

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
July 25, 2023

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency (THDA) Board of Directors (the "Board") met in regular session on Tuesday, July 25, 2023, at 10:16 AM CT in Tennessee Room #2 of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following board members were present in person: Chair Matt McGauley, Sara Queirolo (for Treasurer David Lillard), Alex Schuhmann (for Commissioner of F&A Jim Bryson), Rob Mitchell, Chris Mustain (for Secretary of State Tre Hargett), Stephen Dixon, Chrissi Rhea, Tennion Reed, Dan Springer, and Micheal Miller. Those absent were: Comptroller Jason Mumpower, Rick Neal, Austin McMullen, and Jacky Akbari.

Chair McGauley called the Board meeting to order and then opened the floor to anyone present from the public who wished to address the board. Seeing no one, he closed the floor to public comment.

Chair McGauley then recognized Executive Director Ralph M. Perrey for his report.

Mr. Perrey shared the following.

The application date for the second round of multifamily bond allocations is being pushed back. The amount of our mid-year allocation from the Department of Economic & Community Development is always affected by the number of other requests ECD receives. Once THDA knows with certainty how much bond authority is available for multifamily, THDA will proceed with round two.

Governor Lee has indicated that supporting housing is one of his priorities going into the next legislative session. We have had encouraging discussions with his policy staff and offered some suggestions. We look forward to working with the administration and general assembly on this and appreciate the opportunity for early input.

THDA concluded the COVID-19 Emergency Rent Relief Program on June 30. The Agency assisted 49,909 households with payments totaling just under \$276 million. THDA reallocated \$196 million to the four localities that ran their own programs. The Agency is awarding another \$25 million to support existing eviction prevention programs, and have roughly \$65 million available to support those activities and local programs, if needed.

THDA will also close the Homeowner Assistance Fund Mortgage Assistance program to new applicants effective at midnight August 6. To date, THDA has assisted 2,174 homeowners with payments totaling roughly \$33 million, an average of \$15,000 per homeowner. The Agency has about 900 applications under review. Not counting funds reserved for pending applications, there is \$101 million on hand, which will be used to extinguish FHA claims for eligible applicants on a first-come first-served basis.

Because Tennessee did not shut everything down for extended periods, neither the COVID-19 Rent Relief nor the Homeowner Assistance Fund Mortgage Assistance programs saw anywhere close to the number of applicants initially projected.

He was pleased to host his counterparts from around the country for NCSHA's annual Executive Directors workshop in Nashville. It was a great opportunity to show off our state and our capital city. It

was also a valuable opportunity to share ideas about ways we can help support affordable housing development and improve our mortgage programs. Some of those ideas from states like Oklahoma, Montana and Florida are among those THDA has shared with the Governor's policy staff. THDA is also keeping tabs on several federal regulatory decisions: one could impact investor interest in rural tax credit developments; another would require multifamily lenders to consider several social objectives when they underwrite loans to developers. Almost everyone wants to see continued support for rural tax credit investments; we divided on the second question. Mr. Perrey is among those who oppose using anything other than financial considerations in underwriting multifamily loans.

THDA continues to work with Tennessee's congressional delegation to promote the Affordable Housing Credit Improvement Act in Congress, which increases the amount of tax credits we will have to award, and reduces the 50% test on multifamily developments, which will help us stretch our bond authorization over more developments. Strong bipartisan support makes this the most likely piece of housing legislation to pass this year.

At the conclusion of Mr. Perrey's remarks, Chair McGauley recognized Ms. Lindsay Hall, the Chief Operating Officer for Single Family Programs for a Single Family Programs Business Update. Ms. Hall's update included a comparative loan production report and delinquencies. This was followed by an overview of THDA's HFA-1 Program participation by Ms. Rhonda Ronnow, Director of Single Family Loans.

Next, Chair McGauley recognized Mr. Eric Alexander, the Director of Multifamily Programs for a Multifamily Programs Business Update. Mr. Alexander's update included an overview of projects in the current production pipeline, an introduction to affordable housing tax credits, and the four changes being considered for the 2024 Qualified Allocation Plan.

Then, Chair McGauley recognized Mr. Bill Lord, the Director of Community Housing for an overview of the National Housing Trust Fund program that THDA administers.

At the conclusion of the presentation, Chair McGauley asked for consideration of the May 23, 2023, board meeting minutes. Upon motion by Mr. McGauley and a second by Mr. Mitchell, the motion carried, with abstentions from Mr. Miller and Ms. Reed, and the minutes were approved.

Mr. McGauley then recognized Mr. Bill Lord, Director of Community Housing, to present the 2023 HOME Rental Development Program Description, as outlined in the memo dated July 12, 2023, from himself and Don Watt, Chief Programs Officer in the board packet. Mr. Lord highlighted that \$5.9 million is available to nonprofit partners and public housing agencies for the development of rental housing. Upon a motion by Mr. McGauley and a second by Ms. Queirolo, the motion carried and the program description was approved.

Chair McGauley again recognized Mr. Bill Lord, Director of Community Housing, to present on the 2023 HOME CHDO Homeownership Development Program Description, as outlined in the memo dated July 10, 2023, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Lord highlighted that \$2.75 million is available to homebuyers and nonprofit partners. Upon motion by Mr. McGauley and a second by Ms. Rhea, the motion to approve the program description was carried.

Chair McGauley recognized Mr. Bill Lord, Director of Community Housing, to present on the Knox County Habitat for Humanity Challenge Grant Extension Request, as outlined in the memo dated July 5, 2023, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Lord highlighted that this request was for a 20 month extension to finish production of 35 homes. Upon motion

by Mr. McGauley and a second by Mr. Mitchell, the motion to approve the Grant Extension for Knox County Habitat for Humanity was carried.

Chair McGauley recognized Mr. Bill Lord, Director of Community Housing, to present on the Gallatin Housing Authority Competitive Grant Extension Request, as outlined in the memo dated July 5, 2023, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Lord highlighted that this request was for a 13 month extension to finish production of eight (8) duplexes. Upon motion by Mr. McGauley and a second by Mr. Mitchell, the motion to approve the Grant Extension for Gallatin Housing Authority was carried.

Chair McGauley recognized Ms. Cynthia Peraza, Director of Community Services, to present on the Revision to the Eviction Prevention Pilot Program, as outlined in the memo dated July 10, 2023, from herself and Don Watt, Chief Programs Officer, as found in the board packet. Upon motion by Mr. McGauley and a second by Ms. Reed, the motion to approve the revision was carried.

Chair McGauley recognized Ms. Lindsay Hall, Chief Operating Officer of Single Family Programs, to present on the proposed Single Family Income Limits, as outlined in the memo dated June 15, 2023, from Dr. Hulya Arik, Economist, as found in the board packet. Ms. Hall explained that this proposal would increase income limits in every county in Tennessee and is in line with the current economy. Upon motion by Mr. McGauley, and a second by Ms. Rhea, the motion to approve the proposed Single Family Income Limits was carried.

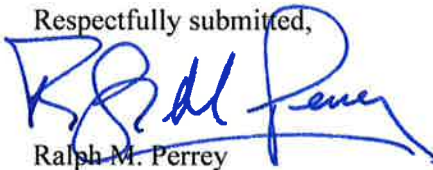
Chair McGauley again recognized Ms. Lindsay Hall, Chief Operating Officer of Single Family Programs, to present on the Single Family Acquisition Cost Increase, as outlined in the memo dated June 7, 2023, from herself, as found in the board packet. Ms. Hall explained that the last increase to the higher of THDA's acquisition cost limit was in 2015. At that time, Middle Tennessee was set at \$375,000. The proposed increase would set the Acquisition Cost Limit at \$400,000 across the state, which is in line with the housing market and the economy. Upon motion by Mr. McGauley, and a second by Ms. Rhea, the motion to approve the proposed Single Family Income Limits was carried.

Mr. McGauley presented a motion and a second from the Bond Finance Committee to approve Bond Issue 2023-3. Upon vote from the full Board, the motion was carried.

Mr. McGauley then presented a motion and a second from the Bond Finance Committee to approve Amendment to THDA's Investment Policy. Upon vote from the full Board, the motion was carried.

Chair McGauley then recognized Mr. Bill Lord, Director of Community Housing, for a brief update on THDA's recent grant awards.

With no further business, the meeting was adjourned at 11:13 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 26th day of September, 2023