien and cost recapture agreement for investments of more than \$10,000 per unit to address health and safety upgrades that do not unduly enrich the homeowner’s property for proper accountability of invested dollars. The following lien schedule should be used.

Loan Amt	Up to \$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000
Lien	2 years	3 years	4 years	5 years	6 years	7 years	8 years

- Rehab work provided must have at least a 1-year warranty.
- Code violations within the scope of work must be addressed and corrected during rehab process.
- Developer Fee must be no more than 20% of the total project budget request from Barnes. Higher points may be earned by projects where the Developer Fee is 10% or less.

Funding Activities

Eligible costs include, but are not limited to:	
<ul style="list-style-type: none"> Appraisals Architectural/engineering fees Capitalized Operating Reserves Capitalized Replacement Reserves Closing costs* Construction Contingency Permits Reimbursement of pre-development costs Relocation Site Development 	<ul style="list-style-type: none"> Developer fees Environmental Assessment Financing fees Hazardous materials abatement Inspections & Surveys Insurance Interest Option costs Professional Fees Purchase price Title insurance

*Only costs associated with closing on the project site or related to finalizing a Barnes Fund grant agreement and DRC are eligible. Cost associated with closing on other funding sources are not eligible.

Program funds may be used to fund housing units, residential spaces, and common areas to the extent they serve the low-income housing units and no other uses. Qualifying examples include:

- Areas for cooking, eating, bathing
- Building lobby, corridors, stairwells, storage areas
- Management and service office space that is accessory to the housing
- Common areas that primarily benefit the residents of the development

Round 13 Application Instructions

Funding

The funding pool for Round 13 is \$23,445,169. Per Barnes requirements, 20% of the total allocation (\$4,689,034) will be set aside for small organizations.

Section I: Minimum Standards: Required Elements (Yes/No)

Explanation: Each of the following four items must be checked off as a YES in order for applicant to be considered for funding. If any of the Minimum Standards Criteria is not met, staff will not advance the proposal for further consideration.

1. Complete Application (REQUIRED):

Submitted applications must be complete.

- a. All questions are answered thoroughly through entire narrative.
- b. All required uploads listed in the application are attached.

2. Financials/Audit (REQUIRED):

A. Following attachments must be submitted with application.

- a. For organizations with annual budget above \$500,000, attach Audit with no findings for lead applicant organization completed within the past 24 months.
- b. For organizations with annual budgets of \$200,000 to \$500,000, attach Financials completed by independent CPA.
- c. All organizations, submit the most recent monthly financial reports presented to your Board of Directors (even if not prepared by CPA).

B through E: Each question must be answered.

F. If you wish to apply for the small organization set aside (only available for organizations with operating budgets below \$2M), you will need to limit your grant request to no more than \$750,000.

3. Organizational Information (REQUIRED):

- a. Applicant/Lead Organization must be a 501(c)3 nonprofit organization.
- b. If any of the organizations in the leadership team is involved in a lawsuit or has outstanding claims for safety violations or wage payments, STOP. Those parties may not participate in the Barnes Funding Round. Please note that more details about your organization and partnership will be required in Question 5.
- c. The percentage of total Barnes request that will be used for your administration/development fee cannot exceed 20%.

4. Due Diligence (REQUIRED):

Applicants will need to describe the level of due diligence performed to understand the zoning, permitting, and code requirements for the proposed project. If you have met with a Metro official, you will need to provide the name of the official and date of the meeting in Question 8.

You will also need to describe the level of design for the proposed project in Question 12.

If any of the Minimum Standards Criteria is not met, staff will not advance the proposal for further consideration.

Section II: Required Elements

5. Development Team Experience and Capacity (10 pts)

- A. A primary nonprofit Lead Organization is required to be the direct contact and accountable partner. Information provided should be for the 501(c)3 Lead Organization.
- B. Later in this question, you will answer questions about your team members' individual expertise. However, this part is about the shared experience of the partnership as a whole.
 - a. How many similar projects has your team completed?
 - b. Over how many total years?
I.e., if Nonprofit ABC has done 2 projects like this over the past 5 years, and Developer XYZ has done 5 projects like this over the past 3 years, the answer to the question would be 7 projects over 5 years.
- C. Please describe the team's bonding capacity.
- D. Experience of leadership team members: Please fill out the questions (name, title, organization, and years of experience) specifically for each person taking a leadership role in the partnership. Please include resumes of key personnel.
- E. Lead Organization must be responsible for at least 51% of the project. You must demonstrate that the Lead Nonprofit is actually leading the project, list the other organizations, and describe how the relationship will work between the partners (i.e., between the lead nonprofit and the for-profit developer, for example). An example:

Sample Model: Nonprofit Developer

- *Nonprofit is the lead developer and will manage all rehab construction aspects of the project, such as:*
 - *Identify, acquire, and hold property that is suitable for their intended use*
 - *Assemble the team of specialists – architects, engineers, and contractors – needed to carry out each project*
 - *Assemble both short-term and long-term financing*
 - *Manage the project through all of its phases: predevelopment, construction, occupancy*
 - *Ensure that clients receive appropriate education or counseling to understand process and responsibilities*
 - *Ensure compliance with affordability constraints*
- *Other nonprofit organizations or for-profit organizations may be engaged and*

managed by nonprofit developer to provide services included in the project, such as:

- *Homeowner counseling*
- *Wrap-around services*
- *Other services critical to success of the project*

You will be required to describe in detail the roles, responsibilities, and overall structure for your project to show that the nonprofit is the Lead Organization and has at least 51% of the leadership for the project.

F. Experience & Community Partnerships: We are looking specifically for your team's experience with your project type, including your experience with any special populations served by your project.

6. Funding Sources and Uses (formerly called Capital Stack) (10 pts)

To receive points, Applicants generally need to request 50% or less of their total project budget in order to score full points. If you request more than 50% of total project budget, the application would be allowed but would be scored accordingly. Ideally you should also have committed funding for the remaining balance, usually from several sources. Funding sources may include private loan, non-federal match, and/or organizational equity. You'll need to include Letters of Commitment or similar confirmation for funding partners. If you have some funding that is not yet confirmed by the date of application, we will still consider your application but please be advised that your scoring will likely be lower on this question than other applicants who have secured their funding.

7. Administration/Developer Fee (10 pts)

Portion of administration (developer) fee to be paid by Barnes is no more than 20% of the project's total Barnes grant request. In an effort to be good stewards of our funding, we will generally award more points on this question to the organizations that have lower development fees (10%, etc.) even though 20% is allowed. Applicant should provide thorough detail on the use of the fee.

If other consultants or services are needed to supplement expertise, Applicant should provide named of committed partners, such as design consultants, and estimates for their fees.

8. Site Control, Zoning, and Development Timeline (10 pts)

Metro is not making property available for Round 13. Applicant must provide own land. Applicant must demonstrate site control by answering whether the title is clear and the form of the site control (option, signed sales contract, deed in hand, or signed 99-year ground lease) will be part of Question 8 on the application.

Highest scores will go to those applicants who own the site (deed in hand) or have a 99-year ground lease, and whose property is already zoned for the proposed development. Somewhat lower scores would be awarded on this question for applicants who have signed sales contract or purchase option, but property is already zoned. If the property is neither owned by the applicant nor zoned for the development, the score on this question would likely be low. Applicants are expected to perform due diligence on and understand zoning, code, and permit requirements prior to application.

See Scoring Matrix and Application for your project type to see the total points available for Sections I & II, and the minimum threshold points required to advance to Section III: Evaluation Criteria.

Section III: Evaluation Criteria

9. Project Approach (15 pts)

Use this section to describe all aspects of your project, processes, and timeline. Proposal should share a robust plan for how your project will be undertaken, i.e., through new construction, acquisition and rehab, or rehab of owner-occupied homes. Applicant should demonstrate a thoughtful, detailed approach to the project so that reviewers can clearly understand your plan.

10. Marketing and Outreach (15 pts)

The goal of Barnes Fund grants is to make sure that all Nashvillians have access to affordable housing. Applicant selection process should be detailed, clearly stating required qualifications for applicants, what income levels are served, and how applications will be prioritized. See the relevant Scoring Matrix and Application for your project type for more detail.

High scoring applicants will include in their proposals detailed plans to reach out to various communities to reach different cultures, neighborhoods, languages, etc., to make sure all are aware of your programs and development. Community recruitment also includes outreach to diverse community groups and trusted community advocates for any special populations identified for your project. High scorers will have an [Affirmative Marketing Plan](#) to reach multiple cultural communities, collaborate with more than one trusted community organization, develop significant relationships, and show a strong commitment to understanding the current community needs through assets such as a community needs assessment, survey, or other such data analysis.

11. Participant Engagement Details (15 pts)

Describe how homeowners will be engaged in all aspects of the project process. Applicants should demonstrate a clear plan for educating owners or tenants. For rehab (owner-occupied) projects, show how homeowners will be educated about the lien and rehab process. For homeownership, detail your plan for educating buyers about the process of buying and owning a home, and specifics about how you will ensure they understand what the 30-year affordability period requires of them in the event of resale. For rental projects, show how residents will be educated about what is expected of them as a tenant.

12. Quality Design (15 pts)

It is the expectation of the Commission that all proposed projects will incorporate thoughtful, appealing design and be built with high-quality, energy efficient products and systems. Neighborhoods change rapidly and it is not wholly necessary for the development to meet the exact specifications of the current housing stock. Barnes-funded designs should be sustainable, high-quality, and considerate to neighborhood character, changes, and expectations. To move in this direction, Barnes-funded projects are required to be sensitive to Universal Design and visitability standards. Project includes criteria from the Metro Housing Trust Fund [Universal Design Checklist](#), and meeting a larger number of criteria will be considered in the scoring matrix. The checklist should be submitted with application.

You will also need to describe the level of design for the proposed project (design, stock, schematic, or concept).

13. Sustainability & Resilience (15 pts)

Applicant goes well above and beyond requirements associated with sustainability and resiliency by placing a clear emphasis on sustainable building design, operation, and owner experience. Project includes criteria from the [Energy Efficiency & Sustainability Checklist](#), plus 3 or more criteria such as:

- A) Energy efficient repairs
- B) Sustainable policies on construction waste
- C) High performing and sustainable building materials

See Scoring Matrix and Application for your project type to see the total points available for Section III: Evaluation Criteria, and the minimum threshold points required to advance to Section IV: Bonus.

Section IV: Bonus Section

Bonus points may be awarded to proposals that address the following criteria through their narrative and proposed project design. Funding priorities allow the Commission to prioritize different aspects of proposals depending on the changing housing environment for each funding cycle. For this funding round, the Commission has chosen the following criteria for additional consideration:

14. Diversity, Equity, Accessibility, and Inclusion (5 points)

Diversity, equity, accessibility, and inclusion are essential to the work of all organizations serving communities. Research has shown that more diverse organizations both perform better and can deliver more appropriate offerings to existing homeowners with cultural humility. Housing is both deeply personal and communal, and as such applicant organizations that show a commitment to DEAI through both their work and policies internally and externally are more equipped to ensure that the housing they provide is both dignified and suitable for the populations they serve. Housing specifically has a [well-documented history of racist laws and practices](#). Thus, purposeful and proactive policies to redress racial harms are critical to the future of housing policies.

Applicant goes above and beyond representation in terms of equity. Board and staff are representative of the communities they serve. Proposal includes 3 or more examples of additional efforts for DEAI practices such as:

- Innovative incorporation of user experience or lessons learned from previous projects
- Policies promote resident dignity
- Subcontracting promote inclusion beyond representation
- Narrative shows a commitment to underrepresented people and minority groups that have historically been excluded from the benefits of housing policies
- Diverse outreach to community groups including partnerships with culturally competent organizations with language access for residents
- Number of accessibility points for differently-abled persons

15. Deeply Affordable Housing (5 points)

Program targets at least 10% of households with incomes below 30% AMI. Households with incomes below 30% AMI are most vulnerable to housing insecurity. Provide details of how your project will serve that population.

16. Disaster Recovery (5 points)

Many areas that have been damaged by natural disasters are both high-need and high-priority as they are at-risk for gentrification and/or redevelopment. Provide details of how many of your project units are located in disaster zones, and describe the zone.

See Scoring Matrix and Application for your project type to see the total points available for Sections I, II, III, and Bonus.

Round 13 Funding Amount

The funding pool for Round 13 is \$23,445,169. All funding requests are capped at \$4,000,000 per nonprofit with a two-year funding contract. To address barriers to equity and organizational development, 20% (\$4,689,034) of this funding will be prioritized for small organizations with operating budgets below

\$2,000,000. Awards in the small organization set-aside category are capped at \$750,000. Any funding not utilized in this organization prioritization will be reallocated to the broader funding pool or reserved for the next RFP round as determined by the Housing Trust Fund Commission.

If any subsection funding is not used in full, the remainder of those funds will be applied to the larger funding pool by the discretion of the Metro Housing Trust Fund Commission. Points awarded throughout the application may be awarded in full or proposals may receive partial points in the scoring matrix. Funding recommendations are made by an external review committee dependent on score if qualified proposals are selected from each of the four categories for funding (homeownership, rental new construction, rental rehab, and owner-occupied rehab). Those recommendations are then reviewed by the Housing Trust Fund Commission for an official vote. Recommendations from the external review committee may recommend full or partial funding for any proposal depending on the pool of proposals and funding available.

Round 13 Timeline and Expectations

- Notification will be published January 24, 2024, contingent on HTFC approval on January 23.
- **Applications will open on January 31, 2024.** They will be accessed through an online application system which can be found through the Barnes application webpage (insert R13 application page link)
- Please complete the online application and attach the completed relevant files using the templates located on the Barnes webpage.
- Information session will be held on February 7, 2024.
- Please submit questions in writing to karin.weaver@nashville.gov and rasheedah.pardue@nashville.gov by February 21, 2024.
- **Applications will close on March 18, 2024, at 11:59pm.** Late applications will not be accepted.
- The internal review period will begin March 19 to April 2. During this cure period staff will ask clarifying questions or request additional documentation. A 48-hour response is expected.
- External review will begin on April 3 and conclude April 24.
- The Housing Trust Fund Commission will vote on recommended awards on May 28, 2024.
- Contracting with awardees will begin immediately after with a goal of a final recorded contract and associated legislation to be filed with Metro Council in late July/early August 2024.
- Unfunded applications may seek a consultation with staff to review the application in September 2024.

Grant Extension Policy

Metro Nashville grant contracts must not exceed 24 months in execution. Grant extensions will be considered and granted on a case-by-case basis. No extension may exceed 12 additional months. Extension requests must be made no later than 4 months prior to the termination of the original contract to be considered by the Commission. All extensions must be voted on by the Metro Housing Trust Fund Commission. The Commission will consider the following criteria when evaluating a grant contract extension request:

- Financial standing of the development in question
- Deed and title status for the property
- Construction, zoning, infrastructure, and financial obstacles encountered during execution of Metropolitan Housing Trust Fund Policy Jan 2024

the proposal

First extension requests will be considered along with other factors of the original grant proposal including the organization's history, populations served, community need. Any grant extension request longer than six months will require an additional interim report due at the halfway mark of the extension prior to the final report. Second extension requests will be considered along with the interim report of the first extension and the criteria within the extension request form. Second extensions will not be granted in cases where:

- There has been any breach of contract during proposal execution
- There is no financing in place to move forward with the development as originally proposed

All extensions, if approved by the Commission, must then be considered by the Metro Council prior to becoming effective. If approved and passed by Metro Council, the contract extension will move the termination date of the original legislation, not the extension legislation.

Contract Breach Policy

All Metro Nashville contracts are binding and begin execution once approved by the Metropolitan Council and filed by the Metro Clerk. Any failure to comply to the contents therein would constitute a breach of contract. The Metropolitan Housing Trust Fund Commission will implement the following process for any organization who breach their contract within their grant execution period. All infractions are cumulative up to 10 years for each organization and not related to individual contracts.

- First Infraction
 - The Metro Housing Trust Fund Commission will review the breach in question and determine subsequent consequences.
- Second Infraction
 - Any grant funds spent will require return and the grant award will be rescinded for the contract in question. Prior contracts will remain effective until their termination as determined by the contract date, but any extensions may not be granted.
- Third Infraction
 - The organization will return grant funds and be prohibited from applying in future Barnes grant funding cycles for up to 5 years as determined by the Metropolitan Housing Trust Fund Commission.

Round 13 Parcel Donation Policy

Metro is not making property available for Round 13.