

TENNESSEE HOUSING DEVELOPMENT AGENCY  
GRANTS COMMITTEE  
March 26, 2019

Pursuant to the call of the Chair, the Grants Committee of the Tennessee Housing Development Agency Board of Directors met in regular session on Tuesday, March 26, 2019, at 10:00 a.m. Central Time in the Nashville Room at the William R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee.

The following Committee members were present: Lynn Tully, Katie Armstrong (for Comptroller Justin Wilson), and Jonathan Rummel (for Secretary of State Tre Hargett). Austin McMullen, John Krenson, and Pieter van Vuuren were absent. Other Board members present were Kim Grant Brown, Dorothy Cleaves, Regina Hubbard, Erin Merrick, and Samantha Wilson (for Treasurer David Lillard).

Lynn Tully chaired the meeting and called the meeting to order. She called for consideration of the minutes from the January 29, 2019, meeting. Upon motion by Ms. Armstrong, second by Ms. Merrick, the minutes were approved.

Ms. Tully next called on Don Watt, Director of Community Programs, to present information about the 2019 Weatherization Assistance Program (“WAP”) Model Plan. Mr. Watt referenced his memorandum dated March 18, 2019, for details about the Program Year 2019 Weatherization Assistance Program. He noted that the program provides resources to assist low-income households make energy efficiency improvements at their homes, with the goal of lowering the overall energy burden for the household. Mr. Watt announced that for Program Year 2018, to date, 545 houses have been completed or that have work orders underway, representing a 70% increase YTD over Program Year 2017, and that number is expected increase as more work orders come in before June 30, 2019. He acknowledged the leadership of Blake Worthington, Housing Program Manager-Energy, for his work in implementing and improving the program. Mr. Watt then stated that THDA is required to submit a model plan annually to the U.S. Department of Energy as part of an application for WAP funding. He indicated that the plan is due May 3, 2019, for the program year that will begin on July 1, 2019, for slightly over \$5M in funding, with 10% for administration, \$832,000 for training and technical assistance, and the remaining funds for energy efficiency improvements at the units. Mr. Watt explained the following proposed changes to the 2019 WAP Model Plan:

- 1) Increase the maximum cap per household from \$7,371 to \$7,541.
- 2) Allow sub-grantees to use in-house crews to implement improvements with THDA approval.
- 3) Add activities under the training & technical assistance component, including:
  - a) build an additional training house to train energy auditors around the state, and
  - b) develop data to show actual energy savings and the health impact of weatherization activities.
- 4) Require all HVAC unit replacements to be Energy Star certified (or equivalent).

Upon motion by Mr. Rummel, second by Ms. Brown, the Committee recommended approval of the 2019 WAP Model Plan for submission, with authority for the Executive Director to make any additional changes as may be required or to not submit the 2019 WAP Model Plan if deemed appropriate.

Next, Ms. Tully recused herself and Ms. Brown acted as Chair. Ms. Brown called upon Mr. Watt to present a grant extension request from Kingsport Housing and Redevelopment Authority (“KHRA”) for a Tennessee Housing Trust Fund (“THTF”) 2016 Spring Round Competitive Grants award. Mr. Watt

referenced his memorandum dated March 18, 2019, and the attached request letter from KHRA. Mr. Watt noted that THDA awarded \$500,000 to KHRA under the 2016 Spring Round of the Competitive Grants program to rehabilitate Charlemont Apartments in Kingsport, TN. He reported that KHRA has expended 80% of the project funds to purchase the building, complete the tenant relocation process, gut the inside of the building, and initiate the rehabilitation work, however, the grant will expire on June 30<sup>th</sup>, 2019. He noted that KHRA has secured the remaining finances for the project, including a 2016 National Housing Trust Fund (“NHTF”) grant and an allocation of bonds and 4% tax credits. He indicated that due to the delays in securing these remaining funds, KHRA has requested a 6-month extension to December 31, 2019, in order to complete the project. Upon motion by Ms. Merrick, second by Mr. Rummel, the Committee recommended approval for an extension to December 31, 2019, for the KHRA 2016 THTF Spring Round Competitive Grants award. Ms. Tully recused herself from the vote.

Ms. Tully resumed as Chair and called upon Mr. Watt to present several grant extension requests for the HOME Program. Mr. Watt referenced his memorandum dated March 18, 2019, and the attached request letters. He stated that, citing issues with the procurement of contractors as well as staff turnover associated with the grant administration, all of the following 2015-2016 HOME grantees had requested an extension to June 30, 2020: the Town of Benton, Bledsoe County, the City of Bolivar, the City of Cleveland, and the City of Oak Ridge. Mr. Watt also stated that the Rutherford County Area Habitat for Humanity (“Habitat”) requested an additional one-year extension of their 2014 HOME grant to June 30, 2020. He explained that in this current request, Habitat cited issues with procuring a vendor to complete the required environmental review as well as the inability to secure the 8-acre parcel for their proposed subdivision, so they were required to build at scattered sites, which slowed down the work progress. Mr. Watt stated that Habitat will return \$64,206.53 of their grant to THDA, which will be reallocated under the 2019 HOME program. Upon motion by Mr. Rummel, second by Ms. Brown, the Committee recommended approval of extensions of the indicated 2015-2016 HOME grants to June 30, 2020, and the extension of the 2014 Habitat grant to June 30, 2020.

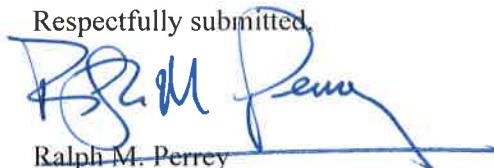
Next, Ms. Tully called upon Mr. Ralph Perrey, Executive Director of THDA, and Mr. Watt to present information on the proposed 2019 Building Trades Demonstration Program. Mr. Perrey deferred to Mr. Watt, who referenced his memorandum dated March 18, 2019, and the attached proposal. Mr. Watt noted that the rationale for the proposal is that the construction industry across the state is facing a severe shortage of skilled labor as younger generations are not considering the construction trade as viable career path. He noted that THDA’s housing development programs have been consistently impacted by this shortage—as evidenced by increased numbers of grant extension requests—and in part because federal and state programs have a higher regulatory burden and are slower to pay than non-subsidized housing sectors. He explained that, to help impact this issue, the Tennessee Builders Education Foundation and Shelby County Schools are proposing a vocational training program in the school system on the building trades. Mr. Watt stated that in support of this initiative, THDA is proposing to reallocate \$450,000 from its existing allocation of Rebuild & Recover Program funds to provide one-time support of the start-up costs of this program in Shelby County. Don Glaze, Executive Director of the West TN Home Builders Association addressed the Committee, provided additional program details, and addressed questions from Committee members. Upon motion by Ms. Merrick, second by Mr. Rummel, the Committee recommended authorization of \$450,000 from the Rebuild and Recover fund for a one-time grant to the Tennessee Builders Education Foundation to support the start-up of this partnership with the Shelby County School System for the construction trades vocational training program. Ms. Grant Brown recused herself from the vote.

Finally, Ms. Tully called upon Ms. Megan Webb, THDA Research Analyst, to present the HOME Beneficiary Report. Ms. Webb referenced the “THDA HOME Investment Partnerships Program Beneficiary Report” dated July 1, 2017-June 30, 2018, included in the Board packet and provided highlights. She stated that the report is a snapshot of outcomes from the fiscal year 2018 HOME program

that highlights the number of units completed, number of households assisted, and further information on funding and particular awards.

There being no further business to come before the Committee, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "R.M. Perrey", with a long horizontal flourish extending to the right.

Ralph M. Perrey  
Executive Director

Approved the 21<sup>st</sup> day of May, 2019.