

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS
May 21, 2019

Pursuant to the call of the Chair, the Tennessee Housing Development Agency Board of Directors (the "Board") met in regular session on Tuesday, May 21, 2019, at 1:00 p.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Board members were present: Kim Grant Brown (Chair); Dorothy Cleaves; Jonathan Rummel for Secretary of State Tre Hargett; Regina Hubbard; John Krenson; Samantha Wilson for Commissioner of Finance & Administration Stuart McWhorter; Austin McMullen; Erin Merrick; John Snodderly; Lynn Tully; Pieter van Vuuren and Katie Armstrong for Comptroller Justin Wilson. Those absent were: Treasurer David Lillard and Daisy Fields.

Ralph Perrey, THDA Executive Director, recognized the following THDA staff members for their years of service:

Theresa Smith	Single Family	5 years
Fabiola Caferri	Accounting	5 years
Sarita Hafford	Section 8 Rental Assistance	10 years
Gathelyn Oliver	Internal Audit	20 years
Pamela Norris	Single Family	30 years
Lorraine Shearon	Executive	30 years
Shelia White	Section 8 Contract Admin	35 years

Mr. Perrey announced the pending retirements of Linda Foulks, Patricia Randolph and Shelia White and thanked each one for their years of service to THDA and the State.

Seeing a physical quorum present, Chair Brown called the meeting to order and offered a time for public comment. With no one wishing to address the Board, Chair Brown called for consideration of the March 26, 2019, minutes. Upon motion by Mr. van Vuuren, second by Ms. Cleaves, the minutes were approved.

Chair Brown recognized Mr. Perrey who presented the following Executive Director's Report:

- Pricing for Bond Issue 2019-2 will be on June 5 and 6, 2019. All market indications look promising at this time.
- Production remains strong and is expected to remain strong throughout the summer. Efforts of THDA staff led to this result.
- HUD recently issued a mortgagee letter to clarify the kinds of entities that can offer down-payment assistance and the mortgagee letter is generally beneficial to housing finance agencies like THDA. The mortgagee letter has been challenged in court. The Washington State housing finance agency has filed a friend of the court brief and THDA expects to join in the brief.
- HUD has extended THDA's project based contract administration agreement to the end of calendar 2020. HUD will assign THDA additional properties to inspect and supervise with a little less money per inspection, but THDA expects to operate in the black on the program.
- The Rural Impact Statement requested by Governor Lee is being finalized and will be circulated to Board members.

- A video regarding the Blight Elimination program was shown to the Board.
- June 4, 2019, will be the mid-year quarterly business review. Staff will host three former Board Chairs along with Kim Grant Brown to reminisce to celebrate THDA's 45th anniversary.
- June 18, 2019, will be the next Women in Leadership Speaker Series date with Anne Pope.
- Gathelyn (Gay) Oliver provided the following update on Board Compliance Responsibilities:
 - Consumer Financial Protection Bureau (“CFPB”), created by the Dodd Frank Act in response to the Financial Crises in 2007 and 2008, has supervisory and enforcement authority over THDA because THDA services loans.
 - CFPB requires that THDA develop and maintain a sound compliance management system, the components of which include board and management oversight. Board members and, specifically, the Audit & Budget Committee of the Board, along with senior management provide oversight to THDA's compliance management system. In the event of an audit, the CFPB would likely look at Board and senior management oversight and commitment to compliance, effective change management, effective risk management and self-identification and corrective action responses.
 - The Internal Audit Division is responsible for testing compliance for all of THDA. Bruce Balcom, Assistant Chief Legal Counsel, provides legal compliance expertise for single family programs.
 - Components of the compliance program include policies and procedures, training, monitoring and audit, consumer complaint and response.
 - Policies and procedures are developed by management within each division, with oversight to ensure regulatory compliance.
 - Internal Audit staff follow an annual audit plan every year, with policies and procedures for audit work. Internal Audit also has a quality control plan for Volunteer Mortgage Loan Servicing.
 - Comprehensive training is provided to all THDA management and staff on regulations, policy and procedures specific to their area of expertise. Training is tracked each year to ensure compliance with training requirements.
 - Internal Audit staff complete training for their specific areas of expertise and are involved in professional organizations.
 - Internal Audit staff is preparing for conventional lending by developing a quality control plan based on FHA, VA and USDA regulations (for loans made with proceeds from mortgage revenue bonds) and Fannie Mae and Freddie Mac guidelines (for conventional loans).
 - Consumers have several options to contact THDA if they are dissatisfied with an action or anything that happens at THDA. Management is responsible for responding to complaints and resolving them appropriately. Internal audit staff regularly reviews complaints and follow up.

- The compliance management system is reviewed each year as part of the financial and compliance audit performed by the Comptroller's Office. In addition, NCSHA has developed a compliance group and Internal Audit staff participates in monthly calls regarding compliance issues, best practices, questions, and concerns.
- Internal Audit staff is finalizing a vendor management policy and is working on origination quality control.
- Internal Audit will provide regular compliance training to the Board to meet CFPB requirements. Questions or concerns may be addressed to Ms. Oliver at any time.

Chair Brown then called for the Bond Finance Committee report and recognized Lynn Miller, Chief Legal Counsel. Ms. Miller presented the Schedule of Financing for Fiscal Year 2019-2020 (the "Schedule of Financing") included in the meeting material. She noted the Bond Finance Committee recommended approval of the Schedule of Financing which reflects the anticipated issuance of \$475 million in bonds during the Fiscal Year ending June 30, 2020, including approximately \$445 million for new production and approximately \$30 million in anticipated economic refundings. Ms. Miller noted that THDA issued \$749 million in bonds during the Fiscal Year ending June 30, 2019. Upon motion by Ms. Cleaves, second Ms. Wilson, motion carried to approve the Schedule of Financing.

Chair Brown recognized Ms. Miller who referenced a memo dated May 14, 2019, from her and Lindsay Hall, Chief Operating Officer of Single Family Programs, regarding conventional lending. Ms. Miller explained that, in March 2015, the Board authorized an insured conventional loan product using a master servicer who would pool THDA conventional loans and sell them to the government sponsored entities (GSEs), with THDA holding the resulting mortgage-backed securities as investments. She explained that since THDA now services its loans, a new model is expected that involves a provider to pool and sell THDA conventional loans to GSEs, with THDA retaining servicing on these conventional loans, so additional authorization is needed. She indicated that the Bond Finance Committee and the Lending Committee recommended the following authorizations as specified in the referenced memo:

1. Authorize an insured conventional loan product through a secondary market execution;
2. Authorize staff to engage a provider experienced in packaging, selling and delivering loans to GSE(s) on behalf of housing finance agencies in order to mitigate interest rate risk and who is willing to train THDA staff and lenders in the processes required;
3. Authorize staff to create loan pools to sell to the GSE(s) using best efforts or other methods at the point the Executive Director determines that THDA staff have sufficient knowledge and experience to carry out this function;
4. Authorize staff to apply for and receive a revolving line of credit up to a maximum of \$75 million to use to purchase loans from Originating Agents prior to selling them to the GSE(s) through the provider or otherwise, with terms and conditions satisfactory to the Executive Director; and
5. Authorize all appropriate staff to execute all documents and do all things necessary to carry out the authorizations described in #1-#4 above.

Upon motion by Ms. Cleaves, second by Mr. Snodderly, motion carried to approve the five authorizations listed above.

Chair Brown then called for the Grants Committee report and recognized Mr. van Vuuren who noted the Committee recommended approval of all extension requests for the 2015-2016 HOME Program.

Mr. van Vuuren referenced a memorandum from Don Watt, Director of Community Programs, dated May 14, 2019, containing full details. He noted that the grants are currently set to expire on June 30, 2019, but implementation delays, including building codes issues, contractor shortages, and administrator issues, have impacted the 2015-2016 grants. Mr. van Vuuren stated that the extension requests range from October 1, 2019, to June 30, 2020, with the majority requesting an extension to December 31, 2019. Upon motion by Mr. van Vuuren, second by Mr. Rummel, motion carried to approve all the 2015-2016 HOME Grant extensions as specified in the referenced memorandum.

Next, Mr. van Vuuren presented a request from Sevier County to extend their 2017 Rebuild and Recover grant. Mr. van Vuuren referenced a memorandum from Mr. Watt, dated May 15, 2019. He noted that the THDA Board previously approved an extension to May 31, 2019; however, foundation issues were discovered with four of the homes, including one that required acquisition of a new lot. Mr. van Vuuren noted that Appalachia Service Project is administering the grant on behalf of Sevier County, and they anticipate completion of the remaining four homes by August 31, 2019. Upon motion by Mr. van Vuuren, second by Ms. Tully, motion carried to approve the Committee recommended extension of the 2017 Sevier County Rebuild and Recover grant to August 31, 2019.

Mr. van Vuuren next presented the Committee recommendation for the 2020 Set-Aside Allocation to Habitat for Humanity of Tennessee. Mr. van Vuuren referenced a memorandum from Mr. Watt, dated May 13, 2019, and the attached proposed Tennessee Housing Trust Fund (“THTF”) 2020 Habitat for Humanity of Tennessee Program Description (the “2020 Habitat Program Description”). Mr. van Vuuren stated that since July 2014, THDA has set aside \$500,000 annually from the THTF for Habitat for Humanity of Tennessee to support the construction activities of their local affiliates. Mr. van Vuuren also noted minor updates in the 2020 Habitat Program Description recommended by the Committee. Upon motion by Mr. van Vuuren, second by Mr. Krenson, motion carried to approve the \$500,000 allocation from the THTF to Habitat for Humanity of Tennessee and to approve the 2020 Habitat Program Description.

Mr. van Vuuren next presented the Committee recommended 2020 Challenge Grant Program Description. Mr. van Vuuren referenced a memorandum from Mr. Watt, dated May 14, 2019, and the attached proposed 2020 Challenge Grant Program Description. Mr. van Vuuren stated that the Committee recommended approval of \$500,000 from the THTF for the 2020 Challenge Grant Program, to provide seed funding in support of fundraising efforts by eligible nonprofit organizations to implement housing activities that represent unique milestones, are part of a broad community initiative, or are part of a significant expansion of work outside the normal day-to-day activities of the organization. He also noted the following recommended changes to the 2020 Challenge Grant Program Description:

1. Reduce the available funds from \$1,500,000 to \$500,000.
2. Provide for a single application deadline and a simultaneous review of proposals.
3. Clarify the term “binding commitment” and associated timing.
4. Eliminate the Executive Director’s discretion to award a Challenge Grant.

Upon motion by Mr. van Vuuren, second by Mr. McMullen, motion carried to approve the allocation of \$500,000 from the THTF for the 2020 Challenge Grant Program and to approve the recommended 2020 Challenge Grant Program Description.

Finally, Mr. van Vuuren presented a Committee recommendation to allocate funds to United Cerebral Palsy of Middle Tennessee to implement the 2019-2020 Home Modifications and Ramps Program as detailed in a memorandum from Mr. Watt, dated May 13, 2019, and to approve the Tennessee Housing Trust Fund 2019 Home Modifications and Ramps (“HMR”) Program Description (“HMR Program Description”). Mr. van Vuuren stated that the Committee recommends a \$300,000 set-aside for United

Cerebral Palsy of Middle Tennessee to implement a 2-year program for the construction of ramps and accessibility modifications to the homes of disabled households across the whole state. He noted the following recommended changes to the HMR Program Description:

1. Increase the cost cap for ramps from \$1,200 to \$1,500; for other modifications from \$6,000 to \$7,500.
2. Allow HOME resources as an eligible match source (a 50% match is required).
3. Clarify that improvements made must meet local building codes and ADA requirements.
4. Add standard non-discrimination language.
5. Add conflict of interest requirements.

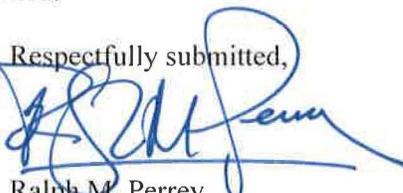
Upon motion by Mr. van Vuuren, second by Mr. Rummel, motion carried to approve the allocation of \$300,000 to United Cerebral Palsy of Middle Tennessee for the 2019-2020 HMR Program and to approve the HMR Program Description.

Chair Brown then recognized Ms. Cleaves for the Lending Committee report. Ms. Cleaves noted that Dr. Hulya Arik, THDA Economist, presented proposed changes to household income limits applicable to THDA loan programs as described in her memo dated May 14, 2019. Ms. Cleaves explained that income limits increased for 94 counties and reduced only for Smith County as shown on the chart included with the referenced memo. Upon motion by Ms. Cleaves, second by Ms. Merrick, motion carried to approve the Committee recommended 2019 income limits to be effective as of May 27, 2019, as shown in the referenced memo.

1. Chair Brown then recognized Ms. Tully for the Tax Credit Committee report. Ms. Tully referenced a memo to the Board of Directors from Don Watt, Acting Director of Multifamily Programs and Director of Community Programs dated May 21, 2019, and reviewed the following Committee recommended amendments to the 2019-2020 Qualified Allocation Plan and the 2019 Multifamily Tax Exempt Bond Authority Program Description: Increase the non-competitive housing credit per development limit from \$1.3 million to \$3 million; and
2. Increase the Multifamily Tax Exempt Bond Authority per development limit from \$25 million to \$35 million; and
3. Maintain the Multifamily Tax Exempt Bond Authority per developer limit at \$60 million through June 30 of each year, with an increase to \$85 million beginning July 1 of each year.

Upon motion by Ms. Tully, second by Mr. Snodderly, the above amendments were approved and staff was authorized to make non-substantive conforming changes as necessary.

With no further business, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 23rd day of July, 2019.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: THDA Board of Directors
FROM: Lynn E. Miller 
Chief Legal Counsel
SUBJECT: Schedule of Financing for Fiscal Year 2019-2020

The attached Schedule of Financing is required by Tennessee Code Annotated Section 13-23-120(e)(1). The statutory language directs THDA to submit a Schedule of Financing to the State Funding Board showing the financings THDA proposes during the fiscal year. While the preparation of a Schedule of Financing is required, THDA is not required to carry out its financings precisely as shown on the attached Schedule. The attached Schedule is THDA's best estimate with respect to the financings for the upcoming fiscal year.

Both the Bond Finance Committee and the Board will be asked to review and approve this Schedule of Financing. Assuming such approval occurs, the Schedule will be forwarded to the State Funding Board for their consideration.

LEM/ds

Attachment

TENNESSEE HOUSING DEVELOPMENT AGENCY

SCHEDULE OF FINANCING

FISCAL YEAR 2019-2020

SUMMARY

The Tennessee Housing Development Agency (“THDA”) is required, under Tennessee Code Annotated Section 13-23-120(e)(1), to submit a schedule to the State Funding Board showing financings proposed for the fiscal year. The proposed schedule for fiscal year 2019-2020 is attached.

Total amount of bonds or notes reflected on Schedule of Financing for Fiscal Year 2019-2020:	\$475,000,000*
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*Approximately \$30,000,000 of this amount is expected to be used to refund bonds eligible for refunding on or after January 1, 2020.

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF FINANCING
FISCAL YEAR 2019-2020

ISSUE 2019-3 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
August 2019

Sources of Funds

Proceeds of the Issue	\$ 110,000,000
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 110,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

ISSUE 2019-4 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP
November 2019

Sources of Funds

Proceeds of the Issue	\$120,000,000*
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 120,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

*Approximately \$30,000,000 of this amount is expected to be used to refund bonds eligible for refunding on or after January 1, 2020.

**ISSUE 2020-1 - RESIDENTIAL FINANCE BONDS –NEW VOLUME CAP/REFUNDING
February 2020**

Sources of Funds

Proceeds of the Issue \$ 115,000,000

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds \$ 115,000,000

Bond Reserve Funds)	
Underwriting Fee/Bond Discount)	\$ THDA contribution, or no more than 1% of
Capitalized Interest)	bond proceeds, or a combination thereof
Cost of Issuance)	

**ISSUE 2020-2 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
May 2020**

Sources of Funds

Proceeds of the Issue \$130,000,000*

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds \$130,000,000*

Bond Reserve Funds)	
Underwriting Fee/Bond Discount)	\$ THDA contribution, or no more than 1% of
Capitalized Interest)	bond proceeds, or a combination thereof
Cost of Issuance)	

*Approximately \$95,000,000 of this amount is expected to be used to purchase loans in early fiscal year 2020-2021.

Single Family Bonds Sold in FY 2018-2019

\$ 149,000,000	Issue 2018-3 Residential Finance Program Bonds, Dated September 6, 2018
\$ 225,000,000	Issue 2018-4 Residential Finance Program Bonds, Dated November 15, 2018
\$ 175,000,000	Issue 2019-1 Residential Finance Program Bonds, Dated March 21, 2019
\$ 200,000,000	Issue 2019-2 Residential Finance Program Bonds, Expected to close June 27, 2019
TOTAL	<u><u>\$749,000,000</u></u>

Multifamily Bonds Sold in FY 2018-2019	\$	0	
Volume Cap Used by Local Issuers For Multi-Family Housing in 2018	\$ 335,725,000		From THDA's 2018 Volume Cap Allocation
Volume Cap Available to Local Issuers For Multi-Family Housing in 2019	\$ 200,000,000		From THDA's 2019 Volume Cap Allocation

ASSUMPTIONS

1. A bond issue may include any structure authorized by the Board and approved by the Bond Finance Committee, including, without limitation, convertible option bonds, short term notes, variable rate debt, taxable debt, planned amortization class bonds.
2. Dates of bond issues are based on estimated absorption of available funds and expected need for additional funds for three to four months, subject to the actual rate at which mortgage loans are currently being purchased.
3. THDA anticipates taking the maximum spread allowed under federal law for each bond issue, which is 112 basis points. The maximum spread could, however, be reduced based on program requirements at the time of sale. Interest rates for THDA loans could be further subsidized.
4. THDA anticipates future bonds will be issued under the 2013 General Resolution to continue to reduce the moral obligation of the state for THDA bonds.
5. The volume cap assumption is that 35% of the annual total tax-exempt bond authority amount available in Tennessee is made available to THDA at the beginning of each calendar year. This is the allocation to THDA for all tax-exempt housing bond issuance in the state in the current Department of Economic and Community Development plan. For bond issues in calendar year 2019, volume cap carried forward from 2016 will be used. THDA currently has \$409,692,988 in 2016 carried forward volume cap available. For bond issues in calendar year 2020, volume cap THDA carried forward from 2017 will be used. THDA currently has \$467,019,000 in 2017 carried forward volume cap available. Unused 2016 volume cap, if any, will be made available for the THDA Mortgage Credit Certificate Program by making the required elections on or before December 31, 2019.
6. A THDA contribution may be made with each bond issue as needed to over-collateralize the bond issue for the benefit of THDA borrowers, to fund required reserves, to pay cost of issuance and to ensure that the maximum amount of bond proceeds is used to fund mortgage loans. The amount and source of the THDA contribution is determined at the time it is needed. The amount of the contribution, if needed, is based on the structure of the bond issues, an analysis of debt service requirements of the general resolution under which the bonds are issued, the fee paid to underwriters and an estimate of other costs of issuance expected to be incurred. The source of such THDA contribution is assets available for such purpose under the 2013 General Resolution, 1985 General Resolution or the 2009 General Resolution.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: THDA Board of Directors
FROM: Lynn Miller, Chief Legal Counsel
Lindsay Hall, Chief Operating Officer of Single Family Programs
SUBJECT: Conventional Lending

Recommendation

In order to offer a conventional loan product, THDA staff recommends authorizing THDA to work through a secondary market execution as a Seller/Servicer to both Freddie Mac and Fannie Mae, both government sponsored entities (GSE). This will allow THDA to offer a conventional loan product outside of the bond program. With this method, revenue is earned on the loans once they are sold into the secondary market; earning income on the sale to either Fannie Mae or Freddie Mac. THDA will retain the servicing rights to these conventional loans and will earn servicing revenue monthly.

There are advantages to THDA to use the services of a MBS TBA provider, initially, in order to limit some interest rate risk from loan commitment to loan delivery. Once THDA staff develop experience, the expectation is that THDA staff will sell directly to the GSE(s).

THDA will also require the use of a line of credit to purchase closed loans from THDA Originating Agents prior to delivery/sale to the GSE(s). The estimated duration between purchasing loans from THDA Originating Agents to loan delivery to the GSE(s) averages 45 days.

To carry out the functions described above, the following authorizations are needed:

1. Authorize an insured conventional loan product through a secondary market execution.
2. Authorize staff to engage a provider experienced in packaging, selling and delivering loans to GSEs on behalf of housing finance agencies in order to mitigate interest rate risk and who is willing to train THDA staff and lenders in the processes required.
3. Authorize staff to create loan pools to sell to the GSE(s) using best efforts or other methods at the point the Executive Director determines that THDA staff have sufficient knowledge and experience to carry out this function.
4. Authorize staff to apply for and receive a revolving line of credit up to a maximum of \$75 million to use to purchase loans from Originating Agents prior to selling them to the GSE(s) through the provider or otherwise, with terms and conditions satisfactory to the Executive Director.
5. Authorize all appropriate staff to execute all documents and do all things necessary to carry out the authorizations described in #1-#4 above.

Background

In March, 2015, the Board authorized an insured conventional loan product using a master servicer who would pool the THDA conventional loans and sell them to the GSEs with THDA holding the resulting mortgage backed securities as permitted investments in the 2013 General Resolution. Since this 2015 authorization, other changes were made that resulted in creating Volunteer Mortgage Loan Servicing as a division of THDA ("VMLS"). VMLS began operations in February, 2016 and, as of May 1, 2019, all THDA loans are serviced by VMLS. This 2015 authorization does not accommodate the model for offering insured conventional loans THDA is now pursuing, so this additional authorization is needed.

In March, 2018, the Board approved applications to both Fannie Mae and Freddie Mac for THDA to become an approved Seller/Servicer for Fannie Mae and for Freddie Mac. With approval from Fannie Mae and/or Freddie Mac, THDA will be able to originate insured conventional loans and sell them directly to Fannie Mae or Freddie Mac via the secondary market. THDA was conditionally approved by Freddie Mac as a Seller/Servicer in the third quarter of 2018 and the plan is to submit an application to Fannie Mae by the last quarter of 2019.

With Seller/Servicer approval, THDA will be able to offer insured conventional loans that will provide revenue when the loans are packaged and sold to Fannie Mae or Freddie Mac. With servicing of these loans through VMLS, THDA will also receive ongoing servicing revenue.

With the assistance of the provider who will be selected to initially package, sell and deliver insured conventional loans purchased by THDA, THDA staff will learn how these processes actually work. This includes gaining knowledge about how interest rates are set on a daily basis, determining the revenue THDA wishes to earn, and identifying and mitigating risks involved in these processes. As a result, the expectation is that, at some appropriate point, THDA staff will assume responsibility for these activities rather than continuing to use an outside provider.

THDA will need a source of funds to purchase eligible insured conventional loans because bond proceeds cannot be used for this purpose. A bank funded line of credit will enable THDA to draw down funds as needed to purchase eligible insured conventional loans, with the drawn down amount repaid once the eligible insured conventional loans are packaged, sold and delivered to Fannie Mae or Freddie Mac. With a lag time between the THDA purchase of eligible insured conventional loans and sale of the pooled loans to Fannie Mae or Freddie Mac averaging 45 days, the \$75,000,000 maximum size of the line of credit should be sufficient to cover at least two months of production.

Overview

THDA believes that there are advantages to providing an insured conventional loan product. In many of Tennessee's rural communities where local banks and credit unions are the preferred financial institutions, conventional loans are the primary product offered. These small community banks and credit unions many times do not meet asset requirements or have a DE approved underwriter on staff, therefore they cannot participate offer FHA loans, which is the majority of THDA's current product. In addition, after the mortgage crisis, the national banks pulled away from offering FHA loans due to the strict repurchase requirements. These same banks have a strong presence in Tennessee, but are currently not offering the THDA Great Choice loan product. These banks were some of THDA's top Originating Agents before the crisis. THDA staff believe that all eligible borrowers should have the opportunity to access THDA downpayment assistance and this opportunity can be enhanced with an insured conventional loan product.

Additionally, by offering an insured conventional mortgage loan product through the secondary market execution, THDA will be serving Tennessee citizens that neither THDA nor other lenders are serving at this time.



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: Grants Committee and Board of Directors

FROM: Don Watt, Director of Community Programs

DATE: May 14, 2019

RE: Request for Approval of HOME Grant Extensions: Blount County Habitat for Humanity (HM-1516-18); Town of Coopertown (HM-1516-20); City of Eagleville (HM-1516-21); Fentress County (HM-1516-06); Greene County (HM-1516-07); Hawkins County (HM-1516-08); Town of Huntsville (HM-1516-09); City of Jamestown (HM-1516-10); Johnson County (HM-1516-11); Montgomery County (HM-1516-27); City of Paris (HM-1516-15); Town of Surgoinsville (HM-1516-17); Unicoi County (HM-1516-30).

Recommendation

Staff recommends approval of each of the referenced HOME Grant extension requests as follows:

Extend to October 1, 2019:

- Fentress County

Extend to December 31, 2019:

- Blount County Habitat for Humanity
- Greene County
- Hawkins County
- Town of Huntsville
- City of Jamestown
- Montgomery County
- Town of Surgoinsville
- Unicoi County

Extend to June 30, 2020

- Town of Coopertown
- City of Eagleville
- Johnson County
- City of Paris

Background

Blount County Habitat for Humanity has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the Habitat chapter has expended \$44,270, or 40% of \$111,195 awarded. Downpayment assistance has been provided to three homebuyers to date, with two units currently under construction, with closing scheduled for both units by October 31, 2019.

The **Town of Coopertown** has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the Town has expended \$3,000, or 1% of \$500,000 awarded. To date, only four applications have been received, with three qualifying for assistance. The Town's program administrator, the Greater Nashville Regional Council (GNRC), estimates that ten eligible applications are estimated to be needed to use all grant funds allocated. GNRC and the Town will expand its marketing efforts for the resources to the community's homeowners and will increase efforts to recruit more contractors to ensure that approved projects can move forward quickly.

The **City of Eagleville** has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the City has not expended any amount of the \$500,000 awarded. To date, only five applications have been received. The City's program administrator, GNRC, is currently reviewing eligibility for assistance. GNRC estimates that ten eligible applications are estimated to be needed to use all grant funds allocated. GNRC and the City will expand its marketing efforts for the resources to the community's homeowners.

Fentress County has requested an extension of the 2015-2016 HOME grant to October 1, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$204,367, 54% of the \$375,000 awarded. The County has assisted six homeowners, with one additional unit under construction and two units in the contractor procurement phase. The County has sufficient funds available to assist one additional homeowner from the 31 eligible applications received. The County noted a delay in the program's implementation start because of the program being held in abeyance as THDA worked to resolve issues associated with the inspection of units in jurisdictions that have opted out of the State's building code requirements. The County has contracted with Grass Roots Planning and Consulting to administer the program.

Greene County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$3,000, or 1% of \$500,000 awarded. The County has recently completed the Tier II Environmental Review process for thirteen units and contractor procurement is scheduled to be completed by May 31. The County has contracted with First Tennessee Development District to administer this program.

Hawkins County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$3,000, or 1% of \$500,000 awarded. The County has recently completed the Tier II Environmental Review process for nine units and will begin procurement in June. The County has contracted with First Tennessee Development District to administer this program.

The **Town of Huntsville** has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the Town has expended \$150,942, or 40% of the \$375,000 awarded. The Town has assisted four households to date, and plans to assist four remaining homeowners with approval of this extension request. The Town has encountered unforeseen delays in lead based paint testing.

The **City of Jamestown** has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the City has expended \$86,830, or 23% of \$375,000 awarded. The City experienced difficulties associated with an administration change, the death of their Mayor, and delays in the City's building inspection process. The City has contracted with Grass Roots Planning and Consulting to administer the program.

Johnson County has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$3,000, or 1% of \$500,000 awarded. The County has received nine applications and has begun the Tier II Environmental Review process. The County cited delays in program implementation because of the program being held in abeyance as THDA worked to resolve issues associated with the inspection of units in jurisdictions that have opted out of the State's building code requirements. The County has contracted with First Tennessee Development District to administer this program.

Montgomery County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$97,049, or 19% of \$500,000 awarded. Following a slow start associated with the recruitment of homeowners to participate in the program, nine applications have been approved to date, with contractor procurement expected to be completed by June 30. The County has contracted with GNRC to administer the program.

The **City of Paris** has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the City has expended \$202,032, or 58% of \$350,000 awarded. The City has completed four homes, with one home currently under construction and two additional units proposed for assistance. The City has contracted with the Northwest Tennessee Development District to administer the program.

The **Town of Surgoinsville** has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the Town has expended \$119,260, or 48% of \$250,000 awarded. The Town has completed three projects, as well as the environmental reviews for three additional units. Contractor procurement is expected to be completed

by June 15. The Town has contracted with First Tennessee Development District to administer this program.

Unicoi County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$35,762, or 7% of \$500,000 awarded. The County expects to complete contractor procurement by mid-May, with all construction activity completed by August 31. The County has contracted with First Tennessee Development District to administer this program.



May 9, 2019

Tennessee Housing Development Agency
Attn: Don Watt
Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick Street
Nashville, TN 37243

Re: Contract Extension Request
Contract Number: HM-1516-18
Grantee: Blount County Habitat for Humanity
Grant Amount: \$111,195.00

Dear Mr. Watt:

Please accept this letter as Blount County Habitat for Humanity's formal request for a HOME Grant contract extension related to contract number HM-1516-18. To date, Blount County Habitat for Humanity has executed 3 of the 5 down payment assistance grants included in the \$111,195.00 awarded. The 2 remaining units are currently under construction. We have outlined the tentative completion schedule below.

1. 225 Bessie Harvey Avenue- anticipated Certificate of Occupancy mid-August 2019. Closing tentatively occurs 1 month-6 weeks after CO.
 - a. Executed Purchase Contract submitted via THDA Electronic Document Portal-5/9/2019
2. 154 West Franklin Street- anticipated Certificate of Occupancy end of September 2019. Closing tentatively occurs 1 month-6 weeks after CO.
 - a. Purchase Contract to be submitted prior to 6/30/2019

The HOME down payment assistance grant is a critical tool in Habitat's work making homeownership affordable. We take our obligation to THDA and our customers very seriously and are committed to completing this contract in 2019. We sincerely appreciate your consideration of our extension request and look forward to your approval.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Hooks".

Sarah Hooks
Director of Programs



Phone 615 382-4470
Toll-free 877 411-4760
Facsimile 615 382-4439
Mayor Glen Guyor

Town of Coopertown
2525 Burgess Gower Road
Springfield, TN 37172

www.coopertowntn.org
Vice Mayor
Robert D. Anderson

May 9, 2019

Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Subject: Request to Extend HOME Grant for Coopertown

Dear Mr. Perrey:

I am extremely grateful for the HOME funds awarded by THDA to help Coopertown's most vulnerable citizens make critical repairs to their homes. We, along with our contracted partner, the Greater Nashville Regional Council (GNRC), have been working diligently to deploy these funds within the contract term. However, due to circumstances outlined below, we are requesting a one year extension to our HOME agreement with THDA.

We estimate that we need to assist ten homes to fully expend the HOME grant. Unfortunately, interest in the program has been low. While twelve residents attended the public meeting held on September 15, 2016, only four applications have been submitted. Of these, three have been approved; work on one of the homes would exceed the property value limits so it cannot be assisted.

The public meeting was advertised in two local papers, and notices were posted at churches, city hall, and other areas. In the fall of 2018, GNRC created informational flyers which were posted on Coopertown's website and Facebook page. Also, GNRC posted the flyer on its website. This summer and fall, we will increase outreach efforts to attract more applicants.

At the same time, GNRC has increased efforts to recruit more contractors to the program to ensure that approved projects can be completed. Low contractor participation has caused projects to be rebid at least once, sometimes twice, which further delays production. We hope at least two projects will be under contract by June 30.

We appreciated THDA's consideration of our request so that we can continue to provide this valuable service. If you have any questions, please contact Glen Guyor, Mayor at 615-382-4470.

Sincerely,

Glen Guyor
Mayor, Town of Coopertown

Cc: Don Watt, Community Programs Director, THDA/ach

P.O. Box 68
108 South Main St.
Eagleville, TN 37060



(615) 274-2922
Fax (615) 274-2977
www.EaglevilleTN.com

Chad Leeman, Mayor

May 9, 2019

Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Subject: Request to Extend HOME Grant for Eagleville

Dear Mr. Perrey:

Please consider this letter as the City of Eagleville's request to extend the HOME Grant Agreement from June 30, 2019 to June 30, 2020. The extension will allow us time to resolve the issues described below and to fully expend the HOME grant.

To spend the HOME grant, we would need to serve at least ten homes. Nine people attended the public meeting held on September 22, 2016, which was advertised in the local paper. To date, five applications have been submitted, and all cases have been assigned to an inspector. The next step is to procure contractors to work on homes that can be assisted under the cap. This procurement will occur prior to June 30, 2019.

To increase participation in the program, our partner, the Greater Nashville Regional Council (GNRC) created informational flyers which were posted on Eagleville's website and Facebook page. Also, GNRC posted the flyer on its website. This summer and fall, we will increase outreach efforts to attract more applicants with the goal of having all projects under contract by January 2020.

Thank you for considering our request to continue to use these funds to make critical repairs to the homes of Eagleville's most vulnerable residents. If you have any questions, please contact Hellyn Riggins, City Manager at 615-274-2922.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad", written over the word "Sincerely,".

Chad Leeman
Eagleville Mayor

Cc: Don Watt, Community Programs Director, THDA
/ach

FENTRESS COUNTY GOVERNMENT

Jimmy Johnson, County Executive

101 Main Street | P.O. Box 1128 | Jamestown, TN 38556 | Ph. 931-879-7713 | Fax No. 931-879-1579



May 3, 2019

Don Watt
Director, Community Programs Division
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, Tennessee 37243

Dear Mr. Watt:

On behalf of Fentress County, I appreciate your support of the 2016 THDA HOME Project. I feel that we have been very successful with this program. Even with the delay due to the lack of building codes, Fentress County has completed the rehabilitation of six homes. We have one currently under construction and are bidding two more homes on Tuesday, May 14.

Our grant administrator has explained to me that after our bid opening on May 14, we will still have funding to rehabilitate one more home. During our application time period, we had 31 eligible applications. I would appreciate you extending our contract until October 1, 2019 to allow us to rehabilitate one more home and spend our remaining grant dollars.

Again, I appreciate your help with our project, and I look forward to working with you on future projects in Fentress County. If I can answer any questions, please do not hesitate to contact me.

Thank you,

Jimmy Johnson
County Executive

GREENE COUNTY GOVERNMENT



KEVIN MORRISON, MAYOR

204 North Cutler Street, Suite 206, Greeneville, TN 37745

Office: 423-798-1766 Fax: 423-798-1771

Email: MayorKevinMorrison@greencountytn.gov

May 6, 2019

THDA

Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Greene County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

We have submitted Tier II Environmental reviews for nine (9) applicants and are working on one (1) additional applicant. Once approved, these projects will be forwarded to a contracted inspector for work write-up and lead based paint inspections. We are striving to have these projects bid out by the mid-June and contracts signed by the end of June. However, we anticipate the rehabilitation and processing of closeout documents not occurring until late August or beginning of September due to the limited available contractors and their workloads.

We respectfully request an extension on this grant until December 31, 2019. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 798-1766 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

Kevin Morrison, Mayor



Hawkins County Board of Commissioners

150 E. Washington Street, Suite 2
Rogersville, Tennessee 37857

Telephone: (423) 272- 7359
Fax: (423) 272-1867

Jim Lee
County Mayor

May 3, 2019

THDA

Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Hawkins County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

Tier II Environmental reviews have been completed for 13 applicants. Currently, work write-up and lead based paint inspections are being conducted by a contracted inspector. We are striving to have these projects bid out by the end of May and contracts signed mid-June. However, we anticipate the rehabilitation and processing of closeout documents not occurring until August due to the limited available contractors and their workloads.

We respectfully request an extension on this grant until December 31, 2019. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 272-7359 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

Jim Lee, Mayor
Hawkins County, Tennessee



Town of Huntsville

3053 Baker Hwy.
P.O. Box 150
Huntsville, TN 37756

Phone: 423-663-3471
Fax: 423-663-9701

April 18, 2019

Received
APR 29 2019
Community Programs

Mr. Don Watt
Tennessee Housing Development Agency
Director of Community Programs
502 Deaderick Street, Second Floor
Nashville, TN 37243

RE: HOME Grant Extension – Town of Huntsville (HM-1516-09)

Dear Mr. Watt,

The Town of Huntsville respectfully requests an extension of our 2015/16 HOME Grant until 12/31/2019. We are requesting the extension due to unforeseen delays in lead-based paint testing being completed by the third party we have contracted with. We have four (4) remaining households to serve. Three (3) of those have been put out to bid, with bids being due back to the Town by April 22, 2019. We anticipate having the three (3) homeowners under contract in very early May. The fourth and final homeowner is awaiting lead-based paint testing. We have been assured that the company will be out next week (April 22, 2019) to complete the lead testing. If the extension is granted, we will then move forward with getting approval of the work write-up and putting the final home out to bid.

To date, we have assisted four (4) households and expended \$150,942.30 of our \$375,000 award. Assisting the final four (4) homeowners will expend approximately \$170,000, leaving a remaining balance of approximately \$50,000.

Thank you in advance for your consideration. We look forward to continuing to partner with THDA to serve the residents of Huntsville. If you have any questions, please contact our Administrator, Heather Allen with Community Development Partners at 615-386-0222 or hallen@cdpllc.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Jeffers".

Dennis Jeffers
Mayor

cc: Bill Lord, THDA
Heather Allen, CDP, LLC.



LYNDON BAINES, *Mayor*
GAIL DISHMON, *City Recorder*
Aldermen

CHARLES COOPER | BECKY DUNCAN | MAJENICA LEDBETTER | VANEESA MATTHEWS | ELIZABETH PENDERGRASS

May 7, 2019

Don Watt
Director, Community Programs Division
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, Tennessee 37243

Dear Mr. Watt:

On behalf of the City of Jamestown, I appreciate your support of the 2016 THDA HOME Project. I am writing this letter to request an extension of our grant contract.

During our grant period, we have faced some difficulties with an administration change, then the death of our beloved Mayor Darlene Monday Davis. The biggest difficulty we have been challenged with dealing with our HOME project was our Building Codes inspector. He did not understand the work write up process which slowed down our grant. After the work write ups were turned over to our grant administrator Amanda Mainord to complete, the process has moved much more quickly. I took office in September 2018, and have worked closely with Amanda to ensure homeowners are being served by the Program. I would appreciate you extending our contract until December 31, 2019 to allow us to spend our remaining grant dollars.

Again, I appreciate your help with our project, and I look forward to working with you on future projects in Jamestown. If I can answer any questions, please do not hesitate to contact me.

Thank you,


Lyndon Baines
Mayor, City of Jamestown

May 9, 2019

THDA
Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Johnson County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

The public meeting and application intake on this grant was delayed due to a decision being made regarding the building codes issue. A public meeting was held and we have received nine (9) applications to date. These applications are being scheduled for Tier II Environmental Reviews within the next few weeks.

We respectfully request an extension on this grant until June 30, 2020. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 727-9696 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Taylor". The signature is fluid and cursive, with a large loop at the end.

Mike Taylor, Mayor
Johnson County, Tennessee



Montgomery County Government

Jim Durrett
County Mayor

1 Millennium Plaza, Suite 205
P.O. Box 368
Clarksville, Tennessee 37041-0368

Phone: (931) 648-5787
Fax: (931) 553-5177
mayordurrett@mcgtn.net

May 9, 2019

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Subject: Request to Extend HOME Grant for Montgomery County

Dear Mr. Perrey:

Montgomery County is committed to providing its residents with assistance that allows them to have decent, safe housing through the HOME program. We and our partner, the Greater Nashville Regional Council (GNRC), are making every effort to expend all grant funds by June 30, 2019. However, we are requesting a six-month extension to guard against unforeseen circumstances that may delay a project going under contract by June 30.

Initially, interest in the program was very low. No one attended the public meeting held on September 21, 2016, even though it was advertised in the local paper. As a result of flyers created by GNRC, which were posted on Montgomery County's website and Facebook page, as well as on GNRC's website, we have received enough applications to obligate all grant funds. Nine applications have been approved and assigned to an inspector. The next step is to procure contractors to work on homes that can be assisted under the cap. We expect this procurement will occur prior to June 30.

We are concerned about having enough contractors to bid on projects. Low contractor participation can cause projects to be rebid at least once, sometimes twice, which would prohibit our ability to have jobs under contract by June 30. GNRC has increased efforts to recruit more contractors to the program by posting flyers in hardware stores in the area. We believe that an extension of six months would allow us sufficient time to rebid jobs, should that be necessary.

I am very grateful for the award of HOME funds and your consideration of our request. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Durrett".

Jim Durrett
Montgomery County Mayor

cc: Don Watt, Community Programs Director, THDA
/ach



Office of the Mayor
www.paristn.gov

Carlton Gerrell, Mayor
cgerrell@cityofparistn.gov
Phone: 731-641-1402

100 N. Caldwell St.
P. O. Box 970
Paris, TN 38242

May 6, 2019

Don Watts, Director of Community Programs
Tennessee Housing Development Agency
Andrew Jackson Building Third Floor
502 Deaderick Street
Nashville, TN 37243

Subject: Request for Grant Period Extension – City of Paris 2016 HOME Grant HM-1516-15

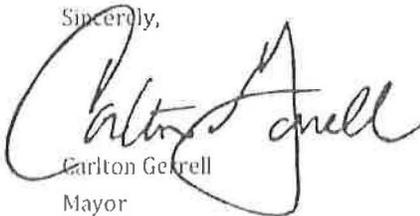
Dear Mr. Watts:

I am submitting this letter to request an extension for the City of Paris HOME Grant end date June 30, 2019. The City's 2016 grant expires June 30, 2019. We have two homes remaining to bid.

- We have completed 4 homes.
- Currently there is one home at 60% and should be completed by the June 30, 2019.
- Two homes remain to bid.

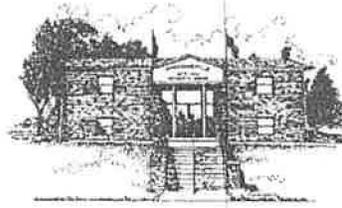
Due to the delays we are requesting a 1 year extension of our grant. We very much appreciate your consideration of our request.

Sincerely,



Carlton Gerrell
Mayor

1735 Main Street
P.O. Box 67
Surgoinville, Tennessee 37873-0067



(423) 345-2213
Fax: (423) 345-4646
surgoinvillecit@bellsouth.net

Town of Surgoinville

May 6, 2019

THDA

Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Town of Surgoinville THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$250,000.

As of this date three (3) projects have been completed and environmental reviews for three (3) additional projects have been approved. Currently, work write-up and lead based paint inspections are being conducted by a contracted inspector. We are striving to have these projects bid out by the end of May and contracts signed mid-June. However, we anticipate the rehabilitation and processing of closeout documents not occurring until August due to the limited available contractors and their workloads.

We respectfully request an extension on this grant until December 31, 2019. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 345-2213 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

Merrell Graham, Mayor
Town of Surgoinville, Tennessee



Unicoi County

Post Office Box 169 • Erwin, Tennessee 37650 • (423) 743-9391 • FAX 743-8007

Garland "Bubba" Evely
County Mayor

May 3, 2019

THDA
Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Unicoi County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

Currently six (6) homes have been inspected and bid out, with contract signings planned to occur within the next two (2) weeks. There is one additional late applicant we look to begin a Tier II Environmental Review.

We respectfully request an extension on this grant until December 31, 2019 in order to fully utilize available funds. While our plans are to have the six (6) projects completed prior to the end of August, we feel this extension would allow adequate time for any unforeseen circumstances and to assist the late applicant.

You may reach me at (423) 272-7359 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

A handwritten signature in cursive script that reads "Garland Evely".

Garland Evely, Mayor
Unicoi County, Tennessee



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: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: May 15, 2019
RE: Request for Approval of Grant Extension: 2017 Rebuild and Recover Program – Sevier County – RR-17-01

Recommendation

Staff recommends approval of the extension request for RR-17-01 to August 31, 2019 as further described below.

Background

THDA awarded Sevier County a grant of \$393,750 under the Rebuild and Recover Program. This grant provided grants to eligible low-income homeowners for the demolition and reconstruction of 25 owner-occupied units of housing in Sevier County, TN, damaged by fires in November 2016 under the federal disaster declaration. The original term of the grant was June 1, 2017 through February 28, 2019, in accordance with the original timeline for completion proposed by Sevier County in the application. THDA approved an extension through May 31, 2019 at its Board Meeting in January 2019.

Sevier County has contracted program management with Appalachia Service Project (ASP), which will have completed 21 homes by May 31, with four units under construction. ASP expects to conclude all construction activity by August 31, 2019. These four units have been further delayed due to foundation issues at each unit.

As a result, Sevier County is requesting consideration of an additional three-month extension on the current grant term to ensure sufficient time to complete the remaining four units.

Telephone 865.453.6136
Fax 865.453.6830
E-mail: lwaters@seviercountyttn.org



125 Court Avenue
Suite 201E
Sevierville, TN 37862

Larry Waters *County Mayor*

Dear THDA Grants Committee Members,

On behalf of Appalachia Service Project (ASP), Sevier County formally requests a final extension of the work agreement for disaster recovery work with THDA from May 31, 2019 to August 31, 2019.

This extension request is for the completion of 4 remaining homes in the Sevier County, TN. Since our last update to the board in January, we will have completed 6 homes by the May 31 deadline. However, we have encountered some additional unexpected delays (mainly with abnormal foundation issues) on the remaining 4 homes.

The four remaining homes are currently in the following stages of construction:

- Home #1: Framing complete, house is in dry-in stage. Expected completion within 8 weeks
- Home #2: Septic Installed, foundation complete, house in framing stage. Expected completion within 8 weeks.
- Home #3: Foundation complete, house in framing stage- Expected completion within 8 weeks.
- Home #4: This home was our biggest issue. We had multiple engineers working on the foundation and the price for a safe foundation rose above \$90,000. Therefore, we set about helping the homeowner secure another build-ready property. He closes on that property on May 24th and we should be able to begin building within a few weeks of closing. Expected completion by Aug. 31.

Outside of the commitment from THDA, ASP has secured the required supplemental funding to complete all projects, has a team on the ground coordinating construction activities and anticipates completion of the remaining homes by August 31, 2019. By this date, ASP will have completed their commitment to rebuild a total of 25 homes for families displaced in the 2016 fires.

We feel confident in our ability to complete all projects by this final extension deadline and humbly request this additional time to complete all construction activities.

Sincerely,

A handwritten signature in black ink that reads "Larry Waters".

Larry Waters
Sevier County Mayor



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: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: May 13, 2019
RE: 2020 Set-Aside Allocation to the Habitat for Humanity of Tennessee

Since July 2014, THDA has set-aside \$500,000 annually to the Habitat for Humanity of Tennessee from the Tennessee Housing Trust Fund (THTF) to be used as a construction financing pool to develop new single family units or to acquire and rehabilitate existing units for sale to eligible home buyers. Habitat for Humanity of Tennessee is able to use the THTF funding to work with smaller Habitat affiliates, especially those located in rural areas that typically build fewer houses annually than the larger urban affiliates. Through June 30, 2018, Habitat for Humanity of Tennessee has assisted local chapters with the successful development of 119 new homes, using \$2.6 million in THTF funding. To date, with its 2019 allocation, Habitat Affiliates have assisted an additional 16 households using nearly \$267,000.

The Board also approved in 2014 the terms of the use of the funds by Habitat for Humanity of Tennessee. Staff recommends no consequential changes to the terms and requirements of the 2014 Habitat for Humanity of Tennessee Program Description, except to reformat and update solely for readability, logo changes, citations and web references.

Staff recommends the allocation of \$500,000 of 2020 THTF funding to the Habitat for Humanity of Tennessee, effective July 1, 2019 – June 30, 2020, for use under the existing terms of the 2020 Habitat for Humanity of Tennessee Program Description.



TENNESSEE HOUSING TRUST FUND
2020 Habitat for Humanity of Tennessee Program Description

The Tennessee Housing Development Agency (THDA) wishes to maintain its partnership with Habitat for Humanity of Tennessee ("Habitat") through an annual allocation from the Tennessee Housing Trust Fund (THTF) of \$500,000 to continue the Habitat's statewide effort to provide affordable housing opportunities for homeownership.

A. ELIGIBLE ACTIVITIES:

1. Homeownership Programs. Homeownership programs must address the housing needs of households at or below 60% of area median income.
 - a. Development of Units for Homeownership. THTF funds must be used as a construction financing pool to develop new single family units or to acquire and rehabilitate existing units for sale to eligible home buyers.
 - b. Permanent Financing. The proposed permanent financing must be at an interest rate that does not exceed the prevailing THDA Great Choice loan interest rate by more than one percentage point. All loans must have a fixed interest rate fully amortizing over a 30-year loan term. There can be no pre-payment penalty for early payoffs. THDA Great Choice loans may be used for permanent financing if the proposed home buyer meets all THDA requirements.
 - c. Home Buyer Education. Home buyers must complete a home buyer education program from a THDA qualified home buyer education trainer prior to purchase.
 - d. Sales Price Limit. The sales price limit for homeownership programs is \$179,900.
 - e. Ownership. The home buyer must obtain fee simple title to the property.
 - f. Occupancy. The home buyer must occupy the housing as his/her principal residence.

2. Administration. Seven percent (7%) of the Habitat Tennessee Set-Aside is available for administration.
3. HTF Manual. The requirements of the 2012 HTF Manual apply to the Habitat Tennessee Set-Aside.

B. PROHIBITED ACTIVITIES:

1. Pledge HTF funds as support for tax-exempt borrowing.
2. Provide off-site improvements or neighborhood infrastructure or public facility improvements.
3. No portion of the THTF funds or the required local match may be used for administrative expenses by local governments.
4. Assist private for-profit or private non-profit owners of rental property.
5. Homeowner rehabilitation projects.

C. MATCH:

There is a 50% match requirement for the THTF funds. The matching funds can be provided by grants from other agencies; federal sources such as the CDBG program or USDA Rural Development; contributions by local church groups or local agencies; contributions by individuals; bank loans; or a funding pool established by a local lender for the applicant. THDA HOME grants and other THDA THTF program funds will not be an eligible source of the matching funds. However, HOME grants from local participating jurisdictions would be an eligible source of match.

D. PROGRAM REQUIREMENTS:

1. Income Limits. THTF funds for homeownership projects may be used to benefit households whose gross annual income does not exceed 60% of the area median income, adjusted for family size.

The THTF uses the income limits established by the U.S. Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program. Current limits are on the THDA website at <https://thda.org/business-partners/home>. The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the

beneficiary's spouse, and any other family member residing in the home. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

2. *Structure of Homeownership Assistance.* The THTF funds for construction or acquisition and rehabilitation will be rolled into the permanent first mortgage for the buyer and secured by a Promissory Note and a recorded Deed of Trust.
3. *Property Standards.* Certain property standards must be met when THTF funds are used for a project. Any homeownership units constructed or rehabilitated with THTF funds must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion.

In the absence of a local code, new construction of single-family units or duplexes must meet the current, State-approved edition of the International Residential Code for One- and Two-Family Dwellings; and rehabilitation of existing units must meet the current, State-approved edition of the International Existing Building Code.

New construction projects must also meet the current edition of the International Energy Conservation Code.

E. PROCUREMENT:

It is important to keep the solicitation of bids for goods and services, materials, supplies and/or equipment open and competitive. Habitat must follow their procurement policies. At a minimum, there must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

F. MARKETING REQUIREMENTS:

One goal of the THTF is to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing affects all facets of community development. Habitat must develop marketing and public relations plans to accentuate the achievements of the THTF. THDA's Communications Division will assist in the development of these plans. Habitat will be required to submit data and beneficiary stories to THDA.

G. FAIR HOUSING AND EQUAL OPPORTUNITY:

Habitat must comply with both state and federal laws with regard to fair housing and equal opportunity (FHEO). FHEO requirements have been developed to protect individuals and groups

against discrimination on the basis of race, color, creed, national origin, religion, age, disability, familial status or sex.

In particular, Habitat program administrators will need to be aware of discrimination issues with regard to housing opportunities, employment opportunities, business opportunities, and benefits resulting from activities funded in full or in part by THTF dollars.

THDA requires that Habitat establish procedures to inform the public and potential home buyers of federal Fair Housing laws and Habitat's affirmative marketing program, outline procedures by which Habitat will solicit applications from potential home buyers, and maintain records of efforts to affirmatively market homeownership units.



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: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: May 14, 2019
RE: Request for Approval of 2020 THDA Challenge Grant Program Description

Staff is recommending approval of the attached 2020 THDA Challenge Grant Program Description (the “2020 Program Description”) to provide initial seed funding to support the fundraising efforts of eligible nonprofit organizations to implement housing activities that represent unique milestones, are part of a broad community initiative, or are part of a significant expansion of work outside the normal day to day activities of the organization.

The updated 2020 Program Description provides a formalized process for THDA’s solicitation, review, and provision of financial support for special initiatives that do not fall under traditional THDA programs. The THDA Challenge Grant Program requires that selected proposals generate cash leverage of at least 300% within nine months of THDA’s commitment of Challenge Grant resources to the initiative. This program is intended only for unique opportunities and not for proposals that would otherwise be eligible for other program resources available from THDA.

The proposed activity must include or directly support one of the following broad goals:

- Significantly expand or preserve the supply of housing for sale to low and moderate income home buyers, including new construction, reconstruction, and rehabilitation of housing.
- Significantly preserve and enhance the supply of existing owner occupied units.
- Significantly expand or preserve the supply of rental housing for low and moderate income households, including new construction and rehabilitation of rental housing.
- Significantly reduce the number of individuals who are homeless or move a significant number of a more vulnerable population into housing.

Staff has proposed the following changes to the updated 2020 Program Description:

1. Reduce the funds available from \$1,500,000 to \$1,000,000 based on the amount of funds available under the Tennessee Housing Trust Fund.
2. Provide for a single application deadline and a simultaneous review and consideration of all proposals submitted.
3. Clarify the description of a “binding commitment” to the proposed project and identify the timing for receipt of such cash resources.
4. Eliminate the Executive Director’s discretion to award the Challenge Grant without taking the recommendation to the Board of Directors.



**TENNESSEE HOUSING TRUST FUND
THDA CHALLENGE GRANT PROGRAM
FY 2020 PROGRAM DESCRIPTION**

The THDA Challenge Grant Program provides initial seed funding to support the private fundraising efforts of nonprofit organizations across Tennessee to implement housing and related activities that represent unique milestones, are part of a broad community initiative, or are part of a significant expansion of work outside the normal day to day activities of the organization. Selected proposals must generate cash leverage of at least 300% within nine months of THDA's commitment of Challenge Grant resources to the [approved](#) initiative.

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A. ELIGIBLE APPLICANTS

To be eligible, an organization must meet all of the following:

- Be organized and existing under the laws of the State of Tennessee or organized and existing under the laws of another state, but authorized to do business in Tennessee;
- Must demonstrate at least two years of experience providing affordable housing or affordable housing-related services in the State of Tennessee;
- Have a 501(c)3 designation from the Internal Revenue Service; and
- Be in good program standing with THDA.

B. FUNDS AVAILABLE

THDA will determine the funding amount to be made available annually for THDA Challenge Grants and, in any given year, may determine that funding will not be available. THDA has allocated [\\$500,000](#) to this program for [FY2020](#); however, THDA reserves the right to not make any awards for [FY 2020](#).

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C. MAXIMUM GRANT

The maximum grant to be awarded is [\\$500,000](#) and the minimum grant is \$50,000.

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THDA will determine, in its sole discretion, whether any THDA Challenge Grant will be awarded in any given year and may determine, in its sole discretion, to not award any Challenge Grant funds in any given year.

D. ELIGIBLE ACTIVITIES

The housing activity proposed must be outside of the normal business of the applicant and not part of an ongoing or existing project. The activity must represent a unique milestone or opportunity for the applicant and for Tennessee. The scope of the housing activity must demonstrate broad community support and result in a significant community or regional impact.

The housing activity must include or directly support one of the following broad goals:

- Significantly expand or preserve the supply of housing for sale to low and moderate income home buyers, including new construction, reconstruction, and rehabilitation of housing.
- Significantly preserve and enhance the supply of existing owner-occupied units.
- Significantly expand or preserve the supply of rental housing for low and moderate income households, including new construction and rehabilitation of rental housing.
- Significantly reduce the number of individuals who are homeless or move a significant number of a more vulnerable population into housing.

Applications are more likely to be successful if the application clearly demonstrates how the housing activity:

- Is part of a comprehensive community development initiative that integrates infrastructure improvements, neighborhood development or redevelopment, commercial development or the provision of services;
- OR
- Supports the implementation of a comprehensive community-wide initiative that delivers housing and related services to the homeless or other vulnerable populations.

A THDA Challenge Grant shall only be used for the implementation of the approved activity. Funds may be used for demolition that is undertaken as part of the approved housing activity.

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E. PROHIBITED ACTIVITIES

No portion of a THDA Challenge Grant shall be used for the following activities or costs:

1. Administrative costs of the applicant or any other participant in the proposed project
2. Non-housing costs associated with the approved housing activity
3. Acquisition of land or housing
4. Rental assistance

F. LEVERAGE

The THDA Challenge Grant is designed to encourage the commitment of additional funds to support the proposed housing activity. THDA requires the nonprofit to leverage cash in an amount equal to 300% of the value of the THDA Challenge Grant provided for the proposed housing activity. The leveraged resources must be cash and be used for the approved housing activity. The applicant must present a fundraising plan to generate the cash leverage requirement.

In order to demonstrate broad community support for the proposed activity, all cash contributions eligible for leverage must be from third party, private business entities with no expectation of repayment by the third party contributor. All cash must be secured through formal documentation provided within nine (9) months of THDA's commitment to the proposal. No THDA funds will be made available by THDA prior to THDA's receipt of formal, third party documentation demonstrating a binding commitment of resources and any associated terms. To be considered a "binding commitment", the documentation must demonstrate that the obligation to provide the resources cannot be broken and reasonable expectation of its receipt can be enforced under state law. The commitment also must demonstrate that receipt of the cash contribution will occur during the grant term. Fundraising and capital campaign pledges will not be considered toward meeting the leverage requirement. Commitment letters from business entities on the entities' letterhead may be considered as formal documentation of a cash commitment from a third party entity. Cash contributions made by individuals are permitted, however, pledges from individuals will not be considered toward meeting the leverage requirement.

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The following additional resources will not be considered towards the leverage requirements for this program:

1. Administrative costs of the applicant or its partners in the initiative.
2. Other funds of the applicant that are currently on hand.
3. Project resources provided through any other programs administered by THDA.
4. Resources from any federal, state or local public entity or any quasi-public entity, such as the Federal Home Loan Bank.
5. Private equity generated from the sale of low income housing tax credits, new market tax credits, historic tax credits, or other similar federal or state tax credit financing mechanisms.
6. Donated materials, land or services.
7. In-kind services.
8. Funds invested in earlier phases of a project or committed to the activity prior to THDA's commitment of the THDA Challenge Grant.
9. Costs of infrastructure, development or redevelopment activities not directly associated with the housing activity supported by the THDA Challenge Grant.

G. MARKETING REQUIREMENTS

Each successful applicant shall work with the Industry and Government Affairs Division and the Communications Division of THDA to publicize the housing activity and the involvement of THDA. This marketing can include, but is not limited to, photo opportunities and beneficiary stories. THDA shall be listed on all marketing and signage as a contributor of funds in support of the approved housing activity.

H. REPORTING

The THDA Executive Director shall periodically report to the THDA Board of Directors regarding THDA Challenge Grants awarded. Each report shall include information about the eligible housing activity, the successful applicant and local community involved, the amount of the Challenge Grant awarded, progress made by the applicant in fundraising and in implementation of the approved housing activity, and, following completion, the impact of the approved housing activity. Grantees shall provide all data, in a form and with the substance as requested by THDA, in its sole discretion.

I. APPLICATION PROCESS AND REVIEW

THDA will offer a single application process for FY2020. THDA will release information on its website regarding the application process by Friday, June 7, 2019. Applications must be submitted by 4:00 PM on Thursday, August 8, 2019.

Applications will be reviewed by designated senior staff of THDA and a recommendation for funding consideration will be made to the THDA Executive Director. The THDA Executive Director will make a recommendation for funding to the THDA Board of Directors for their consideration and approval at their September meeting. THDA reserves the right not to select any proposal submitted.

THDA will provide a preference for applications that:

- Are unique opportunities for the organization;
- Incorporate volunteerism as a key component of the project;
- Result in neighborhood-wide or area-wide redevelopment;
- Address a significant challenge to the community;
- Benefit vulnerable populations, including the homeless, individuals with a disability, youth aging out of foster care, and ex-offenders;
- Have a robust fundraising plan; and,
- Propose the generation of cash leverage in excess of the program requirements.

Contracts for selected applicants will begin October 1, 2019.

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¶ Applications will be reviewed in the order that the application is received at THDA based on the day that the application is received. All applications received on the same day will be awarded competitively against the other applications received that day. ¶

¶ THDA will announce any funding awards on its website at <https://thda.org/business-partners/challenge-grant>. THDA will post notice if all funds are exhausted before the October 31, 2018. ¶

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Application Received by: ...

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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: Grants Committee and Board of Directors

FROM: Don Watt, Director of Community Programs

DATE: May 13, 2019

RE: 2019 Allocation to the United Cerebral Palsy of Middle Tennessee for Implementation of the Home Modifications and Ramps Program

In April 1999, THDA first allocated funds to United Cerebral Palsy of Middle Tennessee (UCP) to construct ramps at the homes of low income Tennesseans with physical disabilities. The RAMPS Program was included under the newly established Tennessee Housing Trust Fund in 2007. THDA expanded and renamed the program in July 2012 to address interior accessibility challenges of individuals with physical disabilities. Through the THDA-UCP partnership, THDA has provided over \$1.5 million from 2007 to June 30, 2018, and UCP has assisted 1,760 households with needed accessibility improvements.

Staff recommends the adoption of the attached 2019 Home Modifications and Ramps (HMR) Program Description and the set-aside of \$300,000 in funding to cover a two-year program implementation through June 30, 2021. The program has operated based on the Program Description/Request for Proposals adopted in July 2012. The 2019 Program Description is largely consistent with the 2017 contract between UCP and THDA, with the exception of the following changes:

- Increased the maximum HMR contribution for a ramp from \$1,200 to \$1,500 and for other accessibility modifications from \$6,000 to \$7,500.
- Allowed THDA HOME resources as an eligible match to the HMR funds.
- Clarified that improvements must meet the local building codes established for the jurisdiction in which the unit is located and minimum requirements established under the Americans with Disabilities Act of 2010.
- Added a statement that no person shall, on the grounds of race, color, creed, religion, sex, familial status, national origin, or disability, be excluded from participation, denied benefits, or subjected to discrimination under this program.
- Added conflict of interest requirements for the program.



**TENNESSEE HOUSING TRUST FUND
2019 Home Modifications and Ramps (HMR) Program Description**

The Tennessee Housing Development Agency (THDA) wishes to maintain its partnership with United Cerebral Palsy of Middle Tennessee (UCP) through a biennial allocation from the Tennessee Housing Trust Fund (THTF) of \$300,000 to continue joint efforts to expand statewide the accessibility of homes occupied by low-income individuals with physical disabilities.

UCP may use a maximum of \$150,000 for costs incurred associated with the implementation of eligible activities between July 1, 2019 and June 30, 2020. UCP may use balance of the remaining funds for similar costs through June 30, 2021.

A. ELIGIBLE ACTIVITIES:

1. Construction and/or Installation of Ramps – A maximum of \$1,500 per household is allowed to purchase lumber and supplies to construct the wheelchair ramp and to provide on-site design services, construction management oversight, liability insurance, and volunteer recruitment and on-site management.
2. Construction of Other Housing Modifications – A maximum of \$7,500 per household is allowed to cover associated costs of accessibility modifications to the interior of a residence, including, but not limited to accessible bathrooms, grab bar installation and other activities specific to accessibility needs of the individual with a physical disability. Associated costs may also include on-site design services, construction management oversight, liability insurance, and volunteer recruitment and on-site management.
3. Administration - Ten percent (10%) of the funds awarded may be allocated for program administration, including, salaries, rent, transportation, communications, supplies, and utilities that are associated with the administration of the HMR funds. Indirect costs must be billed in accordance with a cost allocation plan prepared for UCP that is on file with THDA.

B. ELIGIBLE HOUSEHOLDS:

Households which include an individual with a physical disability and which earn at or below 80% of the Area Median Income as established for the county in which the household resides by the U.S. Department of Housing and Urban Development for the federal HOME program and

based on the definition of household income as established by HUD for the Section 8 Rental Assistance program.

The household may be either the owner or the renter of the applicable unit that is the primary residence of the person with a physical disability.

C. MATCH

UCP must contribute a 50% match for the HMR funds provided by THDA. The match contribution may be provided by:

- Grants from other agencies, including, but not limited to, federal sources such as state or local entitlement Community Development Block Grant (CDBG) programs, HOME Investment Partnership (HOME) programs administered by state or local participating jurisdictions or their subgrantees, or the programs of USDA Rural Development;
- Contributions by local church groups or local agencies;
- Contributions by individuals;
- Bank loans;
- Volunteer labor; or,
- The value of caregiver hours provided for the individual with a physical disability.

THDA funds to communities or organizations through the THTF Competitive Grants Program, Emergency Repair Program, National Housing Trust Fund Program, Tennessee Renovation Loan Program, or the Appalachian Renovation Loan Program are ineligible sources of matching funds.

D. PROGRAM REQUIREMENTS

1. The program must be made available to eligible households across Tennessee, serving both rural and urban communities.
2. Construction activities must meet local building codes applicable for the jurisdiction in which the unit is located as well as minimum requirements established under the Americans with Disabilities Act of 2010.
3. Construction may take place on single family units owned by the individual with a disability and/or their family member. Construction also may take place on a rental house with specific permission from the landlord or property owner. Construction may not take place in apartment buildings, state-supported housing, or multiple-unit dwellings.
4. As a program funded under the THTF, one goal of the HMR Program is to raise the profile of affordable, accessible housing at the local, state and federal level. To accomplish this goal, the UCP must implement a marketing and public relations component in cooperation with THDA's Communications Division.

5. No person shall on the grounds of race, color, creed, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under this program.
6. UCP must maintain and implement procedures to inform the public about the assistance opportunity available through the HMR resources at locations accessible and available to individuals with physical disabilities.
7. Any person who is an employee, agent, consultant, officer or elected official or appointed official of THDA or UCP and who exercises or has exercised any functions or responsibilities with respect to activities assisted with HMR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may not obtain a financial interest or financial benefit from an HMR assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to any HMR assisted activity, or the proceeds from such activity, either for themselves or those whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister) grandparent, grandchild, and in laws of a covered person.

UCP must avoid conflict of interest and the appearance of a conflict of interest in administering HMR funds. UCP must present activities that raise the appearance of a conflict of interest to THDA. THDA must review and issue a determination prior to any actions taken by UCP. THDA may require UCP to repay any HMR funds used in a way that violates this provision.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: THDA Board of Directors
FROM: Dr. Hulya Arik, Economist
SUBJECT: Single Family Mortgage Loan Program Income Limits, 2019

Recommendation

Staff recommends adoption of increased income limits under THDA single family mortgage loan program for certain counties as shown on the attached chart under the heading “2019 AMI and 2019 AAPP” (the “Proposed 2019 Income Limits”) to be effective as of May 27, 2019. These Proposed 2019 Income Limits result in increased income limits for 94 counties and reduced income limits only for Smith County.

Background

Determination of income limits for THDA’s single family mortgage loan program requires two pieces of information:

- Area Gross Median Family Income (AGMFI) released by HUD
- Average Area Purchase Prices (AAPP) released by the IRS

HUD released the FY19 AGMFI figures on April 24, 2019. The IRS released Revenue Procedure 2019-14 updating AAPP and nationwide purchase prices for the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate programs on March 21, 2019. IRS Revenue Procedure 2019-21, released May 2, 2019, directs issuers of MRB, including THDA, to use either FY2019 income figures or FY2018 income figures as the basis for calculating new income limits, including income limits for high cost areas.

THDA staff calculated the Proposed 2019 Income Limits based on the 2019 AGMFI and 2019 AAPP. These calculations were reviewed by THDA bond counsel, Kutak Rock. Staff compared the current THDA income limits, based on FY2018 AGMFI and 2018 AAPP, as shown on the attached chart, to the Proposed 2019 Income Limits and concluded that the Proposed 2019 Income Limits created the best opportunity to increase the income limits for the most counties, while reducing for only one county.

County	Current		2019 AMI and 2019 AAPP (Proposed)		Difference between Current limits and Proposed Limits	
	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Anderson	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Bedford	\$60,900	\$70,700	\$64,500	\$74,620	\$3,600	\$3,920
Benton	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Bledsoe	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Blount	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Bradley	\$63,286	\$72,779	\$68,224	\$78,458	\$4,938	\$5,679
Campbell	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Cannon	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Carroll	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Carter	\$64,086	\$73,699	\$64,680	\$75,460	\$594	\$1,761
Cheatham	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Chester	\$63,186	\$72,664	\$66,840	\$77,980	\$3,654	\$5,316
Claiborne	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Clay	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Cocke	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Coffee	\$63,000	\$73,500	\$68,224	\$78,458	\$5,224	\$4,958
Crockett	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Cumberland	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Davidson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Decatur	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
DeKalb	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Dickson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Dyer	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Fayette	\$77,040	\$89,880	\$79,080	\$92,260	\$2,040	\$2,380
Fentress	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Franklin	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Gibson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Giles	\$62,880	\$73,360	\$64,680	\$75,460	\$1,800	\$2,100
Grainger	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Greene	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Grundy	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Hamblen	\$61,080	\$71,260	\$67,080	\$78,260	\$6,000	\$7,000
Hamilton	\$62,566	\$71,951	\$67,800	\$77,970	\$5,234	\$6,019
Hancock	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Hardeman	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Hardin	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Hawkins	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Haywood	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Henderson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Henry	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Hickman	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Houston	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Humphreys	\$63,386	\$72,894	\$67,200	\$78,400	\$3,814	\$5,506
Jackson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Jefferson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Johnson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Knox	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Lake	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040

County	Current		2019 AMI and 2019 AAPP (Proposed)		Difference between Current limits and Proposed Limits	
	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Lauderdale	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Lawrence	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Lewis	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Lincoln	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Loudon	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Macon	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Madison	\$63,186	\$72,664	\$66,840	\$77,980	\$3,654	\$5,316
Marion	\$62,566	\$71,951	\$67,800	\$77,970	\$5,234	\$6,019
Marshall	\$64,106	\$73,722	\$68,040	\$78,688	\$3,934	\$4,966
Maury	\$73,800	\$86,100	\$77,640	\$90,580	\$3,840	\$4,480
McMinn	\$62,880	\$73,360	\$64,500	\$74,175	\$1,620	\$815
McNairy	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Meigs	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Monroe	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Montgomery	\$63,826	\$73,400	\$67,584	\$77,722	\$3,758	\$4,322
Moore	\$62,626	\$72,020	\$67,404	\$77,515	\$4,778	\$5,495
Morgan	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Obion	\$60,900	\$70,840	\$64,500	\$74,175	\$3,600	\$3,335
Overton	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Perry	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Pickett	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Polk	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Putnam	\$60,900	\$70,140	\$66,120	\$77,140	\$5,220	\$7,000
Rhea	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Roane	\$63,386	\$72,894	\$67,764	\$77,929	\$4,378	\$5,035
Robertson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Rutherford	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Scott	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Sequatchie	\$62,566	\$71,951	\$67,800	\$77,970	\$5,234	\$6,019
Sevier	\$63,206	\$72,687	\$66,720	\$77,840	\$3,514	\$5,153
Shelby	\$64,200	\$73,830	\$66,584	\$76,572	\$2,384	\$2,742
Smith	\$69,480	\$81,060	\$69,120	\$80,640	-\$360	-\$420
Stewart	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Sullivan	\$63,946	\$73,538	\$66,120	\$77,140	\$2,174	\$3,602
Sumner	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Tipton	\$77,040	\$89,880	\$79,080	\$92,260	\$2,040	\$2,380
Trousdale	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Unicoi	\$64,086	\$73,699	\$64,680	\$75,460	\$594	\$1,761
Union	\$79,920	\$93,240	\$83,880	\$97,860	\$3,960	\$4,620
Van Buren	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Warren	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Washington	\$64,086	\$73,699	\$64,680	\$75,460	\$594	\$1,761
Wayne	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Weakley	\$64,086	\$73,699	\$65,880	\$76,860	\$1,794	\$3,161
White	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Williamson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Wilson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140



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: THDA Board of Directors

FROM: Don Watt
Director of Community Programs
Acting Director of Multifamily Programs

SUBJECT: May 21, 2019 Tax Credit Committee Meeting

DATE: May 13, 2019

The agenda for the May meeting is relatively light. Action items include:

1. Two cap waiver requests from 2018 allocation recipients.
2. Amendment to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan and the Multifamily Tax-Exempt Bond Authority Program Description for 2019 regarding Noncompetitive Low-Income Housing Credit limits and Multifamily Tax-Exempt Bond Authority limits; and

Information items include:

3. An update on 2019 Multifamily Tax-Exempt Bond Authority activity; and
4. An update regarding new IRS compliance monitoring requirements.

Please let me know if you have questions.



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: THDA Board of Directors

FROM: Don Watt
Director of Community Programs
Acting Director of Multifamily Programs

SUBJECT: Request for Waiver Regarding Total Development Cost Limit
TN18-007 (Five Points 4)
Knox County, 82 Units

DATE: May 13, 2019

Part IV-E-2 of the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan ("2018 QAP") limits the Total Development Cost ("TDC") (per total unit) to \$220,000 for developments in Knox, Sevier, and Shelby Counties. Five Points 4 involves 82 total units, thus the TDC is limited to \$18,040,000. Five Points 4 is being developed by Knoxville's Community Development Corporation and involves HUD Rental Assistance Demonstration ("RAD") funds. As detailed in the following request dated May 1, 2019, developments utilizing RAD funds are subject to unit mix requirements. Additionally, increases in construction costs have driven the current estimated TDC to \$18,926,285 or \$230,808 per total unit.

As you may recall, in March 2019, the THDA Board of Directors approved relief in the form of allocation exchange and increase in allocation amount for 2017 and 2018 allocation recipients. The principal reason for the relief was increased construction costs. Five Points 4 did not request relief pursuant to the March 2019 action.

Staff Recommendation:

1. Staff conditionally recommends approval of the TDC limit waiver request up to, but no more than, \$231,000 per total unit (a 5.0% percent increase). This would allow TDC for this development to be up to, but no more than, \$18,942,000.

Conditions:

1. TN18-007 Five Points 4 must place in service no later than December 31, 2020; and
2. No further requests for waivers of limits in the 2018 QAP may be made with regard to Five Points 4.



Benjamin M. Bentley, Executive Director/CEO

901 Broadway, N.E. • Knoxville, TN 37917
865.403.1100 • Fax 865.403.1117
800.848.0298 (Tennessee Relay Center)
www.kcdc.org

May 1, 2019

Ralph Perrey
Executive Director
Andrew Jackson Building, Third
502 Deaderick St.
Nashville, TN 37243

RE: Waiver Request TDC Limits related to 2018 QAP

Dear Mr. Perrey,

KCDC appreciates the ongoing partnership with THDA, including the 2018 nine percent low income housing tax credit (LIHTC) allocation, which will finance the replacement of 82 Public Housing units through HUD's Rental Assistance Demonstration (RAD) program.

The 2018 QAP included Total Development Cost (TDC) limits based on an average per unit cost – which capped the TDC for our project at \$18,040,000. In establishing these TDC caps, the QAP didn't consider the impact of larger bedroom sizes on total development costs. The RAD conversion regulations require KCDC to build back a bedroom distribution that includes 18 four bedrooms and 4 five bedroom units – significantly increasing the TDC for this project.

Additionally, KCDC has seen a recent rise in construction costs in the Knoxville market. The lowest bid for construction of Five Points 4 increased the original budget of \$18,033,837 included in the application to \$18,926,285. This exceeds the QAP TDC limit by 4.9%. Many cost saving adjustments have been implemented in order to achieve this amount.

Due to these circumstances, KCDC requests a waiver for the Five Points 4 development to exceed the TDC cap included in the 2018 QAP. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in blue ink that reads "Benjamin M. Bentley".

Benjamin M. Bentley
Executive Director/CEO



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: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: TN18-229 Broadway Towers Request for Waiver of Per Development Cap for Noncompetitive Low-Income Housing Credits

DATE: May 13, 2019

Developments applying for Multifamily Tax-Exempt Bond Authority ("MTBA") under the MTBA Program Description for 2018 ("2018 PD") may be eligible for an allocation of Noncompetitive Low-Income Housing Credits ("NLIHC"). THDA's Low-Income Housing Tax Credit 2018 Qualified Allocation Plan ("2018 QAP") limits the amount of annual NLIHC allocated to an eligible development to \$1.3 million. NLIHC does not count against THDA's annual allocation of Competitive Low-Income Housing Credits ("CLIHC"). THDA routinely entertains requests for approval of waivers to the per development NLIHC caps based on development specific circumstances.

Mark J. Kemp, of Rebuild America, Inc. is requesting a waiver to increase the annual amount of NLIHC for TN18-229 Broadway Towers to \$1.80 million. Broadway Towers is a preservation development involving 215 low-income units for seniors in Knox County. The request for an increase in NLIHC is due to unforeseen issues regarding the exterior façade and further explained in the following request.

Staff Recommendation:

1. Staff conditionally recommends approval of an allocation up to, but not more than, \$1.8 million of annual NLIHC to the proposed development.

Conditions:

1. No further requests for waivers of limits in the 2018 PD or 2018 QAP may be made with regard to Broadway Towers.



REBUILD AMERICA, INC.

April 19, 2019

Ms. Felita Hamilton
Multifamily Programs Division
Allocation Manager
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick St., Third Floor
Nashville, Tennessee 37243

SUBJECT: Request for Annual Tax Credit Waiver
Broadway Towers Preservation, LP Application 18-229
Broadway Towers – 215 Units Affordable Seniors Housing
1508 McCrosky Avenue
Knoxville, Tennessee 37917

Dear Ms. Hamilton:

As a part of our Application for Tax Exempt Bond Allocation and 4% LIHTC for Broadway Towers in Knoxville, we requested and received an earlier waiver on the maximum annual tax credits for our project to address extenuating circumstances related to the Preservation of the subject affordable housing community. Due to additional project needs and related costs associated with unforeseen circumstances, we are now requesting a waiver for up to \$1.8 million in annual tax credits in order to fully address these needs for the long-term benefit of the project.

As background, this Project was developed under Section 202 of the National Housing Act of 1959, as amended. It was a Non-Profit owned development for very low income senior citizens with 100% of units under a Section 8 HAP Contract which was occupied in 1981. This community is a structurally sound 11 story brick building that has never been rehabbed or remodeled. Although the building has been well maintained and very clean, it has aged.

In 2016, a portion of the exterior brick fell off of the building. ReBuild America had the property under contract to purchase at the time and immediately worked closely with the then current owner and the management agent to evaluate the problem. The Owner hired a highly experienced engineer to assess the conditions and to prepare the drawings and the protocol to repair the brick. Due to the significant cost, which was originally estimated between \$2.7 and \$3.0 million to remove and repair/reattach the brick throughout the building, the only viable option is a LIHTC full rehab of the entire building.

The complete restoration of the exterior facade of the building along with the comprehensive rehabilitation of the building, including major roofing and extensive plumbing repairs, is an expensive endeavor on an 11 story 215-unit structure. The Scope of Work also included costly interior upgrades and renovations to ensure the community is competitive in the market long term. The estimate of the full rehab was originally approximately \$14+ Million.

Since being awarded credits and beginning rehab in 2018, we have encountered additional needs and related costs associated with the brick. Although the initial strategy was to use a specialty anchoring system to reinforce as much of the brick as possible and replace brick in areas where brick had fallen from the structure, it was ultimately determined, given unforeseen conditions, and the inconsistency of the original installation of the brick, this method would not be best for the property long-term.

Subsequently, after much deliberation, testing, consultation, and consideration into the methods required to preserve as much of the existing brick on the structure as possible, all parties agreed that given the existing conditions behind the brick façade, a full replacement of the entire façade would be required. And after applying credit for work completed to date, the additional hard costs to fully address the replacement of the brick is nearly \$3.8 million. There are also additional related soft costs totaling approximately \$150K for architecture/engineering services.

While reviewing and managing the alternatives to the solutions for the brick façade, we also faced needs related to ponding on the roof. Construction consultants determined that water was not only ponding on top of the roof, but it was also collecting under the existing roof. Although the original plan was to repair the existing roof and obtain a new 15-year warranty, given the conditions of the insulation underneath, the brick parapet replacement, and the long-term view for the project, it has been determined that a new roof will be required. This will add almost \$150K to the project costs.

Additionally, there were several other needs identified as part of the ongoing work at the property that have resulted in cost increases amounting to over \$300K. These increases include, additional relocation expenses, unit repairs outside of original scope, and a change order for improved lighting in the unit bathrooms.

We have determined that in light of the needs identified, it was necessary for us to look at all sources of potential financing in addition to a request for a waiver on credits. So we have completed a financial analysis that factors in a request to increase in the seller note by \$1.8 million and a deferral of a substantial amount of the developer fee.

Additionally, it is important to note we are very fortunate that our investor for the tax credits needed to support these costs is already on board with our strategy for the project and is committed to supporting us with the funding resulting from the additional credits.

In order to support the continued work on this project and reach substantial completion by December 31, 2019, we respectfully request that you provide this waiver to allow for annual low-income housing tax credits in an amount up to \$1,800,000. This waiver is critical for the preservation of the affordability of this property that currently serves 215 low income senior residents.

If we can provide you with additional information that would be helpful, please do not hesitate to contact me at mkemp@rebuildamericainc.com or 706-354-3885.

Thank you in advance for your consideration!

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark J. Kemp".

Mark J. Kemp
Vice President

CC: Dwayne W. Barrett, Esquire
Brian Simmons, Developer
Cissy C. Watson, Developer



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: THDA Board of Directors

FROM: Don Watt
Director of Community Programs
Acting Director of Multifamily Programs

SUBJECT: Change to Noncompetitive Low-Income Housing Credit Per Development Cap
Change to Multifamily Tax-Exempt Bond Authority Per Developer Cap and Per Development Cap

DATE: May 13, 2019

Section 20-B of the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan ("2019-2020 QAP") and Section 12-B of the Multifamily Tax-Exempt Bond Authority Program Description for 2019 ("2019 PD") limit the amount of *Noncompetitive* Low-Income Housing Credit that may be allocated to a single development ment to \$1.3 million per year. *Noncompetitive* Low-Income Housing Credit ("NLIHC") is separate from, and does not reduce, the annual amount of *Competitive* Low-Income Housing Credit available for allocation in Tennessee.

Section 5-A of the 2019 PD limits the amount of Multifamily Tax-Exempt Bond Authority ("MTBA") that may be allocated to a single development to \$25 million.

Section 5-B of the 2019 PD limits the amount of MTBA that may be allocated to a single developer to \$60 million per year.

In the current development environment, there have been multiple requests for approval of a waiver of one or more of these limits.

Staff have received feedback from developers that increases to the NLIHC per development, MTBA per development, and MTBA per developer limit would allow developers greater ability to provide much needed affordable housing in the present interest rate environment (which, contrary to the norm, is favorable to new construction with MTBA/NLIHC).

Staff Recommendations:

1. Increase the NLIHC per development limit from \$1.3 million to \$3.0 million. This increase would be reflected in amended language (i.e. replacing "\$1,300,000" with "\$3,000,000") in Section 20-B of the 2019-2020 QAP and Section 12-B of the 2019 PD; and
2. Increase the MTBA per development limit from \$25 million to \$35 million. This increase would be reflected in amended language (i.e. replacing "\$25,000,000" with "\$35,000,000") in Section 5-A of the 2019 PD; and
3. Maintain the MTBA per developer limit at \$60 million through June 30 of each year. Increase the limit to \$85 million beginning July 1 of each year. Postponing the increase until mid-year will accommodate scenarios in which there is high demand early in the year from proposed developments able to close the issuance and sale of the MTBA quickly. This increase would be reflected in amended language in Section 5-B of the 2019 PD.

As usual, staff also requests authority to make non-substantive conforming changes as necessary.