

TENNESSEE HOUSING DEVELOPMENT AGENCY
GRANTS COMMITTEE
July 23, 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, July 23, 2019, at 9:15 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: Austin McMullen, Secretary of State Tre Hargett, Lynn Tully, Ann Butterworth (for Comptroller Justin Wilson), and Erin Merrick. John Krenson was absent. Other Board members present were Treasurer David Lillard, John Snodderly, Christine Rhea, and Samantha Wilson (for Commissioner Stuart McWhorter). Michael Hedges joined the meeting at 9:45 a.m.

Chair McMullen called the meeting to order. After a brief explanation from Lynn Miller, THDA Chief Legal Counsel, Secretary Hargett moved to reconsider the minutes from the March 26, 2019, meeting. The motion was seconded by Ms. Tully, and the motion passed unanimously. Then upon motion by Secretary Hargett, second by Ms. Tully, the revised March 26, 2019, minutes were approved.

Chair McMullen next called for consideration of the minutes from the May 21, 2019, meeting. Upon motion by Secretary Hargett, second by Ms. Tully, the minutes were approved.

Next, Chair McMullen next called on Toni Shaw, Housing Program Manager, to present the Program Description for the 2020 Fall Round Tennessee Housing Trust Fund ("THTF") Competitive Grants Program. Ms. Shaw referenced a memorandum from Don Watt, Director of Community Programs, dated July 3, 2019, and the attached proposed 2020 Fall Round THTF Program Description. She noted that THDA is proposing to make approximately \$1,800,000 available under the 2020 Fall program for the construction and rehabilitation of affordable rental housing. She stated that the only change from the previous Program Description was that spend-down requirements have been updated for applicants that may have been awarded a previous THTF grant. Upon motion by Ms. Merrick, second by Ms. Tully, the Committee recommended to the Board approval of the 2020 Fall Round THTF Competitive Grants Program Description, with authorization for the Executive Director to make final award decisions.

Next, Chair McMullen called upon Ms. Shaw to present a request from Brownsville Housing Authority ("BHA") to extend their 2016 Spring Round THTF Competitive Grants contract. Ms. Shaw referenced a memorandum from Don Watt dated July 3, 2019, and the attached request letter from BHA. She noted that BHA was awarded \$215,136 to construct 4 units of rental housing for extremely low income households that include persons with a disability. She confirmed BHA has not drawn down THTF funds; however, BHA has provided satisfactory proof that construction is now well underway after issues with building design, design approval from local codes officials, and record-setting rainfall in the area. Ms. Shaw explained that BHA's existing contract expired on June 30, 2019, that they are requesting a 120-day extension to complete the work, and that staff is recommending approval of the extension request to October 31, 2019. Ms. Shaw informed the Committee that Sherry Smith from BHA was in attendance and available to answer any questions. Ralph Perrey, THDA Executive Director, added that BHA's request was received on June 5th before the contract expired, but not soon enough to be brought up at the May board meeting. Upon motion by Secretary Hargett, second by Ms. Merrick, the Committee recommended to the Board approval of retroactively extending the Brownsville Housing Authority 2016 Spring Round THTF Competitive Grants contract to October 31, 2019.

During the above discussion, the Committee indicated that all extension requests should be received by THDA in sufficient time for evaluation and consideration at the Board meeting prior to the expiration date of any grant contract.

Chair McMullen again called upon Ms. Shaw to present a summary of the 2019 Spring Round THTF Competitive Grants awards. Ms. Shaw referenced a memorandum from Don Watt dated July 3, 2019, and the attached 2019 Spring Round THTF awards matrix. She noted that THDA awarded a total of \$1,942,630 to 4 applicants to create rental housing for extremely low-income households with a set-aside for homeless veterans and persons with severe and persistent mental illness; a group home for up to 8 female ex-offenders; eight one-bedroom duplexes for the elderly; and 5 units of transitional housing for single parent families.

Next, Chair McMullen called upon Bill Lord, Housing Program Manager, to present the Program Description for the 2019 National Housing Trust Fund (“NHTF”) program. Mr. Lord referenced a memorandum from Don Watt dated July 3, 2019, and the attached proposed 2019 NHTF Program Description. He noted that \$3,039,651 will be made available to eligible applicants for the development or rehabilitation of affordable rental housing for extremely low-income households. He highlighted the following significant changes from the previous Program Description:

- (1) Remove for-profit developers as eligible applicants;
- (2) Clarify requirements for the recordation of the note, deed of trust, and restrictive covenants;
- (3) Update subsidy limits in alignment with HUD’s changes;
- (4) Clarify cost eligibility for units or buildings in which fixed or floating units will be located;
- (5) Reduce the Need and Opportunity Scores points;
- (6) Add a “Rural Designation” category for application scoring as defined by the HOME program;
- (7) Add a “Designated Distress Counties” category as defined by Governor Lee’s executive order of January 23, 2019. Applications proposing development in one of the 15 designated counties will receive an additional 5 points.

Upon motion by Ms. Tully, second by Ms. Butterworth, the Committee recommended to the Board approval of the 2019 NHTF Program Description, with authorization for the Executive Director to make final award decisions.

Chair McMullen again called upon Mr. Lord to present a summary of the 2018 NHTF awards. Mr. Lord referenced a memorandum from Don Watt dated July 3, 2019, and the attached 2018 NHTF awards matrix. He noted that \$3,119,433 was awarded to 4 applicants, creating a total of 39 units of affordable housing for extremely low-income households in Knox, Davidson, Williamson, and Hamilton Counties.

Next, Chair McMullen called upon Mr. Lord to present a proposed amendment to the 2017, 2018, and 2019 HOME Program Descriptions. Mr. Lord referenced a memorandum from Don Watt dated July 3, 2019. He explained that, currently, reconstruction is required if rehabilitation costs exceed 75% of the after-rehabilitation value of the home, however, in instances where reconstruction may be undesirable, such as a new home being incongruent with the rest of the neighborhood, staff would like the flexibility to waive this requirement on a case-by-case basis. He stated that any time a waiver of the reconstruction requirement is approved, the compliance period is increased from 5 years to 15 years. Upon motion by Ms. Tully, second by Ms. Merrick, the Committee recommended to the Board approval of the amendment to the 2017, 2018,

and 2019 HOME Program Descriptions regarding reconstruction, as detailed in the referenced memorandum.

Next, Chair McMullen again called upon Mr. Lord to present a summary of the 2019 HOME awards. Mr. Lord referenced a memorandum from Don Watt dated July 3, 2019, and the attached 2019 HOME awards matrix. He noted that in the urban and rural round, \$7.25 million was awarded to 17 applicants for the rehabilitation of a projected 147 homes across the state. In the Community Housing Development Organization ("CHDO") round, over \$2.2 million was awarded to develop 20 units for sale to low or moderate income homebuyers.

Next, Chair McMullen called upon Mr. Don Watt, Director of Community Programs, to present the 2019 Emergency Solutions Grants ("ESG") awards summary. Mr. Watt referenced his memorandum dated July 3, 2019, and the attached ESG awards matrix. He noted that \$2,239,821 was awarded to 23 nonprofits across the state to assist individuals who are homeless or threatened with homelessness. Additionally, \$600,000 in program funds and \$45,000 in administrative funds were awarded to the four set-aside cities of Clarksville, Johnson City, Knoxville, and Murfreesboro.

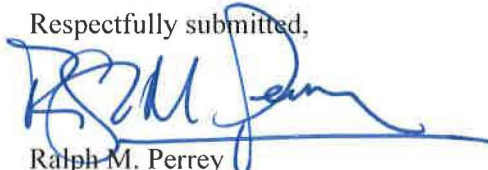
Finally, Chair McMullen called upon Mr. Watt to present a request to authorize submission of the 2020 Low Income Home Energy Assistance Program ("LIHEAP") Annual Plan. Mr. Watt referenced his memorandum dated July 1, 2019. He noted that LIHEAP provides funds through subgrantee agencies across the state to assist low-income households meet their home energy needs. He reported that in 2018, THDA assisted over 96,000 households through the program. He indicated that THDA's 2020 allocation is expected to be approximately \$65,000,000. He further indicated that the U. S. Department of Health and Human Services ("HHS") requires submission of an annual application to receive funds for the upcoming fiscal year, and the following programmatic changes will be proposed for the 2020 program year application, subject to a public comment period during August 2019:

- (1) Change the definition of income from "past 8 weeks" to "past 30 days";
- (2) Allow client applications to be accepted online;
- (3) Allow HVAC system repair and replacement using LIHEAP funds;
- (4) Allow for the purchase of vehicles and equipment for use in the LIHEAP Weatherization program, such as work trucks and insulation machines, which will help subgrantee agencies establish in-house crews; thereby eliminating issues with procuring subcontractors.

Upon motion by Ms. Merrick, second by Ms. Tully, the Committee recommended to the Board approval for THDA to submit an application to HHS for the LIHEAP Program Year 2020 funds by the federal deadline of September 1, 2019, subject to review of any material changes by the Board Chair, the Committee Chair, and THDA's Executive Director prior to submission.

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

Respectfully submitted,



Ralph M. Perrey
Executive Director

Approved the 24th day of September, 2019.