



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

**Meeting Materials  
July 27, 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 Meeting**

**Tuesday, July 27, 2021 at 1:00 p.m. CT  
Tennessee Tower; The Nashville Room  
312 Rosa L. Parks Avenue, 3<sup>rd</sup> Floor  
Nashville, TN 37243**

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### **AGENDA**

- A. Approval of Minutes from May 25, 2021 meeting**
- B. Executive Director's Report**
- C. THDA Board Action Items**
  - 1. Fiscal Year Audit Plan
  - 2. CSG Contract Extension
  - 3. COVID-19 Rental Housing Development Subsidy Program Description
  - 4. 2021 HOME Program Description - Homeownership Development
  - 5. 2022 Low Income Home Energy Assistance Program (LIHEAP) Model Plan
  - 6. 2017 HOME Program Extension Request – City of Gatlinburg
  - 7. Homeowner Assistance Fund
  - 8. Proposed Increase in Acquisition Cost Limits (Sales Price)
  - 9. Proposed Change to New Start Mortgage Loan Program Maximum Loan Amount
  - 10. Emergency Housing Voucher Program
  - 11. Project Based Contract Administration
  - 12. Proposed Increase to the Aggregate Amount of THDA Private Activity Volume Cap Available as 2021 Multifamily Tax-Exempt Bond Authority

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### **APPENDIX**

- 2021 HOME Urban/Rural Program Funding Awards
- 2021 National Housing Trust Fund (NHTF) Funding Recommendation



## Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

**TO:** THDA Board of Directors  
**FROM:** Ralph M. Perrey, Executive Director  
**SUBJECT:** July 27, 2021 THDA Board of Directors Meeting  
**DATE:** July 1, 2021

THDA Board Members,

We look forward to having you with us as we resume in-person meetings on July 27, 2021. We have a full agenda awaiting your attention. Among the highlights:

- We will ask the Bond Finance Committee to revise the target figure for the amount of bond authority THDA will carry-forward at year-end for future use in our Single Family mortgage program. Pegged at \$300 million earlier this year, we now recommend reducing the target to \$189 million.
- The lower carry-forward target would allow THDA to commit an additional \$189 million in bond authority to multifamily projects, and, pending action by the Bond Finance Committee, we will ask the Tax Credit Committee to do so.
- The Tax Credits and Grants Committees will each be asked to approve our proposal to use American Recovery Act funds from the state to address financing gaps in developments THDA has supported with tax credits and/or grants. The Governor's Financial Stability Accountability Group (FSAG) meets in early August to consider a \$90 million allocation to THDA for this.
- Lending Committee will be asked to approve our proposal to administer the federal Homeowner Assistance Fund, with the qualifier that changes may be required by subsequent federal requirements.
- Rental Assistance Committee will be asked to approve THDA's withdrawal from Project Based Contract Administration (PBCA) when the current contract with HUD expires January 31, 2022. The committee will also be asked to approve our proposal to administer new Emergency Housing Vouchers awarded to THDA by HUD.

A full listing of action items, organized by committee, may be found in your board packet. In the Appendix, you will find a listing of grants awarded since our last meeting.

As always, please feel free to contact me with any questions or concerns you have about agenda items. Cindy Ripley is ready to assist with your travel and lodging arrangements.

See you on July 27th.

TENNESSEE HOUSING DEVELOPMENT AGENCY  
BOARD OF DIRECTORS MEETING MINUTES  
May 25, 2021

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, May 25, 2021, at 2:01 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), Mike Hardwick, Chris Mustain (for Tre Hargett, Secretary of State), Treasurer David Lillard, Joann Massey, Matt McGauley, Erin Merrick, Rick Neal, Tennion Reed, Chrissi Rhea, John Snodderly, and Katie Armstrong (for Jason Mumpower, Comptroller). Austin McMullen, 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. Mustain and a second by Ms. Massey and a roll call vote, with all members identified as present voting “yes” (12 ayes); no response heard from one board member due to technological difficulties, motion carried that a necessity exists to conduct the meeting in this manner.

Chair Hedges called for consideration of the March 30, 2021, minutes that were previously circulated to all Board members. Upon motion by Mr. Neal, second by Mr. Mustain, and a roll call vote with all 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:

He began with a brief update of the new federal programs THDA is administering:

- The Rent Relief program activity is picking up. We are now sending out roughly one million dollars per week to landlords and utility providers. We have 7,200 applications

under review, another 9,800 applications begun but not submitted by applicants. By the end of this week, we will have made over \$4 million in payments on behalf of some 600 applicants, an average of about \$6800 per client.

- No state or locality is seeing anywhere near the number of applications we expected, and no one has a solid idea as to why. There is some suggestion that advocates may have overstated the number of renters unable to pay because of COVID. It may also be that between the extra unemployment benefits, stimulus checks, and extended eviction moratoriums, that fewer people need assistance or feel the need to ask for it.
- The National Council of State Housing Agencies (NCSHA) is working with Treasury to spell out “safe harbor” rules for us. A number of administration officials are urging states to go easy on required documentation and verification, but the legislation itself requires a certain amount of this and Treasury will be auditing us for compliance. We want to know that if we loosen up at the urging of federal officials, that other federal officials won’t be looking to punish us for having done so. Unless and until we get that kind of “safe harbor”, we’re going to continue coloring within the lines, so to speak.
- We are working to launch the Homeowner Assistance program this summer. Treasury has advanced us \$16 million for start-up expenses and to launch a pilot program, which will target THDA’s own borrowers who are delinquent or in forbearance. As soon as Treasury signs off on our program plan, we will receive the balance of the \$168 million and be able to offer the program more broadly. We aim to have the pilot operational before July 1, and to launch the full program as soon afterward as Treasury reviews and approves our plan.
- I will be meeting with Governor Lee and the Financial Stability Accountability Group next week to request an allocation from Tennessee’s CARES Act funds for the purpose of helping to bridge the funding gaps that have arisen in housing developments that THDA has supported with tax credits or grants. The unprecedented spike in the cost of building materials has left most of our tax credit developments with 7-figure funding gaps. Without this sort of direct subsidy, we are concerned that many may not be able to move to construction. I believe the request will be well-received. I will keep you updated on this.
- I will also exercise the waiver authority you have extended to me to allow developments to exceed the cost caps specified by the QAP and the Bond Program Description. We will notify our developer partners on what we need to see to support such a waiver request. Our review will be expedited so that waivers can be granted before July 1.
- We are also mindful that the same kinds of funding gaps affecting our tax credit developments are impacting the developments we have supported with bond authority and 4% tax credits. We are exploring additional support THDA can provide to those developments, including an increase in the amount of 4% credits awarded to a development, and other potential sources of subsidy. We are mindful that, depending on how that’s done, developments may risk running afoul of the federal 50% test, and we are looking into how to avoid that.

- Our bond authority is now fully committed. We expect a mid-year allocation from the Department of Economic and Community Development in July, and we will bring recommendations to you in July on how much more we can assign for multifamily.
- I mentioned in my update in early May that HUD has allocated Emergency Housing Vouchers to THDA that will help individuals who are homeless or at-risk of homelessness in our Housing Choice Voucher service area. We have accepted the allocation of 325 vouchers and have agreed to accept 175 more if they become available. This will be a permanent voucher that will be made available to assist a family through September 2030. We are looking to start this program this summer in coordination with local organizations serving this population.

On other matters:

- I'd like to call your attention to the "Commitment to Cybersecurity" page, added to THDA's website. You can find it at [thda.org](http://thda.org), click on "about us", and see the menu choices on the right of the page. I am also happy to report that our IT division had another successful penetration test this spring – successful in that our network was NOT penetrated. We pay a lot of attention to the security of our IT network, and I am grateful for the vigilance of Director Nicole Lucas and Assistance Director Jason Ronnow.
- I am also happy to tell you that our Community Programs team earned a clean audit from HUD for the Emergency Solutions Grant program – my compliments to the ESG team of Tanya Jackson, Shay Macklin and Jim Conner, and Director Cynthia Peraza.
- Next up for an audit is Volunteer Mortgage Loan Servicing. HUD and FHA representatives will be reviewing our work beginning June 4.

Finally, Mr. Chairman, I am pleased to tell you that we will plan to meet in-person for our July meeting, though perhaps with some format changes that we believe will be helpful to those traveling from East and West Tennessee.

Chair Hedges then noted the Bond Finance Committee met earlier this afternoon and recommends to the Board of Directors approval of the authorization of Bond Issue 2021-2 in the maximum amount of \$200 million, along with authorization of the Reimbursement Resolution and Plan of Financing as noted in a memo from Bruce Balcom, Chief Legal Counsel, dated May 14, that accompanies it. Upon a motion from Chairman Hedges on behalf of the Committee, and a roll call vote with all Board members identified as present voting "yes" (13 ayes), the Authorization, Reimbursement and Plan of Financing were approved.

Chair Hedges proceeded to the next item on the agenda, the Schedule of Financing FY 2021-2022. By offer of a motion from Chairman Hedges on behalf of the Committee, and a roll call vote with all Board members identified as present voting "yes" (13 ayes), the approval was granted for the Schedule of Financing as outlined in the memo from Bruce Balcom, Chief Legal Counsel dated May 14, 2021.

Chair Hedges then recognized Mr. Snodderly to present the Tax Credit item. The developers for Hickory Valley, TN TN20-004, are requesting to exchange \$1,245,536 of 2020 LIHC for an equal amount of 2021 LIHC. This request will not lower the amount of 2021 LIHC available for allocation in the regular competitive round. Full details of this request are outlined in a memo from Josie Kotsioris, Director of Multifamily Programs and Don Watt, Chief of Programs, dated May 19, 2021. By offer of a motion by Mr. Snodderly on behalf of the Committee, and a roll call vote with all Board members identified as present voting as follows 11 ayes and one abstention (Neal); no response heard from one board member due to technological difficulties, the motion passed.

Chair Hedges called on Lindsay Hall, Chief Operating Officer of Single Family Programs, to present the Single Family Mortgage Loan Program Income Limits for 2021 as prepared by Dr. Hulya Arik, Economist, in a memo dated May 12, 2021. Ms Hall noted that staff recommends the adoption of the income limits per the “Combined Calculations” method as designated in the chart and memo under the THDA single family mortgage loan program to be effective as of June 1, 2021. By offer of a motion by Ms. Rhea and second by Mr. Snodderly, and a roll call vote with all members identified as present voting “yes” (12 ayes), no response heard from one board member due to technological difficulties, the motion passed. Ms. Massey left the meeting at 2:25 p.m. Central Time.

Chair Hedges recognized Cynthia Peraza, Director of Community Programs, to present the COVID-19 Rent Relief Program Description. Ms. Peraza noted that in a memo from herself and Don Watt, Chief of Programs dated May 6, 2021, staff recommends the THDA Board take the following actions:

- Adopt the attached 2021 COVID-19 Rent Relief Program Description;
- Authorize staff to make minor program changes and housekeeping changes to the program, 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.

And, with a roll call vote with all members identified as present voting “yes” (11 ayes), no response heard from one board member due to technological difficulties, the motion passed.

Chair Hedges called on Ms. Peraza to present the 2021 Allocation to the United Cerebral Palsy of Middle Tennessee for Implementation of the Home Modification and Ramps Program. Ms. Peraza referred to a memo from herself and Don Watt, Chief of Programs, dated May 6, 2021 and explained that staff recommends the adoption of the 2021 Home Modifications and Ramps Program Description and the set-aside of \$300,000 in funding to cover a two-year program implementation through June 30, 2023. By offer of a motion by Mr. Mustain, second by Mr. Snodderly, and a roll call vote with all members identified as present voting “yes”, (12 ayes), the motion passed.

Chair Hedges then recognized Ms. Peraza to present the Request for Approval of 2017 HOME Grant Extensions. Ms. Peraza referred to a memo from herself and Don Watt, Chief of Programs, dated May 7, 2021, detailing the list of grantees that would be eligible for the 6-month

extensions along with the list of Grantees that have not yet met the established spenddown requirements. She also noted that staff recommends a six-month extension for the 2017 HOME Grant Awards that have expended a minimum of 65% of the Grant as of or before June 30, 2021. The extension is being recommended to help provide the Grantee with additional time that was lost due to COVID 19 to complete their projects. By offer of a motion by Mr. Hardwick, second by Mr. Snodderly, and a roll call vote with all members identified as present voting “yes” (12 ayes), the motion passed.

The last item for the THDA Board of Directors was the Request for Approval of 2018 HOME Grant Extensions as outlined in a memo from Cynthia Peraza, Director of Community Programs and Don Watt, Chief of Programs, dated May 7, 2021. Ms. Peraza explained that the memo details the list of Grantees that would be eligible for the 12-month extension along with the list of Grantees that have not yet met the established spenddown requirements. She noted that 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 lost due to COVID-19 to complete their projects. With an offer of a motion from Mr. McGauley, second by Mr. Snodderly, and a roll call vote with all members identified as present voting “yes” (12 ayes), the motion passed.

With no further business, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved this 27<sup>th</sup> day of July, 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 Committee Meeting Agenda**

**Tuesday, July 27, 2021**

**The Nashville Room (3rd Floor) of the  
William R. Snodgrass Tennessee Tower;  
312 Rosa L Parks Blvd; Nashville, TN 37243**

### **A. Committee Meeting Items:**

- 1. Audit & Budget Committee Meeting – 10:00 a.m. CT**
  - a. November 12, 2020 meeting minutes
  - b. Internal Audit Charter
  - c. Fiscal Year Audit Plan
  - d. Financial Status Update - FY21
- 2. Bond Finance Committee Meeting – 10:10 a.m. CT**
  - a. May 25, 2021 meeting minutes
  - b. Plan of Financing for Issue 2021-2
  - c. CSG Contract Extension
  - d. Single Family Private Activity Bond Authority
- 3. Grants Committee Meeting – 10:20 a.m. CT**
  - a. January 19, 2021 meeting minutes
  - b. COVID-19 Rental Housing Development Subsidy Program Description
  - c. 2021 HOME Program Description - Homeownership Development
  - d. 2022 Low Income Home Energy Assistance Program (LIHEAP) Model Plan
  - e. 2017 HOME Program Extension Request – City of Gatlinburg
- 4. Lending Committee Meeting – 10:30 a.m. CT**
  - a. January 19, 2021 meeting minutes
  - b. Homeowner Assistance Fund
  - c. Proposed Increase in Acquisition Cost Limits (Sales Price)
  - d. Proposed Change to New Start Mortgage Loan Program Maximum Loan Amount
- 5. Rental Assistance Committee Meeting – 10:40 a.m. CT**
  - a. January 21, 2021 meeting minutes
  - b. Emergency Housing Voucher Program
  - c. Project Based Contract Administration
- 6. Tax Credit Committee Meeting – 10:50 a.m. CT**
  - a. May 25, 2021 meeting minutes
  - b. Proposed Increase to the Aggregate Amount of THDA Private Activity Volume Cap Available as 2021 Multifamily Tax-Exempt Bond Authority
  - c. COVID-19 Rental Housing Development Subsidy Program Description



# **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  
Audit & Budget Committee Meeting  
Tuesday, July 27, 2021  
10:00 a.m. Central Time**

**William R. Snodgrass Tennessee Tower  
The Nashville Room  
312 Rosa L Parks Blvd; 3<sup>rd</sup> Floor  
Nashville, TN 37243**

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## **AGENDA**

- A. Approval of Minutes from November 12, 2020 meeting
- B. Internal Audit Charter
- C. Fiscal Year Audit Plan
- D. Financial Status Update - FY21

### **Committee Members:**

Secretary Hargett, Chair  
Mike Hedges  
Treasurer Lillard  
Austin McMullen  
Rick Neal  
Chrissi Rhea

TENNESSEE HOUSING DEVELOPMENT AGENCY  
AUDIT & BUDGET COMMITTEE MEETING MINUTES  
November 12, 2020

Pursuant to the call of the Chair, the Audit & Budget Committee (the “Committee”) of the Tennessee Housing Development Agency (“THDA”) Board of Directors (the “Board”) met on Thursday, November 12, 2020, at 1:00 p.m., via a WebEx call. A number of staff members were physically present at the THDA offices located at 502 Deaderick Street, Andrew Jackson Building, 3<sup>rd</sup> Floor, Nashville, Tennessee 37243.

The following Committee members were present via WebEx: Treasurer David Lillard (Chair), Secretary of State Tre Hargett, Christine Rhea, Michael Hedges, Rick Neal, and Austin McMullen.

Recognizing a quorum present, Chair Lillard called the Committee meeting to order 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 Ms. Rhea and second by Mr. McMullen, a roll call vote with Lillard, Hargett, Hedges, McMillan, Neal, and Rhea voting “yes”, six members voting yes, zero members voting no, zero member abstaining, the motion carried to conduct the Audit & Budget Committee meeting in this manner.

Chair Lillard called for consideration of the September 18, 2020, Committee minutes. Upon motion by Mr. Hedges, second by Ms. Rhea, and a roll call vote with Lillard, Rhea, McMillan, Hedges, Neal, and Hargett voting “yes”, six members voting yes, zero members voting no, zero member abstaining, the motion carried to approve the minutes.

Chair Lillard recognized Gay Oliver, Director of Internal Audit, to present an update on the Enterprise Risk Management (ERM) analysis. Ms. Oliver pointed out that the Financial Integrity Act requires that a system of internal controls be established and maintained. She noted that the ERM Report documents whether THDA’s system of accounting and administrative controls complies with the statute. She explained that each THDA division director conducted a self-assessment of the division, listing the objectives, identifying any risks and assessing the risks in terms of likelihood and magnitude of impact on THDA, if the risks were to occur. She also noted that if a control activity was not in place or not efficient, the division director developed a Management Action Plan to mitigate the risk and ensure controls operate effectively. She further explained that Internal Audit staff also conducted meetings with each THDA division director to

discuss their risk assessments and to assess any potential risks associated with future projects. She indicated that the Director of Internal Audit and the Executive Director reviewed each division's ERM. Ms. Oliver added that necessary documentation will be presented to the Commissioner of Finance and Administration and the Comptroller by December 31, 2020.

Chair Lillard recognized Trent Ridley, Chief Financial Officer, to present the THDA's FY21-25 Five Year Strategic Financial Plan). Mr. Ridley referenced the attachment in the ABC packet and noted that the Plan is developed using guiding principles established in THDA's enabling legislation as well as objectives established in the Debt Management Policy approved by the Board on November 29, 2011. The main objective of the Plan is to effectively balance the use of financial resources to fund mortgage programs and other initiatives that fulfill THDA's statutory purpose without compromising financial strength or credit ratings.

The Plan anticipates total bond issuance of approximately \$1.87 billion (\$60.6 million refunding) over the next five years all without the moral obligation of the State. Mortgage Revenue Bond annual loan production is assumed to be approximately \$500 million the first two years then decreasing to \$275 million by 2025, while Mortgage Backed Security production increases to \$382 million by 2025. Total net withdrawals and uses are estimated to be \$243 million.

The Plan anticipates future bond issuance under the 2013 General Resolution, which does not carry the "moral obligation" of the State and projects no bonds will carry the moral obligation of the State by June 2022. To support future bond issuance and maintain a strong PADR under the 2013 General Resolution, the Plan assumes a transfer of resources of approximately \$18 million from the 1985 General Resolution.

In summary, the Plan maintains an overall Weighted Average PADR above 1.12 and continues to set aside \$25 million as required by the Bond Finance Committee, while providing for new loan production and funding the various THDA housing initiatives and operations.

Mr. Ridley concluded that no action by the Board is required for this item.

Chair Lillard recognized Ms. Oliver, to discuss the disclosure analysis reports for THDA Board members and THDA staff. Ms. Oliver noted that THDA's enabling legislation, the THDA Conflict of Interest Policy, the Board Disclosure Policy and the Staff Disclosure Policy require Board members, their representatives and all THDA staff to disclose annually any direct or indirect involvement in activities that do or could involve THDA or THDA programs including the federally funded programs. She added that (1) disclosure forms were received from all Board members, Board designees and all THDA staff; (2) the original Board disclosure forms are located at THDA offices and are available for public inspection upon request; and (3) staff disclosures were completed electronically and are available for public inspection upon request.

Ms. Oliver noted that she and Bruce Balcom THDA Assistant Chief Legal Counsel, reviewed all Board and staff disclosures and their analysis revealed incidental and indirect interests, but no prohibited interests or prohibited conflicts of interest. Ms. Oliver explained that even if no conflict of interest exists, the Code of Conduct applies and Board members and THDA staff should refrain from any activity that would give the appearance of impropriety or a conflict of interest. The consensus of the Committee was to accept the reports and recommend that the Board approve them for inclusion into the minutes.

Chair Lillard called for consideration of the annual performance evaluation for the Director of Internal Audit, Gay Oliver. *(Ms. Oliver left the Webex call.)* Chair Lillard reviewed the procedure and noted that the Committee is charged with determining the employment and salary of THDA's Director of Internal Audit. Chair Lillard noted that Ms. Oliver's average overall evaluation was advanced performance for the period October 21, 2019 to September 30, 2020, and that she is to receive an increase in salary and an associated bonus, which will be the same as provided to THDA staff who received the same rating, effective January 1, 2021.

*Secretary Hargett noted that he would be leaving the meeting.*

Upon motion by Chair Lillard and second by Mr. McMullen, a roll call vote with Rummel (proxy for Secretary Hargett), Hedges, McMullen, Neal, Rhea, and Lillard voting "yes", six members voting yes, zero members voting no and zero members abstaining; the motion carried to approve Ms. Oliver's performance rating, any increase in salary, and associated bonus. No action by the Board is required as annual evaluation of the Director of Internal Audit is within the sole purview of the Audit and Budget Committee.

Chair Lillard called for consideration of the annual performance evaluation for the Executive Director of THDA, Mr. Ralph Perrey. *(Mr. Perrey left the WebEx call.)* Chair Lillard reviewed the evaluation procedure. Upon motion by Chair Lillard, second by Mr. McMullen, a roll call vote with Rummel, Hedges, McMullen, Neal, Rhea, and Lillard voting "yes", six members voting yes, zero members voting no, zero members abstaining, the motion carried to recommend an advanced performance rating for Mr. Perrey with a recurring salary adjustment and one-time bonus to be the same as provided to THDA staff who received the same rating, effective January 1, 2021.

With no other issues or business to come before the Committee, the meeting adjourned.

Respectfully submitted,

Gathelyn Oliver  
Director of Internal Audit

Approved the 27th day of July, 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 Audit and Budget Committee  
**FROM:** Gathelyn Oliver, Director of Internal Audit  
**SUBJECT:** Internal Audit Charter  
**DATE:** July 7, 2021

### **Recommendation**

Staff recommends the Audit and Budget committee approve the revisions to the Internal Audit Charter included in the packet.

### **Key Points**

The International Standards for the Professional Practice of Internal Auditing (Standards) require that the Chief Audit Executive periodically review the Internal Audit Charter and present it to senior management and the Board for approval. Our Internal Audit Charter was last revised in November 2015. A summary of changes include:

- Addition of Core Values,
- Addition of a section on independence and objectivity,
- Expanded information on the Internal Audit Director's responsibilities
- Addition of the Quality Assurance and Improvement Program.

### **Background**

In accordance the Standards, the Internal Audit division is preparing for our first External Quality Assessment (EQA), which will be performed by a review team from the State Executive Internal Auditor's office. Our EQA is scheduled for October 2021. In preparation, we are in the process of performing an internal readiness assessment the results of which will be shared with the Audit and Budget committee. Feel free to contact me with any questions or concerns.

# **CHARTER**

## **Tennessee Housing Development Housing Agency**

### **Internal Audit Division**

July \_\_, 2021

This Charter identifies the purpose, authority, professional standards, organization, role, scope and responsibilities, audit planning and reporting of the Internal Audit division at the Tennessee Housing Development Agency (THDA).

#### **MISSION/PURPOSE**

The Internal Audit division mission is to provide timely, independent, objective assurance and consulting services designed to enhance internal controls and improve THDA operations through relevant recommendations. The Internal Audit division brings a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes to assist THDA in accomplishing its objectives.

#### **CORE VALUES**

To assist in the accomplishment of our mission and the realization of our vision, Internal Audit has established the following core values:

- Integrity - Perform work honestly, diligently, and ethically to establish trust and a basis for reliance on our work.
- Objectivity - Perform duties with an unbiased mental attitude to ensure projects are not unduly influenced by personal interests or judgments.
- Confidentiality - Respect and safeguard the privacy of persons and confidential information and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- Communication - Communicate with coworkers and customers in a constructive and positive manner. Reports will be accurate, timely, and contain relevant recommendations.
- Personal Development - Continuously strive to obtain further training to advance our knowledge, skills, and awareness of emerging issues affecting all facets of THDA.

#### **AUTHORITY**

The Internal Audit division reports to the Audit and Budget Committee (ABC) of THDA's Board of Directors (as stated in TCA 13-23-112 (h) (1) (c) and ABC's Charter Responsibilities (Item 23)). This reporting relationship ensures the Internal Audit division's independence, promotes comprehensive audit coverage and assures adequate consideration of audit recommendations.

The Internal Audit division personnel, in the performance of audits and with the accountabilities of safekeeping and confidentiality, will be granted unrestricted access to all THDA records, properties, functions, and personnel relevant to a review. The Internal Audit division personnel will have full and free access to THDA's Board of Directors through the ABC. Internal auditing is a staff function that does not perform any operational duties for THDA. Therefore, the Internal Audit division will not implement internal controls, develop procedures, install systems, prepare records, nor participate in any other activity that may impair the internal auditor's judgment.

Objectivity is essential to the Internal Audit division personnel in the proper fulfillment of their duties. This reporting structure assures complete independence from operating divisions.

## **PROFESSIONAL STANDARDS**

The Internal Audit division utilizes the guidance provided by *Generally Accepted Government Auditing Standards* (GAGAS) (commonly referred to as the “Yellow Book”) produced by the United States Government Accountability Office (GAO). These standards provide a structure for performing audit work with competence, integrity, objectivity, and independence to provide accountability. In addition, the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing* (commonly referred to as the “Red Book”) guidance including IIA’s “Definition of Internal Auditing”, “Core Principles for the Professional Practice of Internal Auditing” and the “Code of Ethics” will be utilized as promulgated in Tennessee Code Annotated (TCA) 13-23-125 (b)(2) and TCA 4-3-304(9). All auditors abide by THDA *Code of Conduct* policy. The Internal Audit Director will report periodically to senior management and the Audit and Budget Committee regarding the Internal Audit division’s conformance to the IIA Code of Ethics and the Standards.

## **ORGANIZATION**

The Internal Audit Director will report functionally to the ABC and administratively (i.e. day to day operations) to the Executive Director. To establish, maintain, and assure the Internal Audit division has sufficient authority to fulfill its duties, the ABC will:

- Approve the Internal Audit Charter.
- Approve the risk-based Internal Audit Plan.
- Approve the Internal Audit division’s budget and resource plan.
- Receive communication from the Internal Audit Director on the internal audit activity performance relative to its Annual Audit Plan and other matters.
- Approve decisions regarding the appointment and removal of the Internal Audit Director.
- Approve the compensation of the Internal Audit Director.

The Internal Audit Director will communicate and interact directly with the ABC, including in executive sessions and between ABC meetings as appropriate.

## **INDEPENDENCE and OBJECTIVITY**

The Internal Audit Director will ensure that the Internal Audit division remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Internal Audit Director determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

The Internal Audit Director will confirm to the ABC, at least annually, the organizational independence of the Internal Audit division. The Internal Audit Director will disclose to the ABC any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results. The Internal Audit Director will confirm to the ABC, at least annually, the organizational independence of the Internal Audit division. The Internal Audit Director will disclose to the ABC any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results. Internal Audit division responsibilities are established by the ABC and are outlined by the ABC as part of their oversight.



## **SCOPE OF WORK**

The scope of work of the Internal Audit division will determine the risk management, control and governance processes are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operational information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, procedures, and applicable laws and regulations.
- Resources are acquired cost-effectively, used efficiently, and adequately safeguarded.
- Objectives of operations and programs are executed as planned and goals are achieved.
- Significant legislative or regulatory issues impacting THDA are recognized and addressed appropriately.
- Accountability, integrity, and efficiency within THDA are maintained.

The Internal Audit Director will report periodically to senior management and the ABC regarding:

- The Internal Audit division's purpose, authority, and responsibility.
- The Internal Audit division's plan and performance relative to its plan.
- The Internal Audit division's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the ABC.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to THDA.

The Internal Audit division performs three types of projects:

- Audits/Reviews are assurance services that provide an independent examination of information on governance, risk management, and control processes for THDA. Examples include financial, performance, compliance, systems security and due diligence engagements.
- Consulting services add value and enhance THDA's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include limited review, recommendations (advice), and training.
- Investigations are independent assessments of allegations involving misuse of assets, fraud, financial irregularities, significant control weaknesses and unethical behavior or activities.

## **RESPONSIBILITIES**

The Internal Audit division is responsible for assessing the various functions and control systems of THDA, and advising management concerning their condition. General objectives include promoting operational efficiency, ensuring compliance with applicable laws, and evaluating internal control systems. Through the carrying out of these objectives, the Internal Audit division assists THDA personnel in the effective discharge of their responsibilities by providing analyses, recommendations, counsel, and information regarding the activities reviewed. The fulfillment of these responsibilities is not confined to but includes the following activities:

## **Professional Responsibilities**

- Conduct audits and reviews of various THDA programs and functions as stated in the Annual Audit Plan.
- Consider the scope of the external auditors work to provide optimal audit coverage to THDA and circumvent redundancy in audit endeavors.
- Coordinate external audit work and perform as liaison to the State of Tennessee Comptroller of the Treasury's Division of State Audit and U.S. Department of Housing and Urban Development (HUD) and other external auditors as appropriate.
- Review THDA's mortgage servicing and mortgage origination activities.
- Perform limited reviews of specific programs to address questions raised by the Executive Director, ABC or other members of THDA's Board of Directors.
- Review annual disclosure forms submitted by all Board members and THDA staff.
- Report on the results of audits and reviews to the ABC, the State of Tennessee Comptroller of the Treasury's Division of State Audit, and applicable management.
- Provide consulting services that add value and promote best interests of THDA.
- Identify, detect, investigate or coordinate reviews of allegations of fraud, waste or abuse.
- Provide a method, for whistleblowing comprising of the receiving, resolving and maintenance of complaint records.
- Promptly inform the ABC and the State of Tennessee Comptroller of the Treasury's Division of State Audit of allegation of fraud, waste, abuse received.

## **Ethical Responsibilities**

- Ensuring objectivity and independence; remaining free of conflict of interest, in both fact and appearance.
- Discharging of professional responsibilities with due care, competence and diligence in accordance with the standards established for the profession.
- Striving to improve proficiency and quality of service through education and experience.
- Accepting only obligations compatible with abilities and consistent with a professional role.

## **Internal Audit Director Responsibilities**

- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit division collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact THDA are considered and communicated to senior management and the ABC as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit division.
- Ensure adherence to THDA's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the ABC.
- Ensure conformance of the Internal Audit Division with the Standards, with the qualifications that if the Internal Audit division is prohibited by law or regulation from conformance with certain parts of the Standards, the Internal Audit Director will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.

## **AUDIT PLANNING**

On an annual basis, the Internal Audit Director, submits to the ABC an audit plan for the upcoming fiscal year for review and approval. The Annual Audit Plan is derived using a risk-based methodology using a variety of qualitative and quantitative factors. The Annual Audit Plan is sent to the State of Tennessee Comptroller of the Treasury's Division of State Audit. Any significant change to the formally approved Audit Plan is communicated to the ABC.

## **REPORTING**

A final written report is issued by the Internal Audit Director at the conclusion of each audit and will be distributed as appropriate. A copy of each audit report will be forwarded to the Executive Director, ABC, and the State of Tennessee Comptroller of the Treasury's Division of State Audit.

The audit reports issued by the Internal Audit Director may include the audited function's response and the corrective plan of action to address the recommendations presented in the report. Management's response may include a responsible party within the function as well as a projected timetable for anticipated completion of corrective actions. Internal Audit may conduct follow-up reviews on audit issues and recommendations to verify the efficacy of the corrective actions taken. Results of these follow-ups will be reported to the Executive Director, ABC, and the State of Tennessee Comptroller of the Treasury's Division of State Audit in a condensed report format. Reports identifying confirmed instances of material fraud, waste, and abuse are prepared and submitted to the Executive Director, ABC, and the State of Tennessee Comptroller of the Treasury's Division of State Audit.

## **QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of Internal Audit's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Internal Audit Director will communicate to the Executive Director and the Audit and Budget Committee on Internal Audit's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Adopted by:

\_\_\_\_\_ on the \_\_\_\_\_ day of July, 2021.  
The Honorable Tre Hargett, Secretary of State  
Chair, THDA Audit & Budget Committee

\_\_\_\_\_ on the \_\_\_\_\_ day of July 2021.  
Mr. Mike Hedges  
Chair, THDA Board of Directors

\_\_\_\_\_ on the \_\_\_\_\_ day of July 2021.  
Ms. Gathelyn Oliver, CPA  
Director, THDA Internal Audit Division



# 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 Audit and Budget Committee  
**FROM:** Gathelyn Oliver, Director of Internal Audit  
**SUBJECT:** Fiscal Year Audit Plan  
**DATE:** July 7, 2021

### **Recommendation**

Staff recommends the Audit and Budget Committee approve the Fiscal Year 2022 Annual Audit Plan.

### **Key Points**

The Internal Audit Plan outlines the priorities of the Internal Audit Division. For Fiscal Year 2022, the plan was derived primarily from the results of the Internal Audit risk assessment. Many of the projects are required to be performed and are on the plan each year. Additional projects on this year's plan include:

- Quality Review of THDA's Administration of the Emergency Solutions Grant Program
- COVID-19 Rent Relief Program Review
- Single Family Mortgage Relief Program Review
- THDA Data Security Internal Control Review
- Quality Review of THDA's Administration of Multifamily Programs

### **Background**

The FY 2022 audit plan and a listing of projects in progress as of July 1, 2021 were required to be submitted to the Comptroller's office this year by July 9. We submitted the documents on July 2. A copy of our submission is included in your packet. The plan was developed using input from management and results of our risk assessment. The draft plan was emailed to Audit and Budget Committee members on June 18 for review. While this is our work plan for fiscal year 2022 projects may change as priorities change throughout the year.

Feel free to contact me with any questions or concerns.



## 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:** Ms. Kathy Stickel, CPA, Director  
Office of the Comptroller, Division of State Audit

**FROM:** Ms. Gathelyn Oliver, CPA  
Director of Internal Audit

**SUBJECT:** Audit Projects in Progress and Internal Audit Plan

**DATE:** July 2, 2021

According to TCA Section 4-3-304(7), copies of all reports issued during the fiscal year are filed with your office at the time of completion. We have enclosed a copy of our annual Internal Audit Plan (IAP) for the fiscal year ended June 30, 2022 and a listing of all internal audits, reviews and investigations currently in progress as of July 1, 2021.

The Internal Audit Plan (IAP) outlines the priorities of the Internal Audit Division. The 2022 Fiscal Year priorities were derived primarily from the results of the Internal Audit risk assessment. The Internal Audit risk assessment was developed in consultation with Senior Management and the THDA Audit and Budget Committee to obtain a current understanding of the Department's key programs/process areas. The risk assessment was conducted by assigning risk scores to criteria for each key program/process area identified within the Department. The criteria included, but were not limited to, strategic, operational, financial, regulatory/compliance, and reputational risks. Utilizing the average risk scores assigned to the criteria, program/process areas were identified/prioritized for audit plan inclusion, with consideration for the limited resources within Internal Audit. Detailed risk assessment documentation is on file with Internal Audit and is available for review upon request.

In addition to the priorities identified from the risk assessment, the IAP also includes reviews, audits, and other activities as required by statute, rules, and Department policies. The IAP may also include reviews, assessments, or audits resulting from external audit(s) recommendations or findings. The IAP may include consulting engagements and other activities designed to help improve the management of risk, add value to the Department, and/or improve departmental operations. The IAP may be modified throughout the year, based on changes in the organization, audit resources, and/or additional risk considerations.

Audit reports are provided to the Audit and Budget Committee of the THDA Board of Directors after audit engagements are completed. Hopefully, these items will enable the Division of State Audit to adequately coordinate audit efforts for the State.

If you have any questions or need additional information, please feel free to contact me.

Enclosures

C:     Audit and Budget Committee Members and Representatives of the THDA Board of Directors  
       Mr. Ralph M. Perrey, Executive Director

**TENNESSEE HOUSING DEVELOPMENT AGENCY  
INTERNAL AUDIT PROJECTS IN PROCESS**

As of July 1, 2021

Compliance Review of Intranet Content

Subrecipient Monitoring Review of Grantee

LIHEAP CARES Act Funding Review

Hardest Hit Fund Quality Control Review 1/1/2021-3/31/2021

Quality Review of Development District

# Tennessee Housing Development Agency

## Internal Audit Plan

For The Fiscal Year Ended June 30, 2021

Based on an assessment of risk of all THDA activities and programs, and on discussions with THDA management, the following audits are planned for the Fiscal Year Ended June 30, 2021.

1. **Financial Integrity Act/Enterprise Risk Management Assessment** – Lead THDA in the preparation of the self-assessments and compilation of the reports required to comply with the Financial Integrity Act due by December 31, 2020.
2. **Financial Integrity Act/Enterprise Risk Management Assessment Evaluation** Perform testwork on a sample of controls and action plans identified by agency management to determine efficiency and effectiveness.
3. **Hardest Hit Fund (HHF) Review** – This project will involve a limited review of the internal controls established for THDA programs funded by the Hardest Hit Fund, including review of loan documentation, funding process and follow-up activities performed by the Community Programs division staff to ensure compliance with US Department of Treasury and THDA requirements. This review is generally performed on a quarterly basis.
4. **Subrecipient Monitoring** – This project involves a review of internal controls, expenditure of awards and delivery of services by subrecipients of federal and State awards in accordance with Central Procurement Office Grant Management and Subrecipient Monitoring Policy and Procedures.
5. **Staff and Board Disclosure Analysis** – This project will involve a review of annual disclosure forms submitted by all THDA staff, board members and representatives for compliance with the disclosure policy and THDA’s enabling legislation.
6. **Quality Review of Development District** – This project involves a review of internal controls, expenditure of awards and delivery of services by one development district that has been awarded funds by THDA.
7. **Section 8 HQS Inspection Quality Control Review** - This project involves a regular review of internal controls, quality and delivery of services by the contractor performing HQS inspections for the Housing Choice Voucher program.
8. **Section 8 Contract Administration Quality Control Review** - This project involves a regular review of internal controls, and selected activities performed by Section 8 Contract Administration staff.
9. **Administer the Compliance Management System for Mortgage Loan Servicing** – To ensure compliance with federal regulators and THDA policy, this responsibility includes reviewing all aspects of servicing THDA mortgages, as specified in the Quality Control Plan for Mortgage Loan Servicing.



10. **Administer the Compliance Management System for THDA's Conventional Mortgage Loan Operations** – To ensure compliance with regulatory requirements and THDA policy, this responsibility includes reviewing all aspects of THDA conventional mortgages, as specified in the Quality Control Plan for Mortgage Loan Originations.
11. **Compliance Review of Intranet Content** - This project involves a review of internal controls, and data posted on internal data systems.
12. **CARES Act Review** – This project will involve a limited review of the internal controls established for THDA programs funded by the CARES Act, including LIHEAP, ESG, Multifamily and Section 8 Rental Assistance funding.
13. **THDA Asset Internal Control Review** - This project/s involves a review of internal controls related to THDA assets managed within the Operations and Accounting divisions.
14. **Various Audit and Investigative Projects** – As THDA programs have increased in size and complexity over the years, additional items arise that require either audit or investigative attention. THDA takes these items seriously with the intent to maintain the utmost transparency and integrity throughout our organization. Therefore, we will continue to spend an increased amount of our time and resources in performing reviews and investigations of potential fraud, waste, and abuse situations, or other matters requiring audit attention as they may arise during the period.



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

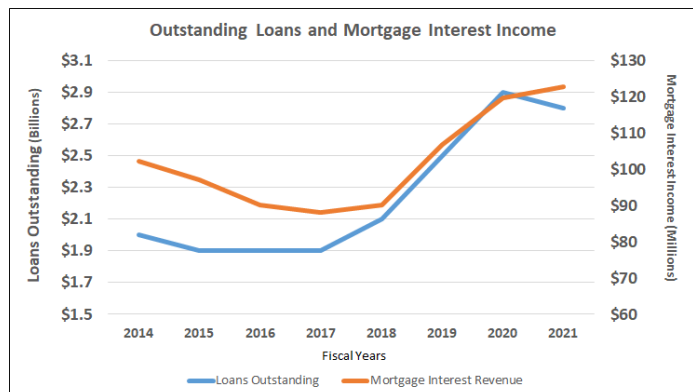
**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors  
**FROM:** Trent Ridley, Chief Financial Officer  
**SUBJECT:** Financial Status Update – FY21  
**DATE:** July 6, 2021

As you are aware, Fiscal Year 2021 (FY21) ended June 30, 2021, so I wanted to provide updates on FY21 projected financial results.

Projected FY21 Operating Income (Net of GASB 31) – THDA’s operating income is projected to be approximately \$19.5 million, excluding any year-end adjustments for Retirement or OPEB. This is a increase of \$2.9 million when compared to FY20’s result of \$16.6. The variance is primarily driven by an increase in bond premium write-offs due to much larger bond calls from increased loan prepayments. Total loans outstanding has decreased from FY20, as noted in the chart “Outstanding Loans and Mortgage Interest Income”. The decrease of approximately \$39 million is primarily attributable to increased loan prepayments outstripping new loan production during the “COVID” economy.



**Servicing and Capital Markets –** Servicing continues to contribute to THDA’s bottom line, as it is projected net impact of \$4.8 million or more.

As you may recall, THDA Secondary Capital Markets program was launched at the beginning of the fiscal year, which has brought THDA projected revenue of \$1.2 million. Capital Markets is expected to generate more loan premium revenue in FY22 from increased loans sales in the secondary market.

Attached is the summarized balance sheet and income statement data as of May 31, 2021. Assets total \$3.6 billion and primarily consist of first and second mortgages of \$2.8 billion and \$52 million respectively. Under the Bond Resolutions, we have approximately \$270 million in current cash and cash equivalents consisting mostly of loan repayments / prepayments (\$110 million, 2021-1 proceeds (\$82 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. 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](mailto:tridley@thda.org).

TENNESSEE HOUSING DEVELOPMENT AGENCY  
SCHEDULE OF NET POSITION (\$000)  
MAY 31, 2021  
(UNAUDITED)

	MRB	OTHER	TOTAL
<b>ASSETS</b>			
First Mortgages	\$ 2,848,134	\$ 678	\$ 2,848,812
Second Mortgages	51,810	0	51,810
Loans held for resale	0	1,601	1,601
Cash and Investments	580,051	77,176	657,227
Other Assets	75,531	2,635	78,166
Total	<u>3,555,526</u>	<u>82,090</u>	<u>3,637,616</u>
<b>LIABILITIES</b>			
Bonds	\$ 2,991,069	\$ 0	\$ 2,991,069
Escrow Deposits	491	39,778	40,269
Other	31,347	15,861	47,208
Total	<u>3,022,907</u>	<u>55,639</u>	<u>3,078,546</u>
<b>NET POSITION</b>			
Invested In Capital Assets	\$ 0	\$ 5,181	\$ 5,181
MRB Restricted	461,209	0	461,209
Other Restricted	0	261	261
Unrestricted	71,415	2,767	74,182
Total	<u>\$ 532,624</u>	<u>\$ 8,209</u>	<u>\$ 540,833</u>

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

	Revenue	Expenses	Oper Inc
<b>MORTGAGE REVENUE BONDS</b>			
Mortgage Interest	\$ 101,250		
Investment Income	898		
Other Revenue	-		
	<u>\$ 102,148</u>		
Bond Interest		\$ 67,723	
Cost of Issuance		3,278	
DPA Forgiveness		3,542	
Other		1,386	
		<u>\$ 75,929</u>	
			<u>\$ 26,219</u>
<b>FEDERAL AND ADMINISTRATIVE</b>			
Federal Revenue	\$ 14,287		
Multifamily Fees	12,074		
Servicing Fees	1,156		
Interest Income	103		
Other	996		
	<u>\$ 28,616</u>		
Personnel		\$ 21,460	
Contractual services		7,412	
Computer and Other Supplies		1,008	
Direct Servicing Expenses		5,584	
Other		1,953	
		<u>\$ 37,417</u>	
			<u>\$ (8,801)</u>
<b>GRAND TOTAL</b>	<u><u>\$ 130,764</u></u>	<u><u>\$ 113,346</u></u>	<u><u>\$ 17,418</u></u>



# **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, July 27, 2021  
10:10 a.m. Central Time**

**William R. Snodgrass Tennessee Tower  
The Nashville Room  
312 Rosa L Parks Blvd; 3<sup>rd</sup> Floor  
Nashville, TN 37243**

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## **AGENDA**

- A. Approval of Minutes from May 25, 2021 meeting
- B. Issue 2021-2 Plan of Financing
- C. CSG Contract Extension
- D. Single Family Private Activity Bond Authority

### **Committee Members:**

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

TENNESSEE HOUSING DEVELOPMENT AGENCY  
BOND FINANCE COMMITTEE  
May 25, 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 Wednesday, May 25, 2021, at 1:00 P.M. via a Webex call with certain staff members physically present at the THDA Offices located at 502 Deaderick Street; Andrew Jackson Building, 3<sup>rd</sup> Floor; Nashville, Tennessee 37243.

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

Recognizing a quorum present, Chair Hedges called the meeting to order at 1:08 p.m. Central Time and recognized Bruce Balcom, THDA 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 following a roll call vote, the motion carried to approve doing business in this manner with all committee members identified as present voting “yes” (5 ayes).

Chair Hedges called for consideration of the January 21, 2021, Bond Finance Committee Meeting Minutes. Upon motion by Mr. Mustain for Secretary Hargett, second by Treasurer Lillard, and following a roll call vote with all committee members identified as present voting “yes” (5 ayes), the motion carried to approve the January 21, 2021 minutes.

Chair Hedges indicated the next item for consideration was the sale of Issue 2021-2 Bonds Authorization, Reimbursement Resolution, and Plan of Financing. Bruce Balcom, THDA 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 May 7, 2021, recommending approval of the described pricing for Issue 2021-2.
- Resolution of the Bond Finance Committee approving the issuance and sale of Issue 2021-2 (Non-AMT) in an aggregate principal amount not to exceed \$200,000,000, (the “Award Resolution”). Issue 2021-2 will price sometime in the middle of July and close in A. The following documents were attached to the Award Resolution as exhibits and were incorporated by reference:
  - Bond Purchase Agreement for the sale of Issue 2021-2 Bonds to the underwriting syndicate, led by RBC Capital Markets (“RBC”), the bookrunning senior manager;
  - Supplemental Resolution for the Issue 2021-2 Bonds; and
  - Resolution of the Board of Directors of THDA authorizing reimbursement of THDA from proceeds of Issue 2021-2 in an amount not to exceed \$70,000,000.
- Plan of Financing as notated in the memo dated May 14, 2021 describing the Issue 2021-2.

Upon motion by Treasurer Lillard, second by Ms. Armstrong for Comptroller Mumpower, and following a roll call vote with all committee members identified as present voting “yes” (5 ayes), the motion carried to recommend and approve both the bond authorization and the Award Resolution Plan of Financing to the Board of Directors.

Chair Hedges indicated the last item for consideration was the approval of the Schedule of Financing for fiscal year 2021-2022 to be forwarded to the State Funding Board for consideration and approval. Bruce Balcom, THDA Chief Legal Counsel, presented the following documents that were circulated for the Committee’s consideration:

- Schedule of Financing Memo dated May 14, 2021 from Bruce Balcom, THDA Chief Legal Counsel
- Schedule of Financing for fiscal year 2021-2022.

Upon motion by Ms. Armstrong for Comptroller Mumpower, second by Treasurer Lillard, and following a roll call vote with all committee members identified as present voting “yes” (5 ayes), the motion carried to recommend and approve both the Schedule of Financing for fiscal year 2021-2022 and the recommendation to forward the Schedule of Financing to State Funding Board for consideration.

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

Respectfully submitted,

Sandi Thompson,  
 Assistant Secretary  
 Approved this 27<sup>th</sup> 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:** Bruce Balcom, Chief Legal Counsel  
**SUBJECT:** Issue 2021-2 Plan of Financing  
**DATE:** July 6, 2021

### **Recommendation**

Approve the 2021-2 Plan of Financing

### **Key Points**

Since the Committee approved the Plan of Financing in May, production levels have required a delay in pricing Issue 2021-2. The only change to the prior approved memo is the date by which the bonds will be issued from July 30<sup>th</sup> to September 30<sup>th</sup> to account for pushing back the date of issuance.

### **Background**

Based upon slowing production staff has determined that pushing the sale of Issue 2021-2 will provide an economic benefit to THDA by decreasing the effects of negative arbitrage and will also make the bonds more marketable as we will be able to commence purchasing loans against the issue prior to closing the bonds.



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 September 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

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Bond Finance Committee and Board of Directors  
**FROM:** Bruce Balcom, Chief Legal Counsel  
**SUBJECT:** CSG Contract Extension  
**DATE:** July 6, 2021

### **Recommendation**

Staff recommends THDA exercise its option to extend its contract with CSG Financial Advisors for an additional 12 months.

### **Key Points**

The current contract with CSG expires December 31, 2021. This is the end of the first three years of the contract, which also provides for an extension of up to two additional 12 month periods, to be exercised one twelve month period at a time. Historically THDA has extended its contract with its financial advisors for the full term provided for in the contract.

### **Background**

The current financial advisor contract commenced January 1, 2018 with a three year term subject to up to two 12 month extensions at THDA's option. Historically THDA has extended this contract to its full term (5 years) unless there were issues or concerns with the services provided by the financial advisor. CSG has provided THDA with excellent customer service and financial advice the past three years. Given the historical precedent, and the good working relationship between THDA and CSG, staff is recommending the Bond Finance Committee and the Board extend the contract an additional 12 months as provided for in the contract.



# 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, Bond Finance Committee  
**FROM:** Ralph M. Perrey, Executive Director  
**SUBJECT:** Single Family Private Activity Bond Authority  
**DATE:** July 6, 2021

### **Recommendation**

Set the target figure of \$189 million for the amount of bond authority to be carried forward at year-end for future use to support the Single Family mortgage business. This represents a reduction from the \$300 million target set by the Committee in January.

### **Background**

Given THDA's progress toward obtaining approval as a Ginnie Mae Issuer, the amount of bond authority needed for single family finance is greatly reduced. By calendar year 2024, when the 2021 bond authority to be carried forward would actually be utilized, THDA expects to be issuing single family bonds only to the extent needed to replace those run-off from the portfolio, generally less than \$200 million annually.

The committee's vote to reduce the carry-forward target to \$189 million enables the full Board to commit more of the currently-available bond authority to support multifamily developments. Should the Bond Finance Committee accept our recommendation, we will ask the Tax Credit Committee to make the approximate \$189 million in bond authority coming to THDA in July immediately available for multifamily purposes.



# 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  
Grants Committee Meeting  
Tuesday, July 27, 2021  
10:20 a.m. Central Time**

**William R. Snodgrass Tennessee Tower  
The Nashville Room  
312 Rosa L Parks Blvd; 3<sup>rd</sup> Floor  
Nashville, TN 37243**

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## AGENDA

- A. Approval of Minutes from January 19, 2021 meeting
- B. COVID-19 Rental Housing Development Subsidy Program Description
- C. 2021 HOME Program Description - Homeownership Development
- D. 2022 Low Income Home Energy Assistance Program (LIHEAP)  
Model Plan
- E. 2017 HOME Program Extension Request – City of Gatlinburg

**Committee Members:**

Austin McMullen, Chair  
Secretary Tre Hargett  
Joann Massey  
Comptroller Jason Mumpower  
Rick Neal  
Tennion Reed

TENNESSEE HOUSING DEVELOPMENT AGENCY  
GRANTS COMMITTEE MEETING MINUTES  
January 19, 2021

Pursuant to the call of the Chairman, the Grants Committee (the “Committee”) of the Tennessee Housing Development Agency (THDA) Board of Directors (the “Board”) met in regular session on Tuesday, January 19, 2021, at 1:10 p.m., via a WebEx call. The following Committee members were present via WebEx: Austin McMullen (Chair), Tre Hargett (Secretary of Treasury), Rick Neal, Katie Armstrong (for Comptroller Jason Mumpower), Tennion Reed, and Joanna Massey. Certain staff members participated in the call from THDA offices located at 502 Deaderick Street; Andrew Jackson Building, 3rd Floor; Nashville, Tennessee 37243.

Recognizing a quorum present, Chair McMullen called the Committee meeting to order and recognized Mr. Bruce Balcom, THDA Assistant Chief Legal Counsel, who read 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 Mr. Hargett, second by Ms. Massey, and a roll call vote with all members identified as present voting “yes,” motion carried that necessity existed to conduct the Committee meeting in this manner.

Chair McMullen called for consideration of the November 13, 2020, Grants Committee meeting minutes. Upon motion by Mr. Neal, second by Ms. Armstrong, and a roll call vote with all members identified as present voting “yes,” the minutes were approved.

Chair McMullen called for consideration of Extension of Temporary COVID Authority and recognized Don Watt, Chief Program Officer. Mr. Watt referenced his memorandum dated December 15, 2020, describing how “ripple effects” of the pandemic have substantially affected ongoing activity in most state and federal programs administered by THDA resulting in issues that may require a quick response between the Board’s regularly scheduled meetings, giving the example of April 2020, when the Executive Director approved an extension of the application period for the National Housing Trust Fund by four weeks that also provided an opportunity to modify the method for receipt of the application. Mr. Watt recommended that due to the nature of the pandemic, the Board extend this authority to the Executive Director through June 30, 2021, to

modify established program deadlines and/or fee limits and penalties associated with such deadlines, adding that any such modifications shall be in accordance with the standards and requirements established by staff and based on a demonstration of necessity as determined in the Executive Director's discretion. Mr. Watt further added temporary authority would be subject to the terms outlined in his memorandum. Mr. Watt noted that a similar resolution will be presented to the Tax Credit Committee. Upon motion by Ms. Armstrong, second by Mr. Neal, and a roll call vote with all members identified as present voting "yes," motion carried to recommend the Board renew temporary authority to modify established program deadlines and associated requirements due to COVID-19.

Chair McMullen next called for consideration of the 2022 Allocation to Habitat for Humanity of Tennessee, and recognized Ms. Cynthia Peraza, Director of Community Programs. Ms. Peraza referenced her memorandum dated December 17, 2020, and clarified that there were items for consideration distributed in replacement pages of the Habitat for Humanity Set-Aside Program Description. Ms. Peraza stated the recommendation is being made to the Board to authorize changes to the Habitat for Humanity Set-Aside Program Description, stating these funds are used to help numerous habitat chapters with the development and rehabilitation of affordable single-family housing units across the state. The recommended Program Description changes include increasing the program allocation to \$1,500,000 for a one-time increase to the annual \$500,000 set-aside; the allocation of \$1,500,000 of 2022 Tennessee Housing Trust Fund ("THTF") funding to Habitat for Humanity of Tennessee; updating effective dates to reflect July 1, 2021 through June 30, 2022 for the new terms of the 2022 Habitat for Humanity of Tennessee Program Description; increasing the Household Area Median Income from 60% to 80% and require a minimum of 50% of the program allocation to assist households at or below 60% AMI; and approving the Program Description. Chairman Hedges stated his favor of the 80% increase. Upon a motion by Mr. Neal, second by Ms. Armstrong, and a roll call vote with all members identified as present voting "yes," (Ms. Massey did not vote – there was not response when called upon to vote) motion carried to recommend Board adoption of the 2022 Habitat for Humanity of Tennessee Set-Aside Program Description as described in the referenced memorandum.

Chair McMullen next called for consideration of the 2021 HOME Urban and Rural Program Description and recognized Ms. Peraza. Ms. Peraza referenced her memorandum dated December 15, 2020, and stated the anticipation of receiving approximately \$14 million for the 2021 HOME Program to implement eligible activities across Tennessee, and all funds will be used to provide resources for homeownership, rehabilitation and second mortgages for down payment assistance and closing cost assistance to low and moderately low-income buyers through approved grantees. Ms. Peraza described the substantial program description changes, including removing references to Community Housing Development Organizations (CHDOs) to make this Program Description specific to Urban and Rural; updating the Spend Down requirements for organizations funded under past Urban or Rural Matrices, clarifying the approximate anticipated funding amounts be available under the funding competition; updating the HOME Per Unit Subsidy Limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development; adjusting the minimum threshold points from 95 to 60; reducing the maximum applications score from 190 to 100 Points; and updating

timetables and due dates. Upon a motion by Mr. Neal, second by Ms. Reed, and a roll call vote with all members identified as present voting “yes,” motion carried to recommend Board adoption of the 2021 HOME Urban and Rural Program Description as described in the referenced memorandum.

Chair McMullen next called for consideration of the 2021 National Housing Trust Fund Program Description and again recognized Ms. Peraza. Ms. Peraza stated NHTF made funding available for the development of affordable rental housing for extremely low-income households and anticipated receiving approximately \$4 million by April 2021 for the administration of the Program. Ms. Peraza then described the proposed substantial Program Description changes, including updating the Spend Down requirements for organizations funded previously through the NHTF Program; clarifying the approximate funding amounts that are anticipated to be available under the funding competition (final amounts will be determined based on funds made available through the earnings of designated Government-Sponsored Enterprises (GSEs) and a formula funding allocation by HUD and any amounts left over from prior funding rounds that are made available under this Program Description); updating the maximum per-unit subsidy limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development; updating the list of those counties designated by Governor Lee as “distressed” on July 1, 2020; and updating timetables and due dates. Upon a motion by Ms. Massey, second by Mr. Neal, and a roll call vote with all members identified as present voting “yes,” motion carried to recommend the Board approve the adoption of the proposed 2021 National Housing Trust Fund Program Description as described in the referenced memorandum.

With no further business, the meeting was adjourned at 1:33 p.m.

Respectfully submitted,

Ralph M. Perrey  
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

## MEMORANDUM

**TO:** THDA Board of Directors

**FROM:** Don Watt, Chief Program Officer

**SUBJECT:** COVID-19 Rental Housing Development Subsidy Program Description

**DATE:** July 6, 2021

### **Recommendation:**

Staff recommends the Board approve the following:

- Adoption of the attached proposed COVID-19 Rental Housing Development Subsidy Program Description ("Program Description") subject to an allocation of Federal resources by the Governor's Office for this purpose;
- Authorize the Executive Director or a designee to award funds for applications received and determined eligible for funding; and
- Allow staff to make programmatic changes, as deemed necessary and appropriate, as approved by the Executive Director, or as required by the federal funding source from which a program allocation to THDA is made.

Staff will provide information to the Committee and Board regarding associated funding awards at the meeting that immediately follows the date of the awards.

### **Background:**

COVID-19 and its aftermath have caused an unprecedented spike in the cost of basic building materials, lumber being the most extreme and oft-cited example with an increase of 300% over the past year. COVID-19 caused short-term shutdowns at lumber mills and other facilities where building materials are produced. Even after production resumed, disruptions in the supply chain have caused continued scarcity and continued upward pressure on prices.

The impact on the housing industry has been significant, especially for developers of affordable housing because they cannot pass along higher costs to their renters. Research undertaken by the National Association of Homebuilders estimates that the average cost per unit on a multifamily development has increased by \$13,000. THDA's survey of rental housing developments in Tennessee found a wide variance among the 44 respondents (out of 54), with a median reported funding shortfall of \$20,000 per unit. Among larger developments, per-unit costs tend to run higher

and, of course, these account for more total units. If that average holds across the entire portfolio of 2019-2020 developments, the amount of subsidy needed would be just short of \$82 million. The additional \$8 million requested would give us a cushion, as costs continue to be a moving target.

THDA has made a request to the Governor's Office for an allocation of the federal funds received by the State of Tennessee through either the CARES Act or the American Rescue Plan Act to assist rental housing owners to address the financial impact on developments within THDA's program portfolio. If an allocation is received, funds will be allocated to provide subsidies to affordable rental developments that THDA has supported with an assignment of Housing Tax Credits, both competitive and non-competitive, as well as rental housing developments that THDA has supported with grants from the Tennessee Housing Trust Fund or the National Housing Trust Fund. The Program Description outlines the parameters for THDA making funds available to eligible rental development owners.

If approved, THDA will make funds available expeditiously and in accordance with the requirements of the funding source approved for use by THDA.



## **COVID-19 RENTAL HOUSING DEVELOPMENT SUBSIDY PROGRAM PROGRAM DESCRIPTION**

The Tennessee Housing Development Agency (“THDA”) will administer the COVID-19 Rental Housing Development Subsidy Program (“Subsidy Program”) using an allocation of federal resources made available by the Governor’s office in order to assist eligible developments impacted by the rise in construction materials pricing and other related development cost increases created by the effects of the COVID-19 pandemic.

The program will provide a gap subsidy to affordable rental developments supported through THDA’s rental housing development programs.

### **ELIGIBLE RECIPIENTS:**

The program will assist owners of rental housing developments supported through THDA rental housing development programs, including:

- Low Income Housing Credit (LIHC) Program, both 9% and 4% credits
- Tennessee Housing Trust Fund Competitive Grants (Competitive Grants) Program
- National Housing Trust Fund (NHTF) Program

The developments must be under construction or have not yet closed financing to enable the start of construction and must have a demonstrated increase in construction or other development costs impeding the ability to successfully complete construction.

### **STRUCTURE & LIMITS OF ASSISTANCE:**

For all properties funded through the LIHC Program, both 9% and 4%, THDA will allocate funds as a 0% loan due on the sale of the property so as not to affect the basis on which the amount of tax credits is determined.

For developments funded through Competitive Grants or NHTF programs that do not include LIHC resources, funding will be structured as a forgivable 0% loan, with the loan fully released based on the project satisfactorily meeting the terms of the compliance period required by the Competitive Grants or NHTF programs, as applicable.

All assistance will be limited to the need identified by THDA and supported by the applicant that is associated with the increase in construction materials pricing and other related development cost increases

created by the effects of the COVID-19 pandemic.

**OTHER REQUIREMENTS:**

With the approval of the Executive Director, THDA may establish other requirements of this assistance as required by the Governor's Office, the federal resources allocated for this program, or in order to effectively meet the objectives or efficiently administer this program.

**METHOD OF APPLICATION:**

THDA will initially set aside 85% of the funds allocated to THDA by the Governor's Office for developments funded through the LIHC Program. These applications will be reviewed and awarded by the Multifamily Programs Division of THDA.

THDA will initially set aside the remaining 15% of the funds allocated to THDA by the Governor's office for developments funded through the Competitive Grants or NHTF Programs that do not have an allocation of LIHCs. These applications will be reviewed and administered by the Community Programs Division of THDA.

Applications will be reviewed by each Division on a first come, first served basis by the appropriate Division based on the order of submission to the applicable THDA division. Applicants determined by THDA, at its sole discretion, to be substantially incomplete will be returned to the applicant for correction and re-submission.

Based on the need for assistance established by applicants to either Division and upon approval by the Executive Director, THDA will adjust the funding distribution between Divisions in order to appropriately use all funding made available for this program.

**SCHEDULE:**

THDA will establish a program schedule set based on the requirements of the resources allocated by the Governor's office for this purpose.



# 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

**DATE:** 2021 HOME Program Description - Homeownership Development

**SUBJECT:** July 6, 2021

### **Recommendation:**

Staff recommends the Board approve the following:

- ☒ Adoption of the attached proposed 2021 HOME Program Description for Homeownership Development (“Program Description”);
- ☒ Authorize the Executive Director or a designee to award 2021 HOME funds to applicants for applications scored by staff; and,
- ☒ Allow staff to make minor programmatic changes, as deemed necessary and appropriate, as approved by the Executive Director, or as required by HUD.

Staff will provide information to the Committee and Board regarding associated funding awards at the meeting that immediately follows the date of the awards.

### **Background:**

THDA is setting aside \$5 million in HOME funds to implement the Homeownership Development Program Description to encourage the construction of affordable housing for sale to low and moderate income households. For many years, THDA has provided similar funding opportunities to nonprofit organizations qualified as Community Housing Development Organizations (CHDOs) under the HOME Final Rule. This program description will open the HOME funding to all eligible nonprofit housing developers, including CHDOs. Of the total \$5M in funds available, THDA will set aside approximately \$2.5M for award to CHDOs.

THDA will open the program for application in August 2021, with applications due on September 17, 2021. Funding awards will be announced on or about October 15, 2021, with the Grant award period beginning on November 1, 2021.

To view full documentation, please click here.

<https://thda.org/pdf/2021-HOME-Homeownership-Dev-Program-Description.pdf>



# 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:** 2022 Low Income Home Energy Assistance Program (LIHEAP) Model Plan

**DATE:** June 30, 2021

### **Recommendation**

Staff is requesting Board and Committee approval for THDA to submit an application to the U.S. Department of Health and Human Services (HHS) for the LIHEAP Program Year 2022 funds by the federal deadline of September 1, 2020, subject to review by the Board Chair, the Committee Chair, and THDA's Executive Director of any further material changes prior to submission.

### **Key Points**

At this time, THDA has not identified any major programmatic changes for the 2022 program year. There will be public hearings and a public comment period during August 2021.

Staff anticipates HHS approval of Tennessee's 2022 LIHEAP application before the November 2021 THDA Board meeting. At that time, Community Programs' staff will provide the Board and Committee with the final allocation amounts, participating agencies, program updates and any amendments to the approved plan.

### **Background**

The HHS will be accepting applications, known as the Model Plan, from states for the Program Year 2022 LIHEAP. Applications are due to the HHS no later than September 1, 2021. The Program Year 2022 allocation for Tennessee is not yet available; however, based on the amount available to Tennessee for 2021, THDA anticipates that approximately \$65,000,000, with approximately \$6,500,000 available for administrative costs and \$58,500,000 available for program costs.

LIHEAP and the activities carried out with LIHEAP funding are subject to federal regulations found at 45 C.F.R. § 96. The annual application to HHS defines the program and requires that the program be made available to eligible agencies that serve all areas (counties) in the state. Grantees for LIHEAP funding are those agencies meeting the federal definition of an eligible entity, which

includes Community Action Agencies (CAA) or other public or nonprofit entities selected on the basis of public comment received during a public hearing conducted pursuant to 45 C.F.R. §96 and other appropriate findings regarding:

- (i) The subgrantee's experience and performance in LIHEAP;
- (ii) The subgrantee's experience in assisting low-income persons in the area to be served; and
- (iii) The subgrantee's capacity to undertake a timely and effective LIHEAP program.

The program funding is allocated by county, based on the percentage of the low-income population residing in that county, as determined through the use of SAIPE (Small Area Income and Poverty Estimates) census data.

The local agency will receive, if willing to participate, the allocation for the county or counties located in their service delivery area. THDA will retain funding for administrative expenses as permitted under federal regulations. Staff will also conduct public meetings to explain the program and funding available.



# 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:** 2017 HOME Program Extension – City of Gatlinburg

**DATE:** June 21, 2021

### **Recommendation**

Staff is recommending authorization to extend the 2017 HOME Program Grant Contract for the City of Gatlinburg for a period of 12-months, changing their contract end date from June 30, 2021 to June 30, 2022, due to the natural disaster Sevier County experienced in 2016 compounded by delays resulting from COVID-19.

### **Background**

In May 2021, the Board approved a 6-month extension for the 2017 HOME Program Grants that have expended a minimum of 65% of their award as of June 30, 2021. The extensions were recommended to help provide the Grantees with additional time to complete their projects as a result of delays due to COVID-19.

The City of Gatlinburg has an open 2017 HOME Program grant, and has expended over 31% of their award. Of the three (3) projects they proposed to complete with these program funds, one (1) project has been completed, one (1) is in process, and the last project is lined up to start before the end of 2021. Although the City of Gatlinburg has not met the 65% spend down requirement approved by the Board and after further conversation with the City following the May THDA Board meeting, staff is recommending that we provide them with a 12-month extension due to the unforeseen delays the City encountered directly and indirectly as a result of COVID-19 and the numerous building delays caused by the after effects of the wildfires that engulfed Sevier County in 2016.

THDA is recommending this extension outside of the already approved spend down requirements due to the natural disaster that impeded the Grantee's ability to administer the HOME Program.

No other requests for HOME Program exceptions will be considered.





**OFFICE OF CITY MANAGER**

April 19, 2021

Ms. Cynthia Peraza  
Tennessee Housing Development Agency  
Director of Community Programs  
502 Deaderick Street, Second Floor  
Nashville, TN 37243

RE: HOME Grant Extension – City of Gatlinburg (HM-17-05)

Dear Ms. Peraza,

The City of Gatlinburg respectfully requests an extension of our 2017 HOME Grant until June 30, 2022. We are requesting the extension due to multiple unforeseen delays in construction on the reconstruction of two (2) homes that were destroyed in the 2016 wildfire. We have worked closely with the Mountain Tough Recovery Team, Dollywood Foundation, local Churches, and contributions made by the homeowners to secure sufficient funding for the reconstruction of each home.

The City of Gatlinburg is assisting 3 homeowners. To date, one home has been reconstructed. The second is underway after implementation delays that were caused due to a required structural plan change and necessary approvals from the City of Gatlinburg codes department. Additional delays have been caused by weather, a lack of available sub-contractors, and lack of available materials. The third is in the process of a second substantial plan change due to difficulties caused by the lot size, Sevier County Health Department Septic System requirements, and potential retaining wall requirements. Previous plan changes were denied due to approval requirements by the City of Gatlinburg codes department and the Sevier County Health department. Without the Contractor, who is committed to seeing the reconstruction of the home through, or this HOME project, it would be nearly impossible for the family to get a home with the current prices of material and labor. We anticipate all homes being completed by June 30, 2022.

None of these three properties are typical HOME reconstruction properties. However, due to the need for replacement homes for these low-income wildfire victims, we are committed to the successful completion of each unit. Thank you in advance for your consideration. We look forward to continuing to partner with THDA to serve the residents of Gatlinburg. If you have any questions, please contact our Administrator, Heather Allen with Community Development Partners at 615-386-0222 or [hallen@cdpllc.com](mailto:hallen@cdpllc.com).

Sincerely,



Mike Werner  
Mayor

cc: Bill Lord, THDA  
Heather Allen, CDP, LLC.



# **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  
Lending Committee Meeting  
Tuesday, July 27, 2021  
10:30 a.m. Central Time**

**William R. Snodgrass Tennessee Tower  
The Nashville Room  
312 Rosa L Parks Blvd; 3<sup>rd</sup> Floor  
Nashville, TN 37243**

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## **AGENDA**

- A. Approval of Minutes from January 19, 2021 meeting
- B. Homeowner Assistance Fund
- C. Proposed Increase in Acquisition Cost Limits (Sales Price)
- D. Proposed Change to New Start Mortgage Loan Program Maximum Loan Amount

### **Committee Members:**

Chrissi Rhea, Chair  
Commissioner Butch Eley  
Mike Hardwick  
Matt McGauley  
Erin Merrick  
Rick Neal

TENNESSEE HOUSING DEVELOPMENT AGENCY  
LENDING COMMITTEE MEETING MINUTES  
January 19, 2021

Pursuant to the call of the Chairman, the Lending Committee (the “Committee”) of the Tennessee Housing Development Agency (“THDA”) Board of Directors (the “Board”) met in regular session on Tuesday, January 19, 2021, at 1:00 p.m., via Cisco WebEx Meeting. A number of staff members were physically present at the THDA offices located at 502 Deaderick Street, Andrew Jackson Building, 2nd and 3rd Floors, Nashville, TN 37243.

The following Committee members were present: Chrissi Rhea (Chair), Mike Hardwick, Matt McGauley, Erin Merrick, Rick Neal, and Doree Hicks for Commissioner of Finance and Administration, Butch Eley. Board members Tennion Reed, Joann Massey, and Mike Hedges were also present.

Chair Rhea called the Committee meeting to order. She recognized Bruce Balcom, Assistant Chief Legal Counsel, who read 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 a roll call vote with all Committee members identified as present voting yes, it was the consensus of the Committee that necessity existed to conduct the Lending Committee in this manner.

Chair Rhea called for consideration of the minutes from the July 20, 2020, which had been deferred due to lack of quorum and September 18, 2020 meetings. Upon motion by Chair Rhea, second by Mr. McGauley, and a roll call vote with all Committee members identified as present voting yes, except for Mr. Neal who abstained, the referenced minutes were approved.

Chair Rhea called on Dr. Hulya Arik, THDA Economist, to present the Housing Cost Index for 2021. Referring to her memo dated January 5, 2021, and the attached Board Resolution, Dr. Arik explained the Housing Cost Index (HCI) indicates the percentage of an average Tennessee household’s gross monthly income that is required to pay for primary fixed housing costs under existing market conditions. After describing the calculation method detailed in her memo, Dr. Arik stated the housing cost index for 2021 is 28.20%, slightly lower than last year’s index of 28.67%. She noted that lower average interest rates and increased median household income improved the housing affordability for Tennesseans even with increased median home purchase price. Upon motion by Mr. McGauley and second by Ms. Merrick, and a roll call vote with all Committee members identified as present voting yes, the Committee recommended to the Board

adoption of the Board Resolution accepting the 2021 Housing Cost Index and authorizing continued operation of THDA financial assistance programs..

There being no questions and no further business, Chair Rhea adjourned the meeting.

Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved the 27th day of July, 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:** Lindsay Hall, Chief Operating Officer of Single Family Programs

**SUBJECT:** Homeowners Assistance Fund (HAF)

**DATE:** July 6, 2021

### Recommendation

THDA seeks board approval to administer the HAF funds on behalf of the State of Tennessee as assigned to THDA by Governor Lee to those eligible homeowners experiencing a financial hardship related to the Covid-19 pandemic.

### Key Points

On April 14, 2021 the US Department of Treasury sent out the Homeowner Assistance Fund (HAF) Guidance. THDA staff will be following this guidance in preparing an HAF program proposal to be submitted for approval by July 31, 2021. The HAF funds were made available to mitigate financial hardships associated with the coronavirus pandemic (Covid-19) to assist in preventing mortgage delinquencies, foreclosures, defaults and other related expenses.

Upon US Treasury's approval, THDA staff will be working on an HAF program that should offer the following assistance to eligible homeowners:

- Mortgage payment assistance which may include but not be limited to; mortgage payments to include principal, interest, taxes and insurances, homeowner association fees or liens, and/or condo association fees.
- Financial assistance to reinstate a mortgage and/or pay other expenses related to a period of forbearance, delinquency, or default associated with the mortgage delinquencies on the homeowner's primary residence.

### Background

The Homeowners Assistance Fund was established under the American Rescue Plan Act of 2021. The combined assistance provided under the HAF program is \$9.9 billion. Of that amount Tennessee was allocated \$168,239,035. This allocation amount does include the administrative dollars as well.

In an effort to collaborate on a uniform program, per Treasury's guidance, THDA is working through its network of HFAs in the southeast region to work on common goals to administer the program. THDA also intends to work with our network of HUD approved housing counselors to provide borrower application assistance, education, and financial crisis counseling.

THDA is fortunate to have had the experience of administering the Hardest Hit Funds as a response to the mortgage crisis a decade ago. The Hardest Hit Fund was also provided through the U.S. Department of Treasury. THDA staff will take the lessons learned from the administration of the Hardest Hit Funds as it works through the process of developing a program, creating the internal processes, while building a strong network of external partners and vendors to assist with the program roll out.

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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:** Lindsay Hall, Chief Operating Officer of Single Family Programs  
**SUBJECT:** Proposed Increase in Acquisition Cost Limits (Sales Price)  
**DATE:** July 6, 2021

### Recommendation

THDA is recommending the increase of Acquisition Cost Limits in 82 of the 95 counties in Tennessee. Please see the attachment showing the increases by county proposed.

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

### Key Points

THDA reviews the income limits based on the instructions provided by HUD and the IRS annually. It is optional to change the acquisition cost limits at that time. THDA historically has reviewed and proposed changes to acquisition cost limits every 5 to 6 years.

Just as the housing markets have increased so have the rental markets making homeownership still a viable alternative to excessive rents. The average rent for a two bedroom/ one bathroom apartment in Middle Tennessee is \$1,420 with 82% of rentals exceeding 1,000 per month and 32% of that being more than \$1500 per month.

THDA's mortgage program income limits by county range from \$78,960 to \$118,020 for a family of 3 persons. Based on these income limits and THDA's qualification guidelines a borrower could qualify beyond the proposed acquisition cost limits.

Based on today's rate of 3% the PITI payment for the maximum acquisitions costs per county are approximately:

- \$300,000 - \$1,680
- \$350,000- \$2,150
- \$375,000- \$2,152



**Background**

THDA, although permitted annually, has not increased acquisition/sales price limits since August of 2015. Yet, most recently the state has seen a sharp increase in property appreciation which equates to an increase in sales prices for our first time homebuyers. In order to continue to meet the needs of borrowers and expand their purchasing power in order to compete in the current market conditions 82 of the 95 counties would have an increase in acquisition cost limits.

County	Target	Average Area Purchase Price	Maximum Possible Limit	Current Limits	Recommendation
ANDERSON	NT	\$346,644	\$311,980	\$250,000	300,000
BEDFORD	NT	\$346,644	\$311,980	\$250,000	300,000
BENTON	NT	\$346,644	\$311,980	\$250,000	300,000
BLEDSON	NT	\$346,644	\$311,980	\$250,000	300,000
BLOUNT	NT	\$346,644	\$311,980	\$250,000	300,000
BRADLEY	NT	\$346,644	\$311,980	\$250,000	300,000
CAMPBELL	T	\$346,644	\$381,308	\$300,000	350,000
CANNON	T	\$570,506	\$627,557	\$375,000	375,000
CARROLL	T	\$346,644	\$381,308	\$300,000	350,000
CARTER	NT	\$346,644	\$311,980	\$250,000	300,000
CHEATHAM	NT	\$570,506	\$513,455	\$375,000	375,000
CHESTER	NT	\$346,644	\$311,980	\$250,000	300,000
CLAIBORNE	T	\$346,644	\$381,308	\$300,000	350,000
CLAY	NT	\$346,644	\$311,980	\$250,000	300,000
COCKE	T	\$346,644	\$381,308	\$300,000	350,000
COFFEE	NT	\$346,644	\$311,980	\$250,000	300,000
CROCKETT	T	\$346,644	\$381,308	\$300,000	350,000
CUMBERLAND	NT	\$346,644	\$311,980	\$250,000	300,000
DAVIDSON	NT	\$570,506	\$513,455	\$375,000	375,000
DECATUR	NT	\$346,644	\$311,980	\$250,000	300,000
DEKALB	T	\$346,644	\$381,308	\$300,000	350,000
DICKSON	NT	\$570,506	\$513,455	\$375,000	375,000
DYER	T	\$346,644	\$381,308	\$300,000	350,000
FAYETTE	T	\$346,644	\$381,308	\$300,000	350,000
FENTRESS	T	\$346,644	\$381,308	\$300,000	350,000
FRANKLIN	T	\$346,644	\$381,308	\$300,000	350,000
GIBSON	T	\$346,644	\$381,308	\$300,000	350,000
GILES	NT	\$346,644	\$311,980	\$250,000	300,000
GRAINGER	T	\$346,644	\$381,308	\$300,000	350,000
GREENE	T	\$346,644	\$381,308	\$300,000	350,000
GRUNDY	T	\$346,644	\$381,308	\$300,000	350,000
HAMBLIN	NT	\$346,644	\$311,980	\$250,000	300,000
HAMILTON	NT	\$346,644	\$311,980	\$250,000	300,000
HANCOCK	T	\$346,644	\$381,308	\$300,000	350,000
HARDEMAN	T	\$346,644	\$381,308	\$300,000	350,000
HARDIN	NT	\$346,644	\$311,980	\$250,000	300,000
HAWKINS	T	\$346,644	\$381,308	\$300,000	350,000
HAYWOOD	T	\$346,644	\$381,308	\$300,000	350,000
HENDERSON	T	\$346,644	\$381,308	\$300,000	350,000
HENRY	NT	\$346,644	\$311,980	\$250,000	300,000
HICKMAN	NT	\$346,644	\$311,980	\$250,000	300,000
HOUSTON	T	\$346,644	\$381,308	\$300,000	350,000
HUMPHREYS	NT	\$346,644	\$311,980	\$250,000	300,000
JACKSON	T	\$346,644	\$381,308	\$300,000	350,000
JEFFERSON	T	\$346,644	\$381,308	\$300,000	350,000
JOHNSON	T	\$346,644	\$381,308	\$300,000	350,000
KNOX	NT	\$346,644	\$311,980	\$250,000	300,000
LAKE	T	\$346,644	\$381,308	\$300,000	350,000
LAUDERDALE	T	\$346,644	\$381,308	\$250,000	300,000
LAWRENCE	T	\$346,644	\$381,308	\$250,000	300,000
LEWIS	NT	\$346,644	\$311,980	\$250,000	300,000
LINCOLN	T	\$346,644	\$381,308	\$300,000	350,000
LOUDON	NT	\$346,644	\$311,980	\$250,000	300,000

County	Target	Average Area Purchase Price	Maximum Possible Limit	Current Limits	Recommendation
MACON	T	\$570,506	\$627,557	\$375,000	375,000
MADISON	NT	\$346,644	\$311,980	\$250,000	300,000
MARION	NT	\$346,644	\$311,980	\$250,000	300,000
MARSHALL	NT	\$346,644	\$311,980	\$250,000	300,000
MAURY	NT	\$570,506	\$513,455	\$375,000	375,000
MCMINN	NT	\$346,644	\$311,980	\$250,000	300,000
MCNAIRY	NT	\$346,644	\$311,980	\$250,000	300,000
MEIGS	T	\$346,644	\$381,308	\$300,000	350,000
MONROE	T	\$346,644	\$381,308	\$300,000	350,000
MONTGOMERY	NT	\$346,644	\$311,980	\$250,000	300,000
MOORE	NT	\$346,644	\$311,980	\$250,000	300,000
MORGAN	T	\$346,644	\$381,308	\$300,000	350,000
OBION	NT	\$346,644	\$311,980	\$250,000	300,000
OVERTON	T	\$346,644	\$381,308	\$300,000	350,000
PERRY	NT	\$346,644	\$311,980	\$250,000	300,000
PICKETT	T	\$346,644	\$381,308	\$300,000	350,000
POLK	T	\$346,644	\$381,308	\$300,000	350,000
PUTNAM	NT	\$346,644	\$311,980	\$250,000	300,000
RHEA	T	\$346,644	\$381,308	\$300,000	350,000
ROANE	NT	\$346,644	\$311,980	\$250,000	300,000
ROBERTSON	NT	\$570,506	\$513,455	\$375,000	375,000
RUTHERFORD	NT	\$570,506	\$513,455	\$375,000	375,000
SCOTT	T	\$346,644	\$381,308	\$300,000	350,000
SEQUATCHIE	NT	\$346,644	\$311,980	\$250,000	300,000
SEVIER	NT	\$346,644	\$311,980	\$250,000	300,000
SHELBY	NT	\$346,644	\$311,980	\$250,000	300,000
SMITH	NT	\$570,506	\$513,455	\$375,000	375,000
STEWART	T	\$346,644	\$381,308	\$300,000	350,000
SULLIVAN	NT	\$346,644	\$311,980	\$250,000	300,000
SUMNER	NT	\$570,506	\$513,455	\$375,000	375,000
TIPTON	T	\$346,644	\$381,308	\$300,000	350,000
TROUSDALE	T	\$570,506	\$627,557	\$375,000	375,000
UNICOI	NT	\$346,644	\$311,980	\$250,000	300,000
UNION	T	\$346,644	\$381,308	\$300,000	350,000
VAN BUREN	T	\$346,644	\$381,308	\$300,000	350,000
WARREN	NT	\$346,644	\$311,980	\$250,000	300,000
WASHINGTON	NT	\$346,644	\$311,980	\$250,000	300,000
WAYNE	NT	\$346,644	\$311,980	\$250,000	300,000
WEAKLEY	NT	\$346,644	\$311,980	\$250,000	300,000
WHITE	T	\$346,644	\$381,308	\$300,000	350,000
WILLIAMSON	NT	\$570,506	\$513,455	\$375,000	375,000
WILSON	NT	\$570,506	\$513,455	\$375,000	375,000



# 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:** Lindsay Hall, Chief Operating Officer of Single Family Programs  
**SUBJECT:** Proposed Change to New Start Mortgage Loan Program Maximum Loan Amount  
**DATE:** July 27, 2021

### **Recommendation**

- Raise the maximum New Start Mortgage Loan amounts as follows:
  - \$200,000 in the middle Tennessee counties of Maury, Williamson, Davidson, Rutherford, Wilson and Sumner
  - \$140,000 in all other counties in Tennessee
- The maximum loan to value for all New Start first mortgage loans will remain at 75%; therefore the maximum LTV will be the lessor of 75% of appraised value or sales price not to exceed the maximum loan amounts per county.

### **Key Points**

The New Start Mortgage loans are funded at a 0% fixed interest rate for a term of 30yrs. The New Start Loan Program currently has a maximum first mortgage limit of \$123,000 in the following counties- Davidson, Sumner, Rutherford, Williamson, Wilson and Maury. The remainder of the state has a current maximum first mortgage loan amount of \$112,500.

Although these limits met the needs of the participating non-profit housing agencies, the recent and continual growing costs of land, development, construction materials and labor in Tennessee inhibits the ability of many participating non-profit housing agencies to continue to cover their cost of construction of these homes.

### **Background**

The New Start Mortgage Loan Program funds the purchase of first mortgage loans from participating non-profit housing agencies selling newly constructed housing to borrowers at 60% or below of the area median income (AMI) (New Start Mortgage Loan Tier I) or to borrowers at 60+% to 70% of AMI (New Start Mortgage Loan Tier II).



# **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  
Rental Assistance Committee Meeting  
Tuesday, July 27, 2021  
10:40 a.m. Central Time**

**William R. Snodgrass Tennessee Tower  
The Nashville Room  
312 Rosa L Parks Blvd; 3<sup>rd</sup> Floor  
Nashville, TN 37243**

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## **AGENDA**

- A. Approval of Minutes from January 21, 2021 meeting
- B. Emergency Housing Voucher Program
- C. Project Based Contract Administration

### **Committee Members:**

John Snodderly, Chair  
Joann Massey  
Erin Merrick  
Tennion Reed

TENNESSEE HOUSING DEVELOPMENT AGENCY  
RENTAL ASSISTANCE COMMITTEE  
January 21, 2021

Pursuant to the call of the Chairman, the Rental Assistance Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met in regular session on Thursday, January 21, 2021, at approximately 9:17 a.m. via a WebEx call. A number of staff members were physically present at the THDA offices located at 502 Deaderick Street, Andrew Jackson Building, 2<sup>nd</sup> and 3<sup>rd</sup> Floors, Nashville, Tennessee 37243.

Committee members present: John Snodderly (Chair), Joann Massey; and Tennion Reed. Committee members absent: Erin Merrick. Other Board members present: Katie Armstrong for Comptroller Wilson; Matt McGauley; and Austin McMullen.

Chair Snodderly called the Committee meeting to order 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 a motion by Ms. Reed, second by Ms. Massey, the remote meeting notice was approved, by all members present

Chair Snodderly recognized the Director of Rental Assistance, Jeboria Scott, who presented an overview and update of the Section 8 Rental Assistance Division for the Housing Choice Voucher Program serving 6,149 families in 75 of the 95 Tennessee counties.

Her presentation detailed the difference in the Housing Choice Voucher (HCV) Program from the traditional public housing sector, noting how the subsidy follows the family. Additional funding from HUD to THDA involves a new Mainstream 811 grant for applicants who have one non-elderly, disabled household member. Director Scott gave an overview of the homeownership option of the HCV Program that allows eligible voucher recipients to use the rental subsidy towards the mortgage, enabling the household to transition toward homeownership.

Director Scott’s presentation defined strategies focused on streamlining processes to stabilize leasing levels in order to maintain and prepare for opportunities to increase revenue. She specified a global caseload management approach for a restructure of the division. This also includes creating a Centralized Intake Center to optimize performance standards for the HCV program. The waitlist model was also revised in partnership with THDA’s Legal, Research and Planning, and the IT divisions to

reduce the 72 counties to a 3 region waitlist model. Additionally, the rental assistance division has successfully transitioned to virtual capabilities with client briefing appointments and informal hearings. Director Scott also reviewed the inner workings of the Administrative plan, which is the guide book for administering the HCV Program. The Administrative Plan is a combination of the Code of Federal Regulations (CFR) and THDA policy.

Chief Programs Officer, Don Watt, then introduced the Director of Section 8 Contract Administration and Compliance, Gwen Coffey, to present an overview of her program.

Director Coffey defined the operation of Contract Administration as rental subsidies that remain with the property where tenants pay 30% of their adjusted gross income. The Performance Based contract enables THDA to assist over 28,000 families in properties located in 82 of the 95 counties in Tennessee, and generates over \$6,000,000 in revenue annually.

She gave a brief history of how the program originated with THDA. When a Request for Proposal (RFP) to manage HUD multifamily properties first commenced, THDA was awarded the contract for Tennessee in 2000. HUD decided it would function as the Asset Manager and the Compliance and Contract Administration functions would be conducted by THDA.

The contract term was for 3 years with 2 – 1 year renewal options. While HUD was reevaluating the program, additional contract extensions were issued. HUD decided that the Performance Based Contract Administrator (PBCA) would be the logical choice to continue to perform the services as outlined in the contract. After two rebids, THDA was granted additional extensions with the current extension expiring on January 31, 2022.

There being no further business, the meeting was adjourned by Chair Snodderly.

Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved this 27th day of July, 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:** Rental Assistance Committee  
THDA Board of Directors

**FROM:** Jeboria Scott, THDA Director of Rental Assistance  
Don Watt, THDA Chief Programs Officer

**SUBJECT:** Emergency Housing Voucher Program

**DATE:** July 6, 2021

### Recommendation

THDA staff recommends:

- Authorizing THDA's acceptance of the Emergency Housing Vouchers (EHV) Grant.
- Approving the Emergency Housing Voucher (EHV) program description.
- Approving the Administrative Plan Amendment to include EHV policy.
- Authorizing staff to make necessary changes to the program requirements in accordance with updated requirements or guidance provided by the U.S. Department of Housing and Urban Development (HUD) as the program matures.

### Background

The American Rescue Plan (ARP) Act of 2021 (ARP) authorized HUD to allocate EHV's to the PHAs operating in areas of greatest need. The EHV's are provided to assist individuals and families who are homeless, at risk of homelessness, attempting to flee violent circumstances, or recently homeless. HUD awarded 70,000 EHV's nationally to public housing agencies (PHAs), 325 of which THDA was offered the opportunity to administer. As required by the ARP, THDA will partner with Continuums of Care (CoC) to assist qualifying families through a direct referral process to determine eligibility and provide rental assistance. THDA will also issue grants using HUD support service funding to organizations designated by the CoC to assist eligible clients to access rental housing options, including housing search assistance, rent and utility deposits, landlord incentives, and other related uses associated with tenant readiness. THDA plans to implement the EHV program upon Board of Director review and approval of the single chapter amendment to the Housing Choice Voucher (HCV) Administrative Plan. The accompanying documents include:



- Emergency Housing Voucher Program Operation Summary.
- Administrative Plan Chapter Amendment to include Emergency Housing Voucher Policy.

To view full documentation, please click on the following link:

<https://thda.org/pdf/Emergency-Housing-Vouchers-Program-Description.pdf>



# 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  
Rental Assistance Committee

**FROM:** Ralph M. Perrey, Executive Director

**SUBJECT:** Project Based Contract Administration

**DATE:** July 1, 2021

### **Recommendation**

Authorize THDA to exit Project Based Contract Administration at the expiration of the current contract on January 31, 2022 or such earlier date as the U.S. Department of Housing and Urban Development (HUD) can complete the transition to another contractor.

### **Background**

The Tennessee Housing Development Agency has served since 2000 as the project based contract administrator (PBCA) for Tennessee. At each of these properties, HUD has assigned place-based vouchers (the vouchers stay with the unit, not the tenant). In our role, THDA has administered these HUD Section 8 contracts with multifamily property owners, including among other duties, the payment of monthly vouchers, conducting management and occupancy reviews, and addressing resident issues.

THDA has, however, served as the PBCA on borrowed time for the better part of a decade, accepting a series of short-term contract extensions (some as short as three months) as HUD sought ways to rebid the contracts regionally. HUD correctly prefers to manage the program through a limited number of entities that can do this work at scale in multiple states, as opposed to individual contracts with 50 entities of varying experience and capacity. While there is uncertainty about the timing and method of HUD's next steps, its direction is clear, and it is a direction that does not include a role for state housing finance agencies.

While the work has been profitable for THDA, we find that THDA must also enhance our investments considerably in additional staff positions and improved technology for THDA to continue to manage its existing property assignments and be positioned for increases to this portfolio as HUD regularly transitions new properties for THDA oversight. Given these dynamics,

we therefore conclude it makes sense for THDA to exit on its own terms when the current contract expires on January 31, 2022.

Your action today authorizes the Executive Director to provide formal notice to HUD of THDA's intention to exit our PBCA contract with HUD and meets the contractual requirement of providing six months' notice of same.



# **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, July 27, 2021  
10:50 a.m. Central Time**

**William R. Snodgrass Tennessee Tower  
The Nashville Room  
312 Rosa L Parks Blvd; 3<sup>rd</sup> Floor  
Nashville, TN 37243**

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## **AGENDA**

- A. Approval of Minutes from May 25, 2021 meeting
- B. Proposed Increase to THDA Private Activity Volume Cap Available as of 2021 Multifamily Tax-Exempt Bond Authority
- C. COVID-19 Rental Housing Development Subsidy Program Description

### **Committee Members:**

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

TENNESSEE HOUSING DEVELOPMENT AGENCY  
TAX CREDIT COMMITTEE MEETING MINUTES  
May 25, 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 Tuesday, May 25, 2021, at 1:11 p.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), Chris Mustain (for Secretary of State Tre Hargett), Mike Hedges, State Treasurer David Lillard, Joann Massey, Matt McGauley, and Erin Merrick. Chair Snodderly 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. Committee members participating by telephone were sent documents relevant to today’s meeting.”

Chair Snodderly called for a motion to proceed with the meeting in this manner. Upon a motion by Mr. Hedges, second by Treasurer Lillard, and with a roll call vote, the motion carried to approve doing business in this manner with all members identified as present voting “yes” (8 ayes).

Chair Snodderly called for consideration of the previously circulated January 21, 2021 Committee meeting minutes. Upon motion by Mr. Mustain, second by Treasurer Lillard, and with a roll call vote with all members identified as present voting “yes” (8 ayes), the motion carried to approve the January 21, 2021, minutes.

Chair Snodderly asked to begin with the request to exchange 2020 credits: TN20-04 Hickory Valley, a request from the Cookeville Housing Authority. Chair Snodderly recognized Josie Kotsioris, Director of Multifamily Programs, for a brief description pertaining to this issue. The discussion entailed staff recommendation, and the administrative right of THDA, to approve the request to exchange \$1,245,536 of 2020 Low-Income Housing Credit (LIHC) for an equal amount of 2021 LIHC. The exchange will not lower the amount of 2021 LIHC available for allocation in the regular competitive round. Chair Snodderly called for a motion to approve. Motion made by Ms. Massey, and a second by Mr. McGauley, and with a roll call vote, the motion carried to approve the request with all members identified as present voting “yes” (8 ayes).

Chair Snodderly recognized Ms. Kotsioris who shared with the Committee that THDA is receiving many requests from developers looking for assistance due to rising construction costs brought on by COVID-19 material and labor shortages.

Ms. Kotsioris shared an update of the 2021 Competitive 9% Application round. THDA has received 43 applications totaling approximately \$30 million dollars; our Credit Ceiling allocation is approximately \$19.3 million.

Ms. Kotsioris presented the following developer requests for relief of outstanding issues identified in the Competitive 2021 Low Income Housing Credit Initial Applications:

- TN21-023 East Gate Village. Chair Snodderly recognized Ms. Kotsioris, who shared staff's concerns regarding the request. Chair Snodderly asked for remarks from the developer. Ryan Sunrise and Phillip Vaughn provided statements to the Committee.

Mr. Perrey, Executive Director of THDA, suggested this is not a scoring issue and the Committee can make a motion for relief. Mr. Hedges made the motion to approve the request, Chair Snodderly asked for a second, which was offered by Mr. McGauley, and with a roll call vote, the motion carried to approve the request with all members identified as present voting "yes" (7 ayes) except for Treasurer Lillard, who abstained.

- TN21-033 West Way Phase 2. Chair Snodderly recognized Ms. Kotsioris who shared staff considers this to be the second phase of West Way that was previously funded under TN19-913, formerly TN17-902, and formerly TN15-089. The first phase was not 50% leased, therefore they are not eligible to submit an application for Phase 2. Nancy King, Executive Director of Non-Profit Housing Corporation and John Tabb, Contractor, explained the development delays due to COVID-19 and the current lease status of the units. Mr. Perrey indicated the question is whether to move forward with the Phase 2 without having met the conditions required in the first phase. Mr. McGauley simplified that the only reason this application is procedurally not eligible is due to the 50% threshold and that the Committee only needed to approve or deny for it to move to the next step. Chair Snodderly, asked for a motion to grant relief. The request failed to receive a motion and therefore was not granted.
- TN21-034 East Fork Way. Chair Snodderly recognized Ms. Kotsioris who explained that an application was previously submitted and approved for TN20-031 Christina Way on the same plot of land. Staff considers TN21-034 East Fork Way to be the second phase of TN20-031. The application uses a portion of the same parcel of land to house this new development.

The Committee heard from Phyllis Vaughn, the consultant for the applicant, and Dwayne Barrett, the developer's attorney.

Mr. Perrey suggested to Chair Snodderly that the Committee recess and reconvene after the board meeting as it was time for that meeting to commence. The Committee recessed the meeting until after the Board meeting.

Recess 1:57PM

Reconvene 2:55PM

Chair Snodderly called the Committee back to order and continue with TN21-034 East Fork Way. Chair Snodderly asked Mr. Perrey to comment. Mr. Perrey explained that we were not clear on the cure notice, and we should not hold the builder responsible. Mr. Perrey stated staff did not oppose relief. Chair Snodderly asked for a motion. Mr. Hedges made the motion to move forward, Chair Snodderly asked for a second, which was offered by Mr. McGauley, and with a roll call vote, the motion carried to approve the relief requested with all members identified as present voting “yes” (8 ayes).

- TN21-036 Hills View Apartments. Chair Snodderly asked Ms. Kotsioris for a brief description. Ms. Kotsioris noted the Level 1 property control was not in order. The ownership entity did not properly document in THOMAS. 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. There was no representation from the general partner or managing member on the call. Chair Snodderly asked is there a motion to approve relief. Mr. Hedges stated that THDA will always require the contract to be uniform. There was no motion offered so the request was not granted.
- TN21-040 Park View Apartments. Chair Snodderly asked Ms. Kotsioris for a brief description. Ms. Kotsioris shared this development applied for both new and acquisition/rehab units. The QAP does not provide for developments that mix new construction with acquisition/rehab. The developer indicated the new units from the application, however, were not recorded in THDA’s system. The Committee heard from both Phillip Vaughn and Dwayne Barrett on behalf of the developer.

Mr. Perrey added that THDA has separate set-a-sides for rehab and new construction. The application system does not allow for both. Chair Snodderly asked for a motion to grant relief. The request was denied as no motion was offered.

Chair Snodderly recognized Dhathri Chunduru, Director of Research and Planning, to review the Preliminary proposed changes to the 2022 Qualified Allocation Plan Location Needs Scoring Criteria. Director Chunduru demonstrated a new scoring system with four (4) variables for 2022. Mr. Hedges noted that this new evaluation system will eliminate tie breakers.

Chair Snodderly recognized Ms. Kotsioris to review an additional revision to the QAP that would allow for new construction in a qualified census tract. Ms. Kotsioris proposed to add and refine language to allow consideration of new construction, both competitive 9% and non-competitive 4% credits that build in qualified census tracts. As the QAP is adjusted, staff will bring the changes to the committee. Mr. Hedges noted that the QAP has changed over 20 years, and its current language should not cause a concentration in a specific area. Ms. Kotsioris responded that her concern was also the case for bond allocations proposing new construction.

The proposals are posted on our website, and will be refined and included in a draft allocation plan for 2022, which will be presented to the committee for adoption in July.

With no further business, the meeting was adjourned at 3:13pm.

Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved the 27<sup>th</sup> day of July, 2021.

Pending





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

**SUBJECT:** Proposed Increase to the Aggregate Amount of THDA Private Activity Volume Cap Available as 2021 Multifamily Tax-Exempt Bond Authority

**DATE:** July 6, 2021

### **Recommendation**

Increase the amount of bond authority available for multifamily development by \$189 million, effective upon receipt of the mid-year allocation of volume cap from the Department of Economic and Community Development, and recommend to the Board of Directors adoption of same.

### **Background**

In 2021 THDA has committed \$350 million for the development and preservation of affordable multifamily housing. Almost all of that amount is committed as of June. THDA currently has 14 applications in the queue. These applications, along with others experiencing feasibility issues due to effects of COVID-19, represent demand for over \$300 million in additional 2021 MTBA. As previously noticed to our multifamily development community, the developments to which THDA has committed bond authority and are experiencing increases in building material costs will be given priority in additional gap amounts of bond authority necessary to remain viable.

Per THDA's agreement with the Department of Economic and Community Development, THDA will receive in July an additional \$189 million in bond authority. If the Bond Finance Committee lowers the amount of bond authority that will need to be carried forward at year-end to the remaining bond authority allocated to THDA, which is expected to be approximately \$189 million, we recommend that the entire additional \$189 million recently allocated to THDA be made immediately available for multifamily development.

It is our recommendation that the Tax Credit Committee recommend this additional allocation for multifamily to the Board of Directors.



# 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:** Don Watt, Chief Program Officer  
**SUBJECT:** COVID-19 Rental Housing Development Program Description  
**DATE:** July 6, 2021

### **Recommendation:**

Staff recommends the Board approve the following:

- Adoption of the attached proposed COVID-19 Rental Housing Development Program Description ("Program Description") subject to an allocation of Federal resources by the Governor's Office for this purpose;
- Authorize the Executive Director or a designee to award funds for applications received and determined eligible for funding; and
- Allow staff to make programmatic changes, as deemed necessary and appropriate, as approved by the Executive Director, or as required by the federal funding source from which a program allocation to THDA is made.

Staff will provide information to the Committee and Board regarding associated funding awards at the meeting that immediately follows the date of the awards.

### **Background:**

COVID-19 and its aftermath have caused an unprecedented spike in the cost of basic building materials, lumber being the most extreme and oft-cited example with an increase of 300% over the past year. COVID-19 caused short-term shutdowns at lumber mills and other facilities where building materials are produced. Even after production resumed, disruptions in the supply chain have caused continued scarcity and continued upward pressure on prices.

The impact on the housing industry has been significant, especially for developers of affordable housing because they cannot pass along higher costs to their renters. Research undertaken by the National Association of Homebuilders estimates that the average cost per unit on a multifamily development has increased by \$13,000. THDA's survey of rental housing developments in Tennessee found a wide variance among the 44 respondents (out of 54), with a median reported funding shortfall of \$20,000 per unit. Among larger developments, per-unit costs tend to run higher

and, of course, these account for more total units. If that average holds across the entire portfolio of 2019-2020 developments, the amount of subsidy needed would be just short of \$82 million. The additional \$8 million requested would give us a cushion, as costs continue to be a moving target.

THDA has made a request to the Governor's Office for an allocation of the federal funds received by the State of Tennessee through either the CARES Act or the American Rescue Plan Act to assist rental housing owners to address the financial impact on developments within THDA's program portfolio. If an allocation is received, funds will be allocated to provide subsidies to affordable rental developments that THDA has supported with an assignment of Housing Tax Credits, both competitive and non-competitive, as well as rental housing developments that THDA has supported with grants from the Tennessee Housing Trust Fund or the National Housing Trust Fund. The Program Description outlines the parameters for THDA making funds available to eligible rental development owners.

If approved, THDA will make funds available expeditiously and in accordance with the requirements of the funding source approved for use by THDA.



## **COVID-19 RENTAL HOUSING DEVELOPMENT SUBSIDY PROGRAM PROGRAM DESCRIPTION**

The Tennessee Housing Development Agency ("THDA") will administer the COVID-19 Rental Housing Development Subsidy Program ("Subsidy Program") using an allocation of federal resources made available by the Governor's office in order to assist eligible developments impacted by the rise in construction materials pricing and other related development cost increases created by the effects of the COVID-19 pandemic.

The program will provide a gap subsidy to affordable rental developments supported through THDA's rental housing development programs.

### **ELIGIBLE RECIPIENTS:**

The program will assist owners of rental housing developments supported through THDA rental housing development programs, including:

- Low Income Housing Credit (LIHC) Program, both 9% and 4% credits
- Tennessee Housing Trust Fund Competitive Grants (Competitive Grants) Program
- National Housing Trust Fund (NHTF) Program

The developments must be under construction or have not yet closed financing to enable the start of construction and must have a demonstrated increase in construction or other development costs impeding the ability to successfully complete construction.

### **STRUCTURE & LIMITS OF ASSISTANCE:**

For all properties funded through the LIHC Program, both 9% and 4%, THDA will allocate funds as a 0% loan due on the sale of the property so as not to affect the basis on which the amount of tax credits is determined.

For developments funded through Competitive Grants or NHTF programs that do not include LIHC resources, funding will be structured as a forgivable 0% loan, with the loan fully released based on the project satisfactorily meeting the terms of the compliance period required by the Competitive Grants or NHTF programs, as applicable.

All assistance will be limited to the need identified by THDA and supported by the applicant that is associated with the increase in construction materials pricing and other related development cost increases

created by the effects of the COVID-19 pandemic.

**OTHER REQUIREMENTS:**

With the approval of the Executive Director, THDA may establish other requirements of this assistance as required by the Governor's Office, the federal resources allocated for this program, or in order to effectively meet the objectives or efficiently administer this program.

**METHOD OF APPLICATION:**

THDA will initially set aside 85% of the funds allocated to THDA by the Governor's Office for developments funded through the LIHC Program. These applications will be reviewed and awarded by the Multifamily Programs Division of THDA.

THDA will initially set aside the remaining 15% of the funds allocated to THDA by the Governor's office for developments funded through the Competitive Grants or NHTF Programs that do not have an allocation of LIHCs. These applications will be reviewed and administered by the Community Programs Division of THDA.

Applications will be reviewed by each Division on a first come, first served basis by the appropriate Division based on the order of submission to the applicable THDA division. Applicants determined by THDA, at its sole discretion, to be substantially incomplete will be returned to the applicant for correction and re-submission.

Based on the need for assistance established by applicants to either Division and upon approval by the Executive Director, THDA will adjust the funding distribution between Divisions in order to appropriately use all funding made available for this program.

**SCHEDULE:**

THDA will establish a program schedule set based on the requirements of the resources allocated by the Governor's office for this purpose.

# Appendix



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

Bill Lee  
Governor

## MEMORANDUM

Ralph M. Perrey  
Executive Director

**TO:** THDA Board of Directors

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

**SUBJECT:** 2021 HOME Urban/Rural Program – Funding Awards

**DATE:** July 8, 2021

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Attached is the funding matrix associated with the award of funds under the 2021 HOME Urban/Rural Program Description. THDA made awards totaling \$8,154,500 in project funds that will rehabilitate approximately 136 units of housing for low and moderate-income homeowners, at an average cost of \$59,959 per unit. Additionally, \$520,500 in funds were awarded to cover local administrative costs of homeowner rehabilitation program implementation. Funds were awarded to the following nineteen applicants as shown on the attached matrix:

- Carter County – (East TN) – Urban
- Appalachia Service Project – (East TN) – Urban
- Maury County – (Middle TN) - Urban
- Town of Stanton – (West TN) – Urban
- Oak Ridge Housing Authority Development Corporation - (East TN) - Urban
- Perry County – (Middle TN) - Rural
- Wayne County – (Middle TN) - Rural
- City of Celina – (Middle TN) - Rural
- Macon County – (East TN) - Rural
- Hawkins County – (East TN) - Rural
- City of Fayetteville – (Middle TN) - Rural
- Union County – (East TN) - Rural
- Bedford County – (Middle TN) - Rural
- City of Lawrenceburg – (Middle TN) - Rural
- Jackson County – (Middle TN) - Rural
- Johnson County – (East TN) – Rural
- White County – (Middle TN) - Rural
- City of Sparta – (Middle TN) - Rural
- Marshall County – (East TN) - Rural

## 2021 HOME Program - Rural Funding Matrix

										Amount Available for Funding:		\$6,204,000.00
Applicant	Threshold	Grand Division	County	Project	Admin	Total	# of Units	Activity	Need	Not Proportionally Served	Score	Remaining Balance
Perry County Government	Ranked	M	Perry	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	9	10	77	\$ 5,734,000.00
Wayne County Government	Ranked	M	Wayne	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	8	10	76	\$ 5,264,000.00
City of Celina	Ranked	M	Clay	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	5	Homeowner Rehabilitation	10	1	72	\$ 4,794,000.00
Macon County	Ranked	E	Macon	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	5	Homeowner Rehabilitation	8	3	72	\$ 4,324,000.00
Hawkins County	Ranked	E	Hawkins	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	4	Homeowner Rehabilitation	7	8	72	\$ 3,854,000.00
City of Fayetteville	Ranked	M	Lincoln	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	2	7	72	\$ 3,384,000.00
Union County	Ranked	E	Union	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	8	Homeowner Rehabilitation	9	3	71	\$ 2,914,000.00
Bedford County	Ranked	M	Bedford	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	5	6	70	\$ 2,444,000.00
City of Lawrenceburg	Ranked	M	Lawrence	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	7	3	69	\$ 1,974,000.00
Jackson County	Ranked	M	Jackson	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	5	Homeowner Rehabilitation	4	4	69	\$ 1,504,000.00
Johnson County	Ranked	E	Johnson	\$ 329,000.00	\$ 21,000.00	\$ 350,000.00	4	Homeowner Rehabilitation	9	3	67	\$ 1,175,000.00
White County Government	Ranked	M	White	\$ 352,500.00	\$ 22,500.00	\$ 375,000.00	5	Homeowner Rehabilitation	7	6	67	\$ 822,500.00
City of Sparta	Ranked	M	White	\$ 352,500.00	\$ 22,500.00	\$ 375,000.00	5	Homeowner Rehabilitation	7	6	67	\$ 470,000.00
Marshall County Government	Ranked	E	Marshall	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	3	6	67	\$ -
Fentress County	Ranked	M	Fentress	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	6	Homeowner Rehabilitation	9	2	65	\$ (470,000.00)
Town Of Livingston	Ranked	M	Overton	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	6	Homeowner Rehabilitation	5	9	65	\$ (940,000.00)

<b>TOTAL REQUESTED:</b>	<b>\$ 7,144,000.00</b>	<b>\$ 456,000.00</b>	<b>\$ 7,600,000.00</b>	<b>113</b>
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<u>Applicants Not Eligible for Funding</u>	<u>Threshold</u>	<u>Div</u>	<u>County</u>	<u>Project</u>	<u>Admin</u>	<u>Total</u>	<u>Score</u>	<u>Reason</u>
Stewart County Government	Ineligible	M	Stewart	\$ 235,000.00	\$ 15,000.00	\$ 250,000.00	57	Did not meet minimum score
Dickson County	Ineligible	M	Dickson	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	50	Did not meet minimum score
Cheatham County	Ineligible	M	Cheatham	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	48	Did not meet minimum score

<u>Total Awarded by Region</u>	<u>Project</u>	<u>Admin</u>	<u>Total Award</u>	<u># of Units</u>
East	\$ 2,209,000.00	\$ 141,000.00	\$ 2,350,000.00	31
Middle	\$ 3,995,000.00	\$ 255,000.00	\$ 4,250,000.00	70
West	\$ -	\$ -	\$ -	0
<b>TOTAL AWARDED:</b>	<b>\$ 6,204,000.00</b>	<b>\$ 396,000.00</b>	<b>\$ 6,600,000.00</b>	<b>101</b>

Approved By:

  
 Ralph M. Perrey, Executive Director

7/7/21  
 Date



## 2021 HOME Program - Urban Funding Matrix

Amount Project Funds Available: \$1,950,500.00

Applicant	Threshold	Div	County	Project	Admin	Total	# of Units	Activity	Need	Not Proportionally Served	Score	Remaining Balance
Carter County	Ranked	E	Carter	\$ 423,000.00	\$ 27,000.00	\$ 450,000.00	5	Homeowner Rehabilitation	8	7	72	\$1,527,500.00
Appalachia Service Project	Ranked	E	Unicoi	\$ 235,000.00	\$ 15,000.00	\$ 250,000.00	4	Homeowner Rehabilitation	9	2	69	\$1,292,500.00
Maury County	Ranked	M	Maury	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	2	7	67	\$822,500.00
Town of Stanton	Ranked	W	Haywood	\$ 352,500.00	\$ 22,500.00	\$ 375,000.00	6	Homeowner Rehabilitation	10	2	63	\$470,000.00
ORHA Development Corporation	Ranked	E	Anderson	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10	Homeowner Rehabilitation	4	8	63	\$0.00
				<b>TOTAL REQUESTED:</b>	<b>\$ 1,950,500.00</b>	<b>\$ 124,500.00</b>	<b>\$ 2,075,000.00</b>	<b>35</b>				

Applicant Not Funded	Threshold	Div	County	Project	Admin	Total	Reason
City of Elizabethton	Ineligible	E	Carter	\$ 282,000.00	\$ 18,000.00	\$ 300,000.00	Did not meet minimum score

Total Awarded by Region	Project	Admin	Total Award	# of Units
East	\$ 1,128,000.00	\$ 72,000.00	\$ 1,200,000.00	19
Middle	\$ 470,000.00	\$ 30,000.00	\$ 500,000.00	10
West	\$ 352,500.00	\$ 22,500.00	\$ 375,000.00	6
<b>TOTAL FUNDED:</b>	<b>\$ 1,950,500.00</b>	<b>\$ 124,500.00</b>	<b>\$ 2,075,000.00</b>	<b>35</b>

Approved By:

  
 Ralph M. Perrey, Executive Director

7/7/21  
 Date



# 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 National Housing Trust Fund (NHTF) Funding Recommendation

**DATE:** June 21, 2021

### Award Update

Attached is the funding award matrix under the 2021 NHTF Program Description. THDA had approximately \$8.76 million available for award and received 11 applications requesting over \$7.7 million in NHTF funding. Only 7 of the 11 applications were eligible for scoring.

The Executive Director awarded the sum of \$4,908,599 in grant funds to all 7 eligible applications, which will help create 111 units of affordable housing benefiting 111 households.

The approved applications included the following:

1. Woodbine Community Organization (Davidson County) is proposing to construct a multifamily project with 40 units, of which 25 units will be designated as NHTF affordable units and will be made available to households at or below 30% AMI.
2. Southeastern Housing Association (Knox County) is proposing to construct a multifamily project with 153 mixed-income units. 43 of the 153 units will be reserved as NHTF affordable units for households at or below 30% AMI and will have PBRA rental assistance tied to them. 50 of the 153 units will be funded through HUD Section 202, which provides supportive services for the elderly population at or below 50% AMI, and the balance of 60 units will be standard, affordable LIHTC units reserved for households earning less than 60% of AMI.
3. Metropolitan Development and Housing Agency (Davidson County) is proposing to construct 5 rental multifamily housing units for extremely low-income households at or below 30% AMI. The mixed-use and mixed-income building will include parking, a single level of commercial office or retail space, an interior community room, as well as five stories of 111 apartments with 49 units designated as Project-Based

Rental Assistance (PBRA) units including the 5 NHTF units. 20 units will be designated as Workforce Housing units, and will be reserved for residents with incomes between 60% to 120% AMI; and 42 units will be designated as Market Rate units, and will be reserved for residents with incomes above 120% AMI, and leased at market rates.

4. Aim Center (Hamilton County) is proposing to construct a multifamily project with 60 units of supportive housing in Chattanooga with project-based vouchers. Of the 60 units, 15 units (25%) will be set aside as NHTF units for persons who are recipients of the FUSE program and/or persons who are chronically homeless and have an income at or below 30% AMI.
5. Keystone Development, Inc. (Washington County) is proposing to construct a multifamily project with 6 units targeted for individuals who suffer from substance abuse disorders, specifically opioid substance abuse disorders. All 6 units will be set aside as NHTF units and will have Project Based Section 8 Vouchers committed to them from the Johnson City Housing Authority.
6. Franklin Housing Authority (Williamson County) is proposing to construct a multifamily project with 76 mixed-income units, with 7 units set-aside as NHTF units for households at or below 30% AMI. Of the 76 units, 12 units will be Rental Assistance Demonstration Project-Based Voucher (RAD PBV) units. The 12 units will float within the property. The development will also have 20 Project Based Voucher units assigned to the units.
7. Highlands Residential Services (Putnam County) is proposing to construct a multifamily project with 48 affordable housing units, with 10 set aside for NHTF for households at or below 30% AMI that will include subsidies for Project Based Rental Assistance.

The following applicants submitted proposals which were determined ineligible for consideration:

Applicant		Grand Division	Threshold Consideration
1	The Greater Kingsport Alliance for Development	East	Did not score the minimum 60 points for consideration.
2	Ripley Housing Authority	West	Did not score the minimum 60 points for consideration.
3	Cumberland Regional Development Corp	East	Did not score the minimum 60 points for consideration.
4	United Housing	West	Did not score the minimum 60 points for consideration.

**2021 National Housing Trust Fund  
Funding Matrix**

Proposed Funding Matrix	Region	Score	Funds Available		\$8,763,169.00	Total Units	NHTF Units
			Funds Requested	Funds Awarded	Remaining Balance		
Woodbine Community Organization	M	76	\$900,000.00	\$900,000.00	\$7,863,169.00	40	25
Southeastern Housing Association	E	67	\$900,000.00	\$900,000.00	\$6,963,169.00	153	43
Metropolitan Housing Development Agency	M	71	\$523,701.00	\$523,701.00	\$6,439,468.00	111	5
Aim Center	E	67	\$500,000.00	\$500,000.00	\$5,939,468.00	60	15
Keystone Developments Inc	E	61	\$388,001.00	\$388,001.00	\$5,551,467.00	6	6
Franklin Housing Authority	M	61	\$806,407.00	\$806,407.00	\$4,745,060.00	76	7
Highlands Residential Services	E	60	\$899,543.20	\$890,490.00	\$3,854,570.00	48	10
<b>Total Awarded:</b>			<b>\$4,917,652.20</b>	<b>\$4,908,599.00</b>	<b>Total Units:</b>	<b>494</b>	<b>111</b>

Not Eligible/ Failed Threshold	Region	Score	Funds Requested	Reason		
The Greater Kingsport Alliance for Development	E	53	\$900,000.00	Did not score minimum 60 points	8	1
Ripley Housing Authority	W	48	\$894,540.28	Did not score minimum 60 points	35	35
Cumberland Regional Development Corp	E	43	\$100,000.00	Did not score minimum 60 points	16	6
United Housing, Inc.	W	41	\$900,000.00	Did not score minimum 60 points	13	8
<b>Amount NOT Awarded:</b>			<b>\$2,794,540.28</b>			

<b>Total Funds Requested:</b>	<b>\$7,712,192.48</b>
<b>Funds Available:</b>	<b>\$8,763,169.00</b>
<b>Total Awarded:</b>	<b>\$4,908,599.00</b>
<b>Funds Not Awarded:</b>	<b>\$3,854,570.00</b>

Approved by:   
Ralph M. Perrey, Executive Director

6/21/21  
Date