



**Tennessee Housing Development Agency -
Board of Directors**

**Meeting Materials
January 26, 2021**



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

THDA Board of Directors Meeting
Tuesday, January 26, 2021 at 1:00 p.m. CT
WebEx Meeting /Call - To join the call
Dial 1-650-479-3208; Code 177 905 7851

AGENDA

- A. Conduct of Electronic Meeting statement**
- B. Approval of Minutes from November 17, 2020 meeting**
- C. Executive Director's Report**
- D. THDA Board Action Items**
 - 1. Issue 2021-1 Authorization and Reimbursement Resolution
 - 2. Extension of Temporary COVID Authority
 - 3. 2022 Habitat for Humanity of Tennessee Set-Aside Program Description
 - 4. 2021 HOME Program Description (Urban/Rural Round)
 - 5. 2021 National Housing Trust Fund Program Description
 - 6. Housing Cost Index Report
 - 7. 2021 Multifamily Tax-Exempt Bond Authority Amount Authorization
 - 8. Multifamily Tax-Exempt Bond Authority Special Request for Chippington Towers

APPENDIX

- 2020 Grant Extension Request Update
- Extension Relief from Internal Revenue Service Notice 2021-12
- 2020 Home Beneficiary Report
- Financial Update from 2020



Tennessee Housing Development Agency

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Bill Lee
Governor

Ralph M. Perrey
Executive Director

TO: THDA Board of Directors
FROM: Ralph M. Perrey, Executive Director
SUBJECT: January 26, 2021 Board Meeting
DATE: January 22, 2021

THDA Board Members – Happy New Year! We look forward to our first meeting together January 26. This will be the first meeting for our newest board member, Mike Hardwick. Welcome!

We will present to the board our plans for administering the COVID 19 Emergency Rental Relief funds for struggling renters.

Several action items await your consideration this month:

- Authorization of Issue 2021-1 and the accompanying Reimbursement Resolution. This comes with the recommendation of the Bond Finance Committee, which met January 21.
- We are proposing to increase the amount of bond authority immediately available for multifamily development to \$310 million. This comes in the form of an amendment to the Multifamily Bond Program Description you adopted in November. We recommend your approval of a Special Request for multifamily bond authority to support the rehab of Chippington Towers in Nashville. Both items come with the recommendation of the Tax Credit Committee at its meeting of January 21.
- Grants Committee, meeting on January 19, recommends adoption of the program descriptions for the 2021 Urban and Rural HOME grant rounds, as well as the 2021 National Housing Trust Fund. The committee also endorsed our proposal to increase the annual grant to Habitat for Humanity of Tennessee y \$1 million, allowing Habitat to take advantage of an unprecedented \$1 million in matching funds.
- Both Grants and Tax Credit Committees recommend an extension of the authority you delegated to the Executive Director last year to grant waivers, extensions and other flexibilities to program partners whose work has been impacted or delayed by COVID-related complications. In your Appendix, you will find a full listing of such actions to date.
- Lending Committee recommends acceptance of the Housing Cost Index, a required annual exercise that demonstrates to the federal government that THDA's work remains necessary.

Please feel free to contact me if you have questions or concerns about any item on the agenda or in your board packet. We look forward to being with you, virtually, on January 26.

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
November 17, 2020

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, November 17, 2020, at 1:03 p.m. CDT, via WebEx call with certain staff members being at the THDA Offices located at 502 Deaderick Street; Andrew Jackson Building, 3rd Floor; Nashville, Tennessee 37243.

The following Board members were present via WebEx: Mike Hedges (Chair), Doree Hicks (for Butch Eley, Commissioner of Finance & Administration), Secretary of State Tre Hargett, Kevin Bradley (for Treasurer David Lillard), Joann Massey, Matt McGauley, Austin McMullen, Erin Merrick, Rick Neal, Tennion Reed, Chrissi Rhea, John Snodderly, and Katie Armstrong (for Comptroller Justin Wilson).

Chair Hedges recognized Bruce Balcom, Assistant Chief Legal Counsel, who read the following statement:

“Board members will be participating in this meeting by telephone as authorized by Tennessee Code Annotated Section 8-44-108. Notice was posted stating that this meeting would be conducted in this fashion. This meeting is being conducted in this manner because the matters to be considered by the Board today require timely action and the physical presence of a sufficient number of Board members to constitute a quorum is not possible within the timeframe in which action is required. This is also necessary to protect everyone’s health and safety due to COVID. Therefore, it is necessary for some members to participate via telephone or electronically. Board members so participating were sent documents relevant to today’s meeting.”

Chair Hedges called the meeting to order. Upon a roll call vote, with all members identified as present voting “yes”, motion carried that a necessity exists to conduct the meeting in this manner.

Chair Hedges called for consideration of the September 22, 2020, minutes that were previously circulated to all Board members. Upon motion by Mr. Neal, second by Mr. McMullen, and a roll call vote with all Board members identified as present voting yes, except for Ms. Hicks who abstained, the minutes were approved.

Chair Hedges recognized Ralph M. Perrey, Executive Director, who gave the following Executive Director’s report:

- THDA received a clean audit from HUD for the Contract Administration division. They handle all rental developments with project based vouchers, as assigned to THDA by HUD. HUD had no findings and no concerns.

- HUD extended the THDA contract to administer the project based rental assistance program through January 2022.
- HUD awarded an additional \$2 million in CARES Act funds to THDA to offset the cost of increased housing voucher amounts for those who lost income due to COVID-related economic shutdowns. Roughly 16% of THDA voucher holders qualified for higher payments. THDA also earned “High Performer” status from HUD again this year.
- Don Watt, THDA Chief Program Officer, has been appointed by Governor Lee to the Mental Health and Substance Abuse Services Statewide Planning & Policy Council.
- The following items in the Appendix to the Board packet are of note:
 1. State Form CT-2053, Report on Debt Obligation for Issue 2020-2, Issue 2020-3 and Issue 2020-4 that provides a summary of each transaction that must be presented to the THDA Board and filed with the Comptroller’s Office.
 2. Five Year Financial Plan. Trent Ridley, Chief Financial Officer, described highlights of the Plan.
 3. Official Statement for Issue 2020-4. Lynn Miller, Chief Legal Counsel, describe the purpose of official statements and describe the various sections and data contained in each. She noted that Board members have an obligation to review this information and to communicate with staff regarding any issues or concerns Board members may have.
- The following Veterans among THDA staff were recognized:
 - US Army – Melva Boyd, Kimberly Green, and Stephanie Bounds
 - US Navy – Bill Lord and Jessica Davis
 - US Marine Corp – Kavin Williams and Da’Marcus Hunt
 - US Air Force – Mike Costa

Chair Hedges then offered a time for public comment. No comments were made.

Noting that November is the annual meeting, Chair Hedges announced the following Committee assignments:

Lending:	Rhea (Chair), Eley, McGauley, Merrick, Neal
Grants:	McMullen (Chair), Hargett, Wilson, Massey, Neal, Reed
Tax Credit:	Snodderly (Chair), Eley, Hargett, Hedges, Lillard, McGauley, Massey, Merrick
Rental Assistance:	Snodderly (Chair), Massey, Merrick, Reed
Audit & Budget:	Hargett (Chair for 2021), Hedges, Lillard, McMullen, Neal, Rhea
Bond Finance:	Hedges (Chair), Eley, Hargett, Lillard, Wilson

Chair Hedges referenced the selection of Rick Neal as vice chair in September. Upon motion by Mr. McMullen, second by Ms. Massey and a roll call vote with all Board members

identified as present voting yes, except for Mr. Neal who abstained, the selection of Mr. Neal as vice-chair was ratified.

Chair Hedges recognized Mr. Snodderly for the Tax Credit Committee report. Mr. Snodderly referenced a memo dated November 13, 2020, from Edwin King, Director of Multifamily Programs, describing a request from Forest Creek Townhomes, LLC to exchange 2017 low income housing credits for an equal amount of 2021 low income housing credits for Forest Creek Townhomes (TN17-907) in Memphis. Mr. Snodderly noted that this is unusual because it is a request for a second exchange of low income housing credit. He pointed out that the developer has had five years to complete this development, but has been unable to do so. Mr. Snodderly explained that the Tax Credit Committee voted 5 to 2, with one abstention, to recommend granting the exchange subject to the six conditions outlined in Mr. King's memo. Chair Hedges noted that the Committee recommendation comes to the Board as a motion for approval, with a second, from the Tax Credit Committee. Upon motion by Mr. McGauley, second by Mr. Snodderly, and a roll call vote with Hicks, Hargett, Bradley, McGauley, Merrick, Rhea, Snodderly, Armstrong, Hedges voting yes and Massey, McMullen, Neal, Reed abstaining, the following amendments were made to the Tax Credit Committee motion:

1. 100% of all units must be ready for occupancy no later than June 30, 2021; and
2. Forest Creek Townhomes, LLC may receive a reservation notice, but will not be eligible for a carryover allocation; and
3. A final application for Forest Creek Townhomes must be submitted to THDA no later than August 2, 2021.

Chair Hedges called for consideration of the original motion as amended. Following extensive discussion among Board members, the meeting was recessed and Barry Cohen, the representative of Forest Creek Townhomes, LLC was permitted to address the Board. Following Mr. Cohen's extensive comments, Chair Hedges asked for questions. Hearing none, Chair Hedges reconvened the Board meeting. Upon a roll call vote with Hicks, Hargett, Bradley, McGauley, Merrick, Rhea, Snodderly, Armstrong, and Hedges voting no and Massey, McMullen, Neal and Reed abstaining, the original motion, as amended, did not pass.

Chair Hedges recognized Secretary of State Hargett for the Audit & Budget Committee report. Secretary of State Hargett, who was handling the meeting at the request of Treasurer Lillard, noted that the first item was the annual performance evaluation for the Executive Director. Secretary of State Hargett explained that the Audit & Budget Committee recommended an "advanced" rating for Mr. Perrey's performance in 2020, and a salary increase and any associated bonus to be awarded the same as provided to other staff who also received an advanced rating for the October 1, 2019, to September 30, 2020 evaluation period. He noted that this recommendation comes to the Board as a motion for approval, with a second, from the Audit & Budget Committee. Upon a roll call vote with all Board members identified as present voting yes, the motion was approved.

Secretary of State Hargett referenced two memos from Gay Oliver, Director of Internal Audit, both dated November 2, 2020, containing reports describing the annual disclosure analysis for Board members and staff. He noted that both reports come to the Board as a motion, with a second, from the Audit and Budget Committee to accept both reports for inclusion in the official records of the Board. Upon a roll call vote, with all members identified as present voting yes, motion carried.

Chair Hedges recognized Mr. McMullen for the Grants Committee report. At the suggestion of Chair Hedges, Mr. McMullen described the following items and noted that each comes to the Board in one motion for approval, with a second, from the Grants Committee:

1. 2020 Emergency Solutions Grant CARES Act Part II Program Description as described in a memo from Cynthia Peraza, Director of Community Programs, and Mr. Watt, dated November 4, 2020.
2. 2021 Emergency Solutions Grants Program Description as described in a memo from Ms. Peraza and Mr. Watt dated October 27, 2020.
3. 2020 HOME – CHDO Mini Round Program Description as described in a memo from Ms. Peraza and Mr. Watt dated October 28, 2020.
4. 2020 Homebuilders Demonstration Grant as described in a memo from Ms. Peraza and Mr. Watt dated October 30, 2020.

Upon a roll call vote with all members identified as present voting yes, motion carried to approve the three described program descriptions and the Homebuilders Demonstration Grant.

Chair Hedges recognized Mr. Snodderly for the final item from the Tax Credit Committee. Mr. Snodderly referenced a memo from Mr. King and Mr. Watt dated October 30, 2020, regarding the Multifamily Tax-Exempt Bond Authority Program Description for 2021. Mr. Snodderly highlighted some of the changes, as more specifically described in the referenced memo, and noted that the Multifamily Tax-Exempt Bond Authority Program Description for 2021 comes to the Board as a motion for approval, with a second, from the Tax Credit Committee. Upon a roll call vote, with all members present voting yes, except for Mr. McMullen, who abstained, the Multifamily Tax-Exempt Bond Authority Program Description for 2021 was adopted.

With no further business, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 26th day of January, 2021



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Bond Finance Committee and THDA Board of Directors

FROM: Lynn Miller, Chief Legal Counsel
Bruce Balcom, Assistant Chief Legal Counsel

SUBJECT: Authorization of General Residential Finance Program Bonds, Issue 2021-1 Tax-Exempt

DATE: December 17, 2020

DOCUMENTS FOR BOND FINANCE COMMITTEE CONSIDERATION

Attached please find the following documents in connection with the requested authorization of the THDA bond issue, Issue 2021-1:

1. Memo from CSG Advisors Incorporated (“CSG”) recommending authorization in the maximum principal amount of \$200,000,000 for a bond issue under the General Residential Finance Program Bond Resolution adopted in 2013. This bond issue is expected to include a replacement refunding component. Staff expects this bond issue to be priced in mid-March, 2021, with closing by the end of April, 2021, depending on THDA loan production. The final size and structure will be determined by the Authorized Officer closer to pricing.
2. THDA Plan of Financing for Issue 2021-1 Residential Finance Program Bonds, which the Bond Finance Committee will be asked to approve.
3. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing the Issuance and Sale of Residential Finance Program Bonds, Issue 2021-1, that includes the form of Supplemental Resolution for Issue 2021-1 and that authorizes the referenced bond issue and delegates authority to the Authorized Officer to determine all final terms and conditions. The Bond Finance Committee will be asked to recommend this resolution and the transaction to the THDA Board of Directors.
4. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2021-1 in an amount not to exceed \$70,000,000. The Bond Finance Committee will be asked to recommend this resolution to the Board of Directors.

COMPLIANCE WITH THDA DEBT MANAGEMENT POLICY

Issue 2021-1 complies with the Tennessee Housing Development Agency Debt Management Policy adopted on November 28, 2011, as amended (the “Debt Management Policy”). In particular, Issue 2021-1 complies with the Debt Management Policy as follows:

Part III - by allowing THDA “...to maintain a steadily available supply of funds to finance its mortgage loan programs at cost levels that provide competitive, fixed interest rate mortgage loans that benefit low and moderate income families, while maintaining or improving THDA’s overall financial strength and flexibility...”

Part VIII - the issuance of this debt will not cause THDA to exceed the statutory debt limit contained in TCA Section 13-23-121, assuming the bill currently on the Governor’s desk is not vetoed.

Part X - the factors and items listed to be considered in planning, structuring and executing a bond issue have been and will be considered as planning, structuring and executing this bond issue moves forward.

Part XIV - serial bonds, terms bonds and PAC bonds are being considered for the structure of the bond issue.

Parts XV – authorization of a potential refunding component is expected to result in present value savings and will further THDA program objectives of providing competitive, fixed interest rate mortgage loans that benefit low and moderate income families.

Parts XVIII, XIX, XX and XXI are not applicable as authorization requested for Issue 2021-1 does not include interest rate and forward purchase agreements, conduit debt, or variable rate debt.

SENIOR BOOKRUNNING MANAGER AND ROTATING CO-MANAGER

Although the Bond Finance Committee moved to a “soft” rotation for the senior bookrunning manager, CSG has recommended that Raymond James be the senior bookrunning manager for Issue 2021-1 based on past performance. THDA staff concurs in this recommendation.

In addition, the selling group member recommended to be appointed to serve as rotating co-manager for Issue 2021-1 is Robert W. Baird based on a recommendation from CSG and THDA staff.

SELLING GROUP

Duncan-Williams, Inc.
FTN Financial
Wiley Brothers Aintree Capital, LLC.

LEM/jp

For full supporting documents, please see the attached link:
<https://thda.org/pdf/CSG-Link.pdf>

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING REIMBURSEMENT OF THDA
FROM PROCEEDS OF ISSUE 2021-1
January 26, 2021

WHEREAS, the Tennessee Housing Development Agency (“THDA”) is financing mortgage loans for eligible borrowers to purchase single family residences in compliance with the Internal Revenue Code of 1986, as amended (the “Code”), and the General Residential Finance Program Bond Resolution, (the “2013 General Resolution”); and

WHEREAS, THDA expects to use its own funds to continue its mortgage loan programs prior to the availability of proceeds from the issuance of the General Residential Finance Program Bonds, Issue 2021-1, if and when issued and sold (the “Bonds”), through the direct purchase of eligible mortgage loans; and

WHEREAS, THDA will continue to commit and purchase mortgage loans prior to the closing date for the Bonds (the “Closing”); and

WHEREAS, THDA expects that up to \$70,000,000 in mortgage loans may be purchased prior to Closing; and

WHEREAS, it is in the best interest of THDA to reimburse itself from the proceeds of the Bonds for THDA funds expended to purchase mortgage loans prior to the Closing.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THDA THAT:

1. Use of proceeds from the Bonds in an amount not to exceed \$70,000,000 shall be used to reimburse THDA for the actual amounts expended to purchase mortgage loans made to eligible borrowers who purchased single family residences in accordance with the requirements of the Code and the 2013 General Resolution.
2. This resolution shall take effect immediately.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
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Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer

SUBJECT: 2022 Allocation to Habitat for Humanity of Tennessee

DATE: December 17, 2020

Recommendation:

Staff is making the following recommendations as reflected in the attached Habitat for Humanity Tennessee Set-Aside Program Description ("Program Description"):

- Increase the program allocation to \$1,500,000 for a one-time increase to the annual \$500,000 set-aside;
- Allocate \$1,500,000 of 2022 Tennessee Housing Trust Fund ("THTF") funding to Habitat for Humanity of Tennessee;
- Update effective dates to reflect July 1, 2021 through June 30, 2022 for the new terms of the 2022 Habitat for Humanity of Tennessee Program Description; and,
- Increase the household Area Median Income from 60% to 80% and require a minimum of 50% of the program allocation to assist households at or below 60% AMI.
- Approve the attached Program Description.

Background:

Since July 2014, THDA has set-aside \$500,000 annually for Habitat for Humanity of Tennessee from the THTF to use as a construction financing pool to develop new single-family units or acquire and rehabilitate existing units for sale to eligible homebuyers. 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, 2020, Habitat for Humanity of Tennessee has assisted local chapters with the successful development of 187 new homes, using \$3.2 million in THTF funding. To date, with its 2021 allocation, Habitat affiliates have plans to assist an additional 30 households and use their full program allocation of \$500,000.

THDA will provide a one-time increase to the 2022 Habitat for Humanity of Tennessee Set-Aside to provide a \$1 million contribution on behalf of the State for the required match obligation for the anonymous donation received by the Habitat for Humanity of Tennessee



TENNESSEE HOUSING TRUST FUND

~~2021-2022~~ 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. THDA will provide a one-time \$1 million increase to the 2022 Habitat for Humanity of Tennessee Program allocation on behalf of the State to match the anonymous donation received by Habitat, bringing the total allocation available for 2022 to \$1,500,000.

A. ELIGIBLE ACTIVITIES:

1. Homeownership Programs. Homeownership programs must address the housing needs of households at or below ~~60~~80% of area median income. A minimum of 50% of the program allocation must be used to assist households who earn 60% or below of the 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 homebuyers.
 - 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 homebuyer meets all THDA mortgage loan requirements.
 - c. Homebuyer Education. Homebuyers must complete Pre-Purchase Homebuyer Education training from a THDA qualified homebuyer education trainer prior to purchase.
 - d. Sales Price Limit. The sales price limit for homeownership programs must not exceed the most current applicable HOME Program Property Value Limits for the County in which the unit is located. The most current HOME Program Value Limits are available on the

THDA website at: <https://thda.org/business-partners/home>.

- e. Ownership. The homebuyer must obtain fee simple title to the property.
 - f. Occupancy. The homebuyer 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 THTF 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 Community Development Block Grant (“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 loan 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 homebuyers of federal Fair Housing laws and Habitat's affirmative marketing program, outline procedures by which Habitat will solicit applications from potential homebuyers, and maintain records of efforts to affirmatively market homeownership units.



TENNESSEE HOUSING TRUST FUND
2022 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. THDA will provide a one-time \$1 million increase to the 2022 Habitat for Humanity of Tennessee Program allocation on behalf of the State to match the anonymous donation received by Habitat, bringing the total allocation available for 2022 to \$1,500,000.

A. ELIGIBLE ACTIVITIES:

1. Homeownership Programs. Homeownership programs must address the housing needs of households at or below 80% of area median income. A minimum of 50% of the program allocation must be used to assist households who earn 60% or below of the 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 homebuyers.
 - 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 homebuyer meets all THDA mortgage loan requirements.
 - c. Homebuyer Education. Homebuyers must complete Pre-Purchase Homebuyer Education training from a THDA qualified homebuyer education trainer prior to purchase.
 - d. Sales Price Limit. The sales price limit for homeownership programs must not exceed the most current applicable HOME Program Property Value Limits for the County in which the unit is located. The most current HOME Program Value Limits are available on the

THDA website at: <https://thda.org/business-partners/home>.

- e. Ownership. The homebuyer must obtain fee simple title to the property.
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 - 3. HTF Manual. The requirements of the 2012 HTF Manual apply to the Habitat Tennessee Set-Aside.

B. PROHIBITED ACTIVITIES:

- 1. Pledge THTF 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 Community Development Block Grant (“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 loan 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 homebuyers of federal Fair Housing laws and Habitat's affirmative marketing program, outline procedures by which Habitat will solicit applications from potential homebuyers, 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: THDA Board of Directors

FROM: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer

SUBJECT: 2021 HOME Urban and Rural Program Description

DATE: December 17, 2020

Recommendation:

Staff recommends adoption of the attached proposed 2021 HOME Urban and Rural Program Description ("Program Description") and authorization of the Executive Director or a designee to award 2021 HOME funds to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description.

Staff will provide information to the Committee and Board regarding 2021 HOME Urban and Rural Program funding awards at the meetings that immediately follow the date of the awards.

The attached Program Description contains the following substantial changes and clarifications from the 2020 HOME Program Description:

1. Removed any and all reference to Community Housing Development Organizations (CHDOs) to make this Program Description specific to Urban and Rural. These edits are not redlined in the program description.
2. Updated the Spend Down requirements for organizations funded under past Urban or Rural Matrices.
3. Clarified the approximate funding amounts that are anticipated to be available under the funding competition. Final amounts will be determined based on Congressional budget approval and amounts left over from prior funding rounds that are made available under this Program Description.

4. Updated the HOME Per Unit Subsidy Limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development.
5. Adjusted the minimum threshold points from 95 to 60. This should allow applicants who score higher on the discretionary portion of the application to remain eligible and then be ranked according to their total score.
6. Reduced the maximum applications score from 190 to 100 Points. The reduction in points will allow THDA to focus more on the quality of the HOME application and program design instead of placing heavy weight in areas that are out of the Grantee's control. The 100 points are broken down as follows:
 - 50 points - Program Design
 - 10 points - Need
 - 10 points - Not Proportionally Served
 - 5 points - Disaster Areas
 - 5 points - Match
 - 5 points - Leverage
 - 5 points - Energy Conservation
 - 10 points - Tennessee Growth Policy
7. Update timetables and due dates as follows:
 - Application Workshops - Early February 2021
 - Application Due Date - March 18, 2021 by 4:00 PM
 - Application Award Announcement - April 9, 2021
 - Term of Award Agreements - July 1, 2021- June 30, 2024

Background:

THDA anticipates the receipt of approximately \$14 million in federal 2021 HOME funds to implement eligible activities across Tennessee. THDA may combine this 2021 resource with any returned or leftover funds from earlier funding rounds, as determined at the time of award.

All available funds will provide resources for homeowner rehabilitation and second mortgage assistance to low and moderate income home buyers.

To view full documentation please click on these links:

https://thda.org/pdf/5a.-2021-HOME-Urban-Rural-Program-Description_CLEAN.pdf

https://thda.org/pdf/5a.-2021-HOME-Urban-Rural-Program-Description_REDLINE.pdf



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: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer

DATE: December 15, 2020

SUBJECT: 2021 National Housing Trust Fund Program Description

Recommendation:

Staff recommends adoption of the attached proposed 2021 National Housing Trust Fund (NHTF) Program Description ("Program Description") and authorization of the Executive Director or a designee to award 2021 NHTF resources to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description.

Staff will provide information to the Committee and Board regarding awards made under the Program Description at the meeting that immediately follows the date of the awards.

The Program Description contains the following substantial changes and clarifications from the 2020 National Housing Trust Fund Program Description:

1. Updated the Spend Down requirements for organizations funded previously through the NHTF Program.
2. Clarified the approximate funding amounts that are anticipated to be available under the funding competition. Final amounts will be determined based on funds made available through the earnings of designated Government-Sponsored Enterprises (GSEs) and a formula funding allocation by HUD and any amounts left over from prior funding rounds that are made available under this Program Description.
3. Updated the maximum per-unit subsidy limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development.

4. Updated the list of those counties designated by Governor Lee as “distressed” on July 1, 2020.
5. Updated timetables and due dates as follows:
 - Application Workshops - Mid-End February 2021
 - Application Due Date - April 15, 2021 by 4:00 PM
 - Application Award Announcement - May 31, 2021
 - Term of Award Agreements - July 1, 2021- June 30, 2024

Background:

THDA administers the NHTF to make funding available for the development of affordable rental housing for extremely low income households. THDA anticipates the receipt of \$4,334,563 in funds through the NHTF. THDA is generally notified in April each year of its funding allocation.

In accordance with its allocation plan approved by HUD, THDA will set-aside 10% of these funds, or \$433,456, for its administrative costs, with the remaining \$3,901,107 made available competitively to preserve or expand rental housing options for this targeted income group. In accordance with NHTF requirements, all funded applicants must maintain these units in accordance with program requirements for a 30-year affordability period.

All funds will continue to be made available as a grant ranging between \$100,000 - \$900,000. Entities may seek funding to acquire and rehabilitate existing units or to newly construct rental housing. In accordance with federal requirements and to enhance the financial stability of the project, applicants may also seek NHTF funds to establish an operating reserve account for the project. All funds will be secured by a note, deed, and restrictive covenant on the property.

Eligible applicants include public housing authorities and nonprofit entities with at least two years of experience in Tennessee in the development, ownership, and management of affordable rental housing.

To view full documentation, please click on these links:

https://thda.org/pdf/2021-National-Housing-Trust-Fund-Program-Description_CLEAN.pdf

https://thda.org/pdf/2021-National-Housing-Trust-Fund-Program-Description_REDLINE.pdf



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors
FROM: Dr. Hulya Arik, Economist
SUBJECT: Housing Cost Index for 2021
DATE: January 5, 2021

Recommendation

Staff recommends adoption of the housing cost index for 2021 via the attached Board Resolution. Based on the calculations explained below, the housing cost index for 2021 is **28.20 percent**, slightly lower than last year's index of 28.67 percent. Lower average interest rates and increased median household income improved the housing affordability for Tennesseans even with increased median home purchase price.

Background

Attached Housing Cost Index (HCI) for 2021 is prepared in accordance with the formula set out in THDA's enabling legislation. Under Tennessee Code Annotated Section 13-23-114, "The housing cost index shall serve to determine what percentage of the average Tennessee household's gross monthly income is required to pay for primary fixed housing costs under then existing market conditions...". If the housing cost index exceeds 25 percent, the legislature determined that "...a majority of Tennessee citizens are excluded from the normal housing market..." and there is a need for THDA financial assistance programs to aid in providing adequate housing for lower and moderate income persons and families.

This HCI is calculated by dividing the median gross household income by the sum of the following cost factors: (a) a monthly mortgage loan payment for an average Tennessee household based on a thirty-year mortgage loan, at the prevailing mortgage loan interest rate on a mortgage loan amount sufficient to purchase a median priced home, (b) an average mortgage insurance premium, and (c) average property tax and hazard insurance amounts.

In the calculation of the median priced home, the House Price Index (HPI) from the Federal Housing Finance Agency (FHFA), which offers state level data, is used. Freddie Mac's Primary Mortgage Market Survey is the source for average monthly interest rate and point. The methodology is the same as what was used last year.

/HA

ESTIMATED TENNESSEE HOUSING COST INDEX, 2021										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(1) Median Purchase Price	\$152,582	\$153,596	\$169,669	\$173,448	\$174,864	\$186,358	\$201,021	\$211,257	\$223,125	\$248,645
(2) Discount Points	0.88	1.13	1.21	0.61	0.61	0.54	0.50	0.50	0.52	0.73
(3) Market Rate	4.66%	3.95%	3.99%	4.41%	4.06%	3.92%	4.17%	4.63%	4.01%	3.20%
(4) Adj. Sales Price	\$153,925	\$155,332	\$171,722	\$174,503	\$175,938	\$187,359	\$202,026	\$212,313	\$224,278	\$250,462
(5) FHA Mort. Amount	\$150,023	\$151,394	\$167,369	\$171,342	\$172,752	\$183,965	\$198,367	\$208,468	\$220,216	\$245,926
(6) Property Tax Rate	3.08	3.17	3.21	3.23	3.23	3.20	3.19	3.10	3.03	2.98
(7) Property Tax/Month	\$98.02	\$101.31	\$113.50	\$116.81	\$117.58	\$124.30	\$133.39	\$136.26	\$140.64	\$154.18
(8) Homeowners Insurance	\$90.32	\$92.94	\$107.07	\$115.20	\$116.12	\$116.47	\$127.45	\$133.73	\$131.61	\$146.67
(9) P&I/Month	\$774.47	\$718.42	\$798.08	\$859.03	\$830.98	\$869.73	\$966.29	\$1,072.34	\$1,052.82	\$1,063.70
(10) Monthly PITI	\$962.82	\$912.67	\$1,018.65	\$1,091.03	\$1,064.68	\$1,110.50	\$1,227.13	\$1,342.33	\$1,325.08	\$1,364.55
(11) Gross Income	\$42,066	\$42,907	\$42,451	\$44,379	\$45,747	\$47,275	\$49,585	\$54,566	\$55,471	\$58,070
Housing Cost Index (% of Gross Income)	27.47%	25.53%	28.79%	29.50%	27.93%	28.19%	29.70%	29.52%	28.67%	28.20%

Sources and Methodology:

1. Median home purchase price is calculated from all home sales reported by county property assessors to Tennessee Office of the Comptroller adjusted using the Federal Housing Finance Agency (FHFA) quarterly House Price Index (HPI) for the third quarter of the year prior to index year. For 2021 HCI, 2019 median home prices are adjusted using the third quarter of 2020 HPI from FHFA.
2. Annual average of monthly discount points from Freddie Mac, Primary Mortgage Market Survey.
3. The average of monthly interest rates (2020 year to date including November) Freddie Mac, Conventional, Conforming 30-Year Fixed-Rate Mortgage Series. Previously, this data were from Federal Home Finance Board, but FHFA is no longer conducting this survey.
4. Median Purchase Price adjusted with discount points.
5. Average FHA mortgage amount for 2020. Assumes a 3.5 percent downpayment and includes an upfront mortgage insurance premium financed into the final mortgage (1.75 percent of the base loan amount).
6. Property tax rate data are from the Tennessee Office of the Comptroller, Division of Property Assessment.
7. Monthly property tax represents the weighted average statewide residential effective tax rates per \$100 of assessed value; 25 percent of assessed value.
8. Monthly homeowners' insurance payments, based on insurance rates of THDA borrowers.
9. Monthly principal and interest (P&I) payments, assuming 30-year fixed payments with the average interest rate.
10. Monthly fixed housing costs including principal, interest, property tax and insurance (PITI).
11. Median family gross income (MFI) and median household income (MHI) figures are used. The U.S. Census Bureau, American Community Survey (ACS) 1-year estimate of 2019 MHI is used in estimating MHI for the current year. The percentage change in HUD median family income (MFI) from 2019 to 2020 is applied to calculate the annual change in MHI.

RESOLUTION OF THE BOARD OF DIRECTORS
ADOPTING THE HOUSING COST INDEX AND
AUTHORIZING THE OPERATION OF FINANCIAL ASSISTANCE PROGRAMS
JANUARY 26, 2021

WHEREAS, pursuant to Tennessee Code Annotated Section 13-23-114, a part of the Tennessee Housing Development Agency Act (the “Act”), the Tennessee Housing Development Agency (“THDA”) is directed to establish a housing cost index as defined in Section 13-23-103 of the Act; and

WHEREAS, THDA has established a housing cost index for 2021 pursuant to Section 13-23-103(7) of the Act based on calculations as of January 5, 2021, a copy of which is attached hereto and incorporated herein by this reference (the “Housing Cost Index”); and

WHEREAS, the Housing Cost Index shows that primary housing costs exceeded 25% of an average Tennessee household’s gross monthly income; and, the Board, as authorized by Section 13-23-114 of the Act, wishes to approve the continued operation of THDA’s financial assistance programs including, but not limited to, THDA loan programs.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY AS FOLLOWS:

1. The Housing Cost Index for 2021 which shows that primary housing costs equal approximately 28.20% of an average Tennessee household’s gross monthly income is hereby adopted.
2. The continued operation of THDA’s financial assistance programs including, but not limited to, THDA loan programs, is hereby authorized.
3. This resolution shall take effect immediately.

This resolution was adopted by the affirmative vote of no fewer than eight (8) members of the Board of Directors of THDA at its meeting on January 26, 2021.



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: Edwin King, Director of Multifamily Programs
Don Watt, Chief Programs Officer

SUBJECT: 2021 Multifamily Tax-Exempt Bond Authority Amount

DATE: January 21, 2021

Recommendation

The Tax Credit Committee recommends that the second paragraph of Section 1 of the Multifamily Tax-Exempt Bond Authority Program Description for 2021 be amended to reflect that the initial amount of 2021 volume cap for private activity bonds available for allocation through the 2021 Multifamily Tax-Exempt Bond Authority Program is \$310 million, subject to THDA's receipt of a sufficient amount of 2021 volume cap for private activity bonds from the Tennessee Department of Economic and Community Development.

Background

During its scheduled meeting on January 21, 2021, the Bond Finance Committee approved a target of \$300 million in 2021 volume cap to be carried forward at year-end to support future single family business.

By the time 2021 volume cap is needed for single family purposes, THDA expects to be moving the majority of its single family production to the secondary market, significantly reducing demand for single family volume cap for private activity bonds.

During the scheduled Tax Credit Committee meeting on January 21, 2021, staff noted that the strength of the multifamily pipeline, aided by favorable interest rates and the certain pricing of noncompetitive Low-Income Housing Credits, suggests this is a good time to be aggressive in building and preserving affordable rental housing. Consequently, the Tax Credit Committee recommended increasing the 2021 volume cap amount available for multifamily housing under the 2021 Multifamily Tax-Exempt Bond Authority Program to \$310 million.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Edwin King, Director of Multifamily Programs
Don Watt, Chief Programs Officer

DATE: January 4, 2021

SUBJECT: Multifamily Tax-Exempt Bond Authority Special Request Application for Chippington Towers

RECOMMENDATION

Having determined that the special request application for Chippington Towers I and II (collectively, “Chippington”) satisfies the requirements of Section 6-B of the Multifamily Tax-Exempt Bond Authority (“MTBA”) Program Description for 2021 (available online at <https://thda.org/pdf/2021-MTBA-PD-APPROVED-11.17.2020.pdf>), staff recommends and requests approval of the special request application.

BACKGROUND

Chippington received allocations of Low-Income Housing Credit (“LIHC”) and MTBA in 2005. Chippington was originally constructed in the late 1970s and currently incorporates 426 units of elderly/disabled housing. LHP Capital, LLC proposes to acquire and substantially rehabilitate Chippington beginning in 2021. The proposal has been submitted as a special request application pursuant to Section 6 of the MTBA Program Description for 2021. The amount of MTBA specified in the special request application is \$60 million. Please see the following summary for additional details.



Chippington Towers I & II

94 Berkley Drive & 1310 Coreland Drive, Madison, TN 37211

2021 THDA Multifamily Tax-Exempt Bond Authority Program Special Request Application

Long-Term Preservation of 426 Affordable Apartment Units - Elderly & Disabled Tenancy



CHIPPINGTON TOWERS I



CHIPPINGTON TOWERS I & II SPECIAL REQUEST APPLICATION SUMMARY

INTRODUCTION – SATISFACTION OF SPECIAL REQUEST CRITERIA

Chip III, L.P., a partnership sponsored by LHP Capital, LLC (“LHP”), intends to submit a Special Request Application to THDA in early 2021 in accordance with Section 6 of THDA’s Multifamily Tax-Exempt Bond Authority (“MTBA”) Program Description For 2021. The purpose of Chip III, L.P.’s Special Request Application will be to request up to \$60,000,000 of MTBA to allow for the acquisition and substantial rehabilitation of Chippington Towers I & II, two existing affordable housing properties located adjacent to one another at 94 Berkley Drive (Chippington Towers I) and 1310 Coreland Drive (Chippington Towers II) in Madison, TN. The properties are located off Gallatin Pike just a few miles from downtown Nashville and the Grand Ole Opry. Chip III, L.P.’s Special Request Application will satisfy all of the conditions required by Section 6 of THDA’s 2021 MTBA Program Description, which are summarized as follows:

Preservation of an Existing Multifamily Development With Current Income and Rent Restrictions

Chippington Towers I & II (the “Development”) were originally constructed in the late 1970’s and consist of two eleven-story high rise apartment buildings. The Development (TN05-221) was acquired and renovated in 2005 with the assistance of THDA tax exempt private activity bonds and 4% Low Income Housing Tax Credit (“LIHTC”) allocated to its owner, Chippington II, LP. The Development collectively serves 426 low and extremely low-income elderly and disabled persons in accordance with the LIHTC Land Use Restrictive Covenants recorded on the property and the long-term benefit of the Project Based Section 8 Rental Assistance. ***With 426 total units, the properties contain 31% of Davidson County’s entire project-based Section 8 HAP housing stock of 6,039 units.***

The aging Development is now over 40 years old and is in need of extensive rehabilitation and long-term preservation. LHP is pursuing a resyndication in 2021 that would ensure the Development is thoroughly modernized and perform substantial updates of approximately \$60,000 per apartment unit. To finance the preservation and substantial rehabilitation of the properties, Chip III, L.P. will make a Special Request to THDA in early 2021 for MTBA and 4% LIHTC. By virtue of this request, Chip III, L.P. will agree to preserve the properties as affordable housing for an additional 30 years into the future. Furthermore, if the Special Request is approved, Chip III, L.P. will renew the properties’ existing Project Based Section 8 HAP contract with HUD for an additional 20 years, further ensuring the long-term preservation of the properties as important affordable housing resources for citizens of metropolitan Nashville.

LIHTC, MTBA, USDA or HUD Current Income and Rent Restrictions

Section 6 states that current income and rent restrictions are limited to participation in either the LIHTC program, the MTBA program, or a program administered by USDA or HUD. As described above, the Development is currently encumbered by income and rent restrictions associated with their participation in THDA’s LIHTC and MTBA programs and HUD’s Section 8 HAP program.

Preservation of a Minimum of 400 Qualified Low Income Units at a Single Location

The Development collectively serves a total of 426 affordable apartment units (212 units at Chippington Towers I and 214 units at Chippington Towers II) which are connected by a driveway that provides pedestrian and vehicular access between the two properties. The property operates as one development with leasing and compliance each handled out of one central office. All 426 units are currently owned by Chippington II, L.P. The property is considered one LIHTC and one tax exempt bond project as it complied with the per development caps and provisions under THDA's programs in 2005 (pursuant to its purchase and redevelopment overseen by the current owner, Chippington II, L.P.) and will be purchased by a single ownership entity (Chip III, L.P.) in 2021.

Special Request Application Amount

The minimum MTBA Special Request amount is \$40,000,000 and the maximum MTBA Special Request amount is \$100,000,000. Chip III, L.P. anticipates making a Special Request application for approximately \$60,000,000 of MTBA to allow for the acquisition, renovation, and preservation of 426 existing affordable housing units.

PRESERVATION AND REHABILITATION OF AFFORDABLE HOUSING

A Special Request allocation of approximately \$60,000,000 of MTBA will allow Chip III, L.P. to purchase the Development and spend over \$25 million (approximately \$60,000 per apartment unit) to make major, long-lasting renovations and improvements to the properties while preserving them as affordable housing for very low- and low-income elderly and disabled residents for another 30 years. The substantial rehabilitation of the properties will significantly improve the residents' quality of life ***without permanently dislocating any of the residents while renovations are ongoing or causing any increase in the residents' monthly rent payments.***

LHP will hire a Relocation Specialist/Resident Advocate to assist the residents during the rehab to ensure a positive resident experience. In addition, the Development will continue to employ two full-time resident service coordinators at each of the two properties to work closely with the elderly and disabled resident clientele; these service coordinators help the residents obtain access to a wide variety of social medical services as well as facilitate various educational and community functions hosted at the properties. Highlights of the planned renovations include:

- Five percent of all units at each building will be modified to comply with current ADA standards and two percent of all units at each building will be modified for residents with sight and/or hearing issues.
- Complete kitchen renovations, including new cabinets, countertops, Energy Star appliances, vent hoods, sinks, fixtures, and the addition of microwaves.
- Complete bathroom renovations, including new walk-in showers, vanities, medicine cabinets, fixtures and accessories, high-efficiency toilets, fans, and grab bars.
- New vinyl plank flooring, doors, closet doors, hardware, and paint throughout all units.
- New interior light packages with Energy Star-rated bulbs throughout all units.
- Ceiling fans with lights will be added to the bedrooms and living rooms of all units.

- New laundry rooms will be added at each building and free laundry services will be provided to all residents.
- Existing cable television service at each building will be upgraded and made available to all residents free of charge.
- Pendant emergency call systems will be installed, and a pendant will be provided to every resident.
- New roofs, windows, and PTAC units at both buildings.
- Elevator upgrades, including new elevator cab finishes, and sprinkler system upgrades, at both buildings.
- A new community room, maintenance area, management office, and service coordinator office will be installed at Chippington Towers I.
- At Chippington Towers II, ground floor office space will be redesigned and expanded. A fitness center, beauty salon, community room with TV/reading area, dining area with kitchen, and gaming area will be added to the basement level.
- The existing brick exteriors at each property will be fortified and a new EIFS exterior façade will be installed at Chippington Towers I. Balconies will be upgraded at each building.

ABOUT THE SPONSOR – LHP CAPITAL, LLC

The limited partnership entity that will purchase and rehabilitate Chip III, L.P. will be sponsored by LHP, a real estate development firm and national leader in the development and management of multifamily housing properties for people with limited incomes. Headquartered in Knoxville with a second office located in Nashville, LHP has consistently been on the Affordable Housing Finance's list of top 50 affordable housing owners. The company specializes in the acquisition and rehabilitation of affordable housing properties while working to bring value and positive transformation to the communities it serves. LHP is especially adept at structuring project financing for properties that would benefit from resources that are available from federal, state, and local agencies, including LIHTC and MTBA. LHP has completed more than \$1.24 billion in development activity for the renovation and preservation of more than 13,700 units of affordable housing at 105 multifamily properties, and the company currently owns and manages 59 properties in 7 states.

LHP is especially dedicated to the preservation of affordable housing in the state of Tennessee, with a particular focus on the preservation of affordable housing in Nashville. Of its 59 current properties, 38 are in Tennessee and 10 are located in metropolitan Nashville. These 10 Nashville properties contain 1,874 apartment units assisted through project-based Section 8 HAP contracts with HUD and have been acquired, renovated, and preserved by LHP as affordable housing through a combination of MTBA and LIHTC allocations from THDA. With all of Davidson County containing 6,039 units of affordable housing units assisted through project-based Section 8 HAP contracts, ***LHP's 1,874 units currently under ownership and management represent 31% of Davidson County's entire project-based Section 8 HAP housing stock*** and make LHP one of the largest providers of qualify affordable housing in the greater Nashville market as a whole.

Appendix



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: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer

SUBJ: 2020 Grant Extension Request Update to Board

DATE: January 21, 2021

The following is an update on the status of the contract extensions approved by the THDA Board that remained open as of January 2021:

Emergency Repair Program:

In July 2020, the following Emergency Repair Program grantees requested an extension to January 31, 2021, of their 2019 grants. Extensions were provided due to social distancing and COVID 19-related construction delays.

Status: Current grant expenditures are as follows -

- Greater Nashville Regional Council – 36% expended
- Memphis Area Association of Governments – 77% expended
- Northwest Tennessee Development District – 94% expended
- Southwest Human Resource Agency – 62% expended

Tennessee Housing Trust Fund Competitive Grants Program:

In May 2020, WAVES, Inc. requested an extension of their 2017 Tennessee Housing Trust Fund grant to December 31, 2020. WAVES, Inc., serves adults with disabilities in Williamson County in supported living group home settings. The extension was provided due to COVID 19 and CDC social distancing guidelines. Contractors were not allowed in the home to complete the rehabilitation project until social distancing restrictions were lifted.

Status: The project is complete.

In September 2020, United Housing, Inc., requested an extension of their 2018 Tennessee Housing Trust Fund grant to June 30, 2021. United Housing will provide six homes serving veterans in Shelby County. The extension was provided due to delays caused by the original contractor going out of business and the need to re-bid the project.

Status: The grant is 59% expended and four of the six homes are at least 80% complete.

Housing Trust Fund Rebuild and Recover Grant Program:

In July 2020, Jefferson County requested an extension of their 2019 Rebuild and Recover grant to January 15, 2021, due to COVID 19-related construction delays.

Status: Jefferson County anticipates serving and completing repair projects for 4 homeowners impacted by flooding and severe rains by the end of the grant term.

HOME Program:

In November 2018, Community Programs provided the Board with an update on HOME Program grant extensions. As of July 1, 2020, all of the HOME Program grant extensions awarded for the program years of 2011, 2012, 2013 and 2014 had closed.

In June 2020, THDA issued a blanket grant extension to all of the 2015, 2016, and 2020 HOME Grantees that had an award expiring on June 30, 2020, due to the negative impacts COVID-19 had on the Grantee's operation and their ability to meet the existing deadlines.

Status: Current grant expenditures are as follows -

Grantee	County	Region	Grant Year	New Term Date	Percentage of Grant Completed	Reason
Bolivar	Hardeman	W	2015	6/30/2021	61%	The Southwest Development District acting as administrator underwent several personnel changes during the original grant term. COVID became a factor in 2020. They have adequate projects lined up to complete the grant.
Cleveland	Bradley	E	2015	6/30/2021	65%	Cleveland accepted \$200,000 in unspent HOME funds from Bradley County. This allowed them time to spend the additional funds. COVID became a factor in 2020.
Montgomery County	Montgomery	M	2016	12/31/2020	38%	Allowed projects underway to be completed and paid. COVID became a factor in 2020.
Oak Ridge	Anderson	E	2016	6/30/2021	64%	Staff changes caused delays of the original grant term. They hired a new Administrator in the last year of the grant. COVID became a factor in 2020.
Bedford County	Bedford	M	2017	6/30/2021	97%	COVID Blank Extension
Cedar Hill	Robertson	M	2017	6/30/2021	68%	COVID Blank Extension
Dayton	Rhea	E	2017	6/30/2021	24%	COVID Blank Extension
Dyersburg	Dyer	W	2017	6/30/2021	95%	COVID Blank Extension
Elizabethton	Carter	E	2017	6/30/2021	48%	COVID Blank Extension

Gatlinburg	Sevier	E	2017	6/30/2021	31%	COVID Blank Extension
Greeneville	Greene	E	2017	6/30/2021	23%	COVID Blank Extension
Halls	Lauderdale	W	2017	6/30/2021	2%	COVID Blank Extension
Harriman	Roane	E	2017	6/30/2021	13%	COVID Blank Extension
Grantee	County	Region	Grant Year	New Term Date	Percentage of Grant Completed	Reason
Haywood County	Haywood	W	2017	6/30/2021	0%	COVID Blank Extension
Hendersonville	Sumner	M	2017	6/30/2021	9%	COVID Blank Extension
Lauderdale County	Lauderdale	W	2017	6/30/2021	0%	COVID Blank Extension
LaVergne	Rutherford	M	2017	6/30/2021	89%	COVID Blank Extension
Lexington	Henderson	W	2017	6/30/2021	100%	COVID Blank Extension
Lincoln County	Lincoln	M	2017	6/30/2021	42%	COVID Blank Extension
McEwen	Humphreys	M	2017	6/30/2021	0%	COVID Blank Extension
Mountain City	Johnson	E	2017	6/30/2021	47%	COVID Blank Extension
Newport	Cocke	E	2017	6/30/2021	84%	COVID Blank Extension
Niota	McMinn	E	2017	6/30/2021	65%	COVID Blank Extension
Obion	Obion	W	2017	6/30/2021	62%	COVID Blank Extension
Rhea County	Rhea	E	2017	6/30/2021	36%	COVID Blank Extension



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Edwin King, Director of Multifamily Programs
Don Watt, Chief Programs Officer

SUBJECT: Extension Relief from Internal Revenue Service Notice 2021-12

DATE: January 19, 2021

On January 15, 2021, the Internal Revenue Service (“IRS”) issued Notice 2021-12 (the “Notice”), which extends all COVID-19 relief measures originally provided under Notice 2020-53, and provides further relief not included in that original COVID-19 relief notice. The deadline extensions and waivers provided under Notice 2020-53 expired at the end of 2020.

The Notice provides the following relief from program deadlines:

- Extends the deadline to meet the carryover allocation 10 percent test to the earlier of one year from the original due date or September 30, 2021;
- Extends the 24-month minimum rehabilitation expenditure period to the earlier of one year from the original end date or September 30, 2021;
- Extends the placed in service deadline for buildings with original deadlines of December 31, 2020, to December 31, 2021;
- Extends the reasonable period for property restoration or replacement in the event of casualty loss to the earlier of one year from the original end date or December 31, 2021 (applies to casualty losses not due to a presidentially-declared major disaster and to casualty losses due to a pre-COVID-19 presidentially-declared major disaster);
- Extends the deadline by which a property must meet occupancy obligations by providing that the qualified basis of a building for the first year of the credit period is calculated by taking into account any increase in the number of low-income units by the close of the six-month period following the first year of the credit period;
- Extends the noncompliance corrective action period by one year, but not beyond December 31, 2021;
- Extends the 12-month transition period for a tax-exempt bond financed project to satisfy the set-aside for qualification as a residential rental project to September 30, 2021; and
- Extends the two-year rehabilitation expenditure period for tax-exempt bond financed projects to the earlier of one year from the original due date or September 30, 2021.

The Notice extends the two compliance monitoring waivers from Notice 2020-53 as follows:

- Building owners are not required to perform income recertifications for the period beginning April 1, 2020, and ending September 30, 2021; and
- State Housing Credit agencies are not required to conduct compliance monitoring inspections or reviews for the period beginning April 1, 2020, and ending September 30, 2021.

The Notice also provides guidance clarifying the following:

- Housing Credit agencies may satisfy their Qualified Allocation Plan public comment requirements through telephonic hearings rather than in-person meetings from April 1, 2020, through September 30, 2021;
- The temporary closure of property amenities and common space facilities from April 1, 2020, through September 30, 2021, in response to the COVID-19 pandemic will not negatively impact a property's eligible basis; and

This is welcomed news for our multifamily partners. Our compliance team and partners have adapted well with conducting desk reviews. To ensure the safety of our staff, property management staff, and residents, we will continue to cease onsite reviews and only conduct desk reviews through September 30, 2021, per this guidance.



THDA HOME Investment Partnerships Program Beneficiary Report

July 1, 2019 – June 30, 2020

Prepared by:

Megan Webb, Research Analyst, THDA

Tennessee Housing Development Agency
502 Deaderick St., Third Floor
Nashville, TN 37243-0900
(615) 815-2200

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Access this report electronically via the following link:

<https://thda.org/research-reports/consolidated-planning>

2019 - 2020 HOME Beneficiary Report

Executive Summary

The 2019 - 2020 HOME Beneficiary Report provides information regarding HOME allocations received by the State of Tennessee, the activities completed with HOME funding and the households served by the HOME Program from July 1, 2019 through June 30, 2020.

Funding Summary:

- Tennessee received an allocation of \$12,960,298 in 2019-20, which was approximately a ten percent decrease from the 2018-19 allocation of \$14,391,943.
- In total, THDA awarded \$8,934,548 in program funds during 2019-20. This included \$2,119,548 of Community Housing Development Organization (CHDO) program funds.

Housing Unit Summary:

- During FY 2019-20, 134 affordable housing units were completed with HOME allocations ranging from program years 2014-2019¹. Eighty-three percent of those projects (111 units) were rehabilitation-only projects. New construction followed with 11 percent (15 units). Acquisition only and acquisition with rehabilitation comprised two percent and four percent, respectively, of the total units completed.
- Forty-six percent of the completed units were in East Tennessee, 44 percent in Middle Tennessee, and 10 percent in West Tennessee.

Beneficiary Summary:

- During FY 2019-20, 45 percent of the households reporting beneficiary data were categorized as elderly and 30 percent as single (non-elderly). The remaining 25 percent of households were a combination of other types of household configurations.
- HOME serves only low-income households. Of the households served in 2019-20, 70 percent were very low-income. More than half of the very low-income households (51 of 94 households) were considered extremely low-income, with incomes at 0-30% AMI.
- All of the housing units completed were owner-occupied.
- Seventy-five percent of the households reported as White, and 25 percent were reported as Black/African American. One beneficiary was reported as Hispanic.

¹ A program year refers to the year in which the program was funded by HUD and follows the federal fiscal year cycle, which is October 1 through September 30. THDA reports HOME activities and beneficiary data based on the state's fiscal year cycle, which is July 1 through June 30. Throughout this report, FY 2019-20 will refer to the state's fiscal cycle, July 1, 2019 – June 30, 2020, but will often be referred to by the first year in the cycle (i.e. 2019, or FY 2019).

Introduction

The U.S. Department of Housing and Urban Development's (HUD) HOME program is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. The HOME program is implemented through state and local governments called participating jurisdictions or "PJs", which may be states or units of general local government, including consortia and urban counties. The Tennessee Housing Development Agency (THDA) administers the HOME program for the State of Tennessee to promote the production, preservation, and rehabilitation of housing for low-income households. During this reporting period, the State of Tennessee's HOME funds were awarded for homeowner projects through a competitive application process for cities, counties, and non-profit organizations outside of local PJs, which receive their own HOME allocations directly from HUD. THDA also competitively awarded funds to nonprofit housing developers qualified as Community Housing Development Organizations (CHDOs). Unlike the other funding competition, CHDOs may implement homeownership development projects anywhere in Tennessee.

This report provides information regarding HOME allocations received by the State of Tennessee, the households served by the HOME program, and the activities completed during FY 2019-2020 with funding from previous program years. HOME activities are required to be completed within four years of the date the State of Tennessee enters into a grant agreement with HUD; however, THDA limits its contracts with its sub-recipients to a three-year term. Therefore, projects are shown both as outcomes tied to the funding year and reported for all completed units in the active funding years, the latter of which may include projects funded prior to the current active grant years. The number of completed units and the beneficiary data available for program years 2014 – 2019 are reported as of June 30, 2020 but may not represent the final number of units or total beneficiary data from projects resulting from those program years.

State of Tennessee HOME Program

The State of Tennessee's HOME funds are made available to cities, counties and non-profit organizations outside of local Participating Jurisdictions (PJs) on a competitive basis. Current PJs, which receive their own HOME funds directly from HUD include: the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Johnson City, Bluff City, Kingsport, as well as Sullivan County and Washington County, excluding the town of Jonesborough), Chattanooga, Clarksville, Jackson, Knoxville, Memphis, Nashville-Davidson, Knox County, and Shelby County. Beginning in 2016, awards made to CHDOs may be used in any county in the state, without regard to PJ status. Map 1 below shows the State of Tennessee by jurisdiction type.

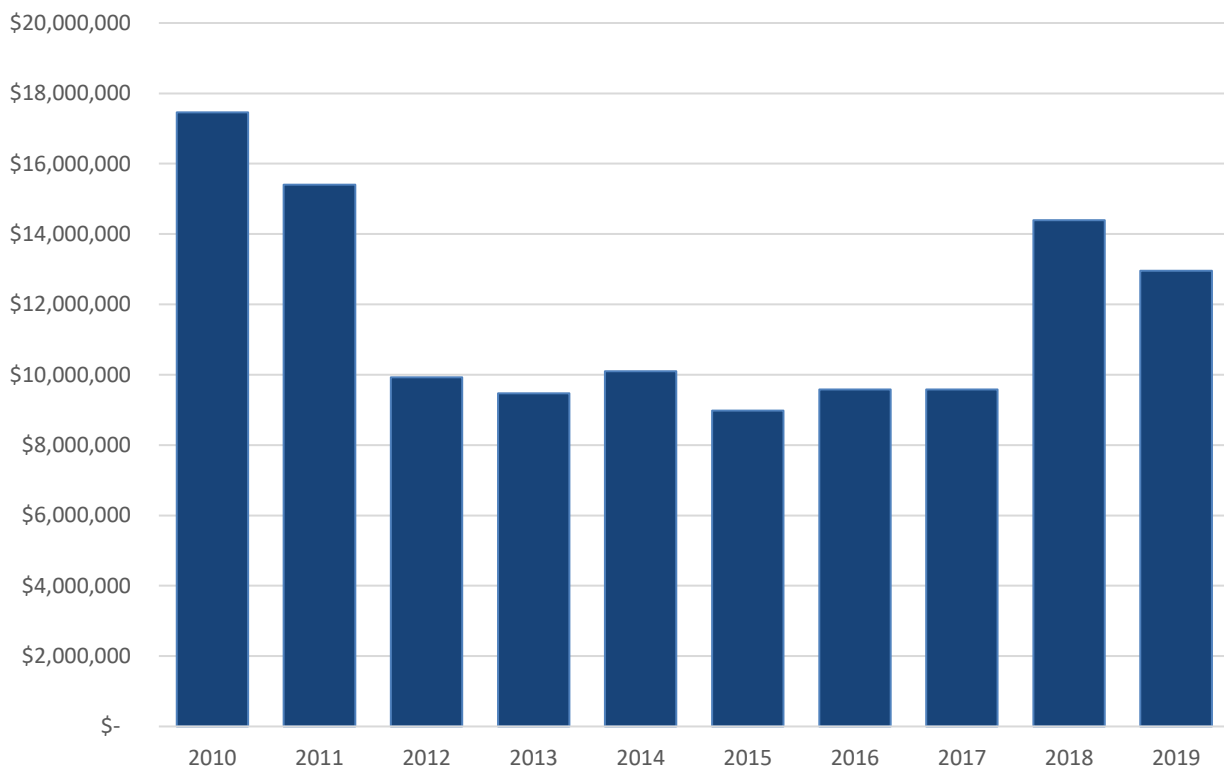
Map 1 State of Tennessee HOME Program



HOME Allocations and Awards

Figure 1 shows Tennessee’s federal HOME allocations for the past 10 years. Table 1 on the next page shows the federal HOME allocations and project cost awards for program years 2014 – 2019, the initial funding years with active projects reported in this document. The Federal Allocation column is the official allocation from the Department of Housing and Urban Development (HUD) for that year, and includes funds for project costs, the State’s administrative costs (10% of the allocation), and project administrative costs. The “Funds Awarded” column represents the amount of funds awarded for HOME projects across the state, which may include program income² and recaptured funds³ from previous rounds, but does not include any administrative funds. Completed units are shown for the reporting period, as well as cumulatively for each active grant year.

Figure 1 Annual Federal Allocations for the State of Tennessee’s HOME Program, 2010-2019



² The HOME program makes a small amount of program income from repayments made by homeowners who do not comply with the established terms of the period of affordability or compliance period.

³ Recaptured funds are funds from previous HOME rounds that have been unspent and reallocated to future HOME awards.

Table 1 Annual Allocations for the State of Tennessee’s HOME Program, 2014-2019

Program Year	Federal Allocation	Funds Awarded	Units Completed in FY 2019-20	Cumulative Units
2014-15	\$10,096,577	\$9,255,466	23	165
2015-16	\$8,984,790	\$8,600,740	48	117
2016-17	\$9,582,308	\$6,937,943	15	69
2017-18	\$9,582,153	\$10,252,250	28	34
2018-19	\$14,391,943	\$13,977,500	20	20
2019-20	\$12,960,298	\$8,934,548	-	-

The distribution of HOME funds across Tennessee’s three grand divisions is represented in Table 2. HOME funds are distributed to rural and urban areas based on a set of criteria found in the [HOME Program Description \(located on the THDA website here\)](#). The allocation amounts do not include funds retained for the state’s administrative costs or funds that were not committed at the time of this report. During the reporting period, East Tennessee received the largest portion of HOME funds with 53 percent, followed by West Tennessee with 26 percent.

Table 2 HOME Program Funds Awarded by Grand Division

Grand Division	East		Middle		West		Total
2014	\$3,490,220	38%	\$4,120,246	45%	\$1,645,000	18%	\$9,255,466
2015	\$5,865,000	68%	\$1,635,000	19%	\$1,100,740	13%	\$8,600,740
2016⁴	\$4,264,993	61%	\$2,672,950	39%	-	0%	\$6,937,943
2017	\$4,545,000	44%	\$2,820,000	28%	\$2,887,250	28%	\$10,252,250
2018	\$6,222,500	45%	\$5,170,000	37%	\$2,585,000	18%	\$13,977,500
2019	\$4,704,548	53%	\$1,880,000	21%	\$2,350,000	26%	\$8,934,548
Total	\$29,092,261	50%	\$18,298,196	32%	\$10,567,990	18%	\$57,958,447

Distribution of HOME Funds by Funding Category

The Urban/Rural designation has been in place since 2012, when it replaced regional allocations based on Development District regions. At the time of this report, the Urban/Rural competition comprises the majority of the total HOME funds available, with the balance reserved for CHDOs (18 percent of funds) and administrative expenses (10 percent of funds). Of the Urban/Rural funds, 45 percent are allocated to Urban

⁴ 2015 and 2016 Program year funds were awarded together in 2016, which is why the totals may look different from other years.

counties and 55 percent are allocated to Rural counties.⁵ Full details of how HOME funds are awarded can be found in the program description located at <https://thda.org/government-nonprofit-partners/home-program> and may change year to year.

Table 3 represents the distribution of HOME funds across each of the program categories (Urban/Rural, and CHDO) for program years 2014 – 2019. The funding amounts in the table below do not include funds retained for the state’s administrative costs, project administrative costs, or funds that were uncommitted at the time of this report.

Table 3 HOME Program Funds Awarded by Category, 2014 – 2019

Program	CHDO	Urban	Rural	Total
2014	\$1,292,500	\$3,503,705	\$4,459,261	\$9,255,466
2015	\$1,860,000	\$352,500	\$6,388,240	\$8,600,740
2016⁶	\$1,662,950	\$3,982,493	\$1,292,500	\$6,937,943
2017	\$1,087,250	\$2,350,000	\$6,815,000	\$10,252,250
2018	\$3,167,500	\$3,290,000	\$7,520,000	\$13,977,500
2019	\$2,119,548	\$1,175,000	\$5,640,000	\$8,934,548
Total	\$11,189,748	\$14,653,698	\$32,115,001	\$57,958,447

Units Completed with HOME Funds

The HOME program funds have previously funded various activities ranging from rehabilitating single-family homes and manufactured housing, to homeownership activities, to creating or improving supportive rental housing. Recipients of HOME funds are able to tailor the program to support the unique needs of each county they serve. For reporting purposes, HOME activities are grouped under one of five broad categories: rehabilitation, new construction, acquisition only, acquisition and rehabilitation, and acquisition and new construction. Table 4 shows the distribution of completed units during FY 2019-20 and the program years from which they were originally funded. In FY 2019-20, all completed projects were homeowner projects.

⁵ Urban counties include: Anderson, Blount, Bradley, Carter, Coffee, Dyer, Gibson, Hamilton, Hamblen, Haywood, Loudon, Madison, Maury, Montgomery, Putnam, Roane, Rutherford, Sumner, Unicoi, Williamson and Wilson. All other counties, excluding the PJs that receive their own HOME funds directly from HUD, are considered rural counties.

⁶ 2015 and 2016 Program year funds were awarded together in 2016, which is why the totals may look different from other years.

Table 4 HOME Units Completed during FY 2019-20 by Activity Type and Program Year

Program Year	Rehabilitation Only	New Construction Only	Acquisition Only	Acquisition and Rehabilitation	Acquisition and New Construction	Total Units
2014	17	5	1	-	-	23
2015	46	2	-	-	-	48
2016	8	5	2	-	-	15
2017	26	1	-	1	-	28
2018	14	2	-	4	-	20
2019	-	-	-	-	-	-
Total	111	15	3	5	-	134

Rehabilitation

A total of 111 rehabilitation only projects were completed during FY 2019-20. These units account for 83 percent of all projects completed during the reporting period.

New Construction

A total of 15 new construction only projects were completed during FY 2019-20. These units accounted for 11 percent of all projects.

Acquisition Only

There were three acquisition only projects completed during FY 2019-20 (two percent of all projects).

Acquisition and Rehabilitation

Five acquisition and rehabilitation projects were completed during FY 2019-20. These units accounted for four percent of all projects.

Acquisition and New Construction

There were no acquisition and new construction projects completed during FY 2019-20.

Table 5 below shows the cumulative number of units completed with funding from each specified program year as of June 30, 2020.

Table 5 Cumulative HOME Units Completed by Activity Type and Program Year

Program Year	Rehabilitation Only	New Construction Only	Acquisition Only	Acquisition and Rehabilitation	Acquisition and New Construction	Total Units
2014	130	18	7	10	-	165
2015	94	12	2	8	1	117
2016	56	7	5	1	-	69
2017	27	4	2	1	-	34
2018	14	2	-	4	-	20
2019	-	-	-	-	-	-
Total	321	43	16	24	1	405

HOME Units by Grand Division

During FY 2019-20, of the 134 completed HOME units, 46 percent occurred in East Tennessee, 44 percent occurred in Middle Tennessee and 10 percent took place in West Tennessee. Table 6 shows the completed units in FY 2019-20 by Grand Division and program year.

Table 6 HOME Units Completed in FY 2019-20 by Grand Division and Program Year

Grand Division	2014	2015	2016	2017	2018	2019	Total Units
East	2	31	9	8	12	-	62
Middle	17	12	6	16	8	-	59
West	4	5	-	4	-	-	13
Total	23	48	15	28	20	-	134

Table 7 shows the cumulative total units completed from each program year that remained active during the reporting period and in each of the Grand Divisions, as of June 30, 2020.

Table 7 Cumulative HOME Units Completed by Grand Division and Program Year

Grand Division	2014	2015	2016	2017	2018	2019	Total Units
East	66	71	47	13	12	-	209
Middle	71	26	21	16	8	-	142
West	28	20	1	5	-	-	54
Total	165	117	69	34	20	-	405

Details of HOME Beneficiaries

During FY 2019-20, 134 households were assisted with the State of Tennessee's HOME funds. Beneficiaries, or recipients of the HOME funds, must be low- or very low-income households.⁷ The demographics of HOME recipients in the sections below are detailed based on the head of household.

Household Characteristics

Elderly households were served more frequently with HOME assistance than any other type of household during the reporting period at 45 percent of all beneficiaries. Table 8 shows the beneficiary household sizes and types of activities completed during FY 2019-20. Table 9 shows the cumulative beneficiary characteristics for households served during program years 2014 through 2019⁸.

Table 8 Household Size of HOME Beneficiaries in FY 2019-20 by Household Type

Household Size	Single, Non-Elderly	Elderly	Single Parent HH	Two Parent HH	Other	Total
1	21	38	1	-	-	60
2	11	21	3	1	4	40
3	1	-	6	2	2	11
4	6	-	3	5	1	15
5	-	1	1	1	1	4
6	-	-	-	1	2	3
7	-	-	-	-	-	-
8	1	-	-	-	-	1
Total	40	60	14	10	10	134

⁷ Very low-income households are defined as those households whose annual income is 50 percent or less of the area median income (AMI) for the county in which the household resides. Low-income households are defined as those households whose annual income is between 50 percent and 80 percent of the AMI for the county in which the household resides. Extremely low-income households earn 30 percent or less of AMI.

⁸ These cumulative totals derive from all households served during the active program years, regardless of when the funding was awarded, which may include households assisted with funding awarded before 2012.

Table 9 Cumulative Data on Household Size of HOME Beneficiaries Served During 2014-2019 by Household Type

Household Size	Single, Non-Elderly	Elderly	Single Parent HH	Two Parent HH	Other	Total
1	164	227	1	1	-	393
2	37	117	34	3	18	209
3	8	20	49	12	6	95
4	12	5	13	26	6	62
5	4	3	7	10	1	25
6	-	1	2	3	2	8
7	1	-	1	-	-	2
8	2	-	-	1	-	3
Total	228	373	107	56	33	797

Note: The one N/A unit was vacant.

Income, Occupancy Type and Other Forms of Assistance Received

Out of the 134 households that received HOME assistance during FY 2019-20, 38 percent were extremely low-income, 32 percent were very low-income, and 30 percent were low-income households. Table 10 shows the number of households different income levels served during FY 2019-20. Table 11 shows the cumulative total of beneficiaries served from program years 2014 through 2019, regardless of funding year.

Table 10 Distribution of HOME Program Beneficiaries in FY 2019-20 by Income

Beneficiary Income	Number of Households	Percentage of Households
Extremely Low-Income	51	38%
Very Low-Income	43	32%
Low-Income	40	30%
<i>Total</i>	134	100%

Table 11 Cumulative Distribution of HOME Program Beneficiaries Served During 2014-2019 by Income

Beneficiary Income	Number of Households	Percentage of Households
Extremely Low-Income	196	25%
Very Low-Income	288	36%
Low-Income	313	39%
<i>Total</i>	797	100%

During FY 2019-20, all of the units were owner occupied. Seventy percent of units were occupied by very low-income households (including extremely low-income households). Table 12 shows the distribution of tenant type by income level during FY 2019-20. Table 13 shows the cumulative data for beneficiaries served during program years 2014 through 2019.

Table 12 Distribution of HOME Program Beneficiaries in FY 2019-20 by Tenant Type & Income

Tenant Type	Extremely Low-Income HHS	Very Low-Income HHS	Low-Income HHS	Total
Renter	-	-	-	-
Owner	51	43	40	134
Total	51	43	40	134

Table 13 Cumulative Distribution of HOME Program Beneficiaries Served During 2014-2019 by Tenant Type & Income

Tenant Type	Extremely Low-Income HHS	Very Low-Income HHS	Low-Income HHS	Total
Renter	5	39	29	73
Owner	191	249	284	724
Total	196	288	313	797

Note that not all years offered funding for rental projects.

Race and Ethnicity

Race and ethnicity data for the HOME program is based on the race and ethnicity of the head of household. The majority of the HOME beneficiaries were Non-Hispanic White, followed by Black/African American. The breakdown of HOME beneficiaries by race and ethnicity is provided in the tables below. Table 14 shows the race and ethnicity for HOME beneficiaries during FY 2019-20. Table 15 shows the cumulative race and ethnicity data for all HOME beneficiaries with units completed in program years 2014 through 2019.

Table 14 HOME Beneficiaries in FY 2019-20 by Race and Ethnicity, Determined by Head of Household

Race		Number	Percentage
	White	100	75%
	Black/African American	34	25%
	Asian	-	-
	American Indian/Alaska Native	-	-
	Other Multi-Racial	-	-
	Total	134	100%
Ethnicity		Number	Percentage
	Hispanic	1	<1%

Table 15 Cumulative HOME Beneficiaries Served During 2014-2019 by Race and Ethnicity, Determined by Head of Household

Race		Number	Percentage
	White	569	71%
	Black/African American	217	27%
	Asian	2	<1%
	American Indian/Alaska Native	-	-
	Other Multi-Racial	9	1%
	Total	797	100%
Ethnicity		Number	Percentage
	Hispanic	6	1%

Data from FY 2019-20 and the cumulative data show that a majority of HOME beneficiaries are Non-Hispanic White. This percentage is generally consistent with the proportion of low-income White households with housing problems⁹ in the Tennessee HOME service area. According to 2012 – 2016 Comprehensive Housing Affordability Strategy (CHAS) data, approximately 65 percent of the households who are low-income and have housing problems in areas covered by the state’s HOME program are White, 26 percent are Black/African American, one percent identified as Asian, six percent identified as Hispanic (of any race), and two percent are other races. The allocation of HOME funds are fairly proportional, based on race and ethnicity, to the low-income households with housing problems in Tennessee, except White households are slightly overserved and Hispanic households are slightly underserved compared to CHAS data.

⁹ Housing problems are defined as spending more than 30 percent of household income on housing, lacking kitchen/plumbing facilities, or overcrowding.



Tennessee Housing Development Agency (THDA)

As the State's housing finance agency, the Tennessee Housing Development Agency (THDA) is a self-sufficient, independently funded, publicly accountable entity of the State of Tennessee. THDA's mission is to meaningfully expand safe, sound, affordable housing opportunities for low and moderate income Tennesseans as the state's leading resource. More information about THDA programs can be found online at www.thda.org.

502 Deaderick St., Third Floor
Nashville, TN 37243-0900
(615) 815-2200



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: Trent Ridley, Chief Financial Officer

SUBJECT: Financial Update – November 30, 2020 (Unaudited)

DATE: January 19, 2021

Attached is a financial update consisting of a Schedule of Net Position and Operating Income Statements as of November 30, 2020. It should be noted that these statements are “unaudited” and do not include accruals and adjustments normally reflected in THDA’s quarterly financial statements. The following are highlights of the schedules:

1. **Schedule of Net Position** – THDA’s assets continue to increase at \$3.68 billion and primarily consist of first and second mortgages of \$2.9 billion and \$52 million respectively. We have approximately \$381 million in current cash and cash equivalents, which consists primarily of \$202 million (Loan Repayments / Prepayments), \$125 (2020-4 Bond Proceeds), and \$25 million (BFC Set-aside). These funds are restricted under the bond indentures.
2. **Operating Income** – Overall Operating Income of \$5.8 million is tracking with last year’s figure through November.

Mortgage Revenue Bonds (MRB) - Mortgage Interest of approximately \$51.4 million is up 5.45% over November 2019. As one can image, investment income is down this fiscal year, as reinvestment rates have plummeted due to the COVID-19 pandemic. From an expense standpoint, Bond Interest of \$33.4 million continues to increase slightly (1.37%) over this same period last year. MRB-related Operating Income is approximately \$14.1 million.

Federal and Administrative – The primary revenue drivers continue to be the federal administrative fees (\$4.7 million) we receive from the federal government to administer their housing programs and the fees we receive for multifamily bonds and LIHTCs (\$3.2 million). Expense-wise, personnel costs are approximately 3.5% higher than Nov 2019.

If you have any questions regarding the comprehensive budget or need additional information, please do not hesitate to contact Trent Ridley at (615) 815-2012 or via e-mail at tridley@thda.org.

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF NET POSITION (\$000)
NOVEMBER 30, 2020
(UNAUDITED)

	MRB	OTHER	TOTAL
ASSETS			
First Mortgages	\$ 2,902,300	\$ 679	\$ 2,902,979
Second Mortgages	52,224	0	52,224
Loans held for resale	0	1,819	1,819
Cash and Investments	585,320	55,040	640,360
Other Assets	65,972	15,904	81,876
Total	<u>3,605,816</u>	<u>73,442</u>	<u>3,679,258</u>
LIABILITIES			
Bonds	\$ 3,047,943	\$ 0	\$ 3,047,943
Escrow Deposits	0	47,832	47,832
Other	32,308	14,470	46,778
Total	<u>3,077,486</u>	<u>65,067</u>	<u>3,142,553</u>
NET POSITION			
Invested In Capital Assets	\$ 0	\$ 5,181	\$ 5,181
MRB Restricted	442,586	0	442,586
Other Restricted	16,504	3,153	19,657
Unrestricted	59,208	10,072	69,280
Total	<u>\$ 518,298</u>	<u>\$ 18,406</u>	<u>\$ 536,704</u>

TENNESSEE HOUSING DEVELOPMENT AGENCY
 OPERATING INCOME (\$000)
 NOVEMBER 30, 2021
 (UNAUDITED)

	Revenue	Expenses	Oper Inc
MORTGAGE REVENUE BONDS			
Mortgage Interest	\$ 51,413		
Investment Income	463		
Other Revenue	-		
	\$ 51,876		
Bond Interest		\$ 33,405	
Cost of Issuance		2,163	
DPA Forgiveness		1,771	
Other		454	
		\$ 37,793	
			\$ 14,083
FEDERAL AND ADMINISTRATIVE			
Federal Revenue	\$ 4,742		
Multifamily Fees	3,226		
Servicing Fees	490		
Interest Income	41		
Other	604		
	\$ 9,103		
Personnel		\$ 9,836	
Contractual services		3,191	
Computer and Other Supplies		653	
Direct Servicing Expenses		2,355	
Other		1,353	
		\$ 17,388	
			\$ (8,285)
GRAND TOTAL	\$ 60,979	\$ 55,181	\$ 5,798