



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

**Committee and Board Meeting Materials
September 26, 2023**



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 and Committee Meetings Agendas

Committee Agendas

Monday, September 18, 2023 at 1pm CT
WebEx meeting/call -To join the call
Dial: 1-650-479-3208; Code: 2633 611 5088

AUDIT & BUDGET COMMITTEE

A. Approval of Audit & Budget Committee Meeting Minutes-July 25, 2023

B. Committee Items

1. Executive Director and Internal Audit Director Evaluation Process
2. Proposed Budget for Fiscal Year 2024-2025

BOND FINANCE COMMITTEE

A. Approval of Bond Finance Committee Meeting Minutes-July 25, 2023

B. Committee Item

1. Proposed Budget for Fiscal Year 2024-2025
2. RFP Process for Financial Advisor
3. Amendment to Bond Issue 2023-3



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

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THDA Board of Directors Board Meeting Agenda

**Tuesday, September 26, 2023 at 1030 AM ET
Holston Room of the Embassy Suites Hotel
507 South Gay Street
Knoxville, TN 37902**

- A. Board Chair Convening of the Board and Introductory Comments**
- B. Public Comment Period**
- C. Executive Director’s Report**
- D. Single Family Business**
 - Business Update
 - Multifamily Business**
 - Business Update
- E. Board Action items**
 - 1. Approval of Minutes from July 25, 2023 meeting
 - 2. Proposed Budget for Fiscal Year 2024-2025
 - 3. Amendment to Bond Issue 2023-3
 - 4. Freddie Mac Form 988SF and Resolution
 - 5. 2024 National Housing Trust Fund Gap Funding Round
 - 6. 2024 Capacity Building Pilot Program
 - 7. 2024 Qualified Allocation Plan
- F. Board Briefing Items**
 - 1. 2023 Competitive Low Income Housing Credit Program Preliminary Ranking
 - 2. State Form CT-0253 for Issue 2023-2



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

Audit & Budget Committee



Tennessee Housing Development Agency

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502 Deaderick St., Nashville, TN 37243

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Audit & Budget Committee Meeting Agenda

Monday, September 18, 2023 at 1pm CT
WebEx meeting/call – To join call
Dial: 1-650-479-3208: Code: 263 611 5088

A. Approval of Minutes from July 25, 2023 meeting

B. Committee Items

1. Executive Director and Internal Audit Director Evaluation Process
2. Proposed Budget for Fiscal Year 2024-2025

Committee Members:

Secretary Tre Hargett (Chair)
Treasurer David Lillard
Matt McGauley
Rick Neal
Chrissi Rhea



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TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE
July 25, 2023

Pursuant to the call of the Chairman, the Audit & Budget Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Tuesday, July 25, 2023, at 10:02 AM CT at the William R. Snodgrass Tennessee Tower, Tennessee Room # 2, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Mathew McGauley (Board Chair); Secretary Tre Hargett (Audit & Budget Committee Chair); Sara Queirolo (for Treasurer David Lillard); and Chrissi Rhea. Other Board Members present were: Robert Mitchell; Alex Schuhmann (for Commissioner Jim Bryson); Stephen Dixon; Daniel Springer; and Tennion Reed.

Recognizing a quorum present, Secretary Hargett called the meeting to order at 10:02 a.m. Central Time. For the first order of business, Secretary Hargett called for consideration and approval of the November 15, 2022, Audit & Budget Committee Meeting Minutes. Upon motion by Secretary Hargett, second by Ms. Rhea, and following a vote with all members identified as present voting “yes”, the motion carried to approve the November 15, 2022, minutes.

Secretary Hargett recognized Ms. Gay Oliver, Director of Internal Audit, to present the Audit Plan. Secretary Hargett called for a motion to approve as it requires committee approval only and does not require board approval. Upon motion by Secretary Hargett, second by Ms. Rhea, and following a vote with all members identified as present voting “yes”, the motion carried to approve the Audit Plan.

Secretary Hargett recognized Mr. Trent Ridley, THDA Chief Financial Officer, to present the THDA Financial Status Update. Upon completion of the presentation by Mr. Ridley, Secretary Hargett indicated no Board action is required.

There being no further business, Secretary Hargett called for a motion to adjourn the meeting. Upon motion by Secretary Hargett, second by Chair McGauley, and following a vote with all members identified as present voting “yes”, the motion carried and the meeting adjourned at 10:09 AM CT.

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit
Approved this 26th day of September, 2023

State of Tennessee




The Secretary of State
State Capitol
Nashville, Tennessee 37243-0305

Tre Hargett
Secretary of State

615-741-2819
Tre.Hargett@tn.gov

MEMORANDUM

TO: THDA Audit and Budget Committee

FROM: Tre Hargett, Secretary of State
Audit and Budget Committee Chair, 2023 

DATE: September 1, 2023

SUBJECT: Internal Audit Director Performance Evaluation Process

Item 23 of the Audit and Budget Committee (“ABC”) Charter and the Amended and Restated By-Laws of THDA requires the ABC to, “Employ, establish the salary for and terminate (when deemed necessary) the Internal Audit Director, who shall serve at the pleasure of the ABC.” The attached document outlines the proposed process and timeline for conducting the evaluation of the Internal Audit Director for the period October 1, 2022-September 30, 2023. The proposed process and timeline are intended to be consistent with previous evaluations and the process and timeframe utilized agency-wide by THDA, with minor adjustments.

The ABC will be asked to review and finalize this process at the September meeting. Under the proposed timeline, the final evaluation and compensation determination by the Board would occur at the November meeting.

Attachment

Director of Internal Audit
Performance Evaluation and Compensation Review Process
For the Period October 1, 2022-September 30, 2023

Tennessee Code Annotated Section 13-23-112(h)(1)(C) authorizes the Tennessee Housing Development Agency (“THDA”) Audit and Budget Committee (“ABC”) to determine the employment and salary of THDA’s Director of Internal Audit. Below is the proposed process and timeline for conducting the evaluation of the Director of Internal Audit for the period October 1, 2022-September 30, 2023, which is consistent with the performance evaluation schedule to be used for THDA staff.

1. Following the September Board meeting, the ABC Chair will:
 - a. Request the Director of Internal Audit’s year-end self-assessment. The self-assessment should include at least three to five goals for major initiatives during the performance period, and how they were met as well as a self-assessment of performance relative to the THDA competencies and guiding principles and management of staff and agency operations.
2. In mid-October, the ABC Chair will:
 - a. Email the ABC Committee the self-assessment and a request for feedback on the Director of Internal Audit’s performance, including a Director of Internal Audit Performance Evaluation Survey.
 - b. Request feedback from the Executive Director on the Director of Internal Audit’s performance.
 - c. Review salary information regarding THDA staff and other state agencies’ directors of internal audit.
 - d. Request that the Director of Internal Audit Performance Evaluation be included on the November ABC agenda.
3. Prior to the November ABC meeting:
 - a. The ABC Chair will review the feedback from ABC members and the Executive Director and develop a summary document.
 - b. The ABC Chair and Vice Chair will meet with Director of Internal Audit for presentation of the self-assessment.
4. At the November ABC meeting:
 - a. The ABC Chair will present the summary and salary data to the ABC. The ABC will review the summary and salary data and create a final evaluation and make a compensation recommendation. Board action is not required.
5. Following the November meeting:
 - a. The ABC Chair will file the signed evaluation with the Human Resources Director.
6. By December 1:
 - a. The Human Resources Director will submit a memorandum from the ABC Chair regarding the compensation recommendation, which will be effective January 1, the date that any performance raises are effective for the rest of THDA.

State of Tennessee




The Secretary of State
State Capitol
Nashville, Tennessee 37243-0305

Tre Hargett
Secretary of State

615-741-2819
Tre.Hargett@tn.gov

MEMORANDUM

TO: THDA Audit and Budget Committee
THDA Board of Directors

FROM: Tre Hargett, Secretary of State
Audit and Budget Committee Chair, 2023 

DATE: September 1, 2023

SUBJECT: Executive Director Performance Evaluation Process

Item 24 of the Audit and Budget Committee (“ABC”) Charter and the Amended and Restated By-Laws of THDA requires the ABC to, “Develop and carryout a process for annually evaluating the performance of the THDA Executive Director and make recommendations in connection therewith to the THDA Board.” The attached document outlines the proposed process and timeline for conducting the evaluation of the Executive Director for the period October 1, 2022-September 30, 2023. The proposed process and timeline are intended to be consistent with previous evaluations and the process and timeframe utilized agency-wide by THDA, with minor adjustments.

The ABC will be asked to review and finalize this process at the September meeting. Under the proposed timeline, the final evaluation and compensation determination by the Board would occur at the November meeting.

Attachment

Executive Director
Performance Evaluation and Compensation Review Process
THDA Audit and Budget Committee
For the Period October 1, 2022-September 30, 2023

Pursuant to Item 24 of the Audit and Budget Committee (“ABC”) Charter, the ABC is charged with developing and carrying out a process for annually evaluating the performance of the THDA Executive Director and making recommendation in connection therewith to the Tennessee Housing Development Agency (“THDA”) Board. Below is the proposed process and timeline for conducting the evaluation of the Executive Director for the period October 1, 2022 – September 30, 2023, which is consistent with the performance evaluation schedule to be used for THDA staff.

1. Following the September Board meeting, the ABC Chair and Vice Chair will:
 - a. Request the Executive Director’s year-end self-assessment. The self-assessment should include three to five goals for major initiatives during the performance period, and how they were met as well as a self-assessment of performance relative to the THDA competencies and guiding principles and management of staff and agency operations.
2. In mid-October, the Internal Audit Director will email the Board the following:
 - a. Executive Director Performance Evaluation Survey, which will be structured consistently with the evaluation process used for THDA staff
 - b. Executive Director’s Year-End Self-Assessment
 - c. Expectations of participation by Board members in the evaluation process
3. By the end of October, the following will occur:
 - a. Board responses will be due to the Internal Audit Director.
 - b. The Internal Audit Director and the THDA Human Resources Director will update salary survey data, to include Southeast Housing Finance Agencies’ Executive Director salaries; Tennessee Commissioner salaries; Executive Director Compensation Data and Salary history.
 - c. The Internal Audit Director will include the Executive Director Performance Evaluation on the November board agenda as the final item.
 - d. The ABC Chair, Vice Chair, and THDA Board Chair will meet with the Executive Director for presentation of the self-assessment.
4. Prior to the November Board meeting:
 - a. The Internal Audit Director will compile the survey results and comments received into a summary document and provide to the THDA Board Chair and the ABC.
 - b. The Internal Audit Director will share salary data with the THDA Board Chair and the ABC.
5. At the November ABC meeting:
 - a. The ABC will review the summary and create a final evaluation.
 - b. The ABC will review the salary data and make a compensation recommendation.

6. At the November Board meeting:
 - a. The THDA Board Chair will request that staff and the Executive Director leave the room prior to the agenda item.
 - b. The ABC and the Board Chair will present the final evaluation and compensation recommendation (including effective date) to the Board. The compensation adjustment, if any, will be considered by the THDA Board of Directors.
7. Following the November meeting:
 - a. The ABC Chair, Vice Chair, and THDA Board Chair will have a meeting with the Executive Director to present the final evaluation.
 - b. The Internal Audit Director will file the final signed evaluation with the Human Resources Director.
8. By December 1:
 - a. The Human Resources Director will submit a memorandum from the THDA Board Chair regarding the compensation recommendation, which will be effective January 1, the date that any performance raises are effective for the rest of THDA.



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
Joe Brown, CPA, Controller

SUBJECT: Proposed Budget for Fiscal Year 2024-2025

DATE: September 11, 2023

Attached is THDA's "**Comprehensive Budget**" that details expenses and revenues for both the State Treasury and Mortgage Revenue Bond programs, and estimates net operating income for Fiscal Year 2025. THDA was required to submit the budget proposal to the Department of Finance and Administration (F&A) on September 11, 2023. However, F&A has given permission to submit adjustments, but no cost increases, after Board approval. The proposed Budget is to be reviewed by the Audit and Budget Committee and the Bond Finance Committee, prior to review by the Board. The following are highlights of the budget submitted for Board approval:

1. **Current Year "Estimated" Budget FY24** – Revenues and expenses are projected to be \$1.064 billion and \$1.057 billion respectively, of which \$925.1 is the State Budget. Operating revenues and expenses are budgeted at \$238.9 million and \$222.2 million respectively for an Operating Income of \$16.7 million. It should be noted that \$51.7 million is budget for COVID-related admin expenses.

Grants total \$835.3 million and includes \$466.3 million for COVID-related carryover grants. These grants are "non-recurring" and therefore will not be included in the FY25 budget. Grants also includes \$1 million each for the Homebuilders Institute and Capacity Grants in the Housing Trust Fund.

2. **FY25 Recommended Comprehensive Budget** – The **State Budget** decreases to \$406.3 million, primarily due to \$518.0 million of non-recurring funding for COVID-related programs. Operating Income is expected to increase to approximate \$26.0 million due to anticipated increases in mortgage business over the next couple of years. Operating income will be used to fund \$7.5 million for Tennessee Housing Trust Fund grants. Additionally, THDA will be turning back 11 positions, as some COVID-related programs have begun winding down.

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.



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**TENNESSEE HOUSING DEVELOPMENT AGENCY
FY24-25 COMPREHENSIVE BUDGET**

EXECUTIVE SUMMARY

	ACTUAL	ESTIMATED	NON RECUR	COVID	RECOMMENDED FY25		
	FY23	FY24	FY24	Position Reduction	STATE	MRB	TOTAL
EMPLOYEE SALARIES	20,252,500	26,956,000	-	(571,900)	26,384,100	-	26,384,100
EMPLOYEE BENEFITS	8,065,200	9,352,100	-	(151,800)	9,200,300	-	9,200,300
TOTAL PAYROLL	28,317,700	36,308,100	-	(723,700)	35,584,400	-	35,584,400
TRAVEL	463,600	576,400	-		576,400	-	576,400
PRINTING & DUPLICATING	32,900	44,200	-		44,200	-	44,200
COMMUNICATIONS	486,200	216,100	-		216,100	-	216,100
MAINTENANCE	55,200	8,000	-		8,000	-	8,000
PROFESSIONAL SERVICES	28,630,700	62,615,400	(51,700,500)		6,731,900	4,183,000	10,914,900
SUPPLIES	148,200	160,000	-		160,000	-	160,000
RENTALS & INSURANCE	208,900	220,000	-		129,200	90,800	220,000
STAFF TRAINING	231,500	328,700	-		328,700	-	328,700
MISCELLANEOUS	499,600	-	-		-	-	-
COMPUTER RELATED	1,353,400	1,400,000	-		45,900	1,354,100	1,400,000
STATE PROVIDED SERVICES	2,460,600	2,500,000	-		2,500,000	-	2,500,000
OTHER PROGRAM EXPENSES	9,546,200	10,010,900	-		-	10,010,900	10,010,900
LENDER COMPENSATION	6,605,600	6,500,000	-		-	6,500,000	6,500,000
INTEREST EXPENSE	74,316,500	94,426,000	-		-	109,988,000	109,988,000
ISSUANCE COSTS	2,495,000	5,146,000	-		-	5,146,000	5,146,000
DEPRECIATION	1,844,600	1,800,000	-		-	1,800,000	1,800,000
TOTAL OTHER EXPENDITURES	129,378,700	185,951,700	(51,700,500)	-	10,740,400	139,072,800	149,813,200
TOTAL OPERATING EXPENDITURES	157,696,400	222,259,800	(51,700,500)	(723,700)	46,324,800	139,072,800	185,397,600
<i>OPERATING REVENUES</i>	0						
FEDERAL ADMIN. FEES	39,250,600	76,484,100	(51,700,500)	(470,400)	24,313,200	-	24,313,200
INVESTMENT INCOME	6,880,200	8,220,000	-		1,020,000	7,200,000	8,220,000
TAX CREDIT FEES	-	-	-		-	-	-
OTHER CURRENT SERVICES	2,094,600	5,758,500	-	(253,300)	5,505,200	-	5,505,200
MULTIFAMILY BOND / TAX CREDIT FEES	10,895,300	13,000,000	-		12,000,000	1,000,000	13,000,000
THDA OPERATING FUND	-	-	-		1,486,400	(1,486,400)	-
MORTGAGE INTEREST	113,186,000	133,463,900	-		-	158,382,000	158,382,000
HOUSING PROGRAM FUND	-	2,000,000	-		2,000,000	-	2,000,000
TOTAL OPERATING REVENUES	172,306,700	238,926,500	(51,700,500)	(723,700)	46,324,800	165,095,600	211,420,400
REVENUES LESS EXPENDITURES	14,610,300	16,666,700	-	-	-	26,022,800	26,022,800
<i>GRANT ACTIVITY:</i>							
SECTION 8 PAYMENTS	279,418,300	287,948,000	(1,737,700)		286,210,300	-	286,210,300
HOME GRANTS	11,607,400	9,393,500	-		9,393,500	-	9,393,500
WEATHERIZATION	2,089,000	2,000,000	-		2,000,000	-	2,000,000
LIHEAP	85,377,900	56,000,000	-		56,000,000	-	56,000,000
EMERGENCY SOLUTIONS GRANT	3,669,500	2,557,000	-		2,557,000	-	2,557,000
NATIONAL HOUSING TRUST FUND	5,104,400	3,000,000	-		3,000,000	-	3,000,000
HOUSING COUNSELING PROGRAM	100,900	150,000	-		150,000	-	150,000
FED COVID / AMER. RESCUE PLAN	182,324,900	464,604,300	(464,604,300)	-	-	-	-
AG MORTGAGE SETTLEMENT	42,400	-	-		-	-	-
HOUSING TRUST FUND	9,671,300	9,500,000	(2,000,000)		500,000	7,000,000	7,500,000
TECHNICAL GRANTS	155,400	175,000	-		175,000	-	175,000
TOTAL GRANT PAYMENTS	579,561,400	835,327,800	(468,342,000)	-	359,985,800	7,000,000	366,985,800
STATE APPROPRIATION	-	-	-		-	-	-
FEDERAL REVENUE	569,692,300	825,652,800	(466,342,000)	-	359,310,800	-	359,310,800
THDA BOND RESOLUTIONS	-	-	-		675,000	(675,000)	-
HOUSING PROGRAM FUND / OTHER	-	-	-		-	-	-
TOTAL COLLECTIONS	569,692,300	825,652,800	(466,342,000)	-	359,985,800	(675,000)	359,310,800
COLLECTIONS LESS PAYMENTS	(9,869,100)	(9,675,000)	2,000,000	-	-	(7,675,000)	(7,675,000)
OVERALL AGENCY EXPENDITURES	737,257,800	1,057,587,600	(520,042,500)	(723,700)	406,310,600	146,072,800	552,383,400
OVERALL AGENCY FUNDING	741,999,000	1,064,579,300	(518,042,500)	(723,700)	406,310,600	164,420,600	570,731,200
OVERALL REVENUES LESS EXPENDITURES	4,741,200	6,991,700	2,000,000	-	-	18,347,800	18,347,800
PERSONNEL: FULL TIME POSITIONS	340	340	-	(11)	329	-	329

ACCOUNT 70800 (PROFESSIONAL SERVICES, INDUSTRY & BUSINESS DEVELOPMENT)
FISCAL YEAR 2024-2025

Description	Actual FY23	Budget FY24	Proposed FY25
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GENERAL BUSINESS AND PROGRAM SUPPORT			
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Executive, Legal, Human Resources	243,300	43,300	43,300
Accounting, Finance, Operations, Internal Audit	88,400	88,400	88,400
Temporary Services (IT, VMLS, Other)	837,000	0	0
Loan Operations, Loan Servicing, Capital Markets	1,735,600	1,857,600	1,857,600
Section 8 - Portability Payments	1,542,600	1,543,000	1,543,000
Section 8 - (Background Checks, Inspections, Rent Comp Reviews)	1,174,500	1,175,000	1,175,000
Section 8 - Project Based Contract Administration Contract	3,357,500	3,357,500	3,357,500
COVID / American Rescue Plan Program Administration	16,824,400	51,700,500	-
Other (General Consulting, Miscellaneous Contracts)	9,900	10,000	10,000

SUB-TOTAL	25,813,200	59,775,300	8,074,800
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INFORMATION TECHNOLOGY			
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Agency Infrastructure Maintenance and Support	522,400	522,400	522,400
Software Development	751,000	751,000	751,000

SUB-TOTAL	1,273,400	1,273,400	1,273,400
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ADVERTISING SERVICES (OBJECT 086)			
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Great Choice Ad Campaign	777,500	800,000	800,000
Classified Ads, Public Notices, Advertising	106,900	107,000	107,000

SUB-TOTAL	884,400	907,000	907,000
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INDUSTRY AND BUSINESS DEVELOPMENT - (Dues, Memberships, Sponsorships, Outreach)			
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NCSHA and NAREB Memberships	87,800	87,800	87,800
Tennessee Housing Conference	211,100	211,100	211,100
Industry Development and Outreach (Sponsorships)	298,800	298,800	298,800
Industry Publications, Subscriptions & Memberships	62,000	62,000	62,000

SUB-TOTAL	659,700	659,700	659,700
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TOTAL PROFESSIONAL SERVICES & DUES	28,630,700	62,615,400	10,914,900
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ACCOUNT 71300 (GRANTS & SUBSIDIES)
FISCAL YEAR 2024-2025

HOUSING TRUST FUND (OBJECT 71300) *SEE ATTACHED HOUSING TRUST FUND PROPOSAL FOR DETAILS

Description	Funds Remaining 7/1/23	Actual FY23	Estimated FY24	Base FY25
Rebuild & Recover	40,000	460,000	500,000	500,000
UCP - Hsg Mod and Ramp Prg	700	165,100	0	0
Rural Development	26,300	0	0	0
Emergency Repair	1,644,000	2,126,500	2,700,000	2,700,000
Habitat for Humanity	0	840,000	500,000	500,000
Manufactured Housing Replacement	43,500	0	0	0
Challenge Grant	500,000	0	500,000	500,000
Creative Homes Initiative	950,600	1,100,300	0	0
Appraisal Gap Grants	348,800	0		
Capacity Grant	10,000	0	1,000,000	
Continuums of Care Supplemental	137,100	0		
Home Builders Association Institute			1,000,000	
MBA Convergence - Memphis		250,000	0	
Competitive Grants	6,019,400	4,729,400		3,300,000
TOTALS	9,720,400	9,671,300	6,200,000	7,500,000

TECHNICAL ASSISTANCE GRANTS

Description	Actual FY23	Estimated FY24	Base FY25
Development Districts	155,400	175,000	175,000

SECTION 8 GRANTS

Description	Actual FY23	Estimated FY24	Base FY25
Voucher Program	44,777,000	45,948,100	44,800,000
Contract Administration	234,641,300	241,999,900	241,410,300
TOTALS	279,418,300	287,948,000	286,210,300

HOME GRANTS (OBJECT 139)

Description	Funds Remaining 6/30/2023	Actual FY23	Estimated FY24	Base FY25
Home 2012 CHDO	52,900	0	0	0
Home 2012	898,500	0	0	0
Home 2013	2,030,200	0	0	0
Home 2014	2,701,600	0	0	0
Home 2015	2,055,000	0	0	0
Home 2016	2,195,000	0	0	0
Home 2017	2,223,000	304,600	0	0
Home 2018	4,150,300	1,718,300	0	0
Home 2019	1,358,600	1,473,000	0	0
Home 2020	8,218,300	5,626,200	0	0
Home 2021	10,310,800	2,471,800	0	0
Home 2022	9,901,500	13,500	0	0
Prior Home Award Available Funds	46,095,700	11,607,400	9,393,500	9,393,500
Home American Rescue Plan (2021)	50,612,400		50,612,400	
TOTALS	96,708,100	11,607,400	60,005,900	9,393,500

11,607,400

OTHER STATE / FEDERAL GRANTS

Description	Actual FY23	Estimated FY24	Base FY25
Emergency Solutions	3,669,500	2,557,000	2,557,000
Housing Counseling	100,900	150,000	150,000
LIHEAP	85,377,900	56,000,000	56,000,000
Weatherization	2,089,000	2,000,000	2,000,000
National Housing Trust Fund	5,104,400	3,000,000	3,000,000
Emergency Rental Assistance 1 & 2	122,867,000	177,832,900	0
Homeowner Assistance Fund	25,743,100	125,329,300	0
LIHEAP CARES Act / American Rescue Plan	13,727,900	0	
LIHEAP ISP / ESP	0	35,093,400	0
ESG Cares	5,719,600	0	0
LHWAP	13,666,100	17,844,700	0
Weatherization - BIL	601,200	57,891,600	0
AG Settlement - Mortgage Asst	42,400	0	0
TOTALS	278,709,000	477,698,900	63,707,000

	Actual FY23	Estimated FY24	Base FY25
TOTAL GRANTS & SUBSIDIES	579,561,400	832,027,800	366,985,800

ACCOUNT 725000 (STATE PROVIDED SERVICES)
FISCAL YEAR 2024-2025

Location	Actual FY23	Budget FY24	Proposed FY25
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THDA OFFICE LEASES	1,706,600	1,706,600	1,706,600
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STATE AGENCY BILLINGS

Data processing Services	82,500	82,500	82,500
DOA Statewide Accounting Bill	70,100	70,100	70,100
Telephone Billing	1,000	1,000	1,000
State Audit Billing	102,300	102,300	102,300
Records Management Billing	16,100	16,100	16,100
Gen Srvc Purchasing Billing	22,200	22,200	22,200
DOHR Billing	117,400	117,400	117,400
SOS Admin Judges Billing	1,200	1,200	1,200
Agency Internal Admin Costs	5,000	5,000	5,000
Printing & Reproduction by St	1,800	1,800	1,800
Insurance Payments to other St	14,400	14,400	14,400
State-Owned Vehicle Mileage	151,300	151,400	151,400
Edison Billing	157,700	160,800	160,800
Wellness Billing	7,000	7,000	7,000
Other	4,000	40,200	40,200
SUB-TOTAL	754,000	793,400	793,400

TOTAL STATE PROVIDED SERVICES	2,460,600	2,500,000	2,500,000
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THDA OFFICE LEASE SUPPLEMENTAL INFORMATION

Location	Square Ft.	Lease Exp. Date	Annual Totals
19002 - Andrew Jackson Building	45,100	Notice	1,195,200
Parkway Towers	15,823	04/30/24	419,300
27002- Jackson (Lowell Thomas State Office Building)	2,794	Notice	35,100
59002 - Lewisburg (Marshall)	1,500	06/30/25	18,900
71010 - Cookeville (Putnam)	1,500	06/30/25	35,600
TOTAL	66,717		1,704,100

REVENUES
FISCAL YEAR 2024-2025

Description	Actual FY23	Budget FY24	Proposed FY25
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FEDERAL REVENUE (SOURCE 801)

Section 8 Grants	279,418,300	287,948,000	286,210,300
HOME Grants	11,607,400	9,393,500	9,393,500
Emergency Solutions Grants	3,669,500	2,557,000	2,557,000
Weatherization Grants	2,089,000	2,000,000	2,000,000
Housing Counseling Program	100,900	150,000	150,000
National Housing Trust Fund	5,104,400	3,000,000	3,000,000
LIHEAP	85,377,900	56,000,000	56,000,000
ESG CARES	5,719,600	-	-
HOME American Rescue Plan	-	50,612,400	-
Emergency Rental Assistance	122,867,000	177,832,900	-
Homeowners Assistance Fund	25,743,100	125,329,300	-
Low Income Household Water Assistance Prog (LIHWAP)	13,666,100	17,844,700	-
Weatherization - BIL	601,200	57,891,600	-
LHIEAP ISP / ESP	-	35,093,400	-
LHIEAP CARES / American Rescue Plan	13,727,900	-	-
Housing Counseling Program Admin Fees	86,200	134,200	134,200
Neighborhood Stabilization Program Admin Fees	41,900	100,000	100,000
ESG Administrative Fees	291,200	400,000	400,000
WAP Administrative Fees	196,200	300,000	300,000
HHF Administrative Fees	9,400	-	-
HOME Administrative Fees	857,400	1,100,000	1,100,000
LIHEAP Administrative Fees	1,175,100	1,512,800	1,512,800
NHTF Administrative Fees	262,500	400,000	400,000
Emergency Rental Assistance Administrative Fees	17,678,100	32,537,000	-
Homeowners Assistance Fund Administrative Fees	2,824,000	5,963,300	-
HOME ARP Administrative Fees		2,571,800	
LIHWAP Administrative Fees	57,200	437,900	-
WAP - BIL Administrative Fees	31,100	8,445,700	-
LHIEAP ISP / ESP Administrative Fees	-	716,100	-
Section 8 Administrative Fees	15,740,300	21,865,300	20,366,200
Total Federal Revenue	608,942,900	902,136,900	383,624,000

MORTGAGE INTEREST, INVESTMENT, AND OTHER INCOME (SOURCE 880)

Mortgage Interest Income	113,186,000	133,463,900	158,382,000
Investment Income	6,880,200	8,220,000	8,220,000
Multi Family Bond / Tax Credit Fees	10,895,300	13,000,000	13,000,000
Servicing Fees (Late Fees, etc)	861,700	1,200,000	1,200,000
Secondary Market - Loan Delivery Revenue	647,700	800,000	800,000
Conference and Other Income	182,900	300,000	300,000
Other Fees and Grant Income	402,300	3,458,500	3,205,200
SUB-TOTAL	133,056,100	160,442,400	185,107,200

TOTAL OF ALL REVENUES	741,999,000	1,062,579,300	568,731,200
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<i>RESERVES: GRANT AND ADMINISTRATIVE FUNDS FROM HOUSING PROGRAM FUND</i>	0	2,000,000	2,000,000
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TOTAL OF ALL FUNDING SOURCES	741,999,000	1,064,579,300	570,731,200
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Bond Finance Committee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Bond Finance Committee Meeting Agenda

Monday, September 18, 2023 at 1pm CT
WebEx meeting/call – To join call
Dial: 1-650-479-3208: Code: 263 611 5088

A. Approval of Minutes from July 25, 2023 meeting

B. Action Items

1. Proposed Budget for Fiscal Year 2024-2025
2. RFP Process for Financial Advisor
3. Amendment to Bond Issue 2023-3

Committee Members:

Matt McGauley (Chair)
Commissioner Jim Bryson
Secretary Tre Hargett
Treasurer David Lillard
Comptroller Jason Mumpower



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TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
July 25, 2023

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency (“THDA”) Board of Directors (the “Committee”) met on Tuesday, July 25, 2023, at 10:09 AM CT at the William R. Snodgrass Tennessee Tower, Tennessee Room #2, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Mathew McGauley (Board Chair); Sara Queirolo (for Treasurer David Lillard); Alex Schuhmann (for Commissioner Jim Bryson); and Secretary of State Tre Hargett. Other Board Members present were: Rob Mitchell; Chrissi Rhea; Tennion Reed; Stephen Dixon; and Daniel Springer. Board Members absent were: Austin McMullen; Rick Neal; and Comptroller Jason Mumpower or his designee, Katie Armstrong.

Recognizing a quorum present, Chair McGauley called the meeting to order at 10:09 AM CT. For the first order of business, Chair McGauley called for consideration and approval of the May 23, 2023, Bond Finance Committee Meeting Minutes. Upon motion by Chair McGauley, second by Mr. Schuhmann, and following a vote with all members identified as present voting “yes”, the motion carried to approve the May 23, 2023, minutes.

Chair McGauley indicated the next item for consideration was the Bond Issue 2023-3 for consideration and approval of the Plan of Financing, the Authorizing Resolution, including the form of Supplemental Resolution and the Reimbursement Resolution. Bruce Balcom, THDA Chief Legal Counsel, described the documents to be considered, explained how the authorization for Bond Issue 2023-3, in an amount not to exceed \$325,000,000, complied with THDA's Debt Management Policy, and included recommendations regarding bookrunning senior manager and rotating co-manager based on information provided in a separate memo dated July 7, 2023, by CSG Advisors Incorporated (“CSG”), financial advisor for THDA. There being no further questions, Chair McGauley called for a motion to approve Bond Issue 2023-3. Upon motion by Chair McGauley, second by Mr. Schuhmann and a vote with all members identified as present voting “yes”, the motion carried to approve the plan of financing, and to recommend approval of the remaining documents, including the Reimbursement Resolution.

Chair McGauley indicated the next item for consideration was an Amendment to THDA’s Investment Policy. Trent Ridley, THDA Chief Financial officer, described the document to be considered. Chair McGauley called for a motion if there were no further questions from committee members. There being no further questions, Chair McGauley called for a motion to approve Amendment to THDA’s Investment Policy. Upon motion by Chair McGauley, second by Secretary Hargett and a vote with all members identified as present voting “yes”, the motion carried to approve the Amendment to THDA’s Investment Policy as described.

Chair McGauley indicated the last item for consideration was a Request for Proposal (RFP) for Financial Advisor services. THDA Chief Legal Counsel, Bruce Balcom, was recognized and presented a recommendation requesting approval for staff to work in conjunction with Tennessee Division of State Government Finance in drafting documents to issue an RFP for Financial Advisor services. Chair McGauley called for a motion if there were no further questions from committee members. There being no questions, Chair McGauley called for a motion to approve THDA’s request to draft an RFP for Financial Services. Upon motion by Chair McGauley, second by Ms. Queirolo and a vote with all members identified as present voting “yes”, the motion carried to recommend approval of drafting an RFP for Financial Services as suggested.

There being no further business, Chair McGauley adjourned the meeting at 10:16 AM CT.

Respectfully submitted,

Sandi Thompson,
Assistant Secretary
Approved this 26th day of September, 2023.

Pending



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Bruce Balcom, Chief Legal Counsel;
Sandi Thompson, Director, Division of State Government Finance

SUBJECT: Financial Advisor Contract

DATE: September 11, 2023

Recommendation

Staff recommends the Board delegate responsibility for the selection of a financial advisor for a term to commence on January 1, 2024 and to approve the attached Resolution of the Board of Directors, Form of the RFP, RFP cover letter, and distribution list of firms to receive the RFP.

Key Points

The current contract with CSG expires December 31, 2023. As this contract has been in effect for five years, the selection of a financial advisor with a new contract is needed.

Background

At the July 25, 2023 meeting, the Bond Finance Committee indicated that staff should prepare materials for a Request for Proposal (“RFP”) process to select a new financial advisor for THDA since the current contract for financial advisory services will expire at December 31, 2023. The current financial advisor contract commenced January 1, 2019 with a three year term subject to up to two 12 month extensions at THDA’s option. THDA has utilized all options under the current contract and continues to need the services of a financial advisor to assist in administering THDA’s ongoing business.



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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
REGARDING THE PROCESS FOR SELECTION OF A FINANCIAL ADVISOR
September 26, 2023

WHEREAS, the current contract for financial advisory services between The State of Tennessee, Office of the Comptroller of the Treasury and CSG Advisors Incorporated, regarding the debt issuances of the Tennessee Housing Development Agency (“THDA”) will expire as of December 31, 2023; and

WHEREAS, the Bond Finance Committee of the THDA Board of Directors (the “Bond Finance Committee”) recommended commencing a competitive process to seek proposals from those wishing to provide financial advisory services for a three year term beginning January 1, 2024; and

WHEREAS, the THDA Board of Directors wish to delegate to the Bond Finance Committee responsibility for the selection process and authority to select a qualified firm to provide financial advisory services prior to the December 31, 2026, expiration of the contract with the current financial advisor.

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

1. A request for proposal, generally in the form attached hereto (the “RFP”) is hereby approved.
2. The calendar contained in the RFP is hereby approved.
3. Authority is hereby delegated to the Bond Finance Committee to make the final selection of a firm to provide financial advisory services in a manner generally consistent with the RFP.
4. Authority is hereby delegated to the Bond Finance Committee to cause a contract, in a form and with substance satisfactory to the Bond Finance Committee, to be executed by The State of Tennessee, Office of the Comptroller of the Treasury, on or before December 31, 2023, with the financial advisor selected as a result of the described process.
5. Authority is hereby delegated to the Bond Finance Committee and staff thereto to take all actions necessary or convenient to make the final selection of a firm to provide financial advisory services, including without limitation, modification of the RFP and the proposed timetable.
6. This resolution shall take effect immediately.

This Resolution was adopted by the affirmative vote of no fewer than eight (8) members of the THDA Board of Directors at its meeting on September 26, 2023.



JASON E. MUMPOWER
Comptroller

September 27, 2023

To Interested Parties:

The Tennessee Housing Development Agency (THDA) through its Bond Finance Committee is seeking an independent financial advisor to serve the for the period of January 1, 2024, through December 31, 2026. The Bond Finance Committee members consist of the Chairman of the Board of Directors of THDA, the Secretary of State, the Comptroller of the Treasury, the State Treasurer and the Commissioner of Finance and Administration.

Since 1989, the Comptroller of the Treasury, as Secretary of the Bond Finance Committee, with the assistance of the Division of State Government Finance (SGF), has contracted for financial advisory services separate from underwriting services. THDA anticipates needing financial advisory services for three to five bond transactions each year, including all associated 10-year rule and 42-month rule analysis, debt service reserve fund analysis and relevant cash flows, as well as other services as specified herein. In addition, the Bond Finance Committee and THDA expect the financial advisor to prepare annual consolidated cash flows for two of THDA's general resolutions, and to prepare cash flows and financial analysis associated with annual updates of THDA's Five-Year Financial Plan.

In selecting a financial advisor, the Bond Finance Committee and THDA seek to supplement and complement, as well as strengthen, their internal expertise. In addition, the Bond Finance Committee and THDA intend to select, as financial advisor, an independent firm providing financial advisory services that does not provide underwriting services. The Bond Finance Committee of the THDA Board of Directors is statutorily authorized to carry out THDA's debt issuance process, with the Comptroller of the Treasury, as secretary of the Bond Finance Committee, being responsible for the execution of all matters relating to the issuance of THDA debt.

The Bond Finance Committee has appointed the Director of SGF within the Office of the Comptroller of the Treasury as the Assistant Secretary to the Bond Finance Committee. The THDA Executive Director, Chief Financial Officer, Chief Legal Counsel and Director of Finance are the primary THDA personnel responsible for working with the Bond Finance Committee. Staff from the SGF and THDA work with the financial advisor, bond counsel, the Trustee and the underwriters, if any, to determine the timing, structure, and documentation for THDA debt issues. THDA utilizes the services of Kutak Rock LLP, Atlanta, Georgia, as bond counsel. If a negotiated sale is deemed appropriate, the firms of Citigroup, Raymond James, and RBC Capital Markets currently serve as senior managers and J.P. Morgan, Wells Fargo Securities, and one selected member of the selling group, serve as co-managers.

Since 2002, THDA conducts its debt issuances through negotiated sale. THDA, however, intends to consider the method of sale for each debt issuance on a case-by-case basis with consideration of a number of factors, including without limitation, the following factors:

- Complexity of the transaction, including whether the debt issuance incorporates structured bond components (such as planned amortization class bonds) and, generally, more complex redemption features.
- Including AMT or taxable components.
- Complexity of credit features, including multiple collateral pools and detailed loan portfolio histories, performance, and mortgage insurance characteristics.
- Importance of retail sales and institutional pre-marketing as part of the marketing plan.
- Volatility of bond market and other market conditions.
- Degree of investor concern about housing-backed transactions – especially secured by “whole loans.”
- Confidence in the rating agencies’ ability to evaluate structured credits.

The Bond Finance Committee and THDA expect a reasoned recommendation from the financial advisor as to method of sale in connection with each proposed debt issuance. Consequently, there can be no assumption that a negotiated sale will remain the method of sale on a going-forward basis.

The Bond Finance Committee and THDA maintain control over all processes related to debt issuance. The financial advisor is not expected to take a primary role with respect to the timing of financing transactions and transaction documents, including the preparation of the official statements. THDA maintains control of preliminary official statements and official statements and distributes them electronically. In the context of a bond issue, the financial advisor is expected to recommend the debt structure, type of sale, and other items as requested. In addition, the financial advisor, together with SGF and THDA staff, is expected to communicate with underwriters, selling group members, investors, bond counsel, rating agencies, and others. In the context of competitive sales, THDA uses electronic bidding.

THDA anticipates the financial advisor will be utilized consistently to assist with the following:

- structuring bond issues, including debt service analysis, 10-year rule/32-year rule analysis, universal cap analysis, and other analysis required by bond counsel or rating agencies or as otherwise necessitated by specific bond structures
- reviewing transaction documents and documents related to the underwriter and selling group
- reviewing and commenting on documents related to bids and bid verification in a competitive sale
- interacting with the underwriting team on behalf of the Bond Finance Committee and THDA in a negotiated sale
- recommending underwriter compensation in the case of a negotiated sale
- preparing memoranda or other documents containing recommendations as requested by THDA and the Bond Finance Committee
- assisting in the selection of underwriters and analyzing pricing proposals
- preparing cash flow projections, in connection with each bond transaction and annually on a consolidated basis for THDA’s two open indentures
- identifying and analyzing refunding opportunities and other debt management opportunities

- assisting with tax analysis
- assisting in investment decisions
- managing 10-year rule requirements, including genealogy, refunding components, etc.
- preparing analysis for the 5-Year Financial Plan
- managing yield compliance with respect to bond issues under open tax plans
- evaluating market conditions and providing comparables in connection with THDA debt issuance
- evaluating performance of the underwriting team
- evaluating bond pricing performance in relation to the market

THDA reserves the right to conduct interviews of proposers between October 27th and November 14, 2023. Participation in an interview is not an indication that a proposer will be selected as financial advisor and is considered a part of the selection process. If your firm is interested in being considered to serve as financial advisor for THDA, we invite you to submit your firm's RFP Response and Pricing Proposal (two separate files) in **the format identified in the attached Request for Proposal. Please limit your response to sections II and III to 12 pages or less. Additional pages or extra material will be viewed negatively.** An electronic PDF version of the response is due by 4:30 p.m. CT on Friday, October 20, 2023, addressed as follows:

Email to:
SGF@cot.tn.gov

Addressed to:
 Division of State Government Finance
 Cordell Hull Building
 425 Rep. John Lewis Way, N.
 Nashville, TN 37243
 Attn: Mark Graubner, RFP Coordinator
 615-747-5366

Questions regarding this Request for Proposal must be submitted via email to the RFP Coordinator, Mark Graubner at SGF@cot.tn.gov, no later than 12:00 p.m., noon CT on Tuesday, October 3, 2023. Any questions received, along with the response of THDA, is anticipated to be circulated to all participants and posted on www.thda.org on or about Thursday, October 5, 2023.

No joint proposals will be accepted. Any subcontracting for services must be clearly delineated in your proposal. The ultimate selection of financial advisor will be based upon a variety of factors. Experience and expertise with State level housing finance agencies will be a prime consideration.

Staff representing various members of the Bond Finance Committee and THDA will review the submitted responses. If determined necessary, additional information may be requested. Once the review process is complete, a written contract between the financial advisor and the Comptroller of the Treasury, as Secretary of the Bond Finance Committee, will be executed.

The Bond Finance Committee and THDA retain the right to reject all proposals, to elect to continue discussions with one or more firms, or act in any manner which, in the sole discretion of the Bond Finance Committee and THDA, is deemed to be in the best interest of THDA.

Beginning on the date of receipt of this proposal, and extending until the financial advisor selection process is completed, no contact concerning this process, this Request for Proposal or for information about THDA that could be used in responding to this Request for Proposal is to be made with bond counsel, underwriters, any THDA staff member, any THDA Board member, any Bond Finance Committee member, or any staff member of a THDA Board or Bond Finance Committee member, except Mark Graubner. Notwithstanding the foregoing, THDA will continue to work with its current financial advisor, as needed, in connection with upcoming THDA financings. Contact, other than as specified herein, will be viewed negatively and could result in disqualification in the selection process.

Additional information regarding THDA and its programs may be reviewed at www.thda.org. We appreciate your interest in THDA and look forward to receiving your response.

Sincerely,

Jason E. Mumpower, Comptroller
Secretary for Bond Finance Committee of the
Tennessee Housing Development Agency

Enclosures

xc: Bill Lee, Governor
Tre Hargett, Secretary of State
David H. Lillard, Jr., State Treasurer
Jim Bryson, Commissioner of Finance and Administration
Matt McGauley, Chairman, THDA Board of Directors
Ralph Perrey, Executive Director, THDA

Distribution Working List
THDA Financial Advisor
(07/07/2023)

The following list of firms to whom the financial advisor RFP will be sent was derived from a list of independent financial advisory firms in the 2023 NCSHA Membership Directory, the 2018 THDA Financial Advisor RFP distribution list, MSRB information about registered municipal advisors, and input from Kutak Rock, THDA bond counsel. The financial advisor RFP will also be posted to the THDA website.

Firm	Address	Telephone	Contact	E-Address & Date Sent	Receipt Confirmed	Re-Sent & Confirmed
CSG Advisors Incorporated www.csgadvisors.com	315 Montgomery ST San Francisco, CA 94104-1856	415-956-2454 415-956-2875	David Jones, CFO Tim Rittenhouse, Principal	djones@csgadvisors.com trittenhouse@csgadvisors.com		
Caine Mitter & Associates Incorporated www.cainemitter.com	225 W. 35 th St., Suite 900 New York, NY 10001	212-686-8820	Thomas Caine, President	tcaine@cainemitter.com contactus@cainemitter.com		
Lamont Financial Services Corporation http://lamontfin.com/	75 Lane Road, Suite 205 Fairfield, NJ 07004	973-785-8900	Robert A. Lamb, President	bob@lamontfin.com		
Public Financial Management www.pfm.com/	107 Spring ST Seattle, WA 98104-1005	206-264-8900	Fred Eoff, Director	eoff@pfm.com		
Acacia Financial http://acaciafin.com/	6000 Midlantic Dr., Suite 410 North Mount Laurel, NJ 08054	856-234-2266	Kim M. Whelan, Co-President Noreen P. White, Co-President	kwhelan@acaciafin.com nwhite@acaciafin.com		
Public Resources Advisory Group https://pragadvisors.com/expertise/housing/	39 Broadway, Suite 1210 New York, NY 10006	212-566-7800	May L. Chau, Sr. Managing Director	mchau@pragadvisors.com info@pragadvisors.com		
Omnicap Group http://www.omnicap.net/municipaladvisory	2286 E. Maple Avenue El Segundo, CA 90245	310-318-3095	Jeff Smith, President Eddie McRoberts, Managing Director	jsmith@omnicap.net info@omnicap.net		
Evercrest Advisors www.evercrestadvisors.com/	4 S Orange Avenue, # 1241 South Orange, NJ 07079-1702	212-837-8900	Peter Clerc, Managing Director	pclerc@evercrestadvisors.com info@evercrestadvisors.com		
Piper Sandler & Co. www.pipersandler.com/housing	800 Nicollet Matt, Ste 1000 Minneapolis, MN 55402-7036	612-303-6724 612-303-6966	Melanie Johnson, Managing Director Cody Wilson, Managing Director	melanie.johnson@psc.com cody.wilson@psc.com		



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, THDA Board of Directors

FROM: Bruce Balcom, Chief Legal Counsel

SUBJECT: Amendment to Issue 2023-3

DATE: September 11, 2023

Recommendation

Approval of the amendment to the Supplemental Resolution and Plan of Financing for Issue 2023-3 to increase the authorized maximum amount of bonds from \$325,000,000 to \$360,000,000.

Key Points

Current production levels remain high. Applications in August were more than \$30,000,000 above expectations. Given the unexpected levels of production, an additional \$35,000,000 in bonds are needed to fund the purchase of loans through the end of the year.

Background

THDA experienced an unexpected, dramatic increase in production in August. The rate environment has resulted in THDA's rates comparing favorably with the market, resulting in an increase in loan volume. It is anticipated that this market will continue through the end of the year. With current rate locks approaching the \$200,000,000 mark, and with demand remaining high, the additional bond authority will assure THDA has sufficient resources to carry production through the end of 2023.



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AMENDMENT TO
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING THE ISSUANCE AND SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
AND THE PLAN OF FINANCING FOR ISSUE 2023-3
September 26, 2023

WHEREAS, pursuant to the Tennessee Housing Development Agency Act (the “Act”), the Bond Finance Committee of the THDA Board of Directors (the “Committee”), on July 25, 2023, approved a plan of financing for Residential Finance Program Bonds, Issue 2023-3 (the “Bonds”) in an aggregate amount not to exceed \$325,000,000 (the “Plan of Financing”) and recommended authorization of the Bonds to the THDA Board of Directors (the “THDA Board”); and

WHEREAS, the THDA Board, on July 25, 2023, authorized the issuance and sale of the Bonds pursuant to the Plan of Financing and a resolution of the THDA Board titled “Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing the Issuance and Sale of Residential Finance Program Bonds Issue 2023-3” (the “Authorizing Resolution”).

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

1. The maximum amount of bonds to be issued in Issue 2023-3 in all relevant documents approved by the Committee and/or the THDA Board shall be amended to an amount not to exceed \$360,000,000.
2. All terms and conditions in all relevant documents not modified herein are hereby ratified and confirmed in all respects.
3. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Authorizing Resolution or the Supplemental Resolution, as the context indicates.
4. This resolution shall take effect immediately.

This Resolution was adopted by the affirmative vote of no fewer than eight (8) members of the THDA Board of Directors at its meeting on September 26, 2023.



Board of Directors Meeting



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 Board Meeting Agenda

Tuesday, September 26, 2023 at 1030 AM ET
Holston Room of the Embassy Suites Hotel
507 South Gay Street
Knoxville, TN 37902

- A. **Board Chair Convening of the Board and Introductory Comments**
- B. **Public Comment Period**
- C. **Executive Director's Report**
- D. **Single Family Business**
Business Update
Multifamily Business
Business Update
- E. **Board Action items**
 - 1. Approval of Minutes from July 25, 2023 meeting
 - 2. Proposed Budget for Fiscal Year 2024-2025
 - 3. Amendment to Bond Issue 2023-3
 - 4. Freddie Mac Form 988SF and Resolution
 - 5. 2024 National Housing Trust Fund Gap Funding Round
 - 6. 2024 Capacity Building Pilot Program
 - 7. 2024 Qualified Allocation Plan
- F. **Board Briefing Items**
 - 1. 2023 Competitive Low Income Housing Credit Program Preliminary Ranking
 - 2. State Form CT-0253 for Issue 2023-2



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

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

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

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

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

Mr. Perrey shared the following.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 26th day of September, 2023



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: Lindsay Hall, Chief Operating Officer of Single Family Programs
SUBJECT: Freddie Mac Form 988SF and the Resolution
DATE: August 30, 2023

Recommendation

It is recommended by staff that:

The Tennessee Housing Development Agency (THDA) Board of Directors adopt the updated resolution following this memo pertaining to Freddie Mac's requirement to list those THDA staff that have been delegated to perform the work associated with the sale of mortgages to and/or the servicing of mortgages for Freddie Mac; to include the list of THDA staff that are considered Administrators in the Freddie Mac external systems- Seller Set Up Manager and Loan Selling Advisor.

Key Points

Every two years Freddie Mac requires a new **988SF form** be completed, signed and notarized acknowledging the THDA staff/ officers that are authorized to provide wiring instructions, account information, transfer funds by wire transfer and maintain all records available to Freddie Mac. The form has been completed, signed and notarized.

In addition, THDA's Board is required to acknowledge the **Form of Resolution: Exhibit A** identifying the officers and staff member's names that have been provided as those THDA staff that have this delegated authority.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING CERTAIN STAFF TO PROVIDE
FUND TRANSFER INSTRUCTIONS TO FREDDIE MAC
September 26, 2023

WHEREAS, the Tennessee Housing Development Agency (“THDA”) Board of Directors (“Board”) previously approved an application to the Federal Home Loan Mortgage Corporation (“Freddie Mac”) for THDA to become a Freddie Mac Seller/Servicer; and

WHEREAS, in connection with Freddie Mac’s approval of THDA as a Freddie Mac Seller/Servicer, Freddie Mac requires certain authorizations for THDA staff to provide funds transfer instructions in connection with the sale of certain mortgage loans to Freddie Mac; and

WHEREAS, the Board is adopting the following resolution (“Resolution”) to delegate authority to certain THDA employees who have the titles specified in this Resolution to provide wire transfer or Automated Clearing House (ACH) instructions (or modifications to previously provided instructions) to Freddie Mac to transfer funds (cash or securities) in connection with the sale of certain mortgage loans to Freddie Mac by THDA.

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

1. The individuals who occupy the following positions and bear the titles set forth below (“Authorized Employees”), are duly authorized and empowered by the Board to individually and singularly provide Freddie Mac with wire transfer or ACH instructions to transfer funds (cash or securities) by wire transfer, ACH or other funds transfer system expressly approved and designated by Freddie Mac in connection with the sale of certain mortgage loans to Freddie Mac by THDA.

Authorized Employees:

Chief Financial Officer
Controller/Director of Accounting
Chief Operating Officer of Single Family Programs
Director of Single Family Loan Operations
Director of Capital Markets
Director of Finance
Capital Markets Administrator
Assistant Director of Loan Servicing

2. The Authorized Employees are duly authorized individually and singularly to: (a) execute any and all paper Records and/or Electronic Records required by Freddie Mac to effectuate the authority set forth in this Resolution by: (i) affixing their original written signatures to paper Records, (ii) attaching their Electronic Signatures to Electronic Records, or (iii) associating their Electronic Signatures with Electronic Records, which contain or communicate wire transfer or ACH instructions (or modify previously provided instructions) to transfer funds (cash and/or securities) by wire transfer, ACH or other funds transfer system expressly approved by and designated by Freddie Mac, and (b) deliver any and all executed paper Records and/or Electronic Records to Freddie Mac as required.
3. The Authorized Employees are duly authorized and empowered to singularly and individually engage in and conduct Electronic Transactions with Freddie Mac and use electronic means, electronic systems, Electronic Records and Electronic Signatures on behalf of THDA to effectuate the authority set forth in this Resolution. Any such actions set forth above heretofore taken by any of the Authorized Employees on behalf of THDA are hereby ratified, approved, and confirmed.
4. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Freddie Mac Seller/Servicer Guide, as the context indicates.
5. This Resolution shall take effect immediately.

This Resolution was adopted by the affirmative vote of no fewer than eight (8) members of the Board at its meeting on September 26, 2023.



Form 988SF - HFA


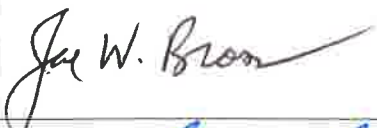

Certificate of Incumbency for Housing Finance Agency




I, Lindsay Hall, do hereby certify to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that: (i) I am the duly appointed and acting [*select one*]: Board Chair, Executive Director Chief Financial Officer or Other COO of Single Family Programs of Tennessee Housing Development Agency ("Housing Finance Agency" or "HFA"), (ii) I am duly authorized by the HFA to execute and deliver this Certificate of Incumbency to Freddie Mac, (iii) the HFA is a public body instrumentality or agency empowered by a State, county, or local municipality to finance activities designed to provide affordable housing for low- to moderate-income Borrowers and first-time homeowners in areas within its jurisdiction, and (iv) the HFA is organized and existing under the laws of the State of Tennessee. I further certify as follows:

- Attached as Exhibit A hereto is a copy of a resolution of the Board of Directors or other governing body (collectively, "Governing Body") of the HFA dated _____ (the "Resolution") that authorizes and empowers the HFA's (a) employees listed by name and title in Paragraph 2 below ("Authorized Employees") to individually and singularly provide Freddie Mac with instructions and modifications to previous instructions to transfer funds (cash or securities) by wire transfer, Automated Clearing House (ACH), or other Freddie Mac designated transfer system in connection with the sale of Mortgages to Freddie Mac by the HFA (such instructions and modifications, "Wire Instructions"), and (b) Administrators to grant access to Authorized Employees as set forth in Paragraph 7 below, all in connection with the sale of residential home loan Mortgages to and/or the Servicing of such Mortgages for Freddie Mac. The Resolution is in full force and effect and has not been amended.
- The Authorized Employees identified below: (a) hold the titles with the HFA set forth across from their names, (b) are duly authorized to execute any and all paper Records (as defined in and subject to the Requirements of Paragraph 4) required by Freddie Mac to effectuate the authority set forth in Paragraph 1 above by affixing such employee's original handwritten signatures to such paper Records, or attaching their Electronic Signatures to or logically associated it with (including copies or representations of an Authorized Employee's original written signature or Electronic Signature) to Records (including Electronic Records), (b) deliver such duly signed Records (including any Electronic Records) to Freddie Mac, and (c) effectuate funds transfers via Loan Selling Advisor®.



Seller/Servicer must identify, at a minimum, three authorized employees. If only two are listed, Seller/Servicer acknowledges processing delays may occur as well as returned funds.

Prior to initiating payments to a Seller/Servicer, a callback is performed on wire instruction setups and modifications to confirm authenticity and thereby reducing risk.

Name: Trent Ridley	Title: Chief Financial Officer	Signature: 
Telephone:	Email Address:	
Name: Joe Brown	Title: Contoller/Director of Accounting	Signature: 
Telephone:	Email Address:	
Name: Wayne Beard	Title: Director of Finance	Signature: 
Telephone:	Email Address:	

Name: Stephen A. Fisher	Title: Director of Capital Markets	Signature: 
Telephone: 615-649-3415	Email Address: sfisher@fhda.org	
Name: Trebia Johns	Title: Director of Mortgage Loan Servicing	Signature: 
Telephone: 615-649-3424	Email Address: tjohns@volservicing.com	
Name: Heather Johnson	Title: Asst. Director of Mortgage Loan Servicing	Signature: 
Telephone: 615-649-3420	Email Address: hjohnson@volservicing.com	

3. The specimen signature set forth across from each Authorized Employee's name and title in Paragraph 2 is: (a) the true and genuine handwritten signature of each such Authorized Employee or (b) an Electronic copy or representation of the true and genuine handwritten signature (the "Electronic Signature") of each such Authorized Employee.
4. As used in this Certificate of Incumbency, (a) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, (b) "Record" means information that is inscribed on a tangible medium or that is stored in an Electronic or other medium (including paper) and is retrievable in perceivable form, (c) "Electronic Record" means a Record created, generated, sent, communicated, received, or stored by Electronic means, and includes a paper document converted into an Electronic Record, (d) "Electronic Signature" means an Electronic sound, symbol or process attached to, or logically associated with, a contract or other Record and executed or adopted by a person with the intent to sign the Record, and (e) "Electronic Transaction" means an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs, using Electronic means. For the avoidance of doubt, only an Electronic Signature that is appended to this Form 988SF-HFA in the signer's handwriting by means of an electronic stylus or an electronic image of the signer's handwritten ink signature on paper is acceptable to Freddie Mac. Generic digitized, font-based Electronic Signatures generated by electronic signing platforms are not acceptable.
5. Freddie Mac may conclusively rely on the accuracy, genuineness, good faith, validity, effectiveness, and enforceability of any paper Record or Electronic Record provided to Freddie Mac, (a) bearing the handwritten signature or Electronic Signature of an Authorized Employee, and (b) roles delegated to Authorized Employees by Administrators. Seller/Service's failure to adhere to the aforementioned requirements may result in postponement of funding date as well as Freddie Mac exercising remedies under Section 3601.1 of the Guide.
6. Each of the HFA's Authorized Employees is authorized and empowered to engage in and conduct Electronic Transactions to provide Freddie Mac, individually and singularly, with Wire Instructions and HFA hereby consents to such Electronic Transactions.
7. The Resolution, attached as Exhibit A, also authorizes and empowers Seller/Service's identified Administrators, to grant access to Authorized Employees with the External Seller Setup Manager role within Loan Selling Advisor. Any Authorized Employee designated as an External Seller Setup Manager has the ability to effect funds transfers via Loan Selling Advisor. HFA acknowledges its obligation and duty of its Administrators to ensure each Authorized User (a) is aware of his or her responsibility and entitlement to fulfill Wire Instructions for funding transactions in Loan Selling Advisor, and, (b) as is the case generally for all Authorized Users, maintains Authentication Credentials in confidence.
8. By signing this form, HFA authorizes Freddie Mac to initiate debit/credit entries from the designated depository financial institution. HFA and Freddie Mac agree and acknowledge that their ACH transactions will comply with all applicable laws and the rules and terms of the National Automated Clearing House Association (NACHA) and Uniform Commercial Code 4A: Funds Transfer (UCC4A).
9. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Freddie Mac Single-Family Seller/Service Guide.

Name:	Title:	Signature: 
Telephone:	Email Address:	
Name:	Title:	Signature: 
Telephone:	Email Address:	
Name:	Title:	Signature:
Telephone:	Email Address:	

3. The specimen signature set forth across from each Authorized Employee’s name and title in Paragraph 2 is: (a) the true and genuine handwritten signature of each such Authorized Employee or (b) an Electronic copy or representation of the true and genuine handwritten signature (the “Electronic Signature”) of each such Authorized Employee.
4. As used in this Certificate of Incumbency, (a) “Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, (b) “Record” means information that is inscribed on a tangible medium or that is stored in an Electronic or other medium (including paper) and is retrievable in perceivable form, (c) “Electronic Record” means a Record created, generated, sent, communicated, received, or stored by Electronic means, and includes a paper document converted into an Electronic Record, (d) “Electronic Signature” means an Electronic sound, symbol or process attached to, or logically associated with, a contract or other Record and executed or adopted by a person with the intent to sign the Record, and (e) “Electronic Transaction” means an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs, using Electronic means. For the avoidance of doubt, only an Electronic Signature that is appended to this Form 988SF-HFA in the signer’s handwriting by means of an electronic stylus or an electronic image of the signer’s handwritten ink signature on paper is acceptable to Freddie Mac. Generic digitized, font-based Electronic Signatures generated by electronic signing platforms are not acceptable.
5. Freddie Mac may conclusively rely on the accuracy, genuineness, good faith, validity, effectiveness, and enforceability of any paper Record or Electronic Record provided to Freddie Mac, (a) bearing the handwritten signature or Electronic Signature of an Authorized Employee, and (b) roles delegated to Authorized Employees by Administrators. Seller/Service’s failure to adhere to the aforementioned requirements may result in postponement of funding date as well as Freddie Mac exercising remedies under Section 3601.1 of the Guide.
6. Each of the HFA’s Authorized Employees is authorized and empowered to engage in and conduct Electronic Transactions to provide Freddie Mac, individually and singularly, with Wire Instructions and HFA hereby consents to such Electronic Transactions.
7. The Resolution, attached as Exhibit A, also authorizes and empowers Seller/Service’s identified Administrators, to grant access to Authorized Employees with the External Seller Setup Manager role within Loan Selling Advisor. Any Authorized Employee designated as an External Seller Setup Manager has the ability to effect funds transfers via Loan Selling Advisor. HFA acknowledges its obligation and duty of its Administrators to ensure each Authorized User (a) is aware of his or her responsibility and entitlement to fulfill Wire Instructions for funding transactions in Loan Selling Advisor, and, (b) as is the case generally for all Authorized Users, maintains Authentication Credentials in confidence.
8. By signing this form, HFA authorizes Freddie Mac to initiate debit/credit entries from the designated depository financial institution. HFA and Freddie Mac agree and acknowledge that their ACH transactions will comply with all applicable laws and the rules and terms of the National Automated Clearing House Association (NACHA) and Uniform Commercial Code 4A: Funds Transfer (UCC4A).
9. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Freddie Mac Single-Family Seller/Service Guide.

10. Seller/Service provider acknowledges and agrees that: (1) Freddie Mac will maintain Wire Instructions for a period of two years. Wire Instructions that have been inactive for more than two years will be considered expired and new Wire Instructions will be required, and (2) Freddie Mac will maintain ACH Instructions for a period of two years. ACH Instructions in which the combination of the ABA routing number and the bank account number have been inactive for more than two years will be considered expired and new ACH Instructions will be required.
11. The information set forth in this Certificate of Incumbency is true and correct, and Freddie Mac may conclusively rely upon it and any addendum or Resolution attached hereto (or logically associated herewith) that is delivered by the HFA to Freddie Mac. This document replaces and supersedes any prior authorization and will remain in effect and fully binding on the Seller/Service provider for the next two years or until such earlier time as a written notice to the contrary is delivered or Seller/Service provider delivers a Certificate of Incumbency that Freddie Mac accepts as a replacement.

I acknowledge, agree, and certify that: (i) I am duly authorized to execute this Form 988SF-HFA and (ii) the HFA's delivery and Freddie Mac's receipt of a paper or Electronic copy of this Form 988SF-HFA, with a copy or representation of my original handwritten signature affixed hereto or my Electronic Signature attached hereto or logically associated herewith, is as valid, effective, and enforceable as if the HFA had delivered a paper Form 988SF-HFA with my original handwritten signature affixed thereto.

IN WITNESS WHEREOF, I have subscribed my name this 30th day of August, 2023.

Tennessee Housing Development Agency

(Type/Print) HFA Legal Name

By: Lindsay Hall
(Signer's Signature)

Signer's Name: Lindsay Hall
(Type/Print)

Signer's Title: COO of Single Family Programs
(Type/Print)

Notary Acknowledgment

State of Tennessee)

County of Davidson)

The foregoing instrument was acknowledged before me, a Notary Public, on this 30th day of August, 2023, by

Lindsay Hall
(Signer's Full Name)

C.O.O. of SF Programs
(Signer's Title)

Tennessee Housing Development Agency
(HFA's Legal Name)

Notary Public Signature: Regina Frasier

Notary Public Printed Name: Regina Frasier



(NOTARY SEAL)

*Please shade in raised notary seal
for visibility with pencil or crayon*

Commission Expires: 5 / 5 / 25

Notary Public State Registration Number: _____

See Form 988SF-HFA Completion Instructions on the next page, and retain a copy of the final submission for your records.

FORM OF RESOLUTION: EXHIBIT A

Resolution of the _____
 (Board of Directors/Name of Governing Body)

of Tennessee Housing Development Agency
 (HFA's Legal Name)

DATE: _____

WHEREAS, the _____ [Board of Directors/Name of Governing Body] of Tennessee Housing Development Agency [HFA's Legal Name] is adopting the following resolution to delegate authority to certain of its employees by title (or by name and title) to:

1. Provide instructions, and modifications to previously provided instructions, to the Federal Home Loan Mortgage Corporation ("Freddie Mac") to transfer funds (cash or securities) in connection with the sales of mortgages to and/or servicing of mortgages for Freddie Mac by wire transfer, ACH, or other funds transfer system expressly approved and designated by Freddie Mac (such instructions and modifications, "Wire Instructions").
2. Act as Administrators authorized and empowered to grant access, including through Freddie Mac Access Manager, to Authorized Employees, including such employees they designate to have the External Seller Set Up Manager role in Loan Selling Advisor so that such Authorized Employees can submit Wire Instructions through Loan Selling Advisor.

NOW, THEREFORE, BE IT RESOLVED, that the employees with the titles or names and titles set forth below (each such person, an "Authorized Employee") are duly authorized and empowered to provide, individually and singularly, Freddie Mac with Wire Instructions in connection with the sale of mortgages to and/or the servicing of mortgages for Freddie Mac.

Authorized Employees (by title or name and title):

Name: Trent Ridley	Title: Chief Financial Officer
Name: Joe Brown	Title: Controller/Director of Accounting
Name: Wayne Beard	Title: Director of Finance
Name:	Title:
Name:	Title:
Name:	Title:

NOW, THEREFORE, BE IT RESOLVED, that the employees identified below ("Administrators") are authorized and empowered by the Board of Directors individually and singularly to grant access to Authorized Employees with the External Seller Set Up Manager role within Loan Selling Advisor.

Administrators (by title or name and title)

Name: Langston Glass	Title: Capital Market Administrator
Name: Steve Fisher	Title: Director of Capital Markets
Name: Heather Johnson	Title: Assistant Director of Loan Servicing
Name: Rhonda Ronnow	Title: Director of Single Family Loan Operations

Name:	Title:
Name:	Title:

BE IT FURTHER RESOLVED, that, as used in this Resolution, (a) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, (b) "Record" means information that is inscribed on a tangible medium or that is stored in an Electronic or other medium (including paper) and is retrievable in perceivable form, (c) "Electronic Record" means a Record created, generated, sent, communicated, received, or stored by Electronic means, and includes a paper document converted into an Electronic Record, (d) "Electronic Signature" means an Electronic sound, symbol or process attached to, or logically associated with, a contract or other Record and executed or adopted by a person with the intent to sign the Record, and (e) "Electronic Transaction" means an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs, using Electronic means.

BE IT FURTHER RESOLVED, that each Authorized Employee is duly authorized individually and singularly to: (a) execute any and all paper Records and Electronic Records required by Freddie Mac to effectuate the authority set forth in this Resolution by: (i) affixing their original written signature to Records, (ii) attaching their Electronic Signature to or logically associating their Electronic Signature with Electronic Records that contain or communicate instructions (or modified instructions) to transfer funds (cash or securities) by wire transfer, ACH or other funds transfer system expressly approved by and designated by Freddie Mac, and (b) deliver any and all executed paper Records and Electronic Records to Freddie Mac as required.

BE IT FURTHER RESOLVED, that the Authorized Employees are duly authorized and empowered to singularly and individually engage in and conduct Electronic Transactions with Freddie Mac and use electronic means, electronic systems, Electronic Records, and Electronic Signatures on behalf of Tennessee Housing Development Agency [HFA's Legal Name] to effectuate the authority set forth in this Resolution.

BE IT FURTHER RESOLVED, that any and all actions set forth herein taken by any Authorized Employee and/or Administrator on behalf of Tennessee Housing Development Agency [HFA's Legal Name] are hereby ratified, approved, and confirmed.

Instructions: Freddie Mac Model Form of Resolution for Housing Finance Authorities (HFAs)

Consult with legal counsel regarding this Resolution. To use a different form of Resolution or to make changes to comply with laws, regulations, or otherwise, send a copy of the proposal for review to Freddie Mac at counterparty_authorization@freddiemac.com. Please insert:

1. The name of the HFA's governing body, such as Board of Directors
2. The HFA's legal name (examples: ABC Housing Finance Agency or XYZ Housing Finance Agency)
3. The date the Resolution was adopted or passed by the HFA's governing body
4. The Authorized Employees' titles or names and titles in the blank lines provided

Add "Exhibit A" at the top of the certified copy of the Resolution that you deliver to Freddie Mac.

Form 988SF - HFA Completion Instructions:

This Form 988SF-HFA must be completed, signed, notarized, and delivered to Freddie Mac with a copy of the HFA's Resolution authorizing certain HFA employees to give Freddie Mac Wire Instructions, as defined above. Consult legal counsel when completing this Form.

1. Opening Paragraph:

- Type/print the full name of HFA's "Chair," "Executive Director," "Chief Financial Officer," or "Other:" (insert other title), as applicable, on the first line of the opening unnumbered paragraph of the Form 988SF-HFA: the person must be authorized by the HFA to execute and deliver the Form 988SF-HFA to Freddie Mac.
- Type/print an "X" in the applicable box preceding the title of the employee signing the Form 988SF-HFA. The signer must have one of these titles: "Chair," "Executive Director," "Chief Financial Officer," or "Other:" (insert other title).
- Type/print the HFA's legal name and the name of the State and, as appropriate, county or municipality under which the HFA is organized and exists.2. **Paragraph 1:** Enter the date that the Board of Directors adopted the Resolution.

2. **Paragraph 1:** Type/print the date that the Governing Body adopted or passed the Resolution. The resolution must be adopted or passed and in effect prior to the execution of Form 988SF-HFA.

3. **Paragraph 2:** Type/print the name, title, telephone number and e-mail address of each Authorized Employee and (a) have each such "Authorized Employee" sign in the space titled "Signature" or (b) include a copy or representation of such employee's original handwritten signature. To designate more than six Authorized Employees, please contact Freddie Mac for instructions.

4. Execution:

- Type/print the date that the Form 988SF-HFA is signed.
- Type/print the HFA's legal name on the line above the signature line.
- The signer must sign with pen and ink on the signature line immediately below the HFA's typed/printed name.
- Type/print the full name of the signer of the Form 988SF-HFA, on the line below the signature line.
- Type/print the title of: "Chair," "Executive Director," "Chief Financial Officer," or "Other:" (insert other title), as applicable, on the line below the typed/printed name of the signer of the Form 988SF-HFA.

5. **Notarization:** The notary acknowledgment language may be changed to comply with applicable law.

- Type/print the name of the State and county in which the Notary Public is commissioned at the top left of the Notary Acknowledgment.
- Type/print the date that the signer signs or acknowledges signing before the Notary Public.
- Type/print the full name and title of the signer and the HFA's legal name on the lines below the signature line.
- The Notary Public must sign and type/print his/her full name, commission expiration date, and registration or commission number, as applicable, and place the notary seal on the Form 988SF-HFA.

Email as a PDF to counterparty_authorization@freddiemac.com



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: Bill Lord, Director of Community Programs
Don Watt, Chief Programs Officer

DATE: September 11, 2023

SUBJ: 2023 National Housing Trust Fund Gap Funding Round Program Description

Recommendation:

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2023 National Housing Trust Fund (NHTF) Gap Funding Round Program Description (“Program Description”);
- Authorize the Executive Director or a designee to award NHTF monies to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description;
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with federal requirements; and
- Allow staff to reallocate any funds not awarded to future NHTF activities.

Staff will provide an update to the Board regarding associated funding awards at its January meeting.

Background:

Tennessee Housing Development Agency (THDA) is setting aside approximately \$1.5 million in carry over 2022 and 2023 NHTF funds to implement the NHTF 2023 Gap Funding Round Program Description to help nonprofit housing developers and Public Housing Authorities previously awarded NHTF grants between 2020 and 2023 to close the gap in development funding caused by rapidly increasing development hard costs as well as rising interest rates on construction financing.



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THDA will open the program on October 5, 2023, with applications due on October 19, 2023. THDA will announce funding determinations on or about November 15, 2023 and subsequently issue amendments to existing contracts.



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NATIONAL HOUSING TRUST FUND

2023 GAP FUNDING ROUND

PROGRAM DESCRIPTION

Tennessee Housing Development Agency

The Tennessee Housing Development Agency (“THDA”) administers the federally funded (National) Housing Trust Fund (“NHTF”), which is designed for the production and preservation of affordable rental housing through the acquisition, new construction, or rehabilitation of affordable housing for households with extremely-low incomes. The purpose of this Program Description is to explain the program requirements and application process to be an Eligible Recipient under the 2023 Gap Funding Round of THDA’s NHTF Program.

NHTF funds under the 2023 Gap Funding Round will be awarded through a competitive application process to eligible Public Housing Authorities and non-profit entities. Applications for the NHTF Gap Funding Round program must be received by THDA on or before 4:00 PM CDT on Thursday, October 19, 2023. THDA anticipates notifying successful applicants on or about November 15, 2023. NHTF grant amendments will begin on December 1, 2023 and will end on the date of the original National Housing Trust Fund Award being amended.

The application package for NHTF resources, as well as additional program documentation, will be made available on THDA’s website beginning October 5, 2023 at <https://thda.org/government-nonprofit-partners/national-housing-trust-fund>.

1) ALLOCATION OF FUNDS

NHTF funds committed to the State of Tennessee, through THDA, are allocated as provided in the State of Tennessee's Consolidated Plan, as amended. For the NHTF 2023 GAP Funding Round, THDA will make approximately \$1.5 Million Dollars available from leftover or returned funds from 2023 and earlier NHTF Rounds. THDA will award an amount up to the lower of (1) \$1,000,000 and (2) the amount of funds allowed under the NHTF Per Unit Subsidy Limits based on the NHTF funds previously awarded and the funds available under this program description.

2) ELIGIBLE RECIPIENTS

THDA will accept applications from Public Housing Authorities and non-profit entities that will be the final owner (or for projects that include low-income housing tax credits (“LIHTC”), Public Housing Authorities and non-profit entities that will be the sole general partner or the sole member

of the final LIHTC ownership entity) of the proposed rental project that received a NHTF grant from THDA for the program years of 2020, 2021 and 2022 that has not received a previous NHTF gap funding award from THDA. Additionally, the project must:

- a. Currently be open, meaning the project has not met Project Completion requirements of THDA;
- b. Be experiencing a gap in funding sources documented by completing the financial update documents provided by THDA; and,
- c. Does not exceed the per unit subsidy limits as noted in Section 4 of this document.

3) FORM OF ASSISTANCE

Funds will be awarded as an amendment to the original grant and will be secured by a note, deed of trust, and a declaration of land use restrictive covenants (“restrictions”), amended as needed.

- a. Recipient shall execute a note and record a fully and accurately executed deed of trust and restrictions (the “closing documents”) during the construction phase prior to requesting a draw.
- b. A copy of the recorded deed of trust and restrictions must be submitted to THDA within thirty (30) days of final closing.

4) PER UNIT SUBSIDY LIMITS

The total investment of NHTF funds, including additional funding under this Program Description, must conform to the following minimum and maximum standards:

- a. Minimum NHTF Funds: \$1,000 per unit
- b. Maximum NHTF Funds Per Unit:

\$129,758	0-Bedroom (Efficiency) Limit
\$148,748	1-Bedroom Limit
\$180,882	2-Bedroom Limit
\$234,004	3-Bedroom Limit
\$256,862	4-Bedroom Limit

5) NUMBER OF NHTF UNITS

Applicants may increase their original, approved number of NHTF units in a project in order to qualify for additional NHTF monies. However, the total number of all units in the development may not be adjusted. THDA will not provide funding under this program description to increase a project’s size and scope. Additionally, the number of NHTF units also may not be decreased.

6) REQUIREMENTS

Except for the Per Unit Subsidy Limits established in Section 4 of this program description, all other requirements imposed by previous NHTF awards and contracts will remain in effect and apply to the total NHTF award. Nothing in this agreement is intended to supersede or replace those requirements.

7) APPLICATION AND EVALUATION PROCEDURE

THDA will evaluate each application to determine if the proposal meets eligibility criteria. Threshold criteria includes:

- a) Submission by an eligible applicant of a complete application to THDA via THDA's Electronic Data Transfer system.
- b) Submission of a financial update for the existing approved project to include an updated development budget and 30 year pro forma demonstrating a need for the NHTF funds and viability of the project throughout the 30 year compliance period.
- c) Where applicable, THDA will use the points assigned during THDA's review of an applicant's original application, based on a proportionate percentage of points originally awarded to the points available in the original application, in order to determine the points to be awarded under this scoring criteria as outlined below.
- d) THDA will fund applications starting with the highest score to lowest score until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.
- e) THDA may make a partial award of remaining funds to the next highest score at its sole discretion.
- f) Given the limited funding available statewide and in order to distribute NHTF funding across Tennessee, THDA reserves the right to limit funding to only one award per county.
- g) In the event of a tie score between applications, THDA will prioritize that application with the highest combined total of the Need and Opportunity Scores. In the event that a tie still remains, the application with the highest Need Score will be selected.

8) NHTF RENTAL HOUSING SCORING MATRIX - Up to 100 Points

APPLICANT'S CAPACITY AND EXPERIENCE - Up to 60 points

- a) The applicant's experience with owning, developing and managing rental units of similar size and scope serving the intended population proposed.
- b) The capacity of the applicant and its development and management team to carry out the proposed project within the schedule proposed.

- c) The past experience of the applicant and its development and management team to successfully develop or manage rental housing in compliance with all Federal, state or local program requirements.
- d) The past experience of the applicant and its development and management team to undertake THDA rental development projects in a timely manner.
- e) The past history of the applicant in serving the community in which the proposed project is to be located.
- f) The past history of the applicant and its development and management team to comply with THDA funding requirements and processes.
- g) The applicant's financial statements and audit indicate a healthy financial position and include diverse funding sources.
- h) Other as indicated in the original round scoring.

NEED - Up to 20 points

THDA has determined rental housing need factors for households who are extremely low income. The county need factors are the percentage of extremely low income tenant households that are cost burdened; projected 10-year population growth rate; county's projected 10-year population growth as a percent of the state's overall growth; prior allocation amount per extremely low income household; prior allocation; rental market LIHTC vacancy rate, and the pipeline of rental housing financed under the LIHTC Program under construction and in lease-up. Scores to be used in the evaluation of rental projects are available at <https://thda.org/government-nonprofit-partners/national-housing-trust-fund>

AREAS OF OPPORTUNITY SCORE - Up to 20 Points

THDA has determined factors which indicate census tracts of high opportunity. These factors include areas of high median gross rent, high cost burden, proximity to employment, high workforce participation, low levels of abandoned housing, rental market LIHTC vacancy rate, and the pipeline of rental housing financed under the LIHTC Program under construction and in lease-up. Scores to be used in the evaluation of areas of opportunity are available at <https://thda.org/government-nonprofit-partners/national-housing-trust-fund>

BONUS POINTS- 10 Points

THDA will award 10 additional points as bonus points when the percentage of NHTF units to total units equals or exceed 25%.



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: Bill Lord, Director of Community Programs
Don Watt, Chief Programs Officer

DATE: September 11, 2023

SUBJ: 2024 Capacity Building Pilot Program Description

Recommendation:

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2024 Capacity Building Pilot Description (“Program Description”);
- Authorize the Executive Director or a designee to award funds to applicants for applications submitted and meeting all program requirements in the approved Program Description;
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with federal requirements; and
- Allow staff to reallocate any funds not awarded to future Tennessee Housing Trust Fund activities.

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:

Tennessee Housing Development Agency (“THDA”) is setting aside approximately \$1 million in Tennessee Housing Trust Fund resources to implement the 2024 Capacity Building Pilot Program to assist non-profit housing development organizations across the State with new construction, acquisition, and/or rehabilitation of existing office and/or training facilities. This program description will open the funding to all eligible nonprofit affordable housing developers.



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THDA will open the program for application October 5, 2023, with applications due no later than February 29, 2024. Awards will be made on a first come, first served basis to qualified applicants until the allocated funding is exhausted. THDA will announce funding determination as awards are made. The grant term will begin within 30 days of the award announcement and conclude two years from the contract start date of the contract.

THDA staff believes this capacity building grant pilot may be the first step to meet the capacity issues of the state's non-profit housing organizations. While many strong nonprofit housing providers exist across Tennessee, we believe a general capacity issue exists that may be impeding THDA's ability to deploy program funding effectively across the state to address the needs of low-income Tennesseans. To further determine that need, THDA staff will be meeting with non-profit housing organizations across the state over the next 6 months to determine capacity issue barriers and what, if any, programs or funding THDA may have available to mitigate capacity issues, allowing for more effective use of its program funding. Based on the input received and funding options available, staff may bring future funding opportunities to the Board to address organizational capacity issues of non-profit housing and homelessness providers.



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TENNESSEE HOUSING TRUST FUND CAPACITY BUILDING PILOT PROGRAM 2024 Program Description

A. BACKGROUND:

The Tennessee Housing Development Agency (“THDA”) created the Capacity Building Pilot Program to address a need of nonprofit housing development organizations across Tennessee to build their space capacity in order to undertake housing development and other related activities. The scarcity of non-profit housing developers with adequate office and training space capacity often prevents THDA from proportionately distributing grant funds across the state appropriate to the existing need. To address this space capacity need, THDA is offering this program to assist nonprofit affordable housing developers to construct, acquire, and/or rehabilitate office or program delivery space.

Capacity Building Pilot Program grants are awarded on a first come, first served basis. Applications may be submitted to THDA between Thursday, October 5, 2023 and 4:00 PM CT on Thursday, February 29, 2024. THDA will notify successful applicants as applications are approved for funding. Grant contracts will begin within 30 days of the award notice and will end 24 months from the grant term start date.

The application package as well as additional program information will be made available by notification to non-profit housing developers known to THDA by email or other means and made available on THDA’s website beginning October 5, 2023 at <https://thda.org>.

B. ELIGIBLE GRANTEES:

Non-profit affordable housing development organizations across all 95 counties of Tennessee as defined below:

1. Eligible non-profits must meet the following requirements:
 - a. Have a Current Charter and By-Laws;
 - b. Valid 501(c)(3) designation letter from the Internal Revenue Service (IRS);
 - c. Current Certificate of Existence from the Tennessee Secretary of State dated within thirty (30) calendar days of the application to THDA under the Capacity Building Pilot Program;
 - d. Have affordable housing as its primary purpose and mission, including the new construction and/or rehabilitation of single family or multifamily units.

- e. Must have at least two (2) years of experience developing affordable housing in Tennessee, satisfactory to THDA in its sole discretion.
2. Must not have been prohibited by THDA from participating in its programs within the last 5 years or have individuals employed by the applicant organization, or serving on its current board of directors, who have been prohibited by THDA in that time period from participating in THDA programs.

C. ELIGIBLE ACTIVITIES:

1. New Construction, acquisition, and/or substantial repairs to, or rehabilitation and/or build out of existing office, storage, or program delivery space, including additions or annexes.
 - a. The total of all costs proposed under this activity for reimbursement may not exceed \$500,000.
 - b. All completed work must meet local code and be evidenced by a Certificate of Occupancy or Completion from the code official for the area where the project is being completed.

D. MAXIMUM GRANT:

The maximum grant award is \$500,000 and the minimum grant is \$100,000.

E. PROHIBITED ACTIVITIES:

1. Pledge Capacity Building funds as support for tax exempt borrowing by local grantees.
2. Pay staff salaries and benefits.
3. Pay operational costs not associated with the expansion or enhancement of existing program operations physical space or the construction, acquisition and/or rehabilitation of new space.
4. Provide off-site improvements, neighborhood infrastructure or public facility repairs or improvements.
5. Provide assistance to private, for-profit organizations.
6. Provide assistance to any housing unit or common area associated with a rental property.
7. Provide assistance to public housing authorities or for-profit entities.
8. Provide assistance for the development of housing for sale to home buyers.
9. Provide rental assistance.

F. PROCUREMENT:

The solicitation of bids for goods and services, materials, supplies, and/or equipment using THDA's

Capacity Building funds must be open and competitive. Grantees must follow their procurement policies. At a minimum, there must be an established contractor selection procedure and a written rationale for selecting the successful bid or proposal.

G. REPORTING:

The Executive Director of the grantee shall periodically report to THDA’s Community Housing Division regarding progress on the eligible activity.

1. A progress report will be required with each reimbursement request.
2. A project completion report and/or Certificate of Occupancy or equivalent, if new construction or rehabilitation of space, will be required at the time the final draw is submitted.

H. BOARD ACTION:

The THDA Board of Directors has authorized THDA’s Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with federal requirements. THDA may provide notice of changes by posting such changes to its website at: <https://thda.org>.

I. THRESHOLD CRITERIA:

THDA will evaluate each application to determine if the proposal meets threshold and eligibility criteria.

1. Threshold criteria include:
 - a. Submission of a complete application.
 - b. Applicant eligibility.
 - c. Compliance with THDA-funded programs.
2. All nonprofit organizations must upload all organizational information required to be submitted through THDA’s Participant Information Management System (“PIMS”).
 - a. Copies of organizational documents that are required to be submitted through PIMS, but are submitted through another means, will not be considered.
 - b. THDA will provide a limited opportunity of two (2) business days for applicants to correct the following threshold factors:
 - (1) Failure to upload all required documents to PIMS.
 - (2) Failure to submit a Certificate of Existence that was issued within the required time established by the application instructions.
 - (3) Failure to sign the application.
 - (4) THDA will not provide an opportunity to correct other application items nor will THDA extend the time period for correction of the threshold item beyond the period identified above.

J. APPLICATION EVALUATION AND DETERMINATION

1. Application review and funding allocation will be made on a first come, first served basis. Applications meeting the threshold criteria will be reviewed in the order they are received by date and time. The Capacity Building funds will be awarded based on their eligibility and beginning with the first qualified application and then from the first to last qualified applications received until all available funds have been exhausted, at which time this round of the program will be closed.



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: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer

SUBJECT: Summary of Changes Incorporated into the Draft Low-Income Housing Credit 2024 Qualified Allocation Plan

DATE: September 7, 2023

This document provides a summary of the changes incorporated into the draft 2024 Qualified Allocation Plan. Where appropriate, this summary will reference associated comments received during the public comment and review process.

A separate memo summarizing the public comments received is also being provided.

Key Main Changes

- The QAP has been reorganized into three parts as previously discussed, with Part I applying to all LIHC, Part II applying to Competitive Allocations only, and Part III applying to Noncompetitive Allocations only.
- Standardized new construction and rehabilitation minimum standards have been incorporated by reference, ensuring flexibility is built in to allow for amendments to be made administratively as may be necessary. In response to comments, the standards are under a 30-day review process to ensure any building codes references are properly incorporated by reference, and to emphasize certain requirements can be waived where practical.
- A Permanent Supportive Housing for Homeless Set-Aside has been incorporated into the draft, with a cap of up to two projects and \$1M in allocation available. Public comment was generally supportive.



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- A Twinning Set-Aside, procedurally modeled in part on the late Innovation Set-Aside, has been incorporated into the draft to allow an opportunity for applicants to propose a hybrid 9% LIHC/tax-exempt bond/4% LIHC financing structure for certain projects that encompass or are a part of an established area-wide or neighborhood master-planned development. Up to two applicants will be invited to participate, with a cap on funding up to two projects with a total \$3.6M in allocation available. Public comment was generally supportive.

Ancillary Changes

- Section 2: Defined Terms have been edited or added as necessary to provide additional clarity in response to changes.
- Section 3.B.1.: Supporting documents now must be no older than 6 months prior to application, to ensure reliability and project viability in the current dynamic development environment.
- Section 5.B.7.: Pending or threatened litigation is added as an eligibility threshold consideration. In response to concerns expressed in public comments, explicit exception is included for cases merely arising from opposition to the development of a project.
- Section 22.C.: Changes have been made to the Review Appeal Process to reflect the discontinuation of the former Tax Credit Committee of the THDA Board of Directors, and to ensure the THDA Board of Directors retains review decision-making authority either directly or through a specially appointed body of its members.
- Section 25.D.: TDC Cost Limits for non-competitive LIHC proposals have been increased 20% over the 2023 limits.
- Section 25.E. and F.: Scoring information for noncompetitive credits is now instead applicable to bonds, and these subsections have been removed from the QAP and will be included instead in the 2024 MTBA Program Document.



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Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
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Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors
FROM: Eric Alexander, Director of Multifamily Programs
SUBJECT: Summary of and Response to Public Comments on Draft Low-Income Housing Credit 2024 Qualified Allocation Plan
DATE: September 11, 2023

Recommendation

This item is for informational purposes.

Background

This document represents staff's response to select **repeated** comments regarding the Draft Low-Income Housing Credit 2024 Qualified Allocation Plan ("Draft 2024 QAP") and is not meant to be a replacement for the comments themselves.

Key Points

- Total Development Cost (TDC) Limits – comments expressed concern that the TDC Limits for noncompetitive applications are too low.
 - Response – staff proposes to increase these limits by approximately 20%.
- “Twinning” Set-Aside – comments generally expressed support for the proposed combination of 9% and 4% Housing Credit.
 - Response – staff recommends retaining this proposed change.
- Supportive Housing Set-Aside – comments generally expressed support for the proposed Set-Aside.
 - Response – staff recommends retaining this proposed change.
- Minimum Design Standards – comments expressed concern that the proposed new minimum design standards are too restrictive.
 - Response – staff recommends retaining this proposed change.



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- Project Location Score (“PLS”) – comments expressed concern that the PLS for Madison County is too low.
 - Response – staff recommends continuing to calculate the PLS for Madison County using the same methodology applied to other counties.
- Green Building / LEED – comments encouraged inclusion of an incentive to utilize Green Building / LEED standards.
 - Response – staff recommends retaining the energy efficiency incentives included in the Draft 2024 QAP



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Ed Yandell

From: Felita Hamilton
Sent: Wednesday, August 23, 2023 10:39 AM
To: Joshua Haston; TNAAllocation; Eric Alexander; Ed Yandell
Cc: Nancy VanReece
Subject: RE: Multifamily Programs Update- Proposed Twinning Set Aside Memo for the 2024 LIHC Qualified Allocation Plan

Categories: DRAFT QAP/PD

Josh,

The document is out for comment at this point, so I am forwarding your email to the public folder so that the Team can respond to once all comments are received. Please feel free to provide more questions-comments on the three documents that are posted.

Thanks

From: Joshua Haston <jhaston@ldgdevelopment.com>
Sent: Tuesday, August 22, 2023 4:45 PM
To: Felita Hamilton <FHamilton@thda.org>
Cc: Nancy VanReece <nvanreece@ldgdevelopment.com>
Subject: Re: Multifamily Programs Update- Proposed Twinning Set Aside Memo for the 2024 LIHC Qualified Allocation Plan

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

Felita,

Thank you for this email and your consideration for twinning. LDG is working on a twinning deal in Louisiana.

I have a couple quick questions/comments regarding this newly proposed set-aside.

- Does the highlighted language below mean that twinning deals must be in QCTs to be considered? Or does it simply mean that you want to know if the project is in a QCT or not? LDG would hope that THDA is open to Twinning Deals being in non-QCTs too as this seemingly supports THDA's preference for deal types with the 4% programs of non-QCT deals over QCT deals so we don't run the risk of concentrating poverty in QCTs.
- Can you also confirm that this Twinning Set-aside cannot be used for involving a PHA, as this would unfairly advantage all PHAs and CNI grant areas that already have their own set-asides in the 9% program? Allowing PHAs to apply for the twinning set-aside would essentially allow the same PHA to apply for and win multiple 9% awards which we believe to be unfair.

1. Contain no more than 10 single-sided, single spaced pages (including any attachments and exhibit any) describing each of the following:
 - a. The contact information for the applicant, the proposed development name, the number of units, bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT);
 - b. The goals and/or priorities of the project as a part of a master-planned development in a redevelopment area and the impact of the twinning approach in helping meet the goals of the redevelopment area master plan;
 - c. Each project team member's track record with tax-exempt bond and LIHTC projects, and demonstrated capacity to complete financially complex developments;
 - d. How the project will utilize the twinning approach to optimize resources;

Thanks for all your help.

Best,

Josh

Joshua Haston
Development Manager
414 Union Street, Suite 1900
Nashville, TN
Mobile: 931.510.5460



LDG
DEVELOPMENT

"Everyone deserves a quality place to live"

From: TN Housing Development Agency-Multifamily Programs Division <fhamilton@thda.org>

Date: Tuesday, August 22, 2023 at 11:01 AM

To: Joshua Haston <jhaston@ldgdevelopment.com>

Subject: Multifamily Programs Update- Proposed Twinning Set Aside Memo for the 2024 LIHC Qualified Allocation Plan



Good Morning Multifamily Programs Partners,

Please be advised that the Multifamily Programs Division has posted a [Proposed Twinning Set-Aside Memo](#) to the Low Income Housing

Credit (LIHC) page of www.thda.org. Additionally, the Draft 2024 LIHC Qualified Allocation Plan and Draft Construction and Rehabilitation Standards have also been posted to the LIHC page as stated in the 2023 Public Notice Memo previously sent.

Thank you for your patience during this process.

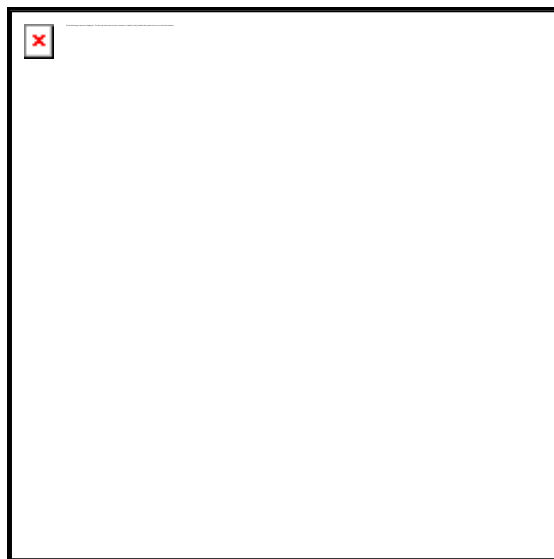
Sincerely,

Felita Hamilton

Tennessee Housing Development Agency

Multifamily Programs Allocation Manager

www.thda.org

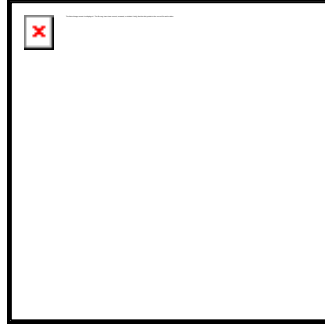


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Ed Yandell

From: Felita Hamilton
Sent: Wednesday, August 23, 2023 2:19 PM
To: Dervarics, Kelly; TNAllocation
Cc: Bernstein, Emily
Subject: RE: South City VI - draft QAP-Comments

Categories: DRAFT QAP/PD

Kelly,

I am sending this to the comment folder so we can respond accordingly and if you have any more then don't hesitate to send those as well.

Thanks

From: Dervarics, Kelly <Kelly.Dervarics@McCormackBaron.com>
Sent: Wednesday, August 23, 2023 11:41 AM
To: Felita Hamilton <FHamilton@thda.org>
Cc: Bernstein, Emily <Emily.Bernstein@McCormackBaron.com>
Subject: FW: South City VI - draft QAP

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Hi Felita,

We discussed the draft QAP credit exchange language with our lenders and investors for South City VI and they have concerns about the certainty of receiving credit exchanges. They are requesting a letter from THDA confirming that all credit exchange requests will be approved. Can THDA provide this assurance in the form of an email or letter?

If not, can you provide a letter stating the historical data or facts on the percentage of projects that requested credit exchanges and received them last year?

Thanks!

Kelly

Kelly Dervarics, AICP (she/her)
Kelly.Dervarics@McCormackBaron.com
+1 (314) 335-2838 (direct)

Transforming places into communities where all people can thrive

From: JERRAD G JONES <jerrad.g.jones@huntington.com>
Sent: Tuesday, August 22, 2023 7:19 AM
To: Dervarics, Kelly <Kelly.Dervarics@McCormackBaron.com>; Furay, Suzanne M <suzanne.furay@usbank.com>; Aeschleman, Heather K. <Heather.Aeschleman@KutakRock.com>; AKuehling <AKuehling@rgsz.com>; Vesna Marvucic

<vmarvucic@att-law.com>; Bernstein, Emily <Emily.Bernstein@McCormackBaron.com>; DLang <DLang@rgsz.com>; Armstrong, Brock <Brock.Armstrong@McCormackBaron.com>; cchalmers <cchalmers@att-law.com>; Mathis, Julie <Julie.Williams@McCormackBaron.com>
Cc: Jeanette Babus <jbabus@att-law.com>; Rush, Lori N. <Lori.Rush@KutakRock.com>; Andrew W Hugger <Andrew.Hugger@huntington.com>
Subject: Re: South City VI - draft QAP

Thank you Kelly for sending over. Can your team request a follow up email or preferably a letter from the housing agency confirming that all credit exchange requests will be approved? This will be important for us to have in order to get our credit team comfortable.

Best,

Jerrad

Internal Use

Internal Use

From: Dervarics, Kelly <Kelly.Dervarics@McCormackBaron.com>
Sent: Monday, August 21, 2023 3:06:30 PM
To: Furay, Suzanne M <suzanne.furay@usbank.com>; Aeschleman, Heather K. <Heather.Aeschleman@KutakRock.com>; AKuehling <AKuehling@rgsz.com>; Vesna Marvucic <vmarvucic@att-law.com>; Bernstein, Emily <Emily.Bernstein@McCormackBaron.com>; DLang <DLang@rgsz.com>; Armstrong, Brock <Brock.Armstrong@McCormackBaron.com>; cchalmers <cchalmers@att-law.com>; Mathis, Julie <Julie.Williams@McCormackBaron.com>; JERRAD G JONES <jerrad.g.jones@huntington.com>
Cc: Jeanette Babus <jbabus@att-law.com>; Rush, Lori N. <Lori.Rush@KutakRock.com>; Andrew W Hugger <Andrew.Hugger@huntington.com>
Subject: RE: South City VI - draft QAP

Huntington Security Checkpoint: External email. Please make sure you trust this source before clicking links or opening attachments.

Hi all,

THDA's 2024 draft QAP has been posted: <https://thda.org/pdf/DRAFT-2024-QAP-PKG-FOR-WEB-08.21.2023.pdf>

Page 73 of the document contains the draft guidance regarding housing credit exchange for 2022 recipients.

**Section 24: Special Assistance for Developments Affected by
COVID-19 Economic Aftereffects**

Notwithstanding any other provisions of this QAP, relief for certain developments is available as follows:

- A. 2022 Competitive Housing Credit allocation recipients, subject to each of the following:
 - 1. The maximum **aggregate** Housing Credit allocated to COVID-19 Economic Aftereffects Housing Credit Exchange Allocations is limited to the amount of 2022 Housing Credit returned.
 - 2. Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
 - a. Developments intending to seek approval for a Housing Credit Exchange Allocation must so **notify THDA in writing no later than December 6, 2023**. Notification must be sent **via email** to TNAallocation@thda.org.
 - b. Scoring selections and threshold requirements from the 2022 QAP, as applicable, will be enforced, otherwise the 2024 QAP will apply.
 - c. The ability to request the Qualified Contract Process for the particular development is permanently waived.
 - d. The Placed-In-Service deadline for COVID-19 Housing Credit Exchange Allocations will be December 31, 2026. Failure to meet or requesting an extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 5-A of this QAP.
 - g. Housing Credit Exchange Allocation developments will not be permitted to increase developer or consultant fees.
 - 3. Other provisions applicable to COVID-19 Housing Credit Exchange Allocations:
 - a. Returned Housing Credit will not increase 2023 set-asides or pools (except the Non-Profit Set-Aside).
 - b. COVID-19 Housing Credit Exchange Allocations will not count against county, developer, or other limits in the 2024 QAP.

Thanks!
Kelly

Kelly Dervarics, AICP (she/her)
Kelly.Dervarics@McCormackBaron.com
+1 (314) 335-2838 (direct)

Transforming places into communities where all people can thrive

Ed Yandell

From: Felita Hamilton
Sent: Wednesday, August 23, 2023 2:59 PM
To: Jeremy Bain; Eric Alexander; TNAallocation
Subject: RE: THDA QAP Question for 2024 Re: Economic Development Area Set-Aside-Public Comment

Categories: DRAFT QAP/PD

Jeremy,

Please make sure you address this question in a comment to the 2024 so we can appropriately respond. I am also forwarding this email to the comment folder and welcome any further comments that you may have on any of the three documents posted to the LIHC page for public comment.

Thanks

From: Jeremy Bain <jeremy.bain@olympiaconstruction.net>
Sent: Tuesday, August 15, 2023 4:50 PM
To: Eric Alexander <EAlexander@thda.org>; Felita Hamilton <FHamilton@thda.org>
Subject: THDA QAP Question for 2024 Re: Economic Development Area Set-Aside

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

Eric and Felita,

I was wondering about the draft 2024 QAP if you don't mind me asking.
In the 2023 QAP, you had a new set aside for Economic Development Area.
Is it THDA's intention to do this same set-aside in the 2024 QAP with the same counties listed?

Section 10: Economic Development Area Set-Aside

- A. New Construction only.
- B. Developments in the Economic Development Area Set-Aside may be located in a QCT.
- C. The economic development zone covers Crockett, Fayette, Hardeman, Haywood, Lauderdale, Madison, and Tipton counties.
- D. Maximum annual LIHC set-aside of \$3M
- E. Reservations under this set-aside will not cross count against other set-asides or regional pools.
- F. No more than one application will be funded in each county.
- G. If more than one Initial Application is received for Haywood County, the highest ranking application in Haywood County is guaranteed a reservation. The second award will be made to the highest scoring application outside of Haywood County in line with the maximum set-aside amount.
- H. If no application is received in Haywood County, THDA may still fund two deals within the limit in Section 10.D above.

Thank you so much,

Jeremy Bain

Olympia Construction / Development / Engineering

Office: (256) 878-6054 x125 | Mobile: (256) 558-2370

Physical Address: 404 East McKinney Ave. | Albertville, AL 35950

www.olympiaconstruction.net | www.olympiaengineering.net | jeremy.bain@olympiaconstruction.net

Ed Yandell

From: Christina Demaioribus <ChristinaD@columbiare.com>
Sent: Thursday, August 24, 2023 12:50 PM
To: TNAllocation
Subject: Multifamily Programs Update- Proposed Twinning Set Aside Memo for the 2024 LIHC Qualified Allocation Plan

Categories: DRAFT QAP/PD

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

To Whom It May Concern:

We appreciate the agency forethought in creating innovative opportunities for developments to be financed in this difficult environment. We are in full support of twinning as a set aside in the 2024 QAP.




Christina DeMaioribus

(d' mare uh bus)

DIRECTOR OF DEVELOPMENT

 direct: 404-354-0550

 1718 Peachtree Street NW | Suite 684
Atlanta

 www.columbiare.com

Advancing Lives. Strengthening Neighborhoods.

Ed Yandell

From: Cameron Fahsel <cfahsel@gmail.com>
Sent: Thursday, August 24, 2023 3:14 PM
To: TNAllocation
Subject: Twinning Set Aside

Categories: DRAFT QAP/PD

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

Given rising costs and the decrease in funds available to finance affordable rental housing, exploring the use of twinning is a positive step. Hopefully, this will serve as a blueprint not just in Tennessee but throughout the southeast.

Cameron Bennett Fahsel

--

PLEASE NOTE NEW EMAIL ADDRESS: cfahsel@gmail.com

Ed Yandell

From: Seth Davis <sdavis@chattanooga.gov>
Sent: Thursday, August 24, 2023 4:51 PM
To: TNAllocation
Subject: Support of Supportive Housing Set-Asside

Categories: DRAFT QAP/PD

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

Good Afternoon THDA,

I am writing in support of the proposed \$1M LIHC Set-Aside in the upcoming QAP. Supportive housing is going to be increasingly important in the emerging stagflation environment. Developers are already experiencing a lower incentive to build for 0-30% AMI, and the trajectory isn't improving. Even the slightest support for this effort could have a tremendous impact for TN cities. One PSH in most metro areas will house a significant portion of the chronic homeless population; the population most burdensome to local businesses, residents, and emergency services.

I encourage THDA to seriously consider this proposal. Thanks so much!

Seth Davis
Policy Analyst

City of Chattanooga
Office of the Mayor
E: sdavis@chattanooga.gov
P: N/A
M: 910-750-4022
W: <https://chattanooga.gov>



ONE
CHATTANOOGA

Ed Yandell

From: Felita Hamilton
Sent: Wednesday, August 30, 2023 10:31 AM
To: TNAllocation
Cc: Joshua Haston
Subject: CHAT Comment from LDG

Categories: DRAFT QAP/PD

Felita,

Regarding the proposed Twinning Set-aside, LDG requests that THDA preference non-QCT deals over QCT deals, as this would align with THDA's 4% program that preferences non-QCT deals. LDG also requests that the Twinning Set-aside not be used for PHA or CNI deals as they already have their own set-asides. Allowing PHAs or CNI deals to apply for this new set-aside could allow the same PHA to apply for and win multiple 9% awards.

Best,

Felita (Givens) Hamilton
Multifamily Programs Division
Allocation Manager
502 Deaderick Street-3rd Floor
Nashville, TN 37243-0900
www.thda.org
615-815-2145 phone
615-564-2783 fax
Follow us @THDA_multifam





FOUNDERS

David Gottfried
Michael Italiano
S. Richard Fedrizzi

2101 L St. NW
Suite 600
Washington, DC 20037

202-828-7422

usgbc.org

August 29, 2023

Attn: Ralph Perrey, Executive Director
Tennessee Housing Development Authority
502 Deaderick St.,
Nashville, TN 37243

RE: Draft 2024 Qualified Allocation Plan

Dear Director Perrey,

On behalf of the [U.S. Green Building Council \(USGBC\)](#) and our community in Tennessee, we are pleased to provide our comments regarding the draft 2024 Qualified Allocation Plan. USGBC respectfully **suggests that the draft QAP be amended to include third-party green building certifications – such as LEED – as an alternative compliance path to the prescriptive energy efficiency measures detailed on page 55.**

USGBC is a non-profit organization committed to transforming the way all buildings and communities are designed, built, and operated to support a sustainable, resilient, and prosperous environment that improves the quality of life for all. Our flagship green building system, [Leadership in Energy & Environmental Design \(LEED\)](#), is a nationally recognized standard that takes a holistic view to whole-building performance. LEED-certified projects must meet a set of rigorous criteria within prerequisites and flexible credits that, when combined, set buildings on a path to excellence – resulting in lower energy and water costs, improved indoor air quality and occupant comfort, and reduced local emissions. In Tennessee alone, there are 560 LEED-certified buildings, totaling more than 82 million square feet of real estate.

USGBC's recommendations can be summarized as follows:

- 1) Add LEED certification as an acceptable path to comply with criteria within the Energy Efficiency section, thus making projects earning LEED certification eligible for competitive points, and
- 2) Equate LEED certification with an available total of ten (10) points within the Energy Efficiency section.

Third-party certifications, such as LEED, Enterprise Green Communities, and the National Green Building Standard (NGBS) require projects to fulfill mandatory credits that address energy use, including fundamental

commissioning and verification; minimum energy performance; and building-level energy metering. And within LEED's [Energy and Atmosphere](#) credit category, 30% of all points are related to building energy efficiency. The credit category also emphasizes enhanced building commissioning for greater energy and operational performance. For more on how LEED supports high levels of energy performance, please see our policy brief [LEED v4: Raising the Bar on Energy Performance](#).

Moreover, third-party certifications take a holistic approach to building performance, considering factors beyond energy efficiency, such as occupant comfort, indoor air quality, disaster resilience, waste reduction, and building materials. Consider the fact that 35% of LEED credits are related to climate change, 20% directly impact human health, 15% impact water resources, 10% relate to the green economy, and 5% are related to natural resources impact. Affordable housing residents stand to gain a lot from living in higher quality buildings.

USGBC has curated resources, such as this [QAP advocacy brief](#), to help state housing agencies understand the benefits of third-party building certifications. More than 30 states incentivize or require third-party certifications in their QAPs. USGBC is available to assist THDA with examples from other states such as Arizona, Texas, and South Carolina.

Thank you for the opportunity to provide comments on the 2024 QAP draft. Please contact Rebecca Price at rprice@usgbc.org if you have questions.

Sincerely,
Rebecca Price
Rebecca Price
State Advocacy Specialist
U.S. Green Building Council
Rprice@usgbc.org



CHATTANOOGA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

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CHATTANOOGA, TN 37404-1236
TEL (423) 668-2374
FAX (423) 668-2374
TN Relay Svc 711
www.chahousing.org

August 29, 2023

Mr. Eric Alexander
Mr. Don Watt
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Subject: Proposed Twinning Set-Aside/Round for 2024

Dear Mr. Alexander and Mr. Watt:

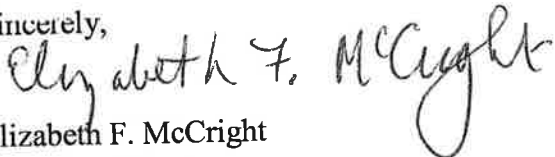
Thank you for your memorandum dated August 15, 2023, regarding the proposed Twinning Set Aside/Round for the year 2024. We appreciate your thoughtful consideration of the Chattanooga Housing Authority's (CHA) input and recommendations.

We have reviewed your memorandum and are fully in agreement with the proposed Twinning Set Aside/Round for 2024. As you are aware, the CHA has embarked on a substantial and strategic long-term redevelopment project for the Westside community. We acknowledge the importance of this initiative and its pivotal role in advancing the comprehensive development efforts at the Westside.

We believe that adding this model will be very helpful for projects seeking both 9% LIHTC and 4% tax-exempt bonds. It will greatly enhance our ability to secure funding needed to bring the Westside community vision to life.

We really applaud you for making this financial tool made available for 2024 round of tax credit applications.

Sincerely,


Elizabeth F. McCright
Executive Director
Chattanooga Housing Authority

cc: Mr. Ralph M. Perrey



September 5, 2023

Tennessee Housing Development Agency
Attn: Eric Alexander, Director of Multifamily Development
502 Deaderick St
Nashville, TN 37243

Submitted electronically: TNAallocation@thda.org

Dear Mr. Alexander:

On behalf of Home Innovation Research Labs, I am pleased to submit these comments to inform the Tennessee Housing Development Agency (THDA) 2024 Qualified Allocation Plan (QAP). We appreciate THDA's collaborative and inclusive approach and the opportunity to provide feedback.

We respectfully request that THDA add credible, third-party green building certification(s) as an alternative to the existing list of prescriptive energy efficiency measures. Specifically, we request that NGBS Green Certification be recognized as a named alternative.

Recognition of NGBS compliance would provide consistency in the housing industry. HUD recognizes NGBS Green certification for many of their programs, including their mortgage insurance premium reduction for green certified properties. Fannie Mae and Freddie Mac also recognize NGBS Green certification for their financing incentives. Many state QAPS recognize the NGBS, and recognition in the Tennessee QAP provides consistency across LIHTC programs.

Value of Green Building Certification

Prior to 2018, the Tennessee QAP awarded 15 points for the achievement of Enterprise Green Communities certification. In the 2018 and subsequent QAPs, this option was replaced with requirements for energy efficiency.

While energy efficiency is the cornerstone of sustainable construction, energy efficiency requirements alone are not enough to promote sustainable development. Buildings designed to increase energy efficiency without consideration for moisture management, indoor air quality, and other green practices risk being worse off than if there was not a priority to maximize energy. Green building certification to a credible third-party program also offers THDA greater assurance of construction quality, operational efficiency, and resident comfort.

National Green Building Standard Overview

The NGBS was the first residential green building rating system to undergo the full consensus process and receive approval from the American National Standards Institute (ANSI). Since 2008, each version of the NGBS has been approved by the American National Standards Institute (ANSI). The 2008, 2012, and 2020 versions were developed with support from the National Association of Home Builders (NAHB) and the International Code Council (ICC). For the third edition of the standard, the 2015 version, the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) participated as a third co-sponsor. This partnership further cements the NGBS as the preeminent green standard for residential construction.

The NGBS is also the first solely residential green building standard to be one of the ICC suite of I-codes that form a complete set of comprehensive and coordinated building codes. As the industry standard for green residential development, it is embedded within the International Green Construction Code (IgCC) as an alternative compliance path for multifamily residential buildings and the residential portion of mixed-use buildings.

As one of the I-Codes, the NGBS is written in code language to make it easy for industry professionals and contractors to understand. I believe this is one reason the NGBS has been successful even in areas where it is not part of the building code and is used as an above-code program. For a residential building to be in compliance, the building must contain all mandatory practices in the NGBS. The building must also contain enough practices from each of the six categories of green building practices to meet the required threshold points.¹ The six categories of green practices are:

- Lot & Site Development
- Resource Efficiency
- Energy Efficiency
- Water Efficiency
- Indoor Environmental Quality
- Homeowner Education

Under the NGBS, homes and multifamily buildings can attain one of four potential certification levels: Bronze, Silver, Gold, or Emerald. The NGBS was specifically designed so that no one category of green practices is weighted as more important than another. Peerless among other green rating systems, the NGBS requires that all projects must achieve a minimum point threshold in every category of green building practice to be certified. A project certified to the NGBS can't merely obtain all or most of its points in a few categories, as other rating systems allow. This requirement makes the NGBS the most rigorous green building rating systems available.

¹ See page 12 in ICC 700-2020 NGBS.

The NGBS's mandatory provisions must be met for certification at any level. There are no exemptions. However, unlike other green building rating systems, the NGBS contains an expansive array of green building practices aimed at all phases of the development process: design, construction, verification, and operation. This provides the flexibility builders and developers need to ensure their green projects reflect their geographic location, climatic region, cost constraints, and the type of project they are constructing.

Certification Program

Home Innovation Research Labs serves as Adopting Entity and provides certification services to the NGBS. Home Innovation Labs is a 59-year old, internationally-recognized, accredited product testing and certification laboratory located in Upper Marlboro, Maryland. Our work is solely focused on the residential construction industry and our mission is to improve the affordability, performance, and durability of housing by helping overcome barriers to innovation. Our core competency is as an independent, third-party product testing and certification lab, making us uniquely suited to administer a green certification program for residential buildings. Our staff is comprised of mechanical, structural, and electrical engineers; planners; economists; architects; former builders, remodelers, and contractors; lab and technicians. Combined, they possess an unparalleled depth of knowledge and experience in all facets of market analysis and building science research and testing. Why is that important? Because behind every building seeking NGBS compliance stands a team of experts on a mission to help them succeed. Participation in NGBS Green brings our building science expertise to each project team at no additional cost.

QAP Recognition of the NGBS

The National Green Standard is currently recognized in 30 state Qualified Allocation Plans (QAPs), and an increasing number of State Housing Finance Agencies have been adding NGBS green certification to their QAPs to help promote green affordable housing. In these plans, NGBS is recognized as on-par with comparable programs, such as LEED and Enterprise Green Communities, and other regional programs, such as EarthCraft. Multifamily builders that utilize NGBS for low-income housing tax credits typically receive the same number of points for NGBS as they would for an alternative program. The straightforward and low-cost nature of the NGBS Green program makes it ideally suited for affordable housing development, and this is evident by the number of Habitat for Humanity organizations and other LIHTC providers who select NGBS as their program of choice.

Summary

We request that THDA add credible, third-party green building certification as an alternative to the existing list of prescriptive energy efficiency measures. Third-party green certifications support current

goals of increased rigor and added flexibility while offering an expanded scope and greater quality assurance.

Specifically, we request NGBS Green Certification be included within the QAP. The NGBS was designed specifically for residential construction and is cost-effective for affordable housing development. Recognition of NGBS compliance would also provide consistency in the housing industry.

We look forward to discussing it further with you or your staff if you require a more detailed overview of the NGBS or our certification program. I will also gladly send you any supplemental information that you might require. Please don't hesitate to contact Michelle Foster (mfoster@HomeInnovation.com, 301.430.6205), our Vice President, Sustainability, directly if she can be of further assistance.

I look forward to working with the THDA to promote green certified housing built to the ***National Green Building Standard***.

Best,



Michael Luzier
President and CEO

September 5, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick St.
Nashville, TN 37243

To Whom It May Concern:

Please accept this letter to address comments in the 2024 QAP, and specifically, the Economic Development (aka Blue Oval) set aside.

The county needs score for 2024 for Madison County should be increased to address the lack of affordable housing and the need for affordable housing in Jackson, TN, which has the largest population of the seven set-a-side counties in West TN.

Jackson, TN (located in Madison County) has land and infrastructure readily accessible to create affordable housing units in the short term that would simultaneously support THDA's policy goal regarding the Economic Development (Blue Oval) set aside. Even today, households are relocating to Jackson, TN specifically in connection with the upcoming Blue Oval complex. This would argue for expanding the current Economic Development set-aside to expand the affordable housing choices available to Blue Oval workers.

The Jackson Housing Authority's site-based waitlists contain over 2000 households, a number which is steadily growing while simultaneously the affordable housing stock has decreased over the years and continues to do so. Jackson, TN recently lost over 300 affordable units as a result of former LIHTC developers opting not to extend past their tax credit compliance period nor to accept Housing Choice Vouchers. These owners have chosen to charge higher market rents versus the Housing Choice Voucher Payment Standards.

The ability to preserve and expand affordable housing is not financially feasible without the competitive LIHTC program. The infrastructure is in place to meet the need if only the 2024 QAP would adequately recognize Madison County's affordable housing needs, the current supply thereof, and Jackson-Madison County's strategic location with regard to the Blue Oval initiative.

Sincerely,



Matt Marshall
President/CEO



A STEP TOWARDS HOME

865-309-5070



asteptowardshome@gmail.com



4745 Solomon Dr.



Strawberry Plains, TN 37871

To: THDA Multifamily Programs Division

August 5th, 2023

A Step Towards Home, is a non-profit organization committed to developing affordable housing options along a continuum from recovery housing to permanent supportive housing to workforce housing, is thankful for this opportunity to present comments and suggestions regarding the 2024 Qualified Allocation Plan (QAP) of the Tennessee Housing Development Agency.

Comment 1: Establishing a Low-Income Housing Tax Credit Set-Aside for Permanent Supportive Housing. We applaud the proposed new LIHTC set-aside for permanent supportive housing and hope that it becomes an annual priority.

Comment 2: Establish a Recovery Housing (Transitional Supportive Housing) Set-Aside. We suggest the creation of a Recovery Housing Set-Aside within the 2024 QAP. This set-aside would ensure a designated allocation of tax credits, CITC loans, and/or grant funds exclusively for projects focusing on recovery housing. By dedicating resources to this critical housing need, THDA can support all aspects of the continuum of care needed to bring folks out of homelessness to fully independent living and community integration.

Comment 3: In all Transitional and Permanent Supportive Housing Funding Priorities, Give Extra Priority to Those with Supportive Housing Development Experience.

We advocate for the prioritization of non-profit developers with a demonstrated history of successful recovery or other supportive housing projects. By awarding preference to developers who have previously developed, owned, or managed supportive housing for 50+ individuals, THDA can ensure that recovery housing and permanent supportive housing projects are led by experienced partners capable of understanding the unique needs of individuals in drug and alcohol recovery, coming out of homelessness, or coming out of prison thereby providing comprehensive needed supports and ensuring the success of these initiatives.

Comment 4: Collaborative Partnerships for Comprehensive Services.

We strongly advocate for priority given to enhance the cultivation of collaborative partnerships between recovery and permanent supportive housing developers and local organizations, healthcare providers, and support service agencies. These partnerships will enhance the range and quality of supportive services available to residents, ensuring that all levels of supportive housing projects address the multifaceted needs of individuals in recovery.

A Step Towards Home believes that these suggestions align closely with THDA's mission to provide a continuum of affordable housing options that promote community betterment. We are thankful for the crucial role that THDA plays in contributing to the well-being and stability of Tennessee communities.

For any inquiries or further information regarding these recommendations, please feel free to reach out to me at 865-437-7433 or kendragreeneellis@gmail.com.

Kendra Greene Ellis, Co-Founder

A Step Towards Home | 865-437-7433 | www.asteptowardshome.com



Historic First Baptist Church

Mr. Milton Davis
Chairman of Deacon Ministry

433 Dr. Martin Luther King, Jr Drive • Jackson, TN 38301
www.historicfirstbaptistchurch.org • 731-422-2751
William L. Watson, Senior Pastor

Mr. Michael Hart
Chairman of Trustee Ministry

September 5, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick St.
Nashville, TN 37243

To Whom It May Concern:

Please accept this letter to address comments in the 2024 QAP, and specifically the Economic Development (aka Blue Oval) set aside. Historic First Baptist Church is a key in the life of the Jackson Madison County community. The lack of affordable housing has had a negative effect in our community.

The county needs score for 2024 for Madison County should be increased to address the lack of affordable housing and the need for affordable housing in Jackson, TN, which has the largest population of the seven set-a-side counties in West TN.

Jackson, TN (located in Madison County) has land and infrastructure readily accessible to create affordable housing units in the short term that would simultaneously support THDA's policy goal regarding the Economic Development (Blue Oval) set aside. Even today, households are relocating to Jackson, TN specifically in connection with the upcoming Blue Oval complex. This would argue for expanding the current Economic Development set-aside to expand the affordable housing choices available to Blue Oval workers.

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The ability to preserve and expand affordable housing is not financially feasible without the competitive LIHTC program. The infrastructure is in place to meet the need if only the 2024 QAP would adequately recognize Madison County's affordable housing needs, current supply thereof, and Jackson-Madison County's strategic location with regard to the Blue Oval initiative.

Sincerely,

William L. Watson

William L. Watson, Senior Pastor
Historic First Baptist Church

Scott Conger, Mayor
121 E. Main St.
Suite 301
Jackson, Tennessee 38301



Telephone: 731-425-8240
Fax: 731-425-8605
Email: sconger@jacksontn.gov
Twitter/Instagram: @cityofjacksontn
Facebook: /TheCityofJacksonTN

September 6, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick St.
Nashville, TN 37243
To Whom It May Concern:

Please accept this letter to address comments in the 2024 QAP, and specifically the Economic Development (aka Blue Oval) set aside.

The county needs score for 2024 for Madison County should be increased to address the lack of affordable housing and the need for affordable housing in Jackson, TN, which has the largest population of the seven set-a-side counties in West TN.

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The ability to preserve and expand affordable housing is not financially feasible without the competitive LIHTC program. The infrastructure is in place to meet the need if only the 2024 QAP would adequately recognize Madison County's affordable housing needs, current supply thereof, and Jackson-Madison County's strategic location with regard to the Blue Oval initiative.

Sincerely,

A handwritten signature in blue ink that reads "Scott Conger".

Scott Conger, Mayor

Comments on Draft QAP & Minimum Design Standards
SOCAYR, Inc.
September 6, 2023

Please find below comments from SOCAYR, Inc. on the draft of the 2024 QAP as well as comments on the draft of the minimum design and construction standards.

- Comments on the THDA 2024 Draft QAP
 - LIHTC Calendar: In order to provide additional time to meet key regulatory deadlines (e.g., 10% test deadline, placed-in-service deadline, etc.), we suggest that the Initial Application schedule and the posting of Preliminary Rankings for Competitive Allocations be shifted earlier in the year. We realize that this change would not be easy to implement for either THDA or developers, because it would compress several aspects of the annual tax credit cycle (e.g., it may require a quicker release of the QAP, it may reduce the time available for developers to put together Initial Applications, etc.). This additional time is critical for the successful completion of projects, especially in a period in which developers need to be adaptable and creative in order to offset cost increases with the continued rise of interest rates, dips in equity pricing, and high construction costs. The ultimate goal of such a change would be, for example, that the Preliminary Rankings for 2024 LIHTC allocations would be posted in January 2024. The corresponding Initial Application deadline might be the preceding August. We recognize that implementing this change to reach this ultimate goal could take several years to accomplish in order to disrupt the current LIHTC cycle/schedule as little as possible. Possible ways to implement this change to the annual LIHTC calendar might be:
 - Shifting to a 2-year QAP, which would provide year-to-year continuity and require fewer annual revisions from THDA;
 - Revising the LIHTC calendar gradually, so that, for instance, in 2024 Initial Applications might be due in March with Preliminary Rankings posted in July, then in 2025 Initial Applications would be due in February with Preliminary Rankings posted in June, etc. It could be more feasible to accelerate changes to the calendar in the second year of a 2-year QAP, if such a change was adopted.
 - 3-B-1: Please clarify whether Level 1 Site Control documents (Section 6-A-1) are subject to the following comment: “Supporting documents should be no older than 6 months prior to the applicable application deadline, unless otherwise specified in the QAP” (Section 3-B-1).
 - 5-A-2: We suggest including language to address the relationship between COVID-19 exchanges and Major Significant Adverse Events in Section 5-A-2. Similar language was included in the 2022 and 2023 QAPs, and possible language that could be included in this section might be: “For Housing Credit Developments granted COVID-19 exchanges under Section 24 of this QAP, no Major Significant Adverse Event will apply.”
 - 24-A-2-d: We are seeking clarity regarding the meaning of the “applicable deadline” in the following sentence: “Failure to meet or requesting an extension to the applicable deadline will be a Major Significant Adverse Event under Section 5-A of this QAP” (Section 24-A-2-d).
 - We would suggest the following sentence if the intended meaning of “applicable deadline” is the Placed-In-Service deadline of December 31,

Comments on Draft QAP & Minimum Design Standards
SOCAYR, Inc.
September 6, 2023

2026 (the deadline associated with 2024 credits) rather than the original Placed-In-Service deadline for 2022 allocations (December 31, 2024):

- “Failure to meet the **Placed-In-Service deadline of December 31, 2026** or requesting an extension to **the Placed-In-Service deadline beyond December 31, 2026** will be a Major Significant Adverse Event under Section 5-A of this QAP.” (Our proposed added text is bolded and underlined for convenience.)

o 24-A-2-g:

▪ Comment 1:

We would suggest removing the restrictions on development fees in Section 24-A-2-g, particularly because the credit exchanges as proposed in Section 24 do not result in an aggregate increase to the housing credit allocation of any particular development. We understand that if additional credits were being allocated in order to offset cost increases it might be inappropriate to fund additional development fee with the additional tax credits. Our understanding is that the credit exchange provides additional time to place the units in service but does not allocate additional credits to a development. In other words, the exchange of credits does not increase the project's source stack.

Development fees are a critical component to the continued success of affordable housing projects. They fund the pre-development phases of projects, provide additional layers of contingency during the construction and stabilization phases of projects, and constitute an important resource to offset risks inherent in economic environments in which the costs of borrowing continue to increase, equity pricing falls, and construction costs remain high.

Equity investors and lenders also view development fees as an additional layer of contingency in a project as well. Investors and lenders like to see that a project has sufficient development fee paid after construction completion. This development fee can be deferred in order to offset potential cost overruns without delaying progress toward stabilization, conversion to the permanent loan, etc.

▪ Comment 2:

If Section 24-A-2-g is not removed as suggested above, please clarify from what starting point developer and consultant fees cannot be increased in the following sentence: “Housing Credit Exchange Allocation developments will not be permitted to increase developer or consultant fees” (24-A-2-g).

- o 25-D: We appreciate the THDA's desire to be a good steward of its resources (LIHTCs, tax-exempt bonds, soft funds, etc.). As construction costs remain high and the future of that industry remains unpredictable, we would suggest that the total development cost limits in Section 25-D be removed. We find it challenging even to propose numbers we consider reasonable for the TDC limits because construction costs remain high and volatile. We anticipate that nearly all (if not all) projects would need to request waivers to exceed the TDC limits. We would also like to assure THDA that the development community is committed to keeping costs as low as we are able and has many incentives to do so (e.g.,

Comments on Draft QAP & Minimum Design Standards

SOCAYR, Inc.

September 6, 2023

increased costs of capital, increased proportions of development fee being deferred, etc.).

- Comments on Draft Minimum Design Standards:
 - 7 Division 4-1: Clarify what is included in “other THDA approved materials.” Without more clarity on this item, we anticipate that a disproportionate amount of waiver/approval requests would be submitted to THDA.
 - 10 Division 7-2-d: We suggest that TPO type roofs with 1:12 or less slope should be allowed. This would allow for greater design flexibility, offer the possibility of more economical roof structures, and potentially better accommodate rooftop mechanicals, including solar panels.
 - 25 Division 23-5: We suggest removing the requirement that ceiling fans be included in the living room. In our experience, residents have mixed opinions on the value of ceiling fans in this part of their homes. Requiring ceiling fans in the living room is, of course, an additional cost to the project, so we suggest that it not be mandatory when residents do not always find value in its inclusion.
 - 27 Division 27-1: We suggest removing the requirement for telephone jacks as residents have transitioned to using mobile phones. We also suggest removing the requirement for internet jacks if wireless internet is provided.
 - Division 32-4: We suggest removing the requirement for fencing, which is not appropriate for most urban developments nor many suburban or rural developments. In our experience, local building codes have requirements for fencing when it is necessary in certain communities and circumstances, and we would suggest deferring to their judgment and local knowledge on this matter.



We build strength, stability, self-reliance and shelter.

September 6, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick St.
Nashville, TN 37243

To Whom It May Concern:

Please accept this letter to address comments in the 2024 QAP, and specifically the Economic Development (aka Blue Oval) set aside.

The county needs score for 2024 for Madison County should be increased to address the lack of affordable housing and the need for affordable housing in Jackson, TN, which has the largest population of the seven set-a-side counties in West TN.

Jackson, TN (located in Madison County) has land and infrastructure readily accessible to create affordable housing units in the short term that would simultaneously support THDA's policy goal regarding the Economic Development (Blue Oval) set aside. Even today, households are relocating to Jackson, TN specifically in connection with the upcoming Blue Oval complex. This would argue for expanding the current Economic Development set-aside to expand the affordable housing choices available to Blue Oval workers.

The Jackson Housing Authority's site-based waitlists contain over 2000 households, a number which is steadily growing while simultaneously the affordable housing stock has decreased over the years and continues to do so. Jackson, TN recently lost over 300 affordable units as a result of former LIHTC developers opting not to extend past their tax credit compliance period nor to accept Housing Choice Vouchers. These owners have chosen to charge the higher market rents versus the Housing Choice Voucher Payment Standards.

The ability to preserve and expand affordable housing is not financially feasible without the competitive LIHTC program. The infrastructure is in place to meet the need if only the 2024 QAP would adequately recognize Madison County's affordable housing needs, current supply thereof, and Jackson-Madison County's strategic location with regard to the Blue Oval initiative.

Sincerely,

Andrea Hudgins
Executive Director | andrea@jacksonhabitat.com
Habitat for Humanity Jackson, TN Area, Inc.



Mark Reid
Executive Director

125 Preston St. • P. O. Box 3188
Jackson, TN 38303-0188

September 5, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick St.
Nashville, TN 37243

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Sincerely,

Mark C. Reid
Executive Director



731-422-1671 • Fax 731-425-4605 • TDD 731-424-4587



September 6, 2023
Eric Alexander
Director of Multifamily Programs
Tennessee Housing Development Agency
Andrew Jackson Building, Third Floor
502 Deaderick Street
Nashville, TN 37243

Re: Comments to the Draft Low-Income Housing Credit 2024 Qualified Allocation Plan

Mr. Eric Alexander,

Thank you for considering the development community's perspectives regarding the Draft Amended Low-Income Housing Credit 2024 Qualified Allocation Plan that were issued on August 18. Holladay Ventures has reviewed the Draft Plan and has the following thoughts:

Section 5. B. 4.

This language is important to protecting and ensuring proper stewardship of Agency resources and is designed to prove the ability to deliver on commitments and obligations made in pursuit of Competitive Low-Income Housing Credits by developers without history or track record in Tennessee. However, it also creates a disincentive and an impediment to developers who have successful track records on projects with Non-Competitive Low-Income Housing Credits who would seek to apply for Competitive Credits or a twinned transaction under the proposed Twinning Set-Aside/Round in 2024. We suggest that this language is clarified to address developers with *no* history of success in *either* the Competitive or the Non-Competitive Low-Income Housing Credit programs.

Section 5. B. 7.

We believe the language in this Section is overly broad and will encourage meritless threats of litigation as a method to challenge eligibility among competing developers. The secondary and equally unintended consequence to this language is that for every threat of litigation, THDA likely will receive an appeal or request to adjudicate the challenge on its merits, which will create undue burden on the Agency to perform a role outside its traditional, core functions.

Sections 25. C. & D.

We believe that current total development cost limits should be raised to accommodate current realities in the market, where developers throughout Tennessee continue to reel from increases in commodity and materials pricing, labor shortages, and previously unheard-of lead times for essential components to the construction of multifamily product (appliances, transformers, meters, etc.). We encourage the Agency, via review of cost waivers submitted by applicants in 2023 for both the competitive and noncompetitive Low-Income Housing Credit application cycles, to increase the total development costs limits for urban developments by at least 30%.

And while our comments generally address the Draft Amended Qualified Allocation Plan for 2024, we also would suggest that the per project limit of \$43MM in MTBA should be raised as well. Many applicants have asked for supplemental bond volume in recent MTBA cycles as per unit total development costs continue to skyrocket in real time. The ceiling on per project volume, while intended to prevent concentration of this resource in too few proposals, in reality is concentrating in too few units. The 4% noncompetitive credit leverages greater production than its 9% counterpart, but its effectiveness is currently eroded by market constraints. We feel that raising the per project limit or implementing a per project waiver of this limit will further the Agency's goal of incentivizing production in areas of great need.

We encourage the Agency to refine this Section in order to avoid such scenarios, which ultimately will stymie the production of affordably priced housing Tennessee so desperately needs.

Thank you again for the opportunity to provide feedback on the Draft Qualified Allocation Plan. We value the ongoing partnership and guidance you provide the development community to address this critical work in Tennessee, and we look forward to a successful and impactful 2024.

Sincerely,



Brian Drobnick
Director of Development

Cc: Evan Holladay, Chase Markham, Reed Lower

9/6/2023

Eric Alexander
Multifamily Development Director
Tennessee Housing Development Agency
Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Dear Eric,

I am submitting the attached comments on the “Minimum Design Standards for the Rehabilitation / New Construction for Single Family & Multifamily Units”.

In general we are in support of a clear set of design and construction standards that will guide the development of quality housing through the many THDA production programs. Such a document needs to be very clear what standards apply to which program and what product type. The standards as currently presented do not achieve this goal. **It is our recommendation that the standards are not applicable to the 2024 program documents, but rather are refined and approved at a later date.**

Alco focuses on the acquisition and rehabilitation of multifamily apartment communities. From this perspective there are multiple policy decisions dictated in the proposed standards that should be reconsidered or refined.

1. Visitable Units – Do the standards require that elderly rehab projects meet Visitable Unit standards? This is not practical for many renovation projects.
2. Dishwashers and Icemakers – THDA has periodically required dishwashers and icemakers. We request that both are optional and not threshold or required. Both are decent amenities, but they come with significant downsides in a rehab project. The addition of an icemaker can require the total redesign of a kitchen to get water to the refrigerator. This is an unnecessary expense. Similarly a dishwasher eliminates base cabinets in kitchens that often have limited cabinet space to begin with.
3. Windows – Often existing properties will have select components replaced over time. It is wasteful to require that **all** windows be replaced particularly if some windows are already high quality energy efficient windows.
4. Siding Material – Hardi (or similar durable siding) should be specifically allowed. Requiring brick or stone is too restrictive, and not including Hardi will overwhelm THDA with waiver requests.



5. Structural “hurricane” straps – this is far too prescriptive for a rehab project. If code does not require the modification then THDA standards should not add this specific requirement.
6. Roofing slope – Standards appear to require pitched roofs only. Is this intended? If so, it would preclude the rehabilitation of mid and high-rise residential buildings.
7. Sheetrock in Bathrooms – Standards imply that in a rehab project **all** kitchen and bath sheetrock would have to be replaced. This is extremely expensive and should be removed as a standard. Any sheetrock that is replaced as part of the renovation could certainly meet the proposed standards.
8. Tub / Shower Surround – Standards do not include ceramic tile as approved material. In our experience tile is a preferred material for long-term durability and should be added.
9. HVAC Duct work – Requiring all HVAC duct work to meet current standards will greatly increase the cost of renovation projects as it would require removing significant amounts of sheetrock. This would be very disruptive to residents.
10. Site Improvements – Several sections of the standards impact the site layout including parking and sidewalks. Existing properties being renovated likely will not be able to meet the proposed standards. Rehab projects should be exempt from parking and sidewalk standards.
11. Fencing – The standards propose that all multifamily properties provide fencing around the entire site. This is overly prescriptive and should be left up to the owner to determine the best security features for a particular site. Fencing is often used at specific locations, requiring it along 100% of the boundaries every property is not good policy.

The above-listed items are just some of the deficiencies we noted in the document as currently drafted. The standards need to be reviewed to be clear and consistent. Each term, code reference, property type, and policy needs to be clearly defined. Again, we are in support of clear design and construction standards to guide the development of Tennessee’s housing stock, but the proposed standards are not ready to be implemented.

Sincerely,
Alco Management, Inc.



Berkeley Burbank
CEO





Tennessee Housing
Development Agency

**Minimum Design
Standards
For the Rehabilitation /
New Construction of
Single Family &
Multifamily Housing Units**

THDA
502 Deaderick Street
Nashville, Tennessee 37243
615-815-2030

Revised
JUNE 2023

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Minimum Design Requirements

The following minimum design standards are for all new and rehabilitated single and multifamily units. These same standards also apply to accessibility improvements. Refer to ADA Accessibility Guidelines Latest Edition, or the ICC A117.1 Accessibility Code for technical requirements and standards when applicable. **These minimum standards are in addition to the local, state and federal adopted codes and standards. You must also comply with all Zoning Regulations. These standards are also in addition to any item(s) you may have opted to do on your application for the grant.**

Also Fair Housing & 504 accessibility??



Division I: General Requirements

1 Minimum Design Standards:

These Minimum Design Standards shall apply when THDA funding is used for all rehabilitation, **construction and/or reconstruction** of single family, and multifamily housing financed through THDA's Programs.

Is this the correct HOME ref? 92.251

THDA's Minimum Design Standards are provided in conformance with the requirements of 24 CFR 92.25, **and other rules and regulations**. They are to be used as a guideline to meet and/ or exceed all applicable federal, state, **Th** county, and local codes. These standards also serve as a vehicle to promote and enforce modern construction and design practices for builders, contractors, and design professionals who wish to utilize funding from the Tennessee Housing Development Agency. Other methods of construction and design may be acceptable on a case by case basis.

2 Quality Assurance:

General Contractors and/or subcontractors shall furnish a written material and labor warranty on all units, materials, and construction for a period not less than one full year after the date of issuance of a certificate of occupancy or owner's final inspection acceptance. All construction must meet the workmanship standards as expected by **THDA Quality Standards**. **What are these? Where can they be found?**

3 Units for Elderly Residents:

This new policy will make elderly rehab very difficult.

All new and rehabilitated multi-family constructed units for elderly residents, age 62 or older, shall be located at the grade level or on an elevator accessible floor in **compliance with ICC A117.1 Section 1005 Type C VISIBLE Units**.

It will be very expensive to meet VISIBLE Standards in multifamily rehab projects. rewire outlets, widen doors, increase size of bathroom, etc.

4 Universal Design:

Projects that receive funding from THDA for the purpose of rehabilitating single family or multi-family housing are encouraged to use Universal Design principles to ensure the unit's viability for a range of future users. Information regarding Universal Design principles can be found at:

<http://www.huduser.org/Publications/PDF/remodel.pdf> and at <https://www.ncsu.edu/ncsu/design/cud/> Link is broken

?? --<https://design.ncsu.edu/research/center-for-universal-design/>



Define "Reconstructed". Must be different from Rehabilitation.

All new and reconstructed units shall have at a minimum the following design features:

1. At least one "No-step" entry exterior door with a minimum width of 36".
2. All doors must have a lever-type opening device.
3. All doors within the structure must be a minimum width of 32".
4. All plumbing features must have lever-type faucets.
5. There should be no steps or slopes, other than to move from floor to floor.
6. All electrical receptacles shall be located no less than 15" above the floor.
7. All electrical switches shall be located between 42" and 46" above the floor.
8. Tall ADA Style water closet.
9. On multi-floor units, you must include on the main floor a half bath if a full bath has not been installed. The half bath must provide at least 30 inches by 48 inches of maneuvering space that allows easy access to the sink and toilet.

5 **Codes:**

All construction shall comply with applicable federal, state, county, and local codes, planning and zoning requirements, local authorities' rules and regulations. Federal regulations which may pertain to any specific project such as the Fair Housing Amendment Act of 1988, Section 504 of the Rehabilitation Act of 1973 and Americans with Disabilities Act of 2010, as amended, also apply. In the absence of local codes, the Tennessee State adopted codes and the Existing Building Code as published by the International Code Congress (ICC) and the Uniform Physical Condition Standards (UPCS) or the Housing Quality Standards (HQS) (a comprehensive list for each of these can be found on the HUD.Gov website) shall apply according to the program grant.

6 **NOTICE for Multi-Family Developments:**

Zoning – Evidence that Sites are currently zoned for the proposed Development must be demonstrated through a letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Development and containing all four (4) of the following: 1) location of the Site(s) (e.g. address or street crossings); and 2) The current zoning and any special use designations; and 3) A description of the Development (including number of units, proposed use, and construction type i.e. townhome, midrise elevator, etc.); and 4) A statement that the current zoning will permit the proposed Housing Development. This shall be submitted and approved, prior to the approval of the project.



7 5 Energy Efficiency:

All rehabilitated residential building designs shall strive to ~~meet or~~ exceed minimum energy efficiency requirements as currently adopted by the State of Tennessee. All new or reconstructed designs shall meet or exceed minimum energy efficiency requirements as currently adopted by the State of Tennessee.

For Rehab projects please clarify -
are the items below targets or requirements

Demonstrate that all units, once constructed, will include all of the following energy efficiency features:

- a. In all units, at least one high efficiency or dual flush toilet and all faucets, shower heads and toilets EPA “Watersense” rated.
- b. New ENERGY STAR rated frost free refrigerator (14 cubic foot minimum) with ice maker. Please remove icemaker requirement for rehab. it is expensive and an unnecessary amenity
- c. All faucets are EPA “Watersense” rated.
- d. All light fixtures in units and common areas are fitted with ENERGY STAR rated light bulbs, compact fluorescent or LED.
- e. Electronic 7-day programmable temperature control thermostats.
- f. All windows are replaced with double glazed, insulated energy efficient windows. Rehab projects with good efficient vinyl window should not have to replace windows.

Division 2: Existing Conditions

1 Lead Based Paint:

When THDA funds are utilized, and if the home was built prior to 1978. Each home built prior to 1978 must be tested for LBP prior to the approval of the work. All LBP Hazards must be abated or corrected per the Tennessee Department of Environment and Conservation, and cleared prior to a final approval.

~~6~~ Division 3: Concrete

1 Exterior Concrete:



Shall conform to the latest revised Standard Specification for Portland cement, ASTM C595. All concrete shall have a minimum 28-day compressive strength of 3000 psi and be entrained with 5 percent air with a minimum cement content of 520 lbs. per cubic yard (5.5 sacks). Expansion-joint material shall be ½” thick asphalt-impregnated pre-molded fiber, ASTM D1752. Follow American Concrete Institute (ACI) 318. Minimum 4” thick for driveways, parking areas, sidewalks, porches and stoops. Driveways to have fiberglass mesh or 6x6 WWF or 6” thick.

2 Concrete Finishes:

Smooth formwork, no patterns, shall be used **without prior written permission from THDA** for all poured in place walls exceeding 3 feet or more exposure.

7 Division 4: Masonry

Does IRC address allowed materials?

1 Brick: **Hardi Siding should be pre- approved and listed**

Shall be ASTM C 216, Type FBS, Grade SW, or equivalent, modular size. Siding material of all newly constructed Multi-Family Dwelling units consisting of 5 or more units shall consist of a minimum of forty percent (40%) brick, stone, or other **THDA approved masonry-type materials**. The area calculation of forty percent shall not include window and door areas nor masonry below finished grade. For Single-Family Dwellings, siding materials shall consist of any product allowed by the current State adopted International Residential Code with THDA approval.

2 Concrete Masonry Units (CMU):

Stucco or split face shall be used for all CMU walls exceeding 3 feet or more exposure.

8 Division 5: Metals

1 Metal Ties: **Rehab projects need to be exempted from this requirement. This type of structural modification will make rehab projects infeasible**

Metal tie-down or “hurricane” straps shall be added per the most current State of Tennessee adopted code.

2 Steel Lintels:

Steel lintels, when specified for openings in masonry walls, shall be galvanized, primed and painted.

How does this apply to Rehab projects? Lintels are not replaced as part of rehab.

~~9~~ Division 6: Wood, Plastics, and Composites

~~1~~ Stair Riser and Tread Construction:

All newly constructed steps shall conform to latest State of Tennessee adopted code requirements.

Is this necessary to say that stairs must comply with code. This should be covered in the Codes section.

2 Wood Exposed to Weathering Elements:

All exterior wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground.

3 Wood Decking:

Exterior wood decking shall consist of composite, natural durable wood or pressure treated wood material.

4 Wood Stairs and Handrails:

I believe Multifamily programs currently prohibit wood stairs

Exterior wood stairs shall be constructed with properly treated dimensional lumber. Handrails shall be constructed of composite, natural durable wood or pressure treated wood material. Handrails shall meet the graspability and size standards in the International Residential Code.

~~10~~ Division 7: Thermal and Moisture Protection

1 Fascia:

a. **Metal:** 0.019" minimum thickness aluminum, factory finish (coil stock).

b. **Exposed Wood:** redwood, cedar, or pressure treated.

c. **Composite:** Cement fiber board or other durable material as approved by THDA.

Is THDA approval needed for this?

2 Roof:

- a. **Shingles:** 215 lb. seal tab type over 30 lb. felt with metal drip edge, with minimum 25-year product warranty.
- b. **Metal:** Metal roofs will be considered on a case-by-case basis.
- c. **Decking:** Decking shall be a minimum of ½” OSB with fastening clips.
- d. Minimum roof slope on all newly constructed roofs except porch roofs shall be 4” vertical to 12” horizontal. Does this prohibit new construction with Flat TPO type roofs?
- e. **Multi-Family Roofs:** If roofs are to be replaced, roofing materials must at least be anti-fungal with a minimum 25-year warranty.

3 Gutters and Downspouts:

All structures shall have gutters and downspouts and be appropriately designed with a minimum 5” gutter and a 2”x 3” downspout. All downspouts shall empty onto a splash block or be piped to an appropriate location.

4 Siding:

- a. **Composite:** Fiber cement siding, primed, with two-coat minimum painted finish or factory finish.
- b. **Metal:** 26 gauge minimum thickness aluminum or galvanized steel with factory finish.
- c. **Vinyl:** 0.42” minimum thickness, UV protected.
- d. **Wood:** Cedar or redwood stained or primed once with 2-coat minimum finish sealer. Should THDA allow wood siding? Fiber Cement is more modern product.

5 Insulation:

All rehabilitated homes must strive to meet or exceed insulated and air sealed per the currently adopted State of Tennessee ICC Energy Code. All new or reconstructed homes must be insulated and air sealed per the currently adopted State of Tennessee ICC Energy Code. This will include air sealing, attic and crawl space insulation, and building envelope, etc.



~~11~~ Division 8: Openings

1 Exterior Doors:

Exterior Doors shall be 1 ¾" thick 6 panel, steel material, or with limited panes of glass, insulated and be appropriately finished as recommended by the manufacturer. All exterior doors shall have a U-factor equal to or less than the requirements of the currently adopted State of Tennessee ICC Energy Conservation Code. **Note: Other type doors will be approved on a case-by-case basis.**

- a. **Exterior Hardware:** All exterior doors, except sliding glass doors, shall have a lever key-lock latch and security accessories (eyelet peep hole and deadbolt).
- b. **Exterior Storm Doors:** All exterior storm doors, if installed, shall be provided with a manufacturer's designation specifying the type of glass and the safety glazing standard with which it complies, which is visible at the final installation. And shall have a storable glass and screen in the lower sash, as well as a self-closing device.

2 Interior Doors:

Solid Wood, Composite or hollow core panel doors. Interior doors shall be a minimum of 1 ¾" thick.

a. **Interior Hardware:**

All doors, except bi-fold and bypass type doors, shall be equipped with passage lever-handle hardware. All bedrooms and bathrooms shall be equipped with privacy locks.

3 Windows:

- a. All window frames must be solid vinyl. Double hung or Single hung type to have at a minimum the lower sash able to slide with a removable bug screen.
- b. All glazing shall be double-paned with low E with Argon.
- c. The vapor seal on the glazing must have a minimum ten-year warranty.



- d. All windows shall have a minimum one-year warranty on the operation of the window.
- e. All windows shall have a National Fenestration Rating, SHGC Rating and U-Factor meeting minimum energy code requirements as required by the International Energy Conservation Code as currently adopted by the State of Tennessee.

~~12~~ **Division 9: Finishes**

1 Exterior Ceiling:

Solid backing to be used when using vinyl or aluminum material for porch ceilings, provide a rigid, solid backing such as ½” OSB or plywood.

2 Exterior Finishes:

- a. **Wood:** All exterior exposed wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground. All structural posts below grade shall have the factory treated end of the post below grade. Use of CCA Treated lumber shall be prohibited.
- b. **Posts and Columns:** All posts columns and guardrails at deck level and above shall be factory made and finished, or meet the exterior wood finish in section “a”.
- c. **Handrails:** Rails shall be smooth, splinter-free, painted or factory finished, withstanding weather, and resisting checking and splintering. All handrails shall meet the graspability standards as required by the International Residential Code as currently adopted by the State of Tennessee.
- d. **Fiber Cement Siding:** Shall be factory finished or be painted with at least two coats of exterior grade paint.

3 Finished Floor Treatments:

- a. **Carpet Padding:** 7/16” thick, 6-lb. minimum re-bond polyurethane.



Add LVP/LVT - vinyl plank is very good and common resilient flooring material.
Add Ceramic tile - good for bathrooms.

- b. **Sheet Carpet:** 25 oz. minimum, 100 percent nylon. Other options include Berber type with blended fiber. 1.0mm?
- c. **Sheet Vinyl:** Shall be Armstrong or equivalent minimum 10 mil wear layer. Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry, and appropriate temperature during installation. Vinyl sheet flooring shall conform to the requirements of ASTM F 1303, Type I.
- d. **Vinyl Composition Tile (VCT):** Shall be Armstrong or other approved equal, 1/8" x 12" x 12". Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry, and appropriate temperature during installation. Follow manufacture's recommendation for pattern layout.
- e. **Wood Flooring:** Flooring shall be tongue and groove hardwood; factory finished, or have a minimum of three coats of site-applied, UV-protective polyurethane.
- f. **Laminate Wood Flooring:** Composite panel(s) comprised of four main components: a high pressure decorative laminate surface, an Aqua Resist high density fiberboard (HDF) core, a high pressure balancing backer, and an attached high density polyethylene underlayment. Typical size: 7.6" x 47.55" x .385". Aluminum locking system for glue-free installation. Wax-impregnated edges. The floor shall be resistant to stains and reagents.

Requirements

4 **Other Flooring Products: Ceramic tile and laminates**

At the interior side of the main entry door within each dwelling unit, there shall be an uncarpeted, water-resistant finished floor area. This area shall be no less than sixteen (16) square feet.

5 **Interior Doors:**

- a. **Paint:** Primed once, with two-coat semi-gloss finish on all sides and faces. No VOC.
- b. **Stain:** Stain or oil on all sides and faces, with three-coat varnish, polyurethane finish. Low VOC.
- c. **Factory Finished:** Factory finish doors are acceptable with factory warranty.

6 **Water-Resistant Drywall:**



Need to exempt rehab projects that are not replacing sheetrock

Water-resistant gypsum board (commonly called “green board”) or equivalent must be used on all walls in the bathroom and within six feet of wall surfaces where the drywall can be splashed such as kitchen sink, next to water heater and/or washer. Water-resistant/ mold resistant gypsum board or equivalent shall be provided behind any tub/shower unit located on an exterior wall. Water-resistant gypsum, when used on ceilings must be rated for the span. Prefer non-paper faced drywall or a product that meets ASTM D3273 for mold resistance above and immediately around tubs, showers.

- 7 **Interior Wall Finishes:** Primed once and two finish coats of flat, eggshell or satin. Use semi-gloss, or satin finish for bathrooms, laundry, and kitchens. No VOC.

Division 10: Specialties

1 **Roof Offsets:**

New Construction Only

Projects of four (4) or more attached units shall be designed in such a way as to vary the roof line with offsets, gable porch roofs, etc.

2 **Entries:**

New Construction Only

All main entries shall have a roof or awning over the entry area. The roof shall cover at least a 5' x 5' area.

3 **Closet Storage/Accessories:**

For Rehab: or other similar shelves

Closets shall include a 12” deep vinyl wrapped wire shelf in coat, laundry and bedroom closets. Minimum of (4) 24” deep vinyl wrapped wire shelves for kitchen pantries, if present

4 **Mailboxes:**

All units shall have a USPS approved mailbox either at each individual unit, common area, or a designated location per USPS post master.

5 ~~13~~ **Bath Accessories:**

At minimum, all bathrooms shall have:



- Why is this new requirement being added - Or other storage.
- a. Medicine cabinet with mirror 16" wide by 20" tall (minimum) if in a full bath
 - b. Wall hung toilet paper dispenser
 - c. 24" (minimum) towel bar
 - d. Mirror above vanity backsplash

Other combinations of mirror and storage may be acceptable with the approval of THDA. All electrical outlets in the bathroom are required to be of the GFCI Type or GFCI Protected. This should be in electrical section

~~14~~
~~15~~
~~16~~

17 Division 11: Equipment

- 1 **Refrigerator:** Eliminate requirement for ice maker - unnecessary and adds serious flooding risk to units.

A refrigerator shall be minimum ~~14~~ 18 cubic foot (recommend 18 cubic foot) frost free, ~~with an icemaker~~ provided in all dwelling units to match color with the dishwasher and range on all projects. ~~where identified in the PCNA (physical/capital needs assessment)~~. All refrigerators must be Energy Star qualified. The Energy Star mark must be clearly marked on the front/top of the product, clearly displayed in product literature and listed on the manufacturer's Internet site.

- 2 **Dishwasher:** For Rehab - Eliminate requirement for dishwasher it takes up too much space and is often not used.

A dishwasher shall be 24" under counter mount unit to match manufacturer and model line with the refrigerator and range including new construction and rehabilitation projects. ~~where identified in the PCNA (physical/capital needs assessment)~~. ~~Standard dishwashers shall use less than 4.25 gallons per cycle and 295 kWh per year.~~ All dishwashers must be Energy Star qualified. The Energy Star mark must be clearly marked on the front/top of the product, clearly displayed in product literature and listed on the manufacturer's Internet site.

- 3 **Range:**

An electric or gas range shall be minimum 30" 4 burner with self-cleaning oven provided in all dwelling units to match color with the refrigerator and dishwasher on

13

On elderly units a smaller range may be appropriate.



all ~~rehabilitation~~ projects. ~~where identified in the PCNA (physical/capital needs assessment). They must also have an Energy Star Rating and Label on the equipment at the final inspection.~~

4 Laundry:

All clothes washers supplied in individual units of ~~multi-family~~ dwellings shall have an MEF equal to or greater than 2.0 and a WF equal to or less than 6.0.

All laundry facilities located inside any habitable space shall be equipped with a properly installed washer overflow pan indirectly discharging to an overflow waste receptor, floor drain, or to the exterior of the building. Water supply shut off valve to be single throw cutoff. All washer / dryer areas are required to have a washer box installed into the wall at the location of the washer / dryer.

5 Trash Collection:

In Multi-Family Dwellings provisions for dumpsters or trash cans are required. ~~Screening of trash cans and/or dumpsters shall be provided.~~

~~Why is this new requirement being added - screen are easily damaged by trucks and often gather trash and encourage unauthorized dumping.~~

6 ~~18~~ Playgrounds:

~~For multifamily rental units only, playgrounds shall be comprised of construction grade equipment approved by THDA prior to installation.~~ The area immediately in and around the playground shall be mulched with 6" of appropriate material such as cypress mulch, pine bark or rubber mulch.

~~What is the THDA approval procees, is this necessary?~~

Playground equipment is not an eligible single family expense.

~~19~~ Division 12: Furnishings

1 Casework:

Cabinet fronts shall be made of solid wood (not particleboard); doors, draws and fronts shall be factory finished. Cabinet ends shall be finished with appropriate veneer. All cabinets shall be Kitchen Cabinet Manufacturers Association (KCMA) approved.

2 Countertops:



Tops shall be post form plastic laminate, bullnose front edge, rolled backsplash, finished exposed ends and sealed at the cut out for sink, and the backsplash at the wall. Other appropriate materials may be used such as solid surface, and cultured marble for bathroom vanities. Any other types of countertops must be approved by THDA.

~~20~~ Division 13: Special Construction

1 Office/ Laundry/ Maintenance Building:

Unless individual units are supplied with laundry facilities, all projects consisting of four (4) or more units shall provide common laundry facilities including a minimum of one (1) washer and one (1) dryer per every twelve units up to a maximum total of four (4) washers and four (4) dryers. All clothes washers in common areas shall have a Modified Energy Factor (MEF) equal to or greater than 2.2 and a Water Factor (WF) equal to or less than 4.5.

Division 14-20 Reserved for Future Use

~~21~~ Division 21: Fire Suppression

All new construction must comply with the International Residential, Building and Fire Codes as currently adopted by the State of Tennessee.

~~22~~ Division 22: Plumbing

All plumbing, including piping, fixtures and appurtenances must meet or exceed the standards of the International Residential or Plumbing Code.

1 Bath Tub:

Tubs shall be 30" deep white porcelain finish steel, or cultured marble, **or other materials as allowed by code.**

2 Shower:



Add Ceramic Tile

Showers shall be 36" x 36" minimum with 4" curb; made of fiberglass, acrylic, or cultured marble. Shower head flow not to exceed 2.5 gpm.

3 **Tub/ Shower Surround:**

Add Ceramic Tile

Tub/ shower surrounds shall be 3 piece integral panels of plastic, fiberglass, or cultured marble minimum 72" above flood rim.

60"

4 **Lavatories:**

Sinks shall be 15" minimum diameter; made of white porcelain finish steel or cultured marble, or other materials as allowed by code.

5 **Faucets:**

Polished chrome finish two handle with pop-up stopper. Lever handle type shall be used when ADA requirements apply. Faucets containing plastic material for exterior housing are prohibited. Flow not to exceed 1.5 gpm.

WaterSense

6 **Water Closets:**

Water closets shall be white porcelain elongated bowls, ADA Tall water closets with acrylic seat maximum 1.6 GPF.

WaterSense

7 **Kitchen Sink:**

For Rehab and Elederly - single bowl and less than 33" wide may be needed

23

8

24 Sinks shall be a minimum eight inches (8") deep, 33 x 20 stainless steel double bowl. For ADA compliance when applicable, roll under sink depth shall be shallower as required in mobility impaired dwelling units

Is ADA the correct standard for residential kitchen? FHA or 504?

9

8 **Plumbing Accessories:**

Is plastic acceptable?

Water heaters located in any interior space shall have a metal 2" deep overflow pan with discharge pipe indirectly plumbed into DWV receptor, floor drain or to the exterior. Discharge pipe end shall have a bug screen.

10

9 **Piping:**



For New Construction or newly added during renovation:

Potable water lines shall be copper, PEX, or other materials as allowed by code. Installation in exterior walls must be centered in the insulation. Hose bibs must be of the freeze proof kind. All piping located in attic or crawl space shall be insulated. All hot water lines shall be insulated equal to or greater than R-4 pipe wrap. All lines within the crawl space or attic must have an insulation equal to or greater than the requirements of the currently adopted State of Tennessee Energy Code.

10 Water Heater:

30 gallon is standard

Water Heater shall be minimum ~~40~~ gallon electric with a minimum Energy Factor (EF) equal to or greater than .92. Gas fired water heaters shall an EF equal to or greater than .59. Tankless water heaters will be considered on a case-by-case basis. Instantaneous gas water heaters shall have an EF equal to or greater than .94 (96%AFUE). Prefer direct vent on gas water heaters or sealed combustion.

What is difference between Tankless and Instantaneous water heater - Are they the same? Are they allowed? Is new standard the UEF vs. EF

11 Radon Reduction:

Radon venting is required on all new and reconstructed homes unless otherwise specified by local codes or regulations. Refer to the IRC Appendix F.

~~25~~ Division 23: Heating, Ventilating, and Air Conditioning

All mechanical systems, shall be regulated, including the design, installation, maintenance, and alteration of mechanical systems that are permanently installed and used to control environmental conditions within buildings to meet or exceed the standards of the International Residential or Mechanical Code.

1 Heating Ventilating and Air Conditioning Equipment:

All units shall have a central HVAC system comprised of a split system heat pump or a package unit with emergency heat strips for heating and cooling using high-efficiency equipment. Units shall consist of a system air conditioner and furnace. Split System Heat pump/ AC systems shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14 15 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8. Fuel oil, gas fired furnaces and boilers shall have an Annual Fuel Utilization Efficiency (AFUE) equal to or greater than ninety-two percent (92%). Packaged A/C and Heat Pumps shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8.0. Fuel oil, gas fired furnaces and boilers



This appears to be a duplicate?

~~shall have an Annual Fuel Utilization Efficiency (AFUE) equal to or greater than eighty percent (80%). Electric-resistance-only heat systems are prohibited. Prefer direct vent on gas furnace or sealed combustion. All HVAC Systems shall be sized by using the ACCA Manual J, S and D as required by the state adopted International Residential Code, and these reports to be maintained and on file if requested by THDA.~~

Does IRC apply to multifamily?

If any of the above units cannot be included in any building because of structural constraints, please submit to THDA alternate systems for review and issuance of a determination.

- 2 Ducting:** It is not practicle to replace HVAC duct work on rehab projects.
New Construction: (Rehab project exempt from this section)

Duct system can be a mix of; hard duct main trunk lines (sheet metal) from the air handlers with flex duct branching out to the individual vents. All duct must be insulated with a minimum requirements of the State of Tennessee adopted current ICC Energy Codes, and installed per SMACNA (Sheet Metal and Air Conditioning Contractors' National Association) standards. All joints and connections shall be sealed tight compliant with UL 181 and pass pressure testing. Exhaust vent piping shall be insulated. All ducts shall be installed per manufactures requirements and free of restrictions. Vent louvers shall be white adjustable type. Dryer vent shall be through wall weather type with damper. All supply ducts shall have individual dampers enabling supply air adjustments at each register grill and repositioning damper. All completely replaced HVAC systems and ducts shall be Tested and Balanced within 20% of the ACCA Manual J, S, and D calculations, and pass a "Duct Blaster" test for duct tightness, and these reports to be maintained and on file if requested by THDA.

3 Thermostat:

All individual HVAC systems shall be controlled by a digital programmable 7-day thermostat, as required by the currently adopted State of Tennessee ICC Energy Code.

4 Range Hoods:

All units shall be equipped with a minimum 200 CFM range hood. All range hoods shall be Energy Star qualified.

E-Star range hood costs 3x or 4x cost of standard range hood.
Energy savings is minimal.



Recirculation hoods shall be equipped with an activated charcoal filter. Gas appliances must be ducted to the exterior. Hood shall have a light with the ability to accept a CFL or LED bulb.

5 Ceiling Fans:

Ceiling fans shall be minimum 42" 4 paddle with light kit located in all bedrooms and a 52" 5 paddle with light kit in the living room. Fans shall be Energy Star qualified. Minimum 120 cfm/watt at medium speed setting. Fans shall have the ability to accept a CFL or LED bulb.

6 Bathroom Exhaust Fans:

Exhaust air from bathrooms and toilet rooms shall not be recirculated within a residence or to another dwelling unit and shall be exhausted directly to the outdoors. Exhaust air from bathrooms and toilet rooms shall not discharge into an attic, crawl space, soffit vents or other areas inside the building. Ventilation systems shall be designed to have the capacity to exhaust the minimum air flow rate and mechanical exhaust capacity of 50 cfm intermittent or 20 cfm continuous, and may be of the exhaust, heat, or light types, or combo units.

~~**26 Division 26: Luminaries / Electrical**~~

All electrical work must conform to the currently adopted National Electrical Code (NFPA 70), as adopted by the State of Tennessee. All electrical work will require the obtaining of electrical permits and receiving a passing final inspection by a Tennessee Licensed Electrical Inspector for that jurisdiction or area.

1 Exterior Luminaries:

Luminaries shall be located at all entrances and common areas. All on-site parking areas shall be lighted. The electrical supply for all-common areas, stairways, walkways and parking areas shall not originate from an individual unit. Each fixture should have dusk/ dawn and motion sensor capabilities with CFL or LED lamp.

parking lot lights should not be on motion sensor.

2 Interior Luminaries:

Each room, hall, stair, and walk in closet shall have a minimum of one switched overhead light (color to match door hardware) with energy efficient CFL or LED lamp and globe (ceiling fan light kit is acceptable in bedrooms and living room). Kitchens



shall include adequate lighting over the counter top, appliances, and sink. Bathrooms shall be equipped with adequate lighting over the vanity sink with CFL or LED lamps and a combination exhaust fan light in the ceiling near the water closet/tub In rehab 2 lights in the bathroom is often not practice - exempt rehab from this

~~27~~ **Division 27: Communications**

1 Telephone and Cable:

All dwelling units requiring re-wiring, reconstructed or new units shall be wired with CAT6 cable for telephone and internet jacks, as well as cable for television in each bedroom and living room. Common areas, community rooms and on-site management offices to have communication lines as required.

Division 28: Electronic Safety and Security

1 Fire Alarm & Smoke Detectors:

Provide smoke detectors and Fire Alarm Systems as required by NFPA 72, and the International Building, Residential and Fire Codes as adopted by the State of Tennessee. No bedroom door shall be more than eight (8) feet from a hallway smoke detector. Install devices per manufactures installation requirements. All detectors must comply with all state, county, and local codes.

2 Carbon Monoxide Detectors:

UL listed carbon monoxide detectors shall be installed outside each sleeping area in the immediate vicinity of all bedrooms if the dwelling contains fuel burning appliances or has an attached garage, as required by the currently State of Tennessee adopted ICC Residential, Building, and Fire Code.

Division 29 - 30: Reserved for Future Use

Division 31: Earthwork

1 Site Layout:



New Construction:

Property line, setbacks, easements, right-of-way and clearances must be properly identified. Other engineered designs may be required by THDA for approval.

Division 32: Exterior Improvements

1 Landscaping:

Adequate landscaping is required on all multifamily projects. The developer shall submit a landscape plan as part of final plans and specifications. Each building shall include a minimum landscaping package.

2 Turf:

All lawn areas shall be seeded with the seed variety, lime, and fertilizer application rate, which is appropriate to establish a good lawn cover. All slopes in excess of 3:1 within 10 feet of the building, driveway and/or walkway shall receive sod or other approved erosion control materials which will enhance the establishment of a permanent ground cover.

3 Sodded Areas:

Sod is optional in building front yards and common areas for all projects.

4 Fencing: This is impractical and not good policy. Should be determined by owner or each property. Please remove this requirement.

All multifamily projects shall be fenced to provide security around the site boundaries.

5 Parking/Driveways:

Elderly properties should be exempt from 1:1 standard.

All multifamily projects shall have adequate parking as determined by the local zoning or building. Unless prohibited by local code, jurisdiction or structural constraints all projects shall have a minimum of one parking space per unit. Single Family Dwellings shall have a minimum parking space for 2 vehicles.

6 Parking Lots:



All on-site parking lots and access drives are to be paved and parking spaces shall have bumper stops or curbs. If walkways are used as bumper stops, the walkway shall be 6' wide. New construction only, rehab will not have space for additional sidewalk width

7 **Concrete pads and walks:**

All entry walks shall be a minimum of 3' wide, 3000 psi concrete, and shall be provided at all units from the entry to parking area. Provide ¼ inch per foot crown or cross slope in the direction of drainage. Expansion-joint material shall be ½" thick asphalt-impregnated pre-molded fiber, ASTM D1752. Follow ACI 318. Minimum concrete thickness shall be 4".

~~8 **Walkways:**~~

Duplicate

~~Units which have a walkway that needs repairing or replacing shall be 3' wide or to match existing width, 3,000 psi concrete with broom finish walkway from the parking area to the main entrance.~~

8 ~~9~~ **Ramps:**

All newly constructed accessible ramps shall meet the requirements of the adopted International Residential Code. Does IRC apply to multifamily?

- a. **Composite:** Wood/ fiberglass with non-skid surface.
- b. **Concrete:** With non-skid surface.
- c. **Metal:** Galvanized steel, or aluminum with non-skid surface.
- d. **Wood:** All exterior wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground. Use of CCA treated lumber is prohibited. Portable or temporary ramps are prohibited.

9 ~~10~~ **Asphalt:**

Asphalt shall consist of a hot-mix asphaltic concrete pavement complying with TDOT design mix standards for parking areas. Batching and placement of the asphalt may be tested at the request of THDA. Placement of the asphalt in 2 lifts. 2 ½" base course with a 1 ½" finish course. Pavement striping to be completed within 30 days after asphalt placement.



10 ~~11~~ **Soil Treatment-Termite Protection:**

A proper and complete termite inspection of all properties is required. The inspection must be completed by a licensed exterminator who shall report any activity located and treatment applied. A warranty for a period of a minimum one year on all inspections is required. *For new and reconstructed units treatment is all that is required.

11 ~~12~~ **Soil Preparations:**

On all properties to be constructed or re-constructed, the soil, and lot must be properly cleared, leveled, filled, prepared and readied for the new construction as part of the demolition of the existing structure(s).

Division 33: Utilities

1 Electric:

New Construction:

Electrical service shall be installed underground except in cases where deemed structurally infeasible. Overhead service is allowed for infill sites.

2 Water:

Water service to be replaced or constructed to units shall be installed with methods and materials as approved by the IRC and the International Plumbing Code.

3 Sanitary Sewer / Private Septic:

Sanitary Sewer / Private Septic service to be replaced or constructed to units shall be installed with methods and materials as approved by the IRC, the International Plumbing Code, the Private Sewer Disposal Code and the State of Tennessee Department of Environment and Conservation rules and regulations.





September 6, 2023

Ralph M. Perrey

Executive Director
Tennessee Housing Development Agency
Andrew Jackson Building, Third Floor
502 Deaderick Street
Nashville, Tennessee 37242

On behalf of Enterprise Community Partners (Enterprise), I am pleased to submit these comments regarding the Tennessee Housing Development Agency (THDA)'s Low-Income Housing Tax Credit Qualified Allocation Plan for 2024. Enterprise works to make community places of pride, power and belonging, and platforms for resilience and upward mobility. With an end-to-end approach, 40 years of experience and thousands of local partners, Enterprise has collaborated with thousands of local partners to build and preserve 873,000 homes, invest \$54 billion in communities across all 50 states and improved millions of lives.

We would first like to thank the THDA for the opportunity to provide feedback on the 2024 draft QAP. We appreciate the THDA's collaborative and inclusive approach and respectfully offer the following comments and recommendations.

Strengthening Green and Energy Criteria

We are encouraged to see the THDA continue to acknowledge the importance of energy efficiency in affordable housing with the threshold requirement of "all new or reconstructed designs shall meet or exceed minimum energy efficiency requirements as currently adopted by the State of Tennessee." However, the language in the Energy Efficiency paragraph should be clarified as it refers to both 'rehabilitated' and 'reconstructed' designs, but neither term is defined in the documents and the wording is unclear as rehabilitated designs are asked to 'strive to exceed' and new or reconstructed designs 'shall meet or exceed'. If the terms have different meanings, we suggest defining them in the glossary. If not, suggest you combine these into one statement.

The suggested efficiency threshold would be stronger if Tennessee's state approved codes were current. The residential code is the 2018 IECC, but the commercial code is the 2012 IECC and multifamily projects four stories and higher must follow the commercial code. ***We recommend that for the 2024 QAP cycle, the THDA require the 2018 IECC at a minimum (for both residential and commercial) as a baseline energy code for new construction, adaptive reuse and existing building rehabilitation, and incentivize projects meeting or exceeding the 2021 IECC for all projects receiving funding through the QAP.*** According to the U.S. Department of Energy, the 2021 IECC improves efficiency over the 2018 IECC by more than 9 percent.

We encourage the THDA to continue to prioritize energy efficiency to reduce the energy burden of Tennessee's most vulnerable residents by continuing to update the QAP energy code requirements as codes are improved. Energy-efficient housing can help lower energy bills disadvantaged Tennessee residents. Historically, families residing in low-income multifamily



housing experience disproportionately high energy burdens. Affordable household energy costs should be no more than 6 percent of total household income; more than that constitutes a high energy burden, and 10 percent or more is a severe burden. In states building to 2009 IECC or older, over 65 percent of LMI households live in an energy-burdened county.¹ Nationally the median energy burden of low-income households are three times higher than that of non-low-income households. The East South Central Region of the United States, which includes Tennessee, has the highest percentage of households with high energy burdens (38 percent) as compared to other regions.²

Threshold energy efficiency requirements are an important start; we also encourage the THDA to add a more comprehensive approach option for developers that will ensure higher quality homes for residents. Green building certification to a credible third-party program such as Enterprise Green Communities would offer the THDA even greater assurance of construction quality, operational efficiency, and resident comfort, complementing energy efficiency requirements while allowing developers to pursue innovative practices that will increase benefits for residents beyond energy savings - including indoor and outdoor water conservation, indoor air quality, and improved site and building design. Green building certifications help to ensure that projects funded by housing credits will not only create new housing opportunities but also ensure that people living in affordable housing are healthier, spend less money on utilities, and have more opportunities through their connections to transportation, quality food and healthcare systems.

In addition to the suite of energy efficiency requirements in the current QAP, ***we request that the THDA offer competitive points for new construction and renovation projects that certify to Enterprise Green Communities, EarthCraft, LEED, or NGBS Green certification programs as was offered by THDA in previous QAPs.*** Offering the additional option of green building certification to developers provides the flexibility to choose the best path for their project to meet their design goals and financing requirements as well as their residents' needs and priorities.

The Tennessee development community is equipped to implement holistic green building requirements and currently certifies affordable housing projects to all the third-party green building programs noted above, including Enterprise Green Communities — which is the only national green building program created with and for the affordable housing sector. The current 2020 Green Communities Criteria incorporates five themes critical to healthy, sustainable affordable housing development: integrated design, a path to zero energy, healthy housing, water and resilience. Developers who achieve 2020 certification also receive WELL certification through Enterprise's partnership with the International WELL Building Institute (IWBI).

Currently, 39 state/local housing finance agencies have determined that whole building energy and green building programs are a prudent use of Housing Credits and have included them in their QAPs. These programs are proven to be a cost-effective way to lower residents' and property owner's bills, reduce unit turnover and provide healthier, more comfortable homes.

¹ ['Federal Priorities for the Built Environment – Future of Building Energy Codes Workshop'](#), June 22, 2021 by the U.S. Department of Energy Office of Energy Efficiency & Renewable Energy

² ['How High Are Household Energy Burdens?'](#) September 2020 by the American Council for an Energy-Efficient Economy



Over 3500 units within 40 projects were certified in Tennessee to the Enterprise Green Communities criteria while green certification was offered as an incentive in the QAP, providing homes that are more efficient, healthier and resilient than code-built homes for thousands of the most disadvantaged Tennesseans. These body of projects signal that the local building industry is familiar employing green building practices and achieving third-party certification.

We would be happy to discuss Enterprise Green Communities in more detail with you or members of your team. Please contact Michelle Diller at mdiller@enterprisecommunity.org or by phone at 202.649.3924.

Thank you again for providing this opportunity to provide input with respect to the THDA's LIHC Program and QAP, and for your continued work to address housing affordability. We look forward to continuing to work with the THDA to provide opportunities to create and rehabilitate affordable housing stock to provide stable, safe and comfortable housing for the residents of Tennessee.

Sincerely,

A handwritten signature in black ink that reads "Krista Egger".

Krista Egger
Vice President, National Programs
Enterprise Community Partners
kegger@enterprisecommunity.org

Ed Yandell

From: Susan Minor <sminor@franklinhousingauthority.com>
Sent: Tuesday, September 5, 2023 5:08 PM
To: TNAllocation
Subject: Comment on 2024 proposed QAP

Categories: DRAFT QAP/PD

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

We are submitting a comment on the section regarding the PHA Set-Aside and the development location scoring. We are requesting that this scoring not be excluded from the PHA Set-Aside. That scoring was designed to help the counties with the greatest need. Why would you exclude a PHA from being able to impact their county?

Housing Credit Development Location: *up to 20 points*

Initial Applications proposing developments located in counties with the greatest Project Location Score (Project Location Score) (see <https://thda.org/pdf/External-Posting-of-County-Needs-Location-Scoring.pdf>). **This criterion does not apply within the PHA Set-Aside. See Section 914.B.**

up to 20 points

Thank you.

Susan Minor, HCCP
Chief Operating Officer
Franklin Housing Authority
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Franklin, TN 37064
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***Brown's Creek Baptist Missionary and
Educational Association Headquarters***

433 Dr. Martin Luther King, Jr. Drive • Jackson, TN 38301 • 731.422.2751

Moderator: Rev. William Watson

Vice Moderator: Rev. Reginald Currie

September 5, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick Street
Nashville, TN 37243

To Whom It May Concern:

Please accept this letter to address comments in the 2024 QAP, and specifically the Economic Development (aka Blue Oval) set aside. The Brown's Creek District Association has twenty-five churches, of which nineteen are in Jackson, Madison County, Tennessee. The lack of affordable housing has had a negative effect in our community.

The county needs score for 2024 for Madison County should be increased to address the lack of affordable housing and the need for affordable housing in Jackson, TN, which has the largest population of the seven set-aside counties in West TN.

Jackson, TN (located in Madison County) has land and infrastructure readily accessible to create affordable housing units in the short term that would simultaneously support THDA's policy goal regarding the Economic Development (Blue Oval) set aside. Even today, households are relocating to Jackson, TN specifically in connection with the upcoming Blue Oval complex. This would argue for expanding the current Economic Development set-aside to expand the affordable housing choices available to Blue Oval workers.

The Jackson Housing Authority's site-based waitlists contain over 2000 households, a number which is steadily growing while simultaneously the affordable housing stock has decreased over the years and continues to do so. Jackson, TN recently lost over 300 affordable units as a result of former LIHTC developers opting not to extend past their tax credit compliance period nor to accept Housing Choice Vouchers. These owners have chosen to charge the higher market rents versus the Housing Choice Voucher Payment Standards.

The ability to preserve and expand affordable housing is not financially feasible without the competitive LIHTC program. The infrastructure is in place to meet the need if only the 2024 QAP would adequately recognize Madison County's affordable housing needs, current supply thereof, and Jackson-Madison County's strategic location with regard to the Blue Oval initiative.

Sincerely,

Reginald Currie

Reginald Currie, Vice-Moderator
Brown's Creek District Association

William L. Watson

William L. Watson, Moderator
Brown's Creek District Association

Ed Yandell

From: Mike Dunthorn <mdunthorn@knoxvilletn.gov>
Sent: Wednesday, September 6, 2023 7:43 AM
To: TNAllocation
Subject: Comment on Draft 2024 QAP

Categories: DRAFT QAP/PD

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

Please accept this comment in support of the Permanent Supportive Housing Set Aside included in the Draft 2024 QAP.

Permanent Supportive Housing (PSH) is a proven solution to homelessness in our communities, and outcomes are vastly better in PSH for people who have been homeless and struggling with challenges like mental illness and addiction. PSH has also been shown over and over to produce these better outcomes while also being less expensive to the taxpayer and community than seeing the same people remain on the streets, endlessly cycling through hospitals, jails and shelters.

Low Income Tax Credits, and particularly 9% credits, are a critical financial tool for the development of successful, sustainable Permanent Supportive Housing, which is needed here in Knoxville and across Tennessee.

Thank you for the inclusion of this item among your proposed changes for the 2024 QAP.

Michael Dunthorn
City of Knoxville Office on Homelessness



**Jonah Affordable
Housing Organization
PO Box 7444
Jackson, Tennessee 38302**

Telephone: 731-427-0817

Fax: 731-427-0944

E-Mail: jaho513@att.net

September 5, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick St.
Nashville, TN 37243

To Whom It May Concern:

Please accept this letter to address comments in the 2024 QAP, and specifically the Economic Development (aka Blue Oval) set aside.

The county needs score for 2024 for Madison County should be increased to address the lack of affordable housing and the need for affordable housing in Jackson, TN, which has the largest population of the seven set-a-side counties in West TN.

Jackson, TN (located in Madison County) has land and infrastructure readily accessible to create affordable housing units in the short term that would simultaneously support THDA's policy goal regarding the Economic Development (Blue Oval) set aside. Even today, households are relocating to Jackson, TN specifically in connection with the upcoming Blue Oval complex. This would argue for expanding the current Economic Development set-aside to expand the affordable housing choices available to Blue Oval workers.

The Jackson Housing Authority's site-based waitlists contain over 2000 households, a number which is steadily growing while simultaneously the affordable housing stock has decreased over the years and continues to do so. Jackson, TN recently lost over 300 affordable units as a result of former LIHTC developers opting not to extend past their tax credit compliance period nor to accept Housing Choice Vouchers. These owners have chosen to charge the higher market rents versus the Housing Choice Voucher Payment Standards.

The ability to preserve and expand affordable housing is not financially feasible without the competitive LIHTC program. The infrastructure is in place to meet the need if only the 2024 QAP would adequately recognize Madison County's affordable housing needs, current supply thereof, and Jackson-Madison County's strategic location with regard to the Blue Oval initiative.

Sincerely,

Harold D. Rance



September 5, 2023

Tennessee Housing Development Agency
Multifamily Program Division
502 Deaderick St.
Nashville, TN 37243

To Whom It May Concern:

Please accept this letter to address comments in the 2024 QAP, and specifically the Economic Development (aka BlueOval) set aside.

The county needs score for 2024 for Madison County should be increased to address the lack of affordable housing and the need for affordable housing in Jackson, TN, which has the largest population of the seven set-a-side counties in West TN.

Jackson, TN (located in Madison County) has land and infrastructure readily accessible to create affordable housing units in the short term that would simultaneously support THDA's policy goal regarding the Economic Development (BlueOval) set aside. Even today, households are relocating to Jackson, TN specifically in connection with the upcoming BlueOval City development. This would argue for expanding the current Economic Development set-aside to expand the affordable housing choices available to Blue Oval workers.

The Jackson Housing Authority's site-based waitlists contain over 2000 households, a number which is steadily growing while simultaneously the affordable housing stock has decreased over the years and continues to do so. Jackson, TN recently lost over 300 affordable units as a result of former LIHTC developers opting not to extend past their tax credit compliance period nor to accept Housing Choice Vouchers. These owners have chosen to charge the higher market rents versus the Housing Choice Voucher Payment Standards.

The ability to preserve and expand affordable housing is not financially feasible without the competitive LIHTC program. The infrastructure is in place to meet the need if only the 2024 QAP would adequately recognize Madison County's affordable housing needs, current supply thereof, and Jackson-Madison County's strategic location with regard to the BlueOval initiative.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Spurgeon", with a long horizontal line extending to the right.

Kyle Spurgeon
President/CEO

Comments from Phyllis F. Vaughn to
TN 2024 draft LIHTC Qualified Allocation Plan
and Minimum Design Standards for the Rehabilitation/New Construction
of Single Family & Multifamily Housing Units book

Thank you for the opportunity to comment on the draft 2024 QAP, although it still has missing information, that I hope we will be able to comment on prior to board approval once inserted, such as the bond program section's development cost caps.

QAP Comments:

1. Definition of "*Competitive Housing Credit Ceiling*" THDA created has been changed to include all setasides, which I believe negates the definition THDA seems to desire from the created term. Either correct it to how THDA desires it to work, or eliminate it.
2. Addition of new possible Setasides, Homeless and Twinning, neither of which have been fully vetted by THDA's board of directors. Twinning is allocating some of the 9% program to the 4% program, which seems unnecessary in THDA's thriving bond program to make bond deals viable. It also appears that only PHA deals would fit the definition floated publicly within the last few weeks. 100% Homeless deals are not desirable with tax credit syndicator/purchasers, and will most likely have very low pricing, if it's to be found at all. 100% homeless housing is a facility, with full daily services required to keep tenants on needed medications, assistance, and life skill programs, at extremely high costs for ongoing operations. Both need more discussion prior to approval for the 2024 QAP. Where will each of these new setasides be placed in the 2024 setaside ranking order seems unclear and not currently addressed if approved.
3. Setasides need to be revisited, and the percentage allocated to each. Setasides are created to fit in policy priorities that can't compete within the regular program. There is no regular program anymore; everything in the program has become a setaside. If you add up the current setasides they total 88.5% of the program, leaving just 11.5% of the program for New Construction, family developments. If Twinning comes into the program as described in the memo, that is 18% of the annual 9% program allocation, so there is nothing remaining for a regular program. It's oversubscribed before it even begins.
4. Both proposed new setasides won't be initially evaluated based on scoring points; they will be chosen by staff. Publish the rules, based on policy, in the QAP. No picking and choosing behind closed doors.
5. Adaptive Reuse change of purpose buildings are currently included in the New Construction setaside. Existing hotels or warehouses to apartment conversion will typically require fewer tax credits so will win in a competition against new traditional construction developments. Move change of purpose, adaptive reuse buildings to compete within the rehabilitation setaside.
6. During Covid changes, maximum caps were removed from the program. Developer caps for new 2023 allocations should be reinstated. No more than 2 developments per developer or related parties per 9% allocation round. Or a \$3.6M maximum per developer allocation maximum.

7. Income averaging will be considered for newly submitted applications from developments having a prior tax credit allocation. Developers are asked to “petition” THDA for approval. What criteria will THDA be using to review & approve such a petition? Publish that criteria in the QAP.
8. Economic Development Area appears to be the same Blue Oval counties yet again. That should change annually to include new Economic Development Areas within Tennessee if this is to remain an annual setaside. Give developments an opportunity to stabilize before adding another to same counties, or consider the first counties from 2023 as “served”, and move down to the unserved counties within that specific economic development area county list if no new Economic area is chosen.
9. Sections 25C & D, concerning cost caps for bond developments & 4% tax credits, continues to allow a waiver request to be submitted to THDA to exceed those very cap limits for 2024. Bond applications are very expensive to put together to assume that a waiver may be granted, at THDA staff discretion, only to be told no. If providing development cost limitations, please provide accurate, current & realistic development cost limits across the State of Tennessee, without waiver requests.

New Construction Standards guide comments:

1. New Construction & Rehab Minimum Requirements, QAP, Section 7, new language indicates “other methods of construction and design may be acceptable on a case by case basis.... and may be approved for waivers”. Then why have design standards?
2. The new construction requirements seem to be an extension of the requirements used in THDA’s Community Programs Division in administering HUD programs, as indicated by direct reference in the new THDA standards guide to 24 CFR 92.25, the rules for HUD’s HOME program. The LIHTC program was created in 1986 by Congress and administration given to the Treasury Department, Internal Revenue Service division, specifically to avoid HUD’s rules and administration. Don’t connect THDA’s LIHTC program with HUD rules and regulations.
3. What does all construction must meet the workmanship standards as expected in the “THDA Quality Standards”? Are those HUD’s HQS (Housing Quality Standards) being referred to, or are THDA Quality Standards listed elsewhere? THDA outsources inspections of HQS to third party providers for purposes of Housing Choice Vouchers and HAP contract payments made to owners. Don’t unnecessarily connect the LIHTC program with HUD.
4. The new standards require 40% brick on all units. Not required in THDA’s QAP.
5. The new standards require ceiling fans. Not required in THDA’s QAP.
6. The new standards require all properties to be fenced. Not required in THDA’s QAP. Nor should it be. Very expensive and not practical for all properties.
7. Combining THDA’s HUD program construction standards with the 4% and 9% LIHTC program needs more discussion before being included and implemented. Many of the items in the 24 page THDA construction standards guide are met through Federal, State, and Local codes. Such standards are fine for HUD programs administered by THDA that augment other programs, but on their own, don’t typically create housing units.

The LIHTC program is a much larger program in terms of dollars, which actually serves to create housing units, not just augment other sources of funding. With that comes the involvement of licensed professionals, such as architects, engineers, large construction companies, and the oversight of financial partners and lenders who have both inhouse and multiple third parties

reviewing plans and specifications, and monitoring construction. In addition to state and local code reviews. The LIHTC program already has licensed professionals highly involved in the development and creation of LIHTC units, from beginning to end. THDA oversight to that process is unnecessary.

Ed Yandell

From: Thomas Rowe <trowe@mha-tn.org>
Sent: Wednesday, September 6, 2023 3:25 PM
To: TNAllocation
Subject: 2024 QAP Comments

Categories: DRAFT QAP/PD

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

To Whom it may Concern:

Please accept my comments to the PHA set aside and the development location scoring for the 2024 QAP as stated below:

- The county needs scores continue to reflect counties with the highest demand for affordable housing across Tennessee. PHA's should be allowed to compete within the PHA set-aside on a county needs basis for new construction developments. Allowing PHA's to also serve those high need counties would assist THDA in helping to meet the counties with the greatest needs. Rutherford County continues to have a high needs score.
- The LIHTC developments are designed to serve tenants at 50% to 60% AMI and can go to 80% of the AMI, if using Income averaging. Allowing PHA's to compete on a county needs basis allows the counties in the most need to also serve tenants at 30% of AMI and below, which the regular LIHTC program alone won't be able to serve. Also a PHA can further assist accepting lower income participants by project basing vouchers to the LIHTC properties, therefore helping to meet the needs of affordable housing in the high scoring counties.
- The PHA set-aside is not needed for PHA rehabilitation developments, as those PHA's can compete successfully within TN's program through the Rehabilitation set-aside, which is not based on county needs scores.

Thanks for listening.

L. Thomas Rowe, C. E. O., NAHRO Fellow
Murfreesboro Housing Authority

415 N. Maple Street
Murfreesboro, TN 37130
615-225-9477

Ed Yandell

From: Don Watt
Sent: Monday, September 11, 2023 6:38 AM
To: Eric Alexander; Ed Yandell
Subject: FW: Comments to QAP

[Additional comments received regrading QAP](#)

From: Janna Jahn <jannajahn1378@gmail.com>
Sent: Friday, September 8, 2023 11:22 AM
To: TNAllocation <TNAllocation@thda.org>; Don Watt <DWatt@thda.org>
Subject: Comments to QAP

CAUTION - This email originated from outside of THDA. Do not click links or open attachments unless you recognize the sender.

Don, II had written down September 9th as the deadline for comments. Unfortunately now I see it was the 6th. I hope that you may still be able to consider the Coalition's support for the \$1 million supportive housing set aside, since you received the draft of our comments last week. Our comments are as follows:

The \$1 million set aside for Supportive Housing is a positive step forward in reducing the supportive housing deficit in Tennessee. Thank you for including it in this year's QAP. For clarity, we recommend adding the definition of supportive housing (see example below).

Also, we strongly recommend that reporting requirements include housing stability (80% of participants or higher remain housed after 1 year) and other appropriate outcomes (such as reductions in hospitalizations or incarcerations) to help determine the positive impact of the program.

Respectfully submitted by the Tennessee Supportive Housing Coalition

Co-chairs:

David Connor
Bill Dobbins
Marc Overlock
Janna Jahn



**Low-Income Housing Tax Credit
DRAFT 2024 Qualified Allocation Plan**

Administered by:

Multifamily Programs Division

Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

Approved by THDA Board of Directors [DATE]

Approved by Governor Bill Lee [DATE]

Low-Income Housing Tax Credit 2024 Qualified Allocation Plan		
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PART I: ALL ALLOCATIONS

Section 1: Introduction and Disclaimers

The Tennessee Housing Development Agency (“THDA”) administers the Low–Income Housing Tax Credit program in Tennessee. The Low–Income Housing Tax Credit (“Housing Credit”) program was created by the Tax Reform Act of 1986 under Section 42 of the Internal Revenue Code of 1986, as amended (“Section 42”), to encourage the construction and rehabilitation of rental housing for low–income individuals and families. Under Section 42(m), THDA is required to develop a Qualified Allocation Plan (“QAP”) to define the process by which it will allocate an annual amount of Housing Credit in Tennessee.

This QAP contains uniform resource locators to resources utilized by THDA in the application process such as the Tennessee Growth Policy Act, Multifamily Tax Subsidy Project Income Limits, Qualified Census Tracts, designations of Difficult to Develop Areas, Fair Housing Act requirements, etc. “**Attachments**” are forms or documents, which must be submitted in the Tennessee Housing On–line Management Administration System (“THOMAS”) as part of the Initial Application.

All QAP requirements, Initial Application requirements, and Code requirements must be met. These requirements include, without limitation, all applicable requirements of the THOMAS User Manual and use of all applicable forms and templates from the THOMAS Documents Page.

This QAP has been approved by the THDA Board of Directors and adopted by the Governor of Tennessee.

When this QAP calls for some THDA action, including but not limited to a determination, adjustment, review, evaluation, or exercise of discretion, all such actions will be at THDA’s sole discretion, whether specifically so stated or not.

No person or entity who submits an Initial Application shall have any right to an allocation of Housing Credit under this QAP based solely on the score assigned to their Initial Application. THDA decisions are final.

The QAP as Public Policy

The policy surrounding this QAP is to use the Housing Credit allocated to Tennessee to create, maintain, and preserve affordable rental housing for low–income households. Specific objectives of this QAP are to:

- A. Make rental units affordable, in the areas of greatest need, to households with as low an income as possible and for the longest time period possible;
- B. Encourage development of appropriate housing units for persons with special needs, including individuals who are older persons, homeless, or have a disability;
- C. Allocate only the minimum amount of Housing Credit necessary to make a development financially feasible and viable throughout the credit period;
- D. Encourage Qualified Nonprofit Organizations to develop rental housing for low–income households;
- E. Encourage fair distribution of Housing Credit among counties and developers; and
- F. Allocate Housing Credit fairly.

Amendments

THDA may amend any part of this QAP following public notice and approval by the THDA Board of Directors. Such amendment is expressly permitted by this QAP, and the making of such amendment will not require further public hearings or approval by the Governor. THDA, in accordance with Section 42, may impose additional requirements in order to fulfill the objectives of its housing initiatives.

Site Changes

A request for a Site change will only be considered if the original allocation of Housing Credit is returned and a new allocation of Housing Credit is made pursuant to Section 42(m)(1)(A)(iv) of the Code.

Document Review

THDA will review and evaluate only those materials submitted in compliance with the requirements of this QAP. THDA is not responsible for missing, inaccurate, or incomplete documentation. THDA will not evaluate any materials submitted outside the deadlines for submission of such materials and will assume no obligation to request additional information from Applicants for any purpose.

THDA may require additional information and/or documentation if THDA determines that additional information is necessary for clarification and/or explanation. THDA's review of documents submitted with any Initial Application, including Initial Applications or documents submitted in connection with Housing Credit reserved or allocated under this QAP, is for THDA's own purposes and is not for the purpose of advising, certifying, representing, or warranting to others as to the feasibility or viability of any proposed development.

Adverse Action by Local Jurisdiction

If, following the allocation of Housing Credit to a proposed development, the local jurisdiction in which the proposed development is located takes action that THDA, in its sole discretion, determines to be for the primary purpose of preventing the proposed development from satisfying applicable program requirements, THDA may lower the amount of Housing Credit available to that jurisdiction in future Qualified Allocation Plans. Examples include, without limitation, "downzoning", action regarding utilities or utility connections, action regarding required public roads, or action to prevent issuance of Certificates of Occupancy.

No THDA Liability

No member, officer, agent, or employee of THDA shall have any personal liability with respect to any matters arising out of, or in relation to, this QAP, Housing Credit reserved or allocated under this QAP, or the monitoring of Housing Credit Developments.

THDA makes no representations or warranties to applicants, developers, owners, or anyone else as to compliance with Section 42, Treasury regulations, or any other laws or regulations applying to Housing Credit or Housing Credit Developments, or as to the feasibility or viability of any proposed Housing Credit Development.

Enforcement

In the event THDA seeks enforcement of any matter connected with any reservation, allocation, or monitoring of Housing Credit, or any other matter connected with Housing Credit, THDA shall be entitled to recover all damages, costs, expenses and fees, including without limitation, all court costs, all legal fees and expenses, and all staff time, from any party connected to or with any Housing Credit Development.

False Statements

- A. Tennessee Code Annotated, Section 13-23-133, makes it a Class E felony for any person to knowingly make, utter, or publish a false statement of substance or aid or abet another person in

making, uttering, or publishing a false statement of substance for the purpose of influencing THDA to allow participation in the Housing Credit Program. Any and all statements contained in any materials, including without limitation, an Initial Application and any other applications, documents, letters, opinions, or certifications, submitted to THDA in connection with any Initial Application, subsequent applications or in connection with Housing Credit reserved, allocated or monitored for compliance under this QAP or otherwise made by an Applicant or other person connected in any way with Housing Credit reserved, allocated or monitored for compliance under this QAP are statements of substance made for the purpose of influencing THDA to allow participation in the Housing Credit Program.

- B. By submitting any materials, including without limitation, an Initial Application and any other applications, documents, letters, opinions, or certifications to THDA in an effort to obtain or maintain Housing Credit, the Applicant and all parties connected with the development proposed in the Initial Application acknowledge and agree (1) they are entering into a contract with THDA; and (2) they intend for THDA to rely on and seek enforcement of all selections or statements (written or oral) made with respect to any reservation, allocation or monitoring of Housing Credit by any and all means available, including, without limitation, specific performance; and (3) they are knowingly making, uttering or publishing or aiding and abetting others in making, uttering or publishing statements of substance for the purpose of influencing THDA to allow participation in the Housing Credit program.

Section 2: Definitions

20/50 Test – The 20/50 Test is a federal minimum set-aside that may be elected by an Applicant for Housing Credit that requires at least 20% of the units in a Housing Credit Development to be both rent restricted and occupied by households whose income is less than or equal to 50% of area median gross income (“AMI”). This is an irrevocable election made in an Initial Application.

40/60 Test – The 40/60 Test is a federal minimum set-aside that may be elected by an Applicant for Housing Credit that requires at least 40% of the units in a Housing Credit Development to be both rent restricted and occupied by households whose income is less than or equal to 60% of AMI. This is an irrevocable election made in an Initial Application.

Adaptive Reuse/Conversion – The renovation and reuse of a pre-existing building that has not been used for residential purposes and creates additional affordable housing units. Pre-existing buildings used as hotels or motels are eligible as Adaptive Reuse/Conversion. Adaptive Reuse/Conversion will be evaluated and reviewed as New Construction.

Allocation – the amount of Housing Credit reserved for a development.

AMI – Area Median Income as determined by the U.S. Department of Housing and Urban Development (“HUD”).

Applicable Fraction – The percentage of a building that is treated as low-income use and generally eligible for the LIHC. The Applicable fraction is the smaller of the Unit Fraction or the Floor Space Fraction.

Applicant – An applicant for Low-Income Housing Credit under this QAP that will own the proposed development and to which the credits may be allocated.

Application – See “Initial Application”.

Appraisal – An opinion of value for land and building cost.

Average Income Test – The Average Income Test is a federal minimum set-aside that may be elected by an Applicant for Housing Credit. Under this election, at least 40% of the units in a Housing Credit Development are required to be both rent restricted and occupied by individuals whose incomes do not exceed the imputed income limitation designated by the Applicant. The average of the imputed income limitations designated cannot exceed 60% of AMI. The designated imputed income limitations must be in 10% increments as follows: 20%, 30%, 40%, 50%, 60%, 70%, and 80%. Guidance regarding Average Income Test may be found on the THOMAS Documents Page. This is an irrevocable election made at Initial Application.

Basis Boost – An increase of up to 30% in eligible basis for a building in order to improve the financial feasibility of the building in a difficult to develop area, as determined by THDA in its sole discretion.

Building Permit(s) – Formal approval of building plans by the local government authority or building department certifying that the building plans meet the requirements of applicable codes to construct, enlarge, or alter a building, which allows construction to proceed.

Capital Needs Assessment – See Physical Needs Assessment.

Carryover Allocation Agreement – The document allocating Housing Credit when a development that received a Reservation Notice will not be placed in service in the same year as the Reservation Notice. This document is issued by THDA and extends the required placed-in-service date to the end of the second calendar year after the year of the Reservation Notice.

Carryover Allocation Application – The application and all related documentation required when a development with a Reservation Notice will not be placed in service in the same year as the Reservation Notice.

Certificate of Occupancy – Formal approval by the relevant local government that a building is suitable for occupancy.

CNI – Choice Neighborhoods Implementation Grants awarded by HUD to PHAs, local governments, or tribal entities to revitalize severely distressed public housing and/or HUD assisted multifamily housing projects.

Code – Internal Revenue Code of 1986, as amended, together with all subsequent tax legislation duly enacted by the Congress of the United States, all United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and all revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the Internal Revenue Service of the United States.

Competitive Housing Credit Ceiling – the amount of Housing Credit Ceiling remaining for 2024 after the Non-Profit Set-Aside, CNI Grant Allocations, [Permanent Supportive Housing for Homeless Set-Aside](#), Economic Development Set-Aside, and [Twinning Set-Aside established under any other set-aside which may be created under](#) this QAP.

Compliance Period – The period of 15 taxable years, commencing on the first day of the taxable year in which any building that is part of the Housing Credit Development is placed in service or, if deferred by election of the Owner of the Housing Credit Development, the first day of the next calendar year, but only if the building is a qualified low-income building as of the close of the first year of such period. This definition may be revised under the land use restrictive covenants for a longer duration based on Applicant's election under Section 20 and Section 2.

Concerted Community Revitalization Plan (CCRP) – A document that assesses the health and potential prosperity of an area less than the entire state, through public interaction and assessment of the physical, social and economic health of the citizenry, businesses, infrastructure, and built environment in the area. A CCRP must contain all of the following:

1. Clearly delineate a targeted area within a local government boundary and where the proposed site sits within that target area;
2. Include housing as a stated goal;
3. Include an assessment of the targeted area's existing infrastructure needs;
4. Designate implementation measures; and
5. Be approved or re-approved by the appropriate local government or entity no earlier than 2014.

Conditional 42(m) Letter – A letter issued by THDA to Applicants seeking a determination of 4% Housing Credit in conjunction with uncommitted Multifamily Tax-Exempt Bond Authority.

Construction Schedule – A document showing work to be performed, resources to perform the work, and timeframes in which the work is expected to be performed. The Construction Schedule should reflect all the work associated with delivering a Housing Credit Development on time.

Consultant - A third-party entity that provides consulting services to Housing Credit Development Participants. An entity acting in the capacity of Owner, Developer, or General Contractor or which provides technical assistance to the Owner, Developer, or General Contractor is considered a Consultant. Consultants include, but are not limited to, construction management consultants, interior design consultants, relocation specialists, tax credit application consultants, resident certification consultants, HOPE VI consultants, etc. All consulting fees are considered part of the calculation of the maximum allowable Developer fee for each Housing Credit Development.

Cost Certification – The certification of actual total development costs for a Housing Credit Development and the amount of Housing Credit eligible basis in the Housing Credit Development upon completion of the development.

Credit Period – The 10–year period over which Housing Credit may be claimed. The Credit Period begins on the first day of the taxable year in which any building that is part of a Housing Credit Development is placed in service or, if deferred by election of the Owner of the Housing Credit Development, the first day of the next calendar year, but only if the building is a qualified low–income building as of the close of the first year of such period.

Cure Notice – The notice sent by THDA to the contact person specified in an Initial Application after completion of Initial Application review to indicate deficiencies in the Initial Application.

Developer - The legal entity designated as the Developer in the Application as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities that have a direct or indirect ownership interest in the Developer entity. Material participation (through Placed In Service) is required for all developers and for all entities that receive any portion of the Developer Fee.

Development Team – Any individual or member of the development team including Governors/Directors, Members, and Managers/Officers of the Ownership Entity; Officers, Directors, and Stockholders of the Development Entity; and Officers, Directors, and Stockholders of the Property Management Company.

Difficult Development Area (DDA) –Any area designated as such by HUD or as so defined by THDA in accordance with Section 42(d)(5)(B)(v). The list is available here: <https://www.huduser.gov/portal/datasets/qct.html>.

Disability –With respect to an individual, a physical or mental impairment that substantially limits one or more major life activities of such individual; a record of such impairment; or being regarded as having such an impairment. Major life activities include, but are not limited to, caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating, and working. A major life activity also includes the operation of a major bodily function, including but not limited to, functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions. An individual meets the requirement of “being regarded as having such an impairment” if the individual establishes that he or she has been subjected to an action prohibited by law because of an actual or perceived physical or mental impairment whether or not the impairment limits or is perceived to limit a major life activity. An individual will not be regarded as having such an impairment when the impairment is transitory and minor. A transitory impairment is an impairment with an actual or expected duration of 6 months or less. An impairment that is episodic or in remission is a disability if it

would substantially limit a major life activity when active. For further definition, please see the Americans with Disabilities Act of 1990, as amended.

Draw Package — Monthly report that includes the following:

1. Request for funds
2. Documentation of change orders
3. Tracking of finances and progress of development
4. Architect inspection report.

Elderly – see definition of Older Persons.

ENERGY STAR – The federal program established by the U.S. Environmental Protection Agency in 1992 under the authority of the Clean Air Act Section 103(g). The program establishes an energy efficient designation that can be achieved. Such designation must be obtained in order to use the ENERGY STAR utility allowances.

Evaluation Notice – A notice provided by THDA to request clarification or additional information during review of a Carryover Allocation Application, requested status report on the development, 10-percent Test, Final Application, quarterly construction report, or certified property management application; during an on-site inspection of the Site during construction, after the buildings are placed in service, or during the term of the Extended Use Agreement; or other compliance concern identified by THDA in its sole discretion. Failure to respond to successive Evaluation Notices by the Final deadline allows THDA, in its sole discretion, to return or reject the application, recapture the allocation, or issue an event of noncompliance under the terms of the Extended Use Agreement.

Executed Notice to Proceed – The Notice to Proceed date marks the beginning of the performance time of the construction contract.

Extended Use Agreement – Also known as the Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits (“LURC”), is the agreement executed between THDA and Owner. The LURC:

1. Is binding on Owner and all successors of Owner;
2. Requires the Housing Credit Development to comply with the requirements of Section 42, the QAP, the Application, and THDA;
3. Evidences Applicant’s federal election and any requirements pursuant to Applicant’s scoring elections in the Initial Application;
4. Requires that the applicable fraction for each building for each taxable year during the term of the LURC will not be less than the applicable fraction specified the LURC;
5. Prohibits the eviction or termination of the tenancy (except for good cause) of an existing low-income resident or any increase in the gross rent with respect to a low-income unit that is not otherwise permitted;
6. Allows individuals who meet the income limitation applicable to the building (whether prospective, present, or former occupants of the building) the right to enforce in any State court the rights under (1) and (2) above;
7. Prohibits the disposition to any person of any portion of the building to which the LURC applies, unless all of the building to which the LURC applies is disposed of to such person;
8. Prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective resident as such a holder;
9. Is recorded in the real property records of the county in which the Housing Credit Development is located as a restrictive covenant running with the land; and

10. Commences on the first day of the Compliance Period for a term of at least thirty (30) years (the “Extended Use Period”).

Existing Multifamily Housing – A multifamily development that will preserve affordable housing units that are rent and income restricted or, through rehabilitation of units that were not previously affordable, create affordable housing units.

Final Application – The application and all related documentation required when a Housing Credit Development is to be placed in service and for which IRS Forms 8609 are sought.

Final Notice – The THDA notice sent to Applicants, after ~~any required THDA Board of Directors Tax Credit Committee (TCC)~~ Review Meeting has been held. This notice will summarize the final eligibility and scoring determinations.

Firm 42(m) Letter – A letter issued by THDA to Applicants seeking a determination of 4% Housing Credit in conjunction with a commitment of Multifamily Tax-Exempt Bond Authority.

Floor Space Fraction – The numerator of which is the total floor space of the Low-Income Units in a building and the denominator of which is the total floor space of the residential units (whether or not occupied) in the same building.

Forms and Templates – THDA provided documents that are used in conjunction with Initial, Carryover, or Final Applications and processes.

Forward Reservation – A binding commitment to allocate Housing Credit from a future year to a proposed development.

Hard Cost – Costs directly related to the physical construction of a building in a Housing Credit Development such as construction materials and construction labor.

Housing Credit – Low-Income Housing Credit as described in Section 42 of the Code.

Housing Credit Ceiling – The maximum amount of Housing Credit THDA may allocate in a given year, which includes Housing Credit returned pursuant to Section 24.

Housing Credit Development – the proposed or existing rental housing development for which Housing Credit has been applied for or allocated.

Housing for Homeless – [housing created to provide permanent supportive housing for individuals or families defined and documented as homeless under the “Criteria and Recordkeeping Requirements for Definition of Homelessness” published as HUD Guidance in January 2012, as found on the HUD Exchange website at https://www.hudexchange.info/resource/1974/criteria-and-recordkeeping-requirements-for-definition-of-homeless/.](https://www.hudexchange.info/resource/1974/criteria-and-recordkeeping-requirements-for-definition-of-homeless/)

Housing for Older Persons – Housing (i) intended for, and solely occupied by, persons age 62 or older; or (ii) ~~where at least 80 percent of the units have at least one occupant that is intended and operated for occupancy by at least one person age 55 years or older per unit, the project publishes and adheres to policies and procedures that demonstrate the intent to operate as “55 or older” housing, and the project complies with HUD’s regulatory requirements for age verification of residents;~~ or (iii) provided for under any state

or federal program that HUD has determined is specifically designed and operated to assist older persons (as defined in the state or federal program).

HUD – The United States Department of Housing and Urban Development.

Incremental Development – A proposed development that adds units to a Housing Credit Development that received an allocation of 2023 Housing Credit.

Initial Application – The application submitted by an Applicant seeking an allocation of Housing Credit, including, without limitation, all information and documents entered into THOMAS.

IRS – Internal Revenue Service.

Local Government Notification – Notice provided by THDA, following receipt of Initial Applications, to the chief executive officer (or the equivalent) of the local government in whose jurisdiction a development proposed in an Initial Application is to be located. Such individual will have an opportunity to comment on the development proposed in the Initial Application to be located in the jurisdiction, as required by Section 42(m)(1)(A)(ii).

Low-Income Unit – Any unit in a building if such unit is rent-restricted as provided in Section 42 or this QAP and the individuals occupying such unit meet the income limitation applicable as provided in Section 42 or this QAP.

Market Study – An analysis of the market conditions of supply, demand and pricing for a specific property type in specific areas.

Modification – Any changes to buildings, units, square footage, scoring items, etc. which determine eligibility for an allocation of Housing Credit.

MTBA – Multifamily Tax-Exempt Bond Authority.

No Further Monitoring Status – Housing Credit Developments that are outside of the Section 42 defined Compliance Period that have failed to respond to and/or cure notices for monitoring reviews, non-submittal of annual compliance reports, and noncompliance with program requirements for 180 days from the date THDA provides the notice of noncompliance. Ineligibility will continue until the noncompliance is cured or the LURC expires.

Owner/Ownership Entity - The single purpose legal entity (e.g. Corporation, Limited Partnership, Limited Liability Partnership) holding title to the Site.

Percentage of Construction Complete – $\frac{\text{Total Development Cost Incurred as of Report Date}}{\text{Total Development Costs}} \times 100$

PHA – A public housing authority created under the Housing Authorities Law, Tennessee Code Annotated Section 13-20-101, et seq.

Phase 2 Development – A proposed Housing Credit Development that would add units to a previously awarded Housing Credit Development when the construction of the previously awarded Housing Credit Development is complete and at least 50% of the credit restricted units are leased to income qualified households in compliance with current rent and income restrictions by the 2024 Competitive Cycle Deadline for Initial Applications.

Placed in Service Application – See Final Application.

Physical Needs Assessment – A report prepared by licensed third party provider which contains detailed information about physical needs, deficiencies (including major systems, life safety, and ADA needs) and the capital needs requirements of existing buildings, including a detailed work plan showing all necessary and contemplated improvements and projected costs.

Preliminary Ranking List – A preliminary confirmation of a reservation of Housing Credit from the associated competitive application process.

Pre-Existing Building – A building containing residential rental units previously occupied or approved for occupancy by the applicable authority having jurisdiction.

Qualified Allocation Plan (QAP) – The document prepared pursuant to Section 42(m) of the Code that details THDA’s priorities, process, and requirements regarding the Housing Credit program.

Qualified Census Tract (QCT) – Any census tract identified as such by HUD. The list is available here: <https://www.huduser.gov/portal/datasets/qct.html>.

Qualified Contract Process (QCP) – The process carried out in compliance with elections made in the relevant QAP and THDA’s Qualified Contract Process Guidelines (available here: <https://thda.org/pdf/06.01.20-QUALIFIED-CONTRACT-GUIDELINES-REVISED-FOR-VENDOR-NEEDS.pdf>).

Qualified Nonprofit Organization – An organization that is described in Section 501(c)(3) or (4) of the Code that is exempt from tax under Section 501(a) of the Code, and that meets the additional requirements contained in Section 12 of this QAP.

RAD – Rental Assistance Demonstration Program administered by HUD that allows PHAs and owners of other HUD-assisted properties to convert (public housing or other assisted) units from their original sources of HUD financing to project-based Section 8 contracts.

Related Parties – In relation to the Initial Application, any subsequent application or any request for a Modification, related parties include, the Applicant, developer, Owner, entities with commonality of one or more persons with those listed in the Ownership Entity Breakdown, entities with commonality of one or more persons with those listed in the Developer Entity Breakdown, and any of the following:

- a. Any person or entity who has a right to (i) replace the developer, (ii) act as co-developer, (iii) replace any individuals or entities who comprise a developer or co-developer, or (iv) otherwise direct the activities of the developer will be considered a developer for purposes of applying this limit.
- b. Any person or entity who has a right to (i) replace the general partner of the Owner or Applicant, (ii) act as co-general partner of the Owner or Applicant, (iii) replace any individuals or entities who comprise a general partner or co-general partner of the Owner or Applicant, or (iv) otherwise direct the activities of the general partner of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- c. Any person or entity who has a right to (i) replace the controlling stockholder of the Owner or Applicant, (ii) act as controlling stockholder of Owner or Applicant, (iii) replace any individuals or entities who comprise a controlling stockholder of the Owner or Applicant, or (iv) otherwise

direct the activities of the controlling stockholder of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.

- d. Any person or entity who has a right to (i) replace the managing member of the Owner or Applicant, (ii) act as co-managing member of the Owner or Applicant, (iii) replace any individuals or entities who comprise a managing member or co-managing member of the Owner or Applicant, or (iv) otherwise direct the activities of the managing member of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- e. Any person who is a signatory or guarantor of construction financing documents, permanent financing documents, and/or equity syndication documents.
- f. This limit will also apply to any person or entity that is related to any person or entity specified above.

Reservation Notice – Notice from THDA to the contact person specified in an Initial Application that Housing Credit may be made available in the competitive Housing Credit allocation process.

Review Notice – The notice sent to the contact person specified in an Initial Application after THDA has reviewed documentation sent in conjunction with a Cure Notice.

Rural – Counties identified as rural on the THOMAS Documents Page.

Scattered Site Development – a development located on 2 or more noncontiguous parcels of land.

Site – A parcel of land on which the Housing Credit Development will be developed, described by a unique legal description that will be part of the Carryover Allocation, and encumbered by the LURC. THDA will not allocate Housing Credit based on costs associated with a site, or any portion thereof, which was included in a prior allocation.

Site Control – Documentation submitted in conjunction with the Initial Application, as required by Section 13.A.1, that demonstrates control of the property by the applicant on which the development proposed in the Initial Application is to be located.

Scope of Work – A general description of the construction/rehabilitation work and estimate of cost that is expected to be performed under a construction contract. The Scope of Work should contain any milestones, reports, deliverables, and end products expected to be provided. The Scope of Work should contain a timeline for all deliverables.

Section 42 – Section 42 of the Code, as amended, together with all subsequent legislation duly enacted by the Congress of the United States affecting Section 42, all United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and all revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the Internal Revenue Service of the United States applicable to Section 42.

Significant Adverse Event (SAE) – An occurrence of noncompliance (curable or incurable), program fraud or misrepresentation, or an act that adversely conflicts with THDA’s mission as described in Section 5 of this QAP.

Special Housing Needs – Housing needs served by housing that has been constructed or rehabilitated with special features (e.g. location, design, layout, or on-site services) to help people live at the highest level of

independence in the community. For example, the unit may be adapted to accommodate special physical or medical needs; or provide on-site services such as staff support for older persons, individuals with mental health issues, developmental, or other social needs.

Supportive Services – Furnished through a contract with supportive service providers to provide Supportive Services, appropriate for a particular special needs population, under a planned program of services. In the case of persons with disabilities or housing for older persons, such services may be designed to enable residents of a Housing Credit Development to remain independent and avoid placement in a hospital, nursing home, or intermediate-care facility.

Supportive Services for Older Persons – Must include at least two of the following services: social and recreational programs, continuing education, information and counseling, recreation, homemaker, outside maintenance and referral services, an accessible physical environment, emergency and preventive health care programs, congregate dining facilities, or transportation to facilitate access to social services and facilities available to them.

Suburban – Counties identified as suburban on the THOMAS Documents Page.

Tennessee Growth Policy Act – Tennessee Code Annotated Section 6-68-101 et seq. that requires growth plans approved by the Tennessee Advisory Commission on Intergovernmental Relations. Information available here: <https://www.tn.gov/tacir/tennessee-county-growth-plans.html>.

Total Development Cost – The total of actual costs associated with new construction or rehabilitation development activities, as determined to be reasonable by THDA, in its sole discretion.

THOMAS Documents Page – A web page with necessary forms, templates, guidance, calendar, and links that are used in all application processes.

THOMAS – The Tennessee Housing Online Management and Application System.

THOMAS User Manual – THDA provided document that gives guidance for use of THOMAS.

Uniform Physical Conditional Standards (UPCS) – The HUD requirements that govern the physical condition of Housing Credit Developments.

Unit Fraction – The numerator of which is the number of Low-Income Units in a building and the denominator of which is the number of residential rental units (whether or not occupied) in the same building.

Urban – Counties identified as urban on the THOMAS Documents Page.

Urbanicity – The quality or fact of (an area) being urban. The degree to which a given geographical area is urban. Urbanicity designations can be found on the THOMAS Documents Page.

Zoning – Written documentation from the appropriate local government authority demonstrating that current zoning and other local land use regulations permit the development as proposed; or that no such regulations currently apply to prevent the development proposed in the Initial Application.

Section 3: THOMAS and Initial Application Submission Requirements

A. Applications

1. All applications involving Housing Credit, including Initial Applications, must be submitted electronically through THOMAS. If THDA determines that THOMAS malfunctions in a way that renders applicants unable to submit applications on-line, THDA will provide alternative instructions via e-mail BLASTS and THDA website postings. THDA reserves the right to identify in-progress applications and extend application deadlines to meet THOMAS's operational capacities.
2. Initial Applications proposing a combination of new construction **and** Existing Multifamily Housing will be scored as new construction if the majority of the Low-Income units are new construction or will be scored as Existing Multifamily Housing if the majority of the Low-Income units are Existing Multifamily Housing.
3. All fees must be received by THDA via a wire transfer in the amounts and by the deadlines specified in Section 4 of this QAP. An Initial Application is not complete unless and until the required fee is received by THDA.

B. Supporting Documents

1. Supporting documents required as part of an Initial Application or subsequent application must be uploaded into THOMAS as specified in the THOMAS User Manual. [Supporting documents should be no older than 6 months prior to the applicable application deadline, unless otherwise specified in the QAP.](#)
2. The THOMAS Documents Page contains Forms and Templates for required third party reports.
3. THDA will not accept cost certifications, market studies, physical needs assessments and/or appraisals prepared by parties connected with any person or entity involved with the Development Team or Related Parties, as determined by THDA, in its sole discretion.

Section 4: Program Fees

A. Effective Date

The fee schedule reflected below shall be in effect as of January 1, 2024.

B. Wiring instructions

All fees must be paid via an electronic wire.

Table 4–1: Wiring Instructions Format	
Bank:	US Bank
ABA:	064000059
BNF:	THDA Clearing Housing
BNF A/C:	151203673398
BNF ADDRESS:	502 Deaderick Street Andrew Jackson Building, Third Floor Nashville, TN 37243
OBI:	Housing Credit/Bond Application Fees + TN ID Number(s). Applicants may send one wire to cover multiple applications however, applicants must enter the applicable TN ID Number(s) in the OBI field on the wire.

Applicants are required to send the wire confirmation to thomas@thda.org.

C. Fee Schedule

Fees are not refundable and may not be applied to other types of fees or fees related to a different application, unless THDA determines that circumstances beyond the Applicant’s anticipation or control are present. The following fees shall apply:

Table 4–2: Fee Schedule			
Fee Type		Amount	Due
Initial Application Fee			
	1 – 4 Units	\$395	When Initial Application is submitted
	5 – 50 Units	\$1,595	
	51 – 100 Units	\$2,210	
	101 + Units	\$40 per unit	
Reservation Fee			
	Determined at 6.25 percent of the total amount of competitive Housing Credit approved by THDA	Calculated by THDA	When Reservation Notice is accepted
42(m) Letter Fee			
	Determined at 6.25 percent of the total amount of noncompetitive Housing Credit requested by the Applicant	Calculated by THDA	When a Firm Commitment is accepted
Modification Fee			
	Equal to the greater of \$750 or 0.625 percent of the annual Housing Credit specified in the Reservation Notice	Calculated by THDA	When Request is made
Deadline Extension Fee			
	1 – 5 days	\$500	When Request is made
	6 – 30 days	\$200 per day	
	Over 30 days	\$6,000	
	8609 Amendment Fee	\$50 per form \$250 minimum	When Request is made
	Monitoring Fee	\$600 per Low Income unit	When Final Application is submitted
	Income Averaging Monitoring Fee	\$1,200 per Housing Credit unit	When Final Application is submitted
	Compliance Re–inspection Fee	\$200 per unit	When Request is made
	Owner’s Annual Certification Extension Fee (max 30 days)	\$250	Prior to submission deadline
	Owner’s Annual Certification Late Fee	\$500 per month	Upon submission of Owner’s Annual Certification
Utility Allowance Estimate Fees			
	Utility Company Estimate Methodology	\$10 per unit per review	When Request is made
	Energy Consumption Model Methodology	\$250 per review	
	Agency Estimate	\$150 per review	

Section 5: Development Team Members and Eligibility Thresholds

THDA prefers Development Teams that have successful experience in Tennessee with the THDA Housing Credit Program. Such experience is evidenced by successful construction, rehabilitation, and placing in service of a recent Housing Credit Development, maintaining a good track record in the on-going operations of the Housing Credit Development, and providing the capacity to sustain the Housing Credit Development in the ever changing regulatory and rental market. Consequently, an Initial Application for Housing Credit is ineligible under this QAP when any member of the Development Team or any individual who is identified in the Initial Application as a member of the Development Team have, with respect to any prior Housing Credit Development, incurred and failed to cure any and all major SAE(s) that have been identified since January 1, 2019 or are otherwise ineligible based on any other event listed under Other Ineligibility (below) as of the Initial Application date.

A. Major SAEs

Major SAEs include, without limitation, situations in which any individual involved in the Initial Application was part of a prior Housing Credit Development to which any of the following apply:

1. The general partner/managing member/sole stockholder being removed from the ownership entity of a prior Housing Credit Development;
2. Returning credits due to the development not being able to meet its targeted place in service deadline, and requesting THDA to approve and make an Exchange of Credit Allocation. (No Major SAE will be imposed when THDA determines that an Exchange was necessitated by circumstances beyond the Applicant's anticipation or control);
3. An uncured event of default under the Section 1602 or Tax Credit Assistance Program;
4. A Fair Housing Act violation, which resulted in a finding of discrimination by an adverse final decision from HUD, an equivalent state or local fair housing agency, or a federal or state court;
5. The Housing Credit Development was foreclosed, where such foreclosure occurred after December 31, 2019, including a deed in lieu of foreclosure;
6. Submitting to the IRS an IRS Form 8609 that was not created by THDA in an effort to claim Housing Credit or submitting to the IRS an IRS Form 8609 which has been altered or contains information inconsistent with the IRS Form 8609 created by THDA in an effort to claim Housing Credit; or
7. Failure to meet the federal placed in service deadline for a development that received Competitive or Noncompetitive Housing Credit.

B. Other Ineligibility

Housing Credit Initial Applications are ineligible if any of the following apply:

1. Any individual involved in the Initial Application has any one of the following:
 - a. A felony conviction of any type within the last ten (10) years; or
 - b. A fine, suspension or debarment involving financial or housing activities within the last five (5) years imposed by any federal agency; or
 - c. A current bankruptcy or a bankruptcy discharged within the last four (4) years or any organization or entity in which the individual had significant control currently is in bankruptcy or had a bankruptcy discharged within the last four (4) years; or
 - d. Individual bankruptcy of a member of the board of directors of an entity that is, or is wholly controlled by, a government entity will not be grounds for ineligibility provided that the individual certifies that he/she will not have substantial decision-making authority with regard to the proposed development; or

- e. Any suspensions of required state licenses (Tennessee or any other state) within the last ten (10) years.
2. An individual who is a member of the Development Team identified in the Initial Application and who is involved with another Housing Credit Development in Tennessee that has participated in the Qualified Contract Process since January 1, 2023.
3. An individual who is a member of the Development Team identified in the Initial Application and who is involved with a pre-2024 Housing Credit Development with a first allocation of Competitive Housing Credit in Tennessee; prior to THDA issuing IRS Form(s) 8609 for that development.
4. An individual who is a member of the Development Team identified in the Initial Application, where such individual was involved in an application that received a commitment of MTBA during 2023, but such MTBA bonds were not issued and sold by the expiration date (original or extended) of the MTBA Firm Commitment Letter and the MTBA Firm Commitment Letter was not released as described in Section 10-H of the 2023 MTBA Program Description.
5. If any of the following are true regarding an individual who is a member of the Development Team identified in the Initial Application for any development receiving an allocation of Housing Credit after December 31, 2014:
 - a. They were involved in a pre-2024 Housing Credit Development with an accepted Reservation Notice, but the proposed Housing Credit Development failed to meet the federal allocation timeframes and did not obtain a Carryover Allocation Agreement ; or
 - b. They were involved in a pre-2024 Housing Credit Development with a fully executed Carryover Allocation Agreement, but the proposed Housing Credit Development failed to meet the federal allocation timeframes and did not obtain IRS Form(s) 8609; or
 - c. They were involved in a pre-2024 Housing Credit Development for which THDA issued IRS Form(s) 8609, but the Housing Credit Development failed to meet the minimum set-aside test for low-income tenants as specified in the LURC by the end of the first year of the Credit Period; or
 - d. They were involved in a pre-2024 Housing Credit Development that THDA determined to be in violation of the requirements of the applicable QAP regarding developer or related party issues; or
 - e. They were involved in a pre-2024 Housing Credit Development that involved a “broker” who did not remain involved in the Initial Application through the closing of permanent financing for the Housing Credit Development; or
 - f. They were involved in a pre-2024 Housing Credit Development that did not meet the requirements of the applicable QAP regarding submission of permanent financing documentation to THDA; or
 - g. They were involved in a pre-2024 Housing Credit Development that involved a “consultant” who was determined to be a signatory of construction financing, permanent financing or equity syndications documents or provided a guaranty in connection with construction financing, permanent financing or equity syndication; or
 - h. They were involved in a pre-2023 MTBA Application that received a firm commitment of bond authority but failed to meet the established deadline for issuance and sale of the bonds. Voluntary withdrawal of a Multifamily Tax Exempt Bond Authority Application in accordance with all applicable program requirements will not cause ineligibility; or
 - i. The Initial Application is deemed ineligible pursuant to any other provisions of this QAP.
6. An individual involved in the Initial Application was involved with another Housing Credit Development at the time the development was placed in “No Further Monitoring” status by THDA and the project remains in “No Further Monitoring” Status.
7. There is pending or threatened litigation with regard to (i) an entity or individual that is involved in the Initial Application; (ii) an entity or individual that will be involved in the Ownership Entity; or (iii) any other aspect of the proposed project, where THDA determines

that the existence of such could be detrimental to the success or feasibility of the project. This does not include cases merely arising from opposition to the development of the Project.

C. Requests for Relief

If an Initial Application is submitted and one or more uncured SAEs is attributable to an individual involved with such application, the Initial Application is subject to disqualification at the determination of the Executive Director, who shall notify the THDA Board of Directors of such action. The THDA Board of Directors retains the authority to revisit such determination.

D. Minor SAEs

Minor SAEs are events that, cumulatively, may affect the eligibility of an Initial Application. Multiple Minor SAEs indicate consistent problems and poor performance in Housing Credit Developments in which members of the Development Team are involved.

Effective January 1, 2019, THDA will track Minor SAEs as they occur in the development and ongoing operations of Housing Credit Developments by Development Team and by individuals identified as members of the relevant Development Team.

As THDA becomes aware of Minor SAEs, THDA will notify the Development Team. The Minor SAE(s) reflected in the notice may or may not be curable. A **curable** Minor SAE(s) reflected in an Evaluation Notice may impact Initial Application scoring for a period of time beginning with the effective date of the notice and ending **the later of**: (i) two years after the effective date of the notice (as applicable) or (ii) when the Minor SAE is cured. An **incurable** Minor SAE(s) reflected in a notice may impact Initial Application scoring for a period of time beginning with the effective date of the notice and ending two years or five years after the effective date of the notice (as applicable).

Minor SAEs will be counted relative to the Development Team, not individual members. The cumulative total of Minor SAEs will determine the Development Team Track Record points.

Minor SAEs include, without limitation, any of the following that occur with respect to any Housing Credit Development in Tennessee:

1. Curable Minor SAEs are as follows: The **curable** Minor SAE(s) in this Section 5-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending **the later of** two years later, or when the Minor SAE is cured. The **incurable** Minor SAE(s) in this Section 5-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending two years later.
 - a. Defaulting on loan payments, unpaid property taxes, or having arrearages of at least three months on any loan for any Housing Credit Development;
 - (i) Unpaid property taxes will not constitute a Minor SAE if acceptable evidence of active appeal is provided.
 - b. Failing to utilize all listed funding sources in the amount or under the terms described in the Initial Application until any Housing Credit Development is placed in service, unless THDA has been advised of the change in funding source and agreed to the change;
 - c. Failing to maintain and operate amenities and services specified in the Initial Application throughout the term of the LURC;
 - d. Failing to convert construction loan financing to permanent loan financing within 6 months of THDA issuance of IRS Form 8609; or

- e. Making changes to the Housing Credit Development ownership entity without THDA approval.
- f. Failing to fulfill commitments made in any application, including without limitation those for scoring points in the Initial Application (except for changes approved by THDA, in its sole discretion);
- g. Failing to correct outstanding noncompliance issues within the applicable correction period;
- h. Failing to respond to written requests from THDA for information and/or documentation by the prescribed deadline in any such written request.

Section 6: Mandatory and Threshold Requirements

All documentation must be in full force and effect and fully executed. To be eligible, Initial Applications for new construction or rehabilitation (with or without acquisition) must meet all of the following requirements, as applicable, as determined by THDA, in its sole discretion.

A. Mandatory Requirements

1. **Site Control** – To be eligible, an Initial Application must demonstrate control of the Site. A copy of any one of items a.- d. below must be part of the Initial Application:
 - a. Recorded instrument of conveyance (warranty deed, quitclaim deed, trustee deed, court order) evidencing title to the Site vested in (A) the currently existing Ownership Entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed;
 - b. Acceptable evidence demonstrating the ability to acquire the Site through the power of eminent domain by (A) the currently existing Ownership Entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed;
 - c. Contract for sale or a contract for a 50-year ground lease, which contract must show that the ground lease, when executed, will meet the requirements specified in item e. below, executed by (A) the owner of record of the Site and (B) the currently existing Ownership Entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed. The contract must extend at least six months from the 2024 Competitive Cycle Deadline for Initial Applications (see Table 21-1) with an extension to closing/Carryover site control demonstration; or
 - d. An option to purchase or an option for a 50-year ground lease, which option must show that the ground lease, when executed, will meet the requirements specified in item e. below, executed by (A) the owner of record of the Site and (B) the currently existing Ownership Entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed. The option must extend at least six months from the 2024 Competitive Cycle Deadline for Initial Applications (see Table 21-1) with an extension to closing/Carryover site control demonstration.
 - e. A ground lease for the Site must have a minimum term of 50 years with no provisions for termination or reversion prior to the expiration of the extended use period as defined in Section 42(h)(6)(D). Proposed developments which are the subject of a Payment In Lieu of Taxes (“PILOT”) agreement may be exempt from this minimum term requirement subject to THDA’s review of and satisfaction with the terms of the PILOT.
 - f. Assignments of contracts or options will not be accepted unless the underlying contract or option that meets the requirements set forth above is provided as well.
 - g. The legal description included with the documentation pursuant to Site Control requirements and the legal description included with the documentation pursuant to Underlying Seller Authority requirements must be consistent with each other. All documentation must be in full force and effect, fully executed, and include a correct legal description for the Site.
 - h. If the legal descriptions required pursuant to Site Control requirements and Underlying Seller Authority Site Control requirements do not match exactly, the applicant may submit a an attorney opinion letter/certification ~~sworn affidavit from an individual listed in Ownership Organization Breakdown or an individual listed on Developer Organization Breakdown~~ stating that the legal description included with the documentation pursuant to Level 1 Site Control and the legal description included with the documentation pursuant to Level 2 Site Control both refer to the same Site.

- i. The purchase price must be clearly stated in the documentation submitted pursuant to Site Control requirements.
 - j. If the Site identified in an Initial Application under this QAP includes land for which the purchase cost has already been taken into account in connection with a prior allocation of Tax Credits, no cost for the purchase of the land will be permitted in connection with the Site identified in the Initial Application under this QAP.
2. Site Control – Underlying Seller Authority Documentation (required in addition to Site Control as described in Section 6.A.1):
- a. A commitment for title insurance evidencing that title to the Site is vested in the person or entity who executed the document required for Site Control as owner, which must include a valid legal description of the Site. The commitment for title insurance must be dated no more than 60 days prior to the Initial Application Deadline and the proposed insured must be listed as the Ownership Entity or the general partner or managing member of the Ownership Entity to be formed;
 - b. All documentation must be in full force and effect, fully executed, and include a correct legal description for the Site.
 - c. The legal description included with the documentation pursuant to Site Control requirements and the legal description included with the documentation pursuant to Underlying Seller Authority requirements must be consistent with each other.
 - d. If the legal descriptions required pursuant to Site Control requirements and Underlying Seller Authority do not match exactly, the Applicant may submit a sworn affidavit from an individual listed in Ownership Organization Breakdown or an individual listed on Developer Organization Breakdown stating that the legal description included with Site Control documents and Underlying Seller Authority documents both refer to the Site.
3. Zoning – Evidence that Sites are currently zoned for the proposed Development must be demonstrated through either:
- a. A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Development and containing all four (4) of the following: 1) location of the Site(s) (e.g. address or street crossings); and 2) The current zoning and any special use designations; and 3) A description of the Development (including number of units, proposed use, and construction type i.e. townhome, midrise elevator, etc.); and 4) A statement that the current zoning will permit the proposed Housing Development;

OR

- b. A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Development and containing all four (4) of the following: 1) The location of the Site(s) (e.g. address or street crossings); and 2) A description of the Development (including number of units, proposed use, and construction type, i.e. townhome, midrise elevator, etc.); and 3) A overview of the Zoning/PUD approval process and timing; and 4) Assurance that the Zoning/PUD will be reviewed in a timely manner, including any available dates so as it is complete by time of award process;

OR

- c. A letter from the chief elected official identifying the Development and stating that there are no zoning regulations in place.
4. Achieve a minimum score as specified in Section 20 of this QAP, as determined by THDA, in its sole discretion.

5. Market Study is included, acceptable, accurately reflects the Development presented in the Initial Application, is no older than six (6) months from application submission date, and is performed and prepared by an independent third party in accordance with the Market Study Guidelines included on the THOMAS Documents Page.
6. If land or building acquisition costs are included, include an acceptable Appraisal of the land and/or building acquisition that is no older than six (6) months from application submission date and performed and prepared by an independent third party in accordance with the Appraisal Guidelines included on the THOMAS Documents Page.

B. Threshold Requirements

1. Eligible Initial Applications must meet all of the following requirements:
 - a. Be a qualified low-income housing development, containing qualified low-income buildings and low-income units;
 - b. Comply with the Fair Housing Act, as applicable;
 - c. Comply with the Fair Housing Act design and construction requirements for units that are considered “covered multifamily dwellings” designed and constructed “for first occupancy” after March 13, 1991, using one of HUD’s recognized safe harbors;
 - d. Comply with the Americans with Disabilities Act (ADA), as applicable; and
 - e. Comply with all applicable local building codes or State adopted building codes in the absence of local building codes.
2. **Site Utilities:** Include documentation in the Initial Application from the relevant local jurisdiction verifying availability of electricity, water, sewer, and, if applicable, natural gas. Septic fields are prohibited for buildings with more than 4 units. If an on-site treatment facility is proposed, the Initial Application must include a separate financing commitment for the development and maintenance of the facility.
3. **Financial Feasibility:** Include documentation demonstrating that the development is financially feasible. The ownership entity for the proposed Development is structured as a single purpose entity and must be able to clearly show that the Development is financially sustainable based on income from operations. The sources and uses must be available at the time of Application. Lender and Investor LOIs should demonstrate that there will be no shortfall of funds during the construction period; and permanent finance is structured and included. THDA may require documentation not specifically included in the minimum documentation requirements to verify the reasonableness of operating costs, as determined by THDA, in its sole discretion.
4. Financial Pro-forma: Include a 30-year pro-forma for the proposed development in the Initial application.
5. Include one of the following minimum set-aside elections in the Initial Application, except for an Initial Application that proposes rehabilitation of a prior Housing Credit Development:
 - a. The 20/50 Test; or
 - b. The 40/60 Test; or
 - c. The Average Income Test.

An Initial Application that proposes rehabilitation of a prior Housing Credit Development must elect the minimum set-aside elected in the Initial Application for the prior Housing Credit Development, except that where the 40/60 Test was initially selected, an Applicant may, prior to its submission of the Initial Application, petition THDA for consideration of the use of the Average Income Test.

6. Include an executed Statement of Application and Certification in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page.
7. Include an executed Certificate Regarding Eligibility for Low–Income Housing Credit in the form shown on the Template provided in THOMAS and in accordance with the Guidelines on the THOMAS Documents Page.
8. Include a Certificate Regarding Acquisition Housing Credit (if Acquisition Housing Credit is requested) in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page.
9. Include a certificate that Owner will comply with Affirmatively Furthering Fair Housing Marketing requirements and provide THDA its Marketing Plan in its Carryover Allocation Application.
10. Include all required Disclosure Forms in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page
11. Include a THDA Organizational Ownership Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
12. Include a THDA Organizational Developer Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.

Section 7: New Construction and Rehabilitation Minimum Requirements

Owners shall develop all New Construction and Rehabilitation units in compliance with THDA's "Minimum Design Standards for the Rehabilitation/New Construction of Single Family & Multifamily Housing Units," as may be amended, which can be found on THDA's website at _____ . Other methods of construction and design may be acceptable on a case by case basis, and goals and requirements may be approved for waivers. All requests for waivers should be discussed with multifamily staff prior to application.

~~A. New Construction Minimum Construction Requirements~~

~~Initial Applications that propose new construction must meet all of the following requirements:~~

- ~~1. Compliance with all Threshold Requirements~~
- ~~2. All newly constructed single family units, duplexes, and triplexes, must meet the following visitability requirements:~~
 - ~~a. Easy Access with a step free entrance of not more than ½ inch from a driveway, sidewalk or other firm surface into the main floor of the home, and;~~
 - ~~b. Easy Passage throughout the home with an exterior door that provides a minimum of 32 inches of clear passage (36 inches is preferable) from the step free entrance. All interior passage doorways on the main floor also provide a minimum of 32 inches of clear passage, and;~~
 - ~~c. Easy Use with a main floor that includes a half bath. The half bath must provide at least 30 inches by 48 inches of maneuvering space that allows easy access to the sink and toilet.~~
- ~~3. All on site retention and/or detention ponds must be fenced.~~
- ~~4. Development sign at the entrance(s) to the complex that includes the Fair Housing Logo. Compliance with all applicable requirements of Appendix 1.~~

~~B. Existing Multifamily Housing Minimum Rehabilitation Requirements~~

~~The Initial Application must include a Physical Needs Assessment of the Existing Multifamily Housing indicating proposed rehabilitation activities. The Physical Needs Assessment must be performed and prepared by an independent third party in accordance with the Physical Needs Assessment Guidelines on the THOMAS Documents Page.~~

~~Initial Applications that propose rehabilitation must demonstrate that the rehabilitation, when completed, will meet the following requirements:~~

- ~~1. Compliance with all Threshold Requirements.~~
- ~~2. Minimum rehabilitation costs equal to the greater of the per door costs in the Physical Needs Assessment or \$25,000.~~
- ~~3. The replacement of any component of the building or site with a remaining useful life of less than 15 years, as specified in the Fannie Mae Expected Useful Life Table, which is incorporated in this QAP by reference.~~
- ~~4. Corrective actions for all deficiencies noted in the Physical Needs Assessment.~~
- ~~5. Substantially the same scope of work in all units including painting of the entire unit (all rooms and ceilings), flooring consistent throughout the development, and matching cabinetry within each unit.~~
- ~~6. If roofs are to be replaced, roofing materials must at least be anti-fungal with a minimum 25-year warranty.~~
- ~~7. Replace and install new water supply fixtures and valves.~~
- ~~8. Replace all window blinds and exterior window screens.~~
- ~~9. Replace all damaged and worn interior doors, jams, frames, and hardware.~~
- ~~10. For developments with existing exterior wooden stair systems, the existing exterior wooden stair systems must be replaced in their entirety with new steel or concrete exterior stair systems unless the Physical Needs Assessment clearly states that the existing exterior wooden stair systems have a remaining useful life of at least 10 years.~~
- ~~11. Replace all exteriors that are 90 percent vinyl with an estimated useful life of 15 years or less, as shown in the Physical Needs Assessment, with brick/stone veneer, stucco or fiber cement and/or hardiplank. Compliance with all applicable requirements of Appendix 1.~~

~~C. Multifamily Tax Exempt Bond Authority and Noncompetitive Housing Credit Rehabilitation Requirements~~

~~Initial Applications proposing rehabilitation of Existing Multifamily Housing must present a scope of work that meets the following:~~

- ~~1. Compliance with all Threshold Requirements.~~
- ~~2. The replacement of any component of the building or site with a Remaining Useful Life of less than 15 years, as specified in the Fannie Mae Expected Useful Life Table, which is incorporated in this QAP by reference.~~
- ~~3. Substantially the same scope of work in all units including painting of the entire unit (all rooms and ceilings), flooring consistent throughout development, and matching cabinetry within each unit.~~
- ~~4. If roofs are to be replaced, roofing materials must be anti-fungal with a minimum 25-year warranty.~~
- ~~5. For developments with existing exterior wooden stair systems, the existing exterior wooden stair systems must be replaced in their entirety with new steel or concrete exterior stair systems unless the Physical Needs Assessment clearly states that the existing exterior wooden stair systems have a remaining useful life of at least 10 years.~~
- ~~6. Replace all exteriors that are 90% vinyl with an estimated useful life of 15 years or less, as shown in the Physical Needs Assessment, with brick/stone veneer, stucco or fiber-cement and/or hardiplank.~~

~~**D. Energy Efficiency for All Units**~~

- ~~1. Demonstrate that all units in the proposed development, once constructed, will include all of the following energy efficiency features:
 - ~~a. In all units, at least one high efficiency or dual flush toilet and all faucets, shower heads and toilets EPA “Watersense” rated.~~
 - ~~b. New ENERGY STAR rated frost free refrigerator (14 cubic foot minimum) with ice maker.~~
 - ~~c. All faucets are EPA “Watersense” rated.~~
 - ~~d. All light fixtures in units and common areas are fitted with ENERGY STAR rated light bulbs, compact fluorescent or LED.~~
 - ~~e. Electronic programmable temperature control thermostats.~~
 - ~~f. All windows are replaced with double glazed, insulated energy efficient windows.~~~~

Section 8: Construction Review Process

A. Construction Overview

THDA will conduct a preconstruction meeting with the ownership entity, developer, architect, and general contractor after closing of the equity syndication and construction financing. Documentation in a form and with substance specified by THDA must be uploaded into THOMAS. Guidance may be found on the THOMAS Documents Page. The architectural drawings and specifications, as approved by the syndicator and lender, shall be submitted into THOMAS within five (5) days after closing. If rehabilitation of Existing Multifamily Housing or adaptive reuse is proposed, the scope of work must also be submitted in THOMAS within five (5) days after closing. The scheduling of the preconstruction meeting shall not take place until the information is submitted to THDA using THOMAS. **THDA does not approve or provide any representations or warranties in connection with architectural drawings or specifications or other documents submitted in connection with the construction review process described in this Section.**

B. Preconstruction Meeting

The purpose of the preconstruction meeting is to outline basic responsibilities and duties of the various parties throughout the construction process in relation to the Housing Credit Program.

1. For developers with no previous Housing Credit program experience, a full preconstruction meeting must take place.
2. Developers with previous Housing Credit program experience may request a limited preconstruction meeting.
3. THDA shall determine, in its sole discretion, whether the preconstruction meeting will be full or limited.

Preconstruction meeting scheduling should not delay construction progress.

C. Construction Inspections and Reporting

After the preconstruction meeting has been conducted, construction reporting and periodic construction site visits by THDA are required.

1. The following required documents shall be submitted in THOMAS prior to construction site visits:
 - a. Executed Notice to Proceed
 - b. Building Permits (if not required, the applicable local official must submit a letter verifying that building permits are not required).
 - c. Construction Schedule with anticipated benchmarks
2. During the construction process, THDA will inspect the work progress monthly, or as otherwise determined by THDA to be necessary, and conduct periodic site inspections for compliance with THDA requirements based on the Percentage of Construction Complete as reported in THOMAS.
3. Monthly executed draw packages and quarterly construction progress reports are required and shall be submitted in THOMAS.

4. Updated construction schedule and scope of work shall be submitted based on the Schedule of Evaluation Notices and Deadlines if requested by THDA:

Table 8–1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

D. Completion of Construction Documentation

The following items shall be uploaded to THOMAS following completion of construction and before the final construction inspection is scheduled:

1. Architect Certification regarding:
 - a. Compliance with applicable building codes; and
 - b. Compliance with all federal accessibility requirements including without limitation, ADA and Fair Housing Act requirement; and
 - c. Compliance with UPCS, and
 - d. Compliance with all state requirements.
2. Certificate of substantial completion issued by the architect; and
3. Certificate of Occupancy for each building (if not required, applicable local official must submit a letter verifying this information), and
4. Final Draw Package.

E. Final Construction Inspection

Once construction is 100% complete, all documents have been submitted in THOMAS, and all threshold requirements in the QAP and items selected for points in the Initial Application are complete, a final construction inspection shall be conducted to determine compliance with THDA requirements and UPCS.

Section 9: Final or Placed in Service Process

A. Timeframes for Final Application Submission

After all units in a development are placed in service, the completion of construction documentation shall be submitted into THOMAS. THDA will then schedule the final construction inspection referenced in Section 8–E.

B. THOMAS Final Application Submission Requirements

Following notice from THDA regarding a satisfactory final construction inspection, a Final Application may be submitted through THOMAS. THDA maintains an open cycle for the submission of Final Applications in THOMAS. The Final Application must be entered into THOMAS with required supporting documents. The Final Application must include, without limitation, the following items:

1. An executed Final THDA Statement and Application in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
2. An executed Final THDA Accountant in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
3. An executed Final THDA Eligibility Certificate in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
4. An executed Final THDA Syndication Letter Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
5. An executed Final THDA Eligibility Opinion Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
6. An executed Final THDA Acquisition Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
7. An executed Final THDA Nonprofit in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
8. An executed Final THDA Ownership Organizational Breakdown Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
9. An executed Final THDA Developer Organizational Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
10. An executed Final THDA Disclosure Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
11. An executed Final THDA Disclosure Exemption Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
12. A 30-year pro-forma for the development in the Final Application
13. An executed Recorded Copy of THDA Land Use Restrictive Covenant in THOMAS.
14. An executed Permanent Financing Documentation in THOMAS, if applicable
15. An executed THDA Certification of Outstanding MTBA in the form shown on the template in accordance with the Guidelines on the THOMAS Documents Page, if applicable.

C. Final Application Review Process

During the review of the Final Application, THDA will issue Evaluation Notices that may request additional documentation and/or information for purposes of clarification of eligibility, scoring and financial feasibility. Evaluation Notices will be issued in the following manner:

Table 9-1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

THDA will not issue IRS Form(s) 8609 if all conditions contained in Evaluation Notices are not fully satisfied. The deadline specified in the final Evaluation Notice is the date upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline are not met. Upon notification, the Housing Credit referred to in the Carryover Allocation Agreement are not available for the development and will be made available to other qualified developments.

D. Final Allocation of Housing Credit

THDA will make a final allocation of Housing Credit and will issue IRS Form(s) 8609 after satisfactory review of the Final Application and supporting documents are completed. **The amount of Housing Credit allocated to a development at placed in service may be less than, but will not be more than, the amount reserved in the Reservation Notice or the amount allocated in the Carryover Allocation Agreement. THDA reserves the right to make downward adjustments to the final amount of Housing Credit allocated based on the information submitted, QAP requirements, and Section 42 requirements.**

E. Submission of Permanent Financing Documents

1. THDA must receive a copy of the promissory note and recorded deed of trust for permanent financing of the development in THOMAS within sixty (60) days of the date of recording of the deed of trust. Failure to provide such documentation shall be deemed an event of noncompliance. THDA reserves the right to issue revised IRS Form(s) 8609 following receipt of the promissory note and recorded deed of trust if the terms of the promissory note or deed of trust vary from the terms specified in the Final Application.

Section 10: Compliance Requirements and Monitoring Process

The following compliance requirements and monitoring process apply to all buildings placed in service in Tennessee. Owners are responsible for complying or ensuring compliance of the Housing Credit Development with Section 42, relevant regulations, the LURC, and the applicable QAP throughout the term of the LURC. THDA's obligation to monitor compliance with Section 42, relevant regulations, the LURC, and the applicable QAP does not make THDA or the State of Tennessee liable for an Owner's noncompliance. THDA shall carry out its monitoring responsibilities in accordance with Section 42, relevant regulations, the applicable QAP and applications submitted thereunder, and the LURC. THDA will also rely on guidance from the IRS via the "Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition," Revenue Procedures, Revenue Rulings and other similar guidance, all as modified from time to time.

- A. Owner's Annual Certification of Compliance ("OACC"). THDA will review all OACCs for compliance with Section 42, relevant regulations, the Initial Application, the LURC, and the applicable QAP(s).
1. Each year, during the term of the LURC, Owners shall certify, under penalty of perjury, by the deadline established by THDA, that, for all times during the prior calendar year, all of the following were true:
 - a. The units were leased according to the Owner's THDA-approved Affirmatively Furthering Fair Housing ("AFFH") Marketing Plan. All Owners must certify at Initial Application to affirmatively further fair housing through an AFFH Marketing plan, provide the AFFH Marketing Plan as part of the Carryover Allocation Application, and revise it yearly, as needed. The AFFH Marketing Plan must include:
 - (i) Owner's analysis to understand the development's housing market demographics for the area;
 - (ii) Identified impediments to fair housing choice within such area and underserved populations or populations that are least likely to apply to live in the development;
 - (iii) Marketing efforts Owner has developed to take appropriate actions to overcome the effects of any identified impediments to ensure a diverse applicant pool and resident population. Such marketing efforts should be beyond usual methods of advertising; and
 - (iv) Owner's plan to maintain records reflecting the analysis and actions under the Affirmative Fair Housing Marketing Plan. The following resources may assist in the development of an Affirmative Fair Housing Marketing Plan:
 - A. [24 CFR Part 200 Subpart M -- Affirmative Fair Housing Marketing Regulations](#)
 - B. <https://www.irs.gov/pub/irs-drop/rr-16-29.pdf>
 - C. <https://public-inspection.federalregister.gov/2021-12114.pdf>
 - D. [935-2A.PDF \(hud.gov\)](#)
 - b. There were no findings of discrimination under the Fair Housing Act, 42 U.S.C. 3601–3619 for the Housing Credit Development;
 - c. The Housing Credit Development met the minimum election set-aside requirements of the appropriately selected test (i.e. 40/60 Test, 20/50 Test, or Average Income Test) consistent with the irrevocable election made at the time of the Initial Application under the relevant QAP;
 - d. There was no change in the applicable fraction of any building in the Housing Credit Development or that there was a change and a description, satisfactory to THDA, of that change;
 - e. The Owner's files contain annual Household Income Certifications from each low-income household and documentation to support that certification at initial occupancy and at each subsequent year during the term of the LURC;

- f. Proper approval for the applicable utility allowances used to determine rent as outlined in 26 C.F.R. Section 1.42-10 and THDA policy.
- g. THDA's restrictions on rent increases were followed. An Owner may only raise a tenant's amount of rent:
 - (i) At lease renewal with a 90-day notice; or
 - (ii) Mid-lease term, if the HUD-published income limits would raise the amount of rent an Owner is allowed to charge. However, the (i) the lease must allow for such increase mid-term (ii) the tenant must be given a 90-day notice, and (iii) the tenant must be given the opportunity to break the lease and relocate if the household does not agree to the increase in rent.
- h. All units in the Housing Credit Development were for use by the general public;
- i. Each building in the Housing Credit Development is suitable for occupancy, taking into account UPCS standard and local health, safety, and building codes (or other habitability standards) and the state or local government unit responsible for making local, health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the development;
- j. There has been no change in the eligible basis of any building in the Housing Credit Development or, if there was a change, the nature of the change;
- k. All resident facilities included in the eligible basis of any building in the Housing Credit Development, such as a swimming pool, other recreational facilities, and parking areas, were provided on a comparable basis, without charge, to all residents of the Housing Credit Development;
- l. If a low-income unit became vacant during the year, reasonable attempts were made to rent that unit or the next available unit of comparable or smaller size to households having a qualifying income before any units in the Housing Credit Development were rented to households not having a qualifying income and while the unit was vacant, no units of comparable or smaller size were rented to households not having a qualifying income;
- m. If the income of a household occupying a low-income unit in the Housing Credit Development increased above the applicable income limit, the next available unit of a comparable or smaller size was rented to a household having a qualifying income;
- n. A LURC was in effect, and included a provision that an Owner cannot refuse to lease a unit in the Housing Credit Development to an applicant because the applicant holds a voucher under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f;
- o. All low-income units in the Housing Credit Development were used on a non-transient basis, except for transitional housing for the homeless or single-room occupant units rented on a month-by-month basis;
- p. If the Owner received Housing Credit from the Non-Profit Set-Aside, the Qualified Non-profit Organization" materially participated (regular, continuous and substantial on-site involvement) in the on-going operation of the development; and
- q. All requirements associated with items for which points were taken at the time of Initial Application were met.
- r. All required Tenant Notices were provided.
 - (i) Owners shall notify every tenant household that if the LURC is terminated due to foreclosure or a qualified contract that, for a period of three years, beginning on the date of the termination, (i) eviction or termination of the tenancy of an existing tenant is prohibited, other than for good cause and (ii) increase in the gross rent is prohibited, except in accordance with Section 42(g); and
 - (ii) If the LURC is expiring naturally, Owners shall notify tenants of the upcoming expiration one (1) year before such expiration.
- s. Owner listed all vacancies for every property they own that receives any type of THDA funding at TNHousingSearch.com.

2. If the Owner cannot certify to one or more of the above items, a detailed explanation of the situation must be provided to THDA with the OACC.
- B. Physical Reviews and Desk Reviews.
1. THDA must conduct physical, on-site inspections of all buildings in a Project (“Physical Reviews”) and must conduct desk reviews of the low-income certification files of a Project (“Desk Review”) by the end of the second calendar year following the year the last building in a Project is placed in service and then at least once every 3 years thereafter.
 2. For each Project that is due to be reviewed in a particular year, THDA must conduct physical reviews for 20% of the low-income units in the Project, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set forth in the table to 26 CFR 1.42-5(c)(2)(iii), whichever is less.
 3. For each Project that is due to be reviewed in a particular year, THDA must also conduct desk reviews for an additional 20% of the low-income units in the Project, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set forth in the table to 26 CFR 1.42-5(c)(2)(iii), whichever is less.
 4. The Physical Reviews and Desk Reviews should be for different units.
 5. Desk Reviews may be performed on-site at THDA.
- C. Owners shall submit the OAC and required tenant data submission for the Desk Review via THOMAS or THDA’s online system within the timeframe specified by THDA. The Owner must designate an Administrator in THOMAS. This Administrator must be an individual approved by THDA within the Organization Structure and may not be an outside individual.
- D. THDA shall provide prompt written notice to an Owner if any of the following occur:
1. THDA does not receive the OACC by the specified deadline;
 2. THDA does not receive or is not permitted to inspect household income certifications, supporting documentation or rent records;
 3. THDA discovers by inspection, review or in some other manner that the Housing Credit Development is not in compliance with Section 42, the relevant regulations, the LURC, or the applicable QAP.
- E. Owners shall pay fees, as determined by THDA, to cover the administrative expenses of monitoring compliance and other expenses incurred in carrying out its duties as the Housing Credit Agency, including but not limited to, reasonable fees for legal and professional services.
- F. Owners shall have thirty (30) days to provide missing documentation or to correct noncompliance (the “Correction Period”). The Correction Period begins on the date of THDA’s written notice to the Owner specifying the missing documentation or the noncompliance via regular mail or via e-mailed to the address specified for the Owner or Owner’s contact in the files held by THDA. The Correction Period may be extended up to an additional 150 days for a total Correction Period not to exceed six (6) months upon a showing of good cause by the Owner, all as determined by THDA in its sole discretion. Notwithstanding the foregoing, THDA will not grant extensions for items that are immediate health and safety issues.
- G. Owners must mitigate all emergency health and safety items immediately and file a written report and documentation with THDA proving the items have been mitigated. Owners must provide the report and documentation of the action taken to complete the mitigation within 3 business days of the emergency instance (the “Health and Safety Correction Period”).

- H. THDA shall file an IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the Internal Revenue Service to show noncompliance or failure to certify compliance no later than 45 days after the end of the Correction Period and no earlier than the end of the Correction Period, whether or not the noncompliance or failure to certify compliance is corrected.
- I. THDA has the right to inspect any Housing Credit Development at any time during the term of the LURC, including, but not limited to, on-site inspections and review of all records relating to compliance with, without limitation, Section 42 requirements, Treasury regulations, the applicable QAP, and the LURC. Owner shall promptly deliver copies of household certifications and supporting documentation as may be required by THDA.
- J. Owners shall submit, not less than annually during the term of the LURC, information concerning the race, ethnicity, family composition, age, income, use of rental assistance under Section 8(o) of the United States Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of households residing in the development in a form, with substance, and with timing as THDA may require.
- K. Property Management Certification. Every property management team, whether Owner-managed or not, must receive and maintain a current, valid, certification through the THDA Property Management Compliance Certification Program for the term of the LURC. More information is available here: <https://thda.org/rental-housing-partners/multi-family-developers/housing-credit-compliance>.
- L. Compliance Training for Owners.
1. For Housing Credit Developments involving new construction, Owners and the management entity shall send attendees (at least one representative per entity) to the Owner's compliance training sessions provided by THDA within the 12 months prior to the issuance of the IRS Form 8609. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
 2. For Housing Credit Developments involving rehabilitation, Owners and the management entities shall send attendees to the Owner's compliance training sessions provided by THDA prior to the placed in service date for the development. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
 3. If there is a change in the ownership entity during the term of the LURC, then the new Owner and management entity shall send attendees to the Owner's compliance training session as scheduled and provided by THDA. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
- M. Record Retention. Owners shall maintain records for each qualified low income building in the Housing Credit Development for each year for the term of the LURC sufficient to meet the requirements of 26 C.F.R. Section 1.42-5(b). Any household records or other records maintained in an electronic format shall be accessible to THDA at THDA's request.
- N. Change in Ownership Entity, General Partner, or Managing Member. In the event of a sale, transfer, or exchange of a Housing Credit Development or any change with respect to the general partner/managing member of the ownership entity (including, without limitation, sale of any or all general partner interests, removal of any general partner/managing member, or admission of any general partner/managing member), the Owner shall:

1. If the property is a TCAP or 1602 property, obtain THDA's permission before such action occurs;
 2. If the property is not TCAP or 1602, notify THDA in writing at least 30 days prior to the closing of such a transaction;
 3. Complete THDA's Organizational Breakdown Form;
 4. Provide a new Organizational Chart;
 5. Provide notarized THDA Disclosures Forms for every new individual added to the structure;
 6. THDA may require the proposed new Owner or proposed new general partner/managing member of the ownership entity to meet with THDA staff. This is in addition to the training requirements above;
 7. Depending on the change, attend compliance training. These requirements do not apply when a development is sold following the completion of the QCP when THDA has not identified a purchaser; and
 8. If the change is a change in the Ownership Entity, execute and record an Assignment & Assumption Agreement for the LURC (and all loan documents for TCAP and 1602).
- O. VAWA. The Violence Against Women Reauthorization Act of 2013 ("VAWA") added the low-income housing tax credit program to the housing programs covered by VAWA. Even though VAWA states that nothing in the act shall be construed to disqualify an owner, manager, or other individual from participating in or receiving the benefit of the tax credit program due to noncompliance with VAWA, Owners may face other liability if the project is not in compliance. For example, a violation of VAWA arising from an eviction may violate the good cause eviction requirement or violations may put the tax credits in jeopardy as being seen as a violation of fair housing. Therefore, Owners should implement the requirements of VAWA, including, but not limited to, providing Form HUD-5380 to all existing tenants, when an applicant is denied admission, when an applicant is admitted, and when a tenant receives any notice of eviction or termination of assistance.
- P. THDA may amend the compliance monitoring provisions of this QAP as required by applicable federal statutes or regulations or from time-to-time as processes and procedures change. Such amendment is expressly permitted by this QAP, and the making of such amendment will not require further public hearings. THDA, in accordance with Section 42, may impose additional requirements in order to fulfill the objectives of its housing initiatives.

PART II: COMPETITIVE ALLOCATIONS ONLY

Section 11: Limits on Housing Credit Allocations

THDA will only allocate an amount of Housing Credit necessary for the financial feasibility of a development and its viability as a qualified low-income housing development in accordance with Section 42(m)(2). THDA may reject or require modifications to Initial Applications for Housing Credit when THDA determines that the proposed development is not financially feasible or does not need Housing Credit. THDA may also reserve or allocate an amount of Housing Credit less than the amount requested in an Initial Application, in a Carryover Allocation Application, or in a Final Application. THDA's determination under Section 42(m)(2) shall not be construed to be a representation or warranty by THDA as to the financial feasibility, viability, or lack thereof, of any development.

A. Annual Ceiling

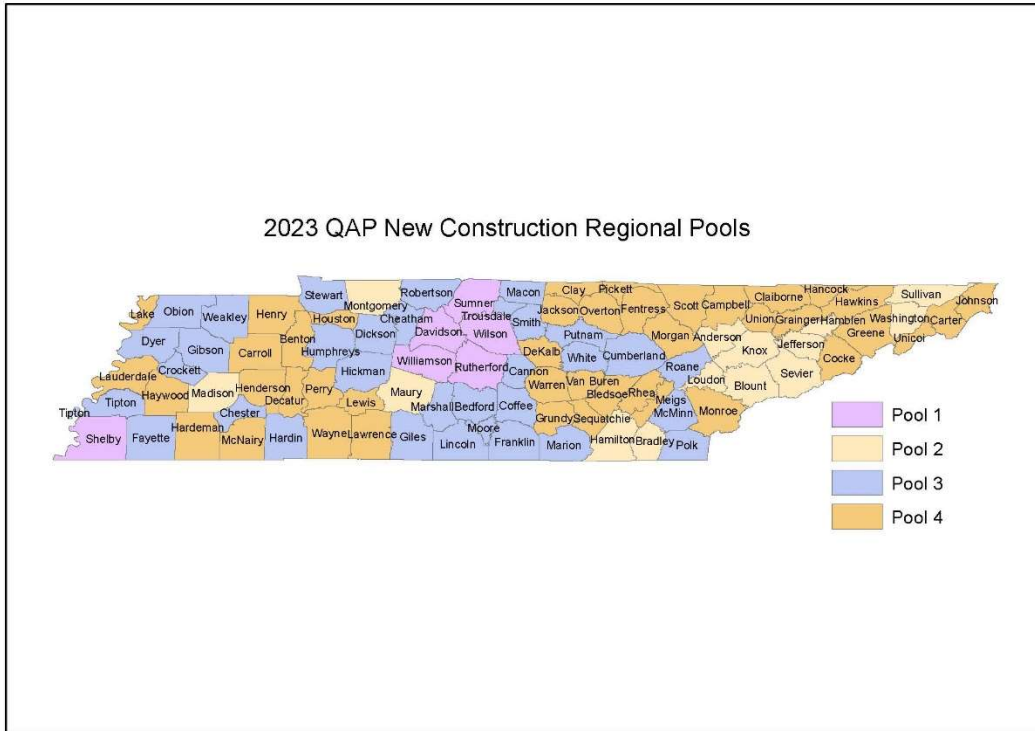
The methodology to determine the annual Housing Credit Ceiling is contained in Section 42 (h)(3)(C).

B. Set-Asides and Available Housing Credit Amounts

1. Non-Profit Set-Aside – No less than 10% of the Housing Credit Ceiling will be set aside for allocations to Qualified Nonprofit Organizations. THDA reserves the right to make allocations of Housing Credit to Qualified Nonprofit Organizations as needed to meet the requirements of Section 42(h)(5).
2. CNI Grants – Eligible PHAs with qualified CNI grants may receive an allocation of Housing Credit outside of the PHA Set-Aside. The annual amount of Housing Credit to be allocated to Initial Applications involving CNI grants shall not exceed \$1,700,000.00.
3. Economic Development Area – No more than \$3,000,000.00 will be allocated to developments in the Economic Development Area as described in Section 15.
4. PHA Set-Aside – No more than 25% of the **Competitive** Housing Credit Ceiling will be allocated to developments involving a PHA that meets the requirements of Section 14 of this QAP.
5. Existing Multifamily Housing – No more than 25% of the **Competitive** Housing Credit Ceiling will be allocated to developments that include rehabilitation of Existing Multifamily Housing.
6. New Construction – Up to 50% of the **Competitive** Housing Credit Ceiling will be allocated to developments involving new construction using the regional pool methodology described in Section 22.E.6.
7. Support of Homeless Populations – up to \$1,000,000.00 may be allocated to developments supporting homeless populations as described in Section 18 of this QAP.
- 6.8. Twinning Set-Aside – up to \$3.6M may be allocated to developments proposing to “twin” a development using both 9%/MTBA and 4% credits.

C. New Construction Regional Pools

1. THDA may allocate Housing Credit to developments proposing new construction from one of the following four regional pools:



D. Incremental Developments

The proposed new units must be located on the same parcel of land with a development that previously received an allocation of Housing Credits, share a common financing plan and use the same Development Team.

Initial Applications proposing Incremental Developments will be reviewed, evaluated, and scored based solely on the costs, characteristics, and other elements of the new housing units added. If an Incremental Development receives an allocation of competitive Housing Credit under this QAP, the development will be subject to the following limitations, based on the cumulative costs of the entire development as proposed:

1. By County
2. By Development
3. By Developer or Related Parties
4. Aggregate Qualified Census Tract
5. Total Development Cost Per Total Unit Limit
6. Second Allocation
7. Financial Feasibility
8. Developer, Consultant, Contractor, Overhead and General Requirements Fees

THDA reserves the right to determine, in its sole discretion, whether an Initial Application proposes an Incremental Development or a Phase 2 Development.

E. Annual Housing Credit Limit

1. Initial Applications are not eligible for annual Housing Credit in excess of \$1,800,000.

F. Developer Fees and Consultant Fees Limits

1. The combined total of Developer and Consultant fees that may be included in the determination of the amount of Housing Credit for a particular development cannot exceed 15% of that portion of THDA determined eligible basis attributable to acquisition (before the addition of the developer and consultant fees), and cannot exceed 15% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the developer and consultant fees). Construction Advisory or Construction Supervision fees listed separately from the maximum allowed Contractor Fees will be considered as a Consultant Fee.
2. If the Developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total of developer fees, consultant fees, and contractor profit, contractor overhead, and general requirements, that may be included in the determination of the amount of Housing Credit for a particular development, cannot exceed 15% of THDA determined eligible basis of that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

G. Limit on Contractor Fees, Profit, Overhead and General Requirements

1. The total contractor fees, including contractor profit, contractor overhead and general requirements, shall not exceed 14% of total site work costs plus cost of accessory buildings plus either new building hard costs or rehabilitation hard costs, as determined by THDA, broken down as follows:

Table 11–3: Contractor Fees, Profit, Overhead and General Requirements Limitations	
Fee Description	Fee Amount
Contractor Profit	<=6 percent
Contractor Overhead	<=2 percent
Contractor General Requirements (including payment and performance bonds)	<=6 percent
Total Contractor Fees	<=14 percent

2. If the Developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total for (i) contractor profit, overhead, and general requirements; (ii) developer fees; and (iii) consultant fees that may be included in the determination of the amount of Housing Credit for a particular development cannot exceed 15% of THDA determined eligible basis on that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

H. Basis Boost

A “Basis Boost” of no more than 30% will be available to all applicants and awarded at THDA’s discretion.

I. Applying Limits

In applying the limits specified in this QAP, THDA will consider, without limitation, the physical location of developments; the relationships among Owners, Developers, contractors, Consultants, management agents, other development participants, and Related Parties; the structure of financing; and any other information which THDA, in its sole discretion, may deem necessary.

Section 12: Non-Profit Set-Aside

To be eligible for Housing Credit from the Non-Profit Set-Aside, an Initial Application must contain information satisfactory to THDA demonstrating that the Owner for the development proposed in the Initial Application involves a Qualified Nonprofit Organization. An Initial Application must meet all requirements in this QAP for an eligible Initial Application and be subject to all applicable limits.

To be a Qualified Nonprofit Organization, ALL of the following requirements must be met:

- A. The organization must be a *bona fide* non-profit organization, as evidenced by the following:
 - 1. The organization must be an entity that is described in Section 501(c)(3) or (4) of the Code that is exempt from tax under Section 501(a) of the Code;
 - 2. The organization must be organized and existing in the State of Tennessee or if not organized and existing in Tennessee, then the organization must be organized and existing in another state and must be qualified to do business in Tennessee;
 - 3. The organization must: (i) not be formed by one or more individuals or for-profit entities for the principal purpose of being included in the Non-Profit Set-Aside; (ii) not be controlled by a for-profit organization; and (iii) not have any staff member, officer or member of the board of directors who will materially participate, directly or indirectly, in the proposed development as or through a for-profit entity; and
 - 4. The organization must be engaged in the business of developing **AND** constructing or rehabilitating low-income rental housing in Tennessee and must have been so engaged on or after January 1, 2019.
- B. The organization must, prior to the reservation of Housing Credit: (i) own all of the general partnership interests of the ownership entity of the development; or (ii) own, alone or with other Qualified Nonprofit Organizations that meet all of the requirements of this Section, 100 percent of the stock of a corporate ownership entity of the development; or (iii) own, alone or with other Qualified Nonprofit Organizations that meet all of the requirements of this Section, 100 percent of the stock, 100 percent of the partnership interests, or 100 percent of the membership interests of an entity that is the sole general partner or sole managing member of the ownership entity of the development proposed in the Initial Application;
- C. The Qualified Nonprofit Organization must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the extended-use period.
- D. Initial Applications eligible for the PHA Set-Aside, including Initial Applications involving a Qualified Nonprofit Organization that is wholly controlled by a PHA, are ineligible for the Non-Profit Set-Aside.
- E. To demonstrate eligibility, ALL of the following must be submitted in THOMAS as part of the Initial Application:
 - 1. A copy of the IRS determination letter clearly stating the organization's status as a 501(c)(3) or 501(c)(4) entity; and
 - 2. A copy of the most recent partnership agreement or operating agreement or draft partnership agreement or operating agreement for the ownership Entity; and
 - 3. Certificate of Existence
 - a. If organized and existing under the laws of the State of Tennessee, a certificate of existence from the Tennessee Secretary of State's Office dated not more than thirty (30) days prior to the date of the Initial Application.

- b. If organized and existing under the laws of another state, a certificate of existence from the secretary of state of the state in which the organization was organized and is existing, together with other documentation from such secretary of state indicating that the organization is in good standing under such laws and a certificate of authorization from the Tennessee Secretary of State indicating that the organization is qualified to do business in Tennessee, all dated not more than thirty (30) days prior to the date of the Initial Application; and
 - 4. An executed Certificate Regarding Qualification for the Non-Profit Set Aside, the form of which is located on the THOMAS Documents Page.
- F. Developments in the Non-Profit Set-Aside may be located in a QCT.
- G. Eligible Initial Applications that include a Qualified Nonprofit Organization and receive Housing Credit outside of the Non-Profit Set-Aside will not be held to the requirements of the Non-Profit Set-Aside and will not be counted as including a Qualified Nonprofit Organization for purposes of meeting Section 42 requirements.

Section 13: CNI Grant Allocations

To be eligible for Housing Credit when an Initial Application involves a CNI Grant, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA that has entered into a CNI Grant agreement with HUD. An Initial Application must meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits.

- A. To be a qualified PHA, all of the following requirements must be met:
 - 1. The PHA must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the Compliance Period; and
 - 2. The PHA must be acting solely within the geographic area of its jurisdiction; and
 - 3. The PHA must have a fully executed CNI grant agreement and submit a copy of the CNI grant agreement in THOMAS as part of an Initial Application; and
 - 4. The PHA must submit an executed Letter from PHA Executive Director Regarding the Choice Neighborhoods Initiative (CNI) Implementation Grant, the form of which is found on the THOMAS Documents Page.

- B. Only one CNI development per county may receive Housing Credit.

- C. CNI developments may be in a QCT.

Section 14: PHA Set-Aside

To be eligible for the PHA Set-Aside, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA. An Initial Application must meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits.

- A. To be considered a qualified PHA, the following requirements must be met in connection with an Initial Application:
 - 1. The PHA must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the term of the LURC; and
 - 2. The PHA must be acting solely within the geographic area of its jurisdiction; and
 - 3. The PHA must submit an executed Certificate Regarding Qualification for the Public Housing Set Aside, the form of which is found on the THOMAS Documents Page.
- B. Within the PHA Set-Aside, the Project Location Score (see Section 20.A.1) will not apply. In the event of a tie, preference will be given to developments with highest percentage of units covered by both LIHC and RAD expressed as a percentage of total units.
- C. Awards from the PHA Set-Aside shall be made in the following order:
 - 1. Highest ranking Initial Application that proposes utilizing RAD in connection with a development located in a CCRP, taking into account score and other limits in this QAP.
 - 2. Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP, taking into account score and other limits in this QAP.
 - 3. Highest ranking Initial Application that proposes a development that will be owned and operated by a PHA, but does not involve RAD and is not located in a CCRP, taking into account score and other limits in this QAP.
 - 4. After completing steps 2 through 4 above, THDA will continue making allocations to eligible Initial Applications in the order of steps 1 through 3 above until the point is reached where there is insufficient Housing Credit remaining in the PHA Set-Aside to make another complete allocation.
- D. To be considered for the PHA RAD preference, the following requirements must be met:
 - 1. The PHA must submit the Form of Letter from PHA Executive Director Regarding the Rental Assistance Demonstration (RAD) Program (found on the THOMAS Documents Page);and
 - 2. The PHA must submit a copy of the Commitment to enter Housing Assistance Payments (CHAP).
- E. To be considered for PHA RAD with CCRP preference, the PHA must submit a copy of the Concerted Community Revitalization Plan.
- E. Initial Applications in the PHA Set-Aside may be located in a QCT.
- F. An Applicant must indicate whether the Initial Application is to be considered in the PHA Set-Aside or for an Existing Multifamily Housing Allocation. The Initial Application will only be considered in the category selected. No cross counting allowed.

Section 15: Economic Development Area Set-Aside

- A. New Construction only.
- B. Developments in the Economic Development Area Set-Aside may be located in a QCT.
- C. The economic development zone covers Crockett, Fayette, Hardeman, Haywood, Lauderdale, Madison, and Tipton counties.
- D. Maximum annual LIHC set-aside of \$3M
- E. Reservations under this set-aside will not cross count against other set-asides or regional pools.
- F. No more than one application will be funded in each county.
- G. If more than one Initial Application is received for Haywood County, the highest ranking application in Haywood County is guaranteed a reservation. The second award will be made to the highest scoring application outside of Haywood County in line with the maximum set-aside amount.
- H. If no application is received in Haywood County, THDA may still fund two deals within the limit in Section 15.D above.

Section 16: Existing Multifamily Housing Allocations

To be eligible for an Existing Multifamily Housing Allocation, the Initial Application must propose rehabilitation (with or without acquisition) of Existing Multifamily Housing, meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits. The proposed Existing Multifamily Housing development is not required to have existing income or rent restrictions.

Following rehabilitation, 100% of the units must be subject to income and rent restrictions.

- A. A development may be located in a QCT.
- B. A preference will be given to Initial Applications proposing a development covered by a CCRP, taking into account score and other limits in this QAP.

Section 17: New Construction Regional Pool

To be eligible for a New Construction Regional Pool, an Initial Application must propose new construction of multifamily housing, meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits. [New Construction Regional Pool developments may be located in a QCT.](#)

Section 18: Permanent Supportive Housing for Homeless Set-Aside

To be eligible for the Permanent Supportive Housing for Homeless Set-Aside, an Initial Application must contain information demonstrating that the development proposed is designed to provide Housing for Homeless as defined in the QAP. An Initial Application must meet all requirements in this QAP for an eligible Initial Application. 100% of the units in the proposal must be for permanent supportive housing for homeless. Applicants **must** include at the time of Initial Application a proposed partnership with a qualified partner for the provision of supportive services.

A. New Construction OR Rehabilitation

B. Maximum annual LIHC set-aside of \$1M

C. Proposals must be compliant with the Olmstead Act

D. Proposals which will provide housing to Persons with Disabilities must include documentation satisfactory to THDA, in its sole discretion, that the housing meets the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014: <https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>. The documentation must demonstrate that the proposed housing meets certain qualifications, including:

- (i) The setting is integrated and supports full access to the greater community;
- (ii) Is selected by the individual from among setting options;
- (iii) Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
- (iv) Optimizes autonomy and independence in making life choices; and
- (v) Facilitates choice regarding services and who provides them.
- (vi) Additionally, for provider owned or controlled residential settings, the following additional requirements apply:
 - a. The individual has a lease or other legally enforceable agreement providing similar protections;
 - b. The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
 - c. The individual controls his/her own schedule, including access to food at any time;
 - d. The individual can have visitors at any time; and,
 - e. The setting is physically accessible.

E. A reservation funded under this set-aside will not cross-count against other set-asides or regional pools

F. While it is unlikely that more than one reservation can be funded under this set-aside, as many qualifying proposals as can be **fully** funded will be, according to the final THDA ranking

G. If no qualifying applications are received under the set-aside, or if the set-aside is not able to be fully utilized, any balance will return to the Competitive Housing Credit Ceiling.

Section 19: Twinning Set-Aside

The Twinning Round is an opportunity for applicants to propose a hybrid 9% LIHTC/tax-exempt bond/4% LIHTC financing structure for certain projects that encompass or are a part of an established area-wide or neighborhood master-planned development. Combining 9% credit with 4% credits in certain developments will increase the number of affordable units built, create a more financially sustainable project, and reduce the amount of gap funding needed to proceed. Round applicants must propose a financially feasible development and be comprised of a Development Team with the capacity, experience and performance to complete a twinned 9%/4% LIHTC proposal.

Under the Twinning Round, THDA will fund a maximum of two (2) projects to receive both 9% LIHTC and tax-exempt bonds/4% LIHTC. If no projects are selected for funding under the Twinning Round, credits will be allocated consistent with the other applicable sections of the QAP.

To participate in the 2024 Twinning Round, applicants must submit a **Twining Round Proposal by January 19, 2024.**

A Twinning Round Proposal must encompass or be a part of an established area-wide or neighborhood master-planned development.

Twining Round Proposals must meet all of the following requirements:

1. Contain no more than 10 single-sided, single spaced pages (including any attachments and exhibits, if any) describing each of the following:
 - a. The contact information for the applicant, the proposed development name, the number of units and bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT);
 - b. The goals and/or priorities of the project as a part of a master-planned development in a redevelopment area and the impact of the twinning approach in helping meet the goals of the redevelopment area master plan;
 - c. Each project team member's track record with tax-exempt bond and LIHTC projects, and demonstrated capacity to complete financially complex developments;
 - d. How the project will utilize the twinning approach to optimize resources;
 - e. The proposed sources and uses of funds for the development, including a detailed narrative and model showing how the 9% LIHTC and tax-exempt bonds/4% LIHTC will be allocated;
 - f. The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and
 - g. Certification of compliance with all applicable requirements of Section 42 and this QAP.

2. THDA Multifamily Development staff will preliminarily review each Twining Round proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than two (2) Twining Round Proposals may be selected to submit a full Initial Application for consideration in the Twining Round Full Evaluation, to be run concurrently with the tradition 9% LIHTC Competitive Round. THDA Multifamily Development staff may select fewer than two Twining Round Proposals or no Twining

Round Proposals. Applicants submitting Twinning Round proposals that are not selected will not be considered further.

3. 2024 Twinning Round Applicants, if any, will be notified by February 19, 2024 and invited to submit a full Initial Application by the competitive deadline specified in the QAP. Documentation in the form and with the substance specified by THDA must be uploaded into THOMAS.
4. A successful Twinning Round Proposal may be eligible for a Basis Boost.
5. The selection of Twinning Round Proposals and a successful Twinning Round Full Evaluation application, if any, shall not be appealable to the THDA Board of Directors.

Section 20: Initial Application Scoring

A. New Construction Only:

The scoring criteria in this section are not intended to allow an Applicant to claim the maximum 100 points. An eligible Initial Application must have a minimum score of **65 points** (minimum score for Initial Applications in the PHA Set-Aside is **52 points**) to be eligible. THDA will determine the score during the scoring review process.

- 1. Housing Credit Development Location:** *up to 20 points*
 Initial Applications proposing developments located in counties with the greatest Project Location Score (Project Location Score) (see <https://thda.org/pdf/External-Posting-of-County-Needs-Location-Scoring.pdf>). **This criterion does not apply within the PHA Set-Aside. See Section 14.B.**
up to 20 points

- 2. Meeting Housing Needs:** *up to 6 points*
- a. Initial Applications in which the 40/60 Test is elected may earn up to 5 points by setting aside an additional percentage of units for households with incomes no higher than 50% of AMI with rents maintained at or below the 50% AMI maximums.
 - b. Initial Applications that elect the 20/50 Test may earn up to 5 points by setting aside an additional percentage of units for households with incomes no higher than 40% of AMI with rents maintained at or below the 40% AMI maximums.
 - c. Units to be occupied by households with a Section 8 Housing Choice Voucher count towards this requirement.
 - d. Initial Applications in which the Average Income Test is elected are ineligible for these points.

Table 20–1: Units Restricted to Serve Lower Income Populations	
Percentage of Units Restricted (rounded up to next whole unit number)	Points Available
40/60 Test serving 50 percent households	
At least an additional 5 percent at 50 % AMI	1
At least an additional 10 percent at 50 % AMI	2
At least an additional 15 percent at 50% AMI	4
At least an additional 20 percent at 50% AMI	6
20/50 Test serving 40 percent households	
At least an additional 5 percent at 40 % AMI	1
At least an additional 10 percent at 40 % AMI	2
At least an additional 15 percent at 40% AMI	4
At least an additional 20 percent at 40% AMI	6

- 3. Development Characteristics.** All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once:
up to 21 points

- a. Exterior materials: Choose 1
- ~~a.f.~~ Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **4 points**
- OR
- ~~b.g.~~ Brick/stone veneer or stucco, minimum 50% and remaining exterior fiber cement and/or hardiplank: **3 points**
- OR
- ~~e.h.~~ Brick/stone veneer or stucco, minimum 40% and remaining exterior fiber cement and/or hardiplank: **2 points**
- b. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**
- c. Installation of hookups for standard size washers/dryers in all units: **3 points**
- d. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**
- e. Provide a minimum 1,200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1,200 square foot minimum: **6 points**
- f. All units pre-wired, with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **35 points**
- g. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**
- h. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas: **2 points**
- i. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1,250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points. **2 points**
- j. Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points: **2 points**

- k. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; that must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage.: **2 points**
- l. Construct and/or rehabilitate a veranda that must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10% of the units at the development and be available to all residents for year round usage.: **2 points**
- m. Landscaped covered pavilion with permanent table, bench seating, and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path: **2 points**
- n. The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation Housing Credit. Initial Applications seeking to combine historic nature and adaptive reuse will be treated as new construction. **2 points**

4. Sponsor Characteristics:

up to 7 points

- a. Development Team Tennessee Housing Credit Experience

up to 2 points

To reward recent Housing Credit experience in Tennessee, developers associated with the Development Team listed in THOMAS for this Initial Application **MUST** have received an allocation of Housing Credit previously in Tennessee as evidenced by THDA’s issuance of IRS Form(s) 8609 for that development. The Applicant must identify the most recent Tennessee Housing Credit allocation received.

For developers partnering with an experienced Tennessee developer the Initial application must include the Developer and/or Joint Venture Agreements detailing these co-developing and fee arrangements with regard to the 2024 Initial Application. PHAs that are eligible shall receive two points.

Table 20–2: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2019–2023	2
2018 and before	1
No Tennessee Experience	0

- b. Development Team Track Record: —*up to 5 points*
 To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 20–3 based on Minor SAEs. Minor SAE recording began on January 1, 2019. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves **20** individuals and Development Team B involves **3** individuals. Each team has a pre-2024 development with 2 Minor SAEs. For 2024, in Table 20-3, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points. Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.

Table 20–3: Development Team Track Record	
Cumulative Minor SAEs	Points Available
5+	0
4	1
2 to 3	3
0 to 1	5

5. Serving Resident Populations with Special Housing Needs: *5 points*

Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.

The proposed development must include:

- a. Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and
- b. Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on-site amenities under 5.d.; or
- c. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases/increments, then the proposed phased/increment development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.
- d. Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;
 - ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;

- iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
 - iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;
 - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or
 - ix) Provide in the proposed development’s community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- e. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA’s sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

6. Public Housing Waiting List/Housing Choice Voucher Holder: *1 point*

Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit (“HCV Voucher Holder”). This priority must be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application.

7. Serving Resident Populations with Children: *5 points*

Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.

The proposed development must include:

- a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a

- minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or
- b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.
 - c. **Approved On-site Amenities.** All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;
 - ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;
 - iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;
 - iv) Construct and/or rehabilitate and maintain exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment.
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;
 - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.
 - d. **Scattered Sites.** Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

- 8. Development Intended for Eventual Resident Ownership:** *3 points*
 Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the fifteen-year Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be required to be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period. The LURC will contain provisions ensuring enforcement of this provision. If these points are elected, an Initial Application is **not eligible for points in Section 20-A-12 and Section 20-A-13.**
- 9. Energy Efficiency:** *_____ up to 10 points*
 a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units (3 points);
 b. ENERGY STAR certified gas tankless water heater (2 points);
 c. ENERGY STAR dishwasher (2 points);
 d. ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker (2 points);
 e. ENERGY STAR rated windows in all units (2 points);
 f. ENERGY STAR ceiling fans (1 point);
 g. ENERGY STAR ventilation fans (range hood, bathroom) (1 point)
 These ENERGY STAR requirements, if elected, must be met development wide when the development is placed in service.
- 10. Tennessee Growth Policy Act:** *4 points*
 Initial Applications with proposed developments located completely and wholly in a county or municipality with an approved growth plan under the Tennessee Growth Policy Act.
- 11. Waiver of the Qualified Contract Process:** *_____ -10 points*
 Initial Applications waiving the ability to participate in the QCP. If the Qualified Contract Process is waived, the Compliance Period within the LURC will be defined as thirty (30) years, unless there is an approved PILOT. If there is an approved PILOT, the Compliance Period will be defined as fifteen (15) years. The LURC will contain provisions ensuring enforcement of this provision. An Initial Application is **not eligible for these points if points are elected in Section 20-A-8.**

12. Extended Recapitalization Waiver:

 up to 8 points

Applicants may defer the point when recapitalization of the proposed development, through a subsequent allocation of Housing Credit under the competitive or noncompetitive process, may be requested. Points are based on the number of years from the date the last building in the development placed in service. An Initial Application is **not eligible for these points if points are elected in Section 20-A-8.**

Table 20 –5: Earliest Year When New Housing Credit May be Requested	
Years From Date Last Building Placed in Service	Points Available
17	2
20	8

B. Rehabilitation of Existing Multifamily Housing:

The scoring criteria in this section are not intended to allow an Applicant to claim the maximum 100 points. An eligible Initial Application must provide a minimum score of **60 points** which will be confirmed during the scoring review process.

1. Housing Credit Development Location:

2 points

An Initial Application proposing a development and Housing Credit Development site wholly located within a HUD–defined QCT covered by a CCRP.

2. Meeting Housing Needs:

up to 13 points

- a. An Initial Application will be eligible for points based on the number of years since the date of the most recent placed in service event for the last building placed in service in the proposed development. The most recent placed in service date for the last building placed in service will be confirmed by THDA, in its sole discretion.

up to 4 points

Year Last Building Placed in Service	Points Available to Applications under the PHA Set-Aside	Points Available to All Other Applications
After 2006	0	0
1999 – 2006	1	1
1995 – 1998	2	2
1992 – 1994	3	4
Before 1992	4	3

- b. Initial Applications may receive these points (rounded down to the nearest 1/1,000th point) in proportion to the three (3) year average physical occupancy rate of the proposed development, rounded down to the nearest 1/1,000th percent. This three (3) year average physical occupancy rate shall be determined using both the occupied residential rental units which were charged rent as of December 1 during each of the previous three (3) years and the number of the total residential rental units determine at the last placed in service date for all the buildings in the development. Information must be certified by a CPA who shall confirm occupancy and rent information using December rent rolls for the prior three (3) years and the total number of residential rental units determined at the last placed in service date for all buildings in the development. For example, if the three (3) year average occupancy rate is 95.678%, $0.95678 \times 3 = 2.870$ points.

up to 3 points

- c. An Initial Application proposing “per door” rehabilitation hard costs in excess of the \$25,000 minimum will be eligible for points **up to 3 points**

Table 20–7: Proposed Rehabilitation Hard Costs per Unit	
“Per Door” Rehabilitation Amount	Points Available
Less than \$26,000	0
\$26,001 to \$40,000	1
\$40,001 to \$50,000	2
\$50,001 and above	3

Initial Applications proposing to rehabilitate the highest percentage of the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county. Initial Applications may receive these points (rounded down to the nearest 1/1,000th point) in proportion to the ratio of post–rehabilitation Housing Credit units to the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county, rounded down to the nearest 1/1,000th percent. The county–by–county total of the currently existing affordable housing units in the county, the “pipeline” competitive and noncompetitive Housing Credit units in the county, and existing USDA/RD units is available on the THOMAS Documents Page by following this link: <https://thda.org/pdf/External-Posting-of-Unduplicated-Units.pdf>

- (i) . For example, if the number of post–rehabilitation Housing Credit units is 88, and the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county is 789, $(88/789) \times 3 = 0.333$ points. **up to 3 points**

- 3. Development Characteristics.** All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once: **up to 23 points**

- a. Rehabilitating Existing Multifamily Housing in an area covered by a CCRP. **5 points**

- b. Exterior materials: Choose 1

- (i) Brick/stone veneer or stucco (minimum 60%) and remaining exterior fiber cement and/or hardiplank: **4 points**

OR

- (ii) Brick/stone veneer or stucco (minimum 50%) and remaining exterior fiber cement and/or hardiplank: **3 points**

OR

- (iii) Brick/stone veneer or stucco (minimum 40%) and remaining exterior fiber cement and/or hardiplank: **2 points**

- c. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**
- d. Install hookups for standard size washers/dryers in all units: **3 points**
- e. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**
- f. Provide a minimum 1,200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1,200 square foot minimum:
6 points
- g. Pre-wire all units with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network:
2 points
- h. Pre-wire all units with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **3 points**
- i. Install a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**
- j. Install and maintain a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas:
2 points
- k. Construct and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points:
2 points
- l. Construct and maintain perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points:
2 points
- m. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet with permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**
- n. Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10% of the units at the development and be available to all residents for year round usage:
2 points

- o. Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating and in an appropriate location available to all residents for year round usage: **2 points**

- p. The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation housing credit. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction and are not eligible for the points in this Section 20-B-3-p.

5 points

4. Sponsor Characteristics:

up to 10 points

- a. Development Team Tennessee Housing Credit Experience **up to 5 points**

To reward recent Housing Credit experience in Tennessee, developers associated with the Development Team listed in THOMAS for this Initial Application MUST have received an allocation of Housing Credit previously in Tennessee as evidenced by THDA’s issuance of IRS Form(s) 8609 for that development. The Applicant must identify the most recent Tennessee Housing Credit allocation received.

For developers partnering with an experienced Tennessee developer, the Initial Application must include the Developer and/or Joint Venture agreements detailing these co-developing and fee arrangements with regard to the 2024 Initial Application. PHAs shall receive five points.

Table 20–8: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2019–2023	5
2018 and before	3
No Tennessee Experience	0

AND

- b. Development Team Track Record: **up to 5 points**

To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 20–9 based on Minor SAEs. Minor SAE recording began on January 1, 2019. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves **20** individuals and Development Team B involves **3** individuals. Each team has a pre-2024 development with 2 Minor SAEs. For 2024, in Table 20-9, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points. Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.

Table 20–9: Development Team Track Record	
Cumulative Minor SAEs	Points Available
5+	0
4	1
2 to 3	3
0 to 1	5

5. Serving Resident Populations with Special Housing Needs: 7 points

Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.

The proposed development must include:

- a. Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and
- b. Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on-site amenities under 5.d.; or
- c. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.
- d. Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;
 - ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
 - iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
 - iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points

- vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or
 - ix) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- e. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

6. Public Housing Waiting List/Housing Choice Voucher Holder: *1 point*

Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit ("HCV Voucher Holder)". This priority must be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application.

7. Serving Resident Populations with Children: *7 points*

Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.

The proposed development must include:

- a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or
- b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.
- c. Approved On-site Amenities. All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-

school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;

- ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;
 - iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;
 - iv) Construct and/or rehabilitate and maintain an exercise room of at least 900 square feet with at least 3 pieces of new equipment; Exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment.;
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points; or
 - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path; or
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.
- d. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

8. Development Intended for Eventual Resident Ownership:

5 points

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit units at the end of the fifteen-year Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period. If these points are elected, an Initial Application is **not eligible for points in Section 20-B-12 and Section 20-B-13.**

9. Energy Efficiency:

up to 10 points

- a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units (3 points);
- b. ENERGY STAR certified gas tankless water heater (2 points);
- ~~c. ENERGY STAR dishwasher (2 points);~~
- c. ENERGY STAR refrigerator of 18 cubic foot minimum with ice maker (2 points);
- d. ENERGY STAR rated windows in all units (2 points);
- ~~ENERGY STAR ceiling fans (1 point);~~
- e. ENERGY STAR ventilation fans (range hood, bathroom) (1 point).

10. Tennessee Growth Policy Act: 4 points

Initial Applications with proposed developments located completely and wholly in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations

11. Waiver of the Qualified Contract Process: 10 points

Initial Applications waiving the ability to participate in the QCP. If the Qualified Contract Process is waived, the Compliance Period within the LURC will be defined as thirty (30) years, unless there is an approved PILOT. If there is an approved PILOT, the Compliance Period will be defined as fifteen (15) years. The LURC will contain provisions ensuring enforcement of this provision. An Initial Application is **not eligible for these points if points are elected in Section 20-A-8.**

12. Extended Recapitalization Waiver: up to 8 points

Applicants may defer the point when recapitalization of the proposed development, through a subsequent allocation of Housing Credit under the competitive or noncompetitive process, may be requested. Points are based on the number of years from the date the last building in the development placed in service. An Initial Application is **not eligible for these points if points are taken in area Section 20-B-8 (Developments Intended for Eventual Resident Ownership).**

<u>Table 20-11: Earliest Year When Recapitalization May be Requested</u>	
<u>Number of Years Since Placed in Service</u>	<u>Points Available</u>
<u>17</u>	<u>2</u>
<u>20</u>	<u>8</u>

Section 21: Competitive Housing Tax Credit Calendar of Events

The calendar of events applicable to this QAP is as shown below. These dates are subject to change at THDA's sole discretion.

A full calendar will also be published on the THOMAS Documents Page.

Table 21-1: Calendar of Events	
Dates	2024 Competitive Cycle
March 4[DATE], 2024	Competitive Cycle Opens for Initial Applications
April 8[DATE], 2024	2024 Competitive Cycle Deadline for Initial Applications

Section 22: Initial Application Eligibility and Scoring Review

A. Initial Application Review Process

1. THDA will notify each Applicant when the eligibility determination and scoring of all Initial Applications is complete. THDA will send this notice to the contact person at the address specified in the Initial Application. Failure to receive any notice specified in this QAP will not extend deadlines or modify requirements. All Applicants shall immediately notify THDA at thomas@thda.org of changes in the name and/or address of the contact or alternate person specified in the Initial Application. Such notification by the Applicant will not be deemed to be an amendment to the Initial Application.
2. If THDA determines that an Initial Application meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the Applicant in the Initial Application, then no further action by the Applicant or THDA will be taken. Applicants shall not submit additional items for the purpose of increasing the score in a particular scoring category if the THDA assigned score for the Initial Application is the same as or higher than the score assigned by the Applicant in the Initial Application. The provisions of the Cure Period do not apply.
3. If THDA determines that an Initial Application does not meet one or more of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is less than the score assigned by the Applicant in the Initial Application, THDA will provide a Cure Notice.
4. THDA will also provide a Cure Notice if THDA determines that (i) any two or more developments proposed in two or more Initial Applications constitute a single development for purposes of applying the development limit; or (ii) developers or Related Parties reflected in two or more Initial Applications constitute a single entity for purposes of applying the developer or related party limitation

B. Cure Period

1. Applicants receiving a Cure Notice may, in compliance with the requirements of this QAP, correct erroneous items, supply missing or incomplete items and/or may clarify any inconsistencies related to the specific items identified by THDA during the cure period which shall begin on the date of the Cure Notice and shall end at the time and date specified in the Cure Notice. The Cure Notice shall specify the means and methods identified issues may be remedied. Applicants may not submit additional items for the purpose of increasing the score in a particular scoring category where the THDA assigned score is the same as or higher than the score assigned by the Applicant in the Initial Application.
2. If additional documentation to address items specified in the Cure Notice is not submitted in accordance with the requirements contained in the Cure Notice, then the determination as to eligibility and scoring made by THDA is determinative. The review process described below is not available to Applicants who do not submit additional documentation, **in THOMAS**, in accordance with the Cure Notice (including, without limitation, the time deadlines specified therein.).
3. These cure provisions **do not apply** to Initial Applications that are not submitted in accordance with the Initial Application submission requirements of this QAP.
4. THDA will review all documentation submitted in accordance with the Cure Notice for each relevant Initial Application. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the Applicant in the Initial

Application, then no further action by the Applicant or THDA will be taken. The provisions of the Review Appeal Process will not apply.

5. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, still does not meet all of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is still less than the score assigned by the Applicant in the Initial Application, THDA will provide a Review Notice. The Review Notice will specify the time period within which a request for review may be made.

C. Review Appeal Process

1. Applicants who receive a Review Notice may submit a request for review. This request for review must be submitted in THOMAS in accordance with the Review Notice and the THOMAS Documents Page. If no written request for review is submitted, no review will occur and the THDA determination prior to the issuance of the Review Notice will be final.
2. No additional documentation may be submitted in connection with this request for review. No information submitted after the expiration of the relevant cure period specified in the Cure Notice for an Initial Application will be considered. Requests for review that were not submitted in accordance with the Review Notice will not be considered.
3. The ~~Tax Credit Committee of the~~ THDA Board of Directors, or a specially appointed body of its members, will meet in regular or special session in 2024 to evaluate the Initial Application, documentation submitted during the cure period, the Review Notice, the request for review and THDA staff analysis thereof (the “Review Meeting”). The ~~Tax Credit Committee~~ THDA Board of Directors or its specially appointed body will consider only documentation submitted in compliance with the Cure Notice regardless of whether the Applicant or a representative thereof is present at the Review Meeting.
4. The ~~Tax Credit Committee~~ THDA Board of Directors or its specially appointed body will consider whether documentation submitted as a result of the Cure Notice, taking into account the THDA staff analysis, is sufficient to meet the requirements of this QAP or is otherwise consistent with the spirit and intent of this QAP.
5. **Any contact with THDA Executive Director, any member of the ~~Tax Credit Committee or any member of the~~ THDA Board or its specially appointed body by any person or entity on behalf of any Initial Application between the date of the Review Notice and the date of the Review Meeting will be grounds for dismissal of the review request.**
6. Applicants or representatives may contact THDA Multifamily Programs staff regarding procedural matters only between the date of the Review Notice and the date of the Review Meeting, which contact will not constitute grounds for dismissal of a review request. Applicants or representatives may, but are not required to, appear at the Review Meeting. Notice of the decision of the ~~Tax Credit Committee~~ THDA Board of Directors or its specially appointed body will be provided to the contact person specified in an Initial Applicant.
7. The final score for all Initial Applications will be determined after the Review Meeting. ~~By adoption of this QAP, the THDA Board of Directors specifically delegates full authority to the Tax Credit Committee to make the determinations required in this Section.~~ The THDA Board of Directors will not consider requests to review decisions ~~of the Tax Credit Committee~~. All decisions of the ~~Tax Credit Committee~~ THDA Board of Directors or its specially appointed body are final. No matters with respect to eligibility or scoring under will be considered after the adjournment of the Review Meeting.

D. Final Scoring

After the completion of the cure period and completion of the review process, the final score for each Initial Application will be determined by THDA. The Final Notice process is described in the THOMAS Documents Page.

E. Application of Various Limits and Final Ranking Process

Following the final scoring of each Initial Application, THDA will make reservations of Housing Credit to eligible Initial Applications based on final score, the amount of Housing Credit determined by THDA to be appropriate, and the application of all requirements, priorities, and limits contained in this QAP, including as specified below, in the following order:

1. Non –Profit Set–Aside – Initial Applications must be eligible for this set–aside under Section 12 of this QAP.
 - a. Highest ranking eligible Initial Application proposing new construction.
 - b. Highest ranking eligible Initial Application proposing rehabilitation of Existing Multifamily Housing.
 - c. The next highest ranking eligible Initial Application(s) proposing new construction, if needed to reserve the full amount of the Non–Profit Set–Aside. If there are not enough Housing Credit remaining in the Non–Profit Set–Aside to reserve the full amount requested by this eligible Initial Application, additional Housing Credit will be added to this set-aside to make a full reservation.
2. CNI Grants
 - a. Eligible Initial Applications as described in Section 13 of this QAP.
 - b. Highest ranking eligible Initial Application, regardless of development type.
 - c. THDA will continue down the ranking of eligible Initial Applications in this set–aside until the last full reservation can be made.
3. Economic Development Zone
 - a. Eligible Initial Applications as described in Section 15 of this QAP.
 - b. Highest ranking Initial Application in Haywood County.
 - c. Highest ranking Initial Application not in Haywood County.
 - d. In the event that full reservation to the second highest ranking Initial Application would exceed the \$3 million cap, THDA would move down the list to the highest ranking Initial Application that will fit within the remaining balance, and any Initial Application skipped in the set-aside would be allowed to compete in other set-asides/pools as applicable.
4. PHA Set–Aside
 - e. Eligible Initial Applications as described in Section 14 of this QAP.
 - f. THDA will continue down the ranking of eligible Initial Applications in this set–aside until the last full reservation can be made. After the last full reservation is made, any remaining Housing Credit remaining will roll into Existing Multifamily Housing.
5. Existing Multifamily Housing
 - a. Eligible Initial Applications as described in Section 16 of this QAP.
 - b. Highest ranking eligible Initial Application.
 - c. THDA will continue down the ranking of eligible Initial Applications for Existing Multifamily Housing until the last full reservation can be made. After the last full reservation is made, any remaining Housing Credit remaining will roll into New Construction.
6. New Construction Regional Pools and all remaining New Construction
 - a. All eligible New Construction Initial Applications will be ranked in descending order, regardless of which regional pool they fall under in Map 11-1.
 - b. THDA will award credits as follows until insufficient credits remain to award to the next highest scoring application.
 - (i) THDA will make the first award to the highest scoring application, regardless of which regional pool it is in.
 1. Whichever regional pool this awarded application is in is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.
 2. If credits remain, move to step (ii).

- (ii) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b.(i).
 - 1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.
 - 2. If credits remain, move to step (iii).
 - (iii) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b.(i) and (ii).
 - 1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to the remaining regional pool, if it has a submitted application.
 - 2. If credits remain, move to step (iv).
 - (iv) THDA will award credits to the highest scoring application in the remaining pool, if there was an application submitted in that pool.
 - (v) After credits are awarded in all pools in which an application has been submitted, the remaining applications in all pools become eligible again.
 - (vi) Repeat steps (i) through (iv) until insufficient credits remain to award the next highest scoring applications.
- c. If the Housing Credit remaining is likely to exceed 1 percent of the total Housing Credit available for reservation, any remaining Housing Credit **may** be offered as a partial reservation to the next highest ranking eligible Initial Application proposing new construction, taking into account all applicable priorities and limits, until the Housing Credit is accepted. Acceptance of a partial reservation according to this provision would not classify a development as an “existing” Initial Application in subsequent years, but any limitation on Housing Credit per development in subsequent years would apply to any such partial reservation.

F. Tie Breaker

- 1. In the event of a scoring tie between two or more Initial Applications proposing new construction at the cutoff for receipt of a Reservation Notice, the tie shall be broken by giving priority to the proposed new construction development in the Initial Application requesting the least amount of Housing Credit per Housing Credit unit.
 - a. If the tie is not broken by Section 22.F.1, priority will be given to the proposed new construction development located wholly within a QCT and covered by a CCRP.
- 2. In the event of a scoring tie between two or more Initial Applications proposing rehabilitation of Existing Multifamily Housing, the tie shall be broken by giving priority to the proposed development requesting the least amount of Housing Credit per Housing Credit unit.

G. Preliminary Ranking List

All Initial Applicants that have been earmarked for an annual allocation of Housing Credit in the applicable funding year will be listed on the Preliminary Ranking List that will be available at www.thda.org. This ranking is a preliminary confirmation of a reservation of Housing Credit.

H. Reservation Letter Process

- 1. THDA will provide a Reservation Notice.
- 2. The THOMAS Documents Page describes requirements that must be met, including timelines, for the reservation process.
- 3. In determining the initial amount of Housing Credit to be reflected in the Reservation Notice, THDA will use the costs, incomes, and expenses submitted in the Initial Application, as determined reasonable by THDA.

4. The final amount of Housing Credit allocated to each successful Applicant may be less than, but not be more than, the amount requested in the Initial Application, the amount specified in the Reservation Notice or the amount that will be reflected in the Carryover Allocation Agreement. Allocations will be determined in connection with a Carryover Allocation Application and in connection with an evaluation at the time the development is placed in service, in accordance with Section 42(m)(2) and this QAP.

I. Recapture of Housing Credit During Reservation Period

1. THDA will cancel a Reservation Notice for failure to fully satisfy conditions imposed in connection with the Reservation Notice and for failure to provide satisfactory information or documentation required by the Reservation Notice by the deadlines specified in the Reservation Notice. When so cancelled, the Housing Credit referred to in the Reservation Notice is not available for the development specified in the Reservation Notice and will be made available to other qualified developments. Deadlines specified in the Reservation Notice are the dates upon which Housing Credit is deemed recaptured by THDA unless the conditions related to each deadline have been met on or before such deadline or unless an extension has been granted.
2. Housing Credit made available through a Reservation Notice may be voluntarily returned. Any such return means Housing Credit is not available for the development referenced in the Reservation Notice.
3. Any Housing Credit recaptured either by cancellation of a Reservation Notice or voluntarily returned will be reserved to the fullest extent practical to other qualified Initial Applications for Housing Credit as provided in this QAP.

Section 23: Carryover Allocation Process

A. Qualifying for a Carryover Allocation

An Applicant with a Reservation Notice for a development that will not place in service by December 31 of the year in which the Reservation Notice was issued may be eligible for a Carryover Allocation of Housing Credit (“Carryover Allocation”). In order to qualify for a Carryover Allocation, the ownership entity identified in the Initial Application must have ownership of the Site identified in the Initial Application and must have incurred costs of at least 10 percent of the reasonably expected basis in the development by the date specified in the Carryover Allocation Agreement.

B. THOMAS Carryover Allocation Application Submission Requirements

1. To obtain a Carryover Allocation Agreement, a completed Carryover Allocation Application must be submitted in THOMAS by the date specified by THDA. The Carryover Allocation Application must include, without limitation, the following:
 - a. An executed Statement of Application and Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
 - b. A copy of firm commitment letter(s) for construction financing, executed by all parties and otherwise in a form and with substance acceptable to THDA in its sole discretion. construction
 - c. A copy of the syndication transaction including, without limitation a firm commitment letter from the purchaser of the housing credits executed as specified in the Carryover Allocation Agreement.
 - d. A copy of the recent utility allowance documentation indicating the basis for calculations of utility costs for the size and type of units proposed as indicated in the Initial Application
 - e. A 30-year pro-forma for the proposed development in the Carryover Application
 - f. A copy of the IRS documentation reflecting Employer Identification Number for Owner.
 - g. A copy of the Owner’s Affirmatively Furthering Fair Housing Marketing Plan. See Section 10.A.1. for requirements.
2. The Owner must execute a Carryover Allocation Agreement and return the executed Carryover Allocation Agreement to THDA no later than the date specified in the Carryover Allocation Agreement.
3. If closing has occurred, the Owner must submit (through THOMAS) equity syndication closing documentation and construction financing closing documentation.
4. The Owner must submit the Cost Certification for the 10 Percent Test in THOMAS no later than the date specified in the Carryover Allocation Agreement.
 - a. If available, a recorded warranty deed showing ownership by the ownership entity identified in the Initial Application, or a fully executed 50–year ground lease (subject to the provisions of this QAP) showing the ownership entity identified in the Initial Application as the lessee, a copy of recorded warranty deed or ground lease, as applicable, must be submitted.
 - b. If a PILOT agreement is available, a copy of the PILOT agreement must be submitted.

C. Carryover Allocation Application Review Process

During the review of the Carryover Allocation Application, THDA will issue Evaluation Notices to request additional documentation and/or information for purposes of clarifying eligibility, scoring and financial feasibility. Evaluation Notices will be issued in the following manner:

Table 23–1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
First	5 business days from the date of the Evaluation Notice
Second	2 business days from the date of the Evaluation Notice
Final	1 business day from the date of the Evaluation Notice

THDA will not issue a Carryover Allocation Agreement if the conditions contained in Evaluation Notices issued in connection with the Carryover Allocation Application are not fully satisfied. Deadlines specified in the Final Evaluation Notice are the dates upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline have not been met. Upon notification, the Housing Credit referred to in the Reservation Notice is not available for the development and will be made available to other qualified developments.

D. Housing Credit Available

The amount of Housing Credit reflected in a Carryover Allocation Agreement will be determined by THDA in connection with an evaluation at the time a Carryover Allocation is requested. The amount of Housing Credit may be less than, but will not be more than, the Housing Credit amount in the Reservation Notice.

E. Status Reports

Following execution of a Carryover Allocation Agreement, THDA may request status reports outlining progress towards completion by dates, in a form and with substance all as specified by THDA in its sole discretion.

F. Recapture of Housing Credit During Carryover Period

1. THDA will cancel a Carryover Allocation Agreement if there is a failure to fully satisfy conditions imposed in connection with the Carryover Allocation Agreement by the deadlines specified by THDA. When so cancelled, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement and will be made available to other qualified developments. Deadlines specified in the Carryover Allocation Agreement are the dates upon which Housing Credit is deemed recaptured by THDA if the conditions related to each deadline have not been met on or before such deadlines or unless an extension has been granted.
2. Housing Credit allocated through a Carryover Allocation Agreement may be voluntarily returned by the Owner. Upon return, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement.
3. Any Housing Credit recaptured either by cancellation of a Carryover Allocation Agreement or by voluntary return by the Owner will be made available as follows:
 - a. Any Housing Credit returned before October 1, 2024 will be reserved to other qualified 2024 Initial Applications for Housing Credit as provided in this QAP.

Any Housing Credit returned on or after October 1, 2024 will be available in 2025.

**Section 24: Special Assistance for Developments Affected by
COVID-19 Economic Aftereffects**

Notwithstanding any other provisions of this QAP, relief for certain developments is available as follows:

- A. 2022 Competitive Housing Credit allocation recipients, subject to each of the following:
 1. The maximum **aggregate** Housing Credit allocated to COVID-19 [Economic Aftereffects](#) Housing Credit Exchange Allocations is limited to the amount of 2022 Housing Credit returned.
 2. Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
 - a. Developments intending to seek approval for a Housing Credit Exchange Allocation must so **notify THDA in writing no later than December 6, 2023**. Notification must be sent **via email** to TNAllocation@thda.org.
 - b. Scoring selections and threshold requirements from the 2022 QAP, as applicable, will be enforced, otherwise the 2024 QAP will apply.
 - c. The ability to request the Qualified Contract Process for the particular development is permanently waived.
 - d. The Placed-In-Service deadline for COVID-19 Housing Credit Exchange Allocations will be December 31, 2026. Failure to meet or requesting an extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 5-A of this QAP.
 - g. Housing Credit Exchange Allocation developments will not be permitted to increase developer or consultant fees.
 3. Other provisions applicable to COVID-19 Housing Credit Exchange Allocations:
 - a. Returned Housing Credit will not increase 2023 set-asides or pools (except the Non-Profit Set-Aside).
 - b. COVID-19 Housing Credit Exchange Allocations will not count against county, developer, or other limits in the 2024 QAP.

PART III: NONCOMPETITIVE ALLOCATIONS ONLY

Section 25: Noncompetitive Housing Tax Credit Allocated to Developments Financed with Tax-Exempt Bonds

A. Allocation Requirements

Developments financed with tax-exempt bonds issued as a result of an award of MTBA may be eligible for allocations of Noncompetitive Housing Credit outside of the competitive process described in this QAP. The annual Noncompetitive Housing Credit will be determined by THDA in connection with the Initial Application evaluation of financial feasibility. These developments must meet the following conditions:

1. Applicants applying for Noncompetitive Housing Credit and MTBA must demonstrate that a minimum of 50% of the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA remain outstanding as of the placed in service date for the development. On that date, the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA must meet the requirements of Section 42(h)(4). Either bond counsel or a certified public accountant licensed in Tennessee must certify to THDA that this financing requirement is met.
2. Applicants applying for MTBA in THOMAS are deemed to be simultaneously applying for Noncompetitive Housing Credit in THOMAS. THDA will determine the amount of Noncompetitive Housing Credit to be allocated and will issue a Firm 42(m) Letter or a Conditional 42(m) Letter. In determining the initial amount of Noncompetitive Housing Credit to be reserved, THDA will use the costs, incomes and expenses submitted in the Initial Application as determined to be reasonable by THDA. Allocations are subject to Section 42(m)(2) and this QAP. Any allocation of Noncompetitive Housing Credit will not count against the limits on Housing Credit by county, developer and related parties as specified in this QAP.
3. Applicants applying for MTBA and Noncompetitive Housing Credit are subject to the requirements in the 2024 MTBA Program Description.
- ~~4. In addition, Applicants applying for MTBA and Noncompetitive Housing Credit are subject to all applicable requirements of this QAP as determined by THDA, including, without limitation, determinations of eligibility as described in Section 1 of this QAP, fees described in Section 5 of this QAP, the construction review process requirements found in Section 18 of this QAP, the compliance requirements found in Section 20 of this QAP, and the application procedures found in Sections 4, 17, and 18 of this QAP.~~
- ~~5.4.~~ If an Initial Application for Competitive Housing Credit and an application for MTBA and Noncompetitive Housing Credit for the same development is submitted, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section 12 of the 2024 MTBA Program Description.
- ~~6.5.~~ Applicants must agree to not participate in the Qualified Contract process.

B. Development Limits

The maximum amount of MTBA that may be allocated to a single development is described in Section 5 of the Multifamily Tax-Exempt Bond Authority Program Description for 2024. An applicant may submit a written request for an exception to the maximum MTBA amount listed in Section 5-A of the MTBA PD. The written request must include sufficient supporting documentation and information to substantiate the need for additional MTBA as determined by THDA, in its sole discretion. Only one (1) written request for an exception to the maximum MTBA

limit per application will be considered. Written requests for exceptions to the maximum MTBA may be granted or denied by THDA, in its sole discretion

C. Total Development Cost Limits

Total Development Cost limits as specified in Table 25–1 below will be applied to all proposed developments requesting Noncompetitive Housing Credits at the time of Initial Application. The cost of issuance and any deferred portion of the developer fee over 15% will be excluded from these costs. An Applicant may submit a written request for an exception to the Total Development Cost limits. The written request must include sufficient supporting documentation and information to substantiate the need for the exception, as determined by THDA, in its sole discretion. Only one (1) written request for an exception to the Total Development Cost limits per application may be submitted.

D. Total Development Cost Limits

In order to be eligible, Initial Applications for Housing Credit must propose Total Development Costs that do not exceed the applicable amount in Table 25–1 below. The Total Development Cost Limits are applied at Initial Application. Land cost is not included in the Total Development Cost for purposes of this calculation.

Table 25–1: Total Development Cost Limits Per Unit by Development Type					
Development Type	1 BR	2 BR	3 BR	4 BR	5 BR
Urban					
Detached/Semi-detached	\$ <u>245,000</u> ²⁹⁴ <u>.000</u>	\$ <u>293,000</u> ³ <u>51,600</u>	\$ <u>349,000</u> ⁴ <u>18,800</u>	\$ <u>411,000</u> ⁴ <u>93,200</u>	\$ <u>450,000</u> ⁵ <u>40,000</u>
Row House	\$ <u>218,000</u> ²⁶¹ <u>.600</u>	\$ <u>264,000</u> ³ <u>16,800</u>	\$ <u>323,000</u> ³ <u>87,600</u>	\$ <u>384,000</u> ⁴ <u>60,800</u>	\$ <u>422,000</u> ⁵ <u>06,400</u>
Walkup	\$ <u>198,000</u> ²³⁷ <u>.600</u>	\$ <u>251,000</u> ³ <u>01,200</u>	\$ <u>330,000</u> ³ <u>96,000</u>	\$ <u>408,000</u> ⁴ <u>89,600</u>	\$ <u>460,000</u> ⁵ <u>52,000</u>
Elevator	\$ <u>207,000</u> ²⁴⁸ <u>.400</u>	\$ <u>266,000</u> ³ <u>19,200</u>	\$ <u>355,000</u> ⁴ <u>26,000</u>	\$ <u>443,000</u> ⁵ <u>31,600</u>	\$ <u>502,000</u> ⁶ <u>02,400</u>
Suburban					
Detached/Semi-detached	\$ <u>234,000</u> ²⁸⁰ <u>.800</u>	\$ <u>279,000</u> ³ <u>35,880</u>	\$ <u>333,000</u> ³ <u>99,600</u>	\$ <u>392,000</u> ⁴ <u>70,400</u>	\$ <u>429,000</u> ⁵ <u>14,800</u>
Row House	\$ <u>208,000</u> ²⁴⁹ <u>.600</u>	\$ <u>252,000</u> ³ <u>02,400</u>	\$ <u>308,000</u> ³ <u>69,600</u>	\$ <u>366,000</u> ⁴ <u>39,200</u>	\$ <u>403,000</u> ⁴ <u>83,600</u>
Walkup	\$ <u>189,000</u> ²²⁶ <u>.800</u>	\$ <u>239,000</u> ² <u>86,800</u>	\$ <u>314,000</u> ³ <u>76,800</u>	\$ <u>389,000</u> ⁴ <u>66,800</u>	\$ <u>438,000</u> ⁵ <u>25,600</u>
Elevator	\$ <u>197,000</u> ²³⁶ <u>.400</u>	\$ <u>254,000</u> ³ <u>04,800</u>	\$ <u>338,000</u> ⁴ <u>05,600</u>	\$ <u>423,000</u> ⁵ <u>07,600</u>	\$ <u>479,000</u> ⁵ <u>74,800</u>
Rural					
Detached/Semi-detached	\$ <u>223,000</u> ²⁶⁷ <u>.600</u>	\$ <u>267,000</u> ³ <u>20,400</u>	\$ <u>318,000</u> ³ <u>81,600</u>	\$ <u>374,000</u> ⁴ <u>48,800</u>	\$ <u>409,000</u> ⁴ <u>90,800</u>
Row House	\$ <u>198,000</u> ²³⁷ <u>.600</u>	\$ <u>241,000</u> ² <u>89,200</u>	\$ <u>294,000</u> ³ <u>52,800</u>	\$ <u>349,000</u> ⁴ <u>18,800</u>	\$ <u>384,000</u> ⁴ <u>60,800</u>
Walkup	\$ <u>180,000</u> ²¹⁶ <u>.000</u>	\$ <u>228,000</u> ² <u>73,600</u>	\$ <u>300,000</u> ³ <u>60,000</u>	\$ <u>371,000</u> ⁴ <u>45,200</u>	\$ <u>418,000</u> ⁵ <u>01,600</u>

Elevator	\$188,000 ²²⁵ .600	\$242,000 ² 90,400	\$323,000 ³ 87,600	\$403,000 ⁴ 83,600	\$457,000 ⁵ 48,400
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~~E. Noncompetitive Housing Credit Threshold Requirements~~

~~Applications requesting Noncompetitive Housing Credits must satisfy the applicable requirements of Section 13 and Section 14 of this QAP except for Section 13.A.4 and Section 14.D. The exemption regarding Section 14.D does not apply to Developments proposing New Construction.~~

~~F. Noncompetitive Housing Credit Scoring~~

~~The scoring criteria in this Section 25 is not intended to allow an Applicant to claim the maximum 100 points. An Initial Application must contain a minimum score of 60 points to be eligible for MTBA and Noncompetitive Housing Credit. The score will be confirmed by THDA, in its sole discretion, during the Initial Application review process.~~

~~1. Housing Credit Development Location: *up to 10 points*~~

- ~~a. Proposed developments located wholly and completely in a QCT covered by a CCRP. *2 points*~~
- ~~b. Proposed developments located wholly and completely in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations. *8 points*~~

~~2. Meeting Housing Needs: *up to 10 points*~~

~~Choose One:~~

- ~~a. Proposed new construction multifamily housing developments or proposed adaptive reuse/conversions of buildings that are not currently used for housing to multifamily housing developments; *10 points*~~
~~OR~~
- ~~b. Proposed rehabilitation of Existing Multifamily Housing that are not currently income and rent restricted; or *10 points*~~
~~OR~~
- ~~c. Proposed preservation of Existing Multifamily Housing that are currently income and rent restricted. *10 points*~~

~~3. Development Characteristics. All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once: *up to 25 points*~~

- ~~a. Rehabilitation of an Existing Multifamily Housing in an area covered by a CCRP. *5 points*~~
- ~~b. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit. *5 points*~~
- ~~c. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas. *5 points*~~
- ~~d. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points: *5 points*~~

- e. ~~Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points. *5 points*~~
- f. ~~Construction and/or rehabilitation of development signs, including the Fair Housing Logo, at all entrances to the development site. *5 points*~~
- g. ~~Use of anti-fungal roofing materials with a minimum 30 year warranty. *5 points*~~
- h. ~~Rehabilitation of an Existing Multifamily Housing development that includes **complete replacement** of existing exterior wooden stair systems (regardless of remaining useful life) with new steel or concrete stair systems. *5 points*~~
- i. ~~The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation credits. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction. *5 points*~~

~~4. **Sponsor Characteristics:** *up to 10 points*~~

- a. ~~No member of the Development Team is currently subject to a Major SAE defined in Section 3-D of the 2024 MTBA Program Description. *5 points*~~
- b. ~~At least one (1) member of the Development Team was a member of a Development Team that closed, issued and sold MTBA for at least one (1) development in Tennessee since January 1, 2019. *5 points*~~

~~5. **Serving Resident Populations with Special Housing Needs:** *10 points*~~

~~Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.~~

~~The proposed development must include:~~

- a. ~~Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and~~
- b. ~~Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on-site amenities under 5.d.; or~~
- c. ~~If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.~~
- d. ~~Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.

 - i) ~~Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;~~~~

- ~~ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;~~
 - ~~iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;~~
 - ~~iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;~~
 - ~~v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points.~~
 - ~~vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year round usage, and on an accessible path;~~
 - ~~vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;~~
 - ~~viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or~~
 - ~~ix) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.~~
- ~~e. Scattered Sites. Applicants for proposed scattered site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.~~

~~**6. Public Housing or Housing Choice Voucher Waiting Lists/Housing Choice Voucher Holder: _____ 1 point**~~

~~Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit ("HCV Voucher Holder)". This priority must be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application.~~

~~**7. Serving Resident Populations with Children: _____ 10 points**~~

~~Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct~~

~~and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.~~

~~The proposed development must include:~~

- ~~a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or~~
- ~~b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.~~
- ~~c. Approved On-site Amenities. All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC;~~
 - ~~i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;~~
 - ~~ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;~~
 - ~~iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;~~
 - ~~iv) Construct and/or rehabilitate and maintain an exercise room of at least 900 square feet with at least 3 pieces of new equipment; Exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment.;~~
 - ~~v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;~~
 - ~~vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year round usage, and on an accessible path;~~
 - ~~vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or~~

~~viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.~~

~~d. **Scattered Sites.** Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA’s sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.~~

~~**8. Development Intended for Eventual Resident Ownership or Extended Recapitalization Period:** *up to 10 points*~~

~~a. Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period.~~

~~*5 points*~~

~~OR~~

~~b. Applicants may defer the point when the development may request a recapitalization through a subsequent allocation of Housing Credit under the competitive or noncompetitive process. Points are based on the number of years from the date the last building in the development placed in service.~~

~~*up to 10 points*~~

Table 25-2: Earliest Year When New Housing Credit May be Requested	
Years Since Placed in Service	Points Available
17	4
20	10

~~**9. Energy Efficiency:** *up to 14 points*~~

- ~~a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units (3 points);~~
- ~~b. ENERGY STAR certified gas tankless water heater (2 points);~~
- ~~c. ENERGY STAR dishwasher (3 points);~~
- ~~d. ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker (2 points);~~
- ~~e. ENERGY STAR rated windows in all units (2 points);~~
- ~~f. ENERGY STAR ceiling fans (1 point);~~
- ~~g. ENERGY STAR ventilation fans (range hood, bathroom) (1 point).~~

~~**G. Initial Application Eligibility and Scoring Review**~~

~~In connection with evaluation of Initial Applications, THDA will issue an Applicants will have seven (7) days from the issuance of an to respond. theseven (7) day deadline has passed. Applicants may resubmit an application for a commitment of MTBA and an allocation of Noncompetitive Housing Credits at a later date, but must pay a resubmission fee as described in Section 11 D of the MTBA Program Description for 2024. A resubmitted application will be considered a new application under the MTBA Program Description and this Section 25.~~

H.E. Capitalized Terms

All capitalized terms used in this Section 25 shall have the meaning ascribed to them in this Section 25 or in Section 2 of this QAP or in the MTBA Program Description for 2024.

PART IV: ADOPTION AND APPROVAL BY THE GOVERNOR

Section 26: Adoption and Approval by the Governor

As provided in Executive Order No. 73, dated October 31, 2018 (the “Executive Order”), I, Bill Lee, the Governor of the State of Tennessee, do hereby designate the Tennessee Housing Development Agency (THDA) to be the housing credit agency for this State and, by my execution of this Qualified Allocation Plan, I hereby adopt this Qualified Allocation Plan as my plan for the distribution and administration of Housing Credits in the State of Tennessee, in conformance with Section 42 of the Internal Revenue Code of 1986, as amended and the Executive Order. As also provided in the Executive Order, this Qualified Allocation Plan shall be incorporated, by this reference, into and encompassed by the Executive Order as if set forth in the Executive Order verbatim.

Bill Lee, Governor

Date



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

Board Briefing Items



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243
(615) 815-2200

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

TO: All 2023 Competitive Low-Income Housing Credit Applicants

FROM: Multifamily Programs Division

DATE: September 1, 2023

SUBJECT: 2023 Competitive Low-Income Housing Credit Preliminary Ranking

The following is the Preliminary Ranking for the 2023 Competitive Low-Income Housing Credit Program. The period has ended in accordance with the 2023 Qualified Allocation Plan (the "2023 QAP"). As indicated in the 2023 QAP, there will be no further review of scoring or ranking of Initial Applications. Applicable tiebreakers and limits have been taken into consideration.

The list includes Initial Applications shaded in **grey** to which THDA anticipates issuing a Reservation Notice. The Preliminary Ranking includes the following Set-Asides and/or Pools

1. Non-Profit Set-Aside
2. CNI Grants Set-Aside
3. Economic Development Zone
4. PHA Set-Aside
5. Existing Set-Aside
6. New Construction Regional Pools

Reservation Notices will be issued as soon as possible. We are working diligently to complete this process promptly. Underwriting is now underway. **THDA may be contacting applicants regarding issues which have the potential to affect the amount of Tax Credit allocated.**

Persons involved with the Initial Application to which THDA currently anticipates issuing a Reservation Notice may wish to consult Section 16 H of the 2023 QAP to begin the processes of obtaining the standard documents which will be required.

We appreciate your interest and participation in the 2023 Competitive Low-Income Housing Credit program. If you have questions, please contact Eric Alexander Director of Multifamily Programs at ealexander@thda.org.

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-134)

1. Public Entity:
 Name: Tennessee Housing Development Agency
 Address: Andrew Jackson Building, Third Floor, 502 Deaderick Street
Nashville, TN 37243-0200
 Debt Issue Name: Issue 2023-2
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ 235,000,000.00
 Premium/Discount: \$ See Attachment 1

3. Interest Cost: Issue 2023-2: 4.701
Issue 2023-2: 5.608 % *Excluding Underwriter's Discount Tax-exempt Taxable
 TIC NIC
 Variable: Index _____ plus _____ basis points; or
 Variable: Remarketing Agent _____
 Other: _____

4. Debt Obligation:
 TRAN RAN CON
 BAN CRAN GAN
 Bond Loan Agreement Financing Lease
 If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").

5. Ratings:
 Unrated
 Moody's Aa1 Standard & Poor's AA+ Fitch _____

6. Purpose:

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input type="checkbox"/> Education	_____ %	_____
<input type="checkbox"/> Utilities	_____ %	_____
<input checked="" type="checkbox"/> Other	<u>100.00</u> %	<u>Single Family Housing</u>
<input type="checkbox"/> Refunding/Renewal	_____ %	_____

7. Security:
 General Obligation General Obligation + Revenue/Tax
 Revenue Tax Increment Financing (TIF)
 Annual Appropriation (Financing Lease Only) Other (Describe): Special Limited Obligation

8. Type of Sale:
 Competitive Public Sale Interfund Loan _____
 Negotiated Sale Loan Program _____
 Informal Bid

9. Date:
 Dated Date: 07/25/2023 Issue/Closing Date: 07/25/2023

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-134)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent	_____	_____
Paying Agent / Registrar	_____	_____
Trustee	_____	_____
Liquidity / Credit Enhancement	_____	_____
Escrow Agent	_____	_____
Sponsorship / Program / Admin	_____	_____
Other _____	_____	_____

13. Disclosure Document / Official Statement:

None Prepared See Attachment 3: Issue 2023-2 Supplemental Resolution;
 EMMA link and See Attachment 4: Issue 2023-2 Official Statement or
 Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due 210 days after end of each Fiscal Year

Name and title of person responsible for compliance Trent Ridley, Chief Financial Officer/Bruce Balcom, Chief Legal Counsel

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 11/28/2011, as amended

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report:


To the Governing Body: on 9/26/2023 and presented at public meeting held on 09/26/2023

Copy to Director, Division of Local Govt Finance: on 09/07/2023 either by:

Mail to: OR Email to: LGF@cot.tn.gov

Cordell Hull Building
425 Rep. John Lewis Parkway N., 4th Floor
Nashville, TN 37243-3400

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u></u>	<u>Bruce Balcom</u>
Title	<u>Executive Director</u>	<u>Chief Legal Counsel</u>
Firm	<u>Tennessee Housing Development Agency</u>	<u>Tennessee Housing Development Agency</u>
Email	<u>RPerrey@thda.org</u>	<u>BBalcom@thda.org</u>
Date	<u>07/25/2023</u>	<u>07/25/2023</u>

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	\$ See Attachment 2	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

No costs or professionals

	AMOUNT <small>(Round to nearest \$)</small>	FIRM NAME
Financial Advisor Fees	\$ 60,000	CSG Advisors Incorporated
Legal Fees	\$ 0	
Bond Counsel	\$ 37,500	Kutak Rock
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 11,750	US Bank, NA
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 235,000	Moody's and S & P
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____%		
Take Down	\$ 1,315,981	RBC Capital Markets, LLC ("RBC")
Management Fee	\$ 30,000	RBC Capital Markets, LLC ("RBC")
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 25,000	Hawkins Delafield & Wood
Other expenses	\$ 34,887	RBC Capital Markets, LLC ("RBC")
Printing and Advertising Fees	\$ 1,500	Ipreo LLC
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 6,000	Kestrel Verifiers
TOTAL COSTS	\$ 1,757,618	

2. PREMIUM/DISCOUNT:

1. Includes the original issue premium of \$3,558,700.00 on the Issue 2023-2 Bonds maturing January 1, 2054.

Includes the original issue premium of \$645,835.20 on the Issue 2023-2 Bonds maturing January 1, 2054.

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BONDS**

**Maturities, Amounts, Interest Rates and Prices
\$135,000,000 Issue 2023-2A Bonds (Non-AMT) (Social Bonds)**

\$21,900,000 Issue 2023-2A Serial Bonds

<u>Year</u>	<u>Principal Amount Due January 1</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>	<u>Principal Amount Due July 1</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>
2024					\$ 785,000	3.200%	100.000%	88046KDQ6
2025	\$ 795,000	3.200%	100.000%	88046KDR4	815,000	3.200	100.000	88046KDS2
2026	825,000	3.200	100.000	88046KDT0	840,000	3.200	100.000	88046KDU7
2027	855,000	3.300	100.000	88046KDV5	865,000	3.300	100.000	88046KDW3
2028	880,000	3.300	100.000	88046KDX1	895,000	3.300	100.000	88046KDY9
2029	905,000	3.400	100.000	88046KDZ6	925,000	3.450	100.000	88046KEA0
2030	940,000	3.600	100.000	88046KEB8	960,000	3.600	100.000	88046KEC6
2031	975,000	3.750	100.000	88046KED4	995,000	3.750	100.000	88046KEE2
2032	1,010,000	3.800	100.000	88046KEF9	1,025,000	3.800	100.000	88046KEG7
2033	1,050,000	3.875	100.000	88046KEH5	1,070,000	3.900	100.000	88046KEJ1
2034	1,090,000	3.950	100.000	88046KEK8	1,110,000	3.950	100.000	88046KEL6
2035	1,135,000	4.050	100.000	88046KEM4	1,155,000	4.100	100.000	88046KEN2

\$113,100,000 Issue 2023-2A Term Bonds

<u>Maturity Date</u>	<u>Principal Amount Due</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>
July 1, 2038	\$ 7,485,000	4.150%	100.000%	88046KEP7
July 1, 2043	14,985,000	4.450	100.000	88046KEQ5
July 1, 2048	18,985,000	4.550	100.000	88046KER3
July 1, 2053	24,145,000	4.700	100.000	88046KES1
January 1, 2054 (PAC)	47,500,000	5.750	107.492	88046KET9

\$100,000,000 Issue 2023-2B Bonds (Federally Taxable) (Social Bonds)

\$10,960,000 Issue 2023-2B Serial Bonds

<u>Year</u>	<u>Principal Amount Due January 1</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>	<u>Principal Amount Due July 1</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>
2026	\$ 1,000,000	5.031%	100.000%	88046KEW2	\$ 1,030,000	5.081%	100.000%	88046KEX0
2027	540,000	5.034	100.000	88046KEY8	555,000	5.084	100.000	88046KEZ5
2028	565,000	5.134	100.000	88046KFA9	580,000	5.164	100.000	88046KFB7
2029	595,000	5.171	100.000	88046KFC5	610,000	5.211	100.000	88046KFD3
2030	625,000	5.311	100.000	88046KFE1	640,000	5.331	100.000	88046KFF8
2031	660,000	5.246	100.000	88046KFG6	675,000	5.276	100.000	88046KFH4
2032	695,000	5.326	100.000	88046KFJ0	715,000	5.336	100.000	88046KFK7
2033	730,000	5.356	100.000	88046KFL5	745,000	5.376	100.000	88046KFM3

\$89,040,000 Issue 2023-2B Term Bonds

<u>Maturity Date</u>	<u>Principal Amount Due</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>
July 1, 2038	\$ 8,700,000	5.436%	100.000%	88046KFN1
July 1, 2043	11,385,000	5.465	100.000	88046KFP6
July 1, 2048	14,945,000	5.495	100.000	88046KFQ4
July 1, 2053	19,730,000	5.545	100.000	88046KFR2
January 1, 2054 (PAC)	34,280,000	6.000	101.884	88046KFS0

TENNESSEE HOUSING DEVELOPMENT AGENCY

A Supplemental Resolution

Authorizing the Sale of

Residential Finance Program Bonds

\$135,000,000 Issue 2023-2A (Non-AMT)

\$100,000,000 Issue 2023-2B (Federally Taxable)

Adopted March 21, 2023
as approved in its amended and supplemented form
by its Designated Authorized Officer
on June 27, 2023

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**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$135,000,000 ISSUE 2023-2A (Non-AMT)
\$100,000,000 ISSUE 2023-2B (Federally Taxable)**

BE IT RESOLVED by the Board of Directors of the **TENNESSEE HOUSING DEVELOPMENT AGENCY** (“THDA”) as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution may hereafter be cited by THDA as the Issue 2023-2 Supplemental Residential Finance Program Bond Resolution.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.2 of the resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled “General Residential Finance Program Bond Resolution” (the “General Resolution”) have the same meanings in this Resolution as such terms are given in Section 1.2 of the General Resolution.

(b) In addition, as used in this Resolution, unless the context otherwise requires, the following terms have the following respective meanings:

“*500% PSA Prepayment Amount*” means the cumulative amount of principal prepayments on the Program Loans allocable to the Issue 2023-2 Bonds (including Issue 2023-2 Program Securities) at a rate equal to 500% PSA, as set forth in Exhibit B hereto.

“*Bond Purchase Agreements*” means, collectively, the Issue 2023-2A Bond Purchase Agreement and the Issue 2023-2B Bond Purchase Agreement.

“*Business Day*” shall mean any day except for a Saturday, Sunday or any day on which banks in Tennessee or New York are required or authorized to be closed.

“*Co-Managers*” means J.P. Morgan Securities LLC, Wells Fargo Bank, National Association and UBS Financial Services Inc.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended.

“*Designated Authorized Officer*” means the Secretary of the Bond Finance Committee or, in the absence of the Secretary of the Bond Finance Committee, an officer designated by the Secretary of the Bond Finance Committee.

“*DTC*” means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*Excess 2023-2 Principal Payments*” means, as of any date of computation, 100% of all regularly scheduled principal payments and prepayments on Program Loans, or portions thereof, allocable to the Issue 2023-2 Bonds (including Program Loans pooled into Issue 2023-2 Program Securities) to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2023-2 Bonds.

“*Fannie Mae*” means Fannie Mae, formerly the Federal National Mortgage Association, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto. Fannie Mae is a Federal Mortgage Agency as such term is defined in the General Resolution.

“*Fannie Mae Securities*” means an obligation representing an undivided interest in a pool of Program Loans issued and acquired pursuant to the Program, which payments on such Program Loans are guaranteed by Fannie Mae.

“*GNMA*” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 et seq.). GNMA is a Federal Mortgage Agency as such term is defined in the General Resolution

“*GNMA Securities*” means an obligation representing an undivided interest in a pool of Program Loans issued and acquired pursuant to the Program, which payments on such Program Loans are guaranteed by GNMA.

“*Issue 2023-2 Bonds*” means, together, the Issue 2023-2A Bonds and the Issue 2023-2B Bonds.

“*Issue 2023-2 Program Securities*” means the GNMA Securities (if any) and the Fannie Mae Securities (if any) purchased with proceeds of the Issue 2023-2 Bonds and allocable to the Issue 2023-2 Bonds.

“*Issue 2023-2A Bonds*” means the Issue 2023-2A Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“*Issue 2023-2A Bond Purchase Agreement*” means the contract for the purchase of the Issue 2023-2A Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A-1.

“*Issue 2023-2A PAC Bonds*” means the Issue 2023-2A Bonds in the aggregate amount of \$47,500,000 maturing on January 1, 2054.

“*Issue 2023-2A PAC Bonds Planned Amortization Amount*” means the cumulative amount of Issue 2023-2A PAC Bonds expected to be redeemed upon the receipt of Excess 2023-2 Principal Payments on the Issue 2023-2A Bonds at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

“*Issue 2023-2A Serial Bonds*” means the Issue 2023-2A Bonds which are not Issue 2023-2A Term Bonds.

“*Issue 2023-2A Term Bonds*” means, collectively, the Issue 2023-2A Bonds maturing July 1, 2038, July 1, 2043, July 1, 2048, July 1, 2053, and January 1, 2054.

“*Issue 2023-2B Bonds*” means the Issue 2023-2B Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“*Issue 2023-2B Bond Purchase Agreement*” means the contract for the purchase of the Issue 2023-2B Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A-2.

“*Issue 2023-2B PAC Bonds*” means the Issue 2023-2B Bonds in the aggregate amount of \$34,280,000 maturing on January 1, 2054.

“*Issue 2023-2A PAC Bonds Planned Amortization Amount*” means the cumulative amount of Issue 2023-2A PAC Bonds expected to be redeemed upon the receipt of Excess 2023-2 Principal Payments on the Issue 2023-2A Bonds at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

“*Issue 2023-2B Serial Bonds*” means the Issue 2023-2B Bonds which are not Term Bonds.

“*Issue 2023-2B Term Bonds*” means the Issue 2023-2B Bonds maturing July 1, 2038, July 1, 2043, July 1, 2048, July 1, 2053, and January 1, 2054.

“*Issue Date*” means the date on which the Issue 2023-2 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on July 25, 2023.

“*MSRB*” means the Municipal Securities Rulemaking Board by operation of its Electronic Municipal Market Access System.

“*Official Statement*” means the Official Statement dated June 27, 2023, as amended and supplemented by that Supplement dated July 21, 2023, used in connection with the sale of the Issue 2023-2 Bonds.

“*PAC Bonds*” means, together, the Issue 2023-2A PAC Bonds and the Issue 2023-2B PAC Bonds.

“*PAC Bonds Planned Amortization Amount*” means, together, the Issue 2023-2A PAC Bonds Planned Amortization Amount and the Issue 2023-2B PAC Bonds Planned Amortization Amount, each as set forth in Exhibit B hereto.

“*Preliminary Official Statement*” means the Preliminary Official Statement dated June 21, 2023 used in connection with the offering of the Issue 2023-2 Bonds.

“*Rating Agency*” shall mean Moody’s Investors Service, Inc. (or any successor thereto), and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLP business (or any successor thereto).

“*Resolution*” means this Supplemental Resolution adopted by THDA on March 21, 2023, as approved in its amended and supplemented form by the Designated Authorized Officer on June 27, 2023.

“*Serial Bonds*” means, collectively, the Issue 2023-2A Serial Bonds and the Issue 2023-2B Serial Bonds.

“*Term Bonds*” means, collectively, the Issue 2023-2A Term Bonds and the Issue 2023-2B Term Bonds.

“*Underwriters*” means, collectively, RBC Capital Markets, LLC, Citigroup Global Markets Inc., Raymond James & Associates, Inc., and their respective successors and assigns, and the Co-Managers, as purchasers of the Issue 2023-2 Bonds.

(c) Unless the context otherwise indicates, words of the masculine gender will be deemed and construed to include correlative words of feminine and neuter genders, words importing the singular number include the plural number and vice versa, and words importing persons include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms as used in this Resolution refer to this Resolution and such terms used in the form of registered bond herein refer to such bonds.

(e) Unless the context otherwise indicates, the term “Program Loan” as used herein shall include new Program Loans, and, without duplication, Program Securities, and the phrase “Program Loans allocable to the Issue 2023-2 Bonds” shall include any new Program Loans and Issue 2023-2 Program Securities acquired with proceeds of the Issue 2023-2 Bonds.

Section 1.03. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

ARTICLE II

TERMS AND ISSUANCE

Section 2.01. Issue Amount and Designation. In order to provide funds necessary for the Residential Finance Program in accordance with and subject to the terms, conditions and limitations established herein and in the General Resolution, Residential Finance Program Bonds,

Issue 2023-2A are hereby authorized to be issued in the aggregate principal amount of \$135,000,000, and Residential Finance Program Bonds, Issue 2023-2B are hereby authorized to be issued in the aggregate principal amount of \$100,000,000. In addition to the title “Residential Finance Program Bond,” the Issue 2023-2 Bonds will bear the additional designation “Issue 2023-2A (Non-AMT)” and “Issue 2023-2B (Federally Taxable),” as appropriate. The Issue 2023-2 Bonds shall be issued only in fully registered form. The Issue 2023-2A Bonds will consist of \$21,900,000 principal amount of Serial Bonds and \$113,100,000 principal amount of Term Bonds. The Issue 2023-2B Bonds will consist of \$10,960,000 principal amount of Serial Bonds and \$89,040,000 principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2023-2 Bonds are being issued (a) to finance Program Loans (including Issue 2023-2 Program Securities), or participations therein, on single family residences located within the State, (b) if required, to pay capitalized interest on the Issue 2023-2 Bonds, (c) if required, to make a deposit in the Bond Reserve Fund, and (d) if required, to pay certain costs of issuance relating to the Issue 2023-2 Bonds.

The proceeds of the Issue 2023-2 Bonds shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2023-2 Bonds will mature on the dates, in the principal amounts and bear interest from their Issue Date, calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each January 1 and July 1, commencing January 1, 2024, at the rate set opposite such date in the following tables:

Issue 2023-2A Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	Maturity Date	Principal Amount	Interest Rate	Price
July 1, 2024	\$785,000	3.200%	100.000%	July 1, 2030	\$ 960,000	3.600%	100.000%
January 1, 2025	795,000	3.200	100.000	January 1, 2031	975,000	3.750	100.000
July 1, 2025	815,000	3.200	100.000	July 1, 2031	995,000	3.750	100.000
January 1, 2026	825,000	3.200	100.000	January 1, 2032	1,010,000	3.800	100.000
July 1, 2026	840,000	3.200	100.000	July 1, 2032	1,025,000	3.800	100.000
January 1, 2027	855,000	3.300	100.000	January 1, 2033	1,050,000	3.875	100.000
July 1, 2027	865,000	3.300	100.000	July 1, 2033	1,070,000	3.900	100.000
January 1, 2028	880,000	3.300	100.000	January 1, 2034	1,090,000	3.950	100.000
July 1, 2028	895,000	3.300	100.000	July 1, 2034	1,110,000	3.950	100.000
January 1, 2029	905,000	3.400	100.000	January 1, 2035	1,135,000	4.050	100.000
July 1, 2029	925,000	3.450	100.000	July 1, 2035	1,155,000	4.100	100.000
January 1, 2030	940,000	3.600	100.000				

Term Bonds

Maturity Date	Principal Amount	Interest Rate	Price
July 1, 2038	\$ 7,485,000	4.150%	100.000%
July 1, 2043	14,985,000	4.450	100.000
July 1, 2048	18,985,000	4.550	100.000
July 1, 2053	24,145,000	4.700	100.000
January 1, 2054	47,500,000	5.750	107.492

Issue 2023-2B Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	Maturity Date	Principal Amount	Interest Rate	Price
January 1, 2026	\$1,000,000	5.031%	100.000%	January 1, 2030	\$625,000	5.311%	100.000%
July 1, 2026	1,030,000	5.081	100.000	July 1, 2030	640,000	5.331	100.000
January 1, 2027	540,000	5.034	100.000	January 1, 2031	660,000	5.246	100.000
July 1, 2027	555,000	5.084	100.000	July 1, 2031	675,000	5.276	100.000
January 1, 2028	565,000	5.134	100.000	January 1, 2032	695,000	5.326	100.000
July 1, 2028	580,000	5.164	100.000	July 1, 2032	715,000	5.336	100.000
January 1, 2029	595,000	5.171	100.000	January 1, 2033	730,000	5.356	100.000
July 1, 2029	610,000	5.211	100.000	July 1, 2033	745,000	5.376	100.000

Term Bonds

Maturity Date	Principal Amount	Interest Rate	Price
July 1, 2038	\$ 8,700,000	5.436%	100.000%
July 1, 2043	11,385,000	5.465	100.000
July 1, 2048	14,945,000	5.495	100.000
July 1, 2053	19,730,000	5.545	100.000
January 1, 2054	34,280,000	6.000	101.884

(b) Whenever the due date for payment of interest on or principal of the Issue 2023-2 Bonds or the date fixed for redemption of any Issue 2023-2 Bond shall be a day which is not a Business Day, then payment of such interest, principal or Redemption Price need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date for payment of principal, interest or Redemption Price and no additional interest shall be payable on such Business Day which, merely by operation of this paragraph, may have accrued after the original due date.

Section 2.04. Denominations, Numbers and Letters.

(a) The Issue 2023-2 Bonds of each series maturing in each year are to be issued in denominations of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of Issue 2023-2 Bonds of each series maturing in such year. The Issue 2023-2 Bonds are to be lettered “R-2A,” or “R-2B,” as applicable, and numbered separately from 1 consecutively upwards.

(b) The Issue 2023-2 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2023-2 Bond will be outstanding for each maturity and interest rate of each series of the Issue 2023-2 Bonds in the aggregate principal amount of such maturity, interest rate and series. Subject to the provisions of the General Resolution, purchases of ownership interests in the Issue 2023-2 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2023-2 Bonds will not receive certificates representing their interest in the Issue 2023-2 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2023-2 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2023-2 Bonds and THDA will have no responsibility to any DTC participant or beneficial owner thereof.

Section 2.05. Paying Agent. The Trustee is hereby appointed as paying agent for the Issue 2023-2 Bonds pursuant to Section 11.2 of the General Resolution. The Trustee may appoint an agent for presentation of transfers in New York, New York and DTC may act as such agent.

Section 2.06. Execution of Bonds. The Issue 2023-2 Bonds shall be executed by the manual or facsimile signature of the Chairperson or Vice Chairperson and the seal of THDA or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Issue 2023-2 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2023-2 Bonds shall be delivered to the Trustee for proper authentication and delivered to DTC pursuant to the DTC FAST delivery program, as the registered owner of the Issue 2023-2 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2023-2 Bonds are registered in book-entry only form in the name of Cede & Co. as nominee of DTC, payments of principal, Redemption Price and interest on the Issue 2023-2 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2023-2 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2023-2 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2023-2 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2023-2 Bonds in a principal amount equal to or exceeding \$1,000,000 may receive payments of interest by wire transfer if written notice is given to the Trustee at least ten Business Days before an applicable Interest Payment Date. The Record Date for payment of interest on the Issue 2023-2 Bonds shall be the 15th day of the month next preceding an Interest Payment Date.

Section 2.08. Sinking Fund Redemption Provisions.

(a) The Issue 2023-2 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2023-2 Bonds at a

Redemption Price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amounts for each of the dates set forth below:

Issue 2023-2A Term Bonds due July 1, 2038

Date	Principal Amount	Date	Principal Amount
January 1, 2036	\$1,180,000	July 1, 2037	\$1,260,000
July 1, 2036	1,210,000	January 1, 2038	1,285,000
January 1, 2037	1,230,000	July 1, 2038*	1,320,000

*Maturity

Issue 2023-2A Term Bonds due July 1, 2043

Date	Principal Amount	Date	Principal Amount
January 1, 2039	\$1,345,000	July 1, 2041	\$1,510,000
July 1, 2039	1,375,000	January 1, 2042	1,550,000
January 1, 2040	1,410,000	July 1, 2042	1,585,000
July 1, 2040	1,445,000	January 1, 2043	1,625,000
January 1, 2041	1,480,000	July 1, 2043*	1,660,000

*Maturity

Issue 2023-2A Term Bonds due July 1, 2048

Date	Principal Amount	Date	Principal Amount
January 1, 2044	\$1,700,000	July 1, 2046	\$1,915,000
July 1, 2044	1,740,000	January 1, 2047	1,965,000
January 1, 2045	1,785,000	July 1, 2047	2,015,000
July 1, 2045	1,825,000	January 1, 2048	2,060,000
January 1, 2046	1,870,000	July 1, 2048*	2,110,000

*Maturity

Issue 2023-2A Term Bonds due July 1, 2053

Date	Principal Amount	Date	Principal Amount
January 1, 2049	\$2,160,000	July 1, 2051	\$2,440,000
July 1, 2049	2,215,000	January 1, 2052	2,500,000
January 1, 2050	2,265,000	July 1, 2052	2,560,000
July 1, 2050	2,320,000	January 1, 2053	2,620,000
January 1, 2051	2,380,000	July 1, 2053*	2,685,000

*Maturity

Issue 2023-2A Term Bonds due January 1, 2054

Date	Principal Amount	Date	Principal Amount
July 1, 2024	\$ 320,000	July 1, 2039	\$ 720,000
January 1, 2025	330,000	January 1, 2040	740,000
July 1, 2025	335,000	July 1, 2040	760,000
January 1, 2026	345,000	January 1, 2041	780,000
July 1, 2026	355,000	July 1, 2041	805,000
January 1, 2027	365,000	January 1, 2042	825,000
July 1, 2027	375,000	July 1, 2042	850,000
January 1, 2028	385,000	January 1, 2043	870,000
July 1, 2028	395,000	July 1, 2043	895,000
January 1, 2029	410,000	January 1, 2044	920,000
July 1, 2029	420,000	July 1, 2044	945,000
January 1, 2030	430,000	January 1, 2045	970,000
July 1, 2030	440,000	July 1, 2045	1,000,000
January 1, 2031	455,000	January 1, 2046	1,025,000
July 1, 2031	465,000	July 1, 2046	1,055,000
January 1, 2032	480,000	January 1, 2047	1,080,000
July 1, 2032	495,000	July 1, 2047	1,110,000
January 1, 2033	505,000	January 1, 2048	1,140,000
July 1, 2033	520,000	July 1, 2048	1,175,000
January 1, 2034	535,000	January 1, 2049	1,205,000
July 1, 2034	550,000	July 1, 2049	1,240,000
January 1, 2035	565,000	January 1, 2050	1,275,000
July 1, 2035	580,000	July 1, 2050	1,310,000
January 1, 2036	595,000	January 1, 2051	1,345,000
July 1, 2036	610,000	July 1, 2051	1,380,000
January 1, 2037	630,000	January 1, 2052	1,420,000
July 1, 2037	645,000	July 1, 2052	1,460,000
January 1, 2038	665,000	January 1, 2053	1,500,000
July 1, 2038	680,000	July 1, 2053	1,540,000
January 1, 2039	700,000	January 1, 2054*	1,580,000

*Maturity

Issue 2023-2B Term Bonds due July 1, 2038

Date	Principal Amount	Date	Principal Amount
January 1, 2034	\$765,000	July 1, 2036	\$880,000
July 1, 2034	790,000	January 1, 2037	905,000
January 1, 2035	810,000	July 1, 2037	925,000
July 1, 2035	835,000	January 1, 2038	955,000
January 1, 2036	855,000	July 1, 2038*	980,000

*Maturity

Issue 2023-2B Term Bonds due July 1, 2043

Date	Principal Amount	Date	Principal Amount
January 1, 2039	\$1,005,000	July 1, 2041	\$1,150,000
July 1, 2039	1,035,000	January 1, 2042	1,185,000
January 1, 2040	1,060,000	July 1, 2042	1,210,000
July 1, 2040	1,090,000	January 1, 2043	1,250,000
January 1, 2041	1,120,000	July 1, 2043*	1,280,000

*Maturity

Issue 2023-2B Term Bonds due July 1, 2048

Date	Principal Amount	Date	Principal Amount
January 1, 2044	\$1,315,000	July 1, 2046	\$1,510,000
July 1, 2044	1,355,000	January 1, 2047	1,555,000
January 1, 2045	1,390,000	July 1, 2047	1,595,000
July 1, 2045	1,430,000	January 1, 2048	1,640,000
January 1, 2046	1,470,000	July 1, 2048*	1,685,000

*Maturity

Issue 2023-2B Term Bonds due July 1, 2053

Date	Principal Amount	Date	Principal Amount
January 1, 2049	\$1,735,000	July 1, 2051	\$1,995,000
July 1, 2049	1,785,000	January 1, 2052	2,050,000
January 1, 2050	1,835,000	July 1, 2052	2,110,000
July 1, 2050	1,885,000	January 1, 2053	2,165,000
January 1, 2051	1,940,000	July 1, 2053*	2,230,000

*Maturity

Issue 2023-2B Term Bonds due January 1, 2054

Date	Principal Amount	Date	Principal Amount
July 1, 2024	\$ 195,000	July 1, 2039	470,000
January 1, 2025	200,000	January 1, 2040	485,000
July 1, 2025	205,000	July 1, 2040	495,000
January 1, 2026	215,000	January 1, 2041	510,000
July 1, 2026	215,000	July 1, 2041	530,000
January 1, 2027	220,000	January 1, 2042	540,000
July 1, 2027	230,000	July 1, 2042	560,000
January 1, 2028	240,000	January 1, 2043	575,000
July 1, 2028	245,000	July 1, 2043	595,000
January 1, 2029	255,000	January 1, 2044	615,000
July 1, 2029	260,000	July 1, 2044	630,000
January 1, 2030	270,000	January 1, 2045	650,000
July 1, 2030	275,000	July 1, 2045	670,000
January 1, 2031	280,000	January 1, 2046	690,000
July 1, 2031	290,000	July 1, 2046	710,000
January 1, 2032	300,000	January 1, 2047	730,000
July 1, 2032	310,000	July 1, 2047	750,000
January 1, 2033	320,000	January 1, 2048	780,000
July 1, 2033	330,000	July 1, 2048	800,000
January 1, 2034	340,000	January 1, 2049	825,000
July 1, 2034	350,000	July 1, 2049	845,000
January 1, 2035	360,000	January 1, 2050	875,000
July 1, 2035	370,000	July 1, 2050	900,000
January 1, 2036	385,000	January 1, 2051	925,000
July 1, 2036	390,000	July 1, 2051	955,000
January 1, 2037	405,000	January 1, 2052	980,000
July 1, 2037	420,000	July 1, 2052	1,010,000
January 1, 2038	430,000	January 1, 2053	1,045,000
July 1, 2038	440,000	July 1, 2053	1,075,000
January 1, 2039	455,000	January 1, 2054*	3,860,000

*Maturity

The amounts of semiannual sinking fund installments set forth above are subject to reduction as a result of optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption (each as described in this Article II) of the Issue 2023-2 Bonds. At the time of any optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption of such Issue 2023-2 Bonds, the amount of each future sinking fund installment will be reduced as shall be determined in a certificate of THDA such that the total amount of such reductions equals the amount of such optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption; provided, however, that any such redemption amounts permitted to be applied to the annual sinking fund installments set forth above for

the PAC Bonds shall be made on a pro rata basis between the Issue 2023-2A PAC Bonds and the Issue 2023-2B PAC Bonds.

(b) Upon the purchase or redemption of Issue 2023-2 Bonds of any series and maturity for which Sinking Fund Payments have been established other than by application of Sinking Fund Payments, each future Sinking Fund Payment for such Issue 2023-2 Bonds of such series and maturity will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Issue 2023-2 Bonds of such series and maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such series and maturity of Issue 2023-2 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2023-2 Bonds maturing on and after January 1, 2033, are subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part at any time, on or after July 1, 2032 (any such date to be determined by THDA or selected by the Trustee subject to the provisions of and in accordance with the General Resolution, and when so determined or selected will be deemed and is hereby set forth as the redemption date), upon notice as provided in Article VI of the General Resolution, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption; provided, however that the Issue 2023-2B Term Bonds maturing on July 1, 2053 are only subject to optional redemption to the extent at least \$250,000 principal amount thereof remains outstanding; provided, however that the Issue 2023-2B Term Bonds maturing on July 1, 2053 are only subject to optional redemption to the extent no other Issue 2023-2 Bonds remain outstanding or will remain outstanding as a result of such optional redemption.

Section 2.10. Special Optional Redemption. The Issue 2023-2 Bonds are subject to redemption, at the option of THDA, as a whole or in part at any time prior to maturity, in accordance with the provisions of the General Resolution in an amount equal to amounts available for such purpose from (i) proceeds of the Issue 2023-2 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans (including Program Loans pooled into Issue 2023-2 Program Securities) allocated to the Issue 2023-2 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2023-2 Bonds as described in Sections 2.11(b) or 2.11(c) hereof or to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2023-2 Bonds, (iii) repayments and prepayments of Program Loans made with the proceeds of any other Bonds issued under the General Resolution, subject to limitations contained in the Code, (iv) other amounts on deposit in the Revenue Fund in excess of the amounts required for the payment of Debt Service and Program Expenses, and (v) amounts on deposit in the Bond Reserve Fund in excess of the Bond Reserve Requirement; provided however, that (A) the Issue 2023-2B Bonds maturing on July 1, 2053 are only subject to optional redemption to the extent no other Issue 2023-2 Bonds remain outstanding or will remain outstanding as a result of such optional redemption and (B) the PAC Bonds (1) are only subject to redemption as described in clause (ii) above as described in Section 2.11(b) hereof, (2) shall not be subject to redemption as described in clauses (iii), (iv) and (v) above if such redemption would cause amortization of a PAC Bond to exceed the PAC Bonds Planned Amortization Amount, and (3) shall be redeemed on a pro rata basis to the extent of any such special optional redemption.

The date of redemption pursuant to this Section 2.10 shall be determined by the Trustee upon the direction of THDA subject to the provisions of and in accordance with the General Resolution (and when so determined such date will be deemed and is hereby set forth as the redemption date). The Issue 2023-2 Bonds to be so redeemed shall be redeemed at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable; provided, however, that the Redemption Price for the PAC Bonds in the event of a redemption described in clause (i) of the paragraph above shall be the issue price thereof (par plus premium), plus accrued interest to the redemption date.

The Issue 2023-2 Bonds to be redeemed pursuant to this Section 2.10 shall be selected by THDA in its sole discretion; provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2023-2 Bonds then Outstanding in the event of any redemption pursuant to clause (i) of the first paragraph of this Section 2.10, and, to the extent any PAC Bonds are redeemed pursuant to any special optional redemption, the PAC Bonds shall be redeemed on a pro rata basis.

Section 2.11. Special Mandatory Redemptions.

(a) ***Unexpended Proceeds.*** The Issue 2023-2A Bonds are subject to mandatory redemption on August 1, 2024 in the event and to the extent that there are unexpended proceeds of the Issue 2023-2A Bonds on deposit in the Issue 2023-2 Subaccount of the Loan Fund on July 1, 2024; provided that such redemption date may be extended, at the option of THDA, and subject to the satisfaction of the conditions set forth in Section 4.01 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2023-2A Bonds are subject to mandatory redemption on January 1, 2027, to the extent any proceeds of the Issue 2023-2A Bonds remain on deposit in the Issue 2023-2 Subaccount of the Loan Fund on December 1, 2026.

The redemption price of the Issue 2023-2A Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of redemption, if applicable; provided, however, that the redemption price for the PAC Bonds shall be the initial issue price thereof (par plus initial issue premium) plus accrued interest to the redemption date. The Issue 2023-2A Bonds to be redeemed shall be selected by THDA in its sole discretion (subject to the limitations provided in this Resolution); provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2023-2A Bonds then Outstanding.

(b) ***Excess 2023-2 Principal Payments (PAC Bonds).*** The PAC Bonds are subject to redemption prior to their maturity, in whole or in part at a Redemption Price of 100% of the principal amount of such PAC Bonds to be redeemed, plus interest accrued to the date of redemption, from amounts transferred to the Redemption Account representing Excess 2023-2 Principal Payments. Any Excess 2023-2 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing January 1, 2024; provided that PAC Bonds may be redeemed between Interest Payment Dates on the first Business Day of any month for which adequate notice of redemption may be given.

While any PAC Bonds remain Outstanding, Excess 2023-2 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2023-2 Bonds (including Program Loans pooled into Issue 2023-2 Program Securities) are equal to or less than the related 500% PSA Prepayment Amount, as determined by THDA, then available Excess 2023-2 Principal Payments shall first be applied to redeem the PAC Bonds on a pro rata basis up to an amount correlating to the PAC Bonds Planned Amortization Amount for the related PAC Bonds, and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds under the Resolution, other than the PAC Bonds.

SECOND, if principal prepayments on the Program Loans allocable to the Issue 2023-2 Bonds (including Program Loans pooled into Issue 2023-2 Program Securities) are in excess of the 500% PSA Prepayment Amount, as determined by THDA, then available Excess 2023-2 Principal Payments shall first be applied to redeem PAC Bonds on a pro rata basis up to an amount correlating to the PAC Bonds Planned Amortization Amount (as set forth in “FIRST” above) and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds issued under the Resolution, including the PAC Bonds (any such remainder used to redeem PAC Bonds being an “Excess Principal PAC Bond Redemption”); provided, however, that (i) the source of an Excess Principal PAC Bond Redemption is restricted to that portion of available Excess 2023-2 Principal Payments which is in excess of 500% PSA Prepayment Amount, (ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of the PAC Bonds’ proportionate amount of all Issue 2023-2 Bonds then Outstanding, and (III) the PAC Bonds shall be redeemed on a pro rata basis.

The PAC Bonds Planned Amortization Amount and the 500% PSA Prepayment Amount set forth in Exhibit B hereto are each subject to proportionate reduction to the extent PAC Bonds are redeemed from amounts on deposit in the Issue 2023-2 Subaccount of the Loan Fund which are not applied to finance Program Loans in accordance with Section 2.11(a) hereof.

(c) **Ten Year Rule.**

(i) To the extent not required to make regularly scheduled principal payments on the Issue 2023-2A Bonds (including Sinking Fund Payments) or otherwise required to be used to redeem the Issue 2023-2A PAC Bonds as described in Section 2.11 (b) above, repayments and prepayments of principal on the Program Loans, or portions thereof, financed with proceeds of the Issue 2023-2A Bonds (including Program Loans pooled into Issue 2023-2 Program Securities and financed with proceeds of the Issue 2023-2A Bonds) received more than ten years after the Issue Date of the Issue 2023-2A Bonds shall be applied to redeem the Issue 2023-2A Bonds on or before the next Interest Payment Date with respect to the Issue 2023-2A Bonds, which Interest Payment Date is at least six months from the date of receipt of such Program Loan principal payments, in such principal amounts as required to satisfy requirements of the Code. The Redemption Price of Issue

2023-2A Bonds so redeemed shall be 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable.

(ii) THDA shall advise the Trustee of the appropriate Redemption Date for any redemption pursuant to this Section 2.11(c). The Issue 2023-2A Bonds to be redeemed shall be selected by THDA in its sole discretion (subject to the limitations provided in this Resolution); provided however, that the Issue 2023-2A PAC Bonds may be redeemed in an amount that exceeds the Issue 2023-2A PAC Bonds Planned Amortization Amount only if there are no other Issue 2023-2A Bonds Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2023-2 Bonds of like Series and maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in accordance with Section 6.4 of the General Resolution.

Section 2.13. Purchase of Bonds by THDA or Trustee. Whenever moneys are available for redemption of Bonds under Sections 2.08, 2.09, 2.10 or 2.11 above, THDA or the Trustee is authorized to purchase Bonds at a price not to exceed the applicable Redemption Price.

ARTICLE III

SALE AND DELIVERY

Section 3.01. Sale.

(a) The Issue 2023-2 Bonds are hereby authorized to be sold to the Underwriters at the prices and on the terms and conditions set forth in the respective Bond Purchase Agreement and upon the basis of the representations, warranties and agreements therein set forth. The Chairperson, Secretary or Assistant Secretary of the Bond Finance Committee and the Executive Director of THDA are hereby authorized to execute the Bond Purchase Agreement. The Board of Directors of THDA hereby authorizes the Designated Authorized Officer to approve the purchase price of the Issue 2023-2 Bonds and to execute the Bond Purchase Agreements.

(b) The Designated Authorized Officer of THDA is hereby authorized to make public and to authorize distribution of the Official Statement relating to the Issue 2023-2 Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chairperson, Vice Chairperson, Executive Director, Secretary of the Bond Finance Committee, and Designated Authorized Officer are hereby authorized to sign and deliver such Official Statement to the Underwriters. The distribution of the Preliminary Official Statement relating to the Issue 2023-2 Bonds to the public is hereby ratified and confirmed.

(c) The Issue 2023-2 Bonds shall be delivered to the Underwriters in accordance with the terms of the respective Bond Purchase Agreement and this Resolution.

ARTICLE IV

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 4.01. Loan Fund; Bond Reserve Fund Requirement. Upon receipt of the proceeds of the sale of the Issue 2023-2 Bonds, THDA shall deposit such proceeds as shall be set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2023-2 Bonds. Amounts on deposit in the Issue 2023-2 Bond Subaccount of the Loan Fund shall be applied to (i) the financing of Program Loans (including Program Securities), or participations therein, in accordance with the provisions of the General Resolution and Section 4.03 hereof, (ii) deposits to the Bond Reserve Fund and the Debt Service and Expense Account of the Revenue Fund, (iii) payment of Costs of Issuance and (iv) payment of capitalized interest to the extent, if any, specified by written instructions of an Authorized Officer.

Amounts on deposit in the Issue 2023-2 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Issue 2023-2 Bonds as described in Section 2.11(a) hereof, as set forth in the certificate of THDA delivered on or prior to the date of issuance of the Issue 2023-2 Bonds. The date of such redemption provided in Section 2.11(a) may be extended upon the delivery by THDA to the Trustee and the Rating Agency of a Projected Cash Flow Statement which satisfies the requirements of Section 7.11 of the General Resolution; provided further that the date of such redemption shall not be extended beyond the date set forth in the second paragraph of Section 2.11(a) unless THDA is in receipt of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Issue 2023-2 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2023-2 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2023-2 Bonds shall not exceed 2% of the proceeds of the Issue 2023-2 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2023-2 Bond Subaccount of the Loan Fund allocable to the new money proceeds of the Issue 2023-2A Bonds which are to be used to finance Program Loans (including Issue 2023-2 Program Securities), or other available funds of THDA, shall be made available for owner financing of “targeted area residences” (as defined in Section 143(j) of the Code) until April 25, 2024.

The Bond Reserve Fund Requirement with respect to the Issue 2023-2 Bonds shall be an amount equal to 3% of the then current balance of Program Loans (other than Program Loans pooled into Issue 2023-2 Program Securities) allocable to the Issue 2023-2 Bonds plus the amount on deposit in the Issue 2023-2 Subaccount of the Loan Fund which has not been designated to provide for the payment of Costs of Issuance or capitalized interest. On the Issue Date, THDA shall deposit an amount in the Bond Reserve Fund which, together with any excess amounts on deposit in the Bond Reserve Fund, shall satisfy the Bond Reserve Requirement.

Section 4.02. Proceeds of Issue 2023-2A Bonds and Issue 2023-2B Bonds. Proceeds of the Issue 2023-2A Bonds and Issue 2023-2B Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited in the Issue 2023-2 Bond Subaccount of the Loan Fund.

Section 4.03. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2023-2 unless (i) such Program Loan is made for the acquisition of residential housing for occupancy by not more than four families and (ii) the deed of trust securing such Program Loan shall constitute and create a first lien subject only to Permitted Encumbrances, on the fee simple or leasehold estate, of real property located in the State or on the interest in the real property constituting a part of the residential housing with respect to which the Program Loan secured thereby is made and on the fixtures acquired with the proceeds of the Program Loan attached to or used in connection with such residential housing.

In addition, the Program Loan must either:

- (a) have been pooled into a Program Security; or
- (b) have been insured or guaranteed or have a commitment for insurance or guaranty by (i) the United States or any instrumentality thereof (inclusive of the Federal Housing Administration, the Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans; or (ii) any agency or instrumentality of the State authorized by law to issue such insurance; or
- (c) be made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value (as determined in an appraisal by or acceptable to THDA), or the sale price of the property securing the Program Loan; or
- (d) be made in an amount not exceeding the value, as determined in an appraisal by or acceptable to THDA, or sale price of the property securing the Program Loan, whichever is less, but only if (i) THDA is issued a mortgage insurance policy by a private mortgage insurance company, qualified to issue such insurance or guarantee in the State and approved by THDA, and the claims paying ability of which private mortgage insurer is rated by each Rating Agency in a rating category at least as high as the then current rating assigned to the Bonds, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount by which the original principal amount of the Program Loan exceeds 78% of the value, as determined by an appraisal by or acceptable to THDA or sale price of the property securing the Program Loan, whichever is less.

ARTICLE V

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 5.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2023-2 Bonds in fully registered form shall be in substantially the form attached hereto as

Exhibit C, with such variations as shall be appropriate in order to conform to the terms and provisions of the General Resolution and this Resolution.

Section 5.02. Form of Trustee's and Authenticating Agent's Certificate of Authentication. The Issue 2023-2 Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication in substantially the following form:

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, [Issue 2023-2A (Non-AMT)] [Issue 2023-2B (Federally Taxable)] of the Tennessee Housing Development Agency.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as successor Trustee

By _____
Authorized Officer

ARTICLE VI

MISCELLANEOUS

Section 6.01. No Recourse Against Members or Other Persons. No recourse may be had for the payment of principal of or premium or interest on the Issue 2023-2 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2023-2 Bonds and neither the members of THDA nor any person executing the Issue 2023-2 Bonds may be liable personally on the Issue 2023-2 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 6.02. Bonds not Debt, Liability or Obligation of the State or the United States of America. The Issue 2023-2 Bonds are not a debt, liability or the obligation of the State or any other political subdivision thereof. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof, is pledged for the payment of the principal of or interest on the Issue 2023-2 Bonds. The Issue 2023-2 Bonds are not a debt, liability or obligation of the United States of America or any agency thereof. Neither the full faith and credit nor the taxing power of the United States of America is pledged for payment of the principal of or interest on the Issue 2023-2 Bonds.

Section 6.03. Delivery of Projected Cash Flow Statements. THDA shall deliver such Projected Cash Flow Statements at the times and on the occasions set forth in the General Resolution or this Resolution.

Section 6.04. Authorized Officers. The Chairperson, Vice Chairperson, Executive Director, General Counsel, Deputy Executive Director and Secretary of THDA and the Secretary and any Assistant Secretary of the Bond Finance Committee and any other proper officer of THDA, be, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the General Resolution and the Official Statement.

Section 6.05. Authorized Trustee. THDA authorizes and directs the Trustee to perform any and all acts contemplated to be performed by the Trustee pursuant to the terms and provisions of this Resolution.

Section 6.06. Covenant to Comply with Federal Tax Law Requirements. THDA hereby covenants to comply with all applicable requirements of the Code so that interest on the Issue 2023-2A Bonds will be excluded from gross income of the holders thereof for federal income tax purposes, including the rebate requirement of Section 148(f) of the Code. THDA also covenants to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements. In accordance with the rebate requirement, THDA agrees that there will be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Issue 2023-2A Bonds from time to time.

Section 6.07. Continuing Disclosure Undertaking.

(a) THDA shall deliver to the MSRB, within 210 days after the end of each Fiscal Year:

(i) a copy of the annual financial statements of THDA prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board; and

(ii) an annual update of the type of information in the Official Statement (A) contained in Appendix E, (B) regarding annual required contributions for employee pension plan and other post-employment benefits to the extent not included in annual financial statements and (C) of the nature disclosed under the following headings (including, without limitation, information with respect to the outstanding balances of Program Loans, by mortgage type, delinquency information, acquisition costs and income limits):

(A) Residential Finance Program Bonds; and

(B) Residential Finance Program Loans.

The information described in this subsection (a) may be provided by specific reference to documents (including official statements, to the extent the official statements include the information described in this subsection (a)) previously provided to the MSRB or filed with the Securities and Exchange Commission.

If unaudited financial statements are provided as part of the information required to be delivered under this subsection (a) within the time period specified above, THDA shall provide, when and if available, a copy of THDA's audited financial statements to the MSRB.

(b) THDA shall deliver to the MSRB and the Trustee, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events (if applicable) with respect to the Issue 2023-2 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on the Bond Reserve Fund (or other debt service reserves) reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity provider, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issue 2023-2 Bonds, or other material events affecting the tax status of the Issue 2023-2 Bonds;

(vii) modifications to rights of the holders of the Issue 2023-2 Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Issue 2023-2 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA);

(xiii) The consummation of a merger, consolidation or acquisition involving THDA or the sale of all or substantially all of the assets of THDA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation of THDA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of THDA, any of which affect Bondholders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of THDA, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (xv) and (xvi) above, the term “financial obligation” means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”).

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Issue 2023-2 Bonds or defeasance of any Issue 2023-2 Bonds need not be given pursuant to this Section 6.07 any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Issue 2023-2 Bonds pursuant to the Resolution.

(c) THDA shall give notice to the Trustee and the MSRB in a timely manner of any failure by THDA to provide any information required pursuant to subsection (a) above within the time limit specified therein.

(d) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) THDA agrees that the provisions of this Section 6.07 shall be for the benefit of the beneficial owners of the Issue 2023-2 Bonds whether or not the Rule applies to such Issue 2023-2 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2023-2 Bonds (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (ii) these agreements as so amended would have complied with the requirements of the Rule as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) THDA shall have delivered to the Trustee an opinion of counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Issue

2023-2 Bonds or (B) the holders of the Issue 2023-2 Bonds consent to the amendment pursuant to the same procedures as are required for amendments to the General Resolution with consent of the holders of Bonds pursuant to the General Resolution as in effect on the date of this Resolution; and (v) THDA shall have delivered copies of such opinion(s) and the amendment to the MSRB.

(g) THDA's obligations with respect to the beneficial owners of the Issue 2023-2 Bonds under these agreements as set forth above terminate upon a legal defeasance pursuant to the General Resolution, prior redemption or payment in full of all of the Issue 2023-2 Bonds. THDA shall give notice of any such termination to the MSRB.

(h) Failure by THDA to comply with this Section 6.07 shall not constitute an Event of Default under the General Resolution but the undertaking in this Section 6.07 may be enforced by any beneficial owner of the Issue 2023-2 Bonds exclusively by an action for specific performance. The obligations of THDA in this Section 6.07 shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the obligations under this Section 6.07 shall be instituted in a court of competent jurisdiction in the State.

Section 6.08. Confirmation and Adjustment of Terms by Designated Authorized Officer. The terms of the Issue 2023-2 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the sale of the Issue 2023-2 Bonds by the Designated Authorized Officer. The Designated Authorized Officer is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Issue 2023-2 Bonds and in the application of the proceeds thereof, paying agents, terms of redemption and the schedule of prepayment amounts to be used for accrued principal installments in such manner as the Designated Authorized Officer determines to be necessary or convenient to better achieve the purposes of the Act and in the best interests of THDA.

Section 6.09. Effective Date. This Resolution will take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENTS

See Documents No. 5 in the Closing Transcript.

EXHIBIT B

PLANNED AMORTIZATION AMOUNTS FOR PAC BONDS

<u>Date</u>	<u>Issue 2023-2A PAC Bonds</u> <u>Planned Amortization Amount</u>	<u>Issue 2023-2B PAC Bonds</u> <u>Planned Amortization Amount</u>
July 1, 2023	\$ 0	\$ 0
January 1, 2024	235,000	165,000
July 1, 2024	1,205,000	835,000
January 1, 2025	2,750,000	1,930,000
July 1, 2025	5,065,000	3,585,000
January 1, 2026	8,110,000	5,775,000
July 1, 2026	11,775,000	8,415,000
January 1, 2027	15,535,000	11,135,000
July 1, 2027	19,140,000	13,745,000
January 1, 2028	22,585,000	16,250,000
July 1, 2028	25,885,000	18,640,000
January 1, 2029	29,040,000	20,935,000
July 1, 2029	32,050,000	23,130,000
January 1, 2030	34,915,000	25,225,000
July 1, 2030	37,640,000	27,220,000
January 1, 2031	40,235,000	29,120,000
July 1, 2031	42,695,000	30,930,000
January 1, 2032	45,030,000	32,645,000
July 1, 2032	47,245,000	34,265,000
January 1, 2033	47,500,000	34,280,000

**500% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2023-2 BONDS**

Date	Cumulative Amount	Date	Cumulative Amount
January 1, 2024	\$ 1,196,457	July 1, 2039	\$ 220,097,735
July 1, 2024	8,609,755	January 1, 2040	220,247,812
January 1, 2025	22,768,327	July 1, 2040	220,370,439
July 1, 2025	42,706,728	January 1, 2041	220,470,505
January 1, 2026	66,908,717	July 1, 2041	220,552,046
July 1, 2026	92,518,168	January 1, 2042	220,618,389
January 1, 2027	114,509,183	July 1, 2042	220,672,278
July 1, 2027	132,766,412	January 1, 2043	220,715,970
January 1, 2028	147,919,377	July 1, 2043	220,751,324
July 1, 2028	160,492,052	January 1, 2044	220,779,868
January 1, 2029	170,920,479	July 1, 2044	220,802,858
July 1, 2029	179,567,455	January 1, 2045	220,821,325
January 1, 2030	186,734,779	July 1, 2045	220,836,113
July 1, 2030	192,673,457	January 1, 2046	220,847,916
January 1, 2031	197,592,202	July 1, 2046	220,857,299
July 1, 2031	201,664,525	January 1, 2047	220,864,727
January 1, 2032	205,034,635	July 1, 2047	220,870,576
July 1, 2032	207,822,364	January 1, 2048	220,875,156
January 1, 2033	210,127,259	July 1, 2048	220,878,717
July 1, 2033	212,031,992	January 1, 2049	220,881,463
January 1, 2034	213,605,207	July 1, 2049	220,883,559
July 1, 2034	214,903,879	January 1, 2050	220,885,140
January 1, 2035	215,975,286	July 1, 2050	220,886,314
July 1, 2035	216,858,647	January 1, 2051	220,887,167
January 1, 2036	217,586,483	July 1, 2051	220,887,770
July 1, 2036	218,185,755	January 1, 2052	220,888,179
January 1, 2037	218,678,803	July 1, 2052	220,888,439
July 1, 2037	219,084,132	January 1, 2053	220,888,585
January 1, 2038	219,417,065	July 1, 2053	220,888,647
July 1, 2038	219,690,284	December 30, 2053	220,888,654
January 1, 2039	219,914,282		

EXHIBIT C

FORM OF BOND

REGISTERED

R- [2A][2B]

[\$_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2023-2[A][B] [(Non-AMT)][(Federally Taxable)]**

Interest Rate	Dated Date	Maturity Date	Cusip
[__]%	July 25, 2023	[_____]	880461[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: [_____]

TENNESSEE HOUSING DEVELOPMENT AGENCY (hereinafter sometimes called “THDA”), a body politic and corporate and a political subdivision of the State of Tennessee (herein called the “State”), created and existing under and by virtue of the laws of the State, acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner (shown above), or registered assigns, the principal sum (shown above), on the maturity date specified above, and to pay interest on said principal sum to the Registered Owner of this Bond from the dated date hereof until THDA’s obligation with respect to the payment of said principal sum shall be discharged, at the rate per annum specified above payable on each January 1 and July 1 commencing January 1, 2024. The principal of and interest on this Bond are payable at the designated corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee in any coin or currency of the United States of America, which, on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

This Bond is one of the bonds of THDA designated “Residential Finance Program Bonds” (herein called the “Bonds”) authorized to be issued in various series under and pursuant to the Tennessee Housing Development Agency Act, Sections 13-23-101 et seq., of the Tennessee Code Annotated, as amended (herein called the “Act”), a resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled “General Residential Finance Program Bond Resolution” (herein called the “General Resolution”) and a supplemental resolution authorizing each issue. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series of various principal amounts, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds

issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This bond is one of a series of bonds additionally designated “Issue 2023-2[A][B]” (herein called the “Bonds”) issued in the aggregate principal amount of \$[[135,000,000][100,000,000]] under the General Resolution, a resolution of THDA adopted on March 21, 2023, as approved in its amended and supplemented form by the Designated Authorized Officer on June 27, 2023 (together with the General Resolution, the “Resolutions”). Copies of the Resolutions are on file at the office of THDA in Nashville, Tennessee and at the principal corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, as successor trustee under the General Resolution (said trustee or its successor under the General Resolution being called herein the “Trustee”) and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by THDA with the written consent of the holders of at least two-thirds in principal amount of the Bonds then outstanding, and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding. If such modification or amendment will by its terms not take effect so long as any Bonds of any specified like series and maturity remain outstanding, however, the consent of the holders of such Bonds shall not be required. In addition, certain other modifications or amendments to the Resolutions can be made which are not contrary to or inconsistent with the Resolutions without the consent of the Bondholders.

The holder of this Bond shall have no right to enforce the provisions of the Resolutions, to institute actions to enforce the provisions of the Resolutions or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the General Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the General Resolution, the principal of all the Bonds issued thereunder and then outstanding, together with accrued interest thereon, may become or may be declared due and payable before the maturity thereof.

This Bond is transferable, as provided in the Resolutions, only upon the books of THDA kept for that purpose at the office of the Trustee by the registered owner hereof in person or by such owner’s attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner’s attorney duly authorized in writing, and thereupon a new registered Bond or Bonds in the same aggregate principal amount and of the same series and maturity shall be issued to the transferee in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. THDA and the Trustee may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving

payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a special limited obligation of THDA payable solely from the revenues and assets pledged therefor pursuant to the General Resolution.

The Bonds are issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds are subject to optional, mandatory and sinking fund redemption as described in the Resolutions.

This Bond does not constitute a debt, liability or other obligation of the State or any political subdivision thereof other than THDA and neither the State nor any political subdivision thereof shall be obligated to pay the principal of the Bonds or the interest thereon. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

This Bond shall not be valid or become obligatory for any other purpose or be entitled to any security or benefit under the Resolutions until the Certificate of Authentication hereon shall have been signed by the Trustee.

The Act provides that neither the members of THDA nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution or statutes of the State and the Resolutions to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issuance of the Bonds, together with all other indebtedness, of THDA, is within every debt and other limit prescribed by law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, TENNESSEE HOUSING DEVELOPMENT AGENCY has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairperson and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Executive Director, all as of the dated date shown above.

TENNESSEE HOUSING DEVELOPMENT
AGENCY

By _____
Matt McGauley
Chairperson
[SEAL]

Attest:

By _____
Ralph M. Perrey
Executive Director

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, Issue 2023-2[A][B] [(Non-AMT)][(Federally Taxable)] of the Tennessee Housing Development Agency.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as successor Trustee

By _____
Authorized Signatory

Dated: July 25, 2023

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - _____ Custodian _____
 (Cust) (Minor)
 under Uniform Gifts to Minors
 Act _____
 (State)

Additional Abbreviations may also be used though not in the above list

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the bond register, with full power of substitution in the premises.

Dated: _____

Social Security Number or Employer Identification Number of Transferred: _____

Signature guaranteed: _____

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

13. OFFICIAL STATEMENT:

May Be Viewed on the Investors Webpage at THDA's Website at

<https://thda.org/investors>