

July Board Meeting Minutes

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
July 27, 2021

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the "Board") met in regular session on Tuesday, July 27, 2021 at 1:00 p.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Board members were present: Doree Hicks (for Commissioner of Finance & Administration Butch Eley), Chris Mustain (for Secretary of State Tre Hargett), State Treasurer David Lillard; Matt McGauley; Austin McMullen; Erin Merrick; Rick Neal; John Snodderly; and Katie Armstrong (for Comptroller Jason Mumpower). Those absent were: Mike Hedges, Chair; Mike Hardwick; Joann Massey, Tennion Reed and Chrissi Rhea.

In the absence of Board Chair Mike Hedges, Vice Chair Rick Neal presided over the meeting.

Seeing a physical quorum present, Vice-Chair Neal called the meeting to order, and then called for consideration of the minutes from the May 25, 2021 meeting. Upon motion by Mr. Lillard, second by Mr. Snodderly, and with all Board members identified as present voting yes, the minutes were approved.

Vice Chair Neal recognized Ralph M. Perrey, Executive Director to present his report:

- We have our THDA Leadership Academy class of 2021 with us. This the sixth group to go through the program. Over the course of the year, they attend symposiums where they learn about THDA's business and programs, as well as leadership development. This is one of several ways we try to develop a strong pool of leadership talent for THDA and oftentimes for housing organizations across the state.
- There's a great deal in the media about the many Americans who are behind on their rent and thought to be at risk of being evicted. Consequently, there's concern about how little of the billions appropriated for rent relief has reached landlords and it is being suggested that this is the fault of state and local agencies – that we've made it too complicated, that we want too much documentation. Well, it's not that simple.
- As enacted by Congress, the rent relief program is designed to help those impacted by COVID. It will not help those who were headed to eviction before COVID. It will not help those being evicted for bad acts, criminal behavior or property damage. It will not be available to those who decided that an eviction moratorium meant they didn't have to pay rent and there's nothing the landlord can do about it.
- There is undoubtedly a number of people potentially facing eviction, but not all of them qualify under the COVID rent relief program rules. That is a federal issue. It is not a matter of state and local agencies not doing the work.
- In our program, we have helped over 1,900 households with rent and utility payments and dispersed over \$12.4 million. There is no backlog of applications waiting to be looked

at. Once a completed application is submitted, it takes about three weeks to verify, process, and send payments.

- We have to verify certain things.
- In Tennessee, and every other state, the number of applicants for COVID rent relief are far fewer than everyone expected. Not much is going out because not much in the way of applications is coming in. We continue our outreach efforts to landlords, tenant groups, social service agencies and non-profits. We are working with the Administrative Office of Courts to make those docketed for eviction hearings aware of the program. But there is not the slightest chance that we will use all of the \$383 million allocated to us, let alone the additional \$312 million Congress has awarded.
- We have kept Cathy Salazar and our Human Resources team very busy as we staff up to handle the new federal programs entrusted to us. The most urgent need has been in the areas of Community Programs, Accounting, and IT, but all told we are bolstering nine of our divisions. Many of these positions are long-term temporary, linked to a specific federal program, and they will go away when those programs end. The Governor and General Assembly have given us the flexibility to do so, and they have earlier granted our expansion requests for the positions important to our normal business operations.
- A report issued by Freddie Mac last week offers important context for what's happening to our mortgage business this year. The supply of entry-level homes is at a 5 decade low. Smaller houses at price points affordable to THDA borrowers just aren't much available and few are being built. When THDA was created in 1973, 43.9% of the houses in Tennessee were 1,400 square feet or less. In 2019, that percentage was just 14.7%, and it is likely lower today. Those are the headwinds we are facing.

Things we're watching:

- HUD has announced additional mortgage relief for FHA, VA, RD borrowers. Our team at Volunteer Mortgage Loan Servicing is already working to offer modifications to those who fell behind due to COVID but can now resume payments, and also to those not yet able to cover their mortgage payments. We understand there is a principal reduction program coming for some of those borrowers; we will wait to learn more. And, of course, there is the Homeowners Assistance Fund, which we will offer to our own borrowers in the coming weeks.
- We are also watching the work to modernize the Community Reinvestment Act – CRA. Given all of the changes in banking over the last 40 years, modernization is certainly needed. Of concern to many in housing circles are proposals to broaden the range of investments for which banks can get CRA credit and possibly pull investments away from housing. We will keep you updated on potential impacts for THDA programs.

Vice-Chair Neal noted the first item of business is a request to extend the Executive Director's COVID waiver authority through the end of the year, and to ratify the waivers conditionally granted since that authority lapsed on June 30, 2021. A memo about the request addressed to the THDA Board of Directors from Executive Director Ralph M. Perrey dated July 21, 2021 detailing the request for

THDA Board of Directors to extend through December 31, 2021 the authority it has given to the Executive Director to grant waivers, extensions, exceptions and modifications as necessary to help projects and developments supported by THDA to remain on track and/or to mitigate problems caused directly or indirectly by the COVID pandemic; and, that the Board ratify all such actions taken from July 1-27 (listed in memo) was added to your board packet last week. Upon a motion by Mr. McMullen, second by Mr. McGauley, and with all Board members identified as present voting yes, the motion carried.

Vice-Chair Neal recognized Mr. Lillard to report on the Audit and Budget Committee Meeting. By offer of a motion by Mr. Lillard on behalf of the Audit & Budget Committee and with all Board members identified as present voting yes, the motion carried to adopt the Fiscal Year 2022 Annual Audit Plan as outlined in the memo from Gay Oliver, Director of Internal Audit dated July 7, 2021.

Vice-Chair Neal then recognized Mr. Lillard to report on the Bond Finance Committee Meeting. He noted that staff recommends THDA exercise its option to extend its contract with CSG Financial Advisors for an additional twelve months on the CSG Contract Extension as explained in the memo from Bruce Balcom, Chief Legal Counsel, dated July 6, 2021 and that the Bond Finance Committee approved that extension. By offer of a motion by Mr. Lillard on behalf of the Bond Finance Committee and with all Board members identified as present voting yes, the motion carried to extend the CSG Financial Advisors contract for an additional twelve months.

Vice-Chair Neal then recognized Mr. McMullen for the Grants Committee Report. Mr. McMullen offered four items at one time for Board approval as follows:

- A. COVID-19 Rental Housing Development Subsidy Program Description Referenced a memo from Don Watt, Chief Program Officer dated July 6, 2021. Mr. Watt noted that staff recommends the Board approve the following:
 - Adoption of the attached proposed COVID-19 Rental Housing Development Subsidy Program Description (“Program Description”) subject to an allocation of Federal resources by the Governor’s Office for this purpose;
 - Authorize the Executive Director or a designee to award funds for applications received and determined eligible for funding; and
 - Allow staff to make programmatic changes, as deemed necessary and appropriate, as approved by the Executive Director, or as required by the federal funding source from which a program allocation to THDA is made.
 - Staff will provide information to the Committee and Board regarding associated funding awards at the meeting that immediately follows the date of the awards.

- B. 2021 HOME Program Description – Homeownership Development Referenced a memo from Cynthia Peraza, Director of Community Programs and Don Watt, Chief Program Officer dated July 6, 2021 noting that staff recommends:
 - Adoption of the attached proposed 2021 HOME Program Description for Homeownership Development (Program Description”):
 - Authorize the Executive or designee to award 2021 HOME funds to applicants for applications scored by staff; and,
 - Allow staff to make minor programmatic changes, as deemed necessary and appropriate as approved by the Executive Director, or as requested by HUD;
 - Staff will provide information to the Committee and board regarding associated funding awards at the meeting that immediately follows the date of the awards.

- C. 2022 Low Income Home Energy Assistance Program (LIHEAP) Model Plan. Referenced a memo from Cynthia Peraza, Director of Community Programs and Don Watt, Chief Program Officer dated July 30, noting that staff requests:
- Board and Committee approval for THDA to submit an application to the U. S. Department of Health and Human Services (HHS) for the LIHEAP Program Year 2022 funds by the federal deadline of September 1, 2020, subject to review by the Board Chair, the Committee Chair, and THDA's Executive Director of any further material changes prior to submission.
- D. 2021 titled 2017 Home Program Extension Request – City of Gatlinburg Referenced a memo from Cynthia Peraza, Director of Community Programs and Don Watt, Chief Program Officer dated July 21. He noted that in this memo staff recommends:
- Authorization to extend the 2017 HOME Program Grant Contract for the City of Gatlinburg for a period of 12-months, changing their contract end date from June 30, 2021 to June 30, 2022, due to the natural disaster Sevier County experienced in 2016 compounded by delays resulting from COVID-19.

By offer of a motion by Mr. McMullen on behalf of the Grants Committee and with all Board members identified as present voting yes, motion carried to approve the four Grants Committee agenda items.

Vice-Chair Neal then recognized Mr. McGauley to report on the Lending Committee meeting. Mr. McGauley referenced a memo from Lindsay Hall, Chief Operating Officer of Single Family Programs dated July 6, 2021 titled Homeowners Assistance Fund (HAF). He noted that THDA staff seeks board approval to administer the HAF funds on behalf of the State of Tennessee as assigned to THDA by Governor Lee to those eligible homeowners experiencing a financial hardship related to the COVID-19 pandemic. By offer of a motion from Mr. McGauley on behalf of the Committee and with all Board members identified as present voting yes, motion carried for approval for THDA to administer the funds.

Next, Mr. McGauley referenced a memo from Lindsay Hall, Chief Operating Officer of Single Family Programs dated July 6, 2021 titled Proposed Increase in Acquisition Cost Limits (Sales Price) noting that staff recommends the increase of Acquisition Cost Limits in 82 of the 95 counties in Tennessee. Please see the attached showing the increases by county proposed.

- 82 Counties in Tennessee would see an increase by \$50,000 making the maximum acquisition cost \$300,000 in 44 counties and \$350 in 38 counties.
- The remaining 13 counties in the middle Tennessee market would remain at \$375,000.

By offer of a motion from Mr. McGauley on behalf of the Committee and with all Board members identified as present voting yes, motion carried for approval the guidelines as listed above.

Vice Chair Neal then recognized Mr. Snodderly to report on the Rental Assistance Committee meeting. Mr. Snodderly referenced a memo from Jeboria Scott, Director of Rental Assistance and Don Watt, Chief Programs Officer dated July 6, 2021 titled Emergency Housing Voucher Program in which staff recommends:

- Authorizing THDA's acceptance of the Emergency Housing Vouchers (EHV) Grant.
- Approving the EHV program description.
- Approving the Administrative Plan Amendment to include EHV policy.

- Authorizing staff to make necessary changes to the program requirements in accordance with updated requirements or guidance provided by the U.S. Department of Housing and Urban Development (HUD) as the program matures.

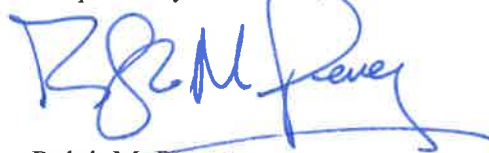
By offer of a motion from Mr. Snodderly on behalf of the Committee and with all Board members identified as present voting yes, motion carried for approval the guidelines as listed above.

Next, Mr. Snodderly proceeded to the Project Based Contract Administration Memo from Ralph M Perrey dated July 1, 2021 outlining the recommendation to authorize THDA to exit PBCA at the expiration of the current contract on January 31, 2022 or such earlier date as the U.S. Department of HUD can complete the transition to another contractor. By offer of a motion from Mr. Snodderly on behalf of the Committee and with all Board members identified as present voting yes, motion carried for the Executive Director to provide formal notice to HUD of THDA's intention to exit the PBCA contract with HUD and meets the contractual requirement of providing six months' notice of same.

Vice Chair Neal recognized Mr. Snodderly to report on the Tax Credit Committee meeting. Mr. Snodderly referenced the memo from Josie Kotsioris, Director of Multifamily Programs and Don Watt, Chief Programs Officer dated July 6, 2021 titled Proposed Increase to the Aggregate Amount of THDA Private Activity Volume Cap Available as 2021 Multifamily Tax-Exempt Bond Authority. The memo outlined staff recommendations to increase the amount of bond authority available for multifamily development by \$189 million, effective upon receipt of the mid-year allocation of volume cap from the Department of Economic and Community Development, and recommend to the Board of Directors adoption of same. By offer of a motion from Mr. Snodderly on behalf of the Committee and with all Board members identified as present voting yes, motion carried.

With no further business, meeting was adjourned.

Respectfully submitted,



Ralph M. Perrey
Executive Director

Approved the 28th day of September, 2021.