



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

**Committee and Board Meeting Materials
September 24, 2024**



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

Tuesday, September 24, 2024 at 1030am CT
Lansdowne Room, The Peabody Hotel
149 Union Avenue
Memphis, TN 38103

AUDIT & BUDGET COMMITTEE

A. Approval of Audit & Budget Committee Meeting Minutes-July 23, 2024*

B. Committee Item (* items require committee vote)

1. Proposed Budget for Fiscal Year 2025-2026 *

BOND FINANCE COMMITTEE

A. Approval of Bond Finance Committee Meeting Minutes-July 23, 2024*

B. Committee Item (* items require committee vote)

1. Proposed Budget for Fiscal Year 2025-2026 *



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.



THDA Board of Directors Board Meeting Agenda
(directly following Bond Finance Committee Meeting)

Tuesday, September 24, 2024 at 1030am CT
Lansdowne Room, The Peabody Hotel
149 Union Avenue
Memphis, TN 38103

- 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
- E. Multifamily Business**
Business Update
2025 Multifamily Tax-Exempt Bond Authority (MTBA) Overview
- F. Board Action items (* items require board vote)**
 - 1. Approval of Minutes from July 23, 2024 meeting*
 - 2. Approval of 2025 Board of Directors Meeting schedule*
 - 3. Proposed Budget for Fiscal Year 2025-2026*
 - 4. 2025 Qualified Allocation Plan*
 - 5. Grant – CONVERGENCE Memphis*
 - 6. Grant – Memphis Metropolitan Land Bank Authority (MMLBA)*
- G. Annex**
 - 1. THDA Investment Report-June 30, 2024
 - 2. ERA-Eviction Prevention Program Additional Funding Awards
 - 3. 2024 Emergency Solutions Grants Program Funding Awards
 - 4. 2024 Multifamily Tax-Exempt Bond Program Round Two Preliminary Ranking
 - 5. 2024 HOME CHDO Homeownership Development Program Awards – Round One
 - 6. 2024 HOME Urban-Rural Program Funding Awards
 - 7. 2024 THTF Competitive Grants Program Funding Awards



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.





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

Audit & Budget Committee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Audit & Budget Committee Meeting Agenda

Tuesday, September 24, 2024 at 1030am CT
Lansdowne Room, The Peabody Hotel
149 Union Avenue
Memphis, TN 38103

A. Approval of Audit & Budget Committee Meeting Minutes-July 23, 2024*

B. Committee Item (* items require committee vote)

1. Proposed Budget for Fiscal Year 2025-2026 *

Committee Members:

Secretary Tre Hargett
Treasurer David Lillard (Chair)
Rick Neal
Stephen Dixon
Chrissi Rhea



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.



TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE
July 23, 2024

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, May 21, 2024, at 10:02 AM CT at the William R. Snodgrass Tennessee Tower, Nashville Room 2, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Rick Neal (Board Chair); Chris Mustain (for Secretary Tre Hargett); Treasurer David Lillard (Audit & Budget Committee Chair); and Stephen Dixon. Other Board Members present were: Robert Mitchell; Comptroller Jason Mumpower; and Micheal Miller.

Recognizing a quorum present, Treasurer Lillard called the meeting to order at 10:02 AM CT. For the first order of business, Treasurer Lillard called for consideration and approval of the May 21, 2024, Audit & Budget Committee Meeting Minutes. Upon motion by Board Chair Neal, second by Mr. Mustain, and following a vote with all members identified as present voting “yes”, the motion carried to approve the May 21, 2024, minutes.

Treasurer Lillard 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 Treasurer Lillard, second by Stephen Dixon, and following a vote with all members identified as present voting “yes”, the motion carried to approve the Audit Plan.

Treasurer Lillard 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.

Treasurer Lillard indicated the next item for consideration was the Internal Audit Director evaluation and rating. Treasurer Lillard called for a motion to approve a compensation recommendation reflecting Ms. Oliver’s Advanced Rating that will match those of a similar rating as it relates to a raise and bonus. Upon motion by Treasurer Lillard, second by Mr. Mustain, and following a vote with all members identified as present voting “yes”, the motion carried to approve the Internal Audit Director Evaluation.

Treasurer Lillard indicated the next item for consideration was the Executive Director Evaluation. Treasurer Lillard called for a motion to approve Mr. Perrey’s Outstanding Rating and his compensation recommendation will be determined later in the future. Upon motion by Treasurer Lillard, second by Mr. Mustain, and following a roll call vote with all members identified as present voting “yes”, the motion carried to approve the Internal Audit Director and Executive Director Evaluation process.

There being no further business, Treasurer Lillard called for a motion to adjourn the meeting. Upon motion by Treasurer Lillard, second by Mr. Mustain, and following a vote with all members identified as present voting “yes”, the motion carried and the meeting adjourned at 10:18 AM CT.

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit
Approved this 24th day of September, 2024

Pending



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Trent Ridley, Chief Financial Officer
Damon Pallay, CPA, Assistant Chief Financial Officer - Controller

SUBJECT: Proposed Budget for Fiscal Year 2025-2026

DATE: September 9, 2024

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 2026. THDA is required to submit the budget proposal to the Department of Finance and Administration (F&A) on September 16, 2024. 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. **Last Year "Actual" Results FY24** – FY24 Operating Income of \$55.1 million was unusually high due to a decrease in the 2nd Mortgage Allowance, due to a reevaluation of the allowance based on historical data rather than the initial estimates based on US Bank Servicing valuation data. Discounting the impact of this change in estimate, the Adjusted FY24 Operating Income is \$22.4 million.
2. **Current Year "Estimated" Budget FY25** – Revenues and expenses are projected to be \$1.078 billion and \$1.050 billion respectively, of which \$887.4 is the State Budget. Operating revenues and expenses are budgeted at \$286.7 million and \$248.9 million respectively for an Operating Income of \$37.8 million. It should be noted that \$50.5 million is budget for COVID-related admin expenses. Grants total \$800.8 million, of which \$350.4 million is nonrecurring COVID-related funding.
3. **FY26 Recommended Comprehensive Budget** – The **State Budget** decreases to \$486.6 million, due to \$400.9 million of non-recurring COVID-related program funding. Operating Income is projected to increase to approximately \$40.6 million due to a net increase in mortgages outstanding. Operating Income will be used to fund \$9.4 million in Housing Trust Fund grants and Technical Assistance grants.

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.



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.



**TENNESSEE HOUSING DEVELOPMENT AGENCY
FY25-26 COMPREHENSIVE BUDGET**

EXECUTIVE SUMMARY

	ACTUAL	ESTIMATED	NON RECUR	RECOMMENDED FY26		
	FY24	FY25	FY25	STATE	MRB	TOTAL
EMPLOYEE SALARIES	24,048,800	28,265,200	-	28,265,200	-	28,265,200
EMPLOYEE BENEFITS	8,885,800	9,426,500	-	9,426,500	-	9,426,500
TOTAL PAYROLL	32,934,600	37,691,700	-	37,691,700	-	37,691,700
TRAVEL	598,000	600,400	-	600,400	-	600,400
PRINTING & DUPLICATING	11,200	11,200	-	11,200	-	11,200
COMMUNICATIONS	625,700	616,100	-	216,100	400,000	616,100
MAINTENANCE	22,100	8,000	-	8,000	-	8,000
PROFESSIONAL SERVICES	13,077,600	61,095,100	(50,466,000)	3,885,300	6,743,800	10,629,100
SUPPLIES	159,000	159,000	-	159,000	-	159,000
RENTALS & INSURANCE	169,400	242,000	-	151,200	90,800	242,000
STAFF TRAINING	229,600	230,000	-	230,000	-	230,000
TECHNICAL GRANTS	-	-	-	-	-	-
MISCELLANEOUS	3,300	-	-	-	-	-
COMPUTER RELATED	2,166,200	1,500,000	-	145,900	1,354,100	1,500,000
STATE PROVIDED SERVICES	2,870,200	2,482,600	6,200	2,488,800	-	2,488,800
OTHER PROGRAM EXPENSES	(34,265,100)	3,010,900	-	-	3,010,900	3,010,900
LENDER COMPENSATION	7,598,200	6,270,000	-	-	6,430,000	6,430,000
INTEREST EXPENSE	108,753,400	129,931,000	-	-	146,161,000	146,161,000
ISSUANCE COSTS	7,820,400	3,156,000	-	-	5,406,000	5,406,000
DEPRECIATION	1,902,200	1,900,000	-	-	1,900,000	1,900,000
TOTAL OTHER EXPENDITURES	111,741,400	211,212,300	(50,459,800)	7,895,900	171,496,600	179,392,500
TOTAL OPERATING EXPENDITURES	144,676,000	248,904,000	(50,459,800)	45,587,600	171,496,600	217,084,200
OPERATING REVENUES						
FEDERAL ADMIN. FEES	23,054,300	71,299,300	(50,462,000)	20,837,300	-	20,837,300
INVESTMENT INCOME	20,198,800	34,944,000	-	780,000	35,155,000	35,935,000
TAX CREDIT FEES	-	-	-	-	-	-
OTHER CURRENT SERVICES	1,992,000	1,978,500	2,200	1,980,700	-	1,980,700
MULTIFAMILY BOND / TAX CREDIT FEES	16,951,800	16,587,600	-	16,587,600	-	16,587,600
THDA OPERATING FUND	-	-	-	3,402,000	(3,402,000)	-
MORTGAGE INTEREST	137,618,400	159,886,000	-	-	180,320,100	180,320,100
HOUSING PROGRAM FUND RESERVES	-	2,000,000	-	2,000,000	-	2,000,000
TOTAL OPERATING REVENUES	199,815,300	286,695,400	(50,459,800)	45,587,600	212,073,100	257,660,700
REVENUES LESS EXPENDITURES	55,139,300	37,791,400	-	-	40,576,500	40,576,500
GRANT ACTIVITY:						
SECTION 8 PAYMENTS	309,194,500	367,869,700	-	367,869,700	-	5,195,100 (3,000,000) 367,869,700
HOME GRANTS	14,534,900	9,393,500	-	9,393,500	-	9,393,500
WEATHERIZATION	2,839,200	2,000,000	-	2,000,000	-	2,000,000
LIHEAP	79,589,000	56,000,000	-	56,000,000	-	56,000,000
EMERGENCY SOLUTIONS GRANT	3,086,800	2,557,000	-	2,557,000	-	2,557,000
NATIONAL HOUSING TRUST FUND	6,881,500	3,000,000	-	3,000,000	-	3,000,000
HOUSING COUNSELING PROGRAM	46,600	150,000	-	150,000	-	150,000
FED COVID / AMER. RESCUE PLAN	84,867,600	350,427,000	(350,427,000)	-	-	-
AG MORTGAGE SETTLEMENT	-	-	-	-	-	-
HOUSING TRUST FUND	8,884,600	9,250,000	-	-	9,250,000	9,250,000
TECHNICAL GRANTS	153,400	175,000	-	-	175,000	175,000
TOTAL GRANT PAYMENTS	510,078,100	800,822,200	(350,427,000)	440,970,200	9,425,000	450,395,200
STATE APPROPRIATION	-	-	-	-	-	-
FEDERAL REVENUE	501,040,100	791,397,200	(350,427,000)	440,970,200	-	440,970,200
HOUSING PROGRAM FUND / OTHER	-	-	-	-	-	-
TOTAL COLLECTIONS	501,040,100	791,397,200	(350,427,000)	440,970,200	-	440,970,200
COLLECTIONS LESS PAYMENTS	(9,038,000)	(9,425,000)	-	-	(9,425,000)	(9,425,000)
OVERALL AGENCY EXPENDITURES	654,754,100	1,049,726,200	(400,886,800)	486,557,800	180,921,600	667,479,400
OVERALL AGENCY FUNDING	700,855,400	1,078,092,600	(400,886,800)	486,557,800	212,073,100	698,630,900
OVERALL REVENUES LESS EXPENDITURES	46,101,300	28,366,400	-	-	31,151,500	31,151,500
PERSONNEL: FULL TIME POSITIONS	340	329	-	329	-	329

ACCOUNT 70800 (PROFESSIONAL SERVICES, INDUSTRY & BUSINESS DEVELOPMENT)
FISCAL YEAR 2025-2026

Description	Actual FY24	Budget FY25	Proposed FY26
-------------	----------------	----------------	------------------

GENERAL BUSINESS AND PROGRAM SUPPORT			
---	--	--	--

Executive, Legal, Communications, Human Resources	714,800	43,300	43,300
Accounting, Finance, Operations, Internal Audit	160,300	88,400	88,400
Temporary Services (Excludes COVID Programs)	544,300	400,000	400,000
Loan Operations, Loan Servicing, Capital Markets	2,119,300	2,119,300	2,119,300
Community Programs	237,600	237,600	237,600
Section 8 - Portability Payments	1,850,800	1,850,800	1,850,800
Section 8 - (Background Checks, Inspections, Rent Comp Reviews)	311,800	311,800	311,800
Section 8 - Project Based Contract Administration Contract	3,211,200	3,215,000	3,215,000
COVID / American Rescue Plan Program Administration	1,642,400	50,466,000	-
Other (General Consulting, Miscellaneous Contracts)	38,800	40,000	40,000

SUB-TOTAL	10,831,300	58,772,200	8,306,200
------------------	-------------------	-------------------	------------------

INFORMATION TECHNOLOGY			
-------------------------------	--	--	--

Agency Infrastructure, Maintenance, and Support	192,700	200,000	200,000
Software Development	475,000	500,000	500,000

SUB-TOTAL	667,700	700,000	700,000
------------------	----------------	----------------	----------------

ADVERTISING SERVICES (OBJECT 086)			
--	--	--	--

Great Choice Ad Campaign	955,700	1,000,000	1,000,000
Classified Ads, Public Notices, Advertising	75,300	75,300	75,300

SUB-TOTAL	1,031,000	1,075,300	1,075,300
------------------	------------------	------------------	------------------

INDUSTRY AND BUSINESS DEVELOPMENT - (Dues, Memberships, Sponsorships, Outreach)			
--	--	--	--

NCSHA Membership	47,100	47,100	47,100
Tennessee Housing Conference	241,500	241,500	241,500
Industry Development, Outreach, Subscriptions and Memberships	259,000	259,000	259,000

SUB-TOTAL	547,600	547,600	547,600
------------------	----------------	----------------	----------------

TOTAL PROFESSIONAL SERVICES & DUES	13,077,600	61,095,100	10,629,100
---	-------------------	-------------------	-------------------

ACCOUNT 71000 (RENTALS AND INSURANCE)
FISCAL YEAR 2025-2026

THDA INSURANCE INFORMATION (OBJ 105)

Company	Premium Begin Date	Premium End Date	Premiums	Coverage
Chubb Group	9/1/24	8/30/25	52,562	\$15,000,000
XL Specialty Insurance	9/1/24	8/30/25	6,715	\$5,000,000
Great American	9/1/24	8/30/25	13,430	\$10,000,000
Cincinnati Insurance Company	4/8/24	4/8/25	20,947	\$1,135,567
Lloyds of London	9/29/22	9/29/25	28,047	\$4,500,000
Travelers	9/1/24	8/30/25	36,479	\$4,500,000
Homeland Insurance Co. of NY	9/1/24	8/30/25	47,855	\$5,000,000
Landmark American Insurance Co.	9/1/24	8/30/25	36,811	\$5,000,000
Integon	9/1/16	Until Cancelled	0	Various
Total			242,846	50,135,567

<i>Lease of Reproduction Equipment:</i>	37,900
---	--------

	Actual FY24	Budget FY25	Proposed FY26
TOTAL RENTALS & INSURANCE:	169,400	242,000	242,000

ACCOUNT 71300 (GRANTS & SUBSIDIES)
FISCAL YEAR 2025-2026

HOUSING TRUST FUND (OBJECT 71300)	Funds Remaining 7/1/24	Actual FY24	Estimated FY25	Base FY26
Rebuild & Recover	1	40,000	500,000	500,000
UCP - Hsg Mod and Ramp Prg	195,400	205,300	0	0
Rural Development	26,300	0	0	0
Emergency Repair	3,336,500	1,405,600	2,700,000	2,700,000
Habitat for Humanity	0	500,000	500,000	500,000
Manufactured Housing Replacement	43,500	0	0	0
Challenge Grant	500,000	0	500,000	500,000
Creative Homes Initiative	745,000	205,600	0	0
Appraisal Gap Grants	348,800	0		
Capacity Grant	10,000	0	1,000,000	1,000,000
Eviction Prevention Pilot	0	150,000	0	
Home Builders Association Institute	1,000,000	0	500,000	500,000
MBA Convergence - Memphis	0	250,000	250,000	250,000
Competitive Grants	2,928,600	6,128,100	3,300,000	3,300,000
TOTALS	9,134,101	8,884,600	9,250,000	9,250,000

TECHNICAL ASSISTANCE GRANTS				
Development Districts		153,400	175,000	175,000

SECTION 8 GRANTS				
Voucher Program		46,182,500	54,793,400	54,510,400
Contract Administration		263,012,000	313,359,300	313,359,300
TOTALS		309,194,500	368,152,700	367,869,700

HOME GRANTS (OBJECT 139)				
Prior Home Award Available Funds	32,635,242	14,534,900	9,393,500	9,393,500
Home American Rescue Plan (2021)	49,156,000	3,306,700	49,156,000	0
TOTALS	81,791,242	17,841,600	58,549,500	9,393,500

OTHER STATE / FEDERAL GRANTS				
Emergency Solutions		3,086,800	2,557,000	2,557,000
Housing Counseling		46,600	150,000	150,000
LIHEAP		79,589,000	56,000,000	56,000,000
Weatherization		2,839,200	2,000,000	2,000,000
National Housing Trust Fund		6,881,500	3,000,000	3,000,000
Emergency Rental Assistance 1 & 2		24,993,700	122,795,000	0
Homeowner Assistance Fund		11,202,100	100,986,000	0
LIHEAP ISP / ESP		28,422,100	12,412,000	0
ESG Cares		1,265,900	0	0
LIHWAP		11,460,900	0	0
Weatherization - BIL		4,216,200	54,795,000	0
State Fiscal Recovery FAHE Grant		0	10,000,000	
TOTALS		174,004,000	364,695,000	63,707,000

TOTAL GRANTS & SUBSIDIES		510,078,100	800,822,200	450,395,200
-------------------------------------	--	--------------------	--------------------	--------------------

ACCOUNT 725000 (STATE PROVIDED SERVICES)
FISCAL YEAR 2025-2026

Location	Actual FY24	Budget FY25	Proposed FY26
----------	----------------	----------------	------------------

RENT OR LEASE BLDG PROPERTY ST	1,688,500	1,590,400	1,590,400
---------------------------------------	------------------	------------------	------------------

STATE AGENCY BILLINGS

Data processing Services	372,000	82,500	88,700
DOA Statewide Accounting Bill	67,600	67,600	67,600
Telephone Billing	900	900	900
State Audit Billing	196,200	196,200	196,200
Records Management Billing	23,600	23,600	23,600
Gen Srvc Purchasing Billing	16,700	16,700	16,700
DOHR Billing	145,000	145,000	145,000
Attorney General Billings	15,700	15,700	15,700
Agency Internal Admin Costs	5,000	5,000	5,000
Printing & Reproduction by St	1,100	1,100	1,100
Insurance Payments to other St	44,000	44,000	44,000
State-Owned Vehicle Mileage	113,400	113,400	113,400
Edison Billing	160,600	160,600	160,600
Wellness Billing	7,300	7,300	7,300
Other_725	12,600	12,600	12,600
SUB-TOTAL	1,181,700	892,200	898,400

TOTAL STATE PROVIDED SERVICES	2,870,200	2,482,600	2,488,800
--------------------------------------	------------------	------------------	------------------

THDA OFFICE LEASE SUPPLEMENTAL INFORMATION

Location	Square Ft.	Lease Exp. Date	Annual Totals
19002 - Andrew Jackson Building	56,375	Notice	1,493,900
19002 - Andrew Jackson Building - Storage	843	Notice	8,000
27002- Jackson (Lowell Thomas State Office Building)	2,794	Notice	33,200
59002 - Lewisburg (Marshall)	1,500	06/30/25	19,900
71010 - Cookeville (Putnam)	1,500	06/30/25	35,400
TOTAL	63,012		1,590,400

REVENUES
FISCAL YEAR 2025-2026

Description	Actual FY24	Budget FY25	Proposed FY26
-------------	----------------	----------------	------------------

FEDERAL REVENUE (SOURCE 801)

Section 8 Grants	309,194,500	368,152,700	367,869,700
HOME Grants	14,534,900	9,393,500	9,393,500
Emergency Solutions Grants	3,086,800	2,557,000	2,557,000
Weatherization Grants	2,839,200	2,000,000	2,000,000
Housing Counseling Program	46,600	150,000	150,000
National Housing Trust Fund	6,881,500	3,000,000	3,000,000
LIHEAP	79,589,000	56,000,000	56,000,000
ESG CARES	1,265,900	-	-
HOME American Rescue Plan	3,306,700	49,156,000	-
Emergency Rental Assistance	24,993,700	122,795,000	-
Homeowners Assistance Fund	11,202,100	100,986,000	-
Low Income Household Water Assistance Prog (LIHWAP)	11,460,900	-	-
Weatherization - BIL	4,216,200	54,795,000	-
LHIEAP ISP / ESP	28,422,100	12,412,000	-
State Fiscal Recovery FAHE Grant	-	10,000,000	-
Housing Counseling Program Admin Fees	99,300	134,200	134,200
Neighborhood Stabilization Program Admin Fees	16,900	100,000	100,000
ESG Administrative Fees	256,800	400,000	400,000
WAP Administrative Fees	296,300	300,000	300,000
HHF Administrative Fees	200	-	-
HOME Administrative Fees	943,500	1,100,000	1,100,000
LIHEAP Administrative Fees	810,400	1,512,800	1,512,800
NHTF Administrative Fees	199,100	400,000	400,000
Emergency Rental Assistance Administrative Fees	2,433,700	27,411,000	-
Homeowners Assistance Fund Administrative Fees	2,132,400	11,358,000	-
HOME ARP Administrative Fees		2,402,000	
LIHWAP Administrative Fees	132,000	-	-
WAP - BIL Administrative Fees	74,500	8,394,000	-
LHIEAP ISP / ESP Administrative Fees	-	622,000	-
Section 8 Administrative Fees	15,659,200	17,165,300	16,890,300
Total Federal Revenue	524,094,400	862,696,500	461,807,500

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

Mortgage Interest Income	137,618,400	159,886,000	180,320,100
Investment Income	20,198,800	34,944,000	35,935,000
Multi Family Bond / Tax Credit Fees	16,951,800	16,587,600	16,587,600
Servicing Fees (Late Fees, etc)	861,700	862,000	862,000
Secondary Market - Loan Delivery Revenue	647,700	648,000	648,000
Conference and Other Income	182,900	183,000	183,000
Other Fees and Grant Income	299,700	285,500	287,700
SUB-TOTAL	176,761,000	213,396,100	234,823,400

TOTAL OF ALL REVENUES	700,855,400	1,076,092,600	696,630,900
------------------------------	--------------------	----------------------	--------------------

<i>RESERVES: GRANT AND ADMINISTRATIVE FUNDS FROM HOUSING PROGRAM FUND</i>	0	2,000,000	2,000,000
---	----------	------------------	------------------

TOTAL OF ALL FUNDING SOURCES	700,855,400	1,078,092,600	698,630,900
-------------------------------------	--------------------	----------------------	--------------------



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

Tuesday, September 24, 2024 at 1030am CT
Lansdowne Room, The Peabody Hotel
149 Union Avenue
Memphis, TN 38103

A. Approval of Bond Finance Committee Meeting Minutes-July 23, 2024*

B. Committee Item (* items require committee vote)

1. Proposed Budget for Fiscal Year 2025-2026 *

Committee Members:

Rick Neal (Chair)
Commissioner Jim Bryson
Secretary Tre Hargett
Treasurer David Lillard
Comptroller Jason Mumpower



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.



TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
July 23, 2024

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 23, 2024, at 10:19 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: Rick Neal (Board Chair); Chris Mustain (for Secretary of State Tre Hargett); Treasurer David Lillard; and Comptroller Jason Mumpower. Other Board Members present were: Jacky Akbari; Stephen Dixon; Rob Mitchell; and Micheal Miller. Board Members absent were: Commissioner Jim Bryson; Tennion Reed; Chrissi Rhea; and Dan Springer.

Recognizing a quorum present, Chair Neal called the meeting to order at 10:19 AM CT. For the first order of business, Chair Neal called for the consideration and approval of the May 21, 2024, Committee meeting minutes. Upon motion by Treasurer Lillard, second by Chair Neal, and following a vote with all members identified as present voting “yes”, the motion carried to approve the May 21, 2024, minutes.

Chair Neal indicated the next item for consideration was Bond Issue 2024-3 and the approval of the Plan of Financing, the Authorizing Resolution, including the form of Supplemental Resolution and the Reimbursement Resolution. Mr. Bruce Balcom described the documents to be considered, explained how the authorization for Bond Issue 2024-3, in an amount not to exceed \$350,000,000, complied with THDA's Debt Management Policy, and referenced a recommendation memo from CSG Advisors Incorporated (“CSG”) dated July 8, 2024. A separate memo dated July 8, 2024, provided by CSG included their recommendations that RBC Capital Markets serve as bookrunning senior manager and Wiley Brothers – Aintree be elevated from a selling group member to serve as a co-manager. There being no further questions, Chair McGauley called for a motion to approve Bond Issue 2024-3. Upon motion by Chair Neal, seconded by Treasurer Lillard and a vote with all members identified as present voting “yes”, the motion carried to approve the plan of financing for Bond Issue 2024-3, and to recommend approval of the remaining documents, including the Reimbursement Resolution.

Chair Neal indicated the next item for consideration was adding Fidelity Capital Markets a division of National Financial Service, LLC (Fidelity) as an additional selling group member. Mr. Bruce Balcom explained that in a separate memo dated July 8, 2024, provided by CSG included their recommendations that Raymond James serve as bookrunning senior manager and RW Baird be elevated from a selling group member to serve as a co-manager. It was also identified that THDA would benefit from adding Fidelity as an additional selling group member. There being no further questions, Chair Neal called for a motion to approve adding Fidelity as an additional selling group member. Upon motion by Treasurer Lillard, seconded by Chair Neal and a vote with all members identified as present voting “yes”, the motion carried to recommend approving Fidelity being added as a selling group member.

There being no further business, Chair Neal adjourned the meeting at 10:23 AM CT.

Respectfully submitted,

Sandi Thompson,
Assistant Secretary
Approved this 23rd day of July, 2024

Pending



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 (directly following Bond Finance Committee Meeting)

Tuesday, September 24, 2024 at 1030am CT
Lansdowne Room, The Peabody Hotel
149 Union Avenue
Memphis, TN 38103

- 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
- E. **Multifamily Business**
Business Update
2025 Multifamily Tax-Exempt Bond Authority (MTBA) Overview
- F. **Board Action items** (* items require board vote)
 - 1. Approval of Minutes from July 23, 2024 meeting*
 - 2. Approval of 2025 Board of Directors Meeting schedule*
 - 3. Proposed Budget for Fiscal Year 2025-2026*
 - 4. 2025 Qualified Allocation Plan*
 - 5. Grant – CONVERGENCE Memphis*
 - 6. Grant – Memphis Metropolitan Land Bank Authority (MMLBA)*



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.



G. Annex

1. THDA Investment Report-June 30, 2024
2. ERA-Eviction Prevention Program Additional Funding Awards
3. 2024 Emergency Solutions Grants Program Funding Awards
4. 2024 Multifamily Tax-Exempt Bond Program Round Two Preliminary Ranking
5. 2024 HOME CHDO Homeownership Development Program Awards – Round One
6. 2024 HOME Urban-Rural Program Funding Awards
7. 2024 THTF Competitive Grants Program Funding Awards



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.





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

Multifamily Programs Update



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: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Summary of Anticipated Changes to the 2025 Multifamily Tax-Exempt Bond Program Description

DATE: September 9, 2024

This document provides a summary of the proposed changes for the draft 2025 Multifamily Tax-Exempt Bond Program Description (“MTBA PD”) for your consideration. A final MTBA PD will be presented for adoption at the November Board meeting.

Key Main Changes

- Section 5.A.: Adjustments have been made to reflect the need to reserve a certain amount, to be determined, associated with potential twinned deals as outlined under the Economic Development Area Set-Aside.
- Section 5.C.: The maximum amount of MTBA that may be committed to a single applicant, developer, owner, or related parties has been raised from \$66M to \$98M to accommodate the potential for two new construction projects; the cap is \$100M if an application is submitted under a new Economic Development Area section (Section 14) in the MTBA PD.
- Section 5.D.4.: Language has been added clarifying that in related-party proposals, the contractor’s profit, overhead, and general requirements are included as a part of the developer’s fee.
- Section 8: references to a “Minimum QAP Score” have been removed, as the MTBA scoring is entirely addressed in this section of the MTBA PD.



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.



- Section 9: The ranking process has been adjusted to reflect Section 14: Economic Development Area projects being funded first.
- Section 14: A new Section 14: Economic Development Area has been added to the MTBA PD to accommodate high-impact proposals of at least 300 units; a fifty-year minimum affordability period would apply, and demonstrated federal, state, and local commitments of at least \$1B would have to be demonstrated.

Ancillary Changes

- Internal references have been updated to reflect changes in section and subsection numbering.
- Years have been updated as required.



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.





MULTIFAMILY TAX-EXEMPT BOND AUTHORITY
DRAFT PROGRAM DESCRIPTION FOR 20242025

Administered by

The Multifamily Programs Division of
Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

Approved by the THDA Board of Directors on ~~November 14,~~
2023[DATE]

Table of Contents

<u>Section</u>	<u>Section and Subsection Titles</u>	<u>Page Number</u>
1.	2024-2025 Multifamily Tax Exempt Bond Authority Overview	1
2.	Definitions	2
3.	Program Eligibility	12
	A. Use of Multifamily Tax-Exempt Bond Authority	
	B. Eligible Developments	
	C. Eligibility Documentation	
	D. Eligible Team Members	
	E. Identity of Interest	
4.	Federal Election	16
5.	Program Limits	17
	A. Multifamily Tax-Exempt Bond Authority Amount	
	B. Maximum Amount of Multifamily Tax-Exempt Bond Authority per Developer or Related Parties	
	C. Limit on Developer's Fee	
	D. Limits on Costs of Issuance	
6.	THOMAS Submission of Applications	20
	A. Applications	
	B. Supporting Documents	
	C. Multifamily Tax-Exempt Bond Authority Firm Commitment Eligibility Documents	
	D. Multifamily Tax-Exempt Bond Authority Conditional Commitment Eligibility Documents	
	E. Multiple Applications for a Single Development	
	F. Multiple Developments Tied to a Single Bond Issuance	
7.	Application Review Process	22
	A. Applications Must Be Complete	
	B. Information Must Be Current	
	C. Review of Applications Requesting Commitment of Multifamily Tax-Exempt Bond Authority	
8.	Threshold Requirements and Scoring	23
	A. Threshold Requirements	
	B. Minimum Score	
9.	Ranking Process	24
10.	Commitment of Multifamily Tax-Exempt Bond Authority	26
	A. Multifamily Tax-Exempt Bond Authority Conditional Commitment Letter	
	B. Multifamily Tax-Exempt Bond Authority Firm Commitment Letter	
11.	Fees, Partial Refunds of Fees and Fees Retained by THDA	27
	A. Wiring Instructions	
	B. Application Fee	
	C. Special Request Application Fee	
	D. Resubmission Fee	
	E. Multifamily Tax-Exempt Bond Authority Conditional Commitment Letter Fee	
	F. Multifamily Tax-Exempt Bond Authority Firm Commitment Fee and Incentive Fee	
	G. Refund of Incentive Fee Following Issuance of Multifamily Tax-Exempt Bond Authority	
	H. Release of Commitments and Refund of Incentive Fee	
	I. Incentive Fee Retained by THDA	
	J. Monitoring Fee	

	K. Modification Fee	
	L. Extension Fee	
12.	Noncompetitive Housing Credits	30
13.	Requests for Supplemental MTBA	
14.	Controlling Document	31

Section 1: 2024-2025 Multifamily Tax-Exempt Bond Authority Overview

The Tennessee Housing Development Agency (“THDA”) is making private activity bond authority available to local issuers to finance multifamily housing units in Tennessee under 26 U.S.C. § 142(d) of the Internal Revenue Code (“Section 142”). The private activity bond authority can be used only for tax-exempt Private Activity Bonds issued to finance qualified residential rental projects through new construction of multifamily rental units, conversion of existing properties to multifamily rental units through Adaptive Reuse/Conversion, or acquisition and rehabilitation of Existing Multifamily Housing, hereinafter referred to as Multifamily Tax-Exempt Bond Authority (“MTBA”).

THDA anticipates two funding rounds as described in Table 6-1 in Section 6.C. THDA will notify program participants by email and information posted to THDA’s website. No applications submitted under this MTBA Program Description will have priority or be considered under any future MTBA Program Description.

Whenever a local jurisdiction takes action that THDA determines to be for the primary purpose of preventing proposed MTBA developments from satisfying applicable program requirements, THDA may lower the amount of MTBA available to that jurisdiction in future MTBA Program Descriptions. Examples include, without limitation, “downzoning”, action restricting utilities or utility connections, action regarding required public roads, or action to preventing issuance of Certificates of Occupancy.

Applicants must apply for MTBA through THDA’s online system, the Tennessee Housing Online Management Application System (“THOMAS”). Applicants applying for MTBA in THOMAS are deemed to be simultaneously applying for Noncompetitive Low-Income Housing Tax Credits (“Housing Credit”) under 26 U.S.C. § 42 of the Internal Revenue Code (“Section 42”) and must meet the requirements found in the THOMAS User Manual and use the documents found on the THOMAS Documents Page. All MTBA Program Description requirements, application requirements, and Code requirements must be met. If there is any inconsistency or conflict among the requirements, the most stringent of the requirements will apply, as determined by THDA.

When this Program Description calls for some THDA action, including, but not limited to, a determination, adjustment, review, evaluation, or exercise of discretion, all such actions shall 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 MTBA under this Program Description based solely on the score assigned to their Initial Application. THDA decisions are final.



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.

Average Income Test - The average income test is a minimum set-aside that may be elected by an applicant for Noncompetitive Housing Credits. 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. This is an irrevocable election made at Initial Application. The average of the imputed income limitation 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%.

42(m) Letter - A letter issued by THDA to successful applicants for Noncompetitive Housing Credits.

Acquisition - Acquiring the control of real property and assets.

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.

AMI - Area Median Income as determined by HUD.

Applicant – An applicant for Multifamily Tax-Exempt Bond Authority under this Program Description that will own the proposed development.

Application – See “Initial Application”.

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

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 Development Area. In this MTBA Program Description, only areas defined by HUD as Difficult Development Areas are eligible for the Basis Boost.

Bond - A financial instrument issued on behalf of a local or state government for the purpose of providing special financing benefits for qualified projects.

Bond Counsel - Counsel representing the bond issuer and bondholders.

Bond Issuer - A municipality, board, or housing authority with the authority to issue bonds using MTBA for a jurisdiction.



Bond Opinion Letter - A document provided by Bond Counsel representing the issuer that opines that the bonds have been validly issued and, if tax exemption is intended, that the bonds are tax-exempt bonds.

Bond Purchase Agreement Summary Letter - The THDA Template that describes the terms of a bond purchase agreement.

Capital Needs Assessment - See Physical Needs Assessment

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 - A document issued by a local government agency or building department certifying a building’s compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupancy.

Certified Public Accountant - A state licensed accounting professional who provides accounting services and opinions and is committed to protecting the public interest.

Code – Internal Revenue Code of 1986, as amended, and together with Sections 42 and 142, shall include all subsequent tax legislation duly enacted by the Congress of the United States and shall be deemed to include the United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and shall also include revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the Internal Revenue Service of the United States.

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 10 of the Qualified Allocation Plan.

Commitment Fee - A fee charged for a firm commitment of MTBA.

Commitment for Permanent Financing - The commitment for long term permanent financing describing all terms and conditions of such financing.

Competitive Housing Credits - Housing Credits that are available for construction or rehabilitation housing activities as allocated through the competitive process described in the Qualified Allocation Plan.

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 2013.

Conversion of Existing Property - See Adaptive Reuse/Conversion

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.

Consultant - A third-party entity that provides consulting services to MTBA 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 MTBA Development.

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

Cost of Issuance - Costs associated with the issuance of Private Activity Bonds, capped at 2% in accordance with Code requirements. These costs include costs permitted under the Code and the MTBA Commitment Fee.

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.

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 - Includes 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.

Downzoning - An effort to change zoning to reduce permitted density of housing and development.

Elderly – see definition of Older Persons.

ENERGY STAR - Energy efficient designation that must be obtained in order to utilize the Energy Star Utility Allowances published on the THDA website.

Evaluation Notice – A notice provided by THDA to request clarification or additional information related to a requested status report on the development, Final Application, quarterly construction report, or certified property management application; during an on-site inspection of the property 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.

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 Qualified Allocation Plan, 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.

Federal Election - For purposes of MTBA; the federal election is the minimum set-aside requirement found under Section 142(d) of the Code; where a certain percentage of the units are designed low income and must be qualified by households earning no more than the associated income limit. For purposes of Noncompetitive Housing Credits; the federal election or test is the minimum set-aside requirement found under Section 42(g)(1) of the Code; where a certain percentage of the units are designed low income and must be qualified by households earning no more than the associated income limit. In the MTBA Program Description; applicants will be held to the federal election required for Noncompetitive Housing Credits.

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.

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.

Grand Divisions – the East, Middle, and West Grand Divisions of Tennessee as described in Tennessee Code Annotated Title 4, Chapter 1, Part 2

Hard Cost - Costs that include expenses directly related to the physical construction of a building such as construction materials and construction labor.

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

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

Housing for Older Persons – Housing (i) intended for, and solely occupied by, persons age 62 or older; or (ii) where 80% of the units must be occupied by at least one person age 55 years or older, 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.

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

Incentive Fee - A potentially refundable fee charged to provide an incentive to issue and close the sale of MTBA.



Inducement Resolution – A resolution of the local issuing entity authorizing issuance of tax-exempt bonds by the local issuing entity to finance the proposed development.

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.

Issuer Certification – A certificate provided by a local issuer certifying willingness to issue tax-exempt bonds to finance a proposed development in a form and with substance as shown on the THOMAS Documents Page.

Local Government Notification - Following receipt of Initial Applications, THDA will notify 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).

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

Modification - Changes to buildings, units, square footage, scoring items, etc. that determine eligibility for a commitment of MTBA and an allocation of Noncompetitive Housing Credits.

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.

Noncompetitive Housing Credits – 4% Housing Credits made available to qualified developments, subject to the requirements of this MTBA Program Description, when at least the statutorily required portion of the aggregate basis of the building and the land on which the building is located is financed with tax-exempt bonds using MTBA.

Other Sources of Funds – sources of funding not related to deferred developer fee or owner capital contributions, or other permanent contributions that do not require repayment. Examples of Other Sources of Funds include, without limitation, grants from THDA or local governments, grants from local trust funds, and grants from philanthropic foundations. PILOT commitments from a local government, operating subsidies, uncommitted “soft pay” loans, and construction period income will not be considered as Other Sources of Funds.

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



Public Housing Authority (“PHA”) – A public housing authority created under the Housing Authorities Law, Tennessee Code Annotated Section 13–20–101, et seq.

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.

Private Activity Bond - Tax-exempt bonds issued by or on behalf of local or state government for the purpose of providing financing for qualified projects.

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 by the Secretary of Housing and Urban Development for the most recent year for which census data are available on household income in such tract. The list is available here: <https://www.huduser.gov/portal/datasets/qct.html>.

Qualified Low Income Buildings - Any building that is part of a Qualified Residential Rental Project at all times during the period which runs from the first day of the Compliance Period and ends on the last day of the Compliance Period.

Qualified Low Income Development - See Qualified Low Income Project

Qualified Low Income Project - Any residential rental property if the project meets the requirements of Section 42 of the Code.

Qualified Low Income Units - Any unit that is occupied by a qualified low income household and is part of a low income housing project at all times during the period that runs from the first day of the Compliance Period and ends on the last day of the Compliance Period.

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 requirements contained in Section 7 of the QAP.

Qualified Residential Rental Projects - As required by Section 142, any residential rental property that meets the Federal Election Test at all times during the Qualified Project Period.

Qualified Project Period - As required by Section 142, the period beginning on the first day on which 10% of the residential units in the project are occupied and ending on the latest of;

1. The date that is 15 years after the date on which 50% of the residential units in the project are occupied,
2. The first day on which no tax exempt private activity bond issued with respect to the project is outstanding, or
3. The date on which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937 terminates.

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

DRAFT MTBA PD for **2023-2025** page 8 of **5147**



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.

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

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 the QAP.

Site – A parcel of land on which the MTBA Development will be developed, described by a unique legal description.

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.



Supplemental MTBA – an allocation of THDA MTBA made to a development that has already received an allocation of MTBA, but has not yet placed in service, required to ensure that the 50% threshold as described in Section 42(h)(4)(B) of the Code to qualify for federal 4% Housing Credit can be met.

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>.

TEFRA Hearing - The public hearing required by the Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”).

THOMAS Documents Page - A webpage with necessary forms, templates, guidance, calendar, and links that are utilized through all application submission cycles. The THOMAS Documents Page is incorporated into this MTBA Program Description by this reference as if set forth in this MTBA Program Description verbatim.

THOMAS - The Tennessee Housing Online Management and Application System for all applications involving Housing Credits.

THOMAS User Manual - THDA provided document that gives guidance on the registration and application submission cycles in the THOMAS System. The THOMAS User Manual is incorporated into this QAP by this reference as if set forth in this QAP verbatim.

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.

Twinning - Combining Competitive and Noncompetitive Housing Credits within the same development proposal and within the same Initial Application.

Visitability - Design requirements implementing features that make a home accessible, visitable and convenient for everyone. MTBA developments are required to meet Visitability design requirements when the proposed development includes single family units, duplexes, triplexes and townhomes. To meet Visitability design requirements the proposed development must include:

1. 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;

DRAFT MTBA PD for **2023-2025** page 10 of **5147**



2. 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;
3. Easy Use with a main floor that includes a kitchen, some entertainment area, at least one (1) bedroom and one (1) full bathroom. The full bathroom will provide at least 30 inches by 48 inches of maneuvering space that allows easy access to the sink, commode and shower or tub.

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

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.

USDA Rural Development - The United States Department of Agriculture’s Rural Development housing programs.

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 the proposed development in an application for a commitment of MTBA and an allocation of Noncompetitive Housing Credits.



Section 3: Program Eligibility

A. Use of MTBA

Applicants applying for MTBA must demonstrate that a minimum of 50% of the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA will remain outstanding as of the placed in service date for the development. On the placed in service 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.

Recipients of a MTBA Firm Commitment Letter must close, issue and sell bonds no later than 11:59 PM Central Time on the closing deadline specified in the MTBA Firm Commitment Letter and must meet all federal tax requirements for Private Activity Bonds.

B. Eligible Developments

1. The proposed development must be:
 - a. New construction of multifamily housing;
 - b. Adaptive Reuse/Conversion of an existing property not currently being used for housing; or
 - c. Acquisition and rehabilitation of Existing Multifamily Housing.
2. The proposed development must meet the following requirements:
 - a. Be a Qualified Low Income Development, containing Qualified Low Income Buildings and Qualified Low Income Units.
 - b. Comply with the Fair Housing Act design and construction requirements for units that are considered “covered multifamily dwellings” designed and constructed for “for first occupancy” after March 13, 1991, using one of HUD’s recognized safe harbors.
 - c. Comply with the Americans with Disabilities Act (“ADA”), as applicable.
 - d. Comply with all applicable local building codes or State adopted building codes in the absence of local building codes.
 - e. Certification from the design architect will be required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect will be required prior to any refund of the Incentive Fee as described in Section 11.
3. In order to participate in Group 2 or Group 5 (as described in Section 9.A.3), or participate in Group A or Group G (as described in Section 9.B.1), the PHA must be included in the Owner and must materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the project throughout the compliance period as defined in Section 42.
4. All applicants must waive the ability to participate in the qualified contract request process as described in THDA’s Qualified Contract Process Guidelines, as may be amended (available here: <https://thda.org/pdf/06.01.20-QUALIFIED-CONTRACT-GUIDELINES-REVISED-FOR-VENDOR-NEEDS.pdf>).
5. Initial Applications proposing new construction or Adaptive Reuse/Conversion must include the following:
 - a. Written documentation sufficient to satisfy the requirements of Section 6.A.3 of the ~~2023-2025~~ **2024-2025** QAP; and
 - b. Documentation that developments proposing single family units, duplexes, or triplexes meet Visitability design requirements. An architect’s certification will be required at Final Application prior to the issuance of IRS Form 8609(s) and prior to any refund of the Incentive Fee as described in Section 11.



C. Eligibility Documentation

An Initial Application shall include each of the following:

1. A Market Study sufficient to satisfy the requirements of Section 6.A.5 of the ~~2024-2025~~ QAP.
2. An Appraisal of the land and buildings sufficient to satisfy the requirements of Section 6.A.6 of the ~~2024-2025~~ QAP
3. A Physical Needs Assessment of the proposed rehabilitation activities proposed for an Existing Multifamily Development sufficient to satisfy the requirements of Section 2 of the ~~2024-2025~~ QAP
4. A Statement of Application and Certification from the ownership entity in the form and with the substance as shown on the THOMAS Documents Page.
5. A Bond Purchase Agreement Summary Letter fully executed by the bond purchaser in the form and with the substance as shown on the THOMAS Documents Page.
6. A Bond Opinion Letter provided by Bond Counsel certifying that the cost of issuance will be no more than 2% of the original outstanding principal amount of tax-exempt bonds sold to finance the proposed development in a form and with substance as shown on the THOMAS Documents Page.
7. An Issuer Certification.
8. An Inducement Resolution reflecting a MTBA amount no less than the MTBA amount requested in the Initial Application.
9. Evidence of the TEFRA Hearing.
10. Other supporting documents should be dated no earlier than 6 months prior to the applicable application deadline, unless otherwise specified in the PD.

D. Eligible Development Team Members

THDA prefers Development Teams that have successful experience in Tennessee with THDA's MTBA and/or Housing Credit programs. Such experience is evidenced by successful construction or rehabilitation and the placing in service of a recent Housing Credit Development that used MTBA and/or Housing Credit, maintaining a good track record in the development and on-going operations of the Housing Credit Development, and evidencing the capacity to sustain the development in the ever changing regulatory and rental market. Consequently, an Initial Application for MTBA and Noncompetitive Housing Credit is ineligible under this Program Description when, as of date of the Initial Application, a Development Team, or any individual identified in the Initial Application as a member of the Development Team, has, with respect to any prior Housing Credit Development, incurred and failed to cure any and all Major SAE(s) that have occurred since January 1, ~~2019~~2020 or is otherwise ineligible based on any other event listed under Other Ineligibility (below).

1. Major SAEs.
 - a. The General Partner/Managing Member/Sole Stockholder being removed from the ownership entity of a prior Housing Credit Development;
 - b. Returning Housing 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);
 - c. An uncured event of default under the Section 1602 or Tax Credit Assistance Programs;
 - d. 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;
 - e. A foreclosure occurring after December 31, ~~2020~~2019 and involving the loss of units from the affordable housing stock or failure to notify THDA of foreclosure (including a deed in lieu of foreclosure transaction);

- f. Submitting to the IRS an IRS Form 8609 that was not created by THDA or submitting to the IRS an IRS Form 8609 that has been altered or contains information inconsistent with the IRS Form 8609 created by THDA;
 - g. Failure to meet the federal placed in service deadline for a development that received Housing Credit; or
 - h. Other actions that adversely conflict with THDA’s mission.
2. Other Ineligibility. An Initial Application for MTBA and Noncompetitive Housing Credits is also ineligible under this MTBA Program Description if any of the following apply:
- a. Any individual involved, either directly or indirectly, with the developer, development entity, owner, ownership entity, or a related party, whether formed or to be formed, has any one of the following:
 - i. A felony conviction of any type within the last ten (10) years;
 - ii. A fine, suspension or debarment involving financial or housing activities within the last five (5) years imposed by any state or federal agency;
 - iii. 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. An 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;
 - iv. A suspension of a required state license (Tennessee or any other state) within the last ten (10) years regarding an individual or any entity that individual is/was involved in at the time of the suspension;
 - v.
 - v. Involvement in a pre-~~2024-2025~~ Housing Credit Development with a first allocation of Noncompetitive Housing Credits in Tennessee that has not placed in service;
 - vi. Involvement in a proposed Housing Credit Development that received an allocation of MTBA in ~~2023-2024~~, but failed to issue and sell bonds 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 11-G of this MTBA Program Description;
 - vii. Involvement in another Housing Credit Development in Tennessee that has participated in the Qualified Contract Process since January 1, ~~2019-2020~~;
 - viii. Involvement in a Housing Credit Development that has uncured noncompliance;
 - ix. Involvement in a Housing Credit Development that has been placed in “No Further Monitoring” status by THDA;
 - x. Involvement in a Housing Credit Development where misrepresentation or fraud occurred;
 - xi. Involvement in a Housing Credit Development receiving an allocation of Competitive or Noncompetitive Housing Credits since January 1, ~~2014-2015~~ that:
 - a). Accepted a Reservation Notice, but failed to meet the federal allocation timeframes and did not obtain a Carryover Allocation Agreement;
 - b). Had a fully executed Carryover Allocation Agreement, but failed to meet the federal allocation timeframes and did not obtain IRS Form(s) 8609;
 - c). 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;



- d). Was determined to be in violation of the requirements of the applicable QAP regarding developer or related party issues;
 - e). Involved a “broker” who did not remain involved in the Initial Application through the closing of permanent financing for the Housing Credit Development;
 - f). Did not meet the requirements of the applicable QAP regarding submission of permanent financing documentation to THDA;
 - g). 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). 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 MTBA Application in accordance with all applicable program requirements will not cause ineligibility.
- b. 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. The application is deemed ineligible pursuant to any other provisions of this MTBA ~~Program Description~~ Program Description.
3. New participants, where 2024-2025 is the first year in which they receive an allocation of MTBA, may not receive an additional allocation for a new project prior to the issuance of IRS Form(s) 8609 for the initial development. Once the 8609 is issued for the first allocation, individuals that were involved are eligible to receive multiple, concurrent allocations.
 4. Requests for Relief
The ineligibility of an Initial Application under this MTBA Program Description is determined by Multifamily Programs staff. The Development Team of an Initial Application deemed ineligible hereunder may appeal the determination to THDA’s Executive Director and THDA’s Board Chair. The determination of ineligibility is at the sole discretion of the Executive Director and the Board Chair and is not be appealable to THDA’s Board of Directors.

E. Identity of Interests

If an application for MTBA and Noncompetitive Housing Credits involves acquisition of land or buildings, the requirements specified in Section 42(d)(2) of the Code shall apply.

F. Extended Use Agreements - LURC

A LURC is required for developments using MTBA and Noncompetitive Housing Credits. THDA will provide a LURC based on the terms and elections under Section 142(d) of the Code, Section 42(g)(1) of the Code, the QAP, and this MTBA Program Description. The LURC must be executed and recorded in the county where the development is located. The original LURC must be returned to THDA no later than the date specified in the MTBA Firm Commitment Letter.



Section 4: Federal Election

- A. Section 142(d) of the Code requires that Qualified Residential Rental Projects have income restrictions on a percentage of the Qualified Low Income Units at all times during the Qualified Project Period. One of the following Federal Elections shall be made in the Initial Application for a MTBA Firm Commitment Letter. This election is irrevocable once made in the Initial Application:
1. 20/50 Test; or
 2. 40/60 Test; or.
 3. Average Income Test (only available to proposed developments with noncompetitive Housing Credit).
- B. Developments involving rehabilitation of Existing Multifamily Housing with a prior Housing Credit allocation are restricted to the prior Federal Election.



Section 5: Program Limits

A. MTBA Available

1. THDA will make a total of [AMOUNT] of MTBA available in early ~~2024~~2025.
- ~~2. Of the [AMOUNT], THDA will first make \$35,650,000 available to the Tursky-Hollway “bundled” USDA Rural Development Deal previously awarded in 2023.~~
- ~~23. Additionally,~~ THDA may reserve an ~~additional~~certain amount to be determined based on anticipated MTBA requests associated with ~~up to two (2) “Twinning” deals~~the potential for “twinned” deals, as outlined under the Economic Development Area Set-Aside in the 20254 Qualified Allocation Plan.
- ~~432.~~ THDA anticipates having two rounds, subject to availability and demand from THDA’s Single Family Programs. THDA will determine if Round 2 will be held by May 31, 2025.

B. Maximum MTBA Per Development

1. **New Construction and Adaptive Reuse/Conversion**
Applications proposing New Construction or Adaptive Reuse/Conversion may not receive more MTBA than **the lesser of:**
 - a. FORTY-EIGHT MILLION AND 00/100 DOLLARS (\$48,000,000.00); or
 - b. 60% of the Development’s aggregate basis including land, with all previous phases of the same development included in the aggregate basis.
2. **Rehabilitation**
All expenditures for Limited Rehabilitation, Moderate Rehabilitation, or Substantial Rehabilitation must satisfy all requirements of Section 42(e)(3)(A)(ii) of the Code and all of the following as applicable:
 - a. **Limited Rehabilitation** may not receive more MTBA than **the lesser of:**
 - i. FIFTEEN MILLION AND 00/100 DOLLARS (\$15,000,000.00); or
 - ii. 60% of the Development’s aggregate basis including land, with all previous phases of the same development included in the aggregate basis.
 - b. Developments proposing **Limited Rehabilitation** must be rehabilitated so that, upon completion of all rehabilitation, rehabilitation hard costs must be no less than the greatest of 20% of building acquisition cost or SIX THOUSAND AND 00/100 DOLLARS (\$6,000.00) per unit. The rehabilitation scope of work must include, at a minimum, all work specified in the Physical Needs Assessment along with corrective actions for all deficiencies noted, with regard to interior and exterior common areas, interior and exterior painting and/or power washing, gutters, parking areas, sidewalks, fencing, landscaping, and mailboxes and the replacement of exterior that is 90% or more vinyl with brick/stone veneer, stucco or fiber cement or hardiplank. The replacement of any of these components of the buildings or the site with a Remaining Useful Life of Less than 15 years, must be included in the scope of work as specified using the Fannie Mae Estimated Useful Life Table. Substantially the same scope of work in all units is required, including, without limitation, painting of the entire unit, consistent flooring throughout the development and matching cabinetry within each unit. Certification

DRAFT MTBA PD for ~~2023-2025~~ page 17 of ~~5147~~



from the design architect is required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect is required prior to any partial refund of the Incentive Fee pursuant to Section 11.

- c. Developments proposing **Moderate Rehabilitation** may not receive more MTBA than **the lesser of:**
 - i. EIGHTEEN MILLION AND 00/100 DOLLARS (\$18,000,000.00); or
 - ii. 60% of the Development's aggregate basis including land, with all previous phases of the same development included in the aggregate basis.
- d. Developments proposing **Moderate Rehabilitation** must be rehabilitated so that, upon completion of all rehabilitation, rehabilitation hard costs must be no less than the greatest of 25% of building acquisition cost or seven thousand dollars (\$7,000) per unit. The rehabilitation scope of work must include, at a minimum, the scope of work as outlined in the Limited Rehabilitation requirements above, all appliances in all units Energy-Star compliant, and all work specified in the Physical Needs Assessment along with corrective actions for deficiencies noted, with regard to drywall, carpet, tile, interior and exterior paint, the electrical system, heating and air conditioning systems, roof, windows, interior and exterior doors, stairwells, handrails, and mailboxes. The replacement of any of these components of buildings or the site with a Remaining Useful Life of less than 15 years must be included as specified using the Fannie Mae Estimated Useful Life Table. It is expected that substantially the same scope of work in all units including painting of the entire unit, consistent flooring throughout the development and matching cabinetry within each unit is accomplished during the rehabilitation. Certification from the design architect is required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect is required prior to any partial refund of the Incentive Fee pursuant to Section 11 of this MTBA Program Description.
- e. Developments proposing **Substantial Rehabilitation** may not receive more MTBA than **the lesser of:**
 - i. TWENTY-EIGHT MILLION AND 00/100 DOLLARS (\$28,000,000.00); or
 - ii. 60% of the Development's aggregate basis including land, with all previous phases of the same development included in the aggregate basis.
- f. Developments proposing **Substantial Rehabilitation** must be rehabilitated so that, upon completion of all rehabilitation, rehabilitation hard costs must be no less than the greatest of 30% of building acquisition costs or eleven thousand dollars (\$11,000) per unit. The rehabilitation scope of work must include, at a minimum, scope of work as outlined in the Limited Rehabilitation and Moderate Rehabilitation requirements above, as described in the Physical Needs Assessment along with corrective actions for all deficiencies noted, and the major building systems will not require further substantial rehabilitation for a period of at least fifteen (15) years from the required placed in service date. The replacement of any component of buildings or the site with a Remaining Useful Life of less than 15 years must be included in the scope of work as specified using the Fannie Mae Estimated Useful Life Table. Substantially the same scope of work is required in all units including, without limitation, painting the entire unit, consistent flooring throughout the development and matching cabinetry within each unit. Certification from the design architect is required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect is required prior to any partial refund of the Incentive Fee pursuant to Section 11 of this MTBA Program Description.



DRAFT MTBA PD for 2023-2025 page 19 of 5147



3. Requests for Exceptions

An applicant may submit a written request for an exception to the maximum MTBA amount listed in this Section 5.B. The written request must include sufficient supporting documentation and information to substantiate the need for additional MTBA. Only one (1) written request for an exception to the maximum MTBA and/or Noncompetitive Housing Credit limit per application will be considered. Written requests for exceptions to the maximum MTBA and/or Noncompetitive Housing Credit limit, and the amount of any requested additional assistance, may be granted or denied by THDA's Multifamily Programs Division staff, in its sole discretion.

C. Maximum Amount of MTBA per Developer or Related Parties

1. ~~Prior to July 1, 2024~~For Round 1, the maximum amount of MTBA that may be committed to a single applicant, developer, owner, or Related Parties shall not exceed ~~SIXTY-SIX-NINETY-EIGHT~~ MILLION AND 00/100 DOLLARS (\$~~9866,000,000.00~~), unless the application is submitted under Section 14: Economic Development Area, in which case the maximum amount shall not exceed ONE HUNDRED MILLION AND 00/100 DOLLARS (\$100,000,000.00). ~~After June 30, 2024~~If Round 2 is held, the maximum amount of MTBA that may be committed to a single applicant, developer, owner, or Related Parties shall not exceed thirty percent (30%) of the maximum amount of MTBA available for ~~2024~~2025. THDA will determine, in its sole discretion, if Related Parties are involved and apply this limitation.
2. MTBA may not be transferred among multiple developments involving the same applicant, developer, owner, or Related Parties.

D. Limit on Developer's Fee for MTBA with Noncompetitive Housing Credits

1. Notwithstanding the provisions of Section 11-F of the QAP, the sum of developer and consultant fees reflected in THOMAS on the development costs page may not exceed 25% of total development costs (less cash reserves and the claimed developer fee). See Section C.6. below.
2. If the sum of developer and consultant fees reflected in the development costs worksheet exceeds the amount allowable for related or unrelated parties (see 2 and 3 below), then all developer and consultant fees in excess of the amount allowable for related and unrelated parties (see 2 and 3 below) must be reflected as deferred fees and included in the sources of permanent financing.
3. If the developer and the contractor are **unrelated**, the *non-deferred* developer and consultant fees cannot exceed 15% on the portion of the basis attributable to acquisition (before the addition of the fees), and cannot exceed 15% of the portion of the basis attributable to new construction or to rehabilitation (before the addition of the fees).
4. If the developer and contractor are **related** parties, then the *non-deferred* combined fees for contractor's profit, overhead, and general requirements plus the developer's and consultant's fees, cannot exceed 15% of the portion of the basis attributable to acquisition (before the addition of the fees), and cannot exceed 25% of the portion of the basis attributable to new construction or to rehabilitation (before the addition of the fees). The contractor's profit, overhead, and general requirements are included as a part of the developer's fee.
5. If the **deferred** developer and consultant fees are **greater than** 25% of total development cost (less cash reserves and the claimed developer fee) minus the amount described in 3 and 4 above, then the application must include evidence satisfactory to THDA, in its sole discretion, that the deferred developer and consultant fees will be repaid and will not jeopardize the financial feasibility of the development.
6. For purposes of Sections C.1. and C.5., cash reserves and the claimed developer fee are subtracted from the total development costs before the total development costs are multiplied by 25%.
7. Documentation on the terms of the deferred developer fee portion must be provided with the Initial Application.

DRAFT MTBA PD for ~~2023-2025~~ page 20 of ~~5147~~



DRAFT MTBA PD for 2023-2025 page 21 of 5147



E. Limits on Costs of Issuance

As provided in Section 147(g) of the Code, the costs of issuance financed by the proceeds of Private Activity Bonds issued to finance Qualified Residential Rental projects may not exceed 2% of the proceeds of the Private Activity Bond issue.



Section 6: THOMAS Submission of Applications

A. Applications

1. All applications involving MTBA, including Firm and Conditional Initial Applications, must be submitted electronically through THOMAS. If THDA determines that THOMAS malfunctions in a way that renders applicants unable to submit applications, THDA will provide alternative instructions via e-mail BLASTS and THDA website postings.
2. All fees required at the time of application, as specified in Section 11, must be received by THDA via wire transfer prior to any determination of eligibility or scoring for any application.
3. Initial Applications must indicate whether the applicant is requesting a MTBA Conditional Commitment Letter or a MTBA Firm Commitment Letter as described in Section 10 of this MTBA Program Description.
4. Initial Applications that do not receive a Commitment Letter in Round 1 must reapply in order to be considered in Round 2.

B. Supporting Documents

1. Supporting documents as specified on the THOMAS Documents Page and referenced in the THOMAS User Manual as part of an Initial Application for a MTBA Conditional Commitment Letter, a MTBA Firm Commitment Letter, Supplemental MTBA, or subsequent applications must be uploaded into THOMAS as specified in the THOMAS User Manual. Supporting documents should be dated no earlier than 6 months prior to the applicable application deadline, unless otherwise specified in the QAP. These documents include, without limitation, the following:
 - a. Statement of Application and Certification; and
 - b. Issuer Certification; and
 - c. Inducement Resolution; and
 - d. Evidence of TEFRA Hearing; and
 - e. Bond Purchase Agreement; and
 - f. Bond Opinion Letter; and
 - g. Current 30-year pro forma for the proposed development.
2. The THOMAS Documents Page contains required forms and templates for required third party reports.
3. THDA will not accept cost certifications, market studies, physical needs assessments and appraisals prepared by parties THDA has determined are not independent from other members of the Development Team or Related Parties.

C. Calendar of Events

Table 6-1: Calendar of Events	
Dates	<u>2024-2025</u> Application Rounds
TBD	Round 1 Initial Application Submission Window
TBD	Round 1 Determinations Announced
TBD	Round 2 Initial Application Submission Window
TBD	Round 2 Determinations Announced



D. MTBA Firm Commitment Eligibility Documents

The Initial Application for MTBA must include the following:

1. Statement of Application and Certification; and
2. Bond Purchase Agreement Summary Letter; and
3. Bond Opinion Letter; and
4. Issuer Certification; and
5. Inducement Resolution reflecting a MTBA amount no less than the MTBA amount requested in the Initial Application; and
6. Evidence of the TEFRA Hearing; and
7. Commitment for Permanent Financing; and
8. Written documentation from each service provider that all necessary utilities (i.e., electricity, gas, sewer, and water) are available at the proposed site.

E. MTBA Conditional Commitment Eligibility Documents

The Initial Application for MTBA must include the following:

1. Statement of Application and Certification; and
2. Issuer Certification; and
3. Inducement Resolution; and
4. Evidence of the TEFRA Hearing.

F. Multiple Applications for a Single Development

Only one application may be submitted and considered for a development. Multiple applications submitted as separate phases of one development will be considered as one development and reviewed as one application. THDA reserves the right to request additional information or documentation, if necessary, to determine if applications submitted will be considered and reviewed as one or more developments.

G. Multiple Developments Tied to a Single Bond Issuance

When a single issuing entity proposes a single bond issue to provide financing for multiple developments, the following requirements, at minimum, will apply in addition to all other applicable requirements:

1. A separate and full MTBA electronic application must be submitted for each development; and
2. An application fee as described in Section 11 must be submitted with the application for each development; and
3. If one or more of the developments is outside the jurisdiction of the issuing entity, the application must include documentation satisfactory to THDA, in its sole discretion, that the issuing entity is permitted to, and the jurisdiction in which the development is located consents to, the issuance of the bonds.



Section 7: Application Review Process

A. Applications Must Be Complete

1. An application must be complete, as determined by THDA in its sole discretion, based on the requirements in this MTBA Program Description and the on-line application in THOMAS.
2. **The applicant is solely responsible for the submission of an application with complete and current information.**

B. Information Must Be Current

Appraisal, Physical Needs Assessment, and Market Study information older than six (6) months prior to the applicable application deadline, as determined by the date prepared and information contained therein, will not be considered current. Other documentation, including any commitments, with expiration dates or approval dates that have passed will not be considered current. Applications are incomplete when they include materials that are not considered current.

C. Review of Applications Requesting a Commitment of MTBA

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 7 - 1: Schedule of Evaluation Notices and Deadlines FOR ROUND 1	
Evaluation Notice	Deadline for Response
1	7 calendar days

Table 7 - 2: Schedule of Evaluation Notices and Deadlines FOR ROUND 2	
Evaluation Notice	Deadline for Response
1	7 calendar days

Applications with uncured deficiencies may be removed from consideration under this MTBA Program Description if the deficiencies are uncured after all Evaluation Notices have been sent. Applicants may resubmit the application in Round 2, but will be subject to a resubmission fee as described in Section 11 of this MTBA Program Description.



Section 8: Threshold Requirements and Scoring

A. Threshold Requirements

Developments requesting Noncompetitive Housing Credits must satisfy the applicable requirements of Section ~~256~~ of the QAP.

~~B. Minimum QAP Score~~

~~An eligible application must propose scoring of at least 60 points under the scoring system specified in Section 1825 of the QAP.~~

BC. MTBA Score

1. ~~For purposes of ranking Initial Applications, points awarded according to Section 25 18 of the QAP will not be considered.~~ Only points awarded according to this section will be considered.
2. Development Team Track Record
 - a. No individual involved in the Owner Entity or Developer Entity has been involved in a ~~20212022, 20222023, or 2023-2024~~ MTBA application that received and subsequently returned a Firm Commitment Letter.
10 points
3. Other Sources of Funds
 - a. Number of points awarded will be proportional to Other Sources of Funds expressed as a percentage of total development costs (e.g. if Other Sources of Funds expressed as a percentage of total development costs = 23.456%, then 2.3456 points will be awarded). **Points will only be awarded for funds for which a fully executed agreement, award letter, or contract is included with the Initial Application.** Note: points will be carried out four places to the right of the decimal point. *Up to 10 points*
4. Deepest Rehabilitation
 - a. Number of points awarded will be proportional to rehabilitation hard costs expressed as a percentage of total development costs (e.g. if rehabilitation hard costs expressed as a percentage of total development costs = 23.456%, then 2.3456 points will be awarded). Note points will be carried out four places to the right of the decimal point. *Up to 10 points*
5. In the event of a scoring tie among 2 or more Initial Applications under this Section 8.C, priority will be given to the Initial Application in the census tract with the **highest** percentile rank as reflected in the following table: <https://thda.org/pdf/MTBA-Tie-Breaker-for-Posting.pdf>, as determined by THDA, in its sole discretion.

CD. Noncompetitive LIHTC Scoring for Initial Applications Proposing 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 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>). *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 6 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 6 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 8–1: 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 34 points*
- a. Exterior materials: Choose 1

DRAFT MTBA PD for **2023-2025** page 27 of **5147**



- i. Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **5 points**
OR
- ii. Brick/stone veneer or stucco, minimum 50% and remaining exterior fiber cement and/or hardiplank: **4 points**
OR
- iii. Brick/stone veneer or stucco, minimum 40% and remaining exterior fiber cement and/or hardiplank: **3 points**
- b. Use of anti-fungal roofing materials with a minimum 30 year warranty: 3 points
- c. Installation of hookups for standard size washers/dryers in all units: 4 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: 3 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: 7 points
- f. All units pre-wired, 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: 3 points
- g. 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: 4 points
- h. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: 6 points
- i. 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: 3 points
- j. 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. 3 points



- k. 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: 3 points
 - l. 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: 3 points
 - m. 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: 3 points
 - n. 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: 3 points
 - o. 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 Initial Application.

Table 8–2: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2019 <u>2020–2023</u> 2024	2
2018–2019 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 8–3 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-~~2023~~2024 development with 2 Minor SAEs. For ~~2023~~2024, in Table 8-3, 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 8–3: 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;

DRAFT MTBA PD for ~~2023~~2025 page 30 of ~~5147~~



- 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.



D-12 and Section 8-D-13.

- 8. 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 refrigerator (18 cubic foot minimum) with ice maker; (2 points)
 - d. ENERGY STAR rated windows in all units; (2 points)
 - e. 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.

- 9. 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.

- 10. 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 8-D-8.**

Table 8 –5: Earliest Year When New Housing Credit May be Requested	
Years From Date Last Building Placed in Service	Points Available
17	2
20	8

DE. Noncompetitive LIHTC Scoring for Initial Applications Proposing 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**



Table 8–6: Time Since Last Placed in Service	
Year Last Building Placed in Service	Points Available
After 2006	0
1999 – 2006	1
1995 – 1998	2
1992 – 1994	4
Before 1992	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 8–7: 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 38 points*
- a. Rehabilitating Existing Multifamily Housing in an area covered by a CCRP. *Up to 6 points*
 - b. Exterior materials: Choose 1
 - i. Brick/stone veneer or stucco (minimum 60%) and remaining exterior fiber cement and/or hardiplank: *5 points*
 - OR
 - ii. Brick/stone veneer or stucco (minimum 50%) and remaining exterior fiber cement and/or hardiplank: *4 points*
 - OR
 - iii. Brick/stone veneer or stucco (minimum 40%) and remaining exterior fiber cement and/or hardiplank: *3 points*
 - c. Use of anti–fungal roofing materials with a minimum 30 year warranty: *3 points*
 - d. Install hookups for standard size washers/dryers in all units: *4 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: *3 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: *7 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: *3 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: *4 points*



- i. Install a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **7 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: **3 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: **3 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: **3 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: **3 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: **3 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: **3 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 8-D-15-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 ~~2023-2024~~ Initial Application. PHAs shall receive five points.

Table 8–8: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2019-2020 2023-2024	5
2018-2019 and before	3
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 8–9 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-~~2023-2024~~ development with 2 Minor SAEs. For ~~2023-2024~~, in Table 8-9, 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 8–9: 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 4.d.; or

DRAFT MTBA PD for ~~2023-2025~~ page 37 of ~~5147~~



- 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 4.d. or two additional amenities under 4.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

DRAFT MTBA PD for 2023-2025 page 38 of 5147



Initial Applications electing this point 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.

76. 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 6.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. 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 refrigerator (18 cubic foot minimum) with ice maker (2 points);
- d. ENERGY STAR rated windows in all units (2 points);
- e. ENERGY STAR ventilation fans (range hood, bathroom) (1 point).

9. 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



10. 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 8-D-20 (Developments Intended for Eventual Resident Ownership).**

Table 8–11: Earliest Year When Recapitalization May be Requested	
Number of Years Since Placed in Service	Points Available
17	2
20	8



Section 9: Ranking Process

A. Round 1

1. Available MTBA, including projects associated with MTBA Section 5.A.2. above, will be divided as follows:
 - a. East Grand Division: 34%;
 - b. Middle Grand Division: 44%;
 - c. West Grand Division: 22%.
2. All eligible Initial Applications will be separated by Grand Division.
3. Within each Grand Division, eligible Initial Applications will be grouped in the following priority order:
 - i) Group 1: [eligible Initial Applications proposing housing under Section 14: Economic Development Area.](#)
 - ii) Group 2: eligible Initial Applications proposing **rehabilitation of existing housing that IS currently income/rent restricted housing;**
 - iii) Group 23: eligible Initial Applications proposing **new construction of public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3;**
 - iv) Group 34: eligible Initial Applications proposing **rehabilitation of existing housing that IS NOT currently income/rent restricted.**
 - v) Group 45: eligible Initial Applications proposing **new construction outside a QCT;**
 - vi) Group 56: eligible Initial Applications proposing **rehabilitation of public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3;**
 - vii) Group 67: eligible Initial Applications proposing **new construction in a QCT and covered by a CCRP;**
 - viii) Group 78: eligible Initial Applications proposing **new construction in a QCT not covered by a CCRP;** and
 - ix) Group 89: [Supplemental-supplemental](#) MTBA ~~R~~requests.
4. Within each group, eligible Initial Applications will be sorted in descending order by score as determined pursuant to Section 8.C.
5. THDA will proceed down the list of eligible Initial Applications for each Grand Division, taking into account (without limitation) the limits described in Section 5.A.1, and the grouping and sorting process described in Section 9.A.2 through Section 9.A.3, making full commitments of MTBA until the point is reached where there is insufficient MTBA remaining in the Grand Division to make a full commitment of MTBA to the next eligible Initial Application. Remaining funds in each Grand Division will be combined to create a pool of funds available in accordance with Section 9.A.6 and Section 9.A.7 below.
6. THDA will then list all eligible Initial Applications that have not yet received a commitment, regardless of Grand Division, and the statewide list will be grouped according to Section 9.A.3 and sorted according to Section 9.A.3.
7. THDA will proceed down the statewide list of eligible Initial Applications, making full commitments of MTBA until the point is reached where there is insufficient MTBA remaining in Round 1 to make a full commitment of MTBA to the next eligible Initial Application. Any remaining funds will be utilized for Supplemental MTBA requests in Group 8. Any remaining after supplemental requests have been addressed will be carried forward to Round 2.
8. No partial commitments will be made.





B. Round 2

1. All eligible Initial Applications will be grouped and sorted statewide as follows:
 - i) **Group 1A:** eligible Initial Applications proposing **new construction of public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3;**
 - ii) **Group 2B:** eligible Initial Applications proposing **new construction outside a QCT;**
 - iii) **Group 3C:** eligible Initial Applications proposing **new construction in a QCT and covered by a CCRP;**
 - iv) **Group 4D:** eligible Initial Applications proposing **new construction in a QCT not covered by a CCRP;** and
 - v) **Group 5E:** eligible Initial Applications proposing **rehabilitation of existing housing that IS currently income/rent restricted housing;**
 - vi) **Group 6F:** eligible Initial Applications proposing **rehabilitation of existing housing that IS NOT currently income/rent restricted.**
 - vii) **Group 7G:** eligible Initial Applications proposing **rehabilitation of public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3;** and
 - viii) **Group 8H:** Supplemental MTBA Requests.
2. Within each group, eligible Initial Applications will be sorted in descending order by score as determined pursuant to Section 8.C.
 - i) THDA will proceed down the statewide list of eligible Initial Applications, taking into account (without limitation) the grouping and sorting process described in Section 9.B.1 and Section 9.B.2, making full commitments of MTBA until the point is reached where there is insufficient MTBA remaining in the round to make a full commitment of MTBA to the next eligible Initial Application.
3. THDA ~~will~~ may then offer a commitment to the highest ranking eligible Initial Application that requests an amount of MTBA that is equal to or less than the remaining balance after Section 9.B.2.i.

Section 10: Commitment of MTBA

A. MTBA Conditional Commitment Letter

1. THDA will issue a conditional commitment letter for ~~2024~~2025 MTBA (“Conditional Commitment Letter”) after determining that an eligible applicant has met all applicable requirements of this MTBA Program Description as determined by THDA in its sole discretion.
2. The expiration date of any MTBA Conditional Commitment Letter is December 15, ~~2024~~2025.
3. **A Conditional Commitment Letter DOES NOT GUARANTEE an applicant that THDA will issue a Firm Commitment Letter.**
4. An applicant with a Conditional Commitment Letter must notify THDA of its intent to convert a Conditional Commitment Letter to a Firm Commitment Letter no less than 45 calendar days prior to the date the applicant wishes to receive the Firm Commitment Letter and THDA may issue a Firm Commitment Letter, subject to the availability of MTBA at the time THDA receives such notification and subject to compliance with all requirements for a Firm Commitment Letter.
5. **THDA may issue Conditional Commitment Letters that, in the aggregate, exceed the amount of MTBA available under this MTBA Program Description.**

B. MTBA Firm Commitment Letter

1. THDA will issue a firm commitment letter for ~~2024~~2025 MTBA (“Firm Commitment Letter”) after determining that an eligible application has met all applicable requirements of this MTBA Program Description.
2. A Firm Commitment Letter will have an expiration date either ninety (90) or one hundred and twenty (120) calendar days from the date of issuance. The expiration date will be determined by THDA, in its sole discretion.
 - a. If the sources of funds include grant funds that are not considered in the PD score, the fully executed agreement, contract, or award letter must be submitted to THDA prior to the issuance of a Firm Commitment Letter. Any Firm Commitment Letter issued before September 16, ~~2024~~2025 will expire ninety (90) calendar days from the date of issuance.
 - b. Any Firm Commitment Letter issued on or after September 17, ~~2024~~2025 will expire on December 15, ~~2024~~2025.
3. A Firm Commitment Letter issued before August 17, ~~2024~~2025, may be extended one time for a maximum of thirty (30) calendar days following the original expiration date. An Extension Fee as described in Section 11 must accompany the extension request. An extension request may be approved or denied by THDA, in its sole discretion.
4. THDA will only consider exceptions to the above timelines when a Project can prove that it is unduly delayed due to a federal agency’s inability to timely perform actions that are necessary to close the MTBA. In such cases, a Project must submit a formal request to THDA by 11:59 PM Central Time, December 1, ~~2024~~2025 to carry forward the MTBA. The formal request must include a commitment by the Issuer that the MTBA will only be used for the intended Project, unless otherwise subsequently agreed by THDA. If the carryforward is approved by THDA, the MTBA must close by 11:59 PM Central Time, June 30, ~~2025~~2026. Until such time as the MTBA is closed, the individuals involved in the Project will not be eligible to apply for MTBA on any other project.
5. **THDA will not issue Firm Commitment Letters that, in the aggregate, exceed the amount of MTBA available under this MTBA Program Description.**

Section 11: Fees, Partial Refunds of Fees, and Fees Retained by THDA

A. Wiring Instructions

All fees should be in the form of an electronic wire. Applicants are encouraged to send the wire confirmation to thomas@thda.org.

Table 11 - 1: Wiring Instructions	
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.

B. Application Fee

An Application Fee of ONE THOUSAND, FIVE HUNDRED AND 00/100 DOLLARS (\$1,500.00) must be submitted to THDA at the time an application is submitted, except as provided in the subsequent paragraph. **THE APPLICATION FEE IS NOT REFUNDABLE.** If the fee is not submitted at the time an application is submitted, THDA will not review the application and will notify the applicant that the application has been rejected.

Initial Applications that do not receive a Commitment Letter in Round 1 and that reapply in Round 2 are not required to submit a second Application Fee for Round 2.

C. Resubmission Fee

A Resubmission Fee of seven hundred and fifty dollars (\$750) must be submitted to THDA if an application is resubmitted *after rejection for uncured deficiencies* based on requests for additional documentation and/or information for purposes of clarification as specified in the Evaluation Notice described in Section 7. **THE RESUBMISSION FEE IS NOT REFUNDABLE.**

D. Conditional Commitment Letter Fee

A Conditional Commitment Letter Fee of five thousand dollars (\$5,000) must be submitted in order for the Conditional Commitment Letter to be processed. **THE COMMITMENT FEE FOR A CONDITIONAL COMMITMENT LETTER IS NOT REFUNDABLE.**

E. MTBA Firm Commitment Letter Fee and Incentive Fee

- Following issuance of a Firm Commitment Letter, Initial Applications must submit a Firm Commitment Letter Fee and an Incentive Fee in order for the Firm Commitment Letter to be processed.



2. Fees for a ninety (90) day Firm Commitment Letter:
 - a. The Commitment Fee is an amount equal to 1% of the MTBA approved by THDA.
 - b. The Incentive Fee is an amount equal to 20% of the Commitment Fee.
3. Fees for a one hundred and twenty (120) day Firm Commitment Letter:
 - a. The Commitment Fee is an amount equal to 1.5% of the MTBA allocated to the local issuer.
 - b. The Incentive Fee is an amount equal to 20% of the Commitment Fee.
4. **THE COMMITMENT FEE FOR A FIRM COMMITMENT LETTER IS NOT REFUNDABLE.**

F. Supplemental MTBA Request Fee

A Supplemental MTBA Request Fee of three thousand dollars (\$3,000) must be submitted to THDA at the time the Supplemental MTBA Request is submitted. **THE SUPPLEMENTAL MTBA REQUEST FEE IS NOT REFUNDABLE.** If the fee is not submitted at the time a request is submitted, THDA will not review the request and will notify the applicant that the request has been rejected.

G. Refund of Incentive Fee Following Issuance of MTBA

1. The following documentation, without limitation, must be submitted by the applicable deadlines to be eligible for a refund of the Incentive Fee:
 - a. Documentation from Bond Counsel (including, without limitation, a closing confirmation letter) must be submitted no later than the expiration date of the Firm Commitment Letter;
 - b. Acceptable proof that all units are constructed and the development is placed in service must be submitted no later than two years after the expiration of the MTBA Firm Commitment Letter;
 - c. Acceptable proof that all forms to be filed by the Bond Issuer have been completed and filed to THDA's satisfaction must be submitted no later than two years after the expiration of the Firm Commitment Letter.
2. If the bonds were issued and sold on or before 11:59 PM Central Time on the date specified in the Firm Commitment Letter without a receiving an extension and all the conditions of Section 11 have been met, THDA will refund the **FULL** Incentive Fee.

H. Release of Commitments and Refund of Incentive Fee

If recipients of Conditional Commitment Letters or Firm Commitment Letters release the MTBA allocated to them before the deadline in the Firm Commitment Letter when bonds will not be sold using the MTBA, THDA will refund a percentage of the Incentive Fee to support the earliest release of the committed MTBA. Voluntary withdrawal of a MTBA Commitment Letter in accordance with all applicable program requirements will not cause ineligibility as described in Section 3 of this MTBA Program Description, but will affect scoring as described in 8.C.2 of this MTBA Program Description.

Phase	90 - Day Commitments	120 - Day Commitments	Amount Refunded
A	days 1 - 30	days 1 - 45	100%
B	days 31 - 60	days 46 - 90	50%
C	days 61 - 89	days 91 - 119	25%
D*	days 90 - 119	days 120 - 149	0%

* only applicable if a deadline extension is granted by THDA



I. Incentive Fee Retained by THDA

1. If a request for an extension to the deadline for closing the sale of the bonds beyond 11:59 PM Central Time on the original date specified in the Firm Commitment Letter is approved in accordance with Section 10, THDA will **RETAIN** the **FULL** amount of the Incentive Fee.
2. If the bonds are not issued and sold by the expiration date (original or extended) of the Firm Commitment Letter, and the Firm Commitment Letter has not been released as described in Section 11-G, and no extension has been requested or granted as described in Section 11-H, THDA will **RETAIN** the **FULL** amount of the Incentive Fee and a MTBA application for the development may not be resubmitted in ~~2024~~2025.
3. If the bonds are issued and sold, but the development is not placed in service, THDA will **RETAIN** the **FULL** amount of the Incentive Fee.

J. Monitoring Fee

Developments that receive MTBA and Noncompetitive Housing Credits are subject to all monitoring fees set out in Section 4 of the QAP.

K. Modification Fee

Developments that receive MTBA and Noncompetitive Housing Credits and request modification are subject to Modification Fees as set out in Section 4 of the QAP. Payment of this fee does not guarantee approval of proposed changes or modifications.

L. Extension Fee

Developments that receive MTBA and Noncompetitive Housing Credits and request an extension are subject to Extension Fees as set out in Section 4 of the QAP. Payment of this fee does not guarantee approval of an extension.

M. Requests for Refunds

If the applicant is eligible for any refund as described in Section 11-G or Section 11-H above, the applicant must submit a written request for a refund. The written request for a refund must be submitted no later than March 1 of the year after the development places in service. If March 1 is not a THDA business day (e.g. weekend or holiday), the deadline will be the following THDA business day.



Section 12: Noncompetitive Housing Credits

- A. THDA will determine eligibility for Noncompetitive Housing Credits and the amount of Noncompetitive Housing Credit to be allocated to a development, up to the maximum amount permissible with MTBA financing. Any development seeking Noncompetitive Housing Credits must apply for and is subject to the applicable QAP in the same calendar year in which MTBA is committed. An application for Noncompetitive Housing Credits is subject to eligibility and threshold requirements as well as fees, including monitoring fees, found in the applicable QAP. **Receipt of a Firm Commitment Letter does not guarantee receipt of Noncompetitive Housing Credits.**
- B. If an Initial Application for Competitive Housing Credits and an application for MTBA and Noncompetitive Housing Credits are submitted for the same development, the Initial Application for Competitive Housing Credits will be deemed ineligible.
- C. The maximum obtainable rents supported by the Market Study must be proposed for the proposed development and must support reasonable operating expenses and maximum mortgage debt service prior to Noncompetitive Housing Credits filling any financial “gaps”. This may require additional financing from other sources over and above the maximum amount of MTBA or Noncompetitive Housing Credit committed to the development by THDA.



Section 13: Requests for Supplemental MTBA

- A. Allocations of Supplemental MTBA are subject to availability of MTBA and will be made **ONLY** ~~from any MTBA remaining after the final allocation to Group G of Round 2~~ consistent with the priority order established in Section 9.A. and B.
- B. ~~Requests for Supplemental MTBA may be submitted outside the time periods specified in Table 6-1. Developer fees may not be increased in conjunction with a request for supplemental MTBA.~~
- C. The original allocation of bonds must be closed prior to submission of a request for supplemental MTBA.
- C. Any Firm Commitment Letter for an allocation of Supplemental MTBA under this Program Description will expire on December 15, ~~2024~~2025.



Section 14: Economic Development Area

- A. Up to \$100 million of MTBA will be available for Economic Development Area (EDA).
- B. In order to be considered for EDA, the Initial Application must satisfy all of the following:
 - 1. include at least 300 units; and
 - 2. affordability period of at least 50 years; and
 - 3. be covered by area-wide, mixed income, mixed use plan to which federal, state, and local commitments have been made in ~~excess~~ amount equal to or greater than ~~of~~ \$ONE BILLION AND 00/100 DOLLARS (\$1,000,000,000.00) ~~1 billion~~.
- C. Maximum MTBA per Development will not apply.



Section 1415: Controlling Document

Although there is one application for MTBA and Noncompetitive Housing Credits; the MTBA Program Description applies to the MTBA and the ~~2024~~2025 QAP applies to the Noncompetitive Housing Credits.





Board Items

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
July 23, 2024

Pursuant to the call of the Chair, the Tennessee Housing Development Agency (THDA) Board of Directors (the “Board”) met in regular session on Tuesday, July 23, 2024, at 10:23 AM CT in the Tennessee Room #2 of the Tennessee Towers, Nashville, Tennessee.

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

Chair Rick Neal called the Board meeting to order and took a moment to acknowledge Chattanooga’s award of the \$50 million HUD Choice Neighborhood Initiative Grant and the recent celebration of Phase V of the South City project in Memphis.

Chair Neal then opened the floor to anyone present from the public who wished to address the Board. Ms. Phyllis Vaughn of Vaughn Development Group, Inc came forward and shared the following concerns regarding the Draft 2025 Qualified Allocation Plan (QAP) included in the July board materials. First, Ms. Vaughn expressed concern that the draft QAP was presented to the Board before public hearing for comments and encouraged the Board to review and consider public comment before approving the QAP. Then, she reminded the Board that the draft QAP decreased the number of set asides from five to three. With that reduction, she had hoped there would be an increased allocation in the general priorities category, but that did not happen. She also voiced concern that the CHOICE Neighborhood Initiative was a priority over other possibilities within the set-aside, and that with two known upcoming CHOICE Neighborhoods projects (Knoxville and Chattanooga) there would be little extra rolling into the general priorities category. Lastly, Ms. Vaughn noted that with the current set aside structure, 25% of the State’s allocation, specifically, any economic development project, would be chosen by THDA staff and not through a competitive scoring process with criteria specified ahead of time.

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

Mr. Perrey shared the following:

- Stephen Dixon was appointed by Governor Lee to a full four-year term on our Board of Directors.
- THDA has successfully completed a SOC 2, Type 2 Audit. This is a rigorous review of the way we secure and handle confidential and personal information and the processes and policies we have in place to do that. Kudos go to Chief Information Officer Nicole Lucas and Internal Audit Director Gay Oliver, who coordinated this two-year effort for THDA.
- THDA does not use the Crowd Strike product that triggered the massive IT breakdowns reported over the weekend. But this incident underscores what our Director of Information Security, Jason Ronnow, has often said: “*It is not a question of ‘IF,’ it is a question of ‘WHEN.’*” THDA invests a considerable amount of effort in protecting our IT network.

- THDA’s September Board meeting will be in Memphis. It will include our Friends of Housing Reception for community partners the night before – sponsored by Mortgage Bankers Association, our partners in *Convergence Memphis*.

At the conclusion of Mr. Perrey’s remarks, Chair Neal recognized Ms. Lindsay Hall, the Chief of Single-Family Loan Programs for a Single-Family Programs Business Update. During this update, Ms. Hall made the Board aware of 12 counties that received a Tennessee Disaster Declaration as of June 17, 2024, from FEMA. She highlighted that with this declaration, Volunteer Mortgage Loan Servicing (VMLS) works with THDA homeowners who live or work in those counties to ensure any hardship encountered from the recent disaster impacting their mortgage payments has minimal impact on their financial status and status as homeowners. Specifically, THDA clients are afforded a 90-day window in which delinquent payments are not reported to a credit agency, they cannot receive a foreclosure notice on their home and they are offered loss mitigation opportunities.

Next, Chair Neal recognized Mr. Eric Alexander, the Director of Multifamily Programs, for a Multifamily Programs Business Update and a brief discussion about the 2025 draft QAP. Chair Neal stated that he liked the change in nomenclature in the draft QAP. Mr. Rob Mitchell asked the purpose of the utility allowances in the draft and why they were added to the QAP. Mr. Alexander said the utility allowance language was updated in the QAP this year to allow more flexibility for developers, providing a greater range of utility allowance options, so they can choose the best approach for their application. Mr. Alexander closed the brief by stating that a Public Hearing on the QAP would occur in August.

Chair Neal then asked for consideration of the May 21, 2024 board meeting minutes. Upon motion by Mr. Dixon and a second by Mr. Mitchell, the motion carried, and the minutes were approved.

Next, Chair Neal recognized Treasurer Lillard, Chair of the Audit and Budget Committee, to present the Executive Director’s Performance Evaluation. Treasurer Lillard brought to the Board a recommendation from the Audit and Budget Committee, in the form of a motion and a second, for an Outstanding rating for Mr. Perrey’s Performance Evaluation. Treasurer Lillard also stated, that if approved by the Board, the Treasurer, Secretary of State, Board Chair and Mr. Perrey would meet to discuss the evaluation and associated salary actions. Upon vote by the full Board, the motion to approve an Outstanding rating for Mr. Perrey’s Performance Evaluation was carried.

Chair Neal presented Bond Issue 2024-3 as outlined in the memo dated July 9, 2024, from Mr. Bruce Balcom, Chief Legal Counsel, as found in the board packet. Mr. Neal brought to the Board a recommendation from the Bond Finance Committee, in the form of a motion and a second, to approve Bond Issue 2024-3, as well as approve Fidelity’s addition to the selling group. Upon vote by the full Board, the motion to approve Bond Issue 2024-3 and Fidelity’s addition to the selling group was carried.

Chair Neal recognized Ms. Lindsay Hall, Chief of Single-Family Loan Programs to present the Updated Ginnie Mae 11702 Form Authorization as outlined in the memo dated June 26, 2024, from herself, as found in the board packet. Ms. Hall highlighted that the Board is required to authorize any changes to the Form for changes in personnel or position. In this instance, two updates were required – Removing Mr. Joe Brown, who retired, and adding Mr. Damon Pally, the new Comptroller/Assistant CFO, and a change to Mr. Langston Glass’ position from Capital Markets Advisor to Capital Markets Administrator. Upon motion by Treasurer Lillard and a second by Mr. Dixon, the motion to approve the Updated Ginnie Mae 11702 Form Authorization was carried.

Chair Neal recognized Mr. Don Watt, Chief Programs Officer, to present the 2024-2 HOME CHDO Homeownership Development Program Description, as outlined in the memo dated July 8, 2024, from Director of Community Housing, Mr. Bill Lord, and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this was a second round of funds for this year for the HOME CHDO Homeownership Development and that the application window would open August 1, 2024 with awards out by December 1, 2024. Other than pertinent dates, no material updates were made to the prior version of the program description. Upon motion by Mr. Dixon and a second by Mr. Mustain, the motion to approve the program description was carried.

Chair Neal recognized Mr. Don Watt, Chief Programs Officer, to present the 2024-2 HOME Rental Housing Development Program Description, as outlined in the memo dated July 8, 2024, from Director of Community Housing, Mr. Bill Lord, and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this was a second round of funds for this year for HOME Rental Housing Development and that the application window would open early September 2024 with awards out by December 1, 2024. He also noted that \$3.7 million were available and that only one application in the previous application round was funded. Mr. Dixon asked why the other three applications in the previous round were not funded. Mr. Watt replied that they did not meet threshold requirements for consideration by either not turning in all required materials or presenting a project that was not fiscally feasible. Mr. Neal followed by asking if this limited partner participation is unique or typical? Mr. Watt replied that this is the Agency's second year with this offering and there is an ongoing outreach and education effort regarding this program by the Division. Upon motion by Treasurer Lillard and a second by Comptroller Mumpower, the motion to approve the program description was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2019 Tennessee Housing Trust Fund Challenge Grant extension from Appalachia Service Project (ASP), as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that ASP was awarded a \$500,000 grant with an original grant window of October 2019 – September 2022. ASP is requesting an extension to December 31, 2025. Upon motion by Mr. Dixon and a second by Treasurer Lillard, the motion to approve the grant extension for ASP was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2019 Tennessee Housing Trust Fund Competitive Grant extension from Gallatin Housing Authority, as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that Gallatin Housing Authority was awarded funds for eight duplexes for elderly residents with an original grant window of July 2019 to September 2022. Gallatin Housing Authority is requesting an extension to October 31, 2025. Upon motion by Mr. Miller and a second by Treasurer Lillard, the motion to approve the grant extension for Gallatin Housing Authority was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2020 HOME Urban/Rural grant extension from the City of Paris, as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that due to the limited availability of contractors and supplies, the City needed an extension to December 31, 2024 to ensure all construction and paperwork are completed. Upon motion by Treasurer Lillard and a second by Comptroller Mumpower, the motion to approve the grant extension for the City of Paris was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2020 National Housing Trust Fund extension from Memphis Housing Authority as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as

found in the board packet. Mr. Watt highlighted that the project: Edgeview at Legends Park for which this extension is requested, also has MTBA and Tennessee Housing Trust Fund awards supporting it as well. Upon motion by Treasurer Lillard and a second by Mr. Dixon, the motion to approve the grant extension for Memphis Housing Authority was carried.

Chair Neal then recognized Mr. Eric Alexander, Director of Multifamily Programs, to present an Amendment to the 2024 Qualified Allocation Plan, as outlined in the memo dated July 23, 2024, from himself and Chief Programs Officer Don Watt, as found in the board packet. Mr. Alexander highlighted that four projects received 2019 Disaster Tax Credit Awards and due to delayed documentation guidance from the IRS, these credits need to be converted to 2024 credits aligning the technical components of the award with the intent of the award. Upon motion by Mr. Dixon and a second by Comptroller Mumpower the motion to amend the 2024 Qualified Allocation Plan was carried.

Chair Neal then recognized Mr. Eric Alexander, Director of Multifamily Programs, to present an Appeal to Threshold Eligibility for Collins Place from the 2024 QAP Competitive Round, as outlined in the memo dated July 23, 2024, from himself and Chief Programs Officer Don Watt, as found in the board packet. Mr. Alexander highlighted THDA staff could not accommodate this appeal without Board approval because of the specific language regarding a separate finance commitment for the development and maintenance of the facility in the 2024 QAP. Mr. Alexander also pointed out that the applicant provided the information in their application and again in a separate Letter of Intent provided in the board packet. Upon motion by Mr. Miller and a second by Ms. Akbari the motion to approve the appeal to Threshold Eligibility for Collins Place was carried.

Noting that all action items for the Board were completed, Chair Neal pointed out informational award letters provided to the Board in the Annex.

With no further business, the meeting was adjourned at 11:16 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 24th day of September 2024



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

2025 THDA Board of Directors Meeting Schedule

Tuesday, January 28, 2025

Tuesday, March 25, 2025

Tuesday, May 20, 2025

Tuesday, July 15, 2025

Tuesday, September 23, 2025

Tuesday, November 18, 2025



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.





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: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: 2025 Qualified Allocation Plan

DATE: September 9, 2024

Recommendation:

Staff recommends that the Tennessee Housing Development Agency Board of Directors (the “Board”) approve the following:

- Adopt the attached proposed 2025 Qualified Allocation Plan (“QAP”); and
- 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.

Background:

After working closely with the Board, and receiving and responding to public comments on the draft document, the following key changes have been made to the proposed 2025 QAP relative to the 2024 QAP:

- The number of true set-asides under the competitive housing credit program have been reduced from five to three: the Non-Profit Set-Aside, a revised Economic Development Area Set-Aside, and the Permanent Supportive Housing for Homeless Set-Aside.
- Previously-existing separate set-asides for Choice Neighborhood Initiative (“CNI”) proposals and for Twinning proposals have been eliminated. CNI proposals will now be accepted under the revised Economic Development Area Set-Aside.



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.



- The revised Economic Development (“EDA”) Area Set-Aside now covers the entire state and provides a specific set-aside for proposals “that intend to provide housing in support of and in connection with a significant targeted economic development investment made by the federal government, the state, a local government, or a private foundation.” CNI proposals will be deemed to have met the threshold for a “significant targeted economic development,” and will receive priority consideration for applications. In addition, applicants under the EDA Set-Aside are not required to, but may apply for a twinning structure under the set-aside. This is the only path for twinning under the draft 2025 QAP. Up to three applications may be funded, at up to \$1.8MM in allocation per proposal, with a total set-aside cap of \$5.4MM.
- New Construction, Existing Multifamily, and Public Housing Authority tranches are now characterized as “General Priority Categories,” to differentiate them from the set-aside categories.
- Section 8 Project Based Subsidy Layering Reviews (a new service offered to partners) are now referenced in the QAP and are subject to fees.
- The compliance section has been updated to include new options for utility allowances. In response to public comment on the draft, Energy Consumption Models will be allowed as an option at application, with conditions.
- In response to public comment on the draft, the Public Housing Authority (“PHA”) Set-Aside, adjustments have been made to ranking priorities to enable new construction PHA proposals to more effectively compete if there are sufficient credits.
- Total Development Cost limits have been increased by approximately 10% over the 2024 limits.



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.





Tennessee Housing Development Agency

Low-Income Housing Tax Credit Program **DRAFT 2024-2025 Qualified Allocation Plan**

Administered by:

Multifamily Programs Division

Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

Approved by ~~THDA~~ Board of Directors: September 26, 2023 [DATE]
Approved by Governor Bill Lee: December 21, 2023 [DATE]

Low-Income Housing Tax Credit <u>2024-2025</u> Qualified Allocation Plan		
Table of Contents		
PART I: ALL ALLOCATIONS		
Section	Topic	Page
1	Introduction and Disclaimers	1
2	Definitions	4
3	THOMAS and Initial Application Submission Requirements	13
4	Program Fees	14
5	Development Team Members and Eligibility Thresholds	16
6	Mandatory and Threshold Requirements	20
7	New Construction and Rehabilitation Minimum Requirements	24
8	Construction Review Process	25
9	Final or Placed in Service Process	27
10	Compliance Requirements and Monitoring Process	29
PART II: COMPETITIVE ALLOCATIONS ONLY		
11	Limits on Housing Credit Allocations	34
12	Non-Profit Set-Aside	38
13	CNI Grant Allocations	40
14	PHA Set-Aside	41
135	Economic Development Area Set-Aside	42
16	Existing Multifamily Housing Allocations	43
17	New Construction Regional Pool	44
148	Permanent Supportive Housing for Homeless Set-Aside	45
15	New Construction General Priority Category	44
16	Existing Multifamily Housing General Priority Category	43
17	PHA General Priority Category	41
19	Twinning Set-Aside	47
1820	Initial Application Scoring	49
	New Construction Only	49
	Rehabilitation of Existing Multifamily Housing	56
2119	Competitive Housing Tax Credit Calendar of Events	64
2220	Initial Application Eligibility and Scoring Review	65
2321	Carryover Allocation Process	70
2422	Special Assistance for Developments Affected by COVID-19 Economic Aftereffects	72
PART III: NONCOMPETITIVE ALLOCATIONS ONLY		
2523	Noncompetitive Housing Tax Credit Allocated to Developments Financed with Tax-Exempt Bonds	73
PART IV: ADOPTION AND APPROVAL BY GOVERNOR		
2624	Adoption and Approval by Governor	75

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~~^{has} 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 2024-2025 after the Non-Profit Set-Aside, CNI Grant ~~Allocations~~ Set-Aside, Economic Development Area Set-Aside Permanent Supportive Housing for Homeless Set-Aside, and Permanent Supportive Housing for Homeless Set-Aside Economic Development Set-Aside, and Twinning Set-Aside established under this QAP have been considered for received ~~allocations from the Total Credit Ceiling~~.

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 20-18 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
- Be approved or re-approved by the appropriate local government or entity no earlier than 2014-5.
5. Local Consolidated Plans for HUD CPD funding are not acceptable.

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 minimally 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 in 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 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 Tax 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 the 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/>.

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 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 2023-2024 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.

NSPIRE - National Standards for the Physical Inspection of Real Estate is HUD’s replacement for the Uniform Physical Condition Standard (“UPCS”) inspection protocol. While NSPIRE is a protocol established by HUD for the purpose of HUD programs, the IRS adopted the same protocol for the purposes of the Housing Credit program incentive in Treasury Regulation Section 1.42-5(d)(2)(ii). THDA will begin utilizing NSPIRE January 1, 2025, unless otherwise directed by Treasury.

~~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.

~~OAC—Owner’s Annual Certification of Compliance (“OAC”) – a certification provision that requires the owner~~An Owner’s required annual certification that the ~~of a low income housing project~~Housing Credit Development to certify at least annual to the (state) Agency that, was in compliance for the preceding 12-month period. See Section 10., the projects met the requirements as described in IRC 1.42-5(e)(1).

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 –
$$\frac{\text{(Total Development Cost Incurred as of Report Date)} \times 100}{\text{Total Development Costs}} \times 100$$

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 [2024-2025](#) 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 – ~~Counties identified as rural on the THOMAS Documents Page.~~ Benton, Bledsoe, Cannon, Carroll, Cheatham, Chester, Claiborne, Clay, Cocke, Crockett, Decatur, DeKalb, Dickson, Fayette, Fentress, Franklin, Gibson, Giles, Grainger, Greene, Grundy, Hancock, Hardeman, Hardin, Henderson, Henry, Hickman, Houston, Humphreys, Jackson, Jefferson, Johnson, Lake, Lauderdale, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, McNairy, Meigs, Monroe, Moore, Morgan, Overton, Perry, Pickett, Polk, Rhea, Scott, Sequatchie, Smith, Stewart, Tipton, Trousdale, Union, Van Buren, Wayne, Weakley, and White.

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.

Suburban Counties – Bedford, Campbell, Carter, Coffee, Cumberland, Dyer, Hawkins, Haywood, McMinn, Obion, Roane, Robertson, Sevier, Unicoi, and Warren.

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 – Bedford, Campbell, Carter, Coffee, Cumberland, Dyer, Hawkins, Hywood, McMinn, Obion, Roane, Robertson, Sevier, Unicoi, and Warren. 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 Credit Ceiling – The maximum amount of Housing Credit THDA may allocate in a given year, which includes Housing Credit returned pursuant to Section 24.

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.

Twinning – Combining Competitive and Noncompetitive Housing Credits within the same development proposal and within the same Initial Application.

~~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 – Anderson, Blount, Bradley, Davidson, Hamblen, Hamilton, Knox, Loudon, Madison, Maury, Montgomery, Putnam, Rutherford, Shelby, Sullivan, Sumner, Washington, Williamson, and Wilson. ~~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 ~~must~~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~~2025.

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	
	<u>Project Based Section 8 Subsidy Layering Review Fee</u>	\$5,000 <u>AMOUNT</u>	<u>When Initial Application is submitted</u> <u>SLR Request for is</u> <u>SLR is submitted</u>
	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 (“OAC”) Late Fee	\$500 per month	Upon submission of <u>Owner’s Annual Certification</u> <u>OAC</u>
Utility Allowance Estimate Fees			

	Utility Company Estimate Methodology	\$10 per unit per review TBD	When Request is made
	Energy Consumption Model Methodology	TBD\$250 per review	
	Agency Estimate	TBD\$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~~2020 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 ~~placed-in-service deadline, and~~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~~2020, 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; on or after January 1, 2015;~~ or
 - b. A fine, suspension, or debarment involving financial or housing activities ~~within the last five (5) year~~on or after January 1, 2020, imposed by any federal agency; or
 - c. A current bankruptcy or a bankruptcy discharged ~~within the last four (4) year~~on or after January 1, 2021, - or any organization or entity in which the individual had significant control currently is in bankruptcy or had a bankruptcy discharged on or after January 1, 2021~~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) on or after January 1, 2015~~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-~~2024-2025~~ 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 ~~2023-2024~~, 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 ~~2023-2024~~ 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-~~2024-2025~~ 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-~~2024-2025~~ 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-~~2024-2025~~ 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-~~2024-2025~~ 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-~~2024-2025~~ 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-~~2024-2025~~ 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-~~2024-2025~~ 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-~~2023-2025~~ 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
6. The Initial Application is deemed ineligible pursuant to any other provisions of this QAP.
- ~~7~~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 or is involved with another Housing Credit Development that is currently out of compliance with program requirements.

“No Further Monitoring Status” was a status attributed to Housing Credit Developments that are outside of the Section 42 defined Compliance Period that failed to respond to and/or cure notices for monitoring reviews, submit annual compliance reports, or comply with program requirements for 180 days from the date THDA provided the notice of noncompliance. Ineligibility hereunder continues until the noncompliance is cured or the LURC expires.

87. 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~~2020, 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~~**Cured** Minor SAE(s) under this section 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~~**Incurable or uncured** Minor SAE(s) under this section 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;~~
 - ~~(+)a.~~ u ~~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 applicable [2024-2025](#) Deadline for Initial Applications (see Table 21-1 or Section 6 of the [2024-2025](#) MTBA PD) with an extension to MTBA 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 applicable Deadline for Initial Applications (see Table 21-1 or Section 6 of the [2024-2025](#) MTBA PD) with an extension to MTBA 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 certification stating that the legal description included with the documentation pursuant to ~~Level 1 Site Control~~[Section 6.A.1.](#) and the legal description included with the documentation pursuant to ~~Level 2 Site~~[Section 6.A.2.-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.~~ an attorney certification stating that the legal description included with the documentation pursuant to Section 6.A.1. and the legal description included with the documentation pursuant to Section 6.A.2. both refer to the same 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
- ec. A letter from the chief elected official identifying the Development and stating that there are no zoning regulations in place.
4. **Minimum Score** - Achieve a minimum score as specified in Section ~~20-18~~ of this QAP, or Section 6 of the ~~2024-2025~~ MTBA PD, 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. **Appraisal** - If land or building acquisition costs are ~~included~~ part of the development costs, include an acceptable Appraisal of the land and/or building acquisition that is ~~performed 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;
 - ~~a.b.~~ Submit a Physical Needs Assessment, if applicable, in accordance with the THDA Physical Needs Assessment Guidance on the THOMAS documents page;
 - ~~b.c.~~ Comply with the Fair Housing Act, as applicable;
 - ~~e.d.~~ 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.e.~~ Comply with the Americans with Disabilities Act (ADA), as applicable; and
 - ~~e.f.~~ 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 ~~a~~Application.
5. **Minimum Set-Aside Election** - 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~~ concurrent with its submission of the Initial Application, ~~petition~~ submit a waiver request to THDA for informing them of consideration of the the development's intent to use of the Average Income Test.

6. Certifications and Disclosures.

- a. 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.
- b. 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.
- c. 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.
- d. 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 or prior to issuance of a MTBA Firm Commitment Letter.
- e. 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

7. Organizational Breakdowns.

- a. 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.
- b. 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 ~~and~~ New Construction of Single Family ~~and~~ Multifamily Housing Units,” as may be amended, which can be found on THDA’s website at https://thda.org/images/THDA-Design-Standard-w-Rehabilitation-Standards-Rev.-12.23_2023-12-27-140320_swrf.pdf. Other methods of construction and design may be acceptable on a ~~case~~ 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.

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 [NSPIREUPCS](#), 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 ~~will~~shall be conducted to determine compliance with THDA requirements and [NSPIREUPCS](#).

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 [Certification](#) 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. [A Final Ownership Organizational Chart.](#)
- ~~8~~.9. 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~~.10. 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~~.11. 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~~.12. 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.
13. [An executed copy of the most recent partnership agreement or operating agreement, if not already provided.](#)
- ~~12~~.14. A 30-year pro-forma for the development in the Final Application
- ~~13~~.15. An executed Recorded Copy of THDA Land Use Restrictive Covenant in THOMAS.
- ~~14~~.16. An executed Permanent Financing Documentation in THOMAS, if applicable
- ~~15~~.17. 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 or Section 42(m) Letter 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 referenced in the Section 42(m) Letter, 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. Timely Return of Signed 8609s

Owner must submit its executed 8609s to THDA within 30 calendar days after its first-year tax returns are due to the IRS.

E.F. Submission of Permanent Financing Documents

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 under this QAP. 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 ~~the compliance of such 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 carries~~ out its monitoring responsibilities in accordance with Section 42, relevant regulations, the applicable QAP and Initial Applications submitted thereunder, and the LURC. THDA ~~will also relies y~~ on guidance from the IRS, ~~including 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.~~ The requirements under this Section may be modified as federally required. ~~, all as modified from time to time.~~

~~A.~~ Owner's Annual Certification of Compliance ("~~OACCOAC~~"). ~~THDA will review all OACCOACs for compliance with Section 42, relevant regulations, the Initial Application, the LURC, and the applicable QAP(s).~~

~~B.A.~~ 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, that the Housing Credit Development was in compliance with Section 42, relevant regulations, the Initial Application, the LURC, and the applicable QAP(s) and that all of the following were true. 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 OAC.

1. 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:
 - a. Owner's analysis to understand the development's housing market demographics for the area;
 - b. 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;
 - c. 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
 - d. 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:
 - (i) 24 CFR Part 200 Subpart M -- Affirmative Fair Housing Marketing Regulations
 - (ii) <https://www.irs.gov/pub/irs-drop/rr-16-29.pdf>
 - (iii) <https://public-inspection.federalregister.gov/2021-12114.pdf>
 - (iv) 935-2A.PDF (hud.gov)
2. There were no findings of discrimination under the Fair Housing Act, 42 U.S.C. 3601–3619 for the Housing Credit Development;
3. 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;
4. 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;

5. 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;
6. 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 Paragraph M of this Section](#).
7. THDA's restrictions on rent increases were followed. An Owner may only raise a tenant's amount of rent:
 - a. -At lease renewal with a 90-day notice; or
 - b. -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.
8. All units in the Housing Credit Development were for use by the general public;
9. Each building in the Housing Credit Development is suitable for occupancy, taking into account [NSPIREUPCS](#) 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;
10. 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;
11. 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;
12. 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;
13. 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;
14. 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;
15. All low-income units in the Housing Credit Development were used on a non-transient basis, [meaning the initial lease term was at least six \(6\) months](#), except for transitional housing for the homeless or single-room occupant units rented on a month-by-month basis;
16. 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
17. All requirements associated with items for which points were taken at the time of Initial Application were met.
18. All required Tenant Notices were provided.
 - a. 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

- b. If the LURC is expiring naturally, Owners shall notify tenants of the upcoming expiration one (1) year before such expiration.
19. Owner listed all vacancies for every property they own that receives any type of THDA funding at TNHousingSearch.com.

C.B. Physical Reviews and Desk Reviews.

1. THDA must conduct physical, on-site inspections of all buildings in a Housing Credit Development Project (“Physical Reviews”) and must conduct desk reviews of the low-income certification files of a Housing Credit Development 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 Housing Credit Development 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 Housing Credit Development Project, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set for Housing Credit Development ~~th in the table to 26 CFR 1.42-5(c)(2)(iii), whichever is less.~~
- 3.2. 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 Housing Credit Development 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.
- 4.3. The Physical Reviews and Desk Reviews ~~should~~ could be conducted on ~~for~~ different units and may be conducted on different days or times.
4. Desk Reviews may be performed ~~on site~~ at THDA’s offices.
5. Owners must have a provision in each lease that allows 24-hour notice to tenants of an upcoming THDA inspection. If an Owner fails ~~Failure to timely notify tenants~~ residents of an upcoming physical inspection, the inspection must be rescheduled and ~~that causes the inspection to be rescheduled~~ Owner shall pay a Compliance will cause the property to be subject to a Compliance Re-inspection Fee.

D.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.

E.D. THDA ~~will~~ shall provide prompt written notice to an Owner if any of the following occur:

1. THDA does not receive the OACCOAC by the specified deadline;
2. THDA does not receive or is not permitted to inspect household income certifications, supporting documentation, or rent records;
- 2.3. THDA does not receive executed 8609s within 30 calendar days after the partnership has filed their first year partnership tax returns; ~~of the Owner’s deadline to file its first-year tax return.~~
- 3.4. 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.

F.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.

G.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.

~~H.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 ~~will shall~~ file an IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the ~~Internal Revenue Service~~ IRS 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>.

~~M.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~~ 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. Determination of Utility Allowance. Utility Allowances must be determined in accordance with Treasury Regulation 1.42-10.

1. If the cost of any utility (other than telephone, cable television, or Internet) for a residential rental unit is paid directly by the tenant(s), and not by or through the Owner of the Housing Credit Development, the gross rent for that unit includes the applicable utility allowance determined in accordance with 1.42-10. For purposes of the preceding sentence, if the cost of a particular utility for a residential unit is paid pursuant to an actual-consumption submetering arrangement within the meaning of paragraph (e)(1) of 1.42-10, then that cost is treated as being paid directly by the tenant(s) and not by or through the Owner.
2. All Utility Allowances must be rounded up to the nearest whole dollar amount.
3. Mandatory Utility Allowance Methodologies.
 - a. Rural Housing Service (“RHS”) Assisted Building. If a building receives assistance from the RHS, the applicable utility allowance for all rent-restricted units in the building is the utility allowance determined under the method prescribed by RHS for the building (whether or not the building or its tenants also receive other state or federal assistance).
 - b. Buildings with RHS Assisted Tenants. If any tenant in a building receives RHS rental assistance payments (RHS tenant assistance), the applicable utility allowance for all rent-restricted units in the building (including any units occupied by tenants receiving rental assistance payments from HUD) is the applicable RHS utility allowance.
 - c. Buildings Regulated by HUD. If neither a building nor any tenant in the building receives RHS housing assistance, and the rents and utility allowances of the building are regulated by HUD (HUD-regulated buildings), the applicable utility allowance for all rent-restricted units in the building is the applicable HUD utility allowance.
 - d. Tenants Receiving HUD Rental Assistance. If a building is neither an RHS-assisted nor a HUD-regulated building, and no tenant in the building receives RHS tenant assistance, the applicable utility allowance for any rent-restricted units occupied by tenants receiving HUD rental assistance payments (HUD tenant assistance) is the applicable Public Housing Authority (“PHA”) utility allowance established for the Section 8 Existing Housing Program.
4. Elective Utility Allowance Methodologies. If none of the above situations apply, an Owner may request to utilize one of the following utility allowance methodologies, however, a **\$200 fee will be charged** to cover THDA’s review for such requests, except for the Applicable PHA Utility Allowance Methodology. Each request must include a cover letter that identifies the development name, TN Number, method requested for each type of utility, and number of units categorized by the type of unit (apartment, townhome, etc.), bedroom sizes (1 bedroom, 2 bedrooms, etc.), square footage of the applicable units, and, if applicable, the proposed estimated rates for those units per type of utility (electric, gas, water, sewer, trash). All required documents must be sent to TNCompliance@thda.org. No elective methodology, other than the Applicable PHA Utility Allowance or the Energy Consumption Model, may be elected until at least twelve (12) months’ worth of actual consumption data is available.
 - a. Applicable PHA Utility Allowance. The PHA utility allowance from the local housing authority that administers Section 8 vouchers for the area in which the Housing Credit Development is located. Copies of the PHA utility allowance must be uploaded to THOMAS during the application process and annually. These also may be requested during monitoring reviews. If THDA is the local PHA, the HUD Utility Schedule Model is the method utilized to calculate the estimate and can be found on THDA’s website.

- b. Utility Company Estimate. Any interested party (including a Housing Credit Development tenant, an Owner, or THDA) may obtain a local utility company estimate for a unit, as outlined below:
- (i) The estimate must be in writing and outline the estimated cost of that utility for a unit of similar size and construction for the geographic area in which the Housing Credit Development is located.
 - (ii) In the case of deregulated utility services, the interested party is required to obtain an estimate only from one utility company even if multiple companies can provide the same utility service to a unit. However, the utility company must offer utility services to the building in order for that utility company's rates to be used in calculating utility allowances.
 - (iii) The estimate should include all component deregulated charges for providing the utility service.
 - (iv) Unless the parties agree otherwise, costs incurred in obtaining the estimate are borne by the initiating party.
 - (v) The interested party that obtains the local utility company estimate must retain the original and furnish a copy to the Tenant, Owner, and THDA, as applicable.
 - (vi) The Owner must make copies of the estimate available to all tenants in the building.
- c. Agency Estimate.
- (i) THDA will take into account, among other things, local utility rates, property type, climate and degree-day variables by region in Tennessee, taxes and fees on utility charges, building materials, and mechanical systems.
 - (ii) An Owner must provide a completed THDA Utility Allowance Certification Form for each type of utility being considered. Such form will outline all requirements of the Owner in requesting this methodology.
- d. HUD Utility Schedule Model. A building owner may calculate a utility estimate using the "HUD Utility Schedule Model" that can be found on the Low-Income Housing Tax Credits page at <http://www.huduser.org/datasets/lihtc.html> (or successor URL). Utility rates used for the HUD Utility Schedule Model must be no older than the rates in place 60 days prior to the date Owner submits its request to THDA.
- e. Energy Consumption Model. An Owner may calculate utility estimates using an energy and water and sewage consumption and analysis model (energy consumption model).
- (i) The energy consumption model must, at a minimum, take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, characteristics of the building location, and available historical data.
 - (ii) The utility consumption estimates must be calculated by a properly licensed engineer or other qualified professional. The qualified professional and the building Owner must not be related within the meaning of section 267(b) or 707(b). If a qualified professional is not a properly licensed engineer and if the Owner wants to utilize that qualified professional to calculate utility consumption estimates, then the Owner must obtain approval from THDA.
 - (iii) THDA may approve or disapprove of the energy consumption model or require information before permitting its use. If THDA disapproves the proposed energy consumption model, then the Owner may appeal jointly to the Director of Multifamily Programs and the Director of Compliance and Asset Management.
 - (iv) If THDA approves the Energy Consumption Model, once twelve (12) months of actual energy consumption data is obtained, Owner shall recalculate the utility

allowance based on the actual data and compare it to the initial utility allowance that was utilized for those 12 months and provide such to THDA within thirty (30) days of the end of the 12 months. If it is found that the initial utility allowance resulted in an undue burden on the tenants, Owner must implement the newly calculated utility allowances within thirty (30) days of a request from THDA and Owner shall make each tenant whole within the next twelve (12) months.

f. Additional Requirements.

- (i) The twelve-month data provided to substantiate the proposed estimated utility allowance, must be no older than 60 days prior to THDA's receipt of the request for the use of a specific methodology.
- (ii) THDA's receipt of a request starts a 90-day review period (the "90-Day Period"). Such requests must include proof that, prior to the submittal of the request to THDA, the Owner provided each tenant with notice of the same proposed estimate it provided to THDA in its request.
- (iii) THDA will attempt to provide an approval or denial of the request within thirty (30) calendar days of its receipt of the request.
- (iv) Regardless of when THDA completes its review and provides an Owner with an approval letter, the new utility allowance must not be implemented prior to the expiration of the 90-Day Period.
- (v) THDA may ask for additional information or require that the utility allowance be recalculated to address shortcomings. If deficiencies are identified, they must be resolved before an approval notice will be provided to the Owner.
- (vi) If THDA's review results in a change to a prior utility allowance, the new utility allowance must be used to compute gross rents the very next time rent is due after the 90-Day Period and tenants must be given notice of such change in the **gross rent** at least 30 days prior to such due date.
- (vii) The year following an approval of a methodology, the Owner shall review the basis on which the utility allowances were established and complete and submit a certification to THDA that the basis has not changed.
- (viii) Thereafter, Owner shall biennially (every other year) provide THDA either the utility consumption estimates calculated by a properly licensed mechanical engineer or qualified organization or actual usage calculations.

5. Actual-Consumption Submetering Arrangements. Must possess all of the following attributes:

- a. The utility consumed in the unit meets one of the following:
 - (i) The utility is purchased from or through a local utility company by the Owner (or its agent or other party acting on behalf of the Owner); or
 - (ii) The utility is not purchased from or through a local utility company and is produced from a renewable source, as defined at 26 CFR 1.42-10(e)(1)(i)(C) and (D).
- b. The tenants in the unit are billed for, and pay the Owner (or its agent or other party acting on behalf of the building owner) for, the unit's consumption of the utility.
- c. The billed amount reflects the unit's actual consumption of the utility. In the case of sewerage charges, however, if the unit's sewerage charges are combined on the bill with water charges and the sewerage charges are determined based on the actual water consumption of the unit, then the bill is treated as reflecting the actual sewerage consumption of the unit; and
- d. The rate at which the building owner bills for the utility satisfies the following requirements:

- (i) To the extent that the utility consumed is described in paragraph 5.a.(i) of this section, the utility rate charged to the tenants of the unit does not exceed the rate incurred by the building owner for that utility; and
- (ii) To the extent that the utility consumed is described in paragraph 5.a.(ii) of this section, the utility rate charged to the tenants of the unit does not exceed the highest rate that the tenants would have paid if they had obtained the utility from a local utility company. In determining whether a rate satisfies the preceding sentence, a building owner may rely on the rates published by local utility companies.
- e. Administrative fees. If the owner charges a unit's tenants a fee for administering an actual-consumption submetering arrangement, the fee is not considered gross rent for purposes of Section 42(g)(2). The preceding sentence, however, does not apply unless the fee is computed in the same manner for every unit receiving the same submetered utility service, nor does it apply to any amount by which the aggregate monthly fee or fees for all of the unit's utilities under one or more actual-consumption submetering arrangements exceed the greater of—
 - (i) Five dollars per month;
 - (ii) An amount (if any) designated by publication in the Internal Revenue Bulletin (see § 601.601(d)(2)(ii) of Title 26, Chapter I of the Code of Federal Regulations); or
 - (iii) The lesser of— (A) The dollar amount (if any) specifically prescribed under a State or local law; or (B) A maximum amount (if any) designated by publication in the Internal Revenue Bulletin (see § 601.601(d)(2)(ii) of Title 26, Chapter I of the Code of Federal Regulations).

N. 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 ~~must~~ be accessible to THDA at THDA’s request.

O. 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~~ 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. 2. Complete THDA’s Organizational Breakdown Form;
4. 3. Provide a new Organizational Chart;
5. 4. Provide notarized THDA Disclosures Forms for every new individual added to the structure;
6. 5. 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. 6. 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. 7. 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).

P. VAWA. The Violence Against Women Reauthorization Act of 2013 (“VAWA”) added the ~~low-income ho~~ Housing C ~~tax~~ credit program to the housing programs covered by VAWA. Even though

~~the act stated 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. [VAWA was recently amended under The Violence Against Women Reauthorization Act of 2022.](#) 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-Total 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-Total 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 \$1,700,800,000.00.~~
- 3.2. Economic Development Area – No more than \$5,433,000,000.00 of the Total Credit Ceiling will be allocated to developments in the-an 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.~~
- 7.3. Permanent Supportive Housing for Homeless Set-Aside Support of Homeless Populations – up to \$1,000,000.00 of the Total Credit Ceiling may be allocated to developments supporting homeless populations as described in Section 14~~8~~ of this QAP.
8. ~~Twining Set-Aside – up to \$3.6M may be allocated to developments proposing to “twin” a development using both 9%/MTBA and 4% credits.~~

C. General Priority Categories

1. New Construction – Up to 50% of the Competitive Credit Ceiling will be allocated to developments involving new construction using the regional pool methodology described in Section 20.E.4.
2. Existing Multifamily Housing – No more than 25% of the Competitive Credit Ceiling will be allocated to developments that include rehabilitation of Existing Multifamily Housing.
3. PHA General Priority Category-Set-Aside – No more than 25% of the Competitive Credit Ceiling will be allocated to developments involving a PHA that meets the requirements of Section 17 of this QAP.

C.D. New Construction Regional Pools

1. THDA may allocate Housing Credit to developments proposing new construction from one of the following four regional pools:

2024 QAP New Construction Regional Pools



REGIONAL POOLS MAP FOR 2025 UNDER DEVELOPMENT WILL BE COMPLETED PRIOR TO FINAL APPROVAL

D.E. 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.F. Annual Housing Credit Limit

1. Initial Applications are not eligible for annual Housing Credit in excess of \$1,800,000.00.

F.G. 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.H. 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.I. Basis Boost

A “Basis Boost” of no more than 30% will be available to all applicants and awarded at THDA’s discretion.

I.J. 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~~2020.
- 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. This structure must be maintained for the duration of the LURC.
- 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 General Priority Category, 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; [and](#)
5. [A draft of the partnership agreement or operating agreement](#) .
- 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: Economic Development Area Set-Aside

- A. The Economic Development Area (“EDA”) Set-Aside is an opportunity for applicants to apply for 9% LIHTC Housing Credits for certain projects that intend to provide housing in support of and in connection with a significant targeted economic development investment made by the federal government, the state, a local government, or a private foundation.

Under the EDA Set-Aside, THDA will fund a maximum of three (3) new construction projects. If no projects are selected for funding under the EDA Set-Aside, the unused credits will be included in the Competitive Credit Ceiling and allocated consistent with the other applicable sections of the QAP.

To participate in the 2025 EDA Set-Aside, applicants must submit an EDA Set-Aside Proposal by January 17, 2025.

As EDA Set-Aside Proposal must intend to provide housing in support of and in connection with a significant targeted economic development investment made by the federal government, the state, a local government, or a private foundation. **Choice Neighborhood Initiative (“CNI”) proposals will be deemed to have met the threshold for a significant targeted economic development investment.**

EDA Set-Aside Proposals must meet all of the following requirements:

1. Contain no more than 10 single-sided, ~~single spaced~~single-spaced pages (including any attachments and exhibits, if any) describing each of the following:
 - a. Each project team member’s track record ~~in non-LIHTC-Housing Credit d~~Developments ; and demonstrated capacity to complete financially complex ~~housing developements~~developmentsHousing Credit Developments-projects;
 - b. 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);
 - c. Evidence of commitment of a targeted economic development investment made by the state, a local government, or a private foundation;
 - d. The goals and/or priorities of the project in providing housing in support of and in connection with the significant targeted economic development investment evidenced above;
 - e. The proposed sources and uses of funds for the development; and
 - f. Certification of compliance with all applicable requirements of Section 42 and this QAP.

- ~~1.2.~~ THDA Multifamily Programs staff will preliminarily review each EDA Set-Aside Proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than three (3) EDA Set-Aside Proposals may be selected to submit a full Initial Application for consideration under the set-aside. **CNI proposals will receive priority consideration for application.** THDA Multifamily Programs staff may select none of the non-CNI EDA Set-Aside Proposals or they may select no more than two non-CNI EDA Set-Aside Proposals. Applicants submitting EDA Set-Aside Proposals that are not selected will not be considered further under this set-aside, but may elect to submit under another set-aside or under one of the General Priority Categories.

3. 2025 EDA Set-Aside Applicants, if any, will be notified by February 17, 2025 as to whether they are invited to submit a full Initial Application by the competitive deadline specified in the QAP. If invited, documentation in the form and with the substance specified by THDA must be uploaded into THOMAS.

B. Developments in the EDA Set-Aside may be located in a QCT.

C. Maximum aggregate annual LIHTC Housing Credits -under the set-aside is \$5.4 Million; individual projects will be eligible for a maximum of \$1.8 Million in annual LIHTC Housing Credits.

D. Reservations under this set-aside will not cross count against other set-asides or regional pools.

E. No more than one application will be funded in any single county.

F. Applicants applying for the EDA Set-Aside with CNI may not be involved in more than one Initial Application in a single county.

G. EDA applicants may propose a twinning finance structure under the EDA set-aside. Twinning is an opportunity for applicants to propose a hybrid 9% LIHTC Housing Credit /tax-exempt bond/4% LIHTC Housing Credit -financing structure for certain projects. 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. 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 Housing Credit proposal.

In addition to the required application materials under THOMAS, a Twinned EDA proposal must include a narrative description of no more than 10 single-sided, single-spaced pages (including any attachments and exhibits, if any) describing each of the following:

1. Each project team member's track record with tax-exempt bond and LIHTC Housing Credit projects, and demonstrated capacity to complete financially complex developments;
2. How the project will utilize the twinning approach to optimize resources;
3. The proposed sources and uses of funds for the development, including a detailed narrative and model showing how the 9% LIHTC Housing Credit -and tax-exempt bonds/4% LIHTC Housing Credit -will be allocated;
4. The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and
5. Certification of compliance with all applicable requirements of Section 42 and this QAP.

A successful Twinned EDA Proposal may be eligible for a Basis Boost.

H. 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 Credit Ceiling.

Section 14: 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 LIHTC-Housing Credit 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:

1. The setting is integrated and supports full access to the greater community;
2. Is selected by the individual from among setting options;
3. Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
4. Optimizes autonomy and independence in making life choices; and
5. Facilitates choice regarding services and who provides them.
6. Additionally, for provider owned or controlled residential settings, the following additional requirements apply:
 - (i) The individual has a lease or other legally enforceable agreement providing similar protections;
 - (ii) The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
 - (iii) The individual controls his/her own schedule, including access to food at any time;
 - (iv) The individual can have visitors at any time; and,
 - (v) The setting is physically accessible.

E. A reservation funded under this set-aside will not cross-count against other set-asides or general priority categories.

F. While it is unlikely that more than one reservation can be funded under this set-aside, THDA will fund 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 Credit Ceiling.

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.

— CNI developments may be in a QCT.

— Twinning 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. 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 Twinning, THDA will fund a maximum of two (2) developments to receive both 9% LIHTC and tax exempt bonds/4% LIHTC. If no developments are selected for funding under the Twinning, credits will be allocated consistent with the other applicable sections of the QAP.

— To participate in the Twinning in 2025, applicants must submit a Twinning proposal by [DATE].

A Twinning proposal must encompass or be a part of an established area-wide or neighborhood master-planned development.

A Twinning proposal must meet all of the following requirements:

Contain no more than 10 single-sided, single-spaced pages (including any attachments and exhibits, if any) describing each of the following:

- 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);
- 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;
- Each project team member's track record with tax-exempt bond and LIHTC projects, and demonstrated capacity to complete financially complex developments;
- How the project will utilize the twinning approach to optimize resources;
- 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;

~~—The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and~~

~~Certification of compliance with all applicable requirements of Section 42 and this QAP. THDA Multifamily Development staff will preliminarily review each Twinning proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than two (2) Twinning proposals may be selected to submit a full Initial Application for consideration in Twinning for 2025, to be run concurrently with the traditional 9% LIHTC Competitive Round. THDA Multifamily Development staff may select fewer than two Twinning proposals or no Twinning proposals. Applicants submitting a Twinning proposal that is not selected will not be considered further.~~

~~2025 Twinning proposal applicants, if any, will be notified by [DATE] 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. A successful Twinning Round Proposal may be eligible for a Basis Boost.~~

Section 15: New Construction General Priority Category

To be eligible for a Housing Credit ~~and LIHTC~~ allocation under the New Construction General Priority Category, an Initial Application must propose new construction of multifamily housing, meet all requirements in this QAP for an eligible Initial Application, and ~~meet~~ ~~be subject to~~ all applicable limits.

A. New Construction General Priority Category developments may be located in a QCT.

Section 16: Existing Multifamily Housing General Priority Category

To be eligible for a ~~LHHC~~ Housing Credit allocation under Existing Multifamily Housing General Priority Category, 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.

~~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 174: PHA ~~Set-Aside~~General Priority Category

To be eligible for the PHA ~~Set-Aside~~General Priority Category, 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; ~~and-~~
 4. The PHA must provide a copy of the most recent partnership agreement or operating agreement or draft partnership agreement or operating agreement for the Ownership Entity.
- B. Within the PHA ~~Set-Aside~~General Priority category, the Project Location Score (see Section 2018.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 Housing Credits LIHC and RAD expressed as a percentage of total units.~~ the tie breaker methodology found in Section 20.F. of this QAP shall apply.
- C. Awards from the PHA ~~Set-Aside~~General Priority category shall be made in the following order:
1. Highest ranking new construction 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.
 - ~~1.2.~~ Highest ranking **rehabilitation** 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.
 - ~~2.3.~~ 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.
 - ~~3.4.~~ 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.
 - ~~4.5.~~ 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 General Priority Category~~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~~General Priority Category may be located in a QCT.

- F. An Applicant must indicate whether the Initial Application is to be considered in the PHA ~~Set-Aside~~General Priority Category or ~~for an in the~~ Existing Multifamily Housing ~~Allocation~~General Priority Category. The Initial Application will only be considered in the category selected. No cross counting is allowed.

Section 15: Economic Development Area Set Aside

~~A. New Construction only.~~

~~Developments in the Economic Development Area Set Aside may be located in a QCT.~~

~~B. The economic Economic development Development zone Area covers Crockett, Fayette, Hardeman, Haywood, Lauderdale, Madison, and Tipton counties includes counties receiving a minimum of \$[AMMOUNT] economic development funding from the Tennessee Department of Economic and Community Development, a philanthropic organization, or a local jurisdiction.~~

~~C. Maximum annual LIHC set aside of \$3M~~

~~D. Reservations under this set aside will not cross count against other set asides or regional pools.~~

~~E. No more than one application will be funded in each county.~~

~~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.~~

~~If no application is received in Haywood County, THDA may still fund two deals within the limit in Section 15.D above.~~

~~— Twinning 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. 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 Twinning, THDA will fund a maximum of two (2) developments to receive both 9% LIHTC and tax exempt bonds/4% LIHTC. If no developments are selected for funding under the Twinning, credits will be allocated consistent with the other applicable sections of the QAP.~~

~~— To participate in the Twinning in 2025, applicants must submit a Twinning proposal by [DATE].~~

~~— A Twinning proposal must encompass or be a part of an established area-wide or neighborhood master planned development.~~

~~— A Twinning proposal must meet all of the following requirements:~~

~~— Contain no more than 10 single-sided, single-spaced pages (including any attachments and exhibits, if any) describing each of the following:~~

~~— 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);~~

~~— 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;~~

~~— Each project team member's track record with tax exempt bond and LIHTC projects, and demonstrated capacity to complete financially complex developments;~~

~~— How the project will utilize the twinning approach to optimize resources;~~

~~— 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;~~

~~— The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and~~

~~— Certification of compliance with all applicable requirements of Section 42 and this QAP.~~

~~— THDA Multifamily Development staff will preliminarily review each Twinning proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP.~~

~~No more than two (2) Twinning proposals may be selected to submit a full Initial Application for consideration in Twinning for 2025, to be run concurrently with the traditional 9% LIHTC Competitive Round. THDA Multifamily Development staff may select fewer than two Twinning proposals or no Twinning proposals. Applicants submitting a Twinning proposal that is not selected will not be considered further.~~

- ~~— 2025 Twinning proposal applicants, if any, will be notified by [DATE] 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.~~
- ~~— 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 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:~~

- ~~2. 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.~~~~
- ~~3. THDA Multifamily Development staff will preliminarily review each Twinning Round proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than two (2) Twinning Round Proposals may be selected to submit a full Initial Application for consideration in the Twinning Round Full Evaluation, to be run concurrently with the tradition 9% LIHTC Competitive Round. THDA Multifamily Development staff may select fewer than two Twinning Round Proposals or no Twinning Round Proposals. Applicants submitting Twinning Round proposals that are not selected will not be considered further.~~

- ~~4. 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.~~
- ~~5. 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 1820: 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~~General Priority Category 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/2024-Development-Location-Scores.pdf>). **This criterion does not apply within the PHA ~~Set-Aside~~General Priority Category.** 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. ~~3.~~ Development Characteristics. up to 21 points

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
 - ~~f.~~a. Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **4 points**
 - OR
 - ~~g.~~b. Brick/stone veneer or stucco, minimum 50% and remaining exterior fiber cement and/or hardiplank: **3 points**
 - OR
 - ~~h.~~c. 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 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: **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: **5 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 and maintain 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/year-round usage.: **2 points**

l. Construct and/or rehabilitate and maintain 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, which is maintained for the term of the LURC.: **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 2024-2025 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
<u>2019-2020–2023-2024</u>	2
<u>2018-2019</u> 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, 2020~~19~~. 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-2024-2025 development with 2 Minor SAEs. For 20242025, 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~~—2
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 2018-A-12 and Section 2018-A-13.**

9. Energy Efficiency: **up to 10 points**

- a. ENERGY STAR rated HVAC systems (15 SEER minimum or equivalent) in all units; _____ (3 points);
 - ~~a.b.~~ ENERGY STAR certified gas-tankless water heater; _____ (2 points);
 - ~~b.c.~~ ENERGY STAR dishwasher; _____ (2 points);
 - ~~c.d.~~ ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker; _____ (2 points);
 - ~~d.e.~~ ENERGY STAR rated windows in all units; _____ (2 points);
 - ~~e.f.~~ ENERGY STAR ceiling fans; _____ (1 point);
 - ~~f.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~~—5
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 2018-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 2018-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

Table 20-6: Time Since Last Placed in Service		
Year Last Building Placed in Service	Points Available to Applications under the PHA General Priority Category <u>Set-Aside</u>	Points Available to All Other Applications
After 2007 6	0	0
1999-2000 – 2007 6	1	1
1996 5 – 1999 8	2	2
1993 2 – 1995 4	3	4
Before 1992 3	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 determined 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.

~~e.b.~~ up to 3 points

- ~~d.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/2024-Development-Location-Scores.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*

2. ~~3.~~—Development Characteristics. _____ *up to 23 points*

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 2018-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 [2024-2025](#) Initial Application. PHAs shall receive five points.

Table 20–8: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2019 2020 2023 2024	5
2018 -2019 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-[2024-2025](#) development with 2 Minor SAEs. For [2024-2025](#), 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:
points

54

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 2018-B-12 and Section 2018-B-13.**

9. Energy Efficiency:

up to 10 points

- a. ENERGY STAR rated HVAC systems (15 SEER minimum or equivalent) in all units (3 points);
- b. ENERGY STAR certified ~~gas~~-tankless water heater (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);
- e. ENERGY STAR ventilation fans (range hood, bathroom) (1 point).

10. Tennessee Growth Policy Act:

45

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 2018-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 2018-B-8 (Developments Intended for Eventual Resident Ownership).**

Table 20-11: Earliest Year When Recapitalization May be Requested	
Number of Years Since Placed in Service	Points Available
17	2
20	8

Section 1921: 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	<u>2024-2025</u> Competitive Cycle
<u>March 4, 2024</u> [DATE]	Competitive Cycle Opens for Initial Applications
<u>April 8, 2024</u> [DATE]	<u>2024-2025</u> Competitive Cycle Deadline for Initial Applications

Section 202: 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.
- 4.5. THDA is not responsible for identifying all items for cure. If THDA finds an item that does not meet an eligibility requirement that was not identified for cure, then that item will be evaluated as is and issued a Review Notice and the Applicant may appeal.

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 THDA Board of Directors, or a specially appointed body of its members, will meet in regular or special session in [2024-2025](#) 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"). Applicants may not provide any further documentation for the Review. The 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 THDA Board of Directors or its specially appointed body will consider whether documentation submitted in the Initial Application or as a result of the Cure Notice, taking into account the analysis of 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 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 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. The THDA Board of Directors will not consider requests to review decisions. All decisions of the 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 Area Set-Aside -~~
- ~~4.2. Eligible Initial Applications as described in Section 135 of this QAP.~~
- ~~3. Permanent Supportive Housing for the Homeless Set-Aside – Eligible Initial Applications as described in Section 14 of this QAP.~~
- ~~4. New Construction Regional Pools and all remaining New Construction~~
 - ~~a. All eligible New Construction Initial Applications under Section 15 of this QAP 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.

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.

~~a. Highest ranking Initial Application in Haywood County.~~

~~b. Highest ranking Initial Application not in Haywood County.~~

~~c. 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.~~

5.6. PHA Set-Aside General Priority Category

~~d.a. Eligible Initial Applications as described in Section 174 of this QAP.~~

~~e.b. 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.~~

~~6.1. Existing Multifamily Housing~~

~~a. Eligible Initial Applications as described in Section 16 of this QAP.~~

~~b.a. Highest ranking eligible Initial Application.~~

~~c.a. 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.~~

~~7.1. 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.a. 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.~~

~~2.1. If credits remain, move to step (ii).~~

~~(ii)(i) 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.~~
- ~~2.1. If credits remain, move to step (iii).~~
- ~~(iii)(i) 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.~~
- ~~2.1. If credits remain, move to step (iv).~~
- ~~(iv)(i) THDA will award credits to the highest scoring application in the remaining pool, if there was an application submitted in that pool.~~
- ~~(v)(i) After credits are awarded in all pools in which an application has been submitted, the remaining applications in all pools become eligible again.~~
- ~~(vi)(i) Repeat steps (i) through (iv) until insufficient credits remain to award the next highest scoring applications.~~
- ~~e.a. 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 202.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 213: 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.
 - g-h. An executed copy of the most recent partnership agreement or operating agreement and current organizational chart for the Ownership Entity.
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:

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, ~~2024-2025~~ will be reserved to other qualified ~~2024-2025~~ Initial Applications for Housing Credit as provided in this QAP.
- b. Any Housing Credit returned on or after October 1, ~~2024-2025~~ will be available in ~~2025~~2026.

**Section 224: Special Assistance for Developments Housing Credit Exchanges Affected
by
COVID-19 Economic Aftereffects**

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

- A. ~~20232~~ Competitive Housing Credit allocation recipients, subject to each of the following:
- ~~1.~~ The maximum **aggregate** Housing Credit allocated to ~~COVID-19 Economic Aftereffects~~ hHousing cCredit eExchange eAllocations is limited to the amount of ~~20232~~ Housing Credit returned.
 - ~~1.2.~~ Developments which have received a previous housing credit exchange allocation will not be eligible for a subsequent additional housing credit exchange allocation.
 - ~~2.3.~~ Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
 - a. Developments intending to seek approval for a hHousing cCredit eExchange aAllocation must so **notify THDA in writing no later than December 46, 20243**. Notification must be sent **via email** to TNAllocation@thda.org.
 - b. Scoring selections and threshold requirements from the ~~20232~~ QAP, as applicable, will be enforced, otherwise the ~~20245~~ 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~~ housing credit exchange allocations will be December 31, 20276. Failure to meet or the request of requesting an extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 5-A of this QAP.
 - g. Housing cCredit eExchange aAllocation developments will not be permitted to increase developer or consultant fees.
 - ~~3.4.~~ Other provisions applicable to ~~COVID-19~~ hHousing cCredit eExchange aAllocations:
 - a. Returned Housing Credit will not increase ~~20234~~ set-asides or pools (except the Non-Profit Set-Aside).
 - b. ~~COVID-19 Housing Credit Exchange Allocations~~ Housing credit exchange allocations will not count against county, developer, or other limits in the ~~20254~~ QAP.

PART III: NONCOMPETITIVE ALLOCATIONS ONLY

**Section 235: Noncompetitive Housing Credit using 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%, or such other threshold as may be established by subsequent legislation, 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 [2024-2025](#) MTBA Program Description.
4. If an Initial Application for Competitive Housing Credit and an application for MTBA and Noncompetitive Housing Credit for the same development is submitted, outside of the Economic Development Area Set-Aside, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section 12 of the [2024-2025](#) MTBA Program Description.
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 [2024-2025](#). 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. 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:

<u>Table 25–1: Contractor Fees, Profit, Overhead and General Requirements Limitations</u>	
<u>Fee Description</u>	<u>Fee Amount</u>
<u>Contractor Profit</u>	<u><=6 percent</u>
<u>Contractor Overhead</u>	<u><=2 percent</u>
<u>Contractor General Requirements (including payment and performance bonds)</u>	<u><=6 percent</u>
<u>Total Contractor Fees</u>	<u><=14 percent</u>

DE. 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.

<u>Table 25–12: Total Development Cost Limits Per Unit by Development Type</u>					
<u>Development Type</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
<u>Urban</u>					
<u>Detached/Semi-detached</u>	<u>\$294,000</u>	<u>\$351,600</u>	<u>\$418,800</u>	<u>\$493,200</u>	<u>\$540,000</u>
<u>Row House</u>	<u>\$261,600</u>	<u>\$316,800</u>	<u>\$387,600</u>	<u>\$460,800</u>	<u>\$506,400</u>
<u>Walkup</u>	<u>\$237,600</u>	<u>\$301,200</u>	<u>\$396,000</u>	<u>\$489,600</u>	<u>\$552,000</u>
<u>Elevator</u>	<u>\$248,400</u>	<u>\$319,200</u>	<u>\$426,000</u>	<u>\$531,600</u>	<u>\$602,400</u>
<u>Suburban</u>					
<u>Detached/Semi-detached</u>	<u>\$280,800</u>	<u>\$335,880</u>	<u>\$399,600</u>	<u>\$470,400</u>	<u>\$514,800</u>
<u>Row House</u>	<u>\$249,600</u>	<u>\$302,400</u>	<u>\$369,600</u>	<u>439,200</u>	<u>\$483,600</u>
<u>Walkup</u>	<u>\$189,000</u>	<u>\$239,000</u>	<u>\$314,000</u>	<u>\$389,000</u>	<u>\$438,000</u>
<u>Elevator</u>	<u>\$197,000</u>	<u>\$254,000</u>	<u>\$405,600</u>	<u>\$507,600</u>	<u>\$574,800</u>

Rural					
Detached/Semi-detached	\$267,600	\$320,400	\$381,600	\$448,800	\$490,800
Row House	\$237,600	\$289,200	\$352,800	\$418,800	\$460,800
Walkup	\$216,000	\$273,600	\$360,000	\$445,200	\$501,600
Elevator	\$225,600	\$290,400	\$387,600	\$483,600	\$548,400

F. 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 [2024/2025](#).

PART IV: ADOPTION AND APPROVAL BY THE GOVERNOR

Section 264: 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

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Summary of and Response to Public Comments on the Draft Low-Income Housing Tax Credit 2025 Qualified Allocation Plan

DATE: September 9, 2024

This document represents the Tennessee Housing Development Agency (“THDA”) staff’s response to select **repeated** comments regarding the Draft Low-Income Housing Tax Credit 2025 Qualified Allocation Plan (“Draft 2025 QAP”) and is not meant to be a replacement for the comments themselves.

Key Points

- Subsidy Layering Review (“SLR”) Fee [see **Section 4** of the Draft 2025 QAP] – Comments expressed concern that the proposed SLR fee is overly burdensome.
 - Response – There appeared to be confusion about the nature of the SLR referenced in the QAP, which is for Project Based Section 8s. THDA was authorized to conduct these SLRs for the first time in March of 2024. Project Based Section 8 SLRs involve substantial amounts of staff time. Staff’s position is that the fee is justified and reasonable, and is actually well below the fee charged by other housing finance agencies. Language has been added to clarify that the fee is for Project Based Section 8 SLRs.
- Energy Consumption Model (“ECM”) Utility Allowance 12-Month Consumption Data Requirement [see **Section 10.M.4**] – the Draft 2025 QAP includes a requirement that no elective utility allowance methodology (other than applicable PHA utility allowance) may be elected until a minimum of 12 months of actual consumption data have been collected. Comments expressed concern that the requirement is unreasonable.



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.



- Response – Following review of comments, staff proposes to modify the proposed change to allow an ECM utility allowance to be submitted for approval at initial application with the provision that after the development has been placed in service for 12 months, THDA will compare ECM data with actual data, and if the difference results in an undue rent burden for the tenant, the development will be required to use newly calculated utility allowances going forward and make tenants whole within 12 months.
- PHA General Priority Category [see **Section 17**] – The Draft 2025 QAP proposes that allocations in this category will be made in the following order:
 1. Highest ranking application using RAD and in a CCRP;
 2. Highest ranking application using RAD and not in a CCRP;
 3. Highest ranking application owned and operated by a PHA not using RAD and not in a CCRP.
 Comments requested adding additional language to the allocation order to retain prioritization of rehabilitation, but enable new construction proposals to compete for an allocation if sufficient credits are available for more than one allocation in the PHA General Priority Category.
 - Response – Staff proposes the following revised order:
 1. Highest ranking application proposing rehabilitation, owned and operated by a PHA, using RAD, and in a CCRP;
 2. Highest ranking application proposing new construction, owned and operated by a PHA, using RAD, and in a CCRP;
 3. Highest ranking application owned and operated by a PHA, using RAD, and not in a CCRP;
 4. Highest ranking application owned and operated by a PHA, not using RAD, and not in a CCRP.
- Special Housing Needs / Families with Children [see **Section 18.A.5 & 7** and **Section 18.B.5 & 7**] – The Draft 2025 QAP allows applicants to claim points in one category, but not both. Comments requested the ability to claim points in both categories.
 - Response – Staff reviewed the comments but do not feel that the change is warranted at this time.
- Green Building [would presumably be included in **Section 18**] – Comments encouraged inclusion of an incentive to utilize 3rd party green building standards.
 - Response – Staff recommends retaining the energy efficiency incentives included in the Draft 2025 QAP in their present format.
- Total Development Cost (“TDC”) Limits [see **Section 23**] – Comments expressed concern that the TDC Limits for noncompetitive applications are too low.
 - Response – Staff proposes to increase these limits by approximately 10%.



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.





1400 16th St. NW
Suite 420
Washington, DC 20036
(202) 939-1750
Fax (202) 265-4435
www.housingonline.com

August 20, 2024

Mr. Eric Alexander
Tennessee Housing Development Agency
Andrew Jackson Building Third Floor
502 Deaderick Street
Nashville, TN 37243

Dear Mr. Alexander,

Thank you for the opportunity to provide feedback on the Low-Income Housing Tax Credit Draft 2025 Qualified Allocation Plan. The Tennessee Developers Council's mission is to provide a unified voice for the development community on the most important state housing issues and to communicate concerns and feedback about state policy and legislation that directly impacts affordable housing development businesses. In that spirit, our comments are based on the premise of creating and preserving more affordable housing options for low-income Tennesseans.

Section 2: We request a revision of the definition "Basis Boost" by adding the language, "including for 4% applicants outside of a QCT or DDA". We request this revision due to the scarcity of QCTs and DDAs remaining in certain urban and suburban markets which makes many projects financially infeasible. The full revised definition requested is below with the requested addition in **bold**:

"Basis Boost" – An increase of up to 30% in eligible basis for a building, **including for 4% applicants outside a QCT or DDA**, in order to improve the financial feasibility of the building in a difficult to develop area, as determined by THDA in its sole discretion".

Section 6(A)(4)(b): We request to strike Section 6.A.4.(b) in its entirety to ensure applicants are feasible under current zoning law at the time of initial application for a timely financial closing and construction start of a project. The language to strike is as follows under Section 6(A)(4)(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".

Section 10(M)(4): We request the that the following excerpt and draft revision be rejected and not included in the final draft of the Qualified Allocation Plan: "No elective methodology, other than the Applicable PHA Utility Allowance, may be elected until at least twelve (12) months' worth of actual consumption data is available."

Section 10(M)(4)(e)(iii): We request and recommend the following language be incorporated: THDA may approve or, if the Energy Consumption Model is not compliant with 1.42-10 IRC, disapprove of the energy consumption model or require information before permitting its use. In the event that THDA staff disapproves the utility allowance, THDA will provide the reason for denial and provide an opportunity to the owner to appeal the decision to the Executive Director and/or Board of Directors.

Section 10(M)(4)(f)(ii): We request and recommend the following language be incorporated: THDA's receipt of a request starts a 90-day review period (the 90-day Period'). Such requests must include proof that, prior to the submittal of the request to THDA, the Owner provided tenant with notice of the same proposed estimate it provided to THDA in its request, in accordance with 1.42-10 IRC.

Section 10(M)(4)(f)(iv): We request and recommend the following language be incorporated: Regardless of when THDA completes its review and provides an Owner with an approval letter, the new utility allowance must not be implemented prior to the expiration of the 90-Day Period, with the exception of new lease-ups prior to first occupancy.

Section 10(M)(4)(f)(vi): As it pertains to the following excerpt, we do not understand the statement and recommend the sentence be modified for clarification. What if THDA tells us of the change on day 30? We cannot implement any ECM UA before the full 90-day notice. We think THDA is solving for if they tell us the UA amount needs to change on day 90. The referenced excerpt from Section 10(M)(4)(f)(vi):

"If THDA's review results in a change to a utility allowance, the new utility allowance must be used to compute gross rents for the very next time rent is due under a lease and tenants must be given notice of such change in the gross rent 30 days prior to such due date."

Section 11(B)(2): We request an increase in the amount available to the Economic Development Area from \$5,400,000 to **\$9,000,000** allowing for five or more projects awarded under the Economic Development Area. Due to the rapid growth and changes around the State of Tennessee, there are multiple areas that would greatly benefit from this set-aside. Considering there were 12 applicants for two potential twinning awards in 2024, we know there is more than sufficient demand to utilize this set-aside well beyond the three applications that are proposed to be selected. Furthermore, including a tiebreaker into this category would allow for more efficiency allowing the 9% credits to create more units and fund more potential projects than the three currently proposed under the draft QAP. This is to allow the many Economic Development Areas in Tennessee to benefit from this allocation. We suggest the language be changed to the following with the changes shown in **bold**:

"2. Economic Development Area – No more than **\$9,000,000** of the Total Credit Ceiling will be allocated to development in an Economic Development Area as Described in Section 13."

Section 11(I): We request this section to include a "Basis Boost" for 4% applicants due to the scarcity of QCTs and DDAs remaining in certain urban and suburban markets which makes a project in these areas financially infeasible. The requested language is below with the addition in **bold**:

"A 'Basis Boost' of no more than 30% will be available to all **4% and 9%** applicants and awarded at THDA's discretion."

Section 13(A): Given that there were 12 projects that submitted twinning application in 2024 for only two twinning awards, we believe there is sufficient demand for more than three projects be funded under the EDA set-aside. We request that a minimum of 5 EDA projects be funded. This would allow for high-opportunity, high-impact projects be funded. If a tiebreaker is implemented, this would also ensure for an efficient use of the 9% credits such that potentially more than 5 projects could be funded. We request the language be modified to the following shown in **bold**:

“Under the EDA Set-Aside, THDA will fund a **minimum of five (5)** new construction projects.”

Section 13(B): We request this section to be modified to not allow EDA Set-aside awards to be made in a QCT unless the project is a CNI area. This will help ensure projects do not concentrate poverty in QCTs and will help ensure projects are developed in high-opportunity areas. The suggested language is below with the addition in **bold**.

“B. Developments in the EDA set-aside may **not** be located in a QCT **unless the project is also a CNI proposal.**”

Section 13(E): We request to modify Section 13, E. The suggested language is below with the addition in **bold**. This will help ensure as many shovel-ready high-impact projects are able to move forward. The language to strike is as follows:

“No more than one application will be funded in any single county **unless the project is outside an CNI area and not in a QCT.**”

Section 13 (Proposed New Section, page 49): We request THDA to introduce a tiebreaker for the Economic Development Area set-aside category. This will ensure the 9% credits are used in an efficient manner and potentially allow for more EDA projects and affordable units to be completed each year beyond the proposed three EDA projects in the proposed draft QAP. The suggested tiebreaker language is as follows:

“In the event of a scoring tie between two or more Initial Applications proposing new construction under the Economic Development Area set-aside, 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:

- 1) By awarding the Project that is not in a QCT,
- 2) In the event both Projects are not in a QCT, then the award goes to the project located in a census tract that has not received a new construction 4% or 9% allocation in 2019 or after.
- 3) In the event both Projects are not in a QCT and located in census tracts that have not received a new construction 4% or 9% allocation in 2019 or after, the award goes to the Project with the longest committed affordability period.
- 4) If the tie is still not broken from the above, then the award goes to the project serving the most the largest diversity of populations as determined by variety of unit-types, largest average unit SF, variety age demographic set-asides, and variety of income set-asides.”

Section 17(C): We request awards from the PHA General Priority modified to allow for the following distinction. We believe this will help incentivize the new construction of affordable housing units in high-opportunity areas and not concentrate poverty.

“Awards from the PHA Set–Aside General Priority category 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 **and outside a QCT**, taking into account score and other limits in this QAP.
- 2) Highest ranking Initial Application that proposes utilizing RAD in connection with a development located in a CCRP **and inside a QCT**, taking into account score and other limits in this QAP.
- 3) Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP **and outside a QCT**, taking into account score and other limits in this QAP.
- 4) Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP **and inside a QCT**, taking into account score and other limits in this QAP.
- 5) 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 **and outside a QCT**, taking into account score and other limits in this QAP.
- 6) 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 **and inside a QCT**, taking into account score and other limits in this QAP.
- 7) After completing steps **3** through **6** above, THDA will continue making allocations to eligible Initial Applications in the order of steps 1 through **6** above until the point is reached where there is insufficient Housing Credit remaining in the PHA General Priority Category to make another complete allocation.”

Section 18(A)(2): We request revising Section 18.A.2.d. to allow Income Averaging projects with Section 8 awards to receive points under this category to incentivize all projects to provide deeper affordability, one of the most needed rental housing needed. This also ensures projects do not overly concentrate poverty. Please see the revised language below:

“Initial Applications in which the Average Income Test is elected are ineligible for these points, **unless the project has a Section 8 award, then the project is eligible for points under this section**”

Section 18(A)(4): We request striking the language in **bold** to ensure that the Sponsors who are awarded have the required experience to deliver the project in a timely manner.

“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.”

Section 18(A)(5) and Section 18(A)(7): We request allowing the points to be taken for both Serving Residents with Populations with Special Housing Needs and Serving Resident Populations with Children so that both populations who are in need of housing can be served. This will allow for more innovative projects to be developed and provide a larger capture rate and better chance of success for the project to serve multiple populations in high-opportunity areas. Please add “**and**” where indicated below in **bold** and strike the language “but not both” indicated by the strikethrough.

“Points may be taken for Serving Resident Populations with Children **and** 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”

Section 18(A)(5)(d)(v) and Section 18(A)(7)(d)(v): We request striking the language that “Sidewalks are not eligible for these points” for the walking trail to allow connectivity to the larger walking space that promotes a pedestrian friendly community. Please see the language in the section crossed out below:

“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;~~”

Section 18(A)(9)(b): We request striking points allowable for a certified gas tankless water heater since this does not increase energy efficiency. It also requires laying multiple types of utility lines which is costly to a project. Please find the language to strike below:

~~“ENERGY STAR certified gas tankless water heater”.~~

Section 20(F)(1)(a): We request revising the Tiebreaker to give priority to innovative projects in high opportunity areas serving the populations who need housing the most. We recommend revising the language to the following:

“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:

- 1) By awarding the Project that is not in a QCT,
- 2) In the event both Projects are not in a QCT, then the award goes to the project located in a census tract that has not received a new construction 4% or 9% allocation in 2019 or after.
- 3) In the event both Projects are not in a QCT and located in census tracts that have not received a new construction 4% or 9% allocation in 2019 or after, the award goes to the Project with the longest committed affordability period.
- 4) If the tie is still not broken from the above, then the award goes to the project serving the most the largest diversity of populations as determined by variety of unit-types, largest average unit SF, variety age demographic set-asides, and variety of income set-asides.”

Section 23(A)(4): We request striking the language below to allow all applicants to submit for both Noncompetitive Housing Credits and Competitive Housing Credits even projects are not allowed to move forward under the EDA. This will allow for the most efficient use of 9% credits and potentially more affordable housing units to be built in high-opportunity areas.

~~“If an Initial Application for Competitive Housing Credit and an application for MTBA and Noncompetitive Housing Credit for the same development is submitted, outside of the Economic Development Area Set Aside, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section 12 of the 2025 MTBA Program Description.”~~

Thank you again for the opportunity to provide comments. Please feel free to contact me directly at 202-939-1787 or dmcgowan@dworbell.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan McGowan', with a long horizontal flourish extending to the right.

Dan McGowan
Associate Director

August 21, 2024

Joshua Haston
Development Manager
414 Union Street, Suite 1900
Nashville, TN 37219

Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Re: 2025 QAP Comments

Dear Tennessee Housing Development Agency,

Thank you for providing the 2025 QAP and giving the opportunity to provide comments on the Draft 2025 QAP. Please find LDG's requests below. Given our State's affordability crisis, we think numerous changes need to be made to the QAP to build as much affordable housing as possible, in the most efficient manner, but in such a way that we do not concentrate poverty by building too much affordable housing in Qualified Census Tracts. We think the suggested comments below will help address our state's ever-growing need for building and preserving affordable housing in high-opportunity areas. Thank you for your consideration.

Part I Section 6: Mandatory and Threshold Requirements, A. Mandatory Requirements, 4. Zoning, b., p. 23.

LDG requests to strike Section 6.A.4.(b) in its entirety to ensure applicants are feasible under current zoning law at the time of initial application for a timely financial closing and construction start of a project.

The language to strike is as follows under Section 6 Mandatory and Threshold Requirements, A. Mandatory Requirements, 4. Zoning, b. Page 23:

“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”.

See: Section 6.A.4.b. page 23.

Part II: Section 11: Limits on Housing Credit Allocations, B. Set-Asides and Available Housing Credit Amounts, 2. Economic Development Area, p. 40.

LDG requests an increase in the amount available to the Economic Development Area from \$5,400,000 to **\$9,000,000** allowing for five or more projects awarded under the Economic Development Area. Due to the rapid growth and changes around the State of Tennessee, there are multiple areas that would greatly benefit from this set-aside. Considering there were 12 applicants for two potential twinning awards in 2024, we know there is more than sufficient demand to utilize this set-aside well beyond the three applications that are proposed to be selected. Furthermore, including a tiebreaker into this category would allow for more efficiency allowing the 9% credits to create more units and fund more potential projects than the three currently proposed under the draft QAP. This is to allow the many Economic Development Areas in Tennessee to benefit from this allocation. We suggest the language be changed to the following with the changes shown in **bold**:

“2. Economic Development Area – No more than **\$9,000,000** of the Total Credit Ceiling will be allocated to development in an Economic Development Area as Described in Section 13.”

See: Section 11.B.2. p 40.

Part II: Section 13, Economic Development Area Set-Aside, A. p. 49.

Given that there were 12 projects that submitted twinning application in 2024 for only two twinning awards, we believe there is sufficient demand for more than three projects be funded under the EDA set-aside. LDG requests that a minimum of 5 EDA projects be funded. This would allow for high-opportunity, high-impact projects be funded. If a tiebreaker is implemented, this would also ensure for an efficient use of the 9% credits such that potentially more than 5 projects could be funded. We request the language be modified to the following shown in **bold**:

“Under the EDA Set-Aside, THDA will fund a **minimum of five (5)** new construction projects.”

See Section 13.A., p. 48

Part II: Section 13, Economic Development Area Set-Aside, B. p. 49.

LDG requests this section to be modified to not allow EDA Set-aside awards to be made in a QCT unless the project is a CNI area. This will help ensure projects do not concentrate poverty in QCTs and will help ensure projects are developed in high-opportunity areas. The suggested language is below with the addition in **bold**.

“B. Developments in the EDA set-aside may **not** be located in a QCT **unless the project is also a CNI proposal.**”

See: Section 13.B., p. 49.

Part II: Section 13, Economic Development Area Set-Aside, E. p. 49.

LDG requests to modify Part II: Section 13, E. The suggested language is below with the addition in **bold**. This will help ensure as many shovel-ready high-impact projects are able to move forward.

The language to strike is as follows:

“No more than one application will be funded in any single county **unless the project is outside a CNI area and not in a QCT.**”

See: Section 13.E., p. 49.

Part II: Section 13, Economic Development Area Set-Aside, p. 49 – NEW

LDG requests THDA to introduce a tiebreaker for the Economic Development Area set-aside category. This will ensure the 9% credits are used in an efficient manor and potentially allow for more EDA projects and affordable units to be completed each year beyond the proposed three EDA projects in the proposed draft QAP. The suggested tiebreaker language is as follows:

In the event of a scoring tie between two or more Initial Applications proposing new construction under the Economic Development Area set-aside, 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:

- 1) By awarding the Project that is not in a QCT,
- 2) In the event both Projects are not in a QCT, then the award goes to the project located in a census tract that has not received a new construction 4% or 9% allocation in 2019 or after.
- 3) In the event both Projects are not in a QCT and located in census tracts that have not received a new construction 4% or 9% allocation in 2019 or after, the award goes to the Project with the longest committed affordability period.
- 4) If the tie is still not broken from the above, then the award goes to the project serving the most the largest diversity of populations as determined by variety of unit-types, largest average unit SF, variety age demographic set-asides, and variety of income set-asides.”

Part II: Section 17, PHA General Priority Category, C. p. 56.

LDG requests awards from the PHA General Priority modified to allow for the following distinction. We believe this will help incentivize the new construction of affordable housing units in high-opportunity areas and not concentrate poverty.

“Awards from the PHA Set-Aside General Priority category 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 **and outside a QCT**, taking into account score and other limits in this QAP.
- 2) Highest ranking Initial Application that proposes utilizing RAD in connection with a development located in a CCRP **and inside a QCT**, taking into account score and other limits in this QAP.
- 3) Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP **and outside a QCT**, taking into account score and other limits in this QAP.
- 4) Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP **and inside a QCT**, taking into account score and other limits in this QAP.
- 5) 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 **and outside a QCT**, taking into account score and other limits in this QAP.
- 6) 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 **and inside a QCT**, taking into account score and other limits in this QAP.
- 7) After completing steps **3** through **6** above, THDA will continue making allocations to eligible Initial Applications in the order of steps 1 through **6** above until the point is reached where there is insufficient Housing Credit remaining in the PHA General Priority Category to make another complete allocation.”

See: Section 17.C., p. 56.

Part II: Section 18, Initial Application Scoring, A. New Construction, 2. Meeting Housing Needs, d. p. 65.

LDG requests revising Section 18.A.2.d. to allow Income Averaging projects with Section 8 awards to receive points under this category to incentivize all projects to provide deeper affordability, one of the most needed rental housing needed. This also ensures projects do not overly concentrate poverty. Please see the revised language below:

“Initial Applications in which the Average Income Test is elected are ineligible for these points, **unless the project has a Section 8 award, then the project is eligible for points under this section**”

See: 18.A.2.d., p.65.

Part II: Section 18, Initial Application Scoring, A. New Construction, 4. Sponsor Characteristics, a., p. 67.

LDG requests striking the language in **bold** to ensure that the Sponsors who are awarded have the required experience to deliver the project in a timely manner.

“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.”

See Section 18.A.4., p. 67.

Part II: Section 18, Initial Application Scoring, A. New Construction, 5. Serving Resident Populations with Housing Needs, p. 68 and Part II: Section 18, Initial Application Scoring, A. New Construction, 7. Serving Resident Populations with Children, p. 69.

LDG requests allowing the points to be taken for both Serving Residents with Populations with Special Housing Needs and Serving Resident Populations with Children so that both populations who are in need of housing can be served. This will allow for more innovative projects to be developed and provide a larger capture rate and better chance of success for the project to serve multiple populations in high-opportunity areas. Please add “**and**” where indicated below in **bold** and strike the language “but not both” indicated by the strikethrough.

“Points may be taken for Serving Resident Populations with Children **and** 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”

See Section 18.A.5., p. 68 and Section 18.A.7., p. 69.

Part II: Section 18, Initial Application Scoring, A. New Construction, 5. Serving Resident Populations with Housing Needs, (d)(v) p. 69 and Part II: Section 18, Initial Application Scoring, A. New Construction, 7. Serving Resident Populations with Children, (d)(v) p. 70.

LDG requests striking the language that “Sidewalks are not eligible for these points” for the walking trail to allow connectivity to the larger walking space that promotes a pedestrian friendly community. Please see the language in the section crossed out below:

“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;~~”

See: Section 18.A.5.v., p. 69 and Section 18.A.7.v., p. 70.

Part II: Section 18, Initial Application Scoring, A. New Construction, 9. Energy Efficiency, (b) p. 71.

LDG requests striking points allowable for a certified gas tankless water heater since this does not increase energy efficiency. It also requires laying multiple types of utility lines which is costly to a project. Please find the language to strike below:

~~“ENERGY STAR certified gas tankless water heater”.~~

See Section 18.A.9.b., p. 71.

Part II: Section 20, Initial Application Eligibility and Scoring Review, F. Tiebreaker, (1)(a) p. 87.

LDG requests revising the Tiebreaker to give priority to innovative projects in high opportunity areas serving the populations who need housing the most. LDG recommends revising the language to the following:

“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:

- 1) By awarding the Project that is not in a QCT,
- 2) In the event both Projects are not in a QCT, then the award goes to the project located in a census tract that has not received a new construction 4% or 9% allocation in 2019 or after.

- 3) In the event both Projects are not in a QCT and located in census tracts that have not received a new construction 4% or 9% allocation in 2019 or after, the award goes to the Project with the longest committed affordability period.
- 4) If the tie is still not broken from the above, then the award goes to the project serving the most the largest diversity of populations as determined by variety of unit-types, largest average unit SF, variety age demographic set-asides, and variety of income set-asides.”

See: Section 20.F.1., p. 87.

Part III: Section 23, Noncompetitive Housing Tax Credit Allocated to Developments Financed with Tax-Exempt Bonds, A. Allocation Requirements, 4 p. 93.

LDG requests striking the language below to allow all applicants to submit for both Noncompetitive Housing Credits and Competitive Housing Credits even projects are not allowed to move forward under the EDA. This will allow for the most efficient use of 9% credits and potentially more affordable housing units to be built in high-opportunity areas.

~~“If an Initial Application for Competitive Housing Credit and an application for MTBA and Noncompetitive Housing Credit for the same development is submitted, outside of the Economic Development Area Set-Aside, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section 12 of the 2025 MTBA Program Description.”~~

See: Section 23.A.4., p. 93

Thanks again for the opportunity to provide comments and for THDA’s consideration of these comments on the Draft 2025 QAP. Please don't hesitate to reach out if you have further questions about our comments.

Sincerely,



Joshua Haston
Development Manager



WODA COOPER COMPANIES

August 21, 2024

Mr. Ralph M. Perrey
Executive Director
Tennessee Housing Development Authority
Andrew Jackson Building Third Floor
502 Deaderick St.,
Nashville, TN 37243

RE: Draft Low-Income Housing Credit 2025 Qualified Allocation Plan

Dear Mr. Perrey,

On behalf of Woda Cooper Development, Inc., we are pleased to submit the following comments regarding the draft of the draft low-income housing credit 2025 Qualified Allocation Plan (QAP). We hope these comments will assist the Tennessee Housing Development Authority (THDA) in furthering its mission.

1. **Average Income**

THDA should allow properties selecting the average income minimum set-aside to claim the deep targeting points for serving 40% or 50% AMI households. Alternatively, THDA could award point for having the average income below a certain level such as 58%. The current QAP essentially prohibits selecting AI which prevents 70% and 80% AMI Tennesseans from being served by the 9% program.

2. **Serving Resident Populations with Children**

Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing serving resident populations with children 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. By requiring a minimum 20% of the total number of units in the development be three-bedroom units, THDA is penalizing existing developments as they may not have enough three bedrooms in an existing project. Thus, we respectfully request THDA reduce the percentage from 20% to 10% so that more existing developments can qualify under this scoring criteria.

Respectfully Submitted,

Jonathan McKay, Vice President
Woda Cooper Development, Inc.



Jim Hatfield
Vice President of Redevelopment
901 N. Broadway • Knoxville, TN 37917-6699
865.403.1169 • Fax 865.403.1117
jhatfield@kcdc.org • www.kcdc.org

August 21, 2024

Ralph Perrey
Executive Director
Tennessee Housing Development Agency
Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Dear Mr. Perrey,

Greetings from Knoxville's Community Development Corporation. I hope this message finds you well.

I've attached a list of comments regarding the 2025 Draft QAP from our development team, as well as feedback from our partner on Transforming Western, Brinshore Development. We greatly appreciate your consideration of these comments as your team finalizes the 2025 program.

Thank you for your attention to this matter.

Respectfully,

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

Thomas Bleeker
Senior Analyst, Knoxville's Community Development Corporation



- **Sec 4-C**
 - Why are SLR fees being instituted at this point? How was the fee structure derived? What will this revenue be spent on?
- **Sec-5-D-1:**
 - Revision needed to this section as it does not actually categorize listed SAE's as **curable** or **incurable**.
- **Sec 6-A-4-a:**
 - Request that statement (4) be modified that multifamily or the type of proposed project is permissible under current zoning rather than a definitive statement that the current zoning "will permit the proposed Housing Development". In many cases, for 9% applications, developers do not have developed architectural drawings. Without fully developed plans that have gone through a detailed plans review by city plans review staff, City Zoning officials will not make definitive statements such as the one currently required that zoning permits the proposed development.
- **Sec 6-A-6 and 6-A-7:**
 - unless the 6 month cut-off for Market Studies and appraisal is changing, this language should remain or be revised to include a reference to the Guidelines and the valid date range.
- **Sec 9-B-2 :** Confirm the item requested is the Final THDA Accountant Certification.
- **Sec 13-a-1-d:**
 - Rephrase this item, as it is unclear what requirement is being articulated under this item.
- **Sec 9-E:**
 - What is the reasoning behind the 30 day deadline? Could an extension process be added?
- **Sec 10-M-4-f(iii):**
 - Obligate a 30 day turnaround of these requests. Applicants are held to deadlines throughout the QAP; THDA should also be compelled to operate within a timely manner.
- **Sec 18-A-3:**
 - Allowing developers to earn points for both Special Housing Needs and Serving Resident Populations with Children would spark innovation in aging services. Tennessee is currently facing a shortage of caregivers and affordable, accessible housing for seniors, and intergenerational housing could help address these challenges
 - Additionally, the current development criteria does not fully consider large-scale neighborhood redevelopment projects like Transforming Western. These multiphase developments are often required to invest in amenities that may already exist elsewhere on-site. Revising the criteria to better align with multiphase projects, such as allowing amenities planned for future phases to count, would create more flexibility and efficiency in these projects.
- **Sec 18-7-c.**
 - Provide context about the relative score weight of the amenities listed in item c.

- **Sec 18-7-c.-v and vi**
 - Qualifying "walking trails" separately from sidewalks prioritizes recreation over transit and pedestrian circulation. Could this disproportionately impact urban developers?
 - Requiring a "landscaped" pavilion promotes over-designed, water-intensive, and costly community features, rather than focusing on creating human-centered outdoor experiences.
- **Sec 23-C:**
 - How were the Total Development Cost limits in table 25-1 derived? We request these limits should reflect either the elevated current construction cost within a city like Knoxville, or that these requirements be removed from the application.

Supercharging Housing Production in TN

To alleviate rent pressure, THDA should empower housing authorities to maximize all available tools, including integrating workforce and market-rate units into publicly-held housing portfolios. These units generate vital cash flow and foster community diversity, enabling financial capacity to serve very low-income residents. Mixed-income developments offer financial stability during operations, and facilitates increased access to economic opportunities for residents. Expanding supply at higher income levels helps to reduce rents across the market, improving access for low-income residents.

A key area for reform is the Community Investment Tax Credit program, which is vital to Knoxville's Community Development Corporation. For Phase 1 of our Transforming Western project, our lender partners claimed \$9 million in credits for their permanent loan contribution and \$20 million for the construction loan (CITC Applications 2024007 and 2024008). However, THDA certified only 80% of these contributions to the Department of Revenue, citing LIHTC equity and prior practices to prorate the credits based on affordable unit proportions.

While awarding 80% of the credits for 80% affordability may seem reasonable, it overlooks the dynamics of a mixed-income development owned by a Public Housing Authority. Furthermore, these CITC dollars don't translate to housing creation in a 1:1 ratio; the \$20 million construction loan comprises only 66.7% of the total construction costs.

Given this, we request a rule change to allow the entire construction loan to be CITC eligible, as its percentage of construction costs is less than the proportion of affordable units. Similarly, the \$9 million permanent loan, which represents 25% of the project costs while affordable units comprise 80% of the total units, should also be fully CITC eligible. TCA § 67-4-2109(h) includes no language requiring THDA to prorate the credit.

We believe these adjustments will significantly enhance the program's impact and address the critical housing needs of Tennessee's families. Thank you for considering our request, which, if approved, will foster stronger, more inclusive community development across the state and help achieve our shared housing goals

Ralph Perrey, Executive Director
Tennessee Housing Development Agency
Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

RE: 2025 QAP Comments

Dear Mr. Perrey,

On Behalf of the Brinshore Development, L.L.C., we appreciate this opportunity to provide comments on the 2025 TN Housing QAP to further with our joint mission to preserve and improve the conditions of public housing.

Competitive and Non-Competitive Applications

1) *Excerpt from DRAFT 2025 QAP page 153:*

“3. Development Characteristics. up to 21 points

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”

Large multi-phase projects provide amenities that serve an entire housing site, which leads to increased diversity of amenities available to tenants. If each phase must provide the same amenities in order to access these points, it leads to redundant services provision and undue burden on these large projects. We recommend that multi-phase projects should be able to claim Development Characteristics that are planned for the site or have been a part of a previously funded phase of the multi-phase project site. The characteristics would be eligible if the amenities are within a one mile radius of the project and are a part of the same multiphase development.

2) *Excerpt from DRAFT 2025 QAP page 156:*

“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.”

Projects that support Public Housing residents are essential to providing long-term affordability to a vulnerable population. Currently, you get one point for prioritizing households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher, we believe this should be increased to 3 points.

Non-Competitive Applications

3) Excerpt from DRAFT 2025 QAP page 180-181:

“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.”

Development Type	1 BR	2 BR	3 BR	4 BR	5 BR
Urban					
Detached/Semi-detached	\$294,000	\$351,600	\$418,800	\$493,200	\$540,000
Row House	\$261,600	\$316,800	\$387,600	\$460,800	\$506,400
Walkup	\$237,600	\$301,200	\$396,000	\$489,600	\$552,000
Elevator	\$248,400	\$319,200	\$426,000	\$531,600	\$602,400
Suburban					
Detached/Semi-detached	\$280,800	\$335,880	\$399,600	\$470,400	\$514,800
Row House	\$249,600	\$302,400	\$369,600	\$439,200	\$483,600
Walkup	\$189,000	\$239,000	\$314,000	\$389,000	\$438,000
Elevator	\$197,000	\$254,000	\$405,600	\$507,600	\$574,800
Rural					
Detached/Semi-detached	\$267,600	\$320,400	\$381,600	\$448,800	\$490,800
Row House	\$237,600	\$289,200	\$352,800	\$418,800	\$460,800
Walkup	\$216,000	\$273,600	\$360,000	\$445,200	\$501,600
Elevator	\$225,600	\$290,400	\$387,600	\$483,600	\$548,400

The Total Development Cost limits specified in the table above are much lower than the current market standard. In our most recently awarded project in Knoxville, the applicable weighted average per-unit TDC limit for our project to be \$302,723.81 per unit and our project ended up with a TDC of \$503,493 per unit. This dramatic difference is driven by the construction cost environment, with construction costs alone coming in at \$316,992 per unit. In the wake of COVID 19, costs increased dramatically nationwide. Since then, costs of labor, materials, and lead-times on supplies have not gone back down significantly. This increase in construction costs has become the industry standard. We recommend that the TDC requirements for non-competitive project be removed as a requirement or be increased to meet current market standards.

Community Investment Tax Credit (“CITC”)

4) CITC Eligible Activities

As a HUD Choice Neighborhood project, we are partnering with Knoxville’s Community Development Corporation (“KCDC”) to develop over 400 units of housing in Knoxville, TN to create a vibrant mixed-use, mixed-income neighborhood. Part of our commitment to HUD is to provide 20% market rate units across this project. As these market rate units are part of our commitment to HUD and a mixed-income community will increase the quality of the affordable housing, we believe that they should be included in the CITC program.

Thank you for taking our comments into consideration. We are excited to continue to work in partnership with Knoxville’s Community Development Corporation to improve and increase the quality and quantity of affordable housing in Tennessee.

Kind regards,



David Brint
President, Brint Development, Inc.;
Member, Brinshore Development, L.L.C.



August 21, 2024

Tennessee Housing Development Authority
ATTN: Eric Alexander
Director of Multifamily Programs
502 Deaderick Street, Third Floor
Nashville, TN 37243

Mr. Alexander,

Thank you for providing a feedback forum in preparation for the 2025 Qualified Allocation Plan through the recent workshops. The mission of Rainbow Housing Assistance Corporation (Rainbow) is to create and preserve quality, affordable housing for families and individuals of diverse ethnic, social, and economic backgrounds while supporting their well-being through the delivery of social services programs.

Rainbow commends Tennessee Housing Development Agency for recognizing the value of services which help people live at the highest level of independence and serving vulnerable resident populations including older persons or resident populations with children by awarding points to applicants who agree to provide these intentional services.

Certified Organization for Resident Engagement & Services (CORES) organizations are invested in using housing as a platform for opportunity and have a record of providing robust resident services coordination in affordable housing communities. With Stewards of Affordable Housing for the Future (SAHF) as the CORES certifying entity, it aims to establish standards for the field of resident services, utilizing SAHF's Framework for a System of Resident Services Coordination. This framework recognizes owner-operators and third-party providers who have developed a robust commitment, capacity, and competency in providing resident services coordination in affordable housing.

We respectfully request Tennessee Housing Development Agency continue to utilize affordable housing as a foundation to link low-income families and individuals with services, ensuring housing stability and facilitating access to services throughout their community. This approach empowers residents to lift themselves out of poverty. Additionally, we ask that the agency contemplate the incorporation of CORES-certified organizations to be included to maintain these services, ensuring they remain consistent and effective over time.

Rainbow has successfully capitalized on its diversified services delivery platforms by introducing innovative offerings which support upward mobility, with a continued focus on education, skills development, health and wellness (economic, physical, and mental), and housing stability. Each year, Rainbow widens its scope of services capacity across the country and expands community and national partnerships to deepen its reach and impact. Rainbow collaboratively supports the social and economic stability of the most vulnerable populations it serves.

The following success stories highlight the effectiveness and impact of Services for residents living in communities served by Rainbow:

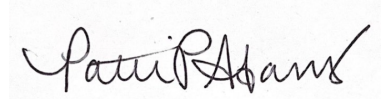
Jair Cano Pacheco, a longtime resident of a Rainbow served community, faced significant challenges early in life, including leaving high school to support his family due to economic hardships. However, his determination to break the cycle of limited education remained strong. With the support and guidance of Rainbow, Jair found renewed hope and opportunities. Through Rainbow's programs, he pursued his GED, overcoming obstacles and gaining confidence with each milestone. Today, Jair's journey exemplifies the transformative impact of community support and empowerment, as he now looks forward to pursuing college and a brighter future.

Ms. McNamara, a 67-year-old resident, experienced the transformative impact of Rainbow's community programs when she connected with a senior-focused community organization during an onsite event. Recognizing her need for companionship and light-duty cleaning, in-home personal care services were secured through the provider. Through the partnership with the local supportive provider, Ms. McNamara successfully progressed to additional approved care hours tailored to her needs. Her story highlights how Rainbow's proactive approach and collaborative efforts significantly enhance the quality of life for residents, empowering them to live independently with dignity.

Morez Waker, a determined 16-year-old, began his journey with Rainbow by volunteering and attending the Youth Enrichment Program. His commitment to community service and personal growth led him to assist with various tasks, including walking younger children home safely and helping with community events. Eager to improve his skills, Morez attended WRAP classes, where he learned about resume writing, job readiness, and personal development. Now, confident and equipped with valuable skills, Morez is actively seeking his first job, exemplifying the power of community engagement and continuous learning.

Thank you for your consideration and for providing an open forum to provide feedback for the 2025 QAP. We look forward to working with you to optimize outcomes for the residents of Tennessee.

Sincerely,



Patti Adams
Multifamily Impact Manager
Rainbow Housing Assistance Corporation
18001 N 79th Ave Ste 72E
Glendale, AZ 85308



August 21, 2024

Enterprise Community Partners, Southeast
50 Hurt Plaza, Suite 649
Atlanta, GA 30303

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

Sent Via Email: TNAallocation@thda.org

Re: Comments on Tennessee's Draft 2025 Qualified Allocation Plan

Dear Mr. Perrey:

On behalf of Enterprise Community Partners (Enterprise), we want to thank you for the opportunity to provide comments on Tennessee's draft 2025 Qualified Allocation Plan (QAP). Enterprise works to make community places of pride, power and belonging, and platforms for resilience and upward mobility. Since 1982, we have invested \$72 billion and created over one million homes across all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

We appreciate the Tennessee Housing Development Agency (THDA)'s collaborative and inclusive approach and respectfully offer the following comments and recommendations.

Preservation

In recent years, the Qualified Contract (QC) process has become an increasingly popular way to convert Housing Credit properties to market-rate status. This process poses an urgent threat to Tennessee's affordable housing stock, particularly as properties near the Year 15 mark that signifies the start of QC eligibility. According to the National Council of State Housing Agencies (NCSHA), the QC loophole has caused the loss of approximately 7,000 – 10,000 units of affordable housing across the country each year, and around 110,000 units cumulatively nationwide. To that end, NCSHA's *Recommended Practices in Housing Credit Administration – 7th Edition*, published in 2023, recommended that HFAs require all applicants to waive their right to a QC for both 9% Housing Credits and 4% Housing Credits.¹ To address this grave issue, and to preserve the state's crucial supply of Housing Credit properties, we urge THDA to consider the following policy changes to its 2025 Qualified Allocation Plan.

- 1. Require all future Housing Credit applicants to waive their Qualified Contract option for the entire extended use period of 15 years. This should apply to both 9% and 4% allocations, and not just for properties receiving allocations from the 2022 competitive Housing Credit allocation round.** Currently, THDA's draft QAP includes point incentives for forgoing the QC option for competitively awarded Housing



Credits. However, when weighed against the significant financial incentives of market-rate conversion, the point incentives are not strong enough deterrents from exiting affordability commitments. As a result, it is crucial that THDA mandate, and not just incentivize, future Housing Credit developers to waive their QC eligibility for competitively awarded Housing Credits.

2. **Whenever THDA is required to approve the transfer of a Housing Credit property, the agency’s approval of this transfer should hinge on the permanent waiving of QC rights for the property’s current and future owners.** This can help ensure that the QC option is exercised by neither the original sponsor of a project, nor the subsequent purchasers of a Housing Credit property. If THDA were to require a waiver of the QC option as a mandatory condition for any property transfer that the agency must approve, this would ensure that future owners are equally bound to retain the affordability of their units for the full 30-year period.
3. **In the case of all other requests from property owners, THDA’s approval of the requested change should also hinge on the permanent waiving of QC rights for the property’s current and future owners.** In certain cases throughout the compliance periods of a Housing Credit deal, property owners may re-engage with THDA to request a variety of changes to their agreement, such as a change in loan terms or a waived requirement. The agency can use each of these opportunities to ensure that as many property owners as possible are restricted from converting affordable units to market-rate, by connecting their approval of all changes to the owners’ permanent waiving of QC rights.

Enterprise lauds THDA for requiring applicants for 4% Housing Credits to waive their right to a QC, as detailed in Section 25.A of the 2024 QAP and proposed in Section 23.A of the draft 2025 QAP. We strongly recommend that THDA not alter this provision in the final 2025 QAP. Similarly, Enterprise commends THDA for requiring applicants for the 2022 competitive Housing Credit allocation round to waive their right to a QC, as detailed in Section 24 of the 2024 QAP / Section 22 of the draft 2025 QAP. As noted above, we believe that this QC ban as it exists for the 4% Credit and for 2022 9% Credit allocations can and should be extended to the 9% Credit.

Enterprise greatly appreciates THDA for implementing its “clean hands” policy in Section 5.B.2 of the 2024 QAP and draft 2025 QAP that disqualifies members of any Housing Credit development team from applying for Housing Credits if they have participated in the QC process in Tennessee since January 1, 2023. We strongly recommend that THDA not remove this provision from future QAPs. If any changes are being contemplated, Enterprise suggests only broadening the “clean hands” policy to penalize or disqualify applicants who have utilized the QC process in other states. By connecting developers’ future participation in the Housing Credit program to their lack of participation in the Qualified Contract process in any state, THDA can better leverage its resources to prevent the premature erosion of Tennessee’s affordable housing stock.

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, this efficiency threshold would be stronger if Tennessee’s state approved codes were current – meeting modern codes could also help developers’ meet the eligibility requirements for several federal programs enacted under the Inflation Reduction



Act, providing an additional source of funding to help deals pencil out. The state residential code is the 2018 IECC, but the commercial code is the 2012 IECC. Multifamily projects four stories and higher must follow the commercial code. Local building codes are a patchwork, making it more difficult for developers to cost-effectively develop applications for tax credit funding. We again recommend that 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 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 for 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 THDA offer competitive points for new construction and renovation projects that certify to Enterprise Green Communities, LEED, or NGBS Green certification programs as was offered by THDA prior to 2018.*** 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

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



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).

Over 3,500 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 projects signal that the local building industry is familiar with employing green building practices and achieving third-party certification.

Currently, 35 state/local housing finance agencies have determined that holistic green building certification programs are a prudent use of Housing Credits and have included incentives or requirements to certify to a program in their QAPs. 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. We encourage THDA to consider the inclusion of holistic green building certification programs such as Enterprise Green Communities (which includes a requirement to earn ENERGY STAR MFNC certification as part of its program) in your QAP.

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.

Conclusion

Thank you again for providing this opportunity to provide input with respect to Tennessee's 2025 Draft QAP and for your continued work to address housing affordability. We look forward to working with THDA to provide opportunities to create and rehabilitate affordable housing stock to provide stable, safe, and comfortable housing for Tennesseans.

Sincerely,

Beth Stephens
State and Local Policy Director
Enterprise Community Partners, SE
bstephens@enterprisecommunity.org
404.698.4607

From: [Felita Hamilton](#)
To: [TNAllocation](#)
Cc: [Ed Yandell](#); [Eric Alexander](#)
Subject: FW: Comments on the 2025 Draft QAP
Date: Thursday, August 22, 2024 8:01:21 AM
Attachments: [dominium_logo_signature_9571371a-a2d0-4495-8a0c-ec1d82599a26.png](#)

Copying to Public Folder.

From: Duckett, Khayree <Khayree.Duckett@Dominiuminc.com>
Sent: Wednesday, August 21, 2024 4:54 PM
To: Eric Alexander <EAlexander@thda.org>; Felita Hamilton <FHamilton@thda.org>
Cc: Lunderby, Ryan <RLunderby@Dominiuminc.com>; Holmes, Austin <Austin.Holmes@Dominiuminc.com>; Hogan, Rory <Rory.Hogan@Dominiuminc.com>
Subject: Comments on the 2025 Draft QAP

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

August 21, 2024

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

Dear Mr. Alexandar,

Thank you for the opportunity to provide feedback on the 2025 Drat Qualified Allocation Plan (QAP). On behalf of Dominion, I respectfully offer comments for staff consideration in the final drafting of the QAP.

At a time when financing is exceptionally difficult, energy consumption models (ECMs) have provided substantial benefits to development feasibility. For example, Dominion recently opened a community in Nashville where our ECM allowed the property to realize more than \$200,000 in rental income compared to all other utility allowance methods. Losing this rental income, which the draft QAP proposes, at future developments threatens financial feasibility of future developments.

New construction developments include modern building standards and energy efficiencies. ECMs are developed by proven measure actual building plans, building specifications, and appliances by skilled project managers, engineers, and energy modelers. The significant expertise, experience and knowledge base of the team acquired by successfully conducting utility allowance modeling for many properties across the United States. Utility costs are

correspondingly much lower to our residents than if they were living in a public housing property.

A proven and collaborative process involving the modeling team and the developer will result in identification of the most important elements that will lead to decision making that will ultimately provide the greatest and most cost-effective results for both residents and managers. PHA utility allowances are not based on anything measurably similar to LIHTC communities. Public housing units are visibly much older properties and measurably lower in their energy efficiency, doing little to serve residents and certainly not owners.

Prohibiting ECMs as an allowed utility allowance method in the first year of operations runs contrary to NCSHA's recommended practices on the topic, in opposition with FHA, Fannie, and Freddie green, and IRS practices which require a post construction evaluation based on consumption so the interests of the residents are protected.

In light of these considerations, Dominion suggests the following:

- **Section 10(M)(4): Reject** *No elective methodology, other than the Applicable PHA Utility Allowance, may be elected until at least twelve (12) months' worth of actual consumption data is available.*
- **Section 10(M)(4)(e)(iii): Suggested language:** THDA may approve or, if the Energy Consumption Model is not compliant with 1.42-10 IRC, disapprove of the energy consumption model or require information before permitting its use. In the event that THDA staff disapproves the utility allowance, THDA will provide the reason for denial and provide an opportunity to the owner to appeal the decision to the Executive Director and/or Board of Directors.
- **Section 10(M)(4)(f)(ii): Suggested language:** THDA's receipt of a request starts a 90-day review period (the 90-day Period'). Such requests must include proof that, prior to the submittal of the request to THDA, the Owner provided tenant with notice of the same proposed estimate it provided to THDA in its request, in accordance with 1.42-10 IRC.
- **Section 10(M)(4)(f)(iv): Suggested language:** Regardless of when THDA completes its review and provides an Owner with an approval letter, the new utility allowance must not be implemented prior to the expiration of the 90-Day Period, with the exception of new lease-ups prior to first occupancy.
- **Section 10(M)(4)(f)(vi): Comment:** Dominion would appreciate clarity on this change. If THDA instructs a change on day 30, we cannot implement any ECM UA before the full 90-day notice.

Dominium thanks you and staff for all your efforts on the draft QAP. If you have any questions or would like to discuss any of these items further, please do not hesitate to contact me at (319) 217-8136 or via email at khayree.duckett@dominiuminc.com.

Best regards,

Khayree Duckett

Government Relations Manager & Policy Lead

Development, Central Region

DOMINIUM

4835 Lyndon B Johnson Fwy Suite 1000 | Dallas, TX 75244

Phone [214-666-4530](tel:214-666-4530) Mobile 319-217-8136

DOMINIUMAPARTMENTS.COM | 





August 19, 2024

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) 2025 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 60-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 affordable housing in Tennessee.

Best,

A handwritten signature in blue ink, appearing to read "Michael Luzier". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Luzier
President and CEO



August 21, 2024

C. Eric Alexander & Felita Givens
Tennessee Housing Development Agency
502 Deaderick Street, Third Floor
Nashville, TN 37243

Dear Eric & Felita:

Thank you for the opportunity to contribute feedback on the Draft of the Tennessee Housing Development Agency (THDA) 2025 Qualified Allocation Plan (QAP). Lincoln Avenue Communities is a mission-driven affordable housing developer currently active in twenty-seven states. In Tennessee, we are focused on developing ground-up new construction and preservation using 4 percent LIHTCs and tax-exempt bonds (TEBs).

Determination of Utility Allowance: Eliminate Prohibition on the Use of ECMs until 12 Months Worth of Consumption Data is Available

Pg. 35-38

We appreciate THDA's allows developers to utilize the Energy Consumption Model (ECM) as an approved utility allowance methodology; however, we are strongly opposed to the proposed language in the QAP that would disallow the use of elective UA methodologies until "twelve months worth of consumption data is available." This is not required by the IRS code governing utility allowances and is a significant disincentive and barrier to implementing utility efficient scopes of work. We also observe that THDA's proposed language is in opposition with NCSHA's recently adopted "Recommended Practices in Housing Credit Administration"¹ specifically recommend that "To provide *flexibility* [emphasis added] for Housing Credit owners to utilize the optimal utility allowance for each development and to encourage utility allowances that accurately reflect *anticipated* [emphasis added] utility consumption."

Prohibiting developers from using an accurate utility allowance of *anticipated* utility consumption during the underwriting phase effectively negates the ability to underwrite energy and water savings in the sizing of debt, reducing overall debt proceeds and limiting the finance-ability of sustainability scope of work and the project more generally.

It is also in direct conflict with the policies and incentives adopted by FHA, Fannie Mae and Freddie Mac in their green lending programs which allow and encourage developers to underwrite anticipated utility savings. What is more, PHA utility allowances are typically the *least* accurate of the IRS approved utility allowance methodologies when compared to the performance of contemporary new construction or post-LIHTC rehab projects because they are based on consumption within the PHA-owned housing stock, which is typically older and underinvested.

Furthermore, we also observe that the IRS's current regulations IRS already require owners to validate utility allowances on a regular basis with consumption data post-construction after a year of operations, protecting the interests of the residents.

In an inflationary environment where it is increasingly difficult to finance the development of affordable housing, LAC has had success scoping sustainability and renewable energy scope of work in our projects that when paired with the use of an energy consumption model utility allowance at underwriting has resulted in hundreds of thousands and even millions of dollars of additional debt proceeds, closing financing gaps.

The use of an ECM derived utility allowance at underwriting is a critical tool to financing high quality, sustainable affordable housing today – we strongly urge THDA strike the following draft language on pg. 25 of the draft QAP: ~~No elective methodology, other than the Applicable PHA Utility Allowance, may be elected until at least twelve (12) months' worth of actual consumption data is available.~~

Developer Fee and Consultant Fee Limits

Pg. 43, 94

We generally support the language in the QAP as it relates to Developer Fee and Consultant Fee limits with the understanding that THDA will continue to determine developer fee limit for projects financed with tax-exempt bonds in the Bond Program Description. We strongly support the current (2024 BPD) developer limit for bond financed transactions.

Additionally, we observe that for developers that use third-party general contractors, construction management is a critical function that is distinct from development. In some cases, developers hire a third-party consultant to serve as an owner's representative or, as is the case with LAC, have a corporate Construction team that is exceedingly involved in all aspects of the construction projects, including (but not limited to):

- Due Diligence
- Vetting third party general contractors, architects, engineers
- Construction contract negotiation
- Developing the design
- Coordinating with municipalities for permitting / code compliance
- Creating a project timeline
- Determining scope of the construction

We recommend that construction management/advisory/supervisory fees be excluded from the developer fees and consultant fee limits. If THDA find it necessary, it should adopt a separate construction advisory/management/supervision fee limitation. We suggest that a reasonable limitation would be:

- For direct costs, such as site-specific travel during the rehab/construction and construction management software, we will invoice the site for the exact amount paid for by the Company.
- For indirect costs, we acknowledge the inherent challenge of allocating T&E to individual LIHTC transactions given the range of complexity / challenges / scale of each project. With this in mind, we believe a conservative approach would be to allocate a construction overhead fee of \$75,000 and \$150,000 for each acquisition/rehab transaction and ground-up/new construction, respectively.

Sponsor Characteristics

Pg. 67 and 76

We believe that positive LIHTC experience should be a threshold requirement to apply for 9% LIHTCs; however, we do not concur that awarding points for local/Tennessee experience is in the best interest of the program. We believe THDA is best served by creating an environment that attracts the best

capitalized and most successful affordable housing developers and that after meeting threshold requirements, should be neutral to the location of that experience.

Although we think the following is less desirable, alternatively THDA could hold out of state developers to a higher standard by requiring the submission of references and/or requiring a higher threshold number of properties to earn these points (e.g. 5 out-of-state projects receiving 8609s between 2020 and 2024 vs. 1 located in Tennessee).

Proposed Rehabilitation Hard Cost Per Unit

Pg. 74

We believe THDA's policy objective is to ensure that sufficient rehabilitation scope of work is undertaken to maintain a project up to reasonable standards during the 15-year compliance period. We concur that this is an important policy priority; however, we suggest that THDA reconsider how it allocates points for hard rehab scope, which we believe will achieve this policy goal while accommodating flexible financing options.

We observe that setting the highest rehab points category for above \$50,000 will limit debt financing options for projects financed with tax exempt bonds. As THDA is aware, one of the most common tax-exempt bond preservation transaction structures utilized in today's marketplace is the short-term cash-collateralized bond structure where the tax-exempt bonds are taken out with a taxable FHA 223(f) loan. FHA 223(f) loans have several desirable qualities for preservation transactions including low-interest rates, 35-year amortization and, unlikely the FHA 221(d)4 program, does not trigger Davis-Bacon wage scales. Unfortunately, FHA 223(f) loans per unit loan limits are far below the \$50,000 rehab points. The current FHA 223(f) loan limit threshold in the highest cost adjustment areas is \$45,854 per unit. Even accounting for tax credit equity, it would effectively eliminate the ability for tax credit developers to utilize this preferential financing while submitting a competitive application because acquisition costs for a typical Year 15 and/or Section 8 community in today's marketplace range between \$70,000 and \$150,000 per unit. It would also eliminate the ability of developers submit a competitive application while utilizing this structure in order to qualify for acquisition credits on a project that has a broken 10-year hold, which makes the resyndication of these communities infeasible and makes it much more likely that the affordability of these communities will not be preserved past the existing extended use period.

Furthermore, while many properties require significant rehabilitation scope of work, others that have been maintained well may require significantly less than \$50,000 per door of rehab scope of work. We do not believe it is a responsible use of scarce financing resources to 'over-scope' rehabs if the Capital Needs Assessment (CNA) confirms that a lesser scope of work is appropriate.

Additionally, we observe that well maintained properties in desirable markets where there is significant rent advantage between subsidized units and comparable market units are most at risk to be lost from the program and will also command the highest acquisition prices. Setting the rehabilitation threshold too high for these assets will make them unfinanceable as affordable assets and will increase the likelihood that they will be sold to conventional buyers or converted either via the qualified contract process or at the end of a projects extended-use period. This is a highly undesirable outcome that should be avoided at all costs.

As such, we recommend revising the proposed regulations, lowering the threshold to achieve the highest rehab points as follows:

“Per Door” Rehabilitation Amount	Points Available
Less than \$26,000	0
\$26,001 to \$30,000	1
\$30,001 to \$35,000	2
\$35,000 and above	3

Noncompetitive Housing Tax Credit Allocated to Developments Financed with Tax-Exempt Bonds

Pg. 93

We support the additional language in Section 23 (A)(1) relating to the potential change in the 50% test. We encourage THDA to go a step further and set a ceiling to the amount of PABs a project can request that is 10 percent higher than the statutory threshold (currently 50%). This will stretch THDA’s limited PAB further allowing more multifamily projects to be financed while providing enough lieu way to ensure that aggregate basis test is met.

Conclusion

LAC appreciates the work of THDA in the issuance of its draft 2025 QAP. We welcome the opportunity to discuss them with you further at your leisure and/or answer any questions you may have regarding our feedback. I can be reached at 646-585-5526 or tamdur@lincolnavenue.com.

Regards,



Thom Amdur

Senior Vice President, Policy & Impact

cc: Ralph Perrey

David Garcia

About Lincoln Avenue Communities

Lincoln Avenue Communities is one of the nation’s fastest-growing developers, investors, and operators of affordable and workforce housing, providing high-quality, sustainable homes for lower- and moderate-income individuals, seniors, and families nationwide. LAC is a mission-driven organization that serves residents across 27 states, with a portfolio of 150 properties comprising 26,000+ units.

Appendix: Excerpt from NCSHA's Recommended Practices in Housing Credit Administration, Adopted October 2023

39. Utility Allowances

Recommendation

To provide flexibility for Housing Credit owners to utilize the optimal utility allowance for each development and to encourage utility allowances that accurately reflect anticipated utility consumption, Agencies should:

- Permit Housing Credit developments to select from all utility allowance options available under IRS regulation.
- Specify requirements for application of alternative utility allowances (i.e., Agency estimate, utility company estimate, HUD Utility Schedule Model, or energy consumption model) in both new developments and existing developments that seek a change in utility allowance; and
- Facilitate use of the energy consumption model utility allowance option by specifically allowing a third-party energy and water consumption analysis prepared by a licensed engineer, another qualified professional, or the Agency itself.

Discussion

The maximum rent in Housing Credit developments includes an allowance for the cost of any utility (other than telephone, cable television, or Internet) paid directly by the tenant. This utility allowance can differ based on federal assistance, with buildings financed by the USDA or with tenants receiving USDA rental assistance using the applicable USDA utility allowance, buildings regulated by HUD using the applicable HUD utility allowance, and buildings with tenants receiving HUD rental assistance using the applicable Public Housing Authority (PHA) utility allowance.

IRS regulations specify a number of alternative utility allowances that may be used in Housing Credit developments. These alternative utility allowances include a local utility company estimate for a unit, a utility estimate from the Agency that has jurisdiction over the unit, a utility estimate calculated using the HUD Utility Schedule Model, and a utility estimate calculated using an energy consumption model.

In the past decade, periodic spikes in residential utility costs have resulted in operating cost increases in many Housing Credit developments. During this time, technology and federal policies relating to utility allowances have evolved rapidly. Housing Credit developers have responded by adopting alternative utility allowance methodologies that more accurately reflect utility costs and that acknowledge significant advances in energy efficiency in the Housing Credit portfolio.

The federal government has authorized various renewable and energy efficiency tax credits and eliminated a previous requirement to reduce Housing Credit eligible basis by the amount of certain energy tax credits. To maximize the benefit of these resources, Housing Credit developments should have the option to use the energy consumption model utility allowance.



August 20, 2024

Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick St.
Nashville, TN 37243

Re: 2025 Draft QAP Comments

Dear Mr. Perrey,

On behalf of LHP Capital, thank you for the opportunity to provide comments on the draft 2025 Qualified Allocation Plan (QAP). We have outlined our questions and/or concerns below:

1. **Section 17.B, PHA General Priority Category:** *Within the PHA General Priority category, the Project Location Score (see Section 18.A.1) will not apply. In the event of a tie, preference will be given to developments with the highest percentage of units covered by both Housing Credits and RAD expressed as a percentage of total units.*

The RAD/LIHC tiebreaker expressed as a percentage of total units restricts the amount of affordable housing units that a developer can provide. There is no incentive to provide additional LIHC units because that would negatively affect the PHA's tiebreaker score. See the following scenario to further illustrate this:

PHA 1: Applies with 60 RAD units and 15 additional LIHC units with a credit ask of \$1.8M. Their RAD/LIHC percentage is 80% (since 60 of the total 75 affordable units are RAD), but their Housing Credit request is \$24,000 per unit. Their final THDA score is 72.

PHA 2: Applies with 50 RAD units with the same credit ask of \$1.8M. Their RAD/LIHC score is 100% (since all 50 units are RAD), but their Housing Credit request is \$36,000 per unit. Their final THDA score is also 72.

The current language in the QAP would suggest that PHA 2 would win the tiebreaker even though they are providing fewer total RAD units, and they are requesting more Housing Credits per unit. We respectfully suggest that the tiebreaker be based on total amount of RAD units first, and then on the amount of Housing Credits requested per unit. We believe this suggestion will achieve the goal of prioritizing RAD units and could lead to the possibility of creating additional affordable housing units for fewer Housing Credits per unit requested.

2. **Section 17.C, PHA General Priority Category:** *Awards from the PHA General Priority category 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,*
 2. *Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP,*
 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,*
 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*

Since Rehab applications are eligible for more points than New Construction applications, would THDA consider adjusting the PHA award order to include the following:

1. Highest ranking **Rehab** PHA RAD CCRP application
2. Highest ranking **New Construction** PHA RAD CCRP application
3. Highest ranking PHA RAD deal that's not in a CCRP
4. Highest ranking PHA deal that doesn't include RAD or CCRP

This would still allow THDA to prioritize Rehabs, but if there are enough Housing Credits for a second award then it would have the potential of going towards a New Construction PHA deal that leverages federal funding through RAD and is an area that the local jurisdiction has targeted for economic development.

Sincerely,



Carey Parker
Chief Executive Officer

cc: Eric Alexander
cc: Felita Hamilton

From: [Carl Mabry](#)
To: [TNAllocation](#)
Subject: THDA 2025 QAP Comments
Date: Wednesday, August 21, 2024 9:59:17 AM

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

Dear THDA,

Regarding the Proposed Low-Income Housing Credit Allocation Plan for 2025, my comment is as follow:

There appears to be a fair housing issue as it relates to the scoring/point allocation in the County Housing Credit Development location scoring section of the 2025 QAP which has actually existed at least since the 2023 THDA QAP. Pool one of the County Housing Credit Development location scoring has the following county scoring breakdown:

Rutherford County - 20 points
Davidson County - 19.07 points
Williamson County - 18.61 points
Shelby County – 17.52 points

Shelby County which has the largest population of all of the counties in Tennessee, the largest population of minorities of all of the counties in Tennessee, has one of the highest poverty rates of all of the counties in Tennessee, has one of the lowest median incomes of all of the counties in Tennessee, has one of the highest unemployment rates of all of the counties in Tennessee, however in spite of all of these relevant facts, it has one of the lowest county location scores in pool one. The counties that have the highest non-minorities, highest median incomes, and lower poverty rates all have higher county location scores. This current discriminatory point system prevents or decreases the ability for new construction projects in Shelby County from receiving an allocation of THDA 9% credits.

Respectfully,

Carl Mabry
Bluff City CDC
(901) 233-1370
carl.bluffcitycdc@gmail.com

COMMISSIONERS
BETTY BURCHETT, CHAIRMAN
JOHN HUNT, VICE CHAIRMAN
MARY FRANKLIN
TRINA HILL
CALVIN LOCKETT
JIM LITTLE
WAYNE WILKINSON



INTERIM EXECUTIVE DIRECTOR
DAWN E. SANDERS-GARRETT

August 21, 2024

To whom it may concern,

Here are the comments from the Clarksville Housing Authority:

1. Consider an expanded definition of Existing Multifamily Housing to include the new construction of existing obsolete housing where no resident is permanently displaced and has the right to return to the newly construction property as a preservation strategy
 - a. Current Definition: 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.
2. Proposed Definition: Existing Multifamily Housing – A multifamily development that will preserve affordable housing units that are rent, and income restricted through rehabilitation or new construction or, rehabilitation of units that were not previously affordable, create affordable housing units.
3. Consider updated Section 16: Existing Multifamily Housing General Priority Category to include the expanded definition as proposed above.
4. Consider updating Section 18 Section A1: Initial Application Scoring, Housing Credit Development Location to include projects in the PHA General Priority Category.
5. Consider allowing PHA's to apply in more than one set-aside with the PHA General Priority Category with the exit of the PHA set-aside.

Thank you,

A handwritten signature in blue ink, appearing to read 'Dawn E. Sanders-Garrett', is written over a light blue rectangular background.

Interim Executive Director & Consultant



October 9, 2023

To Whom it May Concern,

1. Consider an expanded definition of Existing Multifamily Housing to include the new construction of existing obsolete housing where no resident is permanently displaced and has the right to return to the newly construction property as a preservation strategy
 - a. Current Definition: 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.
2. Proposed Definition: Existing Multifamily Housing – A multifamily development that will preserve affordable housing units that are rent and income restricted through rehabilitation or new construction or, rehabilitation of units that were not previously affordable, create affordable housing units.
3. Consider maintaining a specific set aside for PHA's by restoring Section 11.
4. Consider updated Section 16: Existing Multifamily Housing General Priority Category to include the expanded definition as proposed above.
5. Consider updating Section 18 Section A1: Initial Application Scoring, Housing Credit Development Location to include projects in the PHA General Priority Category.
6. Considerer allowing PHA's to apply in more than one set- aside with the PHA General Priority Category with the exit of the PHA set-aside.

Thank you for your understanding and cooperation.

Sincerely,

Sheila Jones
Managing Director

From: [William Towns](#)
To: [TNAllocation](#)
Cc: [Megan Schuetz](#); [Jeremy Johnson](#)
Subject: THDA 2025 QAP Draft Comments
Date: Tuesday, August 20, 2024 10:38:42 PM
Attachments: [image001.png](#)

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

Good morning, Tennessee Housing Development Authority

I first want to thank you for your care and support of affordable housing throughout the state of Tennessee. THDA's leadership and commitment are making a tangible difference in the lives of countless residents. As we look toward the future, I am confident that THDA's continued efforts will further enhance the availability, sustainability, and accessibility of affordable housing across this great state. Please know that your work is deeply appreciated, and I look forward to seeing the continued positive impact of your initiatives and offer the following suggested comments to the 2025 Draft QAP for your consideration.

- For set asides or priorities there should be a noted minimum credit amount and/or minimum number of projects that are expected to be funded. This would go a long way in helping applicants better determine the likely hood of getting funded under a particular category and may lead to different applicant decisions based on this information. The Economic Development Area set-aside, as drafted, has the most definition. Currently the Public Housing Priority Area is the last group to be funded leading to a high likelihood of there being minimal dollars remaining.
- Allow the opportunity to apply under more than one Set-Aside or Priority Area as long as the project does not have to change in order to do so. For example, a project that applies under the Public Housing Priority Area should also be allowed to be funded in the General pool by including the locational points.
- RAD units, in general, are units that need significant work. While rehabilitation could be considered, many RAD units are obsolete and need to be demolished and replaced with new construction. This is essentially the same as a rehabilitation project but better addresses the actual needs of the housing units for a longer period of time.
 - Tied to this comment, new construction and existing/rehabilitation projects should have the same maximum points. This is especially important for Public Housing projects so as to not give a significant scoring advantage for rehabilitation thus making new construction uncompetitive. Many Public

Housing units are in such desperate need of repair that the only option is to demolish them and rebuild.

- How would THDA look at a project that included a mix of rehabilitation and new construction? What scoring path would apply?
- More clearly state how tiebreakers are settled in both the priority rankings and within a Priority Areas down to multiple tiebreakers if needed.

Thank you again for this opportunity to offer our suggestions.

Sincerely,

Dr. William W. Towns, PhD, MBA
National Market President
Community Revitalization and Public Housing



Cell 773-551-6720

wtowns@gormanusa.com

200 N. Main Street | Oregon, WI 53575

Comments from Phyllis F. Vaughn
to the 2025 Draft LIHTC Qualified Allocation Plan

Thank you for the opportunity to comment on the 2025 draft LIHTC Qualified Allocation Plan.

Last year THDA's Board of Directors reviewed and reduced significantly the amount of additional construction requirements the state's administration of the LIHTC program created above and beyond state & local codes. I can speak for all developers in saying this was a big improvement, and we thank you for your thoughtful consideration. This year I hope you will continue on that path. THDA requests complete copy of plans and specs for developments, monthly reports during construction of the developments, including draws and change orders. Is someone at THDA actually reviewing these documents, and if so, for what purpose? Lenders and syndicators, who have millions of dollars invested in these deals provide the oversight that THDA seems to be duplicating. THDA has no financial risk involved, as the LIHTC's are returned to THDA in the event the property is not completed, to be reallocated to a different property. Please go one step further and reduce the bulk of unnecessary construction paperwork.

Section 4, C – Fees - There is a new fee of \$5,000 proposed for 2025 for THDA performing HUD's required Subsidy Layering Review on some developments utilizing HUD resources, to confirm there is not an excessive amount of funding going toward the development. THDA has been performing Subsidy Layering Reviews under a Memorandum of Understanding with HUD at no additional cost for 30 years. This results in only a two page letter to HUD from THDA, and no additional reviews beyond their regular underwriting. What's changed to enact this fee?

Section 6 – Threshold Requirements – A. 1. - We are being required to submit a copy of the most recent partnership agreement or operating agreement or draft partnership agreement for the ownership entity with the initial application. The more information we submit with initial application, the more work you put on us and yourselves to actually read what we submit. This program is 40 years old and seems odd to require such a change when no Federal rules have preempted this change.

Section 6 – Threshold Requirements – A. 2. – The addition of document that will convey title to ownership entity. Cart before the horse on these added and unnecessary requirements.

Section 6 – Threshold Requirements – B. 5 – Minimum Set-Aside Election – THDA requires the Federal irrevocable election of serving 50%/60%/80% tenants to be made at the initial tax credit application. Federal requirements don't require this election to be made until prior to issuance of the IRS Forms 8609, at the end of the development cycle. I would like to request that change to be made to be more inline with the Federal requirements. If 80% income averaging is elected, the QAP requires the applicant to "petition" THDA for approval prior to the initial application being submitted. That may have been desired when income averaging was introduced by the Service, but now seems unnecessary.

Section 10 – Compliance – M. – Utility Allowances – If THDA approves a utility allowance methodology, we should not have to reapply to THDA to continue using that methodology.

Section 11 – Credit Allocations – B. – Setasides – CNI (Chattanooga & Knoxville) + Economic Development - \$5.4M, or 27% of the state’s allocation. That will result in 3 successful deals. Chattanooga & Knoxville are entitlements, as there is no other competition for them. That leaves 1 development to be hand chosen by THDA staff, across the entire state. 1) Don’t allow staff to hand pick a development; indicate and outline the criteria and scoring within the QAP, and 2) Choose a designated area of the state, not just a free for all over 1 deal. Extra work for staff, and costly application submissions for developers.

Staff reduced setasides as the Board requested, but I’m not sure that will accomplish what appeared to me to be the Board’s actual desire, which was to push more housing credits down to the New Construction setaside. I don’t think what is being proposed will accomplish that.

Section 18 – App Scoring – A. 1. – County Needs scores were removed from the PHA setaside (20 points), but those points were not replaced with any other criteria. Without those points, rehabilitation will replace new construction developments in the PHA setaside. I think that was an oversight, and not intentional. Please add points for some criteria so that NC deals can compete within the PHA setaside.

Section 18 – App Scoring – B.2. c. – Increase the amount of rehabilitation per door for max scoring points. We’re now finding \$80K per door to be more the norm for rehabilitation, and higher.

Section 20 – Scoring Review – 5. – If you don’t “catch” a cure item during the cure review period, you can’t then go back & say opps. Remove the new wording.

Section 22 – Exchanges – A. 2. - Developments that have received a previous Exchange Allocation will not be eligible for a subsequent Exchange. That wording should be removed, and replaced with Board Approval being required.

Section 23 – Development cost limits for the 4% Bond Program should be reevaluated and updated. We find most of our NC deals requesting waivers to exceed the limits, so I assume most others do as well.



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: Tennessee Housing Development Agency Board of Directors
FROM: Ralph M. Perrey, Executive Director
SUBJECT: Convergence Memphis Sustaining Grant
DATE: September 9, 2024

Recommendation

Staff recommends that the Tennessee Housing Development Agency Board of Directors (the “Board”) approve the following:

- The award of a Sustaining Grant to United Housing, Inc. (“United Housing”) in the amount of \$250,000 for the purpose of (1) the acquisition, maintenance, and site preparation of lots for the construction or rehabilitation of entry-level-priced homes for sale to first-time home buyers in the Convergence Memphis neighborhoods of Memphis and (2) operating costs to support the administration of the Convergence Memphis initiative (the “Initiative”).
- To allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with state laws or requirements.

Background

The Tennessee Housing Development Agency (“THDA”) was instrumental in persuading the Mortgage Bankers Association to launch its Convergence model first in Memphis, and we have since supported that effort both with funding and with connections to partners and civic leaders. United Housing, THDA’s strongest housing non-profit partner in Memphis, is now leading the Initiative.

This Sustaining Grant will provide working capital to United Housing, and potentially other nonprofit housing developers through subawards, to pursue acquisition of lots on which the entry-level-priced homes can be built in the Convergence Memphis neighborhoods of Memphis. This will both expand the supply of such housing for first-time homebuyers and will also support the neighborhood revitalization efforts that are part of the Convergence Memphis plan, which align with Memphis Mayor Paul Young’s objectives. Additionally, this Sustaining Grant will provide funds to support the operating costs of United Housing to lead and administer the Initiative.



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.



EQUAL HOUSING
OPPORTUNITY 239

Anticipating that THDA will remain actively engaged in the Initiative, staff recommends a Sustaining Grant, modeled on the one THDA provides annually to Habitat for Humanity of Tennessee. Assuming progress towards the Initiative's goals and use of the funds annually for the approved activity, staff will recommend the Board offer a similar grant annually. And, as with THDA's grant to Habitat for Humanity of Tennessee, THDA would expect United Housing to provide an update annually on how it has put THDA funds to work and how performance is measuring against the goals of the Initiative.

Finally, THDA's funds will be provided to United Housing in a lump sum upon approval by the Board, issuance of a grant agreement, and other required documentation. The Sustainable Grant will be administered by THDA's Community Housing Division.



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: Tennessee Housing Development Agency Board of Directors

FROM: Ralph M. Perrey, Executive Director

SUBJECT: Memphis Metropolitan Land Bank Authority, Inc. Grant to support the Convergence Memphis Initiative

DATE: September 9, 2024

Recommendation

Tennessee Housing Development Agency staff recommends that the Tennessee Housing Development Agency Board of Directors (the “Board”) approve the following:

- The award of a \$500,000 grant to the Memphis Metropolitan Land Bank Authority, Inc. (“MMLBA”) for the purposes described herein;
- To allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with state laws or requirements.

Background:

MMLBA is a partner in the Convergence Memphis Initiative (the “Initiative”), in which the Tennessee Housing Development Agency (“THDA”) is deeply committed. THDA’s grant will match a \$500,000 grant from the City of Memphis.

MMLBA will use these funds to strategically acquire blighted properties and vacant lots, giving priority to sites within *Convergence* priority neighborhoods. MMLBA will clear titles and pay any back taxes owed on those properties and sell them at discounted prices to entities committing to building entry-level homes on those sites, preferably for homeownership housing. Non-profits working with THDA on *Convergence* will have priority access to these building sites. A portion of the funds will be retained by MMLBA to offset the cost of demolishing blighted structures and providing on-going site maintenance while awaiting disposition.

The grant will be paid to MMLBA in a lump sum upon approval by the Board and administered by THDA’s Community Housing Division. MMLBA will be required to report quarterly on the number of properties acquired and resold over the 3-year grant period.



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.



EQUAL HOUSING
OPPORTUNITY 241



Annex



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: David Lillard, State Treasurer
Tennessee Department of Treasury

FROM: Trent Ridley, Chief Financial Officer

SUBJECT: THDA Investment Report – June 30, 2024

DATE: August 8, 2024

Attached is an Executive Summary of THDA’s Investment Report for the quarter ending June 30, 2024. This summary provides the amount of non-mortgage funds managed by our finance team and the overall performance of the portfolio.

Excluding Money Market Funds, THDA’s effective rate of return was 4.79% (up from 4.39% previous quarter and 3.21% at June 30, 2023). As the yield curve is still inverted, THDA continues to take advantage of short-term investment rates when possible. During the quarter, THDA settled \$41.7 million in Program Securities, which are MBS created with pools of THDA-funded loans held as security for the bonds instead of whole loans. These securities are reflected in the 2013 Res Float/Equity Fund. Below is a summary of THDA’s Total Investment Holdings by Fund (book value). The full Investment Report is available on THDA’s website. If you need any additional information, please do not hesitate to contact me at (615) 815-2012 or via email at tridley@thda.org.

Total Investment Holdings as of June 30, 2024

Investment	General Fund	Escrow Fund	Loan Funds	Float / Equity Funds	Bond Reserve Funds	Total Investments
Money Market Funds	\$2,265,994	\$1,610,890	\$3,108,353	\$27,151,309	\$962,743	\$35,099,290
Federal Agency Coupons	1,225,000	0	23,017,392	3,225,000	130,263,672	157,731,064
Treasury Discounts	0	0	0	0	0	0
Program Securities	0	0	0	171,943,545	0	171,943,545
Federal Agency Discount	5,482,673	15,125,748	452,756,910	220,712,782	4,982,036	699,060,150
Total Funds	\$8,973,668	\$16,736,638	\$478,882,655	\$423,032,637	\$136,208,451	\$1,063,834,049



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.





Tennessee Housing Development Agency

Investment Report

June 30, 2024

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



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

EXECUTIVE SUMMARY

THDA Finance Team:

Trent Ridley, CFO

Wayne Beard, Finance Director

Damon Pallay, Controller

July 22, 2024

**Important Transactions during the past quarter:*

- 1) The agency closed the \$255,000,000 Residential Finance Program Bond Issue 2024-2, on June 25, 2024. This financing provided \$227,168,000 of proceeds to fund mortgage loans and purchase GNMA mortgage-backed securities, \$25,000,000 of taxable bond proceeds to purchase FHLMC mortgage-backed securities and \$9,200,000 to fund downpayment assistance 2nd mortgages. This transaction received \$27.95 million of 0% participation proceeds from the 2023-2 transaction and provided \$20.36 million of 0% participation proceeds for future transactions. The balance of 0% proceeds at the June 25, 2024 closing of 2024-2 was \$72,930,000.
- 2) During the past quarter, \$45.2 million in mortgage prepayments were received by the agency. This was approximately a \$12.9 million increase from the previous quarter (\$32.3 million) and approximately a \$2.3 million decrease from the same quarter last year (\$47.5 million). Prepayments are currently being accumulated to redeem bonds in January 2025.
- 3) The agency redeemed \$47,855,000 of bonds during the quarter using mortgage principal collections.
- 4) The agency created and settled \$41,716,882 of MBS Program Securities this quarter. Program Securities are mortgage-backed securities (MBS) created with pools of mortgages funded/purchased by THDA and held as security for the bonds instead of whole loans.
- 5) The Federal Reserve funds rate target was held at the target range of 5.25% - 5.50% at the June 12 meeting of the Federal Open Market Committee (FOMC). In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing

its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans.



PORTFOLIO MANAGEMENT SUMMARY
Portfolio Management
Portfolio Summary
June 30, 2024

THDA
 Andrew Jackson Building
 502 Deaderick St., Third Floor
 Nashville, TN 37243
 (615)815-2020

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/C 360 Equiv.
Federal Agency Coupon Securities	157,608,000.00	150,325,625.53	157,731,064.23	15.33	1,709	433	2.796
Federal Agency Disc. -Amortizing	704,000,000.00	698,725,899.03	699,060,149.68	67.95	71	49	5.322
Pass Through Securities	105,037,647.29	104,983,434.74	105,037,647.29	10.21	10,973	10,728	5.739
Pass Through Securities (GNMA/CMO)	66,905,897.90	67,614,935.79	66,905,897.90	6.50	10,948	10,741	6.075
Investments	1,033,551,545.19	1,021,649,895.09	1,028,734,759.10	100.00%	2,143	1,894	5.026

Total Earnings	June 30	Period	Fiscal Year Ending
Current Year	7,760,199.65		21,122,510.00
Average Daily Balance	649,212,340.07		
Effective Rate of Return	4.79%		

 Mack W. Beard, Director of Finance

GENERAL FUND

DESCRIPTION

The General Fund was established under the 1974 Resolution and was funded from earnings above and beyond the debt cost of THDA Bond Issues that were done early in the existence of the agency.

On June 30, 2014 the agency moved assets from the 1974 Resolution to the 2013 Resolution to boost the financial strength of the 2013 Resolution. This move involved the aforementioned earnings from the early existence of the agency along with the remaining mortgage balances from the 1994-1 Bond issue.

The assets in the General Fund can be used for a variety of purposes. Some uses of the General Fund Assets are/have been:

- 1) Provide funding for special mortgage loan programs
- 2) Pre-fund mortgage loans pending the closing of a bond issue
- 3) Grants

THDA QUARTERLY INVESTMENT REPORT
GENERAL FUND
June 30, 2024

Historical Fund Balances	1974 Resolution		1985 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	25,817,057.22	25,825,609.68	N/A	N/A
6/30/22	33,485,629.07	33,435,329.50	N/A	N/A
6/30/23	20,067,705.82	19,942,906.82	N/A	N/A
6/30/24	8,973,667.92	8,937,739.86	N/A	N/A

Historical Returns (Yield)	Quarter ending 6/30/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1974 Resolution	2.410%	3.564%	3.564%	2.755%

Benchmarks:

(1) One-year CMT	5.137%	5.163%	5.163%	4.798%
(2) Two-year CMT	4.623%	4.707%	4.707%	4.406%
(3) Three-year CMT	4.460%	4.477%	4.477%	4.203%

Duration	1974 Resolution
Average Duration to Maturity (Years)	0.2
Average Duration to Call (Years)	0.1

Asset Allocation	1974 Resolution		1985 Resolution	
	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	2,265,994.49	25.25%	N/A	N/A
Federal Agency Coupons	1,225,000.00	13.65%	N/A	N/A
Variable Rate Securities	-	0.00%	N/A	N/A
Repurchase Agreements	-	0.00%	N/A	N/A
Treasury Coupon Securities	-	0.00%	N/A	N/A
Discount Bonds	5,482,673.43	61.10%	N/A	N/A
Total	8,973,667.92	100.00%	N/A	N/A

*Dollar values are stated as book (amortized cost) value.

ESCROW FUND

DESCRIPTION

THDA has established an escrow fund for the purpose of holding funds that do not belong to THDA but in which the agency has an interest.

The Escrow Fund in the 1974 Bond Resolution held reserves and interest earnings for multi-family developments financed by THDA in the late 1970's and early 1980's. The final THDA financed multi-family development paid off in 2017.

Beginning in June of 2021 the escrow fund is being used to hold various fees received for the THDA Multi Family Bond and Low Income Housing Tax Credit programs. Some of these fees are potentially refundable to the program participants if they meet certain program goals and objectives. Agency staff reviews these on a regular basis to determine if/when a participants are due a refund. Amounts received that are not refundable or amounts forfeited for not meeting the aforementioned goals and objectives are transferred to income.

THDA QUARTERLY INVESTMENT REPORT
ESCROW FUNDS
June 30, 2024

Historical Fund Balances	1974 Resolution		1985 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	-	-	N/A	N/A
6/30/22	9,045,154.81	9,045,154.81	N/A	N/A
6/30/23	9,227,691.79	9,227,691.79	N/A	N/A
6/30/24	16,736,638.38	16,729,624.02	N/A	N/A

Historical Returns (Yield)	Quarter ending 6/30/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1974 Resolution	5.536%	5.391%	5.391%	5.376%

Benchmarks:

(1) One-year CMT	5.137%	5.163%	5.163%	4.798%
(2) Two-year CMT	4.623%	4.707%	4.707%	4.406%
(3) Three-year CMT	4.460%	4.477%	4.477%	4.203%

Duration

	1974 Resolution
Average Duration to Maturity (Years)	0.2
Average Duration to Call (Years)	0.2

Asset Allocation	1974 Resolution		1985 Resolution	
	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	1,610,890.32	0.00%	N/A	N/A
Federal Agency Coupons	-	0.00%	N/A	N/A
THDA Securities	-	0.00%	N/A	N/A
Repurchase Agreements	-	0.00%	N/A	N/A
Discount Bonds	15,125,748.06	0.00%	N/A	N/A
Total	16,736,638.38	0.00%	N/A	N/A

**Dollar values are stated as book (amortized cost) value.*

LOAN FUNDS

DESCRIPTION

Proceeds from a new bond sale that are earmarked for funding mortgage loans are deposited into the Loan Fund. THDA invests these proceeds from the day of closing (the first day the funds are received) until the funds are needed for mortgage loans. Consideration must be given to the maintenance of liquidity so those funds are available as mortgage loans are funded.

A major challenge for THDA in managing the investments in the loan fund is minimizing “negative arbitrage”. This results because the rates that can be earned with a short-term investment instrument are usually less than the cost of the new long-term debt from which the proceeds derived.

Occasionally an amount is set aside from bond proceeds to cover this shortfall. This amount is called “capitalized interest”. Another method that is sometimes used to minimize or eliminate negative arbitrage is the purchasing of longer-term investments with higher rates in the loan fund. The intent would be to sell such investments when cash is needed either on the open market, or if advantageous, to other THDA funds that are expected to have a foreseeable need for such investments.

THDA QUARTERLY INVESTMENT REPORT

LOAN FUNDS

June 30, 2024

Historical Fund Balances

	1985 Resolution		2009 Resolution		2013 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	621,543.77	621,543.77	0.00	0.00	117,828,464.12	117,822,519.62
6/30/22	1,813,508.71	1,813,508.71	0.00	0.00	155,591,681.08	155,534,894.35
6/30/23	0.00	0.00	0.00	0.00	237,707,355.70	236,225,013.52
6/30/24	0.00	0.00	0.00	0.00	478,882,655.11	460,345,911.25

Historical Returns (Yield)

	Quarter ending 6/30/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	N/A	N/A	N/A	N/A
2013 Resolution	4.973%	4.661%	4.661%	4.257%

Benchmarks:

(1) One-year CMT	5.137%	5.163%	5.163%	4.798%
(2) Two-year CMT	4.623%	4.707%	4.707%	4.406%
(3) Three-year CMT	4.460%	4.477%	4.477%	4.203%

Duration

	1985 Resolution	2009 Resolution	2013 Resolution
Average Duration to Maturity (Years)	N/A	N/A	0.2
Average Duration to Call (Years)	N/A	N/A	0.2

Asset Allocation

	1985 Resolution		2009 Resolution		2013 Resolution	
	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	-	0.00%	3,108,353.20	0.65%
Federal Agency Coupons	-	0.00%	-	0.00%	23,017,392.27	4.81%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Pass Through Securities	-	0.00%	-	0.00%	-	0.00%
Discount Bonds	-	0.00%	-	0.00%	452,756,909.64	94.54%
Total	-	0.00%	-	0.00%	478,882,655.11	100.00%

*Dollar values are stated as book (amortized cost) value.

FLOAT/EQUITY FUNDS

DESCRIPTION

Float Funds are considered to be the portion of funds at any given time in the various funds and accounts that will be needed for the next scheduled semi-annual Debt Service payment or for bond call from mortgage prepayment proceeds. Any excess that accumulates in the accounts is considered *Equity Funds*. These funds represent the cumulative net gain in any fund or group of funds. For both the Float and Equity funds, THDA's investment objective is a balancing act: to maximize earnings while achieving sufficient liquidity at January 1 and July 1 to meet debt service and bond call requirements.

The following funds hold the Float/Equity funds:

Revenue Fund (2009 Resolution):

- Debt Service & Expense Account (DS&E)
- Non-Mortgage Receipts Account (NMR)

Revenue Fund (2013 Resolution):

- Debt Service & Expense Account (DS&E)
- Non-Mortgage Receipts Account (NMR)
- 2013 Old 74 Cash and Investment Account

The chart below depicts where the General Bond Resolutions specify the different types of receipts be deposited and held:

	<u>2009 Resolution</u>		<u>2013 Resolution</u>	
	DS&E	NMR	DS&E	NMR
	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Account</u>
Mortgage Loan Principal & Interest	X		X	
Prepayment & Foreclosure Receipts	X		X	
Interest on Non-Mortgage Investments		X		X

THDA QUARTERLY INVESTMENT REPORT
FLOAT / EQUITY FUNDS
June 30, 2024

Historical Fund Balances	1985 Resolution		2009 Resolution		2013 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	4,537,994.05	4,537,994.05	9,796,981.13	9,796,981.13	124,376,398.09	124,438,991.72
6/30/22	4,673,861.66	4,673,798.99	3,743,805.58	3,743,756.91	202,700,662.01	202,710,489.24
6/30/23	-	-	3,908,225.58	3,907,155.14	198,430,937.42	198,186,301.97
6/30/24	-	-	2,291,391.83	2,290,536.54	420,741,244.71	421,144,252.76

Historical Returns (Yield)	Quarter ending 6/30/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	5.273%	5.334%	5.334%	5.254%
2013 Resolution	5.629%	5.496%	5.496%	5.388%

Benchmarks:

(1) One-year CMT	5.137%	5.163%	5.163%	4.798%
(2) Two-year CMT	4.623%	4.707%	4.707%	4.406%
(3) Three-year CMT	4.460%	4.477%	4.477%	4.203%

Duration

	1985 Resolution	2009 Resolution	2013 Resolution
Average Duration to Maturity (Years)	N/A	0.01	2.66
Average Duration to Call (Years)	N/A	0.01	2.67

Asset Allocation	1985 Resolution		2009 Resolution		2013 Resolution	
	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	352,736.60	15.39%	26,798,572.40	6.37%
Federal Agency Coupons	-	0.00%	-	0.00%	3,225,000.00	0.77%
Treasury Coupon Securities	-	0.00%	-	0.00%	-	0.00%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Pass Through Securities	-	0.00%	-	0.00%	171,943,545.19	40.87%
Discount Bonds	-	0.00%	1,938,655.23	84.61%	218,774,127.12	52.00%
Total	-	0.00%	2,291,391.83	100.00%	420,741,244.71	100.00%

*Dollar values are stated as book (amortized cost) value.

BOND RESERVE FUND

DESCRIPTION

Bond Reserve Fund (BRF) - In December of 2009, THDA established a new general bond resolution, the Housing Finance Program (the 2009 resolution). This resolution calls for a Bond Reserve Fund. The required deposit for this fund is the greater of an amount equal to the aggregate of the respective amounts for each series of bonds established in the supplemental resolution authorizing such series or an amount equal to 3% of the then current balance of the program loans plus any other amount on deposit in the loan fund which has not been designated to provide for the payment of costs of issuance or capitalized interest. An analysis was performed as of June 30, 2024 to determine the amount to be held in the Bond Reserve Fund. This analysis determined that this balance needed to be \$1,131,491.90.

In May of 2013, THDA established a new general bond resolution, the Residential Finance Program (the 2013 resolution). As with the 2009 resolution, this resolution calls for a Bond Reserve Fund. The amount of the required deposit for this fund is calculated in the same manner as in the 2009 resolution. CSG Advisors performed an analysis in conjunction with the sale of Bond Issue 2024-2 in June of 2024 under this resolution. The resulting Bond Reserve Fund requirement was \$104,935,309.

THDA QUARTERLY INVESTMENT REPORT
RESERVE FUNDS
June 30, 2024

Historical Fund Balances	1985 Resolution		2009 Resolution		2013 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	23,857,841.86	24,948,423.77	6,611,813.54	6,613,393.73	111,728,216.43	112,333,794.57
6/30/22	13,401,801.73	14,119,103.83	6,615,963.05	6,608,317.29	116,619,811.58	116,597,580.74
6/30/23	-	-	6,613,157.64	6,356,313.95	121,992,197.20	117,679,421.08
6/30/24	-	-	6,232,374.62	6,075,412.75	129,976,076.34	123,225,707.72

Historical Returns (Yield)	Quarter ending 6/30/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	1.337%	0.927%	0.927%	0.852%
2013 Resolution	2.481%	1.991%	1.991%	1.764%

Benchmarks:

(1) One-year CMT	5.137%	5.163%	5.163%	4.798%
(2) Two-year CMT	4.623%	4.707%	4.707%	4.406%
(3) Three-year CMT	4.460%	4.477%	4.477%	4.203%

Duration	1985 Resolution	2009 Resolution	2013 Resolution
Average Duration to Maturity (Years)	N/A	1.8	3.1
Average Duration to Call (Years)	N/A	0.2	1.0

Asset Allocation	1985 Resolution		2009 Resolution		2013 Resolution	
	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	429,588.84	6.89%	533,153.96	0.41%
Federal Agency Coupons	-	0.00%	5,802,785.78	93.11%	124,460,886.18	95.76%
Treasury Coupon Securities	-	0.00%	-	0.00%	-	0.00%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Pass Through Securities	-	0.00%	-	0.00%	-	0.00%
Discount Bonds	-	0.00%	-	0.00%	4,982,036.20	3.83%
Total	-	0.00%	6,232,374.62	100.00%	129,976,076.34	100.00%

*Dollar values are stated as book (amortized cost) value.

ARBITRAGE

DESCRIPTION

Arbitrage, in part is defined as “the simultaneous purchase and sale of the same or equivalent security in order to profit from price discrepancies”.

This relates to THDA as it is applied to the use of proceeds from tax-exempt bonds, specifically the use of such bond proceeds or earnings from such proceeds to purchase taxable non-mortgage investments. Any excess earnings over the cost of borrowing (bond rate) are arbitrage earnings and must be rebated to the Internal Revenue Service.

This is a net calculation and is computed annually. Attached is a spreadsheet showing the arbitrage liability by bond issue as of 6/30/2023. Every five years, on the anniversary date of each bond issue, for the life of the bond issue, cash settlement has to be made with the IRS. If earnings for a five-year period are less than what the investments would have earned at the bond rate, no payment is due the IRS. If the earnings are more than what would have been earned at the bond rate, cash payment of the excess must be paid to the IRS. THDA has contracted with Kutak Rock to make these complex calculations.

From an Investment management performance measurement standpoint, THDA knows that if there is a rebate liability for a bond issue, then the agency has maximized earnings for that particular issue. This is probably the best benchmark of all because as mentioned above any earnings in excess of bond cost cannot be retained by the agency.

Tennessee Housing Development Agency
 Rebate Liability as of June 30, 2023

<i>Resolution / Bond Issue</i>	<i>Arbitrage Rebate Liability</i>
<u>2009 Res</u>	-
2015-A	-
<u>Sub-total</u>	-
<u>2013 Res</u>	
2013-1	-
2013-2	-
2014-1	-
2014-2	-
2015-1	-
2015-2	-
2016-1	-
2016-2	-
2016-3	-
2017-1	-
2017-2	-
2017-3	-
2017-4	-
2018-1	-
2018-2	-
2018-3	-
2018-4	-
2019-1	-
2019-2	-
2019-3	-
2019-4	-
2020-1	-
2020-2	-
2020-3	-
2020-4	-
2021-1	-
2021-2	-
2021-3	-
2022-1	-
2022-2	-
2022-3	-
2023-1	73,426.56
<u>Sub-total</u>	<u>73,426.56</u>
TOTALS	73,426.56



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: Rebecca Carter, Director of Community Services
Don Watt, Chief Programs Officer

SUBJECT: ERA-EPP Additional Funding Awards

DATE: September 9, 2024

Following policy approved by the Board at its November 14, 2023, meeting, the Director of Community Services is to advise the Board of subsequent funding awards made to Emergency Rental Assistance - Eviction Prevention Program (ERA-EPP) partners using the following eligibility criteria:

THDA may award an additional grant amount up to the lesser of

- 300% of its existing grant award, or
- The monthly expenditure rate from August 1, 2023, to the most recent completed month before the additional funding request is made to THDA, multiplied by the number of months remaining in the contract period,
- The remaining ERA-EPP funds available for award; or
- The Grantee's requested amount of additional assistance.

THDA has made subsequent since the last board update in July:

Subgrantee	Additional Funding (Since Last Board Update)	TOTAL TO DATE
Affordable Housing Resources	\$2,300,000.00	\$6,300,000.00
Appalachian Regional Coalition on Homelessness	\$392,184.46	\$784,368.92
Bradley-Cleveland Community Service Agency	\$525,000.00	\$1,050,000.00
Buffalo Valley, Inc.	\$416,815.61	\$916,815.61
Catholic Charities of Tennessee, Inc.	\$448,326.75	\$948,326.75
Chatt Foundation	\$613,684.64	\$1,113,684.64
Greater Kingsport Alliance for Development	\$220,000.00	\$520,000.00
Shelby County Community Services Agency	\$1,657,878.99	\$4,270,929.99



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.





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: Rebecca Carter, Director, Community Services
Don Watt, Chief Program Officer

SUBJECT: 2024 Emergency Solutions Grants Program Funding

DATE: September 9, 2024

THDA made \$2,501,272 in program funds available through its competitive application process and \$500,000 available through a set-aside under its 2024 Emergency Solutions Grants Program (“ESG”) to assist individuals and families who are homeless or at risk of homelessness. Eligible ESG activities include shelter operations, rapid rehousing assistance, homelessness prevention assistance, outreach, and data collection.

THDA received 44 applications to its competitive round, of which 41 applications were from nonprofit organizations and three applications from local governments. A total of over \$4.7 million was requested from applications meeting threshold requirements.

Staff recommended awarding 19 nonprofits and two local government applications in the amount of \$2,455,384 in program funds and \$18,208 in administrative funds through the 2024 ESG Program Competition, as detailed in the attached ESG Funding Matrix. Of the 44 competitive applications received, two were deemed ineligible for program funds.

An additional \$500,000 in program funds and \$37,500 in Administrative Funds was requested and awarded to four local governments through the ESG Set-Aside.

After the 2023 ESG Program is closed and reconciled at the end of September, staff will determine how much funds remain available to rollover into the 2024 ESG Program. Staff will then review the attached ESG Funding Matrix to determine which additional competitive applications may receive awards under the 2024 ESG Program.



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.



EQUAL HOUSING
OPPORTUNITY 261



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

SUBJECT: Multifamily Tax-Exempt Bonds Round 2 Preliminary Ranking

DATE: September 9, 2024

On July 31, 2024, THDA Multifamily Programs Division received six applications for Multifamily Tax-Exempt Bonds (MTBA) associated with MTBA Round 2. A total of \$179,712,412 in tax-exempt bonds were available in Round 2 for multifamily use.

Total bonds requested were \$215,087,553. All applications were deemed eligible for bonds, ranked by priority order in the MTBA Program Description, and then by score.

Five of the six applications received an allocation of tax-exempt bonds. After the top four proposals received allocations, \$18,624,859 in tax-exempt bonds remained, with the fifth proposal requesting \$38,000,000 in bonds. In accordance with the procedures set forth in the MTBA Program Description, staff provided an allocation to the next proposal that could be fully funded, at \$16,000,000.

Please see the Multifamily Tax-Exempt Bond Authority Round Two Preliminary Ranking accompanying this memo.



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.



Multifamily Tax Exempt Bond Authority Round Two Preliminary Ranking

THBA #	Previous TN Development Name	County	New Cons. Acq/Rehab	Amt/MTBA Requested	Actual Tax Credit Amount	Grand Division	Category	QCT-DDA	CCRP	Census Tract	Tiebreaker	Hard Cost	Total Dev Costs	Deepest Rehab	Conversion for Deepest Developer Experience Points	Other Sources of Income	Other Sources %	Conversion for Other Sources of Income	MTBA PD Score	Total Units	LIHTC Units	MKT Units	Contact Name	Contact Email	Status	
24-607	525 Flats	Knox	X		\$30,000,000	East	Group A-New Construction with PHA	Yes	Yes	66	77.46	\$23,152,323	\$52,784,024	0%	0	10	\$2,300,000	4.3574%	0.4357	10.4357	131	131	0	Craig Cobb	craigc@dominion.us	Eligible
24-603	Scenic View at Hardin Valley	Knox	X		\$21,087,553	East	Group A-New Construction with PHA	Yes	No	59.03	50.06	\$12,888,120	\$38,466,096	0%	0	10	\$1,000,000	2.5997%	0.2600	10.2600	84	84	0	Craig Cobb	craigc@dominiondg.com	Eligible
24-604	Artist Lofts	Davidson	X		\$68,000,000	Middle	Group C-New Construction in QCT w/ CCRP	Yes	Yes	109.03	93.12	\$60,655,165	\$122,742,510	0%	0	10	\$4,845,415	3.9476%	0.3948	10.3948	260	255	5	Evan Holladay	evan@holladayventures.com	With Conditions
24-609	Riverside at Trinity Lane	Davidson	X		\$42,000,000	Middle	Group C-New Construction in QCT w/ CCRP	Yes	Yes	127.02	56.51	\$44,418,205	\$84,113,405	0%	0	10	\$5,000	0.0059%	0.0006	10.0006	166	166	0	Phillip Vaughn	phillip.vaughn@vaughndevelopment.com	Eligible
24-601	Beasley	Dickson	X		\$38,000,000	Middle	Group D-New Construction in QCT w/no CCRP	Yes	No	606.02	78.26	\$30,302,000	\$70,261,005	0%	0	10	\$0	0%	0.0000	10.0000	198	198	0	Hunter Nelson	hunter@elmingtoncapital.com	Eligible
24-610	Plaza Towers	Greene	X		\$16,000,000	East	Group E-Rehabilitation w/Existing Rent Restrictions	No	Yes	903	NA	\$10,135,223	\$32,486,138	31.1986%	3.1199	10	\$0	0%	0.0000	13.1199	114	113	1	Mark J. Kemp	mkemp@rebuildamericainc.com	Eligible
Total Requests					\$215,087,553																					
MTBA Available					\$ 179,712,412.00																					
Awards																										
24-607					\$30,000,000																					
24-603					\$21,087,553																					
24-604					\$68,000,000																					
24-609					\$42,000,000																					
24-610					\$16,000,000																					
					\$177,087,553																					
Amount Remaining					\$ 2,624,859.00																					
*Awards in accordance with 2024 MTBA PD Section 9-B																										
**Grey shaded will be offered a Firm Commitment																										
***As of 9.4.2024																										



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: Bill Lord, Director, Community Housing
Don Watt, Chief Program Officer

SUBJECT: 2024 HOME CHDO Homeownership Development Program Funding Awards

DATE: September 9, 2024

Attached is the funding award matrix under the 2024 HOME CHDO Homeownership Development Program. THDA had \$2.58 million available for program awards and \$181,000 for Operating Assistance. We received three applications requesting \$2.49 million in HOME CHDO Program and Operating funds.

As provided on the attached matrix, THDA awarded funding to two of the three applications, in the amount of \$1,551,000 in program funds and \$108,570 in operating assistance funds that will lead to the construction of eight homes in the East Grand Division. No applications were received from Middle or West Tennessee.

One application was submitted by Neighborhood Housing, Inc., failed threshold. The applicant did not meet spend down requirements from an open 2020 HOME CHDO Homeownership Development grant.



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.



2024 HOME CHDO Homeownership Development Program Funding Matrix

Applicant	County	Grand Division	Program \$ Requested	CHDO Operating \$ Requested	Total Funds Requested	# of Units	Program Design & Planning	Capacity	Energy Conservation	Universal Design	Prior Year Unexpended HOME Funds	Units Outside of a HUD PJ	Match	Leverage	Public Private Partnership for Neighborhood Redevelopment	Total Score	Program Funds Awarded	Operating Funds Awarded	Programs Funds Available	Operating Funds Available
																			\$2,582,017	\$181,000
Applications Passing Threshold																				
Foothills Community Development Corporation	Blount	E	\$760,000	\$53,200	\$813,200	4	23	15	10	10	0	5	0	15	4	82	\$760,000	\$53,200	\$1,822,017	\$127,800
East TN Housing Development Corporation	Knox	E	\$791,000	\$55,370	\$846,370	4	26	29	10	10	-1	0	0	0	3	77	\$791,000	\$55,370	\$1,031,017	\$72,430
Applications Not Passing Threshold																				
Neighborhood Housing, Inc.	Knox	E	\$936,000	\$65,520	\$1,001,520	4	29	30	0	10	-5	0	0	5	0	69	\$0	\$0	\$1,031,017.00	\$72,430.00

Application Received:	\$2,487,000	\$174,090	\$2,661,090	12
Applications Meeting Threshold:	\$1,551,000	\$108,570	\$1,659,570	8
Applications Recommended for Funding:	\$1,551,000	\$108,570	\$1,659,570	8

Approved: 
 Ralph M. Perrey, Executive Director



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

SUBJECT: 2024 HOME Urban/Rural Program Funding Awards

DATE: September 9, 2024

THDA had approximately \$6.7 million available in 2024 program funds, including \$2.3 in unspent funds from previous year allocations, and an additional \$536,000 in administrative funds for award HOME Urban and Rural Program Description. Below is a summary of the awards made under each program iteration. Further details are available within the funding matrices.

2023 HOME Urban - Funding Awards:

THDA received five applications requesting \$3 million in HOME Program funds. All applications were eligible for scoring. THDA awarded funding to all five of the eligible applications, in the amount of \$3,000,000 in program funds and \$240,000 in administrative funds that will help rehabilitate 43 homes in the East and Middle regions of the state. THDA received no Urban applications from the West Grand Division. Funding awards are provided on the attached matrix.

2024 HOME Rural – Funding Awards:

THDA received 26 applications requesting \$16.8 million in HOME program funds and \$1.3 million in HOME administrative funds. Of the applications submitted, 24 were eligible for scoring. THDA awarded funds to six of the eligible applications, totaling \$3,700,000 in program funds and \$296,000 in administrative funds that will help rehabilitate 44 homes in the East, Middle and West regions of the state as noted on the attached funding matrix.



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.



EQUAL HOUSING
OPPORTUNITY 266

2024 HOME URBAN Program Matrix

Project Funds Available: \$3,035,517

Applicant	County	Grand Division	Project Funds Requested	Administrative Funds Requested	Total Funds Requested	# of Units	Activity	Program Design	Need	Growth Policy/Unexpended Deduction	Disaster Area	Match	Not Proportionally Served	Total Score	Project Funds Awarded	Administrative Funds Awarded	Project Funds Remaining
Cumberland County	Cumberland	E	\$750,000	\$60,000	\$810,000	8	Homeowner Rehabilitation	51	2	10	10	0	10	83	\$750,000	\$60,000	\$1,535,517
City of Columbia	Maury	M	\$750,000	\$60,000	\$810,000	11	Homeowner Rehabilitation	54	2	10	10	0	7	83	\$750,000	\$60,000	\$2,285,517
Carter County	Carter	E	\$250,000	\$20,000	\$270,000	6	Homeowner Rehabilitation	49	10	8	0	0	5	72	\$250,000	\$20,000	\$1,285,517
City of Morristown	Hamblen	E	\$750,000	\$60,000	\$810,000	12	Homeowner Rehabilitation	54	5	3	0	0	3	65	\$750,000	\$60,000	\$535,517
Wilson County	Wilson	M	\$500,000	\$40,000	\$540,000	6	Homeowner Rehabilitation	46	1	9	0	0	7	63	\$500,000	\$40,000	\$35,517

	Number	Units	Total Funds	Total Recommended Funding by Region	
Total Applications Received:	5	43	\$3,240,000	East	\$1,890,000
Applications Recommended for Funding:	5	43	\$3,240,000	Middle	\$1,350,000
				West	\$0

Approved 
 Ralph M. Perrey, Executive Director

2024 HOME RURAL Program Matrix

Project Funds Available: \$3,710,076

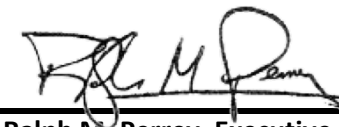
Applicant	County	Grand Division	Project Funds Requested	Administrative Funds Requested	Total Funds Requested	# of Units	Activity	Program Design	Need	Growth Policy/Unexpended Deduction	Disaster Area	Match	Not Proportionally Served	Total Score	Project Funds Awarded	Administrative Funds Awarded	Project Funds Remaining
Hickman County	Hickman	M	\$500,000	\$40,000	\$540,000	7	Homeowner Rehabilitation	54	4	10	10	5	5	88	\$500,000	\$40,000	\$3,210,076
Jefferson County	Jefferson	E	\$700,000	\$56,000	\$756,000	10	Homeowner Rehabilitation	56	5	10	10	0	6	87	\$700,000	\$56,000	\$2,510,076
Lawrence County	Lawrence	M	\$500,000	\$40,000	\$540,000	7	Homeowner Rehabilitation	56	5	10	10	0	6	87	\$500,000	\$40,000	\$2,010,076
Greenfield	Weakley	W	\$750,000	\$60,000	\$810,000	7	Homeowner Rehabilitation	50	6	10	10	0	10	86	\$750,000	\$60,000	\$1,260,076
Hartsville/Trousdale County	Trousdale	M	\$750,000	\$60,000	\$810,000	6	Homeowner Rehabilitation	51	10	10	10	0	2	83	\$750,000	\$60,000	\$510,076
Centerville	Hickman	M	\$500,000	\$40,000	\$540,000	7	Homeowner Rehabilitation	55	4	9	10	0	5	83	\$500,000	\$40,000	\$10,076
Clay County	Clay	M	\$750,000	\$60,000	\$810,000	6	Homeowner Rehabilitation	52	10	9	10	0	1	82	\$0	\$0	\$10,076
Jackson County	Jackson	M	\$750,000	\$60,000	\$810,000	6	Homeowner Rehabilitation	52	9	10	10	0	1	82	\$0	\$0	\$10,076
White Pine	Jefferson	E	\$300,000	\$24,000	\$324,000	5	Homeowner Rehabilitation	51	5	10	10	0	6	82	\$0	\$0	\$10,076
Johnson County	Johnson	E	\$500,000	\$40,000	\$540,000	6	Homeowner Rehabilitation	51	10	7	10	0	3	81	\$0	\$0	\$10,076
Cocke County	Cocke	E	\$750,000	\$60,000	\$810,000	12	Homeowner Rehabilitation	54	9	3	10	0	5	81	\$0	\$0	\$10,076
Pickett County	Pickett	M	\$750,000	\$60,000	\$810,000	4	Homeowner Rehabilitation	51	9	10	10	0	1	81	\$0	\$0	\$10,076
Union City	Obion	W	\$750,000	\$60,000	\$810,000	7	Homeowner Rehabilitation	51	6	8	10	0	4	79	\$0	\$0	\$10,076
Bedford County	Bedford	M	\$500,000	\$40,000	\$540,000	7	Homeowner Rehabilitation	56	6	8	0	5	3	78	\$0	\$0	\$10,076
Union County	Union	E	\$750,000	\$60,000	\$810,000	12	Homeowner Rehabilitation	56	10	10	0	0	1	77	\$0	\$0	\$10,076
Sneedville	Hancock	E	\$350,000	\$28,000	\$378,000	3	Homeowner Rehabilitation	56	10	9	0	0	1	76	\$0	\$0	\$10,076
Lexington	Henderson	W	\$750,000	\$60,000	\$810,000	6	Homeowner Rehabilitation	43	8	10	10	0	5	76	\$0	\$0	\$10,076
Franklin County	Franklin	M	\$750,000	\$60,000	\$810,000	11	Homeowner Rehabilitation	56	3	10	0	0	7	76	\$0	\$0	\$10,076
Overton County	Overton	M	\$750,000	\$60,000	\$810,000	4	Homeowner Rehabilitation	50	10	10	0	0	5	75	\$0	\$0	\$10,076
Hancock County	Hancock	E	\$650,000	\$52,000	\$702,000	6	Homeowner Rehabilitation	54	10	9	0	0	1	74	\$0	\$0	\$10,076

Applicant	County	Grand Division	Project Funds Requested	Administrative Funds Requested	Total Funds Requested	# of Units	Activity	Program Design	Need	Growth Policy/Unexpended Deduction	Disaster Area	Match	Not Proportionally Served	Total Score	Project Funds Awarded	Administrative Funds Awarded	Project Funds Remaining
Lincoln County	Lincoln	M	\$750,000	\$60,000	\$810,000	11	Homeowner Rehabilitation	55	2	10	0	0	5	72	\$0	\$0	\$10,076
Newbern	Dyer	W	\$750,000	\$60,000	\$810,000	7	Homeowner Rehabilitation	50	2	10	0	0	9	71	\$0	\$0	\$10,076
Fayetteville	Lincoln	M	\$500,000	\$40,000	\$540,000	7	Homeowner Rehabilitation	55	2	8	0	0	5	70	\$0	\$0	\$10,076
Shelbyville	Bedford	M	\$500,000	\$40,000	\$540,000	7	Homeowner Rehabilitation	53	6	3	0	0	3	65	\$0	\$0	\$10,076
Upper Cumberland Development District	Smith	M	\$750,000	\$60,000	\$810,000	6	Homeowner Rehabilitation	39	6	0	0	0	10	55	\$0	\$0	\$10,076
East Tennessee Development District	Monroe	E	\$750,000	\$60,000	\$810,000	9	Homeowner Rehabilitation	33	5	0	10	0	6	54	\$0	\$0	\$10,076

Total Recommended Funding

	Number	Units	Total Funds	by Region	
Applications Received	26	186	\$18,090,000	East	\$756,000
Applications Recommended for Funding	6	44	\$3,996,000	Middle	\$2,430,000
				West	\$810,000

Approved



Ralph M. Perrey, Executive Director



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

SUBJECT: 2024 THTF Competitive Grants Funding Awards

DATE: September 9, 2024

Attached is the funding award matrix under the 2024 Round of the Competitive Grants Program of the Tennessee Housing Trust Fund (THTF). THDA had approximately \$4 million available to award and received seven applications eligible for scoring, requesting \$4.1 million. The recommended funding amount of \$4,000,000 will create 94 units of affordable rental housing committed to THTF eligible tenants. Additional information is available on the attached funding matrix.

As provided under the program description, THDA awarded funds for the highest scoring applications in each of the Grand Divisions:

East Grand Division:

- Council For Alcohol and Drug Abuse Services, Inc. (CADAS) (Hamilton County) - Will construct 16 units serving very low and extremely low-income households with a history of addictions and homelessness.

Middle Grand Division:

- Murfreesboro Housing Authority (Rutherford County) - Will construct 46 units of affordable permanent rental housing of which four will be committed as THTF units for low-income households.

West Grand Division:

- The Works (Shelby County) - Will construct 79 units of affordable housing of which 16 will be committed as THTF units to serve low-income, senior households.



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.



THDA awarded funds to the remaining eligible applications based on score until no funding remained:

- Manchester Housing Authority (Coffee County) - Will rehabilitate 48 units of affordable housing with all 48 committed as THTF units to serve low-income households.
- Emory Valley Center (Anderson County) - Will convert one building to create two group homes, both committed to serve six individuals with intellectual/developmental disabilities with co-occurring disorders.
- SOCAYR, Inc. Brookhollow (Cheatham County) - Will construct 63 units of affordable housing with four units committed to serve low income, senior households.
- SOCAYR, Inc. The Evelyn June (Rutherford County) – Will construct 54 units of affordable housing with four units committed to serve low income, senior households.

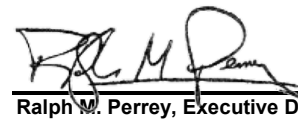
The remaining ten applications did not pass threshold as indicated on the attached funding matrix.

2024 Tennessee Housing Trust Fund Competitive Grants Program

APPLICATIONS PASSING THRESHOLD	COUNTY	Grand Division	TOTAL THTF Request	THTF AWARD	MATCHING FUNDS (Cash)	MATCHING SERVICES / PROPERTY	TOTAL PROJECT COSTS	# OF HHS TO BE SERVED	TOTAL THTF UNITS	TOTAL UNITS	ACTIVITY	POPULATION	CAPABILITY 70 Pts	NEED 23 Pts	INNOVATION 7 Pts	TOTAL SCORE	TOTAL BALANCE OF FUNDS AVAILABLE
																	\$4,000,000
East Grand Division - Highest Scoring Applicant																	
CADAS	Hamilton	E	\$600,000	\$600,000	\$2,323,671	\$0	\$2,923,671	16	16	16	New Construction	Very low and extremely low income with history of addictions and homelessness	67	13	5	85	\$3,400,000
Middle Grand Division - Highest Scoring Applicant																	
Murfreesboro Housing Authority	Rutherford	M	\$600,000	\$600,000	\$4,315,928	\$0	\$4,915,928	4	4	46	New Construction	Low Income	64	10	3	77	\$2,800,000
West Grand Division - Highest Scoring Applicant																	
The Works	Shelby	W	\$600,000	\$600,000	\$2,000,000	\$0	\$2,600,000	16	16	79	New Construction	Seniors	58	4	5	67	\$2,200,000
Remaining Applications Ranked by Total Score																	
Manchester Housing Authority	Coffee	M	\$600,000	\$600,000	\$1,932,135	\$0	\$2,532,135	48	48	48	Rehabilitation of existing units.	Low Income	63	5	5	73	\$1,600,000
Emory Valley Center	Anderson	E	\$464,622	\$464,622	\$451,500	\$2,293,850	\$3,209,972	6	2	2	Conversion	Intellectual or Developmental Disabilities with Co-Occurring Disorders	60	5	6	71	\$1,135,378
SOCAYR, Inc. - Brookhollow	Cheatham	M	\$600,000	\$600,000	\$600,000	\$0	\$1,200,000	4	4	63	New Construction	Seniors	58	9	4	71	\$535,378
SOCAYR, Inc. - The Evelyn June	Rutherford	M	\$600,000	\$535,378	\$600,000	\$0	\$1,200,000	4	4	54	New Construction	Seniors	53	5	5	63	\$0

	THTF Funds	HHS to be Served	THTF Units
Total Applications Recommended For Award	\$4,000,000	98	94
Total Requested From Eligible Applications	\$4,064,622	98	94

Approved:



5/20/24

Ralph M. Perrey, Executive Director Date

Applicants Not Passing Threshold		
Applicant	County	Reason
Appalachian Home & Health	Morgan	Insufficient score (54 points) & no financial audit included with application.
Franklin Housing Authority	Williamson	No current financial audit or board resolution included with application.
Project Return	Hamilton	Insufficient score (58 points) to meet threshold requirement for funding.
Samaritan Recovery Community	Davidson	No board resolution included with application.
Sequatchie Haven Corporation	Sequatchie	Corporate and individual disclosure for board chair submitted on the same form.
Springboard Landings	Davidson	Insufficient score (49 points) to meet threshold requirement for funding. No individual disclosure for executive director and no board resolution included with application.
Tennessee Prison Outreach Ministry	Davidson	2024 THTF grant not referenced in board resolution and was not signed. 2023 financials not eligible for consideration.
The Housing Foundation of West Tennessee	Hardeman, Shelby	No corporate disclosure included with application.
Urban League of Middle Tennessee	Davidson	2024 THTF Grant not referenced in board resolution.
Waverly Housing Authority	Humphreys	No current financial audit included with application.