

TENNESSEE HOUSING DEVELOPMENT AGENCY  
TAX CREDIT COMMITTEE  
September 24, 2019

Pursuant to the call of the Chairman, the Tax Credit Committee of the Tennessee Housing Development Agency Board of Directors met, in regular session, on Tuesday, September 24, 2019, at 10:05 a.m. Eastern Time in the Centennial Conference Room of The Read House, Chattanooga, Tennessee.

The following Committee members were present: Lynn Tully (chair), Ashley Fuqua (for State Treasurer David Lillard), Colleen Daniels (for Commissioner of Finance & Administration, Stuart McWhorter), Rick Neal, John Snodderly and Mike Hedges (Board Chair). Committee member Erin Merrick was absent. Other Board members attending were: Dorothy Cleaves, Secretary of State Tre Hargett, Regina Hubbard, and Katie Armstrong (for Comptroller Justin Wilson).

Seeing a quorum present, Chair Tully called the meeting to order and called for consideration of the minutes from Committee meetings on May 21, 2019 and July 23, 2019. Upon motion by Mr. Snodderly, second by Ms. Fuqua, the minutes were approved.

Chair Tully recognized Don Watt, Acting Director of Multifamily Programs and Ed Yandell, Senior Housing Credit Advisor to discuss proposed changes to the 2019 – 2020 Low-Income Housing Tax Credit Qualified Allocation Plan. Mr. Watt referenced his memo dated September 13, 2019, and discussed the following proposed changes:

1. Section 2, “Adaptive Reuse/Conversion”  
Definition has been modified to include hotels or motels.
2. Section 2, “Existing Multifamily Housing”  
Definition has been modified to reflect that Initial Applications proposing developments that combine Existing Multifamily Housing and new construction will be evaluated and reviewed as Existing Multifamily Housing.
3. Section 2, “Person with Disabilities”  
Definition has been added.
4. Section 2, “Special Housing Needs”  
Definition has been added.
5. Section 3-G, Total Development Cost Limits  
Language allowing Innovation Initial Applications to exceed the current limits by up to 10 percent has been added.
6. Section 5-C, Fee Schedule  
Language regarding the Owner’s Annual Certification Extension Fee and the Owner’s Annual Certification Late Fee has been added.
7. Section 6-D, Minor SAEs  
Language regarding expiration of Minor SAEs has been added.
8. Section 9, Innovation Round  
Language regarding the Innovation Round theme has been added.
9. Section 15-E, Application of Various Limits and Final Ranking Process  
Language regarding cross-counting among set-asides has been added.

10. Section 16-E, THOMAS Carryover Allocation Application Submission Requirements

Language regarding submission of a recorded warranty deed or a fully executed 50-year ground lease has been clarified.

11. Section 22-A-3-f and Section 22-A-3-g, Relief for 2017 and 2018 Allocations

Amendments as follows:

- f) The Placed-In-Service deadline for Housing Credit Exchange Allocations will be:
  - (i) **December 31, 2021** for developments that originally received an allocation under the 2018 QAP; or
  - (ii) **December 31, 2021** for developments that originally received an allocation under the 2017 QAP.
  - (iii) Failure to meet or requesting an extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 6-A of this QAP.
- g) The Syndication transaction closing deadline for Housing Credit Exchange Allocations will be:
  - (i) **July 1, 2019** for developments previously allowed to exchange Housing Credit **and** participating in the THDA Community Investment Tax Credit program **and** involving a non-profit organization that is organized under the laws of Tennessee, is based in Tennessee, and meets the requirements of Section 7 of this QAP; or
  - (ii) Failure to meet this deadline **will be** a Major Significant Adverse Event under Section 6-A of this QAP.

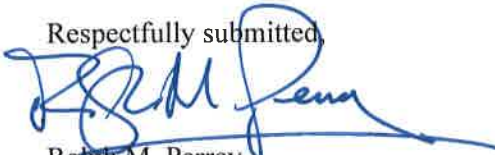
Upon motion by Mr. Snodderly, second by Ms. Fugua, the Committee recommended approval of the above changes and authorization for staff to make housekeeping changes as deemed necessary.

Chair Tully recognized Mr. Watt for the discussion regarding the total development cost limit waiver requested for TN19-232 Hillside Flats. Mr. Watt referenced his memo dated September 13, 2019, and explained that the limits for total development costs in the 2019-2020 Low-Income Housing Tax Credit Qualified Allocation Plan do not consider underground or structured parking as this is a very rare feature in Tennessee LIHC developments. He indicated that the Hillside Flats development is required to include structured parking, which causes the total development cost limits to be exceeded. He noted that the staff recommendation is to allow the costs associated with structured parking to be excluded, which will result in the total development cost limit being met. Upon a motion by Mr. Snodderly, second by Mr. Hedges, the Committee recommended approval of the staff recommendation. Mr. Neal recused himself from discussion and vote on this matter.

Chair Tully recognized Ralph M. Perrey, Executive Director of THDA, who discussed issues that have arisen with the enterprise green standards in certain prior qualified allocation plans. He indicated that staff is researching the issues and expect to present amendments to prior qualified allocation plans in November.

Chair Tully recognized Mr. Hedges who discussed his ideas regarding changes in the low income housing credit program.

With no further business, meeting was adjourned.

Respectfully submitted,  
  
Ralph M. Perrey  
Executive Director

Approved the 19<sup>th</sup> day of November, 2019.