



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

**Meeting Materials
May 25, 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
Bond Finance Committee Meeting
Tuesday, May 25, 2021 at 1:00 p.m. CT
WebEx Meeting /Call - To join the call
Dial 1-650-479-3208; Code 177 276 2581**

AGENDA

- A. Conduct of Electronic Meeting statement
- B. Approval of Minutes from January 21, 2021 Meeting
- C. Issue 2021-2 Authorization
- D. Issue 2021-2 Reimbursement Resolution
- E. Plan of Financing for Issue 2021-2
- F. Schedule of Financing FY 2021-2022

Committee Members:

Mike Hedges, Chair
Commissioner Butch Eley
Secretary Tre Hargett
Treasurer David Lillard
Comptroller Jason Mumpower

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
January 21, 2021

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency Board of Directors (the "Committee") met on Thursday, January 21, 2021, at 8:00 A.M. via a Webex call with certain staff members physically present at the THDA Offices located at 502 Deaderick Street; Andrew Jackson Building, 3rd Floor; Nashville, Tennessee 37243.

The following Committee members were present via Webex: Mike Hedges (Chair); Secretary of State Tre Hargett; Kevin Bradley (for Treasurer Lillard); and Katie Armstrong (for Comptroller Jason Mumpower); Doree Hicks (for Commissioner of Finance & Administration Butch Eley); Austin L. McMullen; Rick Neal and Chrissi Rhea. Treasurer David Lillard joined the meeting at 8:06 A.M. via Webex. Also, other Board Members present were: Joann Massey; Mathew McGauley; Erin Merrick; John K. Snodderly; and Tennion Reed.

Recognizing a quorum present, Chair Hedges called the meeting to order at 8:01 a.m. Central Time and recognized Bruce Balcom, THDA Assistant Chief Legal Counsel, who presented the following statement:

"Certain Committee 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 Committee today require timely action and the physical presence of a sufficient number of Committee members to constitute a quorum is not possible within the timeframe in which action is required and also because of COVID-19. Therefore, it is necessary for some members to participate via telephone. Committee members participating by telephone were sent documents relevant to today's meeting."

Upon motion by Secretary Hargett and second by Ms. Armstrong for Comptroller Mumpower, and with the following roll call vote, the motion carried to approve doing business in this manner with all members identified as present voting "yes".

Chair Hedges called for consideration of the September 18, 2020, Bond Finance Committee Meeting Minutes. Upon motion by Secretary Hargett, second by Ms. Armstrong, and with the following roll call vote with all members identified as present voting "yes", the motion carried to approve the September 18, 2020, minutes.

Chair Hedges indicated the next item for consideration was the sale of Issue 2021-1 Bonds. Bruce Balcom, THDA Assistant Chief Legal Counsel, presented the following documents that were circulated for the Committee's consideration:

- Memo from CSG Advisors Incorporated (“CSG”), financial advisor for THDA, dated December 17, 2020, recommending approval of the described pricing for Issue 2021-1.
- Resolution of the Bond Finance Committee approving the issuance and sale of Issue 2021-1 (Non-AMT) in an aggregate principal amount not to exceed \$200,000,000, (the “Award Resolution”). Issue 2021-1 will price sometime in the middle of March and close in April. The following documents were attached to the Award Resolution as exhibits and were incorporated by reference:
 - Bond Purchase Agreement for the sale of Issue 2021-1 Bonds to the underwriting syndicate, led by Raymond James (“RJ”), the bookrunning senior manager;
 - Supplemental Resolution for the Issue 2021-1 Bonds; and
 - Resolution of the Board of Directors of THDA authorizing reimbursement of THDA from proceeds of Issue 2021-1 in an amount not to exceed \$70,000,000.

Upon motion by Treasurer Lillard, second by Chair Hedges, and with the following roll call vote with all members identified as present voting “yes”, the motion carried to recommend and approve both the bond authorization and the Award Resolution and the resolution to the Board of Directors.

Director Ralph M. Perrey requested to have the Bond Finance Committee establish a target amount for private activity, volume cap that THDA can carry forward for future use in the single-family programs. The amount of volume cap being requested to be set aside at the end of this calendar year for use in 2022 and 2023 would be \$300,000,000. This amount is substantially less than in previous years as THDA makes progress on building an ability to finance mortgages in the secondary market. Secretary Hargett asked Director Perry how THDA arrived at the decision to set the target amount at \$300,000,000. Director Perry explained that in THDA’s five-year plan, the Agency looks at expected business volume and with the expected approval of Ginnie Mae Issuer status, THDA will start to move more of the government-backed loans to the secondary market next year, and by 2023 it:

- Projects to use \$300,000,000 of volume cap for single-family program loans based on expected Ginnie Mae issuer status sometime during 2021,
- Will shift from issuing bonds to utilizing a line of credit to finance single-family program loans through Ginnie Mae, which will limit the amount of THDA debt outstanding.
- Will still receive revenue from the servicing of these loans.

No formal motion was needed to approve the projected amount of \$300,000,000 in volume cap. There were no objections, and Chair Hedges deemed the projection to be approved.

There being no further business, Chair Hedges adjourned the meeting.

Respectfully submitted,
 Sandi Thompson,
 Assistant Secretary
 Approved this 25th day of May, 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: Bruce Balcom, Chief Legal Counsel
SUBJECT: Authorization of General Residential Finance Program Bonds, Issue 2021-2 Tax-Exempt
DATE: May 14, 2021

Recommendation

Staff recommends approval of the bond authorization for Issue 2021-2, the Issue 2021-2 Reimbursement Resolution, and the Plan of Financing for Issue 2021-2 as noted in the documentation in the meeting materials.

Seeking authorization and approval of a bond issue closing in August 2021 with a requested authorization of the THDA to approve bond issue, Issue 2021-2 for the maximum principal amount of \$200,000.00 under the 2013 General Resolution Finance Program Board Resolution. The authorization and approval of Issue 2021-2 and the plan of reimbursement by the committee. The authorization and approval of the enclosed proposed plan of financing for 2021-22. Seeking authorization and approval of the proposed senior bookrunning manager and rotating co-manager for the proposed bond issuances as outlined in the memo from CSG.

Key Points

The approval of the bond issuance of Issue 2021-2, and a possible replacement refunding, along with the proposed plan of financing will allow THDA to continue to maintain a steadily available supply of funds to finance its mortgage loan programs at competitive, fixed interest rate mortgage loans that benefit low and moderate income families, while maintaining or improving THDA's overall financial strength and flexibility.

Background

DOCUMENTS FOR BOND FINANCE COMMITTEE CONSIDERATION

Attached please find the following documents in connection with the requested authorization of the THDA bond issue, Issue 2021-2:

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 may include a

replacement refunding component. Staff expects this bond issue to be priced in late July, 2021, with closing by the end of August, 2021, depending on THDA loan production. The final size and structure will be determined by the Authorized Officer closer to pricing.

2. Memo from CSG recommending the senior bookrunning manager and elevation of a selling group member to co-manager.
3. THDA Plan of Financing for Issue 2021-2 Residential Finance Program Bonds, which the Bond Finance Committee will be asked to approve. This document does not require Board approval under THDA's enabling legislation.
4. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing the Issuance and Sale of Residential Finance Program Bonds, Issue 2021-2, that includes the form of Supplemental Resolution for Issue 2021-2 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.
5. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2021-2 in an amount not to exceed \$100,000,000. The Bond Finance Committee will be asked to recommend this resolution to the Board of Directors.

COMPLIANCE WITH THDA DEBT MANAGEMENT POLICY

Issue 2021-2 complies with the Tennessee Housing Development Agency Debt Management Policy adopted on November 28, 2011, as amended (the "Debt Management Policy"). In particular, Issue 2021-2 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 RBC Capital Markets be the senior bookrunning manager for Issue 2021-2 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 2021-2 is Wiley Brothers Aintree. based on a recommendation from CSG and THDA staff.

SELLING GROUP

Duncan-Williams, Inc.
FTN Financial
Robert W. Baird

Recommendation and Background

It is recommend that the committee approve and authorize Issue 2021-2, the plan of financing for Issue 2021-2, recommendation to the Board of Directors of the Tennessee Housing Authority, authorization of the supplemental resolution of Issue 2021-2, and the proposed schedule of financing for fiscal year 2021-2022.

MEMORANDUM

TO: THDA Board of Directors and THDA Bond Finance Committee

FROM: Tim Rittenhouse, David Jones, and Eric Olson

SUBJECT: Bond Issue Authorization Recommendation

RE: Residential Finance Program Bonds, Issue 2021-2

DATE: May 7, 2021

Executive Summary

- CSG recommends that the THDA Board of Directors and THDA Bond Finance Committee authorize a \$200 million Issue 2021-2 under the Residential Housing Finance Program Bond Resolution as new money bonds to fund THDA's mortgage loan pipeline. The exact issue size will be evaluated closer to the bond sale date based on THDA's pipeline and interest rates at the time.
- Issue 2021-1 closed on April 28, 2021, and THDA expects it to be fully committed as soon as early July, at which time THDA will begin committing against Issue 2021-2.
- Issue 2021-2, if authorized, is expected to be sold in late July for a closing in late August.
- For Issue 2021-2, CSG recommends RBC Capital Markets as book-running senior manager (see our Underwriter Recommendation Memo, submitted separately).

Background

On April 28, 2021, THDA closed its \$149.99 million Residential Finance Program Bonds, Issue 2021-1 (Non-AMT) to finance new mortgage loans. As of April 30th, THDA had committed approximately \$72 million of the Issue 2021-1 proceeds.

When the Issue 2021-1 proceeds are exhausted, THDA will begin to purchase mortgage loans using available THDA funds, expecting that such advances will be reimbursed with proceeds of Issue 2021-2. As soon as July, THDA anticipates beginning to build a pipeline of mortgage loans to be funded with Issue 2021-2. Based on current projections, staff expects THDA has sufficient available funds on hand to continue purchasing mortgage loans through the anticipated closing of Issue 2021-2, assuming a closing in late August or early September.

Issue 2021-2 is expected to replace and refund prior bonds in order to preserve private activity volume cap. No economic refunding component is proposed.

Proposed Sizing and Structure

Authorizing a bond issue of not to exceed \$200 million is expected to allow THDA to continue purchasing mortgage loans into the fall and perhaps beyond. The ultimate size of the issue will depend on mortgage loan demand until pricing, on interest rates, and on an assessment of negative reinvestment costs (the cost of investing bond proceeds at lower interest rates than the bond interest rate before the proceeds can be used to purchase mortgage loans).

After Issue 2021-1, THDA has unused volume cap carried forward from 2018 totaling approximately \$324.15 million that must be used by December 31, 2021. Including potential replacement refunding of non-AMT bonds, Issue 2021-1 is expected to consist entirely of non-AMT bonds given the large amount of 2018 carry forward volume cap that will expire if not used.

Based on current market conditions and investor appetite, structuring Issue 2021-2 to include planned amortization class bonds ("PACs") to be sold at a premium would significantly lower the issue's bond yield. PACs are often priced at a premium and most frequently designed with an expected five-year average life, assuming future prepayment speeds over a broad range. Prepayments up to 100% PSA would be directed first to redeeming the PACs until they are completely retired. Due to the projected short and stable average life and the high coupon on the PACs, institutional investors accept much lower yields than for conventional term bonds with the same maturity.

A possible concern with the use of PACs is that actual prepayments could occur at a sustained speed slower than 100% PSA, causing the PACs to remain outstanding longer than projected and potentially extending the period during which THDA would pay the high coupon on these bonds. However, THDA's average historical prepayment speed is greater than 150% PSA (current prepayment speeds exceed that dramatically). Also, if the actual sustained prepayment speed is less than 100% PSA, at its option THDA could choose to redeem the PACs up to 100% PSA experience with other available funds in order to maintain the short average life of the PACs.

Three alternative bond structures are shown in Exhibit A. In each case after calculating an estimated bond yield, the spread for tax compliance purposes between the mortgage loan yield and the bond yield was determined. Then, the amount of zero participation loans needed to achieve a tax-exempt yield spread of 1.125% was computed, based on current bond interest rates and THDA's current mortgage rates.

- **Scenario 1** shows a level-debt issue with no PAC bonds and a tax-exempt yield spread of 0.793%. \$22.19 million of zero participation loans would be consumed to reach the full 1.125% spread.
- **Scenario 2** includes PAC bonds, with the PAC bond repayments spread throughout the overall maturity structure of the issue. The lower yield on the PAC reduces the overall bond yield by approximately 0.20%. This results in an aggregate yield spread of 0.995%. \$8.335 million of zero participation loans would be consumed to bring the issue to a full 1.125% spread.
- **Scenario 3** also includes PAC bonds, but with the scheduled PAC repayments fully back-loaded within the overall maturity structure of the issue. Compared to Scenario 2, this lowers the overall bond yield by 0.05%. This results in an aggregate yield spread of 1.045%. \$4.91 million of zero participation loans would be consumed to reach a full 1.125% spread.

Each of the scenarios summarized above and listed in Exhibit A assume that THDA offers interest rates of 3.00% and 2.50%, respectively, for its Great Choice and Homeownership for the Brave mortgage programs.

It should be noted that THDA has accumulated approximately \$93.73 million in zeros that can be used to subsidize new bond issues, such as Issue 2021-2. The amount of zero participation loans that THDA accumulated helps mitigate for THDA the risk of higher bond rates on future transactions, particularly with fewer economic refunding opportunities over the next few years than in the recent past. At the same time, THDA should seek to begin consuming a portion of the zeros, in view of the large amount that has built up over the last several years.

As the financing is developed, production needs will be refined, and as the proposed pricing date approaches, CSG will continue to evaluate the benefits of including PACs and other premium or discount bonds, or super-sinker bonds to assess if further refinement of the structure could offer improvement in the pricing of Issue 2021-2.

Issuing the Issue 2021-2 Bonds under the 2013 General Resolution avoids a state moral obligation pledge on the bonds.

Given the success of THDA's production levels in prior years, THDA has issued tax-exempt bonds at a faster pace than it receives annual allocations of private activity volume cap, which in recent years have totaled around \$420 to 450 million annually. Beginning with Issue 2019-2 and each issuance since, CSG assisted THDA with "replacement refunding" portions of bonds that THDA redeems in its normal course of monthly bond redemptions and using such eligible amounts as volume cap against THDA's bond issues (Issues 2019-2 through 2021-1).

Method of Sale

In the current market for housing bonds THDA will continue to benefit from offering its bonds via negotiated sale, rather than by competitive bid. Factors favoring a negotiated sale include:

Retail Sales / In-State Selling Group – THDA has enjoyed strong demand for its bonds among Tennessee retail investors with retail buyers often helping to set prices for institutions. Underwriting syndicate members with strong in-state marketing and distribution networks for bonds to retail investors have been an important component of support for THDA's issues. Bonds not subject to the AMT have been and are expected to continue to appeal to retail investors. The presence of selling group members, who only earn a fee on bonds they sell, helps assure that competitive forces work in THDA's interest during a negotiated sale. When housing bonds are sold via competitive bid, the winning bidder has little time or incentive to market bonds to retail investors or to involve smaller Tennessee-based broker-dealers. THDA's practice of elevating a top-performing member of the selling group to co-manager status on the next offering has reinforced retail support.

Market Volatility – A competitively bid bond issue requires that the timing and, to a significant extent, the final bond structure be established well in advance of the bid date. Continued market volatility makes it unlikely THDA could structure its bonds to obtain the lowest possible cost of debt in advance of pricing. A negotiated sale provides flexibility to price on shorter notice, to adjust the bond structure through the pricing period in response to market factors and investor indications, or to delay or accelerate the pricing as conditions warrant.

Complexity and Credit – While investors are familiar with bonds issued by housing finance agencies, a negotiated sale provides greater opportunity to communicate with investors about the more complex structure, program experience, and the credit features of THDA's bonds.

Bond Structure – Though Issue 2021-2 is expected to be relatively straightforward for a traditional housing bond, it may be desirable to make changes to the structure close to the time of the bond sale in order to cater

to the interests of certain investors, such as those interested in the PACs, to add additional maturities or features, or to use bonds priced at a premium or discount. A negotiated sale facilitates greater flexibility to make structural changes, as reflected in a number of THDA's offerings in which negotiated long-dated serial bonds allowed THDA to realize savings versus the higher cost of an intermediate term bond.

Pricing Oversight – THDA's policies and practices for negotiated bond sales – including the review of co-manager price views, consensus scales, comparable pricings, historic and current spreads, other current market data, and concurrent monitoring by the Division of State Government Finance and CSG – provide THDA with the basis for confirming that its bonds are priced fairly at time of sale. In advance of the offering CSG also provides a pre-pricing memo with information related to general bond market conditions, the housing bond market, and projected interest rate levels based on recent housing bond issues, previous THDA offerings, pending statistical releases, and candid independent discussions with uninvolved third-party underwriting desks. In order to manage incentives for the syndicate members and investors, CSG also advises on syndicate rules and procedures, proposed holdbacks of specific maturities, and allotments of bonds.

Current Market Conditions

The overall fixed income markets and the municipal bond market have been functioning well, providing tax-exempt housing bond issuers with historically low costs of funds. The coronavirus pandemic and uncertainty related to the pace of an economic recovery have sustained a flight to the safety of US Treasuries, keeping yields low. Important in maintaining an attractive environment for housing bonds has been the Federal Reserve's aggressive role in holding the fed funds rate close to 0%, making heavy purchases of a broad spectrum of bonds, and lowering interest rate expectations.

Recommendations

CSG Advisors recommends that the THDA Board of Directors and THDA Bond Finance Committee:

- Authorize the sale and issuance of Residential Finance Program Bonds, Issue 2021-2, with a par amount not to exceed \$200 million;
- Delegate to the Authorizing Officer authority to:
 - Establish the principal amount of Issue 2021-2;
 - Establish the structure, sub-series and pricing schedule of Issue 2021-2; and
 - Approve fixed-rate serial and term bonds in any combination with maturities no longer than 32 years;
- Based on current market conditions and for the reasons described above, authorize Issue 2021-2 via a negotiated sale; and
- Select RBC to serve as book-running senior manager for Issue 2021-2, in view of the continuing value they have provided as a member of THDA's underwriting syndicate (see our Underwriter Recommendation Memo for additional information).

EXHIBIT A:
PRELIMINARY STRUCTURING ANALYSIS

EXHIBIT A: STRUCTURING SCENARIOS

Tennessee Housing Development Agency Issue 2021-2
Prepared by CSG Advisors 5/6/21

			Scenario 1		Scenario 2		Scenario 3	
			No PAC		PAC Throughout Maturity Schedule		PAC Fully Backloaded	
Key Structuring Variables			No		Yes		Yes	
Including PAC Bonds			N/A		2022 - 2052		2046 - 2052	
PAC Bond Maturity Years			No		No		No	
Including Overcollateralization								
Issue Size								
New Money	Non-AMT		200,000,000		200,000,000		200,000,000	
Total			200,000,000		200,000,000		200,000,000	
Mortgage Production Assumptions								
Great Choice Mortgage Rate 3%			196,000,000		196,000,000		196,000,000	
Homeownership for the Brave Mortgage Rate 2.50%			4,000,000		4,000,000		4,000,000	
Total			200,000,000		200,000,000		200,000,000	
Bond Structure								
		Coupon						
Serials	Non-AMT	0.150% - 1.950%	66,980,000	33%	44,305,000	22%	65,455,000	33%
7/1/2036 Term	Non-AMT	2.050%	18,590,000	9%	12,300,000	6%	18,160,000	9%
7/1/2041 Term	Non-AMT	2.250%	33,775,000	17%	22,340,000	11%	33,000,000	17%
7/1/2046 Term	Non-AMT	2.400%	37,900,000	19%	25,070,000	13%	32,375,000	16%
7/1/2051 Term	Non-AMT	2.450%	42,755,000	21%	28,285,000	14%	-	0%
1/1/2052 PAC Term	Non-AMT	3.000%	-	0%	67,700,000	34%	51,010,000	26%
(PAC yield at 0.95% with 5-year avg. life 100-400% PSA)			200,000,000	100%	200,000,000	100%	200,000,000	100%
Yields if no loan participations in or out								
Mortgage Yield			2.940%		2.940%		2.940%	
Bond Yield			2.146%		1.944%		1.895%	
Yield Spread			0.793%		0.995%		1.045%	
Loan Participations to Achieve Full 1.125% Yield Spread								
Zero Percent Loans (Consumed) from 2020-3			(39,700,000)		(39,700,000)		(39,700,000)	
Zero Percent Loans Created from 2021-2			17,510,000		31,365,000		34,790,000	
Net Zero Percent Loans (Consumed) / Created			(22,190,000)		(8,335,000)		(4,910,000)	
New Volume Cap Needed								
2021-2 (Non-AMT)			200,000,000		200,000,000		200,000,000	
			200,000,000		200,000,000		200,000,000	
					(plus PAC premium)		(plus PAC premium)	
Rating Agency Cash Flow Runs			No Additional Stress		No Additional Stress		Relies on strength of 2013 Resolution for added PAC stress of \$18,600,000	
Mortgage Rates and Zero Percent Loans Needed								
A Current Mortgage Rate on New Money Mortgages			3.00% GC		3.00% GC		3.00% GC	
Mortgage Yield			2.940%		2.940%		2.940%	
Bond Yield			2.146%		1.944%		1.895%	
Yield Spread			0.793%		0.995%		1.045%	
Net Zero Percent Loans (Needed) / Created for Full Spread			(22,190,000)		(8,335,000)		(4,910,000)	
B GC Mortgage Rate that would Reduce Zeros by 50%			3.15%		3.06%		3.03%	
Net Zero Percent Loans (Needed) / Created for Full Spread			(11,095,000)		(4,167,500)		(2,455,000)	
C GC Mortgage Rate that would Reduce Zeros by 100%			3.32%		3.12%		3.07%	
Net Zero Percent Loans (Needed) / Created for Full Spread			-		-		-	

MEMORANDUM

TO: THDA Bond Finance Committee, Division of State Government Finance, and THDA

FROM: David Jones, Tim Rittenhouse, and Eric Olson

SUBJECT: Underwriter Recommendation
Residential Finance Program Bonds, Issue 2021-2

DATE: May 7, 2021

Background

In January 2018, THDA's Bond Finance Committee selected a new underwriting team consisting of co-senior managers Citigroup, Raymond James, and RBC; co-managers JP Morgan and Wells Fargo, with a third position to be filled by a selling group member based on performance on THDA's prior bond issue. In October 2020, the Bond Finance Committee extended the term of the current underwriting team for an additional year through calendar year 2021.

The purpose of this memo is to recommend firms to serve on THDA's Issue 2021-2 as:

1. book-running senior manager; and
2. elevated selling group member.

1. Book-Running Senior Manager

Table 1 shows the firms that served as book-running senior managers on THDA's recent bond issues.

TABLE 1: BOOK-RUNNING SENIOR MANAGERS, RECENT THDA BOND ISSUES

Bond Issue	Par Amount of Bonds Issued	Book-Running Senior Manager
2018-4	225,000,000	Raymond James
2019-1	175,000,000	RBC Capital Markets
2019-2	200,000,000	Citigroup Global Markets
2019-3	150,000,000	Raymond James
2019-4	200,000,000	RBC Capital Markets
2020-1	200,000,000	Citigroup Global Markets
2020-2	108,500,000	Raymond James
2020-3	145,000,000	RBC Capital Markets
2020-4	145,000,000	Citigroup Global Markets
2021-1	149,990,000	Raymond James

Rather than select the book-running senior manager based on a fixed rotation, according to the latest underwriter selection by the Bond Finance Committee, the book-running senior manager will be selected from among the two firms who did not serve as the senior book-running manager on the last bond issue, based on criteria as determined by the Bond Finance Committee in consultation with the Comptroller's Office and CSG. As always, THDA reserves the right to adjust the rotation or the factors to be considered at any time and for any reason. Measures of a senior manager's performance include, but are not limited to, the following:

- Bond distribution performance,
- Pricing aggressiveness,
- Ultimate execution of the sale,
- Flexibility,
- Ability to attract new investors,
- Secondary market support,
- Idea generation,
- Syndicate management,
- Willingness to underwrite unsold bonds,
- Offering of additional credit resources (lines of credit, etc.)

RBC Capital Markets continues to perform very well when selected as the book-running senior manager, evidenced by aggressive pricing of Issue 2020-3, the last issue RBC senior-managed for THDA. When senior managing prior issues, the firm has shown a willingness to work the order book diligently, price bonds aggressively, and underwrite unsold bonds when necessary. CSG has worked with RBC on numerous issuances for other HFAs in the months since Issue 2020-3. RBC continues to successfully manage and achieve good pricing results for other clients, and their marketing efforts to investors often bring new buyers into the housing bond market. Since pricing Issue 2020-3 in late-June, RBC has successfully managed single family issues for other state housing finance agencies, including Colorado, Connecticut, Illinois, Iowa, Massachusetts, Minnesota, SONYMA, New Mexico, Montana, North Carolina, North Dakota, Pennsylvania, Rhode Island, and Washington State.

Given their continued performance as a leading underwriter of municipal housing bonds, we recommend that RBC Capital Markets serve as book-running senior manager for Issue 2021-2.

2. Elevated Selling Group Member

The following table shows the retail performance of each selling group member for Issue 2021-1, for which Robert W. Baird acted as the third co-manager based on its performance on Issue 2020-4.

TABLE 2: RETAIL ORDERS AND ALLOTMENTS BY MEMBER: ISSUE 2021-1 (thousands)

Selling Group Member	Retail Orders	Final Allotments
Wiley Bros. - Aintree	\$ 1,900	\$ 1,465
Robert W. Baird	1,490	750
Duncan Williams	595	275
FHN Financial	250	250
TOTAL	\$ 4,235	\$ 2,740

Based on final retail allotments on Issue 2021-1, Wiley Brothers - Aintree qualified to be the selling group member elevated to co-manager for THDA's Issue 2021-2.

A summary of the orders and final allotments for each of the last three bond issues is provided as Exhibit 1.

**EXHIBIT 1: SUMMARY OF FINAL ORDERS AND ALLOTMENTS,
LAST THREE BOND ISSUES**

THDA UNDERWRITER PERFORMANCE SUMMARY – 2020-3, 2020-4, and 2021-1 (\$ thousands)

	2020-3 (RBC lead, Wiley co) 145,000		2020-4 (Citi lead, Baird co) 145,000		2021-1 (RJ lead, Baird co) 149,990		Combined 2020-3 to 2021-1 439,990	
	Orders	Allot- ments	Orders	Allot- ments	Orders	Allot- ments	Orders	Allotments
Citigroup								
Tennessee Retail	515	365	2,480	2,480	895	820	3,890	3,665
National Retail	1,650	650	72,980	25,480	885	310	75,515	26,440
Net Designated	0	0	288,770	100,970	0	0	288,770	100,970
Member	14,000	0	0	0	25,000	0	39,000	0
Total	16,165	1,015	364,230	128,930	26,780	1,130	407,175	131,075
Raymond James								
Tennessee Retail	6,010	4,145	3,500	3,500	30,395	16,645	39,905	24,290
National Retail	2,320	505	1,025	295	20,605	6,075	23,950	6,875
Net Designated	28,775	2,505	33,230	8,765	681,185	120,965	743,190	132,235
Member	0	0	40,000	0	1,000	1,000	41,000	1,000
Total	37,105	7,155	77,755	12,560	733,185	144,685	848,045	164,400
RBC Capital Markets								
Tennessee Retail	10,245	7,545	0	0	0	0	10,245	7,545
National Retail	39,065	8,365	350	150	1,000	250	40,415	8,765
Net Designated	896,130	112,700	0	0	0	0	896,130	112,700
Member	0	0	22,000	0	17,500	0	39,500	0
Total	945,440	128,610	22,350	150	18,500	250	986,290	129,010
J.P. Morgan								
Tennessee Retail	0	0	150	150	995	600	1,145	750
National Retail	125	60	715	615	7,570	535	8,410	1,210
Member	10,000	0	10,000	0	2,000	0	22,000	0
Total	10,125	60	10,865	765	10,565	1,135	31,555	1,960
Wells Fargo								
National Retail	2,175	270	2,145	375	2,150	50	6,470	695
Net Designated	4,130	450	0	0	0	0	4,130	450
Member	10,000	0	20,000	0	15,000	0	45,000	0
Total	16,305	720	22,145	375	17,150	50	55,600	1,145
Duncan-Williams								
Tennessee Retail	2,250	1,625	500	500	595	275	3,345	2,400
Total	2,250	1,625	500	500	595	275	3,345	2,400
FHN Financial								
Tennessee Retail	0	0	0	0	250	250	250	250
National Retail	200	100	0	0	0	0	200	100
Member	4,000	0	0	0	6,500	0	10,500	0
Total	4,200	100	0	0	6,750	250	10,950	350
Robert W. Baird & Co.								
Tennessee Retail	2,755	2,110	1,200	1,200	1,200	750	5,155	4,060
National Retail	140	90	50	50	290	0	480	140
Member	0	0	0	0	1,000	0	1,000	0
Total	2,895	2,200	1,250	1,250	2,490	750	6,635	4,200
Wiley Bros-Aintree								
Tennessee Retail	9,465	1,515	0	0	1,900	1,465	11,365	2,980
Net Designated	10,000	2,000	0	0	0	0	10,000	2,000
Total	19,465	3,515	0	0	1,900	1,465	21,365	4,980
TOTAL								
Tennessee Retail	31,240	17,305	7,830	7,830	36,230	20,805	75,300	45,940
National Retail	45,675	10,040	77,265	26,965	32,500	7,220	155,440	44,225
Net Designated	939,035	117,655	322,000	109,735	681,185	120,965	1,942,220	348,355
Member	38,000	0	92,000	0	68,000	1,000	198,000	1,000
Total	1,053,950	145,000	499,095	144,530	817,915	149,990	2,370,960	439,520

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING THE ISSUANCE AND SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS, ISSUE 2021-2
May 25, 2021

WHEREAS, pursuant to the Tennessee Housing Development Agency Act (the "Act"), the Bond Finance Committee of the THDA Board of Directors (the "Committee"), on May 25, 2021, approved a plan of financing for Residential Finance Program Bonds, Issue 2021-2 (the "Bonds") in an aggregate par amount not to exceed \$200,000,000 (the "Plan of Financing"); and

WHEREAS, the Plan of Financing provides for the Bonds to be issued as additional series of long term and/or short term tax-exempt and/or taxable bonds, with fixed interest rates, under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the "General Resolution") and to be sold by competitive or negotiated sale, all at the election of the Authorized Officer; and

WHEREAS, THDA on January 26, 2021, adopted a Housing Cost Index, as defined in Section 13-23-103(7) of the Act, which shows that, as of January 5, 2021, primary housing costs exceed 25% of an average Tennessee household's gross monthly income; and

WHEREAS, pursuant to Section 147 of the Internal Revenue Code of 1986, as amended (the "Code"), THDA must conduct a public hearing regarding the issuance of the Bonds and submit the results of the public hearing to the Governor of the State of Tennessee for approval; and

WHEREAS, THDA proposes to distribute a preliminary official statement (the "Preliminary Official Statement") to prospective purchasers and to make available to the respective purchasers a final official statement (the "Official Statement") with respect to the Bonds; and

WHEREAS, the Board wishes to authorize the Authorized Officer to proceed with the issuance and sale of the Bonds to provide funds for THDA's programs in accordance with the Plan of Financing and this Resolution.

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

1. The Secretary of the Committee, or in the absence of the Secretary of the Committee, an officer designated by the Secretary of the Committee is appointed as the authorized officer (the "Authorized Officer") and is authorized to sell the Bonds and to fix the details of the Bonds in accordance with the Plan of Financing and this Resolution.

2. The issuance and sale of the Bonds, in an aggregate par amount not to exceed \$200,000,000, with the final terms, all as determined by the Authorized Officer pursuant to the Plan of Financing and upon the recommendation of THDA's Financial Advisor, and the Executive Director, with the approval of THDA's Bond Counsel, is hereby authorized.

3. The resolution titled "A Supplemental Resolution Authorizing the Sale of Residential Finance Program Bonds, \$_____ Issue 2021-2A (Non-AMT), and \$_____ Issue 2021-2B (Non-AMT), (the "Supplemental Resolution"), in the form attached hereto, is adopted, subject to the provisions contained herein.

4. THDA is authorized and directed to conduct a public hearing prior to the issuance of the Bonds, to the extent required by the Code, with reasonable public notice and to submit the results of the public hearing to the Governor to obtain the Governor's written approval.

5. The Authorized Officer is authorized to (a) select the manner of sale; (b) designate multiple series or sub-series, as needed; (c) designate AMT, non-AMT or taxable components; (d) designate fixed interest rates; (e) approve a final structure for the Bonds; (f) approve a final principal amount or amounts, not

to exceed a par amount of \$200,000,000; (g) authorize bond insurance, if determined necessary; (h) determine all other final terms of the Bonds, in accordance with this Resolution, the Plan of Financing and the Supplemental Resolution; (i) approve the final version of the Supplemental Resolution, with such additional changes, substitutions, deletions, additions, completions or amendments therein as determined by the Authorized Officer, upon the recommendation of the Executive Director with the approval of Chief Legal Counsel of THDA and Bond Counsel, as the Authorized Officer shall determine to be necessary or appropriate to establish the final terms of the Bonds and their manner of sale; (j) select the senior bookrunning manager and the rotating co-manager upon the recommendation of the Financial Advisor and THDA staff; and (k) award the Bonds in accordance therewith. At the discretion of the Authorized Officer, the Bonds may include new volume cap and any combination of amounts needed to refund all or any part of bonds or notes outstanding under the General Resolution, under the General Homeownership Program Bond Resolution or under the General Housing Finance Resolution, including, without limitation, to produce proceeds for new mortgage loans or to produce economic savings or opportunities for interest rate subsidies. In addition, the Authorized Officer, at their discretion, may elect to transfer resources from the General Homeownership Program Bond Resolution and/or the General Housing Finance Resolution to the General Resolution in connection with the issuance of the Bonds upon recommendation of the Executive Director or Secretary of the Committee with the approval of Bond Counsel, Financial Advisor and Chief Legal Counsel.

6. The Assistant Secretary of the Committee, with the assistance of Bond Counsel, the Financial Advisor, and the Executive Director and Chief Legal Counsel of THDA, is authorized to prepare a Preliminary Official Statement and a final Official Statement for printing and distribution in connection with the issuance and sale of the Bonds.

7. The Assistant Secretary of the Committee, with the assistance of Bond Counsel and the Executive Director and Chief Legal Counsel of THDA, is authorized to prepare all documents determined to be necessary or appropriate for the competitive sale of all or any portion of the Bonds or all documents, including, without limitation, a purchase agreement or purchase agreements in a form appropriate for a negotiated sale, including a private placement, of all or any portion of the Bonds, as determined to be necessary or appropriate, for a negotiated sale of all or any portion of the Bonds.

8. The Authorized Officer is hereby authorized to execute (i) the proposal submitted by the lowest bidder or bidders in the event of a competitive sale of all or any portion of the Bonds or (ii) purchase agreements in the event of a negotiated sale, including a private placement, of all or any portion of the Bonds, the form of which has been approved by the Authorized Officer, upon the recommendation of the Financial Advisor and Bond Counsel, and (iii) to deliver the Bonds as appropriate.

9. The Authorized Officer, and the Chair, the Vice-Chair, the Executive Director, the Director of Finance and the Chief Legal Counsel of THDA and other appropriate officers and employees of THDA are hereby authorized to do and perform or cause to be done and performed, for or on behalf of THDA, all acts and things (including, without limitation, execution and delivery of documents) that constitute conditions precedent to the issuance and sale of the Bonds or that are otherwise required to be done and performed by or on behalf of THDA prior to or simultaneously with the issuance and sale of the Bonds.

10. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Supplemental Resolution, as the context indicates.

11. This resolution shall take effect immediately.

This Resolution was adopted by the affirmative vote of no fewer than eight (8) members of the THDA Board of Directors at its meeting on May 25, 2021.

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING REIMBURSEMENT OF THDA
FROM PROCEEDS OF ISSUE 2021-2
May 25, 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 2021-2, 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 \$100,000,000 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 \$100,000,000 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
PLAN OF FINANCING
RESIDENTIAL FINANCE PROGRAM BONDS, ISSUE 2021-2
May 25, 2021

Pursuant to TCA Section 13-23-120(e)(4):

AMOUNT:

The bonds may be sold in one or more series to be known as Residential Finance Program Bonds, Issue 2021-2 (the "Bonds"), to be issued under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the "General Resolution").

The aggregate principal amount of the Bonds shall not exceed \$200,000,000. The actual aggregate principal amount shall be determined by the Authorized Officer appointed by the THDA Board of Directors (the "Authorized Officer") upon the recommendation of the Financial Advisor, Executive Director, Assistant Secretary of the Bond Finance Committee and approved by THDA's Bond Counsel and may take into account the following limitations and other factors:

- (1) the amount of Bonds which may be issued pursuant to the Act and the total amount of bonds outstanding under the General Resolution; and
- (2) the amount of Bonds which may be issued to refund bonds or notes outstanding under the General Resolution, the General Homeownership Program Bond Resolution (the "1985 Resolution"); or under the General Housing Finance Resolution (the "2009 Resolution") to provide economic savings, additional opportunities for interest rate subsidies with respect to THDA Program Loans or as a result of prepayments, proceeds on hand, excess revenues, or maturing principal; and
- (3) the amount of Bonds that may be issued, the proceeds of which are necessary to reimburse THDA for Program Loans financed from available THDA funds prior to the availability of proceeds from the Bonds; and
- (4) the amount of Bonds which may be issued, the proceeds of which are necessary to meet demand for Program Loans; and
- (5) the availability of THDA's funds, subject to the review of the Authorized Officer, for the purpose of providing for the payment of the costs of issuance of the Bonds, paying capitalized interest with respect to the Bonds, funding the Bond Reserve Fund, providing additional security for the Bonds, and achieving a lower rate of interest on the Program Loans; and
- (6) the amount of resources (loans and cash) available under the 1985 General Resolution to over collateralize the Bonds, if needed, to improve yield, reduce the amount of other subsidies and to increase the program asset debt ratio under the General Resolution.

APPLICATION
OF PROCEEDS:

Proceeds of the Bonds will be applied to (i) redemption and payment at maturity of certain of THDA's bonds or notes outstanding under the General Resolution, the 1985 Resolution, and/or the 2009 Resolution; (ii) finance Program Loans by the direct purchase thereof; and (ii) other uses as specified below in approximately the following amounts:

- 90% for single-family first lien mortgage loans,
refinancing outstanding bonds;
- 8% for bond reserve;
- 1% for capitalized interest; and
- 1% for cost of issuance and underwriter's
discount/fee.

DATE, METHOD AND
TERMS OF SALE:

The sale of the Bonds will take place by competitive or negotiated sale, including private placement, and will occur no later than July 30, 2021. THDA will prepare for the sale with the aid of its financial advisor, CSG Advisors Incorporated, and its bond counsel, Kutak Rock.

MATURITIES:

The Bonds may be any combination of tax-exempt and/or taxable long and/or short term serial, term, and/or discounted or premium bonds as may be determined by the Authorized Officer. The Bonds shall have a maturity not to exceed 34 years from the date of original issuance.

BOND INTEREST RATES:

The interest rates on the Bonds shall be fixed long term rates and shall not result in a net interest cost in excess of 9% per annum.

REDEMPTION TERMS:

The Bonds may be subject to redemption prior to maturity on such terms as are to be determined by the Authorized Officer.

LOAN INTEREST RATES AND
COST OF ADMINISTRATION:

Unless otherwise permitted under the Internal Revenue Code, the blended effective interest rate on Program Loans financed with proceeds of tax-exempt Bonds (including any transferred loans upon the refunding of any outstanding bonds) will not exceed 112.5 basis points over the yield on such tax-exempt bonds, as calculated in accordance with the Internal Revenue Code, from which all of THDA's costs of administration for the Bonds may be paid.

TENNESSEE HOUSING DEVELOPMENT AGENCY

A Supplemental Resolution

Authorizing the Sale of

Residential Finance Program Bonds

\$ _____ Issue 2021-2A (Non-AMT)

\$ _____ Issue 2021-2B (Federally Taxable)

Adopted May 25, 2021
as approved in its amended and supplemented form
by the its Designated Authorized Officer
on _____, 2021

To view supporting documentation, please click on the following link:
<https://thda.org/pdf/07-Initial-Supplemental-Resolution-THDA-2021-2.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: Bruce Balcom, Chief Legal Counsel
SUBJECT: Schedule of Financing for Fiscal Year 2021-2022
DATE: May 14, 2021

Recommendation

Staff recommends approval of the attached Schedule of Financing for Issue 2021-2 forwarding to the State Funding Board for their consideration as outlined in the meeting materials.

The attached Schedule of Financing is THDA's best estimate with respect to the financings for fiscal year 2021-22. Both the Bond Finance Committee and the Board will be asked to review and approve this Schedule of Financing. Assuming such approval occurs, the Schedule will be forwarded to the State Funding Board for their consideration.

Key Points

The attached Schedule of Financing is required by Tennessee Code Annotated Section 13-23-120(e)(1). The statutory language directs THDA to submit a Schedule of Financing to the State Funding Board showing the financings THDA proposes during the fiscal year. While the preparation of a Schedule of Financing is required, THDA is not required to carry out its financings precisely as shown on the attached Schedule.

Background

Both the Bond Finance Committee and the Board will be asked to review and approve this Schedule of Financing. Assuming such approval occurs, the Schedule will be forwarded to the State Funding Board for their consideration.

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF FINANCING
FISCAL YEAR 2021-2022
SUMMARY

The Tennessee Housing Development Agency ("THDA") is required, under Tennessee Code Annotated Section 13-23-120(e)(1), to submit a schedule to the State Funding Board showing financings proposed for the fiscal year. The proposed schedule for fiscal year 2021-2022 is attached.

Total amount of bonds or notes reflected on Schedule
of Financing for Fiscal Year 2021-2022:

\$535,000,000

TENNESSEE HOUSING DEVELOPMENT AGENCY

**SCHEDULE OF FINANCING
FISCAL YEAR 2021-2022**

**ISSUE 2021-2 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP
August 2021**

Sources of Funds

Proceeds of the Issue	\$ 120,000,000
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 120,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)

\$ THDA contribution, or no more than 1% of
bond proceeds, or a combination thereof

**ISSUE 2021-3 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
December 2021**

Sources of Funds

Proceeds of the Issue	\$175,000,000*
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 175,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)

\$ THDA contribution, or no more than 1% of
bond proceeds, or a combination thereof

* Approximately \$55,000,000 of this amount may be used to refund bonds eligible for refunding on or after January 1, 2022.

**ISSUE 2022-1 - RESIDENTIAL FINANCE BONDS –NEW VOLUME CAP
March 2022**

Sources of Funds

Proceeds of the Issue	\$ 120,000,000
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 120,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

**ISSUE 2022-2 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
June 2022**

Sources of Funds

Proceeds of the Issue	\$120,000,000*
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$120,000,000*
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

* Approximately \$40,000,000 of this amount is expected to be used to purchase loans in early fiscal year 2022-2023.

Single Family Bonds Sold in FY 2020-2021

\$ 145,000,000	Issue 2020-4 Residential Finance Program Bonds, Dated July 16, 2020
\$ 145,000,000	Issue 2020-4 Residential Finance Program Bonds, Dated October 28, 2020
\$ 149,900,000	Issue 2021-1 Residential Finance Program Bonds, Dated March 21, 2021
TOTAL	\$439,900,000

Multifamily Bonds Sold in FY 2020-2021 \$ 0

Volume Cap Used by Local Issuers For Multi-Family Housing in 2020	\$ 241,845,000	From THDA's 2020 Volume Cap Allocation
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Volume Cap Available to Local Issuers For Multi-Family Housing in 2021	\$ 375,000,000	From THDA's 2021 Volume Cap Allocation
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ASSUMPTIONS

1. A bond issue may include any structure authorized by the Board and approved by the Bond Finance Committee, including, without limitation, convertible option bonds, short term notes, variable rate debt, taxable debt, planned amortization class bonds.
2. Dates of bond issues are based on estimated absorption of available funds and expected need for additional funds for three to four months, subject to the actual rate at which mortgage loans are currently being purchased.
3. THDA anticipates taking the maximum spread allowed under federal law for each bond issue, which is 112 basis points. The maximum spread could, however, be reduced based on program requirements at the time of sale. Interest rates for THDA loans could be further subsidized.
4. THDA anticipates future bonds will be issued under the 2013 General Resolution to continue to reduce the moral obligation of the state for THDA bonds.
5. The volume cap assumption is that 50% of the annual total tax-exempt bond authority amount available in Tennessee is made available to THDA at the beginning of each calendar year. This is the allocation to THDA for all tax-exempt housing bond issuance in the state in the current Department of Economic and Community Development plan. For bond issues in calendar year 2021, volume cap carried forward from 2018 will be used. For bond issues in calendar year 2022, volume cap THDA carried forward from 2019 will be used. Unused 2018 volume cap, if any, will be made available for the THDA Mortgage Credit Certificate Program by making the required elections on or before December 31, 2021.
6. A THDA contribution may be made with each bond issue as needed to over-collateralize the bond issue for the benefit of THDA borrowers, to fund required reserves, to pay cost of issuance and to ensure that the maximum amount of bond proceeds is used to fund mortgage loans. The amount and source of the THDA contribution is determined at the time it is needed. The amount of the contribution, if needed, is based on the structure of the bond issues, an analysis of debt service requirements of the general resolution under which the bonds are issued, the fee paid to underwriters and an estimate of other costs of issuance expected to be incurred. The source of such THDA contribution is assets available for such purpose under the 2013 General Resolution, 1985 General Resolution or the 2009 General Resolution.



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
Tax Credit Committee Meeting
Tuesday, May 25, 2021 at 1:15 p.m. CT
WebEx Meeting /Call - To join the call
Dial 1-650-479-3208; Code 177 176 2581**

AGENDA

- A. Conduct of Electronic Meeting statement
- B. Approval of Minutes from January 21, 2021 meeting
- C. Requests for Relief for Outstanding Issues Identified in Competitive 2021 Low Income Housing Credit Initial Applications
 - a. TN21-023 East Gate Village
 - b. TN21-033 West Way Phase 2
 - c. TN21-034 East Fork Way
 - d. TN21-036 Hills View Apartments
 - e. TN21-040 Park View Apartments
- D. Request for Exchange of Credits: 2020-004 Hickory Valley
- E. Discussion – Preliminary Proposed Changes to the 2022 Qualified Allocation Plan
 - a. County Location Score
 - b. New Construction in a Qualified Census Tract

***Materials for this item only will be sent under separate cover on May 20, 2021**

Committee Members:

John Snodderly, Chair
Commissioner Butch Eley
Secretary Hargett
Mike Hedges
Treasurer Lillard
Joann Massey
Matt McGauley
Erin Merrick

TENNESSEE HOUSING DEVELOPMENT AGENCY
TAX CREDIT COMMITTEE MEETING MINUTES
January 21, 2021

Pursuant to the call of the Chairman, the Tax Credit Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met in regular session on Thursday, January 21, 2021, at 8:16 a.m. CST 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 Committee members were present via WebEx: John Snodderly (Chair), Doree Hicks (for Commissioner of Finance & Administration Butch Eley), Secretary of State Tre Hargett, Mike Hedges, State Treasurer David Lillard, Joann Massey, Matt McGauley, and Erin Merrick. Other Board members present were: Austin L. McMullen, Tennion Reed. Chair Snodderly 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. Board members participating by telephone were sent documents relevant to today’s meeting.”

Chair Snodderly called the meeting to order. No roll call vote was necessary at this time. The necessity existing to conduct the meeting in this manner is noted in the minutes of the Bond Finance committee meeting that directly preceded this meeting on the same WEBEX call.

Chair Snodderly called for consideration of the previously circulated November 12, 2020 Committee meeting minutes. Upon motion by Treasurer Lillard, second by Mr. Hedges, and a roll call vote with Ms. Hicks (for Commissioner. Eley), Mr. Hedges, Treasurer Lillard, Ms. Massey, Mr. McGauley, Ms. Merrick, and Chair Snodderly voting “yes”, and Secretary Hargett “no response”, motion carried to approve the November 12, 2020 Committee meeting minutes.

Chair Snodderly recognized Mr. Perrey, Executive Director of THDA, and asked for a review of the Volume Cap discussion from the Bond Finance Committee. The discussion entailed the committee’s decision to set aside two thirds (2/3) of the initial bond allocation for multifamily in November 2020. THDA received strong demand in applications for multifamily bond deals early in 2021. Most of the set aside funds have been apportioned, which has caused concerns if resources will be available to our development community partners later in the year. Mr. Perrey recommended increasing the amount of MTBA available to \$310 million.

Secretary Hargett moved that the committee recommend to the Board 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. This motion was seconded by Treasurer Lillard, and a roll call vote with all Committee members identified as present voting “yes”, the motion was passed.

Chair Snodderly again recognized Mr. Perrey, Executive Director of THDA to present the extension of the temporary COVID Authority to June 30, 2021.

Secretary Hargett made the motion to recommend to the Board the extension of the Renewal of Temporary Authority to Modify Established Program Deadlines and Associated Requirements Due to COVID-19 – Multifamily Programs Division memo from Don Watt, Chief Programs Officer, and dated December 15, 2020. The motion was seconded by Mr. McGauley, and a roll call vote with all Committee members identified as present voting “yes” that the motion was approved.

Chair Snodderly recognized Edwin King, Director of Multifamily Programs, to present the special request application for Chippington Towers I and II, a 426 unit rental development for the elderly and disabled located in Madison, Tennessee. Mr. King referenced his memo with the subject Multifamily Tax-Exempt Bond Authority Special Request Application for Chippington Towers, dated January 4, 2021 included in the Committee materials.

LHP Capital proposes to acquire and substantially rehabilitate Chippington Towers in 2021. Originally receiving allocations of low income housing credit from MTBA in 2005, the application has been submitted pursuant of Section 6 B of the program description for 2021. Staff recommends approval of the special request application, which satisfies the requirements of the MTBA program description.

Chair Snodderly recognized Ms. Massey, who addressed Mr. Perrey, Executive Director of THDA, about LHP Capital’s past performance and how established the company is in Tennessee. Mr. Perrey stated the company has a strong past history. THDA is currently working with LHP Capital on a special request for Trevecca Towers in Davidson County. Ms. Massey asked where LHP principals reside. Mr. Perrey responded that Ms. Carey Parker, Chief Executive Officer of LHP Capital, resides in or around Knoxville, TN. Mr. Perrey stated that in accordance with the interstate commerce clause, THDA does not discriminate against companies based outside of the state. Ms. Massey noted that she would appreciate all contractor / company locality information in future requests.

Mr. Hedges presented his concern regarding Chippington Towers’ need for renovation, when it was rehabbed in 2005. He also expressed concern that the request was over one third (1/3) of our total bond authority. Mr. Perrey responded that this project is a special request with the potential to have a high impact on a special population, therefore it was brought before the committee for discussion and possible recommendation to the board.

Chair Snodderly asked for a motion to approve this special request, there was a motion by Ms. Merrick, second by Mr. McGauley, and a roll call vote with Ms. Hicks, Secretary Hargett, Treasurer Lillard, Ms. Merrick, and Chair Snodderly as present voting “yes”, Mr. Hedges voting “no”, and Ms. Massey “abstaining,” motion passed 6 “yes”, 1 “no”, 1 “abstain”, to recommend to the Board that the special request under Section 6B for Chippington Towers I and II be approved.

Chair Snodderly followed up on THDA’s Needs and Location Score and potential changes in scoring for 2022. Chair Snodderly recognized Edwin King, Director of Multifamily Programs, who presented an overview to the methodology of the Low-Income Housing Credit County Need Score, memo dated January 4, 2021.

Ms. Merrick was interested if other states used specific elements of Opportunity 360, or used the program as a whole. Her concern was if the metric weighting system would drive THDA towards one geographic area. Mr. King responded that some states are using specific elements, and he could adjust the scoring system for THDA’s specific prerequisites. Ms. Massey was concerned that the scoring system might exclude communities where there is a very high need. Mr. King replied that the 'need' portion is addressed in other areas of the QAP.

Secretary Hargett asked about the mobility scoring and expressed concern that the mobility score would exclude rural areas and should not have a high weight. He suggested that the weighting system be narrowed down to zip code and census tract level. Mr. King shared that the mobility score is a reflection of various components such as the distance of services, how often mass transit runs, and takes into consideration how many people own vehicles. He also stated that the Pools are structured to group similar areas, i.e. Pool 1 for the counties around Davidson and Shelby Counties, Pool 2 suburban areas, grouping them in like counties. Mr. Hedges also expressed concern on the mobility score. He applauded the use and refinement of the Needs Score within Mr. King’s department. Mr. Hedges suggested including the vacancy rate of affordable housing on the county level. The education level in the area should be considered as well. He also noted the economic viability should be addressed. Mr. King noted all committee member concerns for future consideration in the QAP development.

With no further business, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 25th day of May, 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 Board of Directors

FROM: Don Watt, Chief Programs Officer
Josie Kotsioris, Director of Multifamily Programs

SUBJECT: May 2021 Tax Credit Committee Meeting

DATE: May 19, 2021

The agenda for the May meeting includes the following items.

1. There are several requests for relief from applicants in the Low-Income Housing Credit ("LIHC") 2021 competitive round.
2. TN20-004 Hickory Village requests approval to exchange 2020 LIHC for 2021 LIHC.
3. Preliminary Proposed Changes for the LIHC 2021 Qualified Allocation Plan
 - a. The Research and Planning Division will present information on the Location Score component of the LIHC scoring system for new construction; and
 - b. Discussion of THDA's policy regarding LIHC new construction in a Qualified Census Tract.



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: Don Watt, Chief Programs Officer
Josie Kotsioris, Director of Multifamily Programs

SUBJECT: 2021 Competitive Low-Income Housing Credit Round Review Meeting

DATE: May 19, 2020

Recommendation

Staff recommends that the Tax Credit Committee make determinations as described in the following summaries.

Background

1. The applicants for the 2021 competitive Low-Income Housing Credit round have been evaluated by staff.
2. The applicants have been made aware of any issues identified with their respective application(s).
3. The applicants have been given an opportunity to resolve any identified issues (the “Cure Period”).
4. Pursuant to Section 14.B.1 of the Low-Income Housing Credit 2021 Qualified Allocation Plan (the “2021 QAP”), the Cure Period ended on April 21, 2020.
5. The following summaries and applicant requests reflect unresolved issues for which the applicant has requested a determination from the Tax Credit Committee.
6. Pursuant to Section 14.C.7 of the 2021 QAP, “the THDA Board of Directors specifically delegates full authority to the Tax Credit Committee to make the determinations required in this Section. The THDA Board of Directors will not consider requests to review decisions of the Tax Credit Committee. All decisions of the Tax Credit Committee are final. No matters with respect to eligibility or scoring under will be considered after the adjournment of the Review Meeting.”.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

DEVELOPMENT NAME: East Gate Village

DEVELOPMENT ID: TN21-023

Recommendation

Staff does not recommend approval of the Request for Relief

Background

1. Staff requests that the Tax Credit Committee determine whether this application is eligible for consideration taking into account the following points.
2. Staff reviewer noted the Physical Needs Assessment prepared for East Gate Village proposed scope of work was \$5,907,896 for hard costs. The online THOMAS application submitted hard costs for the substantial rehabilitation of \$5,263,158; a difference of \$644,000.
3. Staff reviewer requested the scope of work for the lesser amount proposed. The applicant did not provide the requested scope of work.
4. Staff believes that the applicant should be able to provide a scope of work for the amount proposed in the development budget to ensure that the substantial rehabilitation is satisfactory to THDA and that adequate sources and uses exist and balance.

May 3, 2021

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street, 3rd Floor
Nashville, TN 37243-0900

RE: TN21-023 East Gate Village Apartments

Dear Mr. Perrey,

In accordance with the 2021 Low Income Housing Tax Credit Qualified Allocation Plan, I am requesting a review of the Eligibility Requirements decision made by THDA staff as indicated by the Review Notice regarding the above referenced application.

The requirement in question concerns Section 12-C of the 2021 Qualified Allocation Plan, Existing Multifamily Housing Minimum Rehabilitation Requirements. The item requires the development provide a Physical Needs Assessment performed and prepared by an independent third party in accordance with the Physical Needs Assessment Guidelines on the THOMAS documents page.

A Physical Needs Assessment was submitted with the application, in accordance with the THDA PNA guidelines, which estimates \$5,907,896 for hard costs and includes a scope of work on PDF page 21 of the PNA. The developer thinks the work contained in the PNA can be completed for \$5,263,158. We bumped up our construction contingency to cover any overages that may occur in the event the work is closer to what the PNA provider thinks it may be. We think we have savings in the construction interest line item, as the rate is estimated at 5%, which presently is a higher than current construction loan rates that are available. We will also be pursuing a low interest Community Investment Tax Credit loan for both construction and perm financing.

We feel we have built in sufficient funds to complete the work contained in the PNA as stated, and on either estimate, the work per unit is over the per unit scoring we chose for scoring points, so shouldn't be an issue regarding competitive scoring. We could not find any language in the QAP or THDA PNA scope of work guidance that required construction hard costs estimates to exactly match the PNA provider's estimates, but with the addition of the construction contingency to our costs, the PNA and hard costs should be very similar.

Thank you for your consideration.

Sincerely,

Phillip Vaughn
Consultant for the Owner



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

DEVELOPMENT NAME: West Way Phase 2

DEVELOPMENT ID: TN21-033

Recommendation

Staff does not recommend approval of the Request for Relief

Background

1. Staff requests that the Tax Credit Committee determine whether this application is eligible for consideration taking into account the following points.
2. Staff considers TN21-033 West Way Phase 2 to be the second phase of West Way TN19-913; formerly know as TN17-902, and TN15-089.
3. The Low-Income Housing Credit 2021 Qualified Allocation Plan defines a “Phase 2 Development” as “A proposed development that first adds units to Existing Multifamily Housing when the construction of the Existing Multifamily Housing is complete **and at least 50 percent of the units in the Existing Multifamily Housing have been leased to tenants and at rents selected for the Existing Multifamily Housing**” (emphasis added). West Way is not currently as least 50% leased.

May 3, 2021

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street, 3rd Floor
Nashville, TN 37243-0900

RE: TN21-033 West Way, Phase II

Dear Mr. Perrey,

In accordance with the 2021 Low Income Housing Tax Credit Qualified Allocation Plan, I am requesting a review of the "Other Requirements Not Met" decision made by THDA staff as indicated by the Review Notice regarding the above referenced application.

The requirements in question concerns Section 2 of the 2021 Qualified Allocation Plan, the definition of Phase 2 Development. The item requires the development have at least 50% of the existing multifamily housing leased in Phase 1 before a Phase 2 can begin.

The property has begun lease up, but did not receive final C/O's until a few weeks ago, so could not move tenants in. The property has been completed for months, after experiencing delays in building materials due to Covid shortages in 2020. Final C/O's were held up due to Covid related issues delaying State final inspections as well as City final inspections, as the property sat completed and empty for months.

We realize we should be 50% leased to begin a Phase 2, and had anticipated being there by the time of this application. Covid delays caused the property not to be able to meet the 50% occupancy deadline. Middle TN is in a severe affordable housing shortage and we are hopeful that Mr. Perry may be willing to use the power granted to him temporarily by THDA's Board of Directors in their January meeting, allowing him to modify THDA established program deadlines due to Covid. This would allow Phase II to move forward and provide 80 units to Williamson County, a high scoring county of need in Tennessee, to help alleviate Middle TN's severe affordable housing shortage as quickly as possible.

Phase I is 72 units, and currently has 60 people on the waiting list to be approved for move in.

Thank you for your consideration.

Sincerely,

Nancy King



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

DEVELOPMENT NAME: East Fork Way

DEVELOPMENT ID: TN21-034

Recommendation

Staff does not recommend approval of the Request for Relief.

Background

1. Staff requests that the Tax Credit Committee determine whether this application is eligible for consideration taking into account the following points.
2. An application was previously submitted and approved for TN20-031 Christina Way on the same plot of land. Staff would consider TN21-034 East Fork Way to be the second phase of TN20-031.
3. The Low-Income Housing Credit 2021 Qualified Allocation Plan defines a “Phase 2 Development” as “A proposed development that first adds units to Existing Multifamily Housing when the **construction of the Existing Multifamily Housing is complete and at least 50 percent of the units in the Existing Multifamily Housing have been leased to tenants and at rents selected for the Existing Multifamily Housing**” (emphasis added). TN20-031 is neither complete nor 50% leased.
4. Staff reviewer noticed that the proposed site control for land was 65 acres of the 130 acres that was proposed in the TN20-031 Christina Way development. TN20-031 currently has a carryover allocation agreement for \$1,298,855 in annual housing credits (and has not closed). The prior award was based on 130 acres in the amount of \$1,300,000. The applicant has claimed \$650,000 for the 65 acres in the 2021 proposal. As it currently stands, the application for TN21-034 is claiming costs already included in the application for TN20-031.

May 3, 2021

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street, 3rd Floor
Nashville, TN 37243-0900

RE: TN21-034 East Fork Way

Dear Mr. Perrey,

In accordance with the 2021 Low Income Housing Tax Credit Qualified Allocation Plan, I am requesting a review of the Eligibility Requirements decision made by THDA staff as indicated by the Review Notice regarding the above referenced application.

The requirement in question concerns Section 4-B of the 2021 Qualified Allocation Plan, Application Supporting Documents.

The property is still owned by the seller, Milton Investors Group, LLC, and has not yet been sold to, TN20-031, Christiana Way, L.P. The property control is an assignment of an option for a portion of the property in the option to purchase, from TN20-031 Christiana Way, L.P. for 65 acres to East Fork Way, L.P., a different purchaser, and separate ownership entity. This is not an incremental development or phase II. This is a separate development from Christiana Way. The purchase price of land at \$1,300,000 for Christiana Way will be reduced at final t/c application, \$650,000, documented by the Warranty Deed, if East Fork Way's application is successful. Christiana Way is optioning ½ the property, at ½ the price of the seller's sales price to East Fork Way. As construction prices have risen, Christiana Way is reducing land costs by \$650K attempting to make the development financially feasible. The assignment by Christiana Way of half the land in the option to East Fork is providing no additional profit to Christiana Way from optioning to East Fork Way.

Thank you for your consideration.

Sincerely,

Nancy King



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

DEVELOPMENT NAME: Hills View Apartment

DEVELOPMENT ID: TN21-036

Recommendation

Staff does not recommend approval of the Request for Relief

Background

1. Staff requests that the Tax Credit Committee determine whether this application satisfies the eligibility requirements for Level 1 Property Control taking into account the following points.
2. This application contained deficiencies and omissions and involved numerous issues and clarifications addressed during file review.
3. Applicant also submitted a purchase contract as Level 1 Property Control. The THOMAS User Manual (page 144) requires the document to be “executed by (A) the owner of record of the Property and **(B) the currently existing Ownership Entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed**” (emphasis added).
4. The purchase contract submitted in response to the Cure Notice reflects that the buyer is the to-be-formed proposed Ownership Entity, not a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed.
5. The applicant has subsequently stated that the Ownership Entity was formed on April 21, 2021. The applicant has not provided a Certificate of Existence for the Ownership Entity.

VOB Development

5/4/2021

8960 Old Southwick Pass

Johns Creek GA 30022

Tel (404) 386-4608

Tennessee Housing Department Agency

502 Deaderick St

Nashville TN 37243

Re: Request for Review

THDA indicated the following

The applicant cure response is still unsatisfactory for Level One. As THDA requested an option for the proposed partnership of the development. The applicant response included a revised contract stating the VOB Hillsview Partners LP as the buyer however information in the application state that the LP will not be formed by or prior to July 31, 2021.

Solution :

THDA does not have the proper documentation for Level One property control.

Response

I am a bit confused by the statement *the application states the LP will not be formed by or prior to July 31 2021*. This is incorrect, since attachment 21 Certificate Regarding Eligibility for Low Income Housing Credits (attached) which was submitted in the application specifically states that the **LP will** be formed by or prior July 31 2021. I do believe that THDA will not give the applicant a choice of forming the LP entity after the application was submitted just to disqualify the applicant for making that choice. The statement specifically has the language ***will be organized and existing*** which concludes that it will be organized in the future. Initially I had Verlyn Foley, the general partner, as the purchaser of the property however in the cure notice under Ownership Entity I was told to change Verlyn Foley to the proposed entity. I abided to the request and now I am being told that the proper documentation was not submitted, even though I submitted the entity reservation from Secretary of State Tennessee. (attached). It should also be noted that VOB Hillsview Partners LP was formed on 5/3/2021.

The identity of interest screen does not appear consist with information in the developer and owner relationships. It appears that the owner and developer are related.

Response

This is incorrect, the Identity of Interest screen showed the developer and owner relationships. This information because of the number of words limitation in the application of the identity of interest screen, a pdf document

with the Identity of Interest was attached in the Miscellaneous folder. This document clearly states the relationship between the owner and the developer. (attached)

I look forward to resolving both unresolved cure items.

Sincerely

A handwritten signature in cursive script that reads "Verlyn Foley". The signature is written in black ink and is positioned above the printed name.

Verlyn Foley

**ATTACHMENT 21: CERTIFICATE REGARDING
ELIGIBILITY FOR LOW-INCOME HOUSING CREDITS**

Date: 4/16/2021

Development Name: Hills View Apartment (the "Development")

Development Address: 4170 Bradford Hicks Drive

Development Owner: VOB Hillsvie Partners LP (the "Development Owner")

1. Check applicable box and provide all required information:

☒ I [am/will be] the [general partner/managing member] of Development Owner and, as such, I have direct knowledge of the matters contained in this Certificate and am duly authorized to provide the certifications and representations contained herein to THDA in connection with the Initial Application (as defined below). ***[Check this box if the person signing this Certificate is or will be a general partner or managing member of Development Owner].***

☐ I am the _____ of _____ which [is/will be] the [general partner/managing member] of Development Owner and, as such, I have direct knowledge of the matters contained in this Certificate and am duly authorized to provide the certifications and representations contained herein to THDA in connection with the Initial Application (as defined below). ***[Check this box and complete the required information if the person signing this Certificate is an officer of the entity that is or will be a general partner or managing member of Development Owner].***

☐ I am the _____ of _____ which [is/will be] the _____ of the [general partner/managing member] of Development Owner and, as such, I have direct knowledge of the matters contained in this Certificate and am duly authorized to provide the certifications and representations contained herein to THDA in connection with the Initial Application (as defined below). ***[Check this box and complete the required information if the person signing this Certificate is an officer of the entity that is or will be a general partner or managing member of the general partner or managing member of Development Owner].***

2. This Certificate is provided in connection with an Initial Application of even date herewith (the "Initial Application") submitted to Tennessee Housing Development Agency ("THDA") requesting an allocation of 2021 Low-Income Housing Credits ("Housing Credits") for the Development pursuant to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") and the Tennessee Housing Development Agency Low-Income Housing Credit 2021 Qualified Allocation Plan (the "2021 QAP").

3. I acknowledge that under Tennessee Code Annotated, Section 13-23-133, it is a Class E felony for any person to knowingly make, utter, or publish a false statement of substance for the purpose of influencing THDA to allow participation in any of its programs, including the Low-Income Housing Credit Program (the "Housing Credit Program"). I further acknowledge that the statements contained in this Certificate are statements of substance made for the purpose of influencing THDA to award Low-Income Housing Credits to the Development as proposed in the Initial Application of which this Certificate is a part.

4. I have been involved in the preparation of the Initial Application and intend to submit the Initial Application, including this Certificate, to THDA for the purpose of participating in the Housing Credit Program.

5. I acknowledge and agree that the truthfulness and accuracy of the statements contained in this Certificate will be relied upon by THDA in determining whether the Development, as proposed in the Initial Application, is eligible for an award of Housing Credits.

6. All disclosures and statements contained in the Initial Application are true and correct.

7. The Development will be acquired, [constructed/rehabilitated], managed and operated strictly as described in the Initial Application and as required by the Code and the 2021 QAP.
8. Check the applicable box:
- ☒ Development Owner will acquire the real property upon which the Development will be located from an unrelated seller for an amount that does not exceed the fair market value of the real property.
 - ☐ Development Owner will acquire the real property upon which the Development will be located from a related seller for an amount that does not exceed the fair market value of the real property.
 - ☐ Development Owner will acquire the Development, including the real property upon which it is located from an unrelated seller for an amount that does not exceed the fair market value of the real property.
 - ☐ Development Owner will acquire the Development, including the real property upon which it is located from a related seller for an amount that does not exceed the fair market value of the real property.
9. Check the applicable box, complete the required information for the box checked and supply the required documentation:
- ☒ The Development will be owned and operated by Development Owner, a Limited Partner which will be organized and existing under the laws of the State of Tennessee by/prior to July 31st, 2021.
 - ☐ The Development will be owned and operated by Development Owner, a _____ which was organized and existing under the laws of the State of Tennessee on _____, 2021. A true and correct certificate of existence from the Tennessee Secretary of State, dated not more than 30 days prior to the date hereof, is attached hereto.
 - ☐ The Development will be owned and operated by Development Owner, a _____ which was organized and is existing under the laws of the State of _____ on _____, 2021. A true and correct certificate of existence from Secretary of State of the State in which Development Owner was organized and is existing, together with other documentation from such Secretary of State indicating that the Development Owner is in good standing under such laws, all dated not more than 30 days prior to the date hereof, is attached hereto. A true and correct copy of a certificate from the Tennessee Secretary of State indicating that Development Owner is qualified to do business in Tennessee, dated not more than 30 days prior to the date hereof, is attached hereto.
10. Each building in the Development will, at all times during a 15-year period commencing with the date such building is placed in service, and any extended period (the "Compliance Period") required by the Code or the 2021 QAP, meet the following test as identified in the THOMAS system.
- For purposes of the foregoing, "rent restricted" means that the gross rent for a unit will not exceed thirty percent (30%) of the income limitation applicable under the referenced test. For these purposes, gross rent does not include any payment under Section 8 or any comparable rental assistance program.
11. The tenants who will occupy each unit in the Development will meet the income limitations set forth above.
12. All units in the Development will be suitable for occupancy and leased other than on a transient basis.
13. **No unit will be owned by an individual who occupies such unit or any person related to such person.**
14. No unit will be provided for any member of a social organization or provided by an employer for its employees.
15. Each unit in the Development will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Each unit in the Development will contain a living area, a sleeping area, bathing and sanitation facilities, a cooking range, refrigerator and sink, and each unit in the Development will be separate and distinct from each other unit in the Development.

16. All units in the Development (other than those which might be provided for a resident manager or security officer in the Development) are intended for use by the general public, and will be rented in a manner consistent with housing policies governing non-discrimination as set out by the rules and regulations of the Department of Housing and Urban Development.
17. No units in the Development will be part of a hospital, nursing home, sanitarium, life-care facility, trailer park, or intermediate care facility for the mentally and physically handicapped.
18. All facilities in the Development, other than restricted units, will be facilities for use by tenants and will be reasonably required by and functionally related to the Development.
19. All services provided to tenants of the Development will be optional services. Other than rent, there will be no charges to tenants of the Development for services that are not optional and no services will be required as a condition of occupancy for tenants of the Development.



Signature

VERLYN FOLEY

Type or print name

THIS CERTIFICATE MUST BE EXECUTED BY THE SIGNATORY IN AN INDIVIDUAL CAPACITY
[Example John L. Doe]

APPLICATION FOR NAME RESERVATION

SS-9425



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
ATTN: Corporate Filing
312 Rosa L. Parks Ave, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$20.00

For Office Use Only

An Application for Name Reservation need **NOT** be filed with an initial filing.

1. Please check the appropriate

- ☐ This reservation is filed pursuant to T.C.A. § 48-14-102 of the Tennessee Business Corporation Act.
- ☐ This reservation is filed pursuant to T.C.A. § 48-54-102 of the Tennessee Nonprofit Corporation Act.
- ☐ This reservation is filed pursuant to T.C.A. § 48-207-102 of the Tennessee Limited Liability Company Act.
- ☐ This reservation is filed pursuant to T.C.A. § 48-249-107 of the Tennessee Revised Limited Liability Company Act.
- ☐ This reservation is filed pursuant to T.C.A. § 61-1-1003(d) of the Tennessee Revised Uniform Partnership Act.
- ☒ This reservation is filed pursuant to T.C.A. § 61-3-113 of the Tennessee Uniform Limited Partnership Act of 2017.

2. The undersigned hereby applies for reservation of the following name for a period of four 120 days:
VOB Hillview Partners LP

The name proposed for reservation must meet the name distinguishability requirements outlined in the act for the specified entity type (see instructions for more details).

3. Applicant name and address:

Name: **Verlyn Foley**
Address: **8960 Old Southwick Pass**
City: **Alpharetta** ST: **GA** Zip Code: **30022**


Signature

Manager
Title/Signer's Capacity

VERLYN FOLEY
Printed Name

4-18-2021
Date

Submitter Name: **Verlyn Foley** Phone #: **(404) 386 - 4658**

Identity of Interest

Verlyn Foley is the sole managing member of the VOB Development and VOB Hillsview Partners LP. Omega Properties LLC is a co-developer with VOB Development and Robert W Pullen, Jr is the sole managing member of Omega Properties LLC ,



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

DEVELOPMENT NAME: Park View Apartments

DEVELOPMENT ID: TN21-040

Recommendation

Staff does not recommend approval of the Request for Relief

Background

1. The Low-Income Housing Credit 2021 QAP and the THOMAS online application system are not currently configured to accommodate proposed developments that involve **both** existing multifamily housing **and** new construction. In our QAP a proposed project is either Acquisition Rehabilitation or New Construction for scoring and Set Aside purposes.
2. When the applicant initially keyed the application, both existing multifamily housing and new construction were entered.
3. Staff pointed out the configuration issue described in point 2 above, and the applicant agreed to limit the proposed development to **only** existing multifamily housing, however the applicant's attempt to delete the new construction portion and retool the scope of work and related hard and soft costs attributable to the new construction portion did not succeed in THOMAS. The developer did not provide these materials to THDA by other means.

May 3, 2021

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street, 3rd Floor
Nashville, TN 37243-0900

RE: TN21-040 Park View Apartments

Dear Mr. Perrey,

In accordance with the 2021 Low Income Housing Tax Credit Qualified Allocation Plan, I am requesting a review of the Eligibility and Scoring Requirements decision made by THDA staff as indicated by the Review Notice regarding the above referenced application.

The requirements in question concerns Section 4-B and 13-B of the 2021 Qualified Allocation Plan, Application Supporting Documents and Application Proposing Rehabilitation of Existing Multifamily Housing.

The THOMAS system allowed me to add a new construction building as well as include rehab costs for current buildings in the development. We didn't see any language in the QAP prohibiting adding a new building to a rehabilitation deal. Staff told us at Cure that the development could not be scored properly using both Rehab and New Construction credits. At Cure I removed the new construction costs from hard costs and removed the proposed new construction building with 8 three-bedroom units. The removal of the new building did not save in the THOMAS system. We would like to delete that building and compete in the rehab set aside.

Thank you for your consideration.

Sincerely,

Phillip Vaughn



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: Don Watt, Chief Programs Officer
Josie Kotsioris, Director of Multifamily Programs

SUBJECT: TN20-004 Hickory Valley Request to Exchange 2020 Low-Income Housing Credit for 2021 Low- Income Housing Credit

DATE: May 19, 2021

Recommendation

Staff recommends approval of the request to exchange \$1,245,536 of 2020 Low-Income Housing Credit (“LIHC”) for an equal amount of 2021 LIHC. The exchange, if approved, will not lower the amount of 2021 LIHC available for allocation in the regular competitive round.

Background

Hickory Valley is a proposed 48 unit, 7 building, 100% low-income development sited in Cookeville, Putnam County. The proposed development will be participating in the HUD Rental Assistance Demonstration (“RAD”) program through the Cookeville Housing Authority. As detailed in the following memo, the COVID-19 pandemic caused delays to the process of closing the RAD component of the transaction, that, in turn, have delayed the closing of the syndication of the LIHC.



May 3, 2021

OFFICE

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PUBLIC HOUSING

931.526.9793

WALNUT VILLAGE

931.528.7605

WILLOW HEIGHTS

931.520.7802



Ms. Donna Duarte
Tennessee Housing Development Agency
Multifamily Programs Outreach Administrator
Industry and Government Affairs
502 Deaderick Street
Nashville, Tennessee 37243

RE: TN20 – 004 Hickory Valley 2020 Tax Credit Exchange

Ms. Duarte,

We are formally requesting our 2020 award of tax credits be exchanged for year 2021 tax credits. Due to delays associated with HUD's coordination and closing of Highlands Residential Services (HRS) RAD Conversion. HUD has provided us with a projected closing date of September 1, 2021 on our RAD Conversion and we are very concern that this closing date could seriously jeopardize our ability to meet the threshold mandate within Section 42 and the THDA 2020 Qualified Allocation Plan associated with the 10% test. We are requesting a credit swap to allow us time to achieve the expenditure requirement to ensure compliance with the Internal Revenue Code and the Qualified Allocation Plan.

1. Current status of development construction including overall percentages of completion:
 - Construction has not commenced.

2. Circumstances preventing completion of the development by December 31, 2022:
 - We believe we can still complete the development by December 31, 2022.

We originally planned to start construction June 1, 2021 and projected a 14 – 16 months construction period.

As indicated in our opening statement our concern is we may not meet the 10% test deadline as established by Section 42 and THDA's QAP.

HRS received their RAD CHAP approval December 4, 2019. HUD assigned us a HUD Technical Assistant (TA) to work

directly with us on the RAD Conversion on December 11, 2019.

However, in 2020 because of the Covid-19 pandemic and the reassignment of all HUD employees to work from home it significantly delayed the progress on our RAD Conversion. The remote working model HUD was using created some considerable challenges in the coordination and communication with our TA. After trying to work with the assigned TA for 14 months we requested HUD assign us another TA.

We received a new TA March 25, 2021 and in our first meeting April 7, 2021, she walked us through the process and based on the time associated with the various submissions and tasks needing to be completed by the PHA to close the RAD Conversion she projected a September 1, 2021 RAD closing date.

Our equity partner First Horizon has indicated they will not close their equity transaction prior to RAD closing, so funding to start construction would not be available to the PHA until September 1, 2021.

3. Current status of financing commitment:
 - First Horizon is providing a construction bridge loan.
4. Current status of syndication commitment:
 - First Horizon has provided an LOI.
5. Current status of local approvals:
 - Zoning – property is zoned multifamily.
 - PILOT – approved by City Council and County Commission.
 - Utility availability – site has utilities.
 - Building permits – City of Cookeville has issued building permits.
 - Site plans – City of Cookeville has approved site plans.
6. Current composition of the development team:
 - Hickory Valley II, L.P. – Developer
 - LHP Capital, LLC – Developer Partner
 - Blain Construction – General Contractor
 - Hickory Valley GP Inc. – Management Company
 - Jeffery Jones – Wimberly Lawson Attorney
 - Jordana Nelson – Bass Berry Sims attorney
 - Brian Blind – Gentry, Tipton & McLemore attorney
 - Cohn Reznick – Accountant
 - McCarty Holsaple McCarty – architect
 - ReCap Advisors – RAD Consultant

7. Proposed development timeline if the allocation exchange is approved:
 - Construction scheduled to start September 1, 2021 with substantial completion 12 months later.
8. Total Costs incurred:
 - Total cost incurred to date \$402,944.16.

I hope the information provide in this letter is a strong indication of our commitment to the completion of the Hickory Valley project. As the public housing authority for the City of Cookeville HRS recognizes the importance of this project to the low and moderate income citizens we serve in Cookeville.

We are requesting the Tax Credit Committee hear our allocation exchange request at their May 2021 committee meeting.

Sincerely,

A handwritten signature in blue ink, appearing to be "C. Dow Harris", enclosed within a large, loopy blue oval.

C. Dow Harris
Executive Director



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, May 25, 2021 at 2:00 p.m. CT
WebEx Meeting /Call - To join the call
Dial 1-650-479-3208; Code 177 276 2581

AGENDA

- A. Conduct of Electronic Meeting statement**
- B. Approval of Minutes from March 30, 2021 meeting**
- C. Executive Director's Report**
- D. THDA Board Action Items**
 - 1. Issue 2021-2 Authorization (supporting materials are found in the Bond Finance Committee materials)
 - 2. Issue 2021-2 Reimbursement Resolution (supporting materials are found in the Bond Finance Committee materials)
 - 3. Schedule of Financing FY 2021-2022 (supporting materials are found in the Bond Finance Committee materials)
 - 4. Request for Exchange of Credits: 2020-4 Hickory Valley (supporting materials are found in the Tax Credit Committee materials)
 - 5. 2021 Single Family Mortgage Loan Program Income Limits
 - 6. Homeownership Assistance Funds
 - 7. COVID-19 Rent Relief Program Description
 - 8. 2021 Home Modifications and Ramps Program Description
 - 9. HOME Grant Extension Requests
 - a. Six Month Extension Requests
 - b. Twelve Month Extension Requests

APPENDIX

- Financial Update
- 2020 HOME CHDO Mini-Round Funding Awards

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
March 30, 2021

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, March 30, 2021, at 1:02 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), Chris Mustain (for Secretary of State Tre Hargett), Treasurer David Lillard, Joann Massey, Matt McGauley, Austin McMullen, Erin Merrick, Rick Neal, Tennion Reed, Chrissi Rhea, John Snodderly, and Katie Armstrong (for Comptroller Jason Mumpower). Mike Hardwick, Board member, was absent.

Chair Hedges recognized Bruce Balcom, 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 motion by Mr. McMullen and a second by Mr. Mustain and a roll call vote, with all members identified as present voting “yes”, (13 ayes) motion carried that a necessity exists to conduct the meeting in this manner.

Chair Hedges called for consideration of the January 26, 2021, minutes that were previously circulated to all Board members. Upon motion by Mr. Neal, second by Mr. McGauley, and a roll call vote with all Board members identified as present voting yes (13 ayes), the minutes were approved.

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

Mr. Perrey noted that yesterday he had an opportunity to update Governor Lee’s Financial Stability Accountability Group on THDA’s administration of the additional federal funds coming our way. He offered that same update to the Board.

Under last year's CARES Act:

- \$33.5 million for Emergency Solutions Grants. That's 11 times as much as we would normally get. The funds support organizations that help the homeless and those at imminent risk of homelessness.
- An additional \$18 million for Low Income Home Energy Assistance, in addition to the \$64 million we normally receive.
- An additional \$4.7 million for housing choice vouchers – this paid for the increases in voucher amounts for recipients who had lost income due to COVID.

In December's appropriation bill:

- \$383.4 million for the Rental Relief program, which we launched this month.
- Congress also created a new program to help low income Tennesseans pay overdue water and sewer bills. That's so new it doesn't have its own acronym yet, but we will receive between \$11-14 million.

Then, under the American Recovery Act:

- Another \$75-80 million for energy assistance
- Another \$300 million for Rent relief
- Another \$9-11 million for that water/sewer program
- Another \$54 million for HOME
- And, we estimate over \$200 million for Homeowner Assistance.

The COVID 19 Rent Relief program successfully opened on March 1. We had over five thousand applicants on the first day. As of last night, almost eighteen thousand had applied, requesting an average of \$5,800.00 for back rent and utilities.

We are preparing to launch a similar program for Homeowners who, because of COVID, have fallen behind on their mortgage payments. The US Department of Treasury expects to issue program guidance within 30 days, so we won't be able to finalize plans until that's received. We expect this program will be similar to the foreclosure prevention program we administered under the Federal Hardest Hit Fund, and most likely, this will be somewhat less complicated. This is a very different set of circumstances than during the Financial Crisis.

While we await further guidance, we are proceeding with our plans – lining up vendors, technology applications, reassigning staff. Our prior experience with mortgage assistance programs gives us an advantage, and we will work to have this program going at the earliest practical date, once we have direction from Washington. Based on what we are hearing, we expect to launch the Homeowner Assistance program by mid-summer.

We will also have to await federal guidance about that new water/sewer program.

And we are looking into what else we can do with HOME funds, including, possibly, providing support to multifamily developments struggling with sharply higher costs for materials.

We will keep you updated on all of these.

Other highlights -

- We are very pleased with the result of last week's pricing for bond issue 2021-1. The market moved in our direction in the days leading up to the pricing. The offer was oversubscribed by a factor of four, resulting in more favorable pricing than we had expected.
- Matching the overall mortgage market, THDA this month adjusted the interest rate on our *Great Choice* mortgage loans to 3.0%, up from 2.75%. The rate for *Homeownership for the Brave* loans is 2.5%.
- I am pleased to introduce THDA's new Director of Research and Planning – Dhathri Chunduru.

We have been meeting virtually for the full year now. There seems to be a little light at the end of the COVID tunnel as more of us are vaccinated. Mr. Chairman, I'd be interested in getting a sense of board's feelings about potentially resuming in-person meetings, or hosting those who wish to come and having others join by WebEx. Chairman Hedges asked to follow up with Mr. Perrey in a week or so.

Chair Hedges proceeded to the agenda, and recognized Don Watt, Chief Programs Officer to present the first item, Amendment to 2021 Qualified Allocation Plan – Disaster Declaration Counties. By offer of a motion from Mr. Snodderly to approve the amendment of the Low-Income Housing Credit 2021 Qualified Allocation Plan as described in the memo from Don Watt, Chief Programs Officer dated March 15, 2021 including the most recent change to include the Disaster Declaration Counties special round will be open to new construction only, second by Mr. Mustain and a roll call vote with all Board members identified as present voting yes (13 ayes), the motion carried.

Next, Chair Hedges recognized Don Watt, Chief Programs Officer to present the Multifamily Bond Allocation – Proposed Increase to the Aggregate Amount of THDA Private Activity Volume Cap Available as 2021 Multifamily Tax-Exempt Bond Authority as outlined in the memo from Mr. Watt dated March 15, 2021. By offer of a motion from Mr. Snodderly to approve amending the Multifamily Tax Exempt Bond Authority Program Description for 2021 amending the second paragraph of Section 1 of the 2021 program description to reflect the aggregate amount of 2021 MTBA available is \$375 million, second was offered by Ms. Reed, and with a roll call vote with all Board members identified as present voting (13 ayes), the motion carried.

Chair Hedges then proceeded to the next item and recognized Lindsay Hall, Chief Operating Officer of Single Family Programs who referenced her memo dated March 15, 2021 and explained that staff is recommending a program that will allow homeowners with THDA mortgage revenue bond loans (Great Choice Loans) to receive a reimbursement for any Federal Recapture Tax that is owed and paid. By offer of a motion from Ms. Rhea, to approve a program that will allow homeowners with THDA mortgage revenue bond loans (Great Choice Loans) to

receive a reimbursement for any Federal Recapture Tax that is owed and paid. With a second from Mr. McGauley, and a roll call vote with all Board members identified as present voting yes (13 ayes), the motion carried.

Next, Chair Hedges recognized Cynthia Peraza, Director of Community Programs to bring for the Fiscal Year 2022 Summer Round Tennessee Housing Trust Fund Competitive Grants. Ms. Peraza referenced a memo from herself and Don Watt, Chief Programs Officer dated March 15, 2021 and noted staff is recommending the Board authorize the Executive Director to:

- Adopt the 2022 Summer Round of the THTF Competitive Grants Program Description, and
- Award, or authorize a designee to award, 2022 Summer Round THTF Competitive Grants Program funds to applicants for applications scored by staff based on the rating scale contained in the approved Program Description in descending order, subject to all requirements in the approved Program Description.

By offer of a motion from Mr. McMullen, second by Mr. Snodderly, and a roll call vote with all Board members identified as present voting yes (13 ayes), the motion carried.

Chair Hedges then proceeded to the 2021 Weatherization Assistance Program Application Submission Authorization, and recognized Cynthia Peraza, Director of Community Programs who referenced a memo from herself and Don Watt, Chief Programs Officer dated March 1, 2021 and noted staff is recommending the Board authorize the Executive Director to:

- Determine whether submission of an application is in the best interest of THDA;
- If so, submit an application to the U.S. Department of Energy (“DOE”) for the 2021 Weatherization Program Year by the federal deadline of May 1, 2021, incorporating the changes noted below; and
- Approve changes deemed necessary, within his sole discretion, to meet DOE program requirements.

THDA also proposed the following material policy changes for the 2021 Program Year: Increase the Average Cost Per Dwelling Unit (“ACPU”) from \$7,669.00 to the approved rate as published by DOE in accordance with the increase to the limit set annually by DOE to accommodate the cost increases to implement weatherization activities.

By offer of a motion from Mr. McMullen, second by Mr. Neal, and a roll call vote with all Board members identified as present voting yes (13 ayes), the motion carried.

Lastly, Chair Hedges proceeded to the Modification to 2020 ESG-CV2 Program Description and recognized Cynthia Peraza, Director of Community Programs who referenced a memo from herself and Don Watt, Chief Programs Officer dated March 15, 2021. Ms. Peraza noted that staff is recommending Board authorization for the Executive Director to take the following actions:

- Adopt the attached revised 2020 Emergency Solutions Grants CARES Act Part II (ESG-CV2) Program Description (“Program Description”);
- Authorize the Executive Director or a designee to award 2021 ESG-CV2 funds in accordance with the program description
- Authorize staff to make any necessary programmatic changes as deemed necessary and approved by the Executive Director or as deemed necessary by the U.S. Department of Housing and Urban Development (HUD) due to COVID-19.

THDA proposes the following material policy changes for the 2021 program year:

- Include entitlement jurisdictions in the award of noncompetitive ESG CV-2 funding; and
- Provide eligible Continua of Care (CoC) with funding to support their efforts to solicit, review and rank ESG-CV2 applications, to provide applicants with technical assistance, and provide monitoring and/or reporting support to THDA

By offer of a motion from Mr. McMullen, second by Mr. McGauley, and a roll call vote with all Board members identified as present voting yes (13 ayes), the motion carried.

With no other business to come before the Board, meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 25th day of May, 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: Dr. Hulya Arik, Economist
SUBJECT: Single Family Mortgage Loan Program Income Limits, 2021
DATE: May 12, 2021

Recommendation

Staff recommends the adoption of the income limits per the “Combined Calculations” method as designated in the attached chart and as described in this memo under the THDA single family mortgage loan program to be effective as of June 1, 2021.

Key Points

This proposed methodology would yield higher income limits in 78 counties, no change in 10 counties, and lower income limits in 7 counties. In Sevier County, while the income limit for 1-2 person (small family) households does not change, the limit for 3+ person (large family) households declines slightly. In Bradley County, while the income limit for small family households declines, the limit for large family households slightly increases.

Background

Determination of income limits for THDA’s single family mortgage loan program requires two pieces of information:

- Area Gross Median Family Income (AGMFI), which is released by HUD
- Average Area Purchase Prices (AAPP), which is released by the IRS.

HUD released the FY21 AGMFI figures on April 1, 2021. The IRS released Revenue Procedure 2021-19, in which it provided a permanent safe harbor income limit guidance, allowing issuers of Mortgage Revenue Bonds (MRBs) to choose either the currently released AGMFI figures or the AGMFI figures from the previous year. Revenue Procedure 2021-19 updated AAPP and purchase prices for the MRB and Mortgage Credit Certificate programs nationwide. In prior years, we updated our income limits using either the most recent AGMFI with the recent AAPP or the previous year’s AGMFI with the recent AAPP.

For 2021 income limits, however, THDA bond counsel, Kutak Rock, informed staff that it is reasonable to interpret the guidance as allowing for choosing between the higher of *either* the 2020 AGMFI or the 2021 AGMFI for each county. Therefore, it is possible to permit the use of the limits resulting from using 2020 AGMFI for some counties and the use of the limits resulting from using 2021 AGMFI for others. In doing so, we are able to allow whichever method affords the higher income limit for each county.

THDA staff calculated the 2021 income limits based on the 2020 AGMFI and 2021 AAPP (Method 1) and on 2021 AGMFI and 2021 AAPP (Method 2). Staff then compared the resulting limits with the current limits. The column in the attached chart titled, “Combined Calculations (Proposed),” yields the income limits when the methodology with the higher limit is chosen. These calculations were reviewed by THDA bond counsel, Kutak Rock.

Staff compared the current THDA income limits with the possible limits resulting from various methodologies.

- Method 1 results in 10 counties with declining limits and no change in the remaining counties. Bradley County, which has the largest decline with Method 1, sees less than \$2,000 decline.
- When Method 2 is used, income limits decline in 17 counties and increase in the rest of the counties. There are more counties with declines and declines are more pronounced. For example, large family income limit in Maury County will decline by nearly \$5,000.
- With the “Combined Calculations (Proposed)” method, the income limits will decline in 7 counties (in Bradley County only the small family income limits and in Sevier County only large family income limits decline), stay unchanged in 10 counties and increase in the rest (including up to nearly \$3,500 in Putnam County).

The “Combined Calculations (Proposed)” 2021 Income Limits create the best opportunity to increase income limits for the most counties, while lowering income limits in the fewest counties across the state.

Possible Income Limits for 2021

	Current		2021 AGMFI and 2021 AAPP		2020 AGMFI and 2021 AAPP		Combined Calculations (Proposed)		Difference (Proposed-Current)	
County	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Anderson	\$73,900	\$84,985	\$73,000	\$83,950	\$73,900	\$84,985	\$73,900	\$84,985	\$0	\$0
Bedford	\$66,800	\$77,280	\$68,600	\$78,960	\$66,800	\$77,280	\$68,600	\$78,960	\$1,800	\$1,680
Benton	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Bledsoe	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Blount	\$73,900	\$84,985	\$73,000	\$83,950	\$73,900	\$84,985	\$73,900	\$84,985	\$0	\$0
Bradley	\$71,039	\$81,695	\$70,080	\$81,760	\$69,707	\$80,163	\$70,080	\$81,760	\$959	\$65
Campbell	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Cannon	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Carroll	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Carter	\$69,000	\$80,500	\$71,389	\$82,097	\$69,000	\$80,500	\$71,389	\$82,097	\$2,389	\$1,597
Cheatham	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Chester	\$71,399	\$82,109	\$70,949	\$81,591	\$70,067	\$80,577	\$70,949	\$81,591	\$450	\$518
Claiborne	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Clay	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Cocke	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Coffee	\$71,159	\$81,833	\$71,049	\$81,706	\$69,827	\$80,301	\$71,049	\$81,706	\$110	\$127
Crockett	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Cumberland	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Davidson	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Decatur	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
DeKalb	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Dickson	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Dyer	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Fayette	\$81,480	\$95,060	\$82,440	\$96,180	\$81,480	\$95,060	\$82,440	\$96,180	\$960	\$1,120
Fentress	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Franklin	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520

	Current		2021 AGMFI and 2021 AAPP		2020 AGMFI and 2021 AAPP		Combined Calculations (Proposed)		Difference (Proposed-Current)	
County	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Gibson	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Giles	\$68,760	\$80,220	\$71,429	\$82,143	\$68,760	\$80,220	\$71,429	\$82,143	\$2,669	\$1,923
Grainger	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Greene	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Grundy	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Hamblen	\$66,800	\$77,560	\$69,720	\$81,340	\$66,800	\$77,560	\$69,720	\$81,340	\$2,920	\$3,780
Hamilton	\$72,600	\$83,490	\$71,300	\$81,995	\$72,600	\$83,490	\$72,600	\$83,490	\$0	\$0
Hancock	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Hardeman	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Hardin	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Hawkins	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Haywood	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Henderson	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Henry	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Hickman	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Houston	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Humphreys	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Jackson	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Jefferson	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Johnson	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Knox	\$73,900	\$84,985	\$73,000	\$83,950	\$73,900	\$84,985	\$73,900	\$84,985	\$0	\$0
Lake	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Lauderdale	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Lawrence	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Lewis	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Lincoln	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Loudon	\$73,900	\$84,985	\$73,000	\$83,950	\$73,900	\$84,985	\$73,900	\$84,985	\$0	\$0

	Current		2021 AGMFI and 2021 AAPP		2020 AGMFI and 2021 AAPP		Combined Calculations (Proposed)		Difference (Proposed-Current)	
County	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Macon	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Madison	\$71,399	\$82,109	\$70,949	\$81,591	\$70,067	\$80,577	\$70,949	\$81,591	\$450	\$518
Marion	\$72,600	\$83,490	\$71,300	\$81,995	\$72,600	\$83,490	\$72,600	\$83,490	\$0	\$0
Marshall	\$70,320	\$82,040	\$70,920	\$82,373	\$70,267	\$80,807	\$70,920	\$82,373	\$600	\$333
Maurry	\$83,760	\$97,720	\$79,680	\$92,960	\$83,760	\$97,720	\$83,760	\$97,720	\$0	\$0
McMinn	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
McNairy	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Meigs	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Monroe	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Montgomery	\$70,179	\$80,706	\$70,769	\$81,384	\$68,847	\$79,174	\$70,769	\$81,384	\$590	\$678
Moore	\$70,179	\$80,706	\$69,949	\$80,441	\$68,847	\$79,174	\$69,949	\$80,441	\$230	\$265
Morgan	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Obion	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Overton	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Perry	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Pickett	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Polk	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Putnam	\$67,800	\$79,100	\$71,160	\$82,327	\$67,800	\$79,100	\$71,160	\$82,327	\$3,360	\$3,227
Rhea	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Roane	\$70,659	\$81,258	\$70,169	\$80,694	\$69,327	\$79,726	\$70,169	\$80,694	\$490	\$564
Robertson	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Rutherford	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Scott	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Sequatchie	\$72,600	\$83,490	\$71,300	\$81,995	\$72,600	\$83,490	\$72,600	\$83,490	\$0	\$0
Sevier	\$69,840	\$81,480	\$68,600	\$78,960	\$69,840	\$80,899	\$69,840	\$80,899	\$0	\$581
Shelby	\$69,739	\$80,200	\$69,709	\$80,165	\$68,407	\$78,668	\$69,709	\$80,165	\$30	\$35
Smith	\$67,440	\$78,680	\$70,560	\$82,320	\$67,440	\$78,680	\$70,560	\$82,320	\$3,120	\$3,640

	Current		2021 AGMFI and 2021 AAPP		2020 AGMFI and 2021 AAPP		Combined Calculations (Proposed)		Difference (Proposed-Current)	
County	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Stewart	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Sullivan	\$70,920	\$82,224	\$71,520	\$82,258	\$70,167	\$80,692	\$71,520	\$82,258	\$600	\$34
Sumner	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Tipton	\$81,480	\$95,060	\$82,440	\$96,180	\$81,480	\$95,060	\$82,440	\$96,180	\$960	\$1,120
Trousdale	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Unicoi	\$69,000	\$80,500	\$71,389	\$82,097	\$69,000	\$80,500	\$71,389	\$82,097	\$2,389	\$1,597
Union	\$88,680	\$103,460	\$87,600	\$102,200	\$88,680	\$103,460	\$88,680	\$103,460	\$0	\$0
Van Buren	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Warren	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Washington	\$69,000	\$80,500	\$71,389	\$82,097	\$69,000	\$80,500	\$71,389	\$82,097	\$2,389	\$1,597
Wayne	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
Weakley	\$66,800	\$76,820	\$68,600	\$78,960	\$66,800	\$76,820	\$68,600	\$78,960	\$1,800	\$2,140
White	\$80,160	\$93,520	\$82,320	\$96,040	\$80,160	\$93,520	\$82,320	\$96,040	\$2,160	\$2,520
Williamson	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800
Wilson	\$98,760	\$115,220	\$101,160	\$118,020	\$98,760	\$115,220	\$101,160	\$118,020	\$2,400	\$2,800



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 COVID-19 Rent Relief Program Description

DATE: May 6, 2021

Recommendation

Staff recommends the THDA Board take the following action:

- Adopt the attached 2021 COVID-19 Rent Relief Program Description;
- Authorize staff to make minor program changes and housekeeping changes to the programs, as deemed necessary, or as directed by the U.S. Treasury; and
- Authorize all appropriate staff to do all things necessary and proper, including execution of all documents, to carry out the described changes.

Key Points

The COVID-19 Rent Relief Program opened its portal to accept applications on March 1, 2021. Since the application launched, THDA has received over 6,600 application to review and has disbursed over 180 payments to help prevent evictions.

Background

The Consolidated Appropriations Act of 2021 that was signed into law on December 27, 2020, provided over \$456 million in Emergency Rental Assistance (ERA) funds to the State of Tennessee to assist low-income tenants who experienced an economic hardship due to the COVID-19 pandemic with payments for rent or utilities. A portion of those funds were allocated directly to local governments with populations over 200,000. The total ERA allocation awarded to the State of Tennessee was \$383,440,280.40 and Governor Lee designated Tennessee Housing Development Agency to administer the State's allocation.

The COVID-19 Rent Relief Program will provide assistance with rent and utility arrearages and rental assistance for up to twelve months to help prevent evictions. In certain circumstances necessary to improve the households housing stability, the assistance may be extended to fifteen months.

COVID-19 RENT RELIEF PROGRAM

PROGRAM DESCRIPTION

The Tennessee Housing Development Agency (“THDA”) will administer the Emergency Rental Assistance Program (“ERA”) for the U. S. Department of the Treasury (“Treasury”), as established by section 501 of subtitle A of title V of division N of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (Dec. 27, 2020) (the “Act”), through THDA’s COVID-19 Rent Relief Program (“CVRR Program”).

The purpose of the CVRR Program is to provide financial assistance and housing stability services to eligible tenants who have become delinquent in their rental or utility payments due directly or indirectly to the novel coronavirus disease (“COVID-19”) outbreak to prevent eviction and/or termination of utility services.

The financial assistance may be used to cover (i) rent; (ii) rental arrears; (iii) utilities and home energy costs arrears; and (iv) other expenses related to housing.

All housing expenses related or incurred due to the delinquent rent or utility payments will be considered eligible costs (e.g., late fees, reconnection fees, disconnection, or service fees), subject to maximum assistance criteria as described below in Structure & Limits of Assistance.

The financial assistance will be paid directly to landlords and/or utility companies to bring the delinquent rent, utility payments, or home energy costs current. If eligible, tenants may receive three (3) months of future prospective payments at a time for rent. This is also subject to maximum assistance criteria.

COVID-19 RENT RELIEF ALLOCATION

The State of Tennessee received an allocation of \$383,440,280.40 of ERA funds from Treasury. A minimum of ninety percent (90%) of Tennessee’s allocation will be reserved as program funds and will be disbursed to qualified tenants. Tenants will qualify through an application process and assistance will be provided until all funds have been expended or until the period allowed for distribution of funds has expired.

From that 90%, THDA will set-aside a maximum of twenty-three percent (23%) of its program funds to provide funding to Davidson, Knox, Rutherford, and Shelby Counties and the City of Memphis for those local governments to assist renters through their own established ERA programs. These local

governments received their own ERA allocations from Treasury, but may require additional funding to fully support their communities.

THDA will use ten percent (10%) of its allocation for the administration of the CVRR Program and to provide housing stability services to eligible tenants. THDA will share these administrative and housing stability funds with the local governments that access additional program funding through THDA or nonprofits entities across the state that help THDA with its outreach efforts and/or provide technical support, counseling, or legal guidance to tenants or applicants of the CVRR Program.

STRUCTURE & LIMITS OF ASSISTANCE

The assistance to eligible tenants provided under the CVRR Program is not a loan and does not require repayment. Payments are made directly to landlords and utility companies to cover arrearages and, if eligible, future prospective rent payments.

Combining payments made to cover arrearages and prospective payments, a household may not receive more than twelve (12) months of cumulative assistance. However, if, at the time of application, the household is twelve (12) months or more behind in rent or utility payments, then the household may receive up to fifteen (15) months of cumulative assistance.

Utility assistance may only be applied toward arrearage, not future payments.

Further, THDA may, in its sole discretion and subject to the availability of funds, provide up to an additional three (3) months of assistance where THDA deems it necessary to ensure housing stability for a household.

ELIGIBLE RECIPIENTS

Eligibility for assistance under the CVRR Program will be determined through an online application system, which utilizes the eligibility criteria outlined in this Program Description and as set forth in the Standard Operating Procedures Manual.

In order to be eligible for assistance, a household of one (1) or more individuals must:

- be a lessee of a unit that is located within the State of Tennessee in an eligible area (as defined below in Target Populations and Areas); and
- be obligated to pay rent under an lease or agreement for such unit; and
- have a maximum annual household income that does not exceed 80% of the area median income (“AMI”), based on the AMI published by the U.S. Department of Housing and Urban Development (“HUD”) for the county in which the proposed assisted unit is located; and

- have one (1) or more individuals within the household who has:
 - qualified for unemployment benefits; or
 - on or after March 13, 2020, experienced a reduction in income (minimum of ten (10) percent), incurred significant costs, or experienced other financial hardship due directly or indirectly to COVID-19; and
- have one (1) or more individuals within the household who can demonstrate a risk of experiencing homelessness or housing instability, which may be documented by:
 - a past due utility or rent notice or eviction notice;
 - unsafe or unhealthy living conditions; or
 - any other evidence of such risk, as determined by THDA; and
- complete and sign a CVRR Program application, provide the appropriate supporting documentation outlining the financial hardship and risk of homelessness or housing instability, and acknowledge and sign the Application Certification.

INCOME DETERMINATION

In establishing the income of a household for purposes of determining such household's eligibility for assistance under the CVRR Program, THDA will consider either:

- The household's total income for calendar year 2020; or
 - For determining annual income, at the time of application, THDA will obtain source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement), or a copy of Form 1040 as filed with the IRS for the household.
- Current documented monthly income.
 - For determining monthly income, THDA will obtain income source documentation, (e.g., wage statement, interest statement, unemployment compensation statement), for at least the two months prior to the submission of the application for assistance.
 - If an applicant qualifies based on monthly income, THDA will recertify the household income eligibility every three months for the duration of assistance.

DUPLICATIVE ASSISTANCE NOT ALLOWED

To the extent feasible, THDA will ensure that any rental assistance provided to an otherwise eligible household under the CVVR Program is not duplicative of or overlap any other federally-funded rental assistance provided to the household.

TARGET POPULATIONS AND AREAS

THDA's CVRR Program will be available to assist renters in all Tennessee local jurisdictions that did not receive their own allocation of ERA funds.

THDA will prioritize the review all applications for the following targeted population between March 1, 2021 and March 15, 2021:

- Households with an income of 50% of Area Median Income (AMI) or less; or
- Tenants who have been unemployed for 90 days or more prior to the date of application.

THDA will first review all priority applications submitted by March 15, 2021 and then will review all remaining applications in order of receipt. THDA will begin processing and reviewing applications on a first-come, first-served basis as of March 16, 2021. Exceptions may be made for applicants who can provide an Eviction Notice with a court date.

THDA will make funds available until all available funds have been committed to eligible tenants or August 30, 2022, whichever date comes earlier.

METHOD OF APPLICATION

Applications may be initiated by a landlord or by a tenant through an online portal located at <https://thda.org/covidrentrelief>

The application portal will open on March 1, 2021, and applications will be accepted until all available funds have been committed or the allowed time to commit or disperse funds has expired.



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 Allocation to the United Cerebral Palsy of Middle Tennessee for
Implementation of the Home Modifications and Ramps Program

DATE: May 6, 2021

Recommendation

Staff recommends the adoption of the attached 2021 Home Modifications and Ramps (HMR) Program Description and the set-aside of \$300,000 in funding to cover a two-year program implementation through June 30, 2023.

Key Points

The 2021 Program Description is largely consistent with the 2019 Program Description, with the exception of the following changes:

- Updated program implementation timeline of July 1, 2021 through June 30, 2023;
- Updated last day to expend funding of June 30, 2023.

Background

In April 1999, THDA first allocated funds to United Cerebral Palsy of Middle Tennessee (UCP) to construct ramps at the homes of low-income Tennesseans with physical disabilities. The RAMPS Program was included under the newly established Tennessee Housing Trust Fund in 2007. THDA expanded and renamed the program in July 2012, to address interior accessibility challenges of individuals with physical disabilities. Through the THDA-UCP partnership, THDA has provided approximately \$1.8 million from 2007 to June 30, 2020, and UCP has assisted 1,993 households with needed accessibility improvements.



TENNESSEE HOUSING TRUST FUND

2019-2021 Home Modifications and Ramps (HMR) Program Description

The Tennessee Housing Development Agency (THDA) wishes to maintain its partnership with United Cerebral Palsy of Middle Tennessee (UCP) through a biennial allocation from the Tennessee Housing Trust Fund (THTF) of \$300,000 to continue our joint efforts to expand statewide the accessibility of homes occupied by individuals with physical disabilities.

UCP may use a maximum of \$150,000 for costs incurred associated with the implementation of eligible activities between July 1, ~~2019-2021~~ and June 30, ~~2020-2022~~. UCP may use balance of the remaining funds for similar costs through June 30, ~~2021-2023~~.

A. ELIGIBLE ACTIVITIES:

1. Construction and/or Installation of Ramps – A maximum of \$1,500 per household is allowed to purchase lumber and supplies to construct the wheelchair ramp and to provide on-site design services, construction management oversight, liability insurance, and volunteer recruitment and on-site management.
2. Construction of Other Housing Modifications – A maximum of \$7,500 per household is allowed to cover associated costs of accessibility modifications to the interior of a residence, including, but not limited to accessible bathrooms, grab bar installation and other activities specific to accessibility needs of the individual with a physical disability. Associated costs may also include on-site design services, construction management oversight, liability insurance, and volunteer recruitment and on-site management.
3. Administration - Ten percent (10%) of the funds awarded may be allocated for program administration, including, salaries, rent, transportation, communications, supplies, and utilities that are associated with the administration of the HMR funds. Indirect costs must be billed in accordance with a cost allocation plan prepared for UCP that is on file with THDA.

B. ELIGIBLE HOUSEHOLDS:

Households which include an individual with a physical disability and which earn at or below 80% of the Area Median Income as established for the county in which the household resides by the U.S. Department of Housing and Urban Development for the federal HOME program and

based on the definition of household income as established by HUD for the Section 8 Rental Assistance program.

The household may be either the owner or the renter of the applicable unit that is the primary residence of the person with a physical disability.

C. MATCH

UCP must contribute a 50% match for the HMR funds provided by THDA. The match contribution may be provided by:

- Grants from other agencies, including, but not limited to, federal sources such as state or local entitlement Community Development Block Grant (CDBG) programs HOME Investment Partnership (HOME) programs administered by state or local participating jurisdictions or their subgrantees, or the programs of USDA Rural Development;
- Contributions by local church groups or local agencies;
- Contributions by individuals;
- Bank loans;
- Volunteer Labor; or,
- The value of caregiver hours provided for the individual with a physical disability.

THDA funds to communities or organizations through the THTF Competitive Grants Program, Emergency Repair Program, National Housing Trust Fund Program, Tennessee Renovation Loan Program, or the Appalachian Renovation Loan Program are ineligible sources of matching funds.

D. PROGRAM REQUIREMENTS

1. The program must be made available to eligible households across Tennessee, serving both rural and urban communities.
2. Construction activities must meet local building codes applicable for the jurisdiction in which the unit is located as well as minimum requirements established under the Americans with Disabilities Act of 2010.
3. Construction may take place on single family units owned by the individual with a disability and/or their family member; Construction also may take place on a rental house with specific permission from the landlord or property owner. Construction may not take place in apartment buildings, state-supported housing, or multiple-unit dwellings.
4. As a program funded under the THTF, one goal of the HMR Program is to raise the profile of affordable, accessible housing at the local, state and federal level. To accomplish this goal, the UCP must implement a marketing and public relations component in cooperation with THDA's Communications Division.

5. No person shall on the grounds of race, color, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under this program.
6. UCP must maintain and implement procedures to inform the public about the assistance opportunity available through the HMR resources at locations accessible and available to individuals with physical disabilities.
7. Any person who is an employee, agent, consultant, officer or elected official or appointed official of THDA or UCP and who exercises or has exercised any functions or responsibilities with respect to activities assisted with HMR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may not obtain a financial interest or financial benefit from an HMR assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to any HMR assisted activity, or the proceeds from such activity, either for themselves or those whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister) grandparent, grandchild, and in laws of a covered person.

UCP must avoid conflict of interest and the appearance of a conflict of interest in administering HMR funds. UCP must present activities that raise the appearance of a conflict of interest to THDA. THDA must review and issue a determination prior to any actions taken by UCP. THDA may require UCP to repay any HMR funds used in a way that violates this provision.



TENNESSEE HOUSING TRUST FUND
2021 Home Modifications and Ramps (HMR) Program Description

The Tennessee Housing Development Agency (THDA) wishes to maintain its partnership with United Cerebral Palsy of Middle Tennessee (UCP) through a biennial allocation from the Tennessee Housing Trust Fund (THTF) of \$300,000 to continue our joint efforts to expand statewide the accessibility of homes occupied by individuals with physical disabilities.

UCP may use a maximum of \$150,000 for costs incurred associated with the implementation of eligible activities between July 1, 2021 and June 30, 2022. UCP may use balance of the remaining funds for similar costs through June 30, 2023.

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3. Administration - Ten percent (10%) of the funds awarded may be allocated for program administration, including, salaries, rent, transportation, communications, supplies, and utilities that are associated with the administration of the HMR funds. Indirect costs must be billed in accordance with a cost allocation plan prepared for UCP that is on file with THDA.

B. ELIGIBLE HOUSEHOLDS:

Households which include an individual with a physical disability and which earn at or below 80% of the Area Median Income as established for the county in which the household resides by the U.S. Department of Housing and Urban Development for the federal HOME program and

based on the definition of household income as established by HUD for the Section 8 Rental Assistance program.

The household may be either the owner or the renter of the applicable unit that is the primary residence of the person with a physical disability.

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4. As a program funded under the THTF, one goal of the HMR Program is to raise the profile of affordable, accessible housing at the local, state and federal level. To accomplish this goal, the UCP must implement a marketing and public relations component in cooperation with THDA's Communications Division.

5. No person shall on the grounds of race, color, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under this program.
6. UCP must maintain and implement procedures to inform the public about the assistance opportunity available through the HMR resources at locations accessible and available to individuals with physical disabilities.
7. Any person who is an employee, agent, consultant, officer or elected official or appointed official of THDA or UCP and who exercises or has exercised any functions or responsibilities with respect to activities assisted with HMR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may not obtain a financial interest or financial benefit from an HMR assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to any HMR assisted activity, or the proceeds from such activity, either for themselves or those whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister) grandparent, grandchild, and in laws of a covered person.

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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 Office

SUBJECT: Request for Approval of 2017 HOME Grant Extensions

DATE: May 7, 2021

Recommendation

Staff recommends a 6-month extension for the 2017 HOME Grant Awards that have expended a minimum of 65% of the Grant as of before June 30, 2021. The extension is being recommended to help provide the Grantees with additional time (that was lost due to COVID-19) to complete their projects.

Key Points

The following Grantees would be eligible for the 6-month extension:

GRANTEE	COUNTY	ADMIN FIRM	Funded Contract Amount	Amount Spent Current	Percentage of Funds Spent	Grant Term Ends
Niota	McMinn	SETDD	\$250,000	\$163,658	65%	6/30/2021
Obion	Obion	CDP	\$500,000	\$340,770	68%	6/30/2021
Mountain City	Johnson	FTDD	\$500,000	\$349,908	70%	6/30/2021
Lauderdale County	Lauderdale	CDP	\$500,000	\$421,710	84%	6/30/2021
Elizabethton	Carter	FTDD	\$500,000	\$429,343	86%	6/30/2021

The following Grantees have not yet met the established spenddown requirement:

GRANTEE	COUNTY	ADMIN FIRM	Funded Contract Amount	Amount Spent Current	Percentage of Funds Spent	Grant Term Ends
Haywood County	Haywood	CDP	\$500,000	\$3,000	1%	6/30/2021
McEwen	Humphreys	GNRC	\$500,000	\$3,000	1%	6/30/2021
Hendersonville	Sumner	GNRC	\$500,000	\$45,035	9%	6/30/2021
Dayton	Rhea	SETDD	\$250,000	\$59,807	24%	6/30/2021
Gatlinburg	Sevier	CDP	\$500,000	\$157,055	31%	6/30/2021
Greeneville	Greene	FTDD	\$500,000	\$181,369	36%	6/30/2021
Harriman	Roane	CDP	\$500,000	\$185,979	37%	6/30/2021
Rhea County	Rhea	SETDD	\$500,000	\$213,478	43%	6/30/2021
Halls	Lauderdale	CDP	\$250,000	\$125,885	50%	6/30/2021

Background

THDA is aware of the increasingly negative impact the COVID-19 pandemic has had on its Grantees and their ability to meet grant deadlines. In order to help deal with the delays the COVID-19 has caused, THDA provided the 2017 Grantees with a 12-month extension last June. To further help the Grantees that are well on their way to completing their HOME projects, THDA will extend the 2017 HOME Program grants for any Grantee that has spent down a minimum of 65% of their

award for a period of 6 months. This extension will change the Contract End Date from June 30, 2021 to December 31, 2021.

THDA will not consider any further extension requests for the 2017 Grant Awards.

THDA will de-obligate any HOME funds not under contract with a homeowner on or before December 31, 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: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Office

SUBJECT: Request for Approval of 2018 HOME Grant Extensions

DATE: May 7, 2021

Recommendation

Staff recommends a 12-month extension for the 2018 HOME Grant Awards that have expended a minimum of 20% of the Grant as of June 30, 2021. The extension is being recommended to help provide the Grantees with additional time (that was lost due to COVID-19) to complete their projects.

Key Points

The following Grantees would be eligible for the 12-month extension:

GRANTEE	COUNTY	ADMIN ENTITY	Funded Contract Amount	Amount Spent Current	Percentage of Funds Spent	Grant Term Ends
Oneida	Scott	CDP	\$ 500,000	\$ 101,977	20%	6/30/2021
Giles County	Giles	SCTDD	\$ 500,000	\$ 102,379	20%	6/30/2021
Tullahoma	Coffee & Franklin	SCTDD	\$ 500,000	\$ 126,321	25%	6/30/2021
Rutherford County	Rutherford	GNRC	\$ 500,000	\$ 173,640	35%	6/30/2021
Appalachia Service Project (ASP)	Hancock	ASP	\$ 500,000	\$ 410,276	71%	6/30/2021
Carter County	Carter	FTDD	\$ 500,000	\$ 433,173	87%	6/30/2021

The following Grantees have not yet met the established spenddown requirement:

GRANTEE	COUNTY	ADMIN ENTITY	Funded Contract Amount	Amount Spent Current	Percentage of Funds Spent	Grant Term Ends
Covington	Tipton	CDP	\$ 375,000	\$ -	0%	6/30/2021
Grundy County	Grundy	SETDD	\$ 500,000	\$ -	0%	6/30/2021
Marion County	Marion	SETDD	\$ 500,000	\$ -	0%	6/30/2021
Henning	Lauderdale	CDP	\$ 500,000	\$ -	0%	6/30/2021
Jellico	Campbell	CDP	\$ 500,000	\$ 3,000	1%	6/30/2021
Trenton	Gibson	CDP	\$ 500,000	\$ 3,000	1%	6/30/2021
Lake County	Lake	CDP	\$ 500,000	\$ 3,000	1%	6/30/2021
Mason	Tipton	CDP	\$ 375,000	\$ 2,250	1%	6/30/2021
Oliver Springs	Anderson, Monroe & Roane	CDP	\$ 500,000	\$ 3,000	1%	6/30/2021
Tellico Plains	Monroe	CDP	\$ 500,000	\$ 3,000	1%	6/30/2021
Vonore	Monroe and Blount	CDP	\$ 500,000	\$ 3,000	1%	6/30/2021
Wilson County	Wilson	CDP	\$ 500,000	\$ 3,000	1%	6/30/2021
Hartsville/Trousdale County Metro	Trousdale	Vantage	\$ 500,000	\$ 63,007	13%	6/30/2021

The following Grantees have completed their grant and will not be requesting an extension:

GRANTEE	COUNTY	ADMIN ENTITY	Funded Contract Amount	Amount Spent Current	Percentage of Funds Spent	Grant Term Ends
Lafayette	Macon	UCDD	\$395,812	\$395,812	100%	6/30/2021
Macon County	Macon	Vantage Consulting	\$352,889	\$352,889	100%	6/30/2021
Tennessee Community Assistance Corp	Cocke County	TCAC	\$500,000	\$500,000	100%	6/30/2021

Background

THDA is aware of the increasingly negative impact the COVID-19 pandemic has had on its Grantees and their ability to meet the existing grant deadlines. In order to help deal with the delays the COVID-19 pandemic has caused, THDA will extend the 2018 Grant Awards for a period of 12 months for any Grantee that has spent down a minimum of 20% of their grant award, changing the Contract End Date from June 30, 2021 to June 30, 2022.

THDA will not consider any further extension requests for the 2018 Grant Awards.

THDA will de-obligate any HOME funds not under contract with a homeowner on or before June 30, 2022.

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: Trent Ridley, Chief Financial Officer

SUBJECT: Financial Update – March 31, 2021 (Unaudited)

DATE: May 11, 2021

Attached is a financial update consisting of a Schedule of Net Position and Operating Income Statements as of March 31, 2021 (Unaudited). It should be noted that these statements are “unaudited” and may 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 total \$3.50 billion and primarily consist of first and second mortgages of \$2.86 billion and \$52 million, respectively. Under the Bond Resolutions, we have approximately \$224 million in current cash and cash equivalents consisting mostly of loan repayments /prepayments (\$114 million) and BFC Set-aside (\$25 million), with the remainder dedicated for funding board-approved purposes (Down Payment Assistance, Housing Trust Fund, New Start, Servicing Release Premiums, THDA Operations, etc.). These funds are restricted under the bond indentures. THDA also has approximately \$28 million in cash restricted for Servicing Escrows and related expenses.
2. **Operating Income** – Overall Operating Income of \$17.7 million is tracking ahead of the annual FY21 Budgeted Operating Income of \$16.3 million. Keep in mind that these are unaudited numbers and exclude some year-end accruals and adjustments.
Mortgage Revenue Bonds (MRB) - Mortgage Interest of \$91.5 million is up 2.0% over this same time last year. Investment income is still down due to continued low reinvestment rates. From an expense standpoint, Bond Interest of \$60.4 million is slightly less (-.9%) than March 2020. MRB-related Operating Income of \$24.8 million is up over March 2020’s \$21.2 million.
Federal and Administrative – The primary revenue drivers continue to be the federal administrative fees (\$11.6 million) we receive from the federal government to administer their housing programs and the fees we receive for multifamily bonds and LIHTCs (\$10.5 million). Expense-wise, personnel costs continue to trend lower (1.0%) than last year, as there was no Pay-For-Performance this fiscal year.

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)
MARCH 31, 2021
(UNAUDITED)

	MRB	OTHER	TOTAL
ASSETS			
First Mortgages	\$ 2,862,900	\$ 679	\$ 2,863,579
Second Mortgages	52,905	0	52,905
Loans held for resale	0	3,057	3,057
Cash and Investments	435,912	61,960	497,872
Other Assets	78,144	2,491	80,635
Total	<u>3,429,861</u>	<u>68,187</u>	<u>3,498,048</u>
LIABILITIES			
Bonds	\$ 2,872,385	\$ 0	\$ 2,872,385
Escrow Deposits	0	36,725	36,725
Other	24,077	18,806	42,883
Total	<u>2,896,462</u>	<u>55,531</u>	<u>2,951,993</u>
NET POSITION			
Invested In Capital Assets	\$ 0	\$ 5,181	\$ 5,181
MRB Restricted	467,637	0	467,637
Other Restricted	0	261	261
Unrestricted	66,950	6,029	72,979
Total	<u>\$ 534,587</u>	<u>\$ 11,471</u>	<u>\$ 546,058</u>

TENNESSEE HOUSING DEVELOPMENT AGENCY
 OPERATING INCOME (\$000)
 MARCH 31, 2021
 (UNAUDITED)

	Revenue	Expenses	Oper Inc
MORTGAGE REVENUE BONDS			
Mortgage Interest	\$ 91,477		
Investment Income	802		
Other Revenue	-		
	<u>\$ 92,279</u>		
Bond Interest		\$ 60,430	
Cost of Issuance		2,205	
DPA Forgiveness		3,542	
Other		1,333	
		<u>\$ 67,510</u>	
			<u>\$ 24,769</u>
FEDERAL AND ADMINISTRATIVE			
Federal Revenue	\$ 11,570		
Multifamily Fees	10,452		
Servicing Fees	982		
Interest Income	99		
Other	901		
	<u>\$ 24,004</u>		
Personnel		\$ 17,605	
Contractural Services		5,777	
Computer and Other Supplies		980	
Direct Servicing Expenses		4,411	
Other		2,251	
		<u>\$ 31,024</u>	
			<u>\$ (7,020)</u>
GRAND TOTAL	<u>\$ 116,283</u>	<u>\$ 98,534</u>	<u>\$ 17,749</u>



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: Ralph M. Perrey, Executive Director

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

DATE: May 11, 2021

RE: 2020 HOME CHDO Mini Round –REVISED Funding Recommendation

Attached is the revised funding award matrix under the 2020 HOME CHDO Mini Round Program Description which made \$5 million available to award. THDA received 7 CHDO applications eligible for scoring requesting over \$4.9 million in project and operating expense funding. The original recommendation for funding memo dated April 16, 2020 excluded two CHDO applications (listed below as #6 and #7) that were missing details from their application for full consideration. The application documentation has been received and THDA staff is now recommending to include them in the 2020 CHDO Mini Round award, bringing the amount of funding recommendation to \$4,904,781.00 that will create 38 units of affordable housing, benefiting 38 households.

CHDO Awarded Funding include:

1. Tennessee's Community Assistance Corporation (Union County) is proposing to build seven (7) affordable homes for seven (7) qualified low-to-moderate income homebuyers at or below 80% AMI. The new homes will be constructed on scattered site locations within Sevier, Union, and Jefferson Counties.
2. Neighborhood Housing, Inc. (Knox County) is proposing to develop a total of four (4) homes to provide affordable housing solutions for residents of Knox County and Sevier County in East Tennessee. CHDO funds will be used to construct one new home in Knox County, one new home in Sevier County, and acquire and rehabilitate two (2) homes in Knox County.
3. Southwest TN CDC (Madison County) is proposing to collaborate with local community partners to construct six (6) homes on lots that were donated to build accessible, affordable, energy efficient, single-family homes for homeownership to benefit low-income to moderate-income households in Jackson.
4. East Tennessee Housing Development Corporation (Knox County) is proposing to develop a total of five (5) homes, four (4) through Acquisition/Rehabilitation and at least one through New Construction. All units will be located in Knox County. If you concur with this recommendation, please sign the Memorandum below.
5. Aid To Distressed Families of Appalachian Counties (Anderson County) is proposing to construct five (5) new single-family homes for low-income families. Three (3) of the homes will be constructed in Anderson County, within the city limits of Oak Ridge. Two (2) homes will be located in Morgan County TN.
6. Loudon County Habitat for Humanity (Loudon County) is proposing to construct three (3) new single-family detached homes for low-income families who complete their Habitat for Humanity Program and are eligible for purchasing a home through USDA Rural Development. The three homes will be constructed under the local codes using the 2012 International Building Codes, using a mix of volunteer labor and skilled contractors.

7. Hard Bargain Mt. Hope Redevelopment Inc. dba Hard Bargain Association (Williamson County) is proposing to construct eight (8) new three-bedroom homes located in the Hard Bargain neighborhood. The homes will help four (8) low-income families move from rental to homeownership. The homes will be constructed under the local codes using the 2018 International Building Codes and will meet HUD and Section 8 Housing Quality Standards requirements.

If you concur with this recommendation, please sign below.

Approved by: _____ Date: _____

2020 HOME CHDO Mini-Round - REVISED

Applicant	Threshold	Div	County	Program \$	CHDO Op \$	Total	# of HH	Activity	Score	Program funds Available \$5,000,000
Tennessee's Community Assistance Corporation	Eligible	E	Jefferson, Sevier, Union	\$ 930,000.00	\$ 70,000.00	\$ 1,000,000.00	7	New Construction	94	\$ 4,000,000.00
Neighborhood Housing, Inc.	Eligible	E	Knox, Sevier	\$ 596,000.00	\$ 41,660.00	\$ 637,660.00	4	New Construction, Acquisition and Rehabilitation	93	\$ 3,362,340.00
Southwest TN CDC	Eligible	M	Madison	\$ 930,000.00	\$ 70,000.00	\$ 1,000,000.00	6	New Construction	90	\$ 2,362,340.00
East TN Housing Development Corporation	Eligible	E	Knox,	\$ 689,761.00	\$ 48,238.00	\$ 738,044.00	5	Acquisition and Rehabilitation, New Construction	80	\$ 1,624,296.00
Aid To Distressed Families of Appalachian Counties (ADFAC)	Eligible	E	Anderson, Morgan	\$ 500,000.00	\$ 35,000.00	\$ 535,000.00	5	New Construction	66	\$ 1,089,296.00
Loudon County Habitat for Humanity	Eligible	E	Loudon	\$ 330,000.00	\$ 23,100.00	\$ 353,100.00	3	New Construction	89	\$ 736,196.00
Hard Bargain Mt. Hope Redevelopment Inc. dba Hard Bargain Association	Eligible	M	Williamson	\$ 599,044.00	\$ 41,933.00	\$ 640,977.00	8	New Construction	88	\$ 95,219.00
Total Applications Received				\$ 4,574,805.00	\$ 329,931.00	\$ 4,904,781.00	38			
Total Applications Recommended for Funding				\$ 4,574,805.00	\$ 329,931.00	\$ 4,904,781.00	38			

Awards Revised 5/7/2021

Approved By:


5/12/21

 Ralph M. Perrey, Executive Director Date