



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

Bill Lee  
Governor

Ralph M. Perrey  
Executive Director

## MEMORANDUM

TO: All Interested Parties  
FROM: Multifamily Programs Division  
SUBJECT: **CORRECTION** to the Low-Income Housing Credit 2023 Qualified Allocation Plan  
DATE: April 4, 2023

The following document is a corrected version of the Low-Income Housing Credit 2023 Qualified Allocation Plan. Corrections are reflected in the following sections.

### January 5, 2023 Correction:

1. Table 5-2 (due date for 42(m) Letter Fee)

### February 2, 2023 Corrections

2. Redundant language removed from:
  - a. Section 15.A.3.d; and
  - b. Section 15.A.3.n; and
  - c. Section 21.F.3.d.

### April 4, 2023 Corrections:

3. Section 2, definition of "Housing For Older Persons"; and
4. Typographical and formatting corrections; and
5. Section 13.B.9. clarified regarding noncompetitive allocations.
6. Table 21-3, first notice deadline correction.



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## **Low-Income Housing Credit 2023 Qualified Allocation Plan**

Administered by:

Multifamily Programs Division

Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

Approved by THDA Board of Directors September 27, 2022

Approved by Governor Bill Lee November 30, 2022

**CORRECTED April 4, 2023**

**Low-Income Housing Credit 2023 Qualified Allocation Plan  
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## **Section 1: Introduction and Disclaimers**

The Tennessee Housing Development Agency (“THDA”) administers the Low–Income Housing Credit program in Tennessee. The Low–Income Housing Credit (“Housing Credit”) program was created by the Tax Reform Act of 1986 under Section 42 of the Internal Revenue Code of 1986, as amended (“Section 42”), to encourage the construction and rehabilitation of rental housing for low–income individuals and families. Under Section 42(m), THDA is required to develop a Qualified Allocation Plan (“QAP”) to define the process by which it will allocate an annual amount of Housing Credit in Tennessee.

This QAP contains uniform resource locators to resources utilized by THDA in the application process such as the Tennessee Growth Policy Act, Multifamily Tax Subsidy Project Income Limits, Qualified Census Tracts, designations of Difficult to Develop Areas, Fair Housing Act requirements, etc. “**Attachments**” are forms or documents, which must be submitted in the Tennessee Housing On–line Management Administration System (“THOMAS”) as part of the Initial Application.

All QAP requirements, Initial Application requirements, and Code requirements must be met. These requirements include, without limitation, all applicable requirements of the THOMAS User Manual and use of all applicable forms and templates from the THOMAS Documents Page.

This QAP has been approved by the THDA Board of Directors and adopted by the Governor of Tennessee.

When this QAP calls for some THDA action, including but not limited to a determination, adjustment, review, evaluation, or exercise of discretion, all such actions shall be at THDA’s sole discretion, whether specifically so stated or not.

No person or entity who submits an Initial Application shall have any right to an allocation of Housing Credit under this QAP based solely on the score assigned to their Initial Application. THDA decisions are final.

### **The QAP as Public Policy**

The policy surrounding this QAP is to use the Housing Credit allocated to Tennessee to create, maintain, and preserve affordable rental housing for low–income households. Specific objectives of this QAP are to:

- A. Make rental units affordable, in the areas of greatest need, to households with as low an income as possible and for the longest time period possible;
- B. Encourage development of appropriate housing units for persons with special needs, including individuals who are older persons, homeless, or have a disability;
- C. Allocate only the minimum amount of Housing Credit necessary to make a development financially feasible and viable throughout the credit period;
- D. Encourage Qualified Nonprofit Organizations to develop rental housing for low–income households;
- E. Encourage fair distribution of Housing Credit among counties and developers; and
- F. Allocate Housing Credit fairly.



**Amendments**

THDA may amend any part of this QAP following public notice and approval by the THDA Board of Directors. Such amendment is expressly permitted by this QAP, and the making of such amendment will not require further public hearings or approval by the Governor. THDA, in accordance with Section 42, may impose additional requirements in order to fulfill the objectives of its housing initiatives.

**Site Changes**

A request for a Site change will only be considered if the original allocation of Housing Credit is returned and a new allocation of Housing Credit is made pursuant to Section 42(m)(1)(A)(iv) of the Code.

**Document Review**

THDA will review and evaluate only those materials submitted in compliance with the requirements of this QAP. THDA is not responsible for missing, inaccurate, or incomplete documentation. THDA will not evaluate any materials submitted outside the deadlines for submission of such materials and will assume no obligation to request additional information from Applicants for any purpose.

THDA may require additional information and/or documentation if THDA determines that additional information is necessary for clarification and/or explanation. THDA's review of documents submitted with any Initial Application, including Initial Applications or documents submitted in connection with Housing Credit reserved or allocated under this QAP, is for THDA's own purposes and is not for the purpose of advising, certifying, representing or warranting to others as to the feasibility or viability of any proposed development.

**Adverse Action by Local Jurisdiction**

If, following the allocation of Housing Credit to a proposed development, the local jurisdiction in which the proposed development is located takes action that THDA, in its sole discretion, determines to be for the primary purpose of preventing the proposed development from satisfying applicable program requirements, THDA may lower the amount of Housing Credit available to that jurisdiction in future Qualified Allocation Plans. Examples include, without limitation, "downzoning", action regarding utilities or utility connections, action regarding required public roads, or action to prevent issuance of Certificates of Occupancy.

**No THDA Liability**

No member, officer, agent, or employee of THDA shall have any personal liability with respect to any matters arising out of, or in relation to, this QAP, Housing Credit reserved or allocated under this QAP, or the monitoring of Housing Credit Developments.

THDA makes no representations or warranties to applicants, developers, owners, or anyone else as to compliance with Section 42, Treasury regulations, or any other laws or regulations applying to Housing Credit or Housing Credit Developments, or as to the feasibility or viability of any proposed Housing Credit Development.

**Enforcement**

In the event THDA seeks enforcement of any matter connected with any reservation, allocation, or monitoring of Housing Credit, or any other matter connected with Housing Credit, THDA shall be entitled to recover all damages, costs, expenses and fees, including without limitation, all court costs, all legal fees and expenses, and all staff time, from any party connected to or with any Housing Credit Development.



**False Statements**

- A. Tennessee Code Annotated, Section 13-23-133, makes it a Class E felony for any person to knowingly make, utter, or publish a false statement of substance or aid or abet another person in making, uttering, or publishing a false statement of substance for the purpose of influencing THDA to allow participation in the Housing Credit Program. Any and all statements contained in any materials, including without limitation, an Initial Application and any other applications, documents, letters, opinions, or certifications, submitted to THDA in connection with any Initial Application, subsequent applications or in connection with Housing Credit reserved, allocated or monitored for compliance under this QAP or otherwise made by an Applicant or other person connected in any way with Housing Credit reserved, allocated or monitored for compliance under this QAP are statements of substance made for the purpose of influencing THDA to allow participation in the Housing Credit Program.
  
- B. By submitting any materials, including without limitation, an Initial Application and any other applications, documents, letters, opinions, or certifications to THDA in an effort to obtain or maintain Housing Credit, the Applicant and all parties connected with the development proposed in the Initial Application acknowledge and agree (1) they are entering into a contract with THDA; and (2) they intend for THDA to rely on and seek enforcement of all selections or statements (written or oral) made with respect to any reservation, allocation or monitoring of Housing Credit by any and all means available, including, without limitation, specific performance; and (3) they are knowingly making, uttering or publishing or aiding and abetting others in making, uttering or publishing statements of substance for the purpose of influencing THDA to allow participation in the Housing Credit program.



## **Section 2: Definitions**

**20/50 Test** – The 20/50 Test is a federal minimum set–aside that may be elected by an Applicant for Housing Credit that requires at least 20% of the units in a Housing Credit Development to be both rent restricted and occupied by households whose income is less than or equal to 50% of area median gross income (“AMI”). This is an irrevocable election made in an Initial Application.

**40/60 Test** – The 40/60 Test is a federal minimum set–aside that may be elected by an Applicant for Housing Credit that requires at least 40% of the units in a Housing Credit Development to be both rent restricted and occupied by households whose income is less than or equal to 60% of AMI. This is an irrevocable election made in an Initial Application.

**Adaptive Reuse/Conversion** – The renovation and reuse of a pre–existing building that has not been used for residential purposes and creates additional affordable housing units. Pre–existing buildings used as hotels or motels are eligible as Adaptive Reuse/Conversion. Adaptive Reuse/Conversion will be evaluated and reviewed as New Construction.

**Allocation** – the amount of Housing Credit reserved for a development.

**AMI** – Area Median Income as determined by the U.S. Department of Housing and Urban Development (“HUD”).

**Applicable Fraction** – The percentage of a building that is treated as low-income use and generally eligible for the LIHC. The Applicable fraction is the smaller of the Unit Fraction or the Floor Space Fraction.

**Applicant** – An applicant for Low-Income Housing Credit under this QAP that will own the proposed development and to which the credits may be allocated.

**Application** – See “Initial Application”.

**Appraisal** – An opinion of value for land and building cost.

**Average Income Test** – The Average Income Test is a federal minimum set–aside that may be elected by an Applicant for Housing Credit. Under this election, at least 40% of the units in a Housing Credit Development are required to be both rent restricted and occupied by individuals whose incomes do not exceed the imputed income limitation designated by the Applicant. The average of the imputed income limitations designated cannot exceed 60% of AMI. The designated imputed income limitations must be in 10% increments as follows: 20%, 30%, 40%, 50%, 60%, 70%, and 80%. Guidance regarding Average Income Test may be found on the THOMAS Documents Page. This is an irrevocable election made at Initial Application.

**Basis Boost** – An increase of up to 30% in eligible basis for a building in order to improve the financial feasibility of the building in a difficult to develop area, as determined by THDA in its sole discretion.

**Building Permit(s)** – Formal approval of building plans by the local government authority or building department certifying that the building plans meet the requirements of applicable codes to construct, enlarge, or alter a building, which allows construction to proceed.

**Capital Needs Assessment** – See Physical Needs Assessment.



Carryover Allocation Agreement – The document allocating Housing Credit when a development that received a Reservation Notice will not be placed in service in the same year as the Reservation Notice. This document is issued by THDA and extends the required placed-in-service date to the end of the second calendar year after the year of the Reservation Notice.

Carryover Allocation Application – The application and all related documentation required when a development with a Reservation Notice will not be placed in service in the same year as the Reservation Notice.

Certificate of Occupancy – Formal approval by the relevant local government that a building is suitable for occupancy.

CNI – Choice Neighborhoods Implementation Grants awarded by HUD to PHAs, local governments, or tribal entities to revitalize severely distressed public housing and/or HUD assisted multifamily housing projects.

Code – Internal Revenue Code of 1986, as amended, together with all subsequent tax legislation duly enacted by the Congress of the United States, all United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and all revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the Internal Revenue Service of the United States.

Competitive Housing Credit Ceiling – the amount of Housing Credit Ceiling remaining for 2023 after the Non-Profit Set-Aside, CNI Grants, and Economic Development set-asides.

Compliance Period – The period of 15 taxable years, commencing on the first day of the taxable year in which any building that is part of the Housing Credit Development is placed in service or, if deferred by election of the Owner of the Housing Credit Development, the first day of the next calendar year, but only if the building is a qualified low-income building as of the close of the first year of such period. This definition may be revised under the land use restrictive covenants for a longer duration based on Applicant's election under Section 15 and Section 21.

Concerted Community Revitalization Plan (CCRP) – A document that assesses the health and potential prosperity of an area less than the entire state, through public interaction and assessment of the physical, social and economic health of the citizenry, businesses, infrastructure, and built environment in the area. A CCRP must contain all of the following:

1. Clearly delineate a targeted area within a local government boundary and where the proposed site sits within that target area;
2. Include housing as a stated goal;
3. Include an assessment of the targeted area's existing infrastructure needs;
4. Designate implementation measures; and
5. Be approved or re-approved by the appropriate local government or entity no earlier than 2013.

Conditional 42(m) Letter – A letter issued by THDA to Applicants seeking a determination of 4% Housing Credit in conjunction with uncommitted Multifamily Tax-Exempt Bond Authority.

Construction Schedule – A document showing work to be performed, resources to perform the work, and timeframes in which the work is expected to be performed. The Construction Schedule should reflect all the work associated with delivering a Housing Credit Development on time.





Consultant - A third-party entity that provides consulting services to Housing Credit Development Participants. An entity acting in the capacity of Owner, Developer, or General Contractor or which provides technical assistance to the Owner, Developer, or General Contractor is considered a Consultant. Consultants include, but are not limited to, construction management consultants, interior design consultants, relocation specialists, tax credit application consultants, resident certification consultants, HOPE VI consultants, etc. All consulting fees are considered part of the calculation of the maximum allowable Developer fee for each Housing Credit Development.

Cost Certification – The certification of actual total development costs for a Housing Credit Development and the amount of Housing Credit eligible basis in the Housing Credit Development upon completion of the development.

Credit Period – The 10–year period over which Housing Credit may be claimed. The Credit Period begins on the first day of the taxable year in which any building that is part of a Housing Credit Development is placed in service or, if deferred by election of the Owner of the Housing Credit Development, the first day of the next calendar year, but only if the building is a qualified low–income building as of the close of the first year of such period.

Cure Notice – The notice sent by THDA to the contact person specified in an Initial Application after completion of Initial Application review to indicate deficiencies in the Initial Application.

Developer - The legal entity designated as the Developer in the Application as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities that have a direct or indirect ownership interest in the Developer entity. Material participation (through Placed In Service) is required for all developers and for all entities that receive any portion of the Developer Fee.

Development Team – Any individual or member of the development team including Governors/Directors, Members, and Managers/Officers of the Ownership Entity; Officers, Directors, and Stockholders of the Development Entity; and Officers, Directors, and Stockholders of the Property Management Company.

Difficult Development Area (DDA) –Any area designated as such by HUD or as so defined by THDA in accordance with Section 42(d)(5)(B)(v). The list is available here: <https://www.huduser.gov/portal/datasets/qct.html>.

Disability –With respect to an individual, a physical or mental impairment that substantially limits one or more major life activities of such individual; a record of such impairment; or being regarded as having such an impairment. Major life activities include, but are not limited to, caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating, and working. A major life activity also includes the operation of a major bodily function, including but not limited to, functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions. An individual meets the requirement of “being regarded as having such an impairment” if the individual establishes that he or she has been subjected to an action prohibited by law because of an actual or perceived physical or mental impairment whether or not the impairment limits or is perceived to limit a major life activity. An individual will not be regarded as having such an impairment when the impairment is transitory and minor. A transitory impairment is an impairment with an actual or expected duration of 6 months or less. An impairment that is episodic or in remission is a disability if it would substantially limit a major life activity when active. For further definition, please see the Americans with Disabilities Act of 1990, as amended.



Draw Package — Monthly report that includes the following:

1. Request for funds
2. Documentation of change orders
3. Tracking of finances and progress of development
4. Architect inspection report.

Elderly – see definition of Older Persons.

ENERGY STAR – The federal program established by the U.S. Environmental Protection Agency in 1992 under the authority of the Clean Air Act Section 103(g). The program establishes an energy efficient designation that can be achieved. Such designation must be obtained in order to use the ENERGY STAR utility allowances.

Evaluation Notice – A notice provided by THDA to request clarification or additional information during review of a Carryover Allocation Application, requested status report on the development, 10-percent Test, Final Application, quarterly construction report, or certified property management application; during an on-site inspection of the Site during construction, after the buildings are placed in service, or during the term of the Extended Use Agreement; or other compliance concern identified by THDA in its sole discretion. Failure to respond to successive Evaluation Notices by the Final deadline allows THDA, in its sole discretion, to return or reject the application, recapture the allocation, or issue an event of noncompliance under the terms of the Extended Use Agreement.

Executed Notice to Proceed – The Notice to Proceed date marks the beginning of the performance time of the construction contract.

Extended Use Agreement – Also known as the Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits (“LURC”), is the agreement executed between THDA and Owner. The LURC:

1. Is binding on Owner and all successors of Owner;
2. Requires the Housing Credit Development to comply with the requirements of Section 42, the QAP, the Application, and THDA;
3. Evidences Applicant’s federal election and any requirements pursuant to Applicant’s scoring elections in the Initial Application;
4. Requires that the applicable fraction for each building for each taxable year during the term of the LURC will not be less than the applicable fraction specified the LURC;
5. Prohibits the eviction or termination of the tenancy (except for good cause) of an existing low-income resident or any increase in the gross rent with respect to a low-income unit that is not otherwise permitted;
6. Allows individuals who meet the income limitation applicable to the building (whether prospective, present, or former occupants of the building) the right to enforce in any State court the rights under (1) and (2) above;
7. Prohibits the disposition to any person of any portion of the building to which the LURC applies, unless all of the building to which the LURC applies is disposed of to such person;
8. Prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective resident as such a holder;
9. Is recorded in the real property records of the county in which the Housing Credit Development is located as a restrictive covenant running with the land; and



10. Commences on the first day of the Compliance Period for a term of at least thirty (30) years (the “Extended Use Period”).

Existing Multifamily Housing – A multifamily development that will preserve affordable housing units that are rent and income restricted or, through rehabilitation of units that were not previously affordable, create affordable housing units.

Final Application – The application and all related documentation required when a Housing Credit Development is to be placed in service and for which IRS Forms 8609 are sought.

Final Notice – The THDA notice sent to Applicants, after the Tax Credit Committee (TCC) Review Meeting has been held. This notice will summarize the final eligibility and scoring determinations.

Firm 42(m) Letter – A letter issued by THDA to Applicants seeking a determination of 4% Housing Credit in conjunction with a commitment of Multifamily Tax-Exempt Bond Authority.

Floor Space Fraction – The numerator of which is the total floor space of the Low-Income Units in a building and the denominator of which is the total floor space of the residential units (whether or not occupied) in the same building.

Forms and Templates – THDA provided documents that are used in conjunction with Initial, Carryover, or Final Applications and processes.

Forward Reservation – A binding commitment to allocate Housing Credit from a future year to a proposed development.

Hard Cost – Costs directly related to the physical construction of a building in a Housing Credit Development such as construction materials and construction labor.

Housing Credit – Low-Income Housing Credit as described in Section 42 of the Code.

Housing Credit Ceiling – The maximum amount of Housing Credit THDA may allocate in a given year, which includes Housing Credit returned pursuant to Section 23.

Housing Credit Development – the proposed or existing rental housing development for which Housing Credit has been applied for or allocated.

Housing for Older Persons – Housing (i) intended for, and solely occupied by, persons age 62 or older; or (ii) where 80% of the units must be occupied by at least one person age 55 years or older, or (iii) provided for under any state or federal program that HUD has determined is specifically designed and operated to assist older persons (as defined in the state or federal program).

HUD – The United States Department of Housing and Urban Development.

Incremental Development – A proposed development that adds units to a Housing Credit Development that received an allocation of 2022 Housing Credit.

Initial Application – The application submitted by an Applicant seeking an allocation of Housing Credit, including, without limitation, all information and documents entered into THOMAS.



IRS – Internal Revenue Service.

Local Government Notification – Notice provided by THDA, following receipt of Initial Applications, to the chief executive officer (or the equivalent) of the local government in whose jurisdiction a development proposed in an Initial Application is to be located. Such individual will have an opportunity to comment on the development proposed in the Initial Application to be located in the jurisdiction, as required by Section 42(m)(1)(A)(ii).

Low-Income Unit – Any unit in a building if such unit is rent-restricted as provided in Section 42 or this QAP and the individuals occupying such unit meet the income limitation applicable as provided in Section 42 or this QAP.

Market Study – An analysis of the market conditions of supply, demand and pricing for a specific property type in specific areas.

Modification – Any changes to buildings, units, square footage, scoring items, etc. which determine eligibility for an allocation of Housing Credit.

MTBA – Multifamily Tax-Exempt Bond Authority.

No Further Monitoring Status – Housing Credit Developments that are outside of the Section 42 defined Compliance Period that have failed to respond to and/or cure notices for monitoring reviews, non-submittal of annual compliance reports, and noncompliance with program requirements for 180 days from the date THDA provides the notice of noncompliance. Ineligibility will continue until the noncompliance is cured or the LURC expires.

Owner - The single purpose legal entity (e.g. Corporation, Limited Partnership, Limited Liability Partnership) holding title to the Site.

Percentage of Construction Complete –  $\frac{\text{Total Development Cost Incurred as of Report Date}}{\text{Total Development Costs}} \times 100$

PHA – A public housing authority created under the Housing Authorities Law, Tennessee Code Annotated Section 13-20-101, et seq.

Phase 2 Development – A proposed Housing Credit Development that would add units to a previously awarded Housing Credit Development when the construction of the previously awarded Housing Credit Development is complete and at least 50% of the credit restricted units are leased to income qualified households in compliance with current rent and income restrictions by the 2023 Competitive Cycle Deadline for Initial Applications.

Placed in Service Application – See Final Application.

Physical Needs Assessment – A report prepared by licensed third party provider which contains detailed information about physical needs, deficiencies (including major systems, life safety, and ADA needs) and the capital needs requirements of existing buildings, including a detailed work plan showing all necessary and contemplated improvements and projected costs.

Preliminary Ranking List – A preliminary confirmation of a reservation of Housing Credit from the associated competitive application process.



Pre-Existing Building – A building containing residential rental units previously occupied or approved for occupancy by the applicable authority having jurisdiction.

Qualified Allocation Plan (QAP) – The document prepared pursuant to Section 42(m) of the Code that details THDA’s priorities, process, and requirements regarding the Housing Credit program.

Qualified Census Tract (QCT) – Any census tract identified as such by HUD. The list is available here: <https://www.huduser.gov/portal/datasets/qct.html>.

Qualified Contract Process (QCP) – The process carried out in compliance with elections made in the relevant QAP and THDA’s Qualified Contract Process Guidelines (available here: <https://thda.org/pdf/06.01.20-QUALIFIED-CONTRACT-GUIDELINES-REVISED-FOR-VENDOR-NEEDS.pdf>).

Qualified Nonprofit Organization – An organization that is described in Section 501(c)(3) or (4) of the Code that is exempt from tax under Section 501(a) of the Code, and that meets the additional requirements contained in Section 7 of this QAP.

RAD – Rental Assistance Demonstration Program administered by HUD that allows PHAs and owners of other HUD–assisted properties to convert (public housing or other assisted) units from their original sources of HUD financing to project–based Section 8 contracts.

Related Parties – In relation to the Initial Application, any subsequent application or any request for a Modification, related parties include, the Applicant, developer, Owner, entities with commonality of one or more persons with those listed in the Ownership Entity Breakdown, entities with commonality of one or more persons with those listed in the Developer Entity Breakdown, and any of the following:

- a. Any person or entity who has a right to (i) replace the developer, (ii) act as co–developer, (iii) replace any individuals or entities who comprise a developer or co–developer, or (iv) otherwise direct the activities of the developer will be considered a developer for purposes of applying this limit.
- b. Any person or entity who has a right to (i) replace the general partner of the Owner or Applicant, (ii) act as co–general partner of the Owner or Applicant, (iii) replace any individuals or entities who comprise a general partner or co–general partner of the Owner or Applicant, or (iv) otherwise direct the activities of the general partner of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- c. Any person or entity who has a right to (i) replace the controlling stockholder of the Owner or Applicant, (ii) act as controlling stockholder of Owner or Applicant, (iii) replace any individuals or entities who comprise a controlling stockholder of the Owner or Applicant, or (iv) otherwise direct the activities of the controlling stockholder of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- d. Any person or entity who has a right to (i) replace the managing member of the Owner or Applicant, (ii) act as co–managing member of the Owner or Applicant, (iii) replace any individuals or entities who comprise a managing member or co–managing member of the Owner or Applicant, or (iv) otherwise direct the activities of the managing member of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- e. Any person who is a signatory or guarantor of construction financing documents, permanent financing documents, and/or equity syndication documents.
- f. This limit will also apply to any person or entity that is related to any person or entity specified above.



Reservation Notice – Notice from THDA to the contact person specified in an Initial Application that Housing Credit may be made available in the competitive Housing Credit allocation process.

Review Notice – The notice sent to the contact person specified in an Initial Application after THDA has reviewed documentation sent in conjunction with a Cure Notice.

Rural – Counties identified as rural on the THOMAS Documents Page.

Scattered Site Development – a development located on 2 or more noncontiguous parcels of land.

Site – A parcel of land on which the Housing Credit Development will be developed, described by a unique legal description that will be part of the Carryover Allocation, and encumbered by the LURC. THDA will not allocate Housing Credit based on costs associated with a site, or any portion thereof, that was included in a prior allocation.

Site Control – Documentation submitted in conjunction with the Initial Application, as required by Section 13.A.1, that demonstrates control of the property by the applicant on which the development proposed in the Initial Application is to be located.

Scope of Work – A general description of the construction/rehabilitation work and estimate of cost that is expected to be performed under a construction contract. The Scope of Work should contain any milestones, reports, deliverables, and end products expected to be provided. The Scope of Work should contain a timeline for all deliverables.

Section 42 – Section 42 of the Code, as amended, together with all subsequent legislation duly enacted by the Congress of the United States affecting Section 42, all United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and all revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the Internal Revenue Service of the United States applicable to Section 42.

Significant Adverse Event (SAE) – An occurrence of noncompliance (curable or incurable), program fraud or misrepresentation, or an act that adversely conflicts with THDA’s mission as described in Section 6 of this QAP.

Special Housing Needs – Housing needs served by housing that has been constructed or rehabilitated with special features (e.g. location, design, layout, or on-site services) to help people live at the highest level of independence in the community. For example, the unit may be adapted to accommodate special physical or medical needs; or provide on-site services such as staff support for older persons, individuals with mental health issues, developmental, or other social needs.

Supportive Services – Furnished through a contract with supportive service providers to provide Supportive Services, appropriate for a particular special needs population, under a planned program of services. In the case of persons with disabilities or housing for older persons, such services may be designed to enable residents of a Housing Credit Development to remain independent and avoid placement in a hospital, nursing home, or intermediate-care facility.



Supportive Services for Older Persons – Must include at least two of the following services: social and recreational programs, continuing education, information and counseling, recreation, homemaker, outside maintenance and referral services, an accessible physical environment, emergency and preventive health care programs, congregate dining facilities, or transportation to facilitate access to social services and facilities available to them.

Suburban – Counties identified as suburban on the THOMAS Documents Page.

Tennessee Growth Policy Act – Tennessee Code Annotated Section 6-68-101 et seq. that requires growth plans approved by the Tennessee Advisory Commission on Intergovernmental Relations. Information available here: <https://www.tn.gov/tacir/tennessee-county-growth-plans.html>.

Total Development Cost – The total of actual costs associated with new construction or rehabilitation development activities, as determined to be reasonable by THDA, in its sole discretion.

THOMAS Documents Page – A web page with necessary forms, templates, guidance, calendar, and links that are used in all application processes.

THOMAS – The Tennessee Housing Online Management and Application System.

THOMAS User Manual – THDA provided document that gives guidance for use of THOMAS.

Uniform Physical Conditional Standards (UPCS) – The HUD requirements that govern the physical condition of Housing Credit Developments.

Unit Fraction – The numerator of which is the number of Low-Income Units in a building and the denominator of which is the number of residential rental units (whether or not occupied) in the same building.

Urban – Counties identified as urban on the THOMAS Documents Page.

Urbanicity – The quality or fact of (an area) being urban. The degree to which a given geographical area is urban. Urbanicity designations can be found on the THOMAS Documents Page.

Zoning – Written documentation from the appropriate local government authority demonstrating that current zoning and other local land use regulations permit the development as proposed: or that no such regulations currently apply to prevent the development proposed in the Initial Application.



### **Section 3: Limits on Housing Credit Allocations**

THDA will only allocate an amount of Housing Credit necessary for the financial feasibility of a development and its viability as a qualified low-income housing development in accordance with Section 42(m)(2). THDA may reject or require modifications to Initial Applications for Housing Credit when THDA determines that the proposed development is not financially feasible or does not need Housing Credit. THDA may also reserve or allocate an amount of Housing Credit less than the amount requested in an Initial Application, in a Carryover Allocation Application, or in a Final Application. THDA's determination under Section 42(m)(2) shall not be construed to be a representation or warranty by THDA as to the financial feasibility, viability, or lack thereof, of any development.

#### **A. Annual Ceiling**

The methodology to determine the annual Housing Credit Ceiling is contained in Section 42 (h)(3)(C).

#### **B. Set-Asides and Available Housing Credit Amounts by Set-Aside**

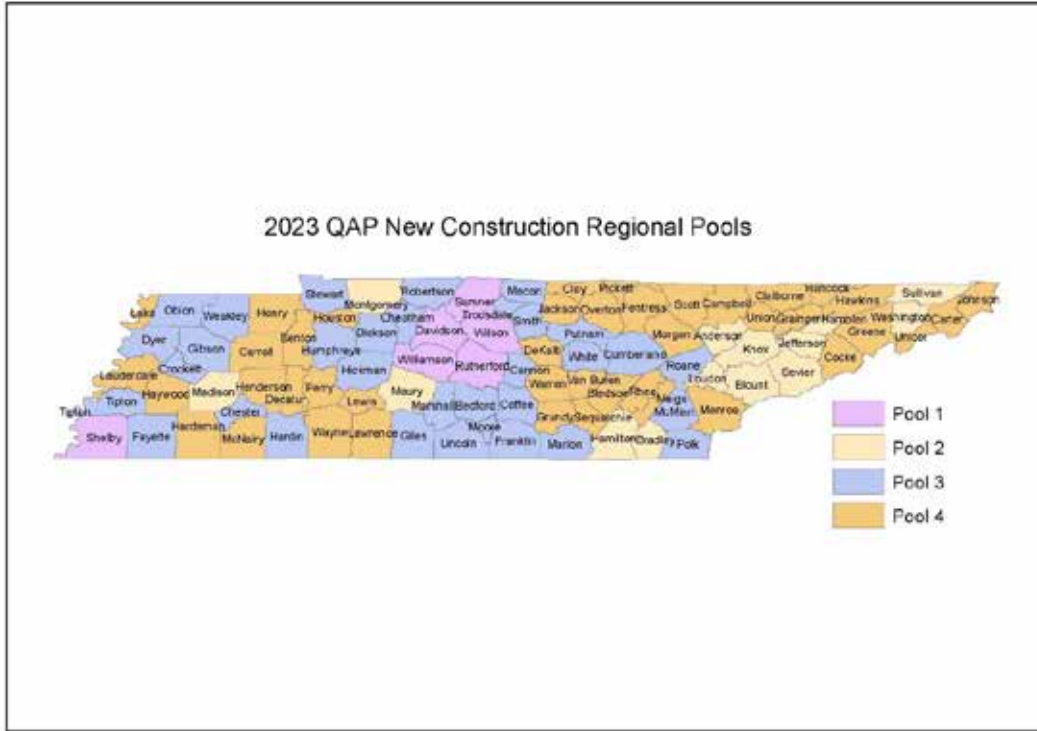
1. Non-Profit Set-Aside – No less than 10% of the Housing Credit Ceiling will be allocated to Qualified Nonprofit Organizations. THDA reserves the right to make allocations of Housing Credit to Qualified Nonprofit Organizations as needed to meet the requirements of Section 42(h)(5).
2. CNI Grants –Eligible PHAs with qualified CNI grants may receive an allocation of Housing Credit outside of the PHA Set-Aside. The annual amount of Housing Credit to be allocated to Initial Applications involving CNI grants shall not exceed \$1,700,000.
3. Economic Development Area – No more than \$3,000,000 will be allocated to developments in the Economic Development Area as described in Section 10.
4. PHA Set-Aside – No more than 25% of the **Competitive** Housing Credit Ceiling will be allocated to developments involving a PHA that meets the requirements of Section 10 of this QAP.
5. Existing Multifamily Housing – No more than 25% of the **Competitive** Housing Credit Ceiling will be allocated to developments that include rehabilitation of Existing Multifamily Housing.
6. New Construction – Up to 50% of the **Competitive** Housing Credit Ceiling will be allocated to developments involving new construction using the regional pool methodology described in Section 16.E.6.

#### **C. New Construction Regional Pools**

1. THDA may allocate Housing Credit to developments proposing new construction from one of the following four regional pools:







**D. Incremental Developments**

The proposed new units must be located on the same parcel of land with a development that previously received an allocation of Housing Credits, share a common financing plan and use the same Development Team.

Initial Applications proposing Incremental Developments will be reviewed, evaluated, and scored based solely on the costs, characteristics, and other elements of the new housing units added. If an Incremental Development receives an allocation of competitive Housing Credit under this QAP, the development will be subject to the following limitations, based on the cumulative costs of the entire development as proposed:

1. By County
2. By Development
3. By Developer or Related Parties
4. Aggregate Qualified Census Tract
5. Total Development Cost Per Total Unit Limit
6. Second Allocation
7. Financial Feasibility
8. Developer, Consultant, Contractor, Overhead and General Requirements Fees



THDA reserves the right to determine, in its sole discretion, whether an Initial Application proposes an Incremental Development or a Phase 2 Development.

**E. Annual Housing Credit Limit**

1. Initial Applications are not eligible for annual Housing Credit in excess of \$1,800,000.

**F. Developer Fees and Consultant Fees Limits**

1. The combined total of Developer and Consultant fees that may be included in the determination of the amount of Housing Credit for a particular development cannot exceed 15% of that portion of THDA determined eligible basis attributable to acquisition (before the addition of the developer and consultant fees), and cannot exceed 15% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the developer and consultant fees). Construction Advisory or Construction Supervision fees listed separately from the maximum allowed Contractor Fees will be considered as a Consultant Fee.
2. If the Developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total of developer fees, consultant fees, and contractor profit, contractor overhead, and general requirements, that may be included in the determination of the amount of Housing Credit for a particular development, cannot exceed 15% of THDA determined eligible basis of that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

**G. Limit on Contractor Fees, Profit, Overhead and General Requirements**

1. The total contractor fees, including contractor profit, contractor overhead and general requirements, shall not exceed 14% of total site work costs plus cost of accessory buildings plus either new building hard costs or rehabilitation hard costs, as determined by THDA, broken down as follows:

Table 3-3: Contractor Fees, Profit, Overhead and General Requirements Limitations	
Fee Description	Fee Amount
Contractor Profit	<=6 percent
Contractor Overhead	<=2 percent
Contractor General Requirements (including payment and performance bonds)	<=6 percent
Total Contractor Fees	<=14 percent

2. If the Developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total for (i) contractor profit, overhead, and general requirements; (ii) developer fees; and (iii) consultant fees that may be included in the determination of the amount of Housing Credit for a particular development cannot exceed 15% of THDA determined eligible basis on that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

**H. Basis Boost**

A “Basis Boost” of no more than 30% will be available to all applicants and awarded at THDA’s discretion.



**I. Applying Limits**

In applying the limits specified in this QAP, THDA will consider, without limitation, the physical location of developments; the relationships among Owners, Developers, contractors, Consultants, management agents, other development participants, and Related Parties; the structure of financing; and any other information which THDA, in its sole discretion, may deem necessary.



## **Section 4: THOMAS and Application Submission**

### **A. Applications**

1. All applications involving Housing Credit, including Initial Applications, must be submitted electronically through THOMAS. If THDA determines that THOMAS malfunctions in a way that renders applicants unable to submit applications on-line, THDA will provide alternative instructions via e-mail BLASTS and THDA website postings. THDA reserves the right to identify in-progress applications and extend application deadlines to meet THOMAS's operational capacities.
2. Initial Applications proposing a combination of new construction **and** Existing Multifamily Housing will be scored as new construction if the majority of the Low-Income units are new construction or will be scored as Existing Multifamily Housing if the majority of the Low-Income units are Existing Multifamily Housing.
3. All fees must be received by THDA via a wire transfer in the amounts and by the deadlines specified in Section 5 of this QAP. An Initial Application is not complete unless and until the required fee is received by THDA.

### **B. Supporting Documents**

1. Supporting documents required as part of an Initial Application or subsequent application must be uploaded into THOMAS as specified in the THOMAS User Manual.
2. The THOMAS Documents Page contains Forms and Templates for required third party reports.
3. THDA will not accept cost certifications, market studies, physical needs assessments and/or appraisals prepared by parties connected with any person or entity involved with the Development Team or Related Parties, as determined by THDA, in its sole discretion.

### **C. Competitive Housing Credit Calendar of Events**

The calendar of events applicable to this QAP is as shown below. These dates are subject to change at THDA's sole discretion.

A full calendar will also be published on the THOMAS Documents Page.

Table 4-1: Calendar of Events	
Dates	2023 Competitive Cycle
March 6, 2023	2023 Competitive Cycle Opens for Initial Applications
April 10, 2023	2023 Competitive Cycle Deadline for Initial Applications



## Section 5: Program Fees

**A. Effective Date**

The fee schedule reflected below shall be in effect as of January 1, 2023.

**B. Wiring instructions**

**All fees must be paid via an electronic wire.**

Table 5–1: Wiring Instructions Format	
Bank:	US Bank
ABA:	064000059
BNF:	THDA Clearing Housing
BNF A/C:	151203673398
BNF ADDRESS:	502 Deaderick Street Andrew Jackson Building, Third Floor Nashville, TN 37243
OBI:	Housing Credit/Bond Application Fees + TN ID Number(s). Applicants may send one wire to cover multiple applications however, applicants must enter the applicable TN ID Number(s) in the OBI field on the wire.

Applicants are required to send the wire confirmation to [thomas@thda.org](mailto:thomas@thda.org).



**C. Fee Schedule**

Fees are not refundable and may not be applied to other types of fees or fees related to a different application, unless THDA determines that circumstances beyond the Applicant’s anticipation or control are present. The following fees shall apply:

Table 5–2: Fee Schedule			
Fee Type		Amount	Due
<b>Initial Application Fee</b>			
	1 – 4 Units	\$395	When Initial Application is submitted
	5 – 50 Units	\$1,595	
	51 – 100 Units	\$2,210	
	101 + Units	\$40 per unit	
<b>Reservation Fee</b>			
	Determined at 6.25 percent of the total amount of competitive Housing Credit approved by THDA	Calculated by THDA	When Reservation Notice is accepted
<b>42(m) Letter Fee</b>			
	Determined at 6.25 percent of the total amount of noncompetitive Housing Credit requested by the Applicant	Calculated by THDA	When a Firm Commitment is accepted
<b>Modification Fee</b>			
	Equal to the greater of \$750 or 0.625 percent of the annual Housing Credit specified in the Reservation Notice	Calculated by THDA	When Request is made
<b>Deadline Extension Fee</b>			
	1 – 5 days	\$500	When Request is made
	6 – 30 days	\$200 per day	
	Over 30 days	\$6,000	
	8609 Amendment Fee	\$50 per form \$250 minimum	When Request is made
	Monitoring Fee	\$600 per Low Income unit	When Final Application is submitted
	Income Averaging Monitoring Fee	\$1,200 per Housing Credit unit	When Final Application is submitted
	Compliance Re–inspection Fee	\$200 per unit	When Request is made
	Owner’s Annual Certification Extension Fee (max 30 days)	\$250	Prior to submission deadline
	Owner’s Annual Certification Late Fee	\$500 per month	Upon submission of Owner’s Annual Certification
<b>Utility Allowance Estimate Fees</b>			
	Utility Company Estimate Methodology	\$10 per unit per review	When Request is made
	Energy Consumption Model Methodology	\$250 per review	
	Agency Estimate	\$150 per review	



## **Section 6: Development Team Members and Eligibility Thresholds**

THDA prefers Development Teams that have successful experience in Tennessee with the THDA Housing Credit program. Such experience is evidenced by successful construction, rehabilitation and placing in service of a recent Housing Credit Development, maintaining a good track record in the on-going operations of the Housing Credit Development, and providing the capacity to sustain the Housing Credit Development in the ever changing regulatory and rental market. Consequently, an Initial Application for Housing Credit is ineligible under this QAP when any member of the Development Team or any individual who is identified in the Initial Application as a member of the Development Team have, with respect to any prior Housing Credit Development, incurred and failed to cure any and all major SAE(s) that have been identified since January 1, 2018 or are otherwise ineligible based on any other event listed under Other Ineligibility (below) as of the Initial Application date.

### **A. Major SAEs**

Major SAEs include, without limitation, situations in which any individual involved in the Initial Application was part of a prior Housing Credit Development to which any of the following apply:

1. The general partner/managing member/sole stockholder being removed from the ownership entity of a prior Housing Credit Development
2. Returning credits due to the developments not being able to meet its targeted place in service deadline, and requesting THDA to approve and make an Exchange of Credit Allocation. (For Housing Credit Developments granted 2021 COVID-19 exchanges under the THDA Executive Director's COVID 19 Authority Waiver, this provision may be waived for the 2022 Competitive Round). No Major SAE will be imposed when THDA determines that an Exchange was necessitated by circumstances beyond the Applicant's anticipation or control.
3. An uncured event of default under the Section 1602 or Tax Credit Assistance Program;
4. A Fair Housing Act violation, which resulted in a finding of discrimination by an adverse final decision from HUD, an equivalent state or local fair housing agency, or a federal or state court;
5. The Housing Credit Development was foreclosed, where such foreclosure occurred after December 31, 2018, including a deed in lieu of foreclosure;
6. Submitting to the IRS an IRS Form 8609 that was not created by THDA in an effort to claim Housing Credit or submitting to the IRS an IRS Form 8609 which has been altered or contains information inconsistent with the IRS Form 8609 created by THDA in an effort to claim Housing Credit; or
7. Failure to meet the federal placed in service deadline for a development that received Competitive or Noncompetitive Housing Credit.

### **B. Other Ineligibility**

Housing Credit Initial Applications are ineligible if any of the following apply:

1. Any individual involved in the Initial Application has any one of the following:
  - a. A felony conviction of any type within the last ten (10) years; or
  - b. A fine, suspension or debarment involving financial or housing activities within the last five (5) years imposed by any federal agency; or
  - c. A current bankruptcy or a bankruptcy discharged within the last four (4) years or any organization or entity in which the individual had significant control currently is in bankruptcy or had a bankruptcy discharged within the last four (4) years; or
  - d. Individual bankruptcy of a member of the board of directors of an entity that is, or is wholly controlled by, a government entity will not be grounds for ineligibility provided that the individual certifies that he/she will not have substantial decision-making authority with regard to the proposed development; or



- e. Any suspensions of required state licenses (Tennessee or any other state) within the last ten (10) years.
2. An individual who is a member of the Development Team identified in the Initial Application and who is involved with another Housing Credit Development in Tennessee that has participated in the Qualified Contract Process since January 1, 2022.
3. An individual who is a member of the Development Team identified in the Initial Application and who is involved with a pre-2023 Housing Credit Development with a first allocation of Competitive Housing Credit in Tennessee; prior to THDA issuing IRS Form(s) 8609 for that development.
4. An individual who is a member of the Development Team identified in the Initial Application, where such individual was involved in an application that received a commitment of MTBA during 2022, but such MTBA bonds were not issued and sold by the expiration date (original or extended) of the MTBA Firm Commitment Letter and the MTBA Firm Commitment Letter was not released as described in Section 10-H of the 2022 MTBA Program Description.
5. If any of the following are true regarding an individual who is a member of the Development Team identified in the Initial Application for any development receiving an allocation of Housing Credit after December 31, 2013:
  - a. They were involved in a pre-2023 Housing Credit Development with an accepted Reservation Notice, but the proposed Housing Credit Development failed to meet the federal allocation timeframes and did not obtain a Carryover Allocation Agreement ; or
  - b. They were involved in a pre-2023 Housing Credit Development with a fully executed Carryover Allocation Agreement, but the proposed Housing Credit Development failed to meet the federal allocation timeframes and did not obtain IRS Form(s) 8609; or
  - c. They were involved in a pre-2023 Housing Credit Development for which THDA issued IRS Form(s) 8609, but the Housing Credit Development failed to meet the minimum set-aside test for low-income tenants as specified in the LURC by the end of the first year of the Credit Period; or
  - d. They were involved in a pre-2023 Housing Credit Development that THDA determined to be in violation of the requirements of the applicable QAP regarding developer or related party issues; or
  - e. They were involved in a pre-2023 Housing Credit Development that involved a “broker” who did not remain involved in the Initial Application through the closing of permanent financing for the Housing Credit Development; or
  - f. They were involved in a pre-2023 Housing Credit Development that did not meet the requirements of the applicable QAP regarding submission of permanent financing documentation to THDA; or
  - g. They were involved in a pre-2023 Housing Credit Development that involved a “consultant” who was determined to be a signatory of construction financing, permanent financing or equity syndications documents or provided a guaranty in connection with construction financing, permanent financing or equity syndication; or
  - h. They were involved in a pre-2022 MTBA Application that received a firm commitment of bond authority but failed to meet the established deadline for issuance and sale of the bonds. Voluntary withdrawal of a Multifamily Tax Exempt Bond Authority Application in accordance with all applicable requirements will not cause ineligibility; or
  - i. The Initial Application is deemed ineligible pursuant to any other provisions of this QAP.
6. An individual involved in the Initial Application was involved with another Housing Credit Development at the time the development was placed in “No Further Monitoring” status by THDA and the project remains in “No Further Monitoring” Status.





### C. Requests for Relief

If an Initial Application is submitted and one or more uncured SAEs is attributable to an individual involved with such application, the Initial Application is subject to disqualification at the determination of the Executive Director, who shall notify the THDA Board of Directors of such action. The THDA Board of Directors retains the authority to revisit such determination.

### D. Minor SAEs

Minor SAEs are events that, cumulatively, may affect the eligibility of an Initial Application. Multiple Minor SAEs indicate consistent problems and poor performance in Housing Credit Developments in which members of the Development Team are involved.

Effective January 1, 2019, THDA will track Minor SAEs as they occur in the development and ongoing operations of Housing Credit Developments by Development Team and by individuals identified as members of the relevant Development Team.

As THDA becomes aware of Minor SAEs, THDA will notify the Development Team. The Minor SAE(s) reflected in the notice may or may not be curable. A **curable** Minor SAE(s) reflected in an Evaluation Notice may impact Initial Application scoring for a period of time beginning with the effective date of the notice and ending **the later of**: (i) two years after the effective date of the notice (as applicable) or (ii) when the Minor SAE is cured. An **incurable** Minor SAE(s) reflected in a notice may impact Initial Application scoring for a period of time beginning with the effective date of the notice and ending two years or five years after the effective date of the notice (as applicable).

Minor SAEs will be counted relative to the Development Team, not individual members. The cumulative total of Minor SAEs will determine the Development Team Track Record points.

Minor SAEs include, without limitation, any of the following that occur with respect to any Housing Credit Development in Tennessee:

1. Curable Minor SAEs are as follows: The **curable** Minor SAE(s) in this Section 6-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending **the later of** two years later, or when the Minor SAE is cured. The **incurable** Minor SAE(s) in this Section 6-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending two years later.
  - a. Defaulting on loan payments, unpaid property taxes, or having arrearages of at least three months on any loan for any Housing Credit Development;
    - (i) Unpaid property taxes will not constitute a Minor SAE if acceptable evidence of active appeal is provided.
  - b. Failing to utilize all listed funding sources in the amount or under the terms described in the Initial Application until any Housing Credit Development is placed in service, unless THDA has been advised of the change in funding source and agreed to the change;
  - c. Failing to maintain and operate amenities and services specified in the Initial Application throughout the term of the LURC;
  - d. Failing to convert construction loan financing to permanent loan financing within 6 months of THDA issuance of IRS Form 8609; or
  - e. Making changes to the Housing Credit Development ownership entity without THDA approval.



- f. Failing to fulfill commitments made in any application, including without limitation those for scoring points in the Initial Application (except for changes approved by THDA, in its sole discretion);
- g. Failing to correct outstanding noncompliance issues within the applicable correction period;
- h. Failing to respond to written requests from THDA for information and/or documentation by the prescribed deadline in any such written request.



## Section 7: Non-Profit Set-Aside

To be eligible for Housing Credit from the Non-Profit Set-Aside, an Initial Application must contain information satisfactory to THDA demonstrating that the Owner for the development proposed in the Initial Application involves a Qualified Nonprofit Organization. An Initial Application must meet all requirements in this QAP for an eligible Initial Application and be subject to all applicable limits.

To be a Qualified Nonprofit Organization, ALL of the following requirements must be met:

- A. The organization must be a *bona fide* non-profit organization, as evidenced by the following:
  - 1. The organization must be an entity that is described in Section 501(c)(3) or (4) of the Code that is exempt from tax under Section 501(a) of the Code;
  - 2. The organization must be organized and existing in the State of Tennessee or if not organized and existing in Tennessee, then the organization must be organized and existing in another state and must be qualified to do business in Tennessee;
  - 3. The organization must: (i) not be formed by one or more individuals or for-profit entities for the principal purpose of being included in the Non-Profit Set-Aside; (ii) not be controlled by a for-profit organization; and (iii) not have any staff member, officer or member of the board of directors who will materially participate, directly or indirectly, in the proposed development as or through a for-profit entity; and
  - 4. The organization must be engaged in the business of developing **AND** constructing or rehabilitating low-income rental housing in Tennessee and must have been so engaged on or after January 1, 2018.
  
- B. The organization must, prior to the reservation of Housing Credit: (i) own all of the general partnership interests of the ownership entity of the development; or (ii) own, alone or with other Qualified Nonprofit Organizations that meet all of the requirements of this Section, 100 percent of the stock of a corporate ownership entity of the development; or (iii) own, alone or with other Qualified Nonprofit Organizations that meet all of the requirements of this Section, 100 percent of the stock, 100 percent of the partnership interests, or 100 percent of the membership interests of an entity that is the sole general partner or sole managing member of the ownership entity of the development proposed in the Initial Application;
  
- C. The Qualified Nonprofit Organization must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the extended-use period.
  
- D. Initial Applications eligible for the PHA Set-Aside, including Initial Applications involving a Qualified Nonprofit Organization that is wholly controlled by a PHA, are ineligible for the Non-Profit Set-Aside.
  
- E. To demonstrate eligibility, ALL of the following must be submitted in THOMAS as part of the Initial Application:
  - 1. A copy of the IRS determination letter clearly stating the organization's status as a 501(c)(3) or 501(c)(4) entity; and
  - 2. A copy of the most recent partnership agreement or draft partnership agreement; and
  - 3. Certificate of Existence
    - a. If organized and existing under the laws of the State of Tennessee, a certificate of existence from the Tennessee Secretary of State's Office dated not more than thirty (30) days prior to the date of the Initial Application.





## **Section 8: CNI Grants**

To be eligible for Housing Credit when an Initial Application involves a CNI Grant, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA that has entered into a CNI Grant agreement with HUD. An Initial Application must meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits.

- A. To be a qualified PHA, all of the following requirements must be met:
  - 1. The PHA must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the Compliance Period; and
  - 2. The PHA must be acting solely within the geographic area of its jurisdiction; and
  - 3. The PHA must have a fully executed CNI grant agreement and submit a copy of the CNI grant agreement in THOMAS as part of an Initial Application; and
  - 4. The PHA must submit an executed Letter from PHA Executive Director Regarding the Choice Neighborhoods Initiative (CNI) Implementation Grant, the form of which is found on the THOMAS Documents Page.
  
- B. Only one CNI development per county may receive Housing Credit.
  
- C. CNI developments may be in a QCT.



## **Section 9: PHA Set-Aside**

To be eligible for the PHA Set-Aside, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA. An Initial Application must meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits.

- A. To be considered a qualified PHA, the following requirements must be met in connection with an Initial Application:
  - 1. The PHA must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the term of the LURC; and
  - 2. The PHA must be acting solely within the geographic area of its jurisdiction; and
  - 3. The PHA must submit an executed Certificate Regarding Qualification for the Public Housing Set Aside, the form of which is found on the THOMAS Documents Page.
- B. Within the PHA Set-Aside, the Project Location Score (see Section 15.A.1) will not apply. In the event of a tie, preference will be given to developments with highest percentage of units covered by both LIHC and RAD expressed as a percentage of total units.
- C. Awards from the PHA Set-Aside shall be made in the following order:
  - 1. One Initial Application submitted by the Waverly Housing Authority.
  - 2. Highest ranking Initial Application that proposes utilizing RAD in connection with a development located in a CCRP, taking into account score and other limits in this QAP.
  - 3. Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP, taking into account score and other limits in this QAP.
  - 4. Highest ranking Initial Application that proposes a development that will be owned and operated by a PHA, but does not involve RAD and is not located in a CCRP, taking into account score and other limits in this QAP.
  - 5. After completing steps 2 through 4 above, THDA will continue making allocations to eligible Initial Applications in the order of steps 1 through 3 above until the point is reached where there is insufficient Housing Credit remaining in the PHA Set-Aside to make another complete allocation.
- D. To be considered for the PHA RAD preference, the following requirements must be met:
  - 1. The PHA must submit the Form of Letter from PHA Executive Director Regarding the Rental Assistance Demonstration (RAD) Program (found on the THOMAS Documents Page);and
  - 2. The PHA must submit a copy of the Commitment to enter Housing Assistance Payments (CHAP).
- E. To be considered for PHA RAD with CCRP preference, the PHA must submit a copy of the Concerted Community Revitalization Plan.
- F. Initial Applications in the PHA Set-Aside may be located in a QCT.
- G. An Applicant must indicate whether the Initial Application is to be considered in the PHA Set-Aside or for an Existing Multifamily Housing Allocation. The Initial Application will only be considered in the category selected. No cross counting allowed.



## **Section 10: Economic Development Area Set-Aside**

- A. New Construction only.
- B. Developments in the Economic Development Area Set-Aside may be located in a QCT.
- C. The economic development zone covers Crockett, Fayette, Hardeman, Haywood, Lauderdale, Madison, and Tipton counties.
- D. Maximum annual LIHC set-aside of \$3M
- E. Reservations under this set-aside will not cross count against other set-asides or regional pools.
- F. No more than one application will be funded in each county.
- G. If more than one Initial Application is received for Haywood County, the highest ranking application in Haywood County is guaranteed a reservation. The second award will be made to the highest scoring application outside of Haywood County in line with the maximum set-aside amount.
- H. If no application is received in Haywood County, THDA may still fund two deals within the limit in Section 10.D above.



## **Section 11: Existing Multifamily Housing Allocations**

To be eligible for an Existing Multifamily Housing Allocation, the Initial Application must propose rehabilitation (with or without acquisition) of Existing Multifamily Housing, meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits. The proposed Existing Multifamily Housing development is not required to have existing income or rent restrictions.

Following rehabilitation, 100% of the units must be subject to income and rent restrictions.

- A. A development may be located in a QCT.
- B. A preference will be given to Initial Applications proposing a development covered by a CCRP, taking into account score and other limits in this QAP.





## **Section 12: New Construction Regional Pool**

To be eligible for a New Construction Regional Pool, an Initial Application must propose new construction of multifamily housing, meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits.

- A. New Construction Regional Pool developments may be located in a QCT.



### **Section 13: Mandatory and Threshold Requirements**

All documentation must be in full force and effect and fully executed. To be eligible, Initial Applications for new construction or rehabilitation (with or without acquisition) must meet all of the following requirements, as applicable, as determined by THDA, in its sole discretion.

#### **A. Mandatory Requirements**

1. **Site Control** – To be eligible, an Initial Application must demonstrate control of the Site. A copy of any one of items a.-d. below must be part of the Initial Application:
  - a. Recorded instrument of conveyance (warranty deed, quitclaim deed, trustee deed, court order) evidencing title to the Site vested in (A) the currently existing Ownership Entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed;
  - b. Acceptable evidence demonstrating the ability to acquire the Site through the power of eminent domain by (A) the currently existing Ownership Entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed;
  - c. Contract for sale or a contract for a 50-year ground lease, which contract must show that the ground lease, when executed, will meet the requirements specified in item e. below, executed by (A) the owner of record of the Site and (B) the currently existing Ownership Entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed. The contract must extend at least six months from the 2023 Competitive Cycle Deadline for Initial Applications (see Table 4-1) with an extension to closing/Carryover site control demonstration; or
  - d. An option to purchase or an option for a 50-year ground lease, which option must show that the ground lease, when executed, will meet the requirements specified in item e. below, executed by (A) the owner of record of the Site and (B) the currently existing Ownership Entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed. The option must extend at least six months from the 2023 Competitive Cycle Deadline for Initial Applications (see Table 4-1) with an extension to closing/Carryover site control demonstration.
  - e. A ground lease for the Site must have a minimum term of 50 years with no provisions for termination or reversion prior to the expiration of the extended use period as defined in Section 42(h)(6)(D). Proposed developments which are the subject of a Payment In Lieu of Taxes (“PILOT”) agreement may be exempt from this minimum term requirement subject to THDA’s review of and satisfaction with the terms of the PILOT.
  - f. Assignments of contracts or options will not be accepted unless the underlying contract or option that meets the requirements set forth above is provided as well.
  - g. The legal description included with the documentation pursuant to Site Control requirements and the legal description included with the documentation pursuant to Underlying Seller Authority requirements must be consistent with each other. All documentation must be in full force and effect, fully executed, and include a correct legal description for the Site.
  - h. If the legal descriptions required pursuant to Site Control requirements and Underlying Seller Authority Site Control requirements do not match exactly, the applicant may submit a sworn affidavit from an individual listed in **Ownership Organization Breakdown** or an individual listed on **Developer Organization Breakdown** stating that the legal description included with the documentation pursuant to Level 1 Site Control and the legal description included with the documentation pursuant to Level 2 Site Control both refer to the Site.
  - i. The purchase price must be clearly stated in the documentation submitted pursuant to Site Control requirements.



- j. If the Site identified in an Initial Application under this QAP includes land for which the purchase cost has already been taken into account in connection with a prior allocation of Tax Credits, no cost for the purchase of the land will be permitted in connection with the Site identified in the Initial Application under this QAP.
2. Site Control – Underlying Seller Authority Documentation (required in addition to Site Control as described in Section 13.A.1):
    - a. A commitment for title insurance evidencing that title to the Site is vested in the person or entity who executed the document required for Site Control as owner, which must include a valid legal description of the Site. The commitment for title insurance must be dated no more than 60 days prior to the Initial Application Deadline;
    - b. All documentation must be in full force and effect, fully executed, and include a correct legal description for the Site.
    - c. The legal description included with the documentation pursuant to Site Control requirements and the legal description included with the documentation pursuant to Underlying Seller Authority requirements must be consistent with each other.
    - d. If the legal descriptions required pursuant to Site Control requirements and Underlying Seller Authority do not match exactly, the Applicant may submit a sworn affidavit from an individual listed in Ownership Organization Breakdown or an individual listed on Developer Organization Breakdown stating that the legal description included with Site Control documents and Underlying Seller Authority documents both refer to the Site.
  3. Zoning – Evidence that Sites are currently zoned for the proposed Development must be demonstrated through either:
    - a. A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Development and containing all four (4) of the following: 1) location of the Site(s) (e.g. address or street crossings); and 2) The current zoning and any special use designations; and 3) A description of the Development (including number of units, proposed use, and construction type i.e. townhome, midrise elevator, etc. ); and 4) A statement that the current zoning will permit the proposed Housing Development;

OR

- b. A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Development and containing all four (4) of the following: 1) The location of the Site(s) (e.g. address or street crossings); and 2) A description of the Development (including number of units, proposed use, and construction type, i.e. townhome, midrise elevator, etc.); and 3) A overview of the Zoning/PUD approval process and timing; and 4) Assurance that the Zoning/PUD will be reviewed in a timely manner, including any available dates so as it is complete by time of award process;

OR

- c. A letter from the chief elected official identifying the Development and stating that there are no zoning regulations in place.
4. Achieve a minimum score as specified in Section 15 of this QAP, as determined by THDA, in its sole discretion.
  5. Market Study is included, acceptable, accurately reflects the Development presented in the Initial Application, is no older than six (6) months from application submission date, and is performed and prepared by an independent third party in accordance with the Market Study Guidelines included on the THOMAS Documents Page.



6. If land or building acquisition costs are included, include an acceptable Appraisal of the land and/or building acquisition that is no older than six (6) months from application submission date and performed and prepared by an independent third party in accordance with the Appraisal Guidelines included on the THOMAS Documents Page.

## **B. Threshold Requirements**

1. Eligible Initial Applications must meet all of the following requirements:
  - a. Be a qualified low-income housing development, containing qualified low-income buildings and low-income units;
  - b. Comply with the Fair Housing Act, as applicable;
  - c. Comply with the Fair Housing Act design and construction requirements for units that are considered “covered multifamily dwellings” designed and constructed “for first occupancy” after March 13, 1991, using one of HUD’s recognized safe harbors;
  - d. Comply with the Americans with Disabilities Act (ADA), as applicable; and
  - e. Comply with all applicable local building codes or State adopted building codes in the absence of local building codes.
  - f. Comply with all requirements of the International Energy Conservation Code currently adopted by the State of Tennessee.
2. **Site Utilities:** Include documentation in the Initial Application from the relevant local jurisdiction verifying availability of electricity, water, sewer, and, if applicable, natural gas. Septic fields are prohibited for buildings with more than 4 units. If an on-site treatment facility is proposed, the Initial Application must include a separate financing commitment for the development and maintenance of the facility.
3. **Financial Feasibility:** Include documentation demonstrating that the development is financially feasible. The ownership entity for the proposed Development is structured as a single purpose entity and must be able to clearly show that the Development is financially sustainable based on income from operations. The sources and uses must be available at the time of Application. Lender and Investor LOIs should demonstrate that there will be no shortfall of funds during the construction period; and permanent finance is structured and included. THDA may require documentation not specifically included in the minimum documentation requirements to verify the reasonableness of operating costs, as determined by THDA, in its sole discretion.
4. Financial Pro-forma: Include a 30-year pro-forma for the proposed development in the Initial application.
5. Include one of the following minimum set-aside elections in the Initial Application, except for an Initial Application that proposes rehabilitation of a prior Housing Credit Development:
  - a. The 20/50 Test; or
  - b. The 40/60 Test; or
  - c. The Average Income Test.An Initial Application that proposes rehabilitation of a prior Housing Credit Development must elect the minimum set-aside elected in the Initial Application for the prior Housing Credit Development.
6. Include an executed Statement of Application and Certification in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page.



7. Include an executed Certificate Regarding Eligibility for Low–Income Housing Credit in the form shown on the Template provided in THOMAS and in accordance with the Guidelines on the THOMAS Documents Page.
8. Include a Certificate Regarding Acquisition Housing Credit (if Acquisition Housing Credit is requested) in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page.
9. Include a certificate that Owner will comply with Affirmatively Furthering Fair Housing Marketing requirements and provide THDA its Marketing Plan in its Carryover Allocation Application. For noncompetitive allocations, this documrntation must be submitted as described in the Firm Commitment Letter.
10. Include all required Disclosure Forms in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page
11. Include a THDA Organizational Ownership Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
12. Include a THDA Organizational Developer Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.



## **Section 14: New Construction and Rehabilitation Minimum Requirements**

### **A. New Construction Minimum Construction Requirements**

Initial Applications that propose new construction must meet all of the following requirements:

1. Compliance with all Threshold Requirements
2. All newly constructed single family units, duplexes, and triplexes, must meet the following visitability requirements:
  - a. Easy Access with a step-free entrance of not more than ½ inch from a driveway, sidewalk or other firm surface into the main floor of the home, and;
  - b. Easy Passage throughout the home with an exterior door that provides a minimum of 32 inches of clear passage (36 inches is preferable) from the step free entrance. All interior passage doorways on the main floor also provide a minimum of 32 inches of clear passage, and;
  - c. Easy Use with a main floor that includes a half bath. The half bath must provide at least 30 inches by 48 inches of maneuvering space that allows easy access to the sink and toilet.
3. All on-site retention and/or detention ponds must be fenced.
4. Development sign at the entrance(s) to the complex that includes the Fair Housing Logo.

### **B. Existing Multifamily Housing Minimum Rehabilitation Requirements**

The Initial Application must include a Physical Needs Assessment of the Existing Multifamily Housing indicating proposed rehabilitation activities. The Physical Needs Assessment must be performed and prepared by an independent third party in accordance with the Physical Needs Assessment Guidelines on the THOMAS Documents Page.

Initial Applications that propose rehabilitation must demonstrate that the rehabilitation, when completed, will meet the following requirements:

1. Compliance with all Threshold Requirements.
2. Minimum rehabilitation costs equal to the greater of the per door costs in the Physical Needs Assessment or \$25,000.
3. The replacement of any component of the building or site with a remaining useful life of less than 15 years, as specified in the Fannie Mae Expected Useful Life Table, which is incorporated in this QAP by reference.
4. Corrective actions for all deficiencies noted in the Physical Needs Assessment.
5. Substantially the same scope of work in all units including painting of the entire unit (all rooms and ceilings), flooring consistent throughout the development, and matching cabinetry within each unit.
6. If roofs are to be replaced, roofing materials must at least be anti-fungal with a minimum 25-year warranty.
7. Replace and install new water supply fixtures and valves.
8. Replace all window blinds and exterior window screens.
9. Replace all damaged and worn interior doors, jams, frames, and hardware.
10. For developments with existing exterior wooden stair systems, the existing exterior wooden stair systems must be replaced in their entirety with new steel or concrete exterior stair systems unless the Physical Needs Assessment clearly states that the existing exterior wooden stair systems have a remaining useful life of at least 10 years.
11. Replace all exteriors that are 90 percent vinyl with an estimated useful life of 15 years or less, as shown in the Physical Needs Assessment, with brick/stone veneer, stucco or fiber cement and/or hardiplank.



### **C. Multifamily Tax-Exempt Bond Authority and Noncompetitive Housing Credit Rehabilitation Requirements**

Initial Applications proposing rehabilitation of Existing Multifamily Housing must present a scope of work that meets the following:

1. Compliance with all Threshold Requirements.
2. The replacement of any component of the building or site with a Remaining Useful Life of less than 15 years, as specified in the Fannie Mae Expected Useful Life Table, which is incorporated in this QAP by reference.
3. Substantially the same scope of work in all units including painting of the entire unit (all rooms and ceilings), flooring consistent throughout development, and matching cabinetry within each unit.
4. If roofs are to be replaced, roofing materials must be anti-fungal with a minimum 25-year warranty.
5. For developments with existing exterior wooden stair systems, the existing exterior wooden stair systems must be replaced in their entirety with new steel or concrete exterior stair systems unless the Physical Needs Assessment clearly states that the existing exterior wooden stair systems have a remaining useful life of at least 10 years.
6. Replace all exteriors that are 90% vinyl with an estimated useful life of 15 years or less, as shown in the Physical Needs Assessment, with brick/stone veneer, stucco or fiber cement and/or hardiplank.

### **D. Energy Efficiency for All Units**

1. Demonstrate that all units in the proposed development, once constructed, will include all of the following energy efficiency features:
  - a. In all units, at least one high efficiency or dual flush toilet and all faucets, shower heads and toilets EPA “Watersense” rated.
  - b. New ENERGY STAR rated frost free refrigerator (14 cubic foot minimum) with ice maker.
  - c. All faucets are EPA “Watersense” rated.
  - d. All light fixtures in units and common areas are fitted with ENERGY STAR rated light bulbs, compact fluorescent or LED.
  - e. Electronic programmable temperature control thermostats.
  - f. All windows are replaced with double glazed, insulated energy efficient windows.



## Section 15: Initial Application Scoring

### A. Initial Applications Proposing New Construction Only:

The scoring criteria in this section are not intended to allow an Applicant to claim the maximum 100 points. An eligible Initial Application must have a minimum score of **65 points** (minimum score for Initial Applications in the PHA Set-Aside is **52 points**) to be eligible. THDA will determine the score during the scoring review process.

#### 1. Housing Credit Development Location: *up to 20 points*

Initial Applications proposing developments located in counties with the greatest Project Location Score (Project Location Score) (see <https://thda.org/pdf/External-Posting-of-County-Needs-Location-Scoring.pdf>). **This criterion does not apply within the PHA Set-Aside. See Section 9.B.**

*up to 20 points*

#### 2. Meeting Housing Needs: *up to 6 points*

- a. Initial Applications in which the 40/60 Test is elected may earn up to 5 points by setting aside an additional percentage of units for households with incomes no higher than 50% of AMI with rents maintained at or below the 50% AMI maximums.
- b. Initial Applications that elect the 20/50 Test may earn up to 5 points by setting aside an additional percentage of units for households with incomes no higher than 40% of AMI with rents maintained at or below the 40% AMI maximums.
- c. Units to be occupied by households with a Section 8 Housing Choice Voucher count towards this requirement.
- d. Initial Applications in which the Average Income Test is elected are ineligible for these points.

Table 15–1: Units Restricted to Serve Lower Income Populations	
Percentage of Units Restricted (rounded up to next whole unit number)	Points Available
40/60 Test serving 50 percent households	
At least an additional 5 percent at 50 % AMI	1
At least an additional 10 percent at 50 % AMI	2
At least an additional 15 percent at 50% AMI	4
At least an additional 20 percent at 50% AMI	6
20/50 Test serving 40 percent households	
At least an additional 5 percent at 40 % AMI	1
At least an additional 10 percent at 40 % AMI	2
At least an additional 15 percent at 40% AMI	4
At least an additional 20 percent at 40% AMI	6





- 3. Development Characteristics.** All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once: **up to 21 points**
- a. Exterior materials: Choose 1
- (i) Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **4 points**
- OR
- (ii) Brick/stone veneer or stucco, minimum 50% and remaining exterior fiber cement and/or hardiplank: **3 points**
- OR
- (iii) Brick/stone veneer or stucco, minimum 40% and remaining exterior fiber cement and/or hardiplank: **2 points**
- b. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**
- c. Installation of hookups for standard size washers/dryers in all units: **3 points**
- d. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**
- e. Provide a minimum 1,200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1,200 square foot minimum: **6 points**
- f. All units pre-wired, with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network: **2 points**
- g. All units pre-wired, with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **3 points**
- h. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**
- i. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas: **2 points**
- j. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1,250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant



bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points. **2 points**

- k. Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points: **2 points**
  - l. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; that must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage.: **2 points**
  - m. Construct and/or rehabilitate a veranda that must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10% of the units at the development and be available to all residents for year round usage.: **2 points**
  - n. Landscaped covered pavilion with permanent table, bench seating, and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path: **2 points**
  - o. The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation Housing Credit. Initial Applications seeking to combine historic nature and adaptive reuse will be treated as new construction. **2 points**
- 4. Sponsor Characteristics:** **up to 7 points**
- a. Development Team Tennessee Housing Credit Experience **up to 2 points**  
To reward recent Housing Credit experience in Tennessee, developers associated with the Development Team listed in THOMAS for this Initial Application **MUST** have received an allocation of Housing Credit previously in Tennessee as evidenced by THDA’s issuance of IRS Form(s) 8609 for that development. The Applicant must identify the most recent Tennessee Housing Credit allocation received.  
For developers partnering with an experienced Tennessee developer the Initial application must include the Developer and/or Joint Venture Agreements detailing these co-developing and fee arrangements with regard to the 2023 Initial Application. PHAs that are eligible shall receive two points.



Table 15–2: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2018–2022	2
2017 and before	1
No Tennessee Experience	0

- b. **Development Team Track Record:** **up to 5 points**  
 To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 15–3 based on Minor SAEs. Minor SAE recording began on January 1, 2019. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves **20** individuals and Development Team B involves **3** individuals. Each team has a pre-2023 development with 2 Minor SAEs. For 2023, in Table 15-3, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points. Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.

Table 15–3: Development Team Track Record	
Cumulative Minor SAEs	Points Available
5+	0
4	1
2 to 3	3
0 to 1	5

- 5. Serving Resident Populations with Special Housing Needs:** **5 points**  
 Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.

The proposed development must include:

- a. Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and
- b. Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on–site amenities under 5.d.; or
- c. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases/increments, then the proposed phased/increment development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space



for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.

- d. Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.
  - i) Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;
  - ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
  - iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
  - iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;
  - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;
  - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
  - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;
  - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or
  - ix) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- e. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

**6. Public Housing Waiting List/Housing Choice Voucher Holder: *1 point***

Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit ("HCV Voucher Holder"). This priority must be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application.



**7. Serving Resident Populations with Children:**

**5 points**

Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.

The proposed development must include:

- a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or
- b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.
- c. Approved On-site Amenities. All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC.
  - i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;
  - ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;
  - iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;
  - iv) Construct and/or rehabilitate and maintain exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment.
  - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;



- vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
  - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or
  - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.
- d. **Scattered Sites.** Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

**8. Development Intended for Eventual Resident Ownership: 3 points**

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the fifteen-year Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be required to be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period. The LURC will contain provisions ensuring enforcement of this provision. If these points are elected, an Initial Application is **not eligible for points in Section 15-A-12 and Section 15-A-13.**

**9. Energy Efficiency: up to 10 points**

- a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units (3 points);
- b. ENERGY STAR certified gas tankless water heater (2 points);
- c. ENERGY STAR dishwasher (2 points);
- d. ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker (2 points);
- e. ENERGY STAR rated windows in all units (2 points);
- f. ENERGY STAR ceiling fans (1 point);
- g. ENERGY STAR ventilation fans (range hood, bathroom) (1 point)

These ENERGY STAR requirements, if elected, must be met development wide when the development is placed in service.

**10. Tennessee Growth Policy Act: 4 points**

Initial Applications with proposed developments located completely and wholly in a county or municipality with an approved growth plan under the Tennessee Growth Policy Act.

**11. Waiver of the Qualified Contract Process: 10 points**

Initial Applications waiving the ability to participate in the QCP. If the Qualified Contract Process is waived, the Compliance Period within the LURC will be defined as thirty (30) years, unless there is an approved PILOT. If there is an approved PILOT, the Compliance Period will be defined as fifteen (15) years. The LURC will contain provisions ensuring enforcement of this provision. An Initial Application is **not eligible for these points if points are elected in Section 15-A-8.** 10 points



**12. Extended Recapitalization Waiver:**

*up to 8 points*

Applicants may defer the point when recapitalization of the proposed development, through a subsequent allocation of Housing Credit under the competitive or noncompetitive process, may be requested. Points are based on the number of years from the date the last building in the development placed in service. An Initial Application is **not eligible for these points if points are elected in Section 15-A-8.**

Table 15 –5: Earliest Year When New Housing Credit May be Requested	
Years From Date Last Building Placed in Service	Points Available
17	2
20	8



**B. Initial Applications Proposing Rehabilitation of Existing Multifamily Housing:**

The scoring criteria in this section are not intended to allow an Applicant to claim the maximum 100 points. An eligible Initial Application must provide a minimum score of **60 points** which will be confirmed during the scoring review process.

**1. Housing Credit Development Location:**

*2 points*

An Initial Application proposing a development and Housing Credit Development site wholly located within a HUD-defined QCT covered by a CCRP.

**2. Meeting Housing Needs:**

*up to 13 points*

- a. An Initial Application will be eligible for points based on the number of years since the date of the most recent placed in service event for the last building placed in service in the proposed development. The most recent placed in service date for the last building placed in service will be confirmed by THDA, in its sole discretion. *up to 4 points*

Year Last Building Placed in Service	Points Available to Applications under the PHA Set-Aside	Points Available to All Other Applications
After 2005	0	0
1998 – 2005	1	1
1994 – 1997	2	2
1991 – 1993	3	4
Before 1991	4	3

- b. Initial Applications may receive these points (rounded down to the nearest 1/1,000<sup>th</sup> point) in proportion to the three (3) year average physical occupancy rate of the proposed development, rounded down to the nearest 1/1,000<sup>th</sup> percent. This three (3) year average physical occupancy rate shall be determined using both the occupied residential rental units which were charged rent as of December 1 during each of the previous three (3) years and the number of the total residential rental units determine at the last placed in service date for all the buildings in the development. Information must be certified by a CPA who shall confirm occupancy and rent information using December rent rolls for the prior three (3) years and the total number of residential rental units determined at the last placed in service date for all buildings in the development. For example, if the three (3) year average occupancy rate is 95.678%,  $0.95678 \times 3 = 2.870$  points. *up to 3 points*





- c. An Initial Application proposing “per door” rehabilitation hard costs in excess of the \$25,000 minimum will be eligible for points **up to 3 points**

Table 15–7: Proposed Rehabilitation Hard Costs per Unit	
“Per Door” Rehabilitation Amount	Points Available
Less than \$26,000	0
\$26,001 to \$40,000	1
\$40,001 to \$50,000	2
\$50,001 and above	3

Initial Applications proposing to rehabilitate the highest percentage of the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county. Initial Applications may receive these points (rounded down to the nearest 1/1,000th point) in proportion to the ratio of post–rehabilitation Housing Credit units to the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county, rounded down to the nearest 1/1,000th percent. The county–by–county total of the currently existing affordable housing units in the county, the “pipeline” competitive and noncompetitive Housing Credit units in the county, and existing USDA/RD units is available on the THOMAS Documents Page by following this link: <https://thda.org/pdf/External-Posting-of-Unduplicated-Units.pdf>

- (i) . For example, if the number of post–rehabilitation Housing Credit units is 88, and the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county is 789,  $(88/789) \times 3 = 0.333$  points.  
**up to 3 points**

**3. Development Characteristics.** All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once: **up to 23 points**

- a. Rehabilitating Existing Multifamily Housing in an area covered by a CCRP. **5 points**
- b. Exterior materials: Choose 1
  - (i) Brick/stone veneer or stucco (minimum 60%) and remaining exterior fiber cement and/or hardiplank: **4 points**
  - OR
  - (ii) Brick/stone veneer or stucco (minimum 50%) and remaining exterior fiber cement and/or hardiplank: **3 points**
  - OR



- (iii) Brick/stone veneer or stucco (minimum 40%) and remaining exterior fiber cement and/or hardiplank: **2 points**
- c. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**
- d. Install hookups for standard size washers/dryers in all units: **3 points**
- e. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**
- f. Provide a minimum 1,200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1,200 square foot minimum: **6 points**
- g. Pre-wire all units with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network: **2 points**
- h. Pre-wire all units with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **3 points**
- i. Install a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**
- j. Install and maintain a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas: **2 points**
- k. Construct and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points: **2 points**
- l. Construct and maintain perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points: **2 points**
- m. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet with permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**



- n. Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10% of the units at the development and be available to all residents for year round usage:  
*2 points*
- o. Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating and in an appropriate location available to all residents for year round usage:  
*2 points*
- p. The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation housing credit. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction and are not eligible for the points in this Section 15-B-3-p. *5 points*

**4. Sponsor Characteristics:**

*up to 10 points*

- a. Development Team Tennessee Housing Credit Experience

*up to 5 points*

To reward recent Housing Credit experience in Tennessee, developers associated with the Development Team listed in THOMAS for this Initial Application **MUST** have received an allocation of Housing Credit previously in Tennessee as evidenced by THDA’s issuance of IRS Form(s) 8609 for that development. The Applicant must identify the most recent Tennessee Housing Credit allocation received.

For developers partnering with an experienced Tennessee developer, the Initial Application must include the Developer and/or Joint Venture agreements detailing these co-developing and fee arrangements with regard to the 2023 Initial Application. PHAs shall receive five points.

Table 15–8: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2018–2022	5
2017 and before	3
No Tennessee Experience	0

AND

- b. Development Team Track Record:

*up to 5 points*

To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 15–9 based on Minor SAEs. Minor SAE recording began on January 1, 2019. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves **20** individuals and Development Team B involves **3** individuals. Each team has a pre-2023 development with 2 Minor SAEs. For 2023, in Table 15-9, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points.



Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.

Table 15–9: Development Team Track Record	
Cumulative Minor SAEs	Points Available
5+	0
4	1
2 to 3	3
0 to 1	5

**5. Serving Resident Populations with Special Housing Needs: 7 points**  
 Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.

The proposed development must include:

- a. Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and
- b. Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on-site amenities under 5.d.; or
- c. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.
- d. Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.
  - i) Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;
  - ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
  - iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
  - iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;



- v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points
  - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
  - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;
  - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or
  - ix) Provide in the proposed development’s community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- e. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA’s sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

**6. Public Housing Waiting List/Housing Choice Voucher Holder: *1 point***

Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit (“HCV Voucher Holder”). This priority must be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application.

**7. Serving Resident Populations with Children: *7 points***

Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.

The proposed development must include:

- a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or
- b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as



described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.

- c. **Approved On-site Amenities.** All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC.
  - i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;
  - ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;
  - iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;
  - iv) Construct and/or rehabilitate and maintain an exercise room of at least 900 square feet with at least 3 pieces of new equipment; Exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment.;
  - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points; or
  - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path; or
  - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or
  - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.
- d. **Scattered Sites.** Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

**8. Development Intended for Eventual Resident Ownership:**

**5 points**

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit units at the end of the fifteen-year Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion



of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period. If these points are elected, an Initial Application is **not eligible for points in Section 15-B-12 and Section 15-B-13.**

- 9. Energy Efficiency:** *up to 10 points*
- a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units (3 points);
  - b. ENERGY STAR certified gas tankless water heater (2 points);
  - c. ENERGY STAR dishwasher (2 points);
  - d. ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker (2 points);
  - e. ENERGY STAR rated windows in all units (2 points);
  - f. ENERGY STAR ceiling fans (1 point);
  - g. ENERGY STAR ventilation fans (range hood, bathroom) (1 point).

**10. Tennessee Growth Policy Act:** *4 points*

Initial Applications with proposed developments located completely and wholly in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations

**11. Waiver of the Qualified Contract Process:** *10 points*

Initial Applications waiving the ability to participate in the QCP. If the Qualified Contract Process is waived, the Compliance Period within the LURC will be defined as thirty (30) years, unless there is an approved PILOT. If there is an approved PILOT, the Compliance Period will be defined as fifteen (15) years. The LURC will contain provisions ensuring enforcement of this provision. An Initial Application is **not eligible for these points if points are elected in Section 15-A-8.**

**12. Extended Recapitalization Waiver:** *up to 8 points*

Applicants may defer the point when recapitalization of the proposed development, through a subsequent allocation of Housing Credit under the competitive or noncompetitive process, may be requested. Points are based on the number of years from the date the last building in the development placed in service. An Initial Application is **not eligible for these points if points are taken in area Section 15-B-8 (Developments Intended for Eventual Resident Ownership).**

Table 15-11: Earliest Year When Recapitalization May be Requested	
Number of Years Since Placed in Service	Points Available
17	2
20	8



## **Section 16: Initial Application Eligibility and Scoring Review**

### **A. Initial Application Review Process**

1. THDA will notify each Applicant when the eligibility determination and scoring of all Initial Applications is complete. THDA will send this notice to the contact person at the address specified in the Initial Application. Failure to receive any notice specified in this QAP will not extend deadlines or modify requirements. All Applicants shall immediately notify THDA at thomas@thda.org of changes in the name and/or address of the contact or alternate person specified in the Initial Application. Such notification by the Applicant will not be deemed to be an amendment to the Initial Application.
2. If THDA determines that an Initial Application meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the Applicant in the Initial Application, then no further action by the Applicant or THDA will be taken. Applicants shall not submit additional items for the purpose of increasing the score in a particular scoring category if the THDA assigned score for the Initial Application is the same as or higher than the score assigned by the Applicant in the Initial Application. The provisions of the Cure Period do not apply.
3. If THDA determines that an Initial Application does not meet one or more of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is less than the score assigned by the Applicant in the Initial Application, THDA will provide a Cure Notice.
4. THDA will also provide a Cure Notice if THDA determines that (i) any two or more developments proposed in two or more Initial Applications constitute a single development for purposes of applying the development limit; or (ii) developers or Related Parties reflected in two or more Initial Applications constitute a single entity for purposes of applying the developer or related party limitation

### **B. Cure Period**

1. Applicants receiving a Cure Notice may, in compliance with the requirements of this QAP, correct erroneous items, supply missing or incomplete items and/or may clarify any inconsistencies related to the specific items identified by THDA during the cure period which shall begin on the date of the Cure Notice and shall end at the time and date specified in the Cure Notice. The Cure Notice shall specify the means and methods identified issues may be remedied. Applicants may not submit additional items for the purpose of increasing the score in a particular scoring category where the THDA assigned score is the same as or higher than the score assigned by the Applicant in the Initial Application.
2. If additional documentation to address items specified in the Cure Notice is not submitted in accordance with the requirements contained in the Cure Notice, then the determination as to eligibility and scoring made by THDA is determinative. The review process described below is not available to Applicants who do not submit additional documentation, **in THOMAS**, in accordance with the Cure Notice (including, without limitation, the time deadlines specified therein.).
3. These cure provisions **do not apply** to Initial Applications that are not submitted in accordance with the Initial Application submission requirements of this QAP.
4. THDA will review all documentation submitted in accordance with the Cure Notice for each relevant Initial Application. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the Applicant in the Initial





Application, then no further action by the Applicant or THDA will be taken. The provisions of the Review Appeal Process will not apply.

5. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, still does not meet all of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is still less than the score assigned by the Applicant in the Initial Application, THDA will provide a Review Notice. The Review Notice will specify the time period within which a request for review may be made.

### C. Review Appeal Process

1. Applicants who receive a Review Notice may submit a request for review. This request for review must be submitted in THOMAS in accordance with the Review Notice and the THOMAS Documents Page. If no written request for review is submitted, no review will occur and the THDA determination prior to the issuance of the Review Notice will be final.
2. No additional documentation may be submitted in connection with this request for review. No information submitted after the expiration of the relevant cure period specified in the Cure Notice for an Initial Application will be considered. Requests for review that were not submitted in accordance with the Review Notice will not be considered.
3. The Tax Credit Committee of the THDA Board of Directors will meet in regular or special session in 2023 to evaluate the Initial Application, documentation submitted during the cure period, the Review Notice, the request for review and THDA staff analysis thereof (the "Review Meeting"). The Tax Credit Committee will consider only documentation submitted in compliance with the Cure Notice regardless of whether the Applicant or a representative thereof is present at the Review Meeting.
4. The Tax Credit Committee will consider whether documentation submitted as a result of the Cure Notice, taking into account the THDA staff analysis, is sufficient to meet the requirements of this QAP or is otherwise consistent with the spirit and intent of this QAP.
5. **Any contact with THDA Executive Director, any member of the Tax Credit Committee or any member of the THDA Board by any person or entity on behalf of any Initial Application between the date of the Review Notice and the date of the Review Meeting will be grounds for dismissal of the review request.**
6. Applicants or representatives may contact THDA Multifamily Programs staff regarding procedural matters only between the date of the Review Notice and the date of the Review Meeting, which contact will not constitute grounds for dismissal of a review request. Applicants or representatives may, but are not required to, appear at the Review Meeting. Notice of the decision of the Tax Credit Committee will be provided to the contact person specified in an Initial Applicant.
7. The final score for all Initial Applications will be determined after the Review Meeting. By adoption of this QAP, the THDA Board of Directors specifically delegates full authority to the Tax Credit Committee to make the determinations required in this Section. The THDA Board of Directors will not consider requests to review decisions of the Tax Credit Committee. All decisions of the Tax Credit Committee are final. No matters with respect to eligibility or scoring under will be considered after the adjournment of the Review Meeting.

### D. Final Scoring

After the completion of the cure period and completion of the review process, the final score for each Initial Application will be determined by THDA. The Final Notice process is described in the THOMAS Documents Page.



## **E. Application of Various Limits and Final Ranking Process**

Following the final scoring of each Initial Application, THDA will make reservations of Housing Credit to eligible Initial Applications based on final score, the amount of Housing Credit determined by THDA to be appropriate, and the application of all requirements, priorities, and limits contained in this QAP, including as specified below, in the following order:

1. Non-Profit Set-Aside – Initial Applications must be eligible for this set-aside under Section 7 of this QAP.
  - a. Highest ranking eligible Initial Application proposing new construction.
  - b. Highest ranking eligible Initial Application proposing rehabilitation of Existing Multifamily Housing.
  - c. The next highest ranking eligible Initial Application(s) proposing new construction, if needed to reserve the full amount of the Non-Profit Set-Aside. If there are not enough Housing Credit remaining in the Non-Profit Set-Aside to reserve the full amount requested by this eligible Initial Application, additional Housing Credit will be added to this set-aside to make a full reservation.
2. CNI Grants
  - a. Eligible Initial Applications as described in Section 8 of this QAP.
  - b. Highest ranking eligible Initial Application, regardless of development type.
  - c. THDA will continue down the ranking of eligible Initial Applications in this set-aside until the last full reservation can be made.
3. Economic Development Zone
  - a. Eligible Initial Applications as described in Section 10 of this QAP.
  - b. Highest ranking Initial Application in Haywood County.
  - c. Highest ranking Initial Application not in Haywood County.
  - d. In the event that full reservation to the second highest ranking Initial Application would exceed the \$3 million cap, THDA would move down the list to the highest ranking Initial Application that will fit within the remaining balance, and any Initial Application skipped in the set-aside would be allowed to compete in other set-asides/pools as applicable.
4. PHA Set-Aside
  - e. Eligible Initial Applications as described in Section 9 of this QAP.
  - f. THDA will continue down the ranking of eligible Initial Applications in this set-aside until the last full reservation can be made. After the last full reservation is made, any remaining Housing Credit remaining will roll into Existing Multifamily Housing.
5. Existing Multifamily Housing
  - a. Eligible Initial Applications as described in Section 11 of this QAP.
  - b. Highest ranking eligible Initial Application.
  - c. THDA will continue down the ranking of eligible Initial Applications for Existing Multifamily Housing until the last full reservation can be made. After the last full reservation is made, any remaining Housing Credit remaining will roll into New Construction.
6. New Construction Regional Pools and all remaining New Construction
  - a. All eligible New Construction Initial Applications will be ranked in descending order, regardless of which regional pool they fall under in Map 3-1.
  - b. THDA will award credits as follows until insufficient credits remain to award to the next highest scoring application.
    - (i) THDA will make the first award to the highest scoring application, regardless of which regional pool it is in.
      1. Whichever regional pool this awarded application is in is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.



2. If credits remain, move to step (ii).
- (ii) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b.(i).
  1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.
  2. If credits remain, move to step (iii).
- (iii) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b.(i) and (ii).
  1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to the remaining regional pool, if it has a submitted application.
  2. If credits remain, move to step (iv).
- (iv) THDA will award credits to the highest scoring application in the remaining pool, if there was an application submitted in that pool.
- (v) After credits are awarded in all pools in which an application has been submitted, the remaining applications in all pools become eligible again.
- (vi) Repeat steps (i) through (iv) until insufficient credits remain to award the next highest scoring applications.
- c. If the Housing Credit remaining is likely to exceed 1 percent of the total Housing Credit available for reservation, any remaining Housing Credit **may** be offered as a partial reservation to the next highest ranking eligible Initial Application proposing new construction, taking into account all applicable priorities and limits, until the Housing Credit is accepted. Acceptance of a partial reservation according to this provision would not classify a development as an “existing” Initial Application in subsequent years, but any limitation on Housing Credit per development in subsequent years would apply to any such partial reservation.

**F. Tie Breaker**

1. In the event of a scoring tie between two or more Initial Applications proposing new construction at the cutoff for receipt of a Reservation Notice, the tie shall be broken by giving priority to the proposed new construction development in the Initial Application requesting the least amount of Housing Credit per Housing Credit unit.
  - a. If the tie is not broken by Section 16.F.1, priority will be given to the proposed new construction development located wholly within a QCT and covered by a CCRP.
2. In the event of a scoring tie between two or more Initial Applications proposing rehabilitation of Existing Multifamily Housing, the tie shall be broken by giving priority to the proposed development requesting the least amount of Housing Credit per Housing Credit unit.

**G. Preliminary Ranking List**

All Initial Applicants that have been earmarked for an annual allocation of Housing Credit in the applicable funding year will be listed on the Preliminary Ranking List that will be available at [www.thda.org](http://www.thda.org). This ranking is a preliminary confirmation of a reservation of Housing Credit.

**H. Reservation Letter Process**

1. THDA will provide a Reservation Notice.
2. The THOMAS Documents Page describes requirements that must be met, including timelines, for the reservation process.



3. In determining the initial amount of Housing Credit to be reflected in the Reservation Notice, THDA will use the costs, incomes, and expenses submitted in the Initial Application, as determined reasonable by THDA.
4. The final amount of Housing Credit allocated to each successful Applicant may be less than, but not be more than, the amount requested in the Initial Application, the amount specified in the Reservation Notice or the amount that will be reflected in the Carryover Allocation Agreement. Allocations will be determined in connection with a Carryover Allocation Application and in connection with an evaluation at the time the development is placed in service, in accordance with Section 42(m)(2) and this QAP.

**I. Recapture of Housing Credit During Reservation Period**

1. THDA will cancel a Reservation Notice for failure to fully satisfy conditions imposed in connection with the Reservation Notice and for failure to provide satisfactory information or documentation required by the Reservation Notice by the deadlines specified in the Reservation Notice. When so cancelled, the Housing Credit referred to in the Reservation Notice is not available for the development specified in the Reservation Notice and will be made available to other qualified developments. Deadlines specified in the Reservation Notice are the dates upon which Housing Credit is deemed recaptured by THDA unless the conditions related to each deadline have been met on or before such deadline or unless an extension has been granted.
2. Housing Credit made available through a Reservation Notice may be voluntarily returned. Any such return means Housing Credit is not available for the development referenced in the Reservation Notice.
3. Any Housing Credit recaptured either by cancellation of a Reservation Notice or voluntarily returned will be reserved to the fullest extent practical to other qualified Initial Applications for Housing Credit as provided in this QAP.



## Section 17: Carryover Allocation Process

### **A. Qualifying for a Carryover Allocation**

An Applicant with a Reservation Notice for a development that will not place in service by December 31 of the year in which the Reservation Notice was issued may be eligible for a Carryover Allocation of Housing Credit (“Carryover Allocation”). In order to qualify for a Carryover Allocation, the ownership entity identified in the Initial Application must have ownership of the Site identified in the Initial Application and must have incurred costs of at least 10 percent of the reasonably expected basis in the development by the date specified in the Carryover Allocation Agreement.

### **B. THOMAS Carryover Allocation Application Submission Requirements**

1. To obtain a Carryover Allocation Agreement, a completed Carryover Allocation Application must be submitted in THOMAS by the date specified by THDA. The Carryover Allocation Application must include, without limitation, the following:
  - a. An executed Statement of Application and Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
  - b. A copy of firm commitment letter(s) for construction financing, executed by all parties and otherwise in a form and with substance acceptable to THDA in its sole discretion. construction
  - c. A copy of the syndication transaction including, without limitation a firm commitment letter from the purchaser of the housing credits executed as specified in the Carryover Allocation Agreement.
  - d. A copy of the recent utility allowance documentation indicating the basis for calculations of utility costs for the size and type of units proposed as indicated in the Initial Application
  - e. A 30-year pro-forma for the proposed development in the Carryover Application
  - f. A copy of the IRS documentation reflecting Employer Identification Number for Owner.
  - g. A copy of the Owner’s Affirmatively Furthering Fair Housing Marketing Plan. See Section 20.A.1. for requirements.
2. The Owner must execute a Carryover Allocation Agreement and return the executed Carryover Allocation Agreement to THDA no later than the date specified in the Carryover Allocation Agreement.
3. If closing has occurred, the Owner must submit (through THOMAS) equity syndication closing documentation and construction financing closing documentation.
4. The Owner must submit the Cost Certification for the 10 Percent Test in THOMAS no later than the date specified in the Carryover Allocation Agreement.
  - a. If available, a recorded warranty deed showing ownership by the ownership entity identified in the Initial Application, or a fully executed 50–year ground lease (subject to the provisions of this QAP) showing the ownership entity identified in the Initial Application as the lessee, a copy of recorded warranty deed or ground lease, as applicable, must be submitted.
  - b. If a PILOT agreement is available, a copy of the PILOT agreement must be submitted.

### **C. Carryover Allocation Application Review Process**

During the review of the Carryover Allocation Application, THDA will issue Evaluation Notices to request additional documentation and/or information for purposes of clarifying eligibility, scoring and financial feasibility. Evaluation Notices will be issued in the following manner:



Table 17–1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
First	5 business days from the date of the Evaluation Notice
Second	2 business days from the date of the Evaluation Notice
Final	1 business day from the date of the Evaluation Notice

THDA will not issue a Carryover Allocation Agreement if the conditions contained in Evaluation Notices issued in connection with the Carryover Allocation Application are not fully satisfied. Deadlines specified in the Final Evaluation Notice are the dates upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline have not been met. Upon notification, the Housing Credit referred to in the Reservation Notice is not available for the development and will be made available to other qualified developments.

**D. Housing Credit Available**

The amount of Housing Credit reflected in a Carryover Allocation Agreement will be determined by THDA in connection with an evaluation at the time a Carryover Allocation is requested. The amount of Housing Credit may be less than, but will not be more than, the Housing Credit amount in the Reservation Notice.

**E. Status Reports**

Following execution of a Carryover Allocation Agreement, THDA may request status reports outlining progress towards completion by dates, in a form and with substance all as specified by THDA in its sole discretion.

**F. Recapture of Housing Credit During Carryover Period**

1. THDA will cancel a Carryover Allocation Agreement if there is a failure to fully satisfy conditions imposed in connection with the Carryover Allocation Agreement by the deadlines specified by THDA. When so cancelled, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement and will be made available to other qualified developments. Deadlines specified in the Carryover Allocation Agreement are the dates upon which Housing Credit is deemed recaptured by THDA if the conditions related to each deadline have not been met on or before such deadlines or unless an extension has been granted.
2. Housing Credit allocated through a Carryover Allocation Agreement may be voluntarily returned by the Owner. Upon return, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement.
3. Any Housing Credit recaptured either by cancellation of a Carryover Allocation Agreement or by voluntary return by the Owner will be made available as follows:
  - a. Any Housing Credit returned before October 1, 2023 will be reserved to other qualified 2021 Initial Applications for Housing Credit as provided in this QAP.
  - b. Any Housing Credit returned on or after October 1, 2023 will be available in 2024.



## **Section 18: Construction Review Process**

### **A. Construction Overview**

THDA will conduct a preconstruction meeting with the ownership entity, developer, architect, and general contractor after closing of the equity syndication and construction financing. Documentation in a form and with substance specified by THDA must be uploaded into THOMAS. Guidance may be found on the THOMAS Documents Page. The architectural drawings and specifications, as approved by the syndicator and lender, shall be submitted into THOMAS within five (5) days after closing. If rehabilitation of Existing Multifamily Housing or adaptive reuse is proposed, the scope of work must also be submitted in THOMAS within five (5) days after closing. The scheduling of the preconstruction meeting shall not take place until the information is submitted to THDA using THOMAS. **THDA does not approve or provide any representations or warranties in connection with architectural drawings or specifications or other documents submitted in connection with the construction review process described in this Section.**

### **B. Preconstruction Meeting**

The purpose of the preconstruction meeting is to outline basic responsibilities and duties of the various parties throughout the construction process in relation to the Housing Credit Program.

1. For developers with no previous Housing Credit program experience, a full preconstruction meeting must take place.
2. Developers with previous Housing Credit program experience may request a limited preconstruction meeting.
3. THDA shall determine, in its sole discretion, whether the preconstruction meeting will be full or limited.

**Preconstruction meeting scheduling should not delay construction progress.**

### **C. Construction Inspections and Reporting**

After the preconstruction meeting has been conducted, construction reporting and periodic construction site visits by THDA are required.

1. The following required documents shall be submitted in THOMAS prior to construction site visits:
  - a. Executed Notice to Proceed
  - b. Building Permits (if not required, the applicable local official must submit a letter verifying that building permits are not required).
  - c. Construction Schedule with anticipated benchmarks
2. During the construction process, THDA will inspect the work progress monthly, or as otherwise determined by THDA to be necessary, and conduct periodic site inspections for compliance with THDA requirements based on the Percentage of Construction Complete as reported in THOMAS.
3. Monthly executed draw packages and quarterly construction progress reports are required and shall be submitted in THOMAS.



4. Updated construction schedule and scope of work shall be submitted based on the Schedule of Evaluation Notices and Deadlines if requested by THDA:

Table 18–1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

**D. Completion of Construction Documentation**

The following items shall be uploaded to THOMAS following completion of construction and before the final construction inspection is scheduled:

1. Architect Certification regarding:
  - a. Compliance with applicable building codes; and
  - b. Compliance with all federal accessibility requirements including without limitation, ADA and Fair Housing Act requirement; and
  - c. Compliance with UPCS, and
  - d. Compliance with all state requirements.
2. Certificate of substantial completion issued by the architect; and
3. Certificate of Occupancy for each building (if not required, applicable local official must submit a letter verifying this information), and
4. Final Draw Package.

**E. Final Construction Inspection**

Once construction is 100% complete, all documents have been submitted in THOMAS, and all threshold requirements in the QAP and items selected for points in the Initial Application are complete, a final construction inspection shall be conducted to determine compliance with THDA requirements and UPCS.





## **Section 19: Final or Placed in Service Process**

### **A. Timeframes for Final Application Submission**

After all units in a development are placed in service, the completion of construction documentation shall be submitted into THOMAS. THDA will then schedule the final construction inspection referenced in Section 18-E.

### **B. THOMAS Final Application Submission Requirements**

Following notice from THDA regarding a satisfactory final construction inspection, a Final Application may be submitted through THOMAS. THDA maintains an open cycle for the submission of Final Applications in THOMAS. The Final Application must be entered into THOMAS with required supporting documents. The Final Application must include, without limitation, the following items:

1. An executed Final THDA Statement and Application in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
2. An executed Final THDA Accountant in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
3. An executed Final THDA Eligibility Certificate in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
4. An executed Final THDA Syndication Letter Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
5. An executed Final THDA Eligibility Opinion Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
6. An executed Final THDA Acquisition Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
7. An executed Final THDA Nonprofit in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
8. An executed Final THDA Ownership Organizational Breakdown Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
9. An executed Final THDA Developer Organizational Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
10. An executed Final THDA Disclosure Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
11. An executed Final THDA Disclosure Exemption Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
12. A 30-year pro-forma for the development in the Final Application
13. An executed Recorded Copy of THDA Land Use Restrictive Covenant in THOMAS.
14. An executed Permanent Financing Documentation in THOMAS, if applicable
15. An executed THDA Certification of Outstanding MTBA in the form shown on the template in accordance with the Guidelines on the THOMAS Documents Page, if applicable.

### **C. Final Application Review Process**

During the review of the Final Application, THDA will issue Evaluation Notices that may request additional documentation and/or information for purposes of clarification of eligibility, scoring and financial feasibility. Evaluation Notices will be issued in the following manner:



Table 19–1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

THDA will not issue IRS Form(s) 8609 if all conditions contained in Evaluation Notices are not fully satisfied. The deadline specified in the final Evaluation Notice is the date upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline are not met. Upon notification, the Housing Credit referred to in the Carryover Allocation Agreement are not available for the development and will be made available to other qualified developments.

**D. Final Allocation of Housing Credit**

THDA will make a final allocation of Housing Credit and will issue IRS Form(s) 8609 after satisfactory review of the Final Application and supporting documents are completed. **The amount of Housing Credit allocated to a development at placed in service may be less than, but will not be more than, the amount reserved in the Reservation Notice or the amount allocated in the Carryover Allocation Agreement. THDA reserves the right to make downward adjustments to the final amount of Housing Credit allocated based on the information submitted, QAP requirements, and Section 42 requirements.**

**E. Submission of Permanent Financing Documents**

1. THDA must receive a copy of the promissory note and recorded deed of trust for permanent financing of the development in THOMAS within sixty (60) days of the date of recording of the deed of trust. Failure to provide such documentation shall be deemed an event of noncompliance. THDA reserves the right to issue revised IRS Form(s) 8609 following receipt of the promissory note and recorded deed of trust if the terms of the promissory note or deed of trust vary from the terms specified in the Final Application.



## **Section 20: Compliance Requirements & Monitoring Process**

The following compliance requirements and monitoring process apply to all buildings placed in service in Tennessee. Owners are responsible for complying or ensuring compliance of the Housing Credit Development with Section 42, relevant regulations, the LURC, and the applicable QAP throughout the term of the LURC. THDA's obligation to monitor compliance with Section 42, relevant regulations, the LURC, and the applicable QAP does not make THDA or the State of Tennessee liable for an Owner's noncompliance. THDA shall carry out its monitoring responsibilities in accordance with Section 42, relevant regulations, the applicable QAP and applications submitted thereunder, and the LURC. THDA will also rely on guidance from the IRS via the "Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition," Revenue Procedures, Revenue Rulings and other similar guidance, all as modified from time to time.

- A. Owner's Annual Certification of Compliance ("OACC"). THDA will review all OACCs for compliance with Section 42, relevant regulations, the Initial Application, the LURC, and the applicable QAP(s).
1. Each year, during the term of the LURC, Owners shall certify, under penalty of perjury, by the deadline established by THDA, that, for all times during the prior calendar year, all of the following were true:
    - a. The units were leased according to the Owner's THDA-approved Affirmatively Furthering Fair Housing ("AFFH") Marketing Plan. All Owners must certify at Initial Application to affirmatively further fair housing through an AFFH Marketing plan, provide the AFFH Marketing Plan as part of the Carryover Allocation Application, and revise it yearly, as needed. The AFFH Marketing Plan must include:
      - (i) Owner's analysis to understand the development's housing market demographics for the area;
      - (ii) Identified impediments to fair housing choice within such area and underserved populations or populations that are least likely to apply to live in the development;
      - (iii) Marketing efforts Owner has developed to take appropriate actions to overcome the effects of any identified impediments to ensure a diverse applicant pool and resident population. Such marketing efforts should be beyond usual methods of advertising; and
      - (iv) Owner's plan to maintain records reflecting the analysis and actions under the Affirmative Fair Housing Marketing Plan. The following resources may assist in the development of an Affirmative Fair Housing Marketing Plan:
        - A. [24 CFR Part 200 Subpart M -- Affirmative Fair Housing Marketing Regulations](#)
        - B. <https://www.irs.gov/pub/irs-drop/rr-16-29.pdf>
        - C. <https://public-inspection.federalregister.gov/2021-12114.pdf>
        - D. [935-2A.PDF \(hud.gov\)](#)
    - b. There were no findings of discrimination under the Fair Housing Act, 42 U.S.C. 3601–3619 for the Housing Credit Development;
    - c. The Housing Credit Development met the minimum election set-aside requirements of the appropriately selected test (i.e. 40/60 Test, 20/50 Test, or Average Income Test) consistent with the irrevocable election made at the time of the Initial Application under the relevant QAP;
    - d. There was no change in the applicable fraction of any building in the Housing Credit Development or that there was a change and a description, satisfactory to THDA, of that change;



- e. The Owner's files contain annual Household Income Certifications from each low-income household and documentation to support that certification at initial occupancy and at each subsequent year during the term of the LURC;
- f. Proper approval for the applicable utility allowances used to determine rent as outlined in 26 C.F.R. Section 1.42-10 and THDA policy.
- g. THDA's restrictions on rent increases were followed. An Owner may only raise a tenant's amount of rent:
  - (i) At lease renewal with a 90-day notice; or
  - (ii) Mid-lease term, if the HUD-published income limits would raise the amount of rent an Owner is allowed to charge. However, the (i) the lease must allow for such increase mid-term (ii) the tenant must be given a 90-day notice, and (iii) the tenant must be given the opportunity to break the lease and relocate if the household does not agree to the increase in rent.
- h. All units in the Housing Credit Development were for use by the general public;
- i. Each building in the Housing Credit Development is suitable for occupancy, taking into account UPCS standard and local health, safety, and building codes (or other habitability standards) and the state or local government unit responsible for making local, health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the development;
- j. There has been no change in the eligible basis of any building in the Housing Credit Development or, if there was a change, the nature of the change;
- k. All resident facilities included in the eligible basis of any building in the Housing Credit Development, such as a swimming pool, other recreational facilities, and parking areas, were provided on a comparable basis, without charge, to all residents of the Housing Credit Development;
- l. If a low-income unit became vacant during the year, reasonable attempts were made to rent that unit or the next available unit of comparable or smaller size to households having a qualifying income before any units in the Housing Credit Development were rented to households not having a qualifying income and while the unit was vacant, no units of comparable or smaller size were rented to households not having a qualifying income;
- m. If the income of a household occupying a low-income unit in the Housing Credit Development increased above the applicable income limit, the next available unit of a comparable or smaller size was rented to a household having a qualifying income;
- n. A LURC was in effect, and included a provision that an Owner cannot refuse to lease a unit in the Housing Credit Development to an applicant because the applicant holds a voucher under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f;
- o. All low-income units in the Housing Credit Development were used on a non-transient basis, except for transitional housing for the homeless or single-room occupant units rented on a month-by-month basis;
- p. If the Owner received Housing Credit from the Non-Profit Set-Aside, the Qualified Non-profit Organization" materially participated (regular, continuous and substantial on-site involvement) in the on-going operation of the development; and
- q. All requirements associated with items for which points were taken at the time of Initial Application were met.
- r. All required Tenant Notices were provided.
  - (i) Owners shall notify every tenant household that if the LURC is terminated due to foreclosure or a qualified contract that, for a period of three years, beginning on the date of the termination, (i) eviction or termination of the tenancy of an existing tenant is prohibited, other than for good cause and (ii) increase in the gross rent is prohibited, except in accordance with Section 42(g); and



- (ii) If the LURC is expiring naturally, Owners shall notify tenants of the upcoming expiration one (1) year before such expiration.
  - s. Owner listed all vacancies for every property they own that receives any type of THDA funding at TNHousingSearch.com.
2. If the Owner cannot certify to one or more of the above items, a detailed explanation of the situation must be provided to THDA with the OACC.
- B. Physical Reviews and Desk Reviews.
1. THDA must conduct physical, on-site inspections of all buildings in a Project (“Physical Reviews”) and must conduct desk reviews of the low-income certification files of a Project (“Desk Review”) by the end of the second calendar year following the year the last building in a Project is placed in service and then at least once every 3 years thereafter.
  2. For each Project that is due to be reviewed in a particular year, THDA must conduct physical reviews for 20% of the low-income units in the Project, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set forth in the table to 26 CFR 1.42-5(c)(2)(iii), whichever is less.
  3. For each Project that is due to be reviewed in a particular year, THDA must also conduct desk reviews for an additional 20% of the low-income units in the Project, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set forth in the table to 26 CFR 1.42-5(c)(2)(iii), whichever is less.
  4. The Physical Reviews and Desk Reviews should be for different units.
  5. Desk Reviews may be performed on-site at THDA.
- C. Owners shall submit the OAC and required tenant data submission for the Desk Review via THOMAS or THDA’s online system within the timeframe specified by THDA. The Owner must designate an Administrator in THOMAS. This Administrator must be an individual approved by THDA within the Organization Structure and may not be an outside individual.
- D. THDA shall provide prompt written notice to an Owner if any of the following occur:
1. THDA does not receive the OACC by the specified deadline;
  2. THDA does not receive or is not permitted to inspect household income certifications, supporting documentation or rent records;
  3. THDA discovers by inspection, review or in some other manner that the Housing Credit Development is not in compliance with Section 42, the relevant regulations, the LURC, or the applicable QAP.
- E. Owners shall pay fees, as determined by THDA, to cover the administrative expenses of monitoring compliance and other expenses incurred in carrying out its duties as the Housing Credit Agency, including but not limited to, reasonable fees for legal and professional services.
- F. Owners shall have thirty (30) days to provide missing documentation or to correct noncompliance (the “Correction Period”). The Correction Period begins on the date of THDA’s written notice to the Owner specifying the missing documentation or the noncompliance via regular mail or via e-mailed to the address specified for the Owner or Owner’s contact in the files held by THDA. The Correction Period may be extended up to an additional 150 days for a total Correction Period not to exceed six (6) months upon a showing of good cause by the Owner, all as determined by THDA in its sole discretion. Notwithstanding the foregoing, THDA will not grant extensions for items that are immediate health and safety issues.



- G. Owners must mitigate all emergency health and safety items immediately and file a written report and documentation with THDA proving the items have been mitigated. Owners must provide the report and documentation of the action taken to complete the mitigation within 3 business days of the emergency instance (the “Health and Safety Correction Period”).
- H. THDA shall file an IRS Form 8823, Low–Income Housing Credit Agencies Report of Noncompliance, with the Internal Revenue Service to show noncompliance or failure to certify compliance no later than 45 days after the end of the Correction Period and no earlier than the end of the Correction Period, whether or not the noncompliance or failure to certify compliance is corrected.
- I. THDA has the right to inspect any Housing Credit Development at any time during the term of the LURC, including, but not limited to, on–site inspections and review of all records relating to compliance with, without limitation, Section 42 requirements, Treasury regulations, the applicable QAP, and the LURC. Owner shall promptly deliver copies of household certifications and supporting documentation as may be required by THDA.
- J. Owners shall submit, not less than annually during the term of the LURC, information concerning the race, ethnicity, family composition, age, income, use of rental assistance under Section 8(o) of the United States Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of households residing in the development in a form, with substance, and with timing as THDA may require.
- K. Property Management Certification. Every property management team, whether Owner-managed or not, must receive and maintain a current, valid, certification through the THDA Property Management Compliance Certification Program for the term of the LURC. More information is available here: <https://thda.org/rental-housing-partners/multi-family-developers/housing-credit-compliance>.
- L. Compliance Training for Owners.
  - 1. For Housing Credit Developments involving new construction, Owners and the management entity shall send attendees (at least one representative per entity) to the Owner’s compliance training sessions provided by THDA within the 12 months prior to the issuance of the IRS Form 8609. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
  - 2. For Housing Credit Developments involving rehabilitation, Owners and the management entities shall send attendees to the Owner’s compliance training sessions provided by THDA prior to the placed in service date for the development. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
  - 3. If there is a change in the ownership entity during the term of the LURC, then the new Owner and management entity shall send attendees to the Owner’s compliance training session as scheduled and provided by THDA. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
- M. Record Retention. Owners shall maintain records for each qualified low income building in the Housing Credit Development for each year for the term of the LURC sufficient to meet the requirements of 26 C.F.R. Section 1.42–5(b). Any household records or other records maintained in an electronic format shall be accessible to THDA at THDA’s request.



- N. Change in Ownership Entity, General Partner, or Managing Member. In the event of a sale, transfer, or exchange of a Housing Credit Development or any change with respect to the general partner/managing member of the ownership entity (including, without limitation, sale of any or all general partner interests, removal of any general partner/managing member, or admission of any general partner/managing member), the Owner shall:
1. If the property is a TCAP or 1602 property, obtain THDA's permission before such action occurs;
  2. If the property is not TCAP or 1602, notify THDA in writing at least 30 days prior to the closing of such a transaction;
  3. Complete THDA's Organizational Breakdown Form;
  4. Provide a new Organizational Chart;
  5. Provide notarized THDA Disclosures Forms for every new individual added to the structure;
  6. THDA may require the proposed new Owner or proposed new general partner/managing member of the ownership entity to meet with THDA staff. This is in addition to the training requirements above;
  7. Depending on the change, attend compliance training. These requirements do not apply when a development is sold following the completion of the QCP when THDA has not identified a purchaser; and
  8. If the change is a change in the Ownership Entity, execute and record an Assignment & Assumption Agreement for the LURC (and all loan documents for TCAP and 1602).
- O. VAWA. The Violence Against Women Reauthorization Act of 2013 ("VAWA") added the low income housing tax credit program to the housing programs covered by VAWA. Even though VAWA states that nothing in the act shall be construed to disqualify an owner, manager, or other individual from participating in or receiving the benefit of the tax credit program due to noncompliance with VAWA, Owners may face other liability if the project is not in compliance. For example, a violation of VAWA arising from an eviction may violate the good cause eviction requirement or violations may put the tax credits in jeopardy as being seen as a violation of fair housing. Therefore, Owners should implement the requirements of VAWA, including, but not limited to, providing Form HUD-5380 to all existing tenants, when an applicant is denied admission, when an applicant is admitted, and when a tenant receives any notice of eviction or termination of assistance.
- P. THDA may amend the compliance monitoring provisions of this QAP as required by applicable federal statutes or regulations or from time-to-time as processes and procedures change. Such amendment is expressly permitted by this QAP, and the making of such amendment will not require further public hearings. THDA, in accordance with Section 42, may impose additional requirements in order to fulfill the objectives of its housing initiatives.



## **Section 21: Noncompetitive Housing Credit Allocated to Developments Financed with Tax Exempt Bonds**

### **A. Allocation Requirements**

Developments financed with tax-exempt bonds issued as a result of an award of MTBA may be eligible for allocations of Noncompetitive Housing Credit outside of the competitive process described in this QAP. The annual Noncompetitive Housing Credit will be determined by THDA in connection with the Initial Application evaluation of financial feasibility. These developments must meet the following conditions:

1. Applicants applying for Noncompetitive Housing Credit and MTBA must demonstrate that a minimum of 50% of the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA remain outstanding as of the placed in service date for the development. On that date, the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA must meet the requirements of Section 42(h)(4). Either bond counsel or a certified public accountant licensed in Tennessee must certify to THDA that this financing requirement is met.
2. Applicants applying for MTBA in THOMAS are deemed to be simultaneously applying for Noncompetitive Housing Credit in THOMAS. THDA will determine the amount of Noncompetitive Housing Credit to be allocated and will issue a Firm 42(m) Letter or a Conditional 42(m) Letter. In determining the initial amount of Noncompetitive Housing Credit to be reserved, THDA will use the costs, incomes and expenses submitted in the Initial Application as determined to be reasonable by THDA. Allocations are subject to Section 42(m)(2) and this QAP. Any allocation of Noncompetitive Housing Credit will not count against the limits on Housing Credit by county, developer and related parties as specified in this QAP.
3. Applicants applying for MTBA and Noncompetitive Housing Credit are subject to the requirements in the 2023 MTBA Program Description and in this Section 21.
4. In addition, Applicants applying for MTBA and Noncompetitive Housing Credit are subject to all applicable requirements of this QAP as determined by THDA, including, without limitation, determinations of eligibility as described in Section 1 of this QAP, fees described in Section 5 of this QAP, the construction review process requirements found in Section 18 of this QAP, the compliance requirements found in Section 20 of this QAP, and the application procedures found in Sections 4, 17, and 18 of this QAP.
5. If an Initial Application for Competitive Housing Credit and an application for MTBA and Noncompetitive Housing Credit for the same development is submitted, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section 12 of the 2023 MTBA Program Description.
6. Applicants must agree to not participate in the Qualified Contract process.

### **B. Development Limits**

The maximum amount of MTBA that may be allocated to a single development is described in Section 5 of the Multifamily Tax-Exempt Bond Authority Program Description for 2023. An applicant may submit a written request for an exception to the maximum MTBA amount listed in Section 5-A of the MTBA PD. The written request must include sufficient supporting documentation and information to substantiate the need for additional MTBA as determined by THDA, in its sole discretion. Only one (1) written request for an exception to the maximum MTBA limit per application will be considered. Written requests for exceptions to the maximum MTBA may be granted or denied by THDA, in its sole discretion





**C. Total Development Cost Limits**

Total Development Cost limits as specified in Table 21–1 below will be applied to all proposed developments requesting Noncompetitive Housing Credits at the time of Initial Application. The cost of issuance and any deferred portion of the developer fee over 15% will be excluded from these costs. An Applicant may submit a written request for an exception to the Total Development Cost limits. The written request must include sufficient supporting documentation and information to substantiate the need for the exception, as determined by THDA, in its sole discretion. Only one (1) written request for an exception to the Total Development Cost limits per application may be submitted.

**D. Total Development Cost Limits**

In order to be eligible, Initial Applications for Housing Credit must propose Total Development Costs that do not exceed the applicable amount in Table 21–1 below. The Total Development Cost Limits are applied at Initial Application. Land cost is not included in the Total Development Cost for purposes of this calculation.

Table 21–1: Total Development Cost Limits Per Unit by Development Type					
Development Type	1 BR	2 BR	3 BR	4 BR	5 BR
<b>Urban</b>					
Detached/Semi-detached	\$245,000	\$293,000	\$349,000	\$411,000	\$450,000
Row House	\$218,000	\$264,000	\$323,000	\$384,000	\$422,000
Walkup	\$198,000	\$251,000	\$330,000	\$408,000	\$460,000
Elevator	\$207,000	\$266,000	\$355,000	\$443,000	\$502,000
<b>Suburban</b>					
Detached/Semi-detached	\$234,000	\$279,000	\$333,000	\$392,000	\$429,000
Row House	\$208,000	\$252,000	\$308,000	\$366,000	\$403,000
Walkup	\$189,000	\$239,000	\$314,000	\$389,000	\$438,000
Elevator	\$197,000	\$254,000	\$338,000	\$423,000	\$479,000
<b>Rural</b>					
Detached/Semi-detached	\$223,000	\$267,000	\$318,000	\$374,000	\$409,000
Row House	\$198,000	\$241,000	\$294,000	\$349,000	\$384,000
Walkup	\$180,000	\$228,000	\$300,000	\$371,000	\$418,000
Elevator	\$188,000	\$242,000	\$323,000	\$403,000	\$457,000

**E. Noncompetitive Housing Credit Threshold Requirements**

Applications requesting Noncompetitive Housing Credits must satisfy the applicable requirements of Section 13 and Section 14 of this QAP except for Section 13.A.4 and Section 14.D. The exemption regarding Section 14.D does not apply to Developments proposing New Construction.



**F. Noncompetitive Housing Credit Scoring**

The scoring criteria in this Section 21 is not intended to allow an Applicant to claim the maximum 100 points. An Initial Application must contain a minimum score of **60 points** to be eligible for MTBA and Noncompetitive Housing Credit. The score will be confirmed by THDA, in its sole discretion, during the Initial Application review process.

- 1. Housing Credit Development Location:** *up to 10 points*
  - a. Proposed developments located wholly and completely in a QCT covered by a CCRP. *2 points*
  - b. Proposed developments located wholly and completely in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations. *8 points*
  
- 2. Meeting Housing Needs:** *up to 10 points*

Choose One:

  - a. Proposed new construction multifamily housing developments or proposed adaptive reuse/conversions of buildings that are not currently used for housing to multifamily housing developments; *10 points*  
OR
  - b. Proposed rehabilitation of Existing Multifamily Housing that are not currently income and rent restricted; or *10 points*  
OR
  - c. Proposed preservation of Existing Multifamily Housing that are currently income and rent restricted. *10 points*
  
- 3. Development Characteristics.** All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once: *up to 25 points*
  - a. Rehabilitation of an Existing Multifamily Housing in an area covered by a CCRP. *5 points*
  - b. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit. *5 points*
  - c. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas. *5 points*
  - d. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid–point of the trail. Sidewalks are not eligible for these points: *5 points*
  - e. Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points. *5 points*
  - f. Construction and/or rehabilitation of development signs, including the Fair Housing Logo, at all entrances to the development site. *5 points*
  - g. Use of anti–fungal roofing materials with a minimum 30 year warranty. *5 points*
  - h. Rehabilitation of an Existing Multifamily Housing development that includes **complete replacement** of existing exterior wooden stair systems (regardless of remaining useful life) with new steel or concrete stair systems. *5 points*



- i. The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation credits. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction. *5 points*

- 4. Sponsor Characteristics:** *up to 10 points*
- a. No member of the Development Team is currently subject to a Major SAE defined in Section 3–D of the 2023 MTBA Program Description. *5 points*
  - b. At least one (1) member of the Development Team was a member of a Development Team that closed, issued and sold MTBA for at least one (1) development in Tennessee since January 1, 2018. *5 points*

- 5. Serving Resident Populations with Special Housing Needs:** *10 points*
- Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.

The proposed development must include:

- a. Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and
- b. Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on–site amenities under 5.d.; or
- c. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.
- d. Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.
  - i) Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;
  - ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
  - iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
  - iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must



- contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;
- v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid–point of the trail. Sidewalks are not eligible for these points.
  - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
  - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;
  - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or
  - ix) Provide in the proposed development’s community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on–going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- e. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA’s sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

**6. Public Housing or Housing Choice Voucher Waiting Lists/Housing Choice Voucher Holder:** ***1 point***

Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit (“HCV Voucher Holder”). This priority must be clearly documented in marketing plans, lease–up plans, and operating policies and procedures and provided with the Final Application.



**7. Serving Resident Populations with Children:**

**10 points**

Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.

The proposed development must include:

- a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or
- b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.
- c. Approved On-site Amenities. All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC;
  - i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;
  - ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;
  - iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;
  - iv) Construct and/or rehabilitate and maintain an exercise room of at least 900 square feet with at least 3 pieces of new equipment; Exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment.;
  - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;



- vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
  - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or
  - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.
- d. **Scattered Sites.** Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA’s sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

**8. Development Intended for Eventual Resident Ownership or Extended Recapitalization Period: *up to 10 points***

- a. Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period. *5 points*

OR

- b. Applicants may defer the point when the development may request a recapitalization through a subsequent allocation of Housing Credit under the competitive or noncompetitive process. Points are based on the number of years from the date the last building in the development placed in service. *up to 10 points*

Table 21–2: Earliest Year When New Housing Credit May be Requested	
Years Since Placed in Service	Points Available
17	4
20	10

**9. Energy Efficiency: *up to 14 points***

- a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units (3 points);
- b. ENERGY STAR certified gas tankless water heater (2 points);
- c. ENERGY STAR dishwasher (3 points);
- d. ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker (2 points);
- e. ENERGY STAR rated windows in all units (2 points);
- f. ENERGY STAR ceiling fans (1 point);
- g. ENERGY STAR ventilation fans (range hood, bathroom) (1 point).

**G. Initial Application Eligibility and Scoring Review**

In connection with evaluation of Initial Applications, THDA will issue Evaluation Notices, as needed, to request additional documentation and/or information for purposes of clarifying eligibility, scoring and financial feasibility. Evaluation Notices will be issued in the following manner:



Table 21–3: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
First	4 business days
Second	2 business days
Final	1 business day

Applications with uncured deficiencies may be removed from consideration under both the MTBA Program Description and for an allocation of Noncompetitive Housing Credits if the deficiencies have remained uncured after a deadline in a the Final Evaluation Notice has passed. Applicants may resubmit an application for a commitment of MTBA and an allocation of Noncompetitive Housing Credits at a later date, but must pay a resubmission fee as described in Section 11–D of the MTBA Program Description for 2023. A resubmitted application will be considered a new application under the MTBA Program Description and this Section 21.

**H. Capitalized Terms**

All capitalized terms used in this Section 21 shall have the meaning ascribed to them in this Section 21 or in Section 2 of this QAP or in the MTBA Program Description for 2023.



## **Section 22: Special Assistance for Developments Affected by COVID-19**

Notwithstanding any other provisions of this QAP, relief for certain developments is available as follows:

- A. 2021 Competitive Housing Credit allocation recipients, subject to each of the following:
  1. The maximum **aggregate** Housing Credit allocated to COVID-19 Housing Credit Exchange Allocations is limited to the amount of 2021 Housing Credit returned.
  2. Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
    - a. Developments intending to seek approval for a Housing Credit Exchange Allocation must so **notify THDA in writing no later than December 7, 2022**. Notification must be sent **via email** to [TNAallocation@thda.org](mailto:TNAallocation@thda.org).
    - b. Scoring selections and threshold requirements from the 2021 QAP, as applicable, will be enforced, otherwise the 2023 QAP will apply.
    - c. The ability to request the Qualified Contract Process for the particular development is permanently waived.
    - d. The Placed-In-Service deadline for COVID-19 Housing Credit Exchange Allocations will be December 31, 2025.
      - (i) Failure to meet or requesting and extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 6-A of this QAP.
    - g. Housing Credit Exchange Allocation developments will not be permitted to increase developer or consultant fees.
  3. Other provisions applicable to COVID-19 Housing Credit Exchange Allocations:
    - a. Returned Housing Credit will not increase 2022 set-asides or pools (except the Non-Profit Set-Aside).
    - b. COVID-19 Housing Credit Exchange Allocations will not count against county, developer, or other limits in the 2023 QAP.





**Section 23: Adoption and Approval by the Governor**

As provided in Executive Order No. 73, dated October 31, 2018 (the “Executive Order”), I, Bill Lee, the Governor of the State of Tennessee, do hereby designate the Tennessee Housing Development Agency (THDA) to be the housing credit agency for this State and, by my execution of this Qualified Allocation Plan, I hereby adopt this Qualified Allocation Plan as my plan for the distribution and administration of Housing Credits in the State of Tennessee, in conformance with Section 42 of the Internal Revenue Code of 1986, as amended and the Executive Order. As also provided in the Executive Order, this Qualified Allocation Plan shall be incorporated, by this reference, into and encompassed by the Executive Order as if set forth in the Executive Order verbatim.

\_\_\_\_\_  
**Bill Lee, Governor**

\_\_\_\_\_  
**Date**

