Tennessee Housing Development Agency - Board of Directors

Committee and Board Meeting Materials

July 28, 2026

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Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

THDA Board of Directors and Committee Meetings Agendas

<u>Committee Agendas</u>

Tuesday, July 28, 2026, at 10:00am CT
Tennessee Room #2, Tennessee
Towers 312 Rosa L. Parks Avenue, 3rd
Floor Nashville, TN 37243

AUDIT & BUDGET COMMITTEE

A. Approval of Audit & Budget Committee Meeting Minutes – May 12, 2026*

B. Committee Items *(** items require committee vote)
1. Internal Audit Plan*
2. Director of Internal Audit Performance Evaluation*
3. Executive Director Performance Evaluation*

BOND FINANCE COMMITTEE

A. Approval of Bond Finance Committee Meeting Minutes-May 12, 2026*

B. Committee Item (* items require committee vote)
1. Bond Issue 2026-2*
2. Underwriter Team Selection Committee Recommendation*

EQUAL HOUSING OPPORTUNITY

THDA Board of Directors Board Meeting Agenda

(directly following Bond Finance Committee Meeting)

Tuesday, July 28, 2026, at 10:00am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. **Board Chair Convening of the Board and Introductory Comments**

B. **Public Comment Period**

C. **Executive Director's Report**

D. **CFO Update**
Financial Status Update

E. **Single Family Business**
Business Update

F. **Multifamily Business**
Business Update

G. **Board Action items** (* items require Board vote)

1. Approval of Board Meeting Minutes – May 12, 2026*
2. Executive Director Performance Evaluation*
3. Bond Issue 2026-2*
4. HOME-ARP Rental Housing Development Program Description – 2026*
5. HOME-ARP Support Services Program Description – 2026*
6. Low Income Home Energy Assistance Program Model Plan Authorization– 2027*
7. Low Income Housing Tax Credit Qualified Allocation Plan – 2027*
8. Amendment to the National Housing Trust Fund Program Description – 2026*
9. Convergence Memphis United Housing Grant Update
10. Convergence Memphis Sustaining Grant to United Housing, Inc.– 2027*
11. Appalachia Service Project HOME Urban/Rural Program Extension Request – 2023*
12. Habitat for Humanity Grant Update
13. Habitat for Humanity Set-Aside Program Description – 2027*
14. Affordable Housing Development Gap Program Description Amendment – 2025*
15. Single Family Mortgage Loan Program Income Limits – 2026*

H. Annex

1. THDA Investment Report – March 31, 2026
2. Multifamily Tax-Exempt Bond (MTBA) Round 1 Overview – 2026
3. Competitive (9%) Low Income Housing Tax Credit (“LIHTC”) & National Housing Trust Fund (“NHTF) Round Overview – 2026
4. Competitive Grants Funding Awards – 2026

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 Perrey
Executive Director

Audit & Budget Committee Meeting Agenda

Tuesday, July 28, 2026, at 10:00am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Audit & Budget Committee Meeting Minutes – May 12, 2026*

B. Committee Items *(** items require committee vote)
1. Internal Audit Plan*
2. Director of Internal Audit Performance Evaluation*
3. Executive Director Performance Evaluation*

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DRAFT

TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE
May 12, 2026

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 12, 2026, at 10:00 AM CT at the William R. Snodgrass Tennessee Tower, Nashville Room, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Treasurer David Lillard (Chair); Secretary of State Tre Hargett; Rick Neal; Stephen Dixon; and Micheal Miller.

Recognizing a quorum present, Treasurer Lillard called the meeting to order at 10:00 AM CT. For the first order of business, Treasurer Lillard called for consideration and approval of the February 17, 2026, Audit & Budget Committee Meeting Minutes. Upon motion by Secretary Hargett, second by Mr. Neal, and following a vote with all members identified as present voting "yes", the motion carried to approve the February 17, 2026, minutes.

Treasurer Lillard reviewed the memo referencing the process and timeline for the performance review of the THDA Executive Director and called for consideration and approval of the performance review process and timeline. Upon motion by Secretary Hargett, second by Treasurer Lillard, and following a vote with all members identified and present as voting "yes", the motion carried to approve the Executive Director performance review process and timeline. Treasurer Lillard reviewed the memo referencing the process and timeline for the performance review of the THDA Internal Audit Director and called for consideration and approval of the performance review process and timeline. Upon motion by Treasurer Lillard, second by Secretary Hargett, and following a vote with all members identified and present as voting "yes", the motion carried to approve the Internal Audit Director performance review process and timeline.

There being no further business, Treasurer Lillard adjourned the meeting at 10:02 AM CT.

Respectfully submitted,

Jason Redd
Director of Internal Audit
Approved this 28th day of July, 2026

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To:	THDA Audit and Budget Committee
From:	Jason Redd, CPA CISA CFSA Director of Internal Audit
Date:	July 28, 2026
Subject:	Fiscal Year Audit Plan

Recommendation:

Staff recommends the Audit and Budget Committee approve the Fiscal Year 2027 Annual Audit Plan.

Key Points:

The Internal Audit Plan outlines the priorities of the Internal Audit Division. For Fiscal Year 2027, the plan was derived primarily from the results of the Internal Audit risk assessment. Many of the projects are required to be performed and are on the plan each year. Additional projects on this year's plan include:

- External Quality Assessment (peer review process for the State of Tennessee Quality Assurance and Improvement Program)

Background:

The FY 2027 audit plan and a listing of projects in progress as of July 1, 2026 were required to be submitted to the Comptroller's office this year by July 10. We submitted our documents on July 9. A copy of our submission is included in your packet. The plan was developed using input from management and results of our risk assessment. The draft plan was emailed to the Audit and Budget Committee members on June 29 for review. While this is our work plan for fiscal year 2027, projects may change as priorities change throughout the year.

Feel free to contact me with any questions or concerns.

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Tennessee Housing Development Agency

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

Bill Lee	**Ralph Perrey**
Governor	**Executive Director**

MEMORANDUM

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

FROM: Mr. Jason Redd, CPA, CISA, CFSA Director of Internal Audit

DATE: July 8, 2026

SUBJECT: Audit Projects in Progress and Internal Audit Plan

According to TCA Section 4-3-304(7), copies of all reports issued during the fiscal year are filed with your office at the time of completion. We have enclosed a copy of our annual Internal Audit Plan (IAP) for the fiscal year ended June 30, 2027, and a listing of all internal audits, reviews, and investigations currently in progress as of July 1, 2026.

The Internal Audit Plan (IAP) outlines the priorities of the Internal Audit Division. The 2027 Fiscal Year priorities were derived primarily from the results of the Internal Audit risk assessment. The Internal Audit risk assessment was developed in consultation with Senior Management and the THDA Audit and Budget Committee to obtain a current understanding of the Department's key programs/process areas. The risk assessment was conducted by assigning risk scores to criteria for each key program/process area identified within the Department. The criteria included, but were not limited to, strategic, operational, financial, regulatory/compliance, and reputational risks. Utilizing the average risk scores assigned to the criteria, program/process areas were identified/prioritized for audit plan inclusion, with consideration for the limited resources within Internal Audit. Detailed risk assessment documentation is on file with Internal Audit and is available for review upon request.

In addition to the priorities identified from the risk assessment, the IAP also includes reviews, audits, and other activities as required by statute, rules, and Department policies. The IAP may also include reviews, assessments, or audits resulting from external audit(s) recommendations or findings. The IAP may include consulting engagements and other activities designed to help improve the management of risk, add value to the Department, and/or improve

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departmental operations. The IAP may be modified throughout the year, based on changes in the organization, audit resources, and/or additional risk considerations.

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

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

Enclosures

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

TENNESSEE HOUSING DEVELOPMENT AGENCY
INTERNAL AUDIT PROJECTS IN PROCESS
As of July 1, 2026

Development District MDD 7/1/2024 – 6/30/2025
Observation of Third-Party Risk Management and vendor management based on The IIA's Third-Party Risk Management Topical Requirement that goes into effect on September 15, 2026.

Tennessee Housing Development Agency

Internal Audit Plan

For The Fiscal Year Ended June 30, 2027

Based on an assessment of the risk of all THDA activities and programs, and on discussions with THDA management, the following audits are planned for the Fiscal Year Ended June 30, 2027.

1. **Financial Integrity Act/Enterprise Risk Management Assessment** – Lead THDA in the preparation of the self-assessments and compilation of the reports required to comply with the Financial Integrity Act due by December 31, 2026.

2. **Third Party Risk Management –** Perform an observation of internal controls and policies/procedures established for THDA's Third Party Risk Management and vendor management.

3. **Hardest Hit Fund (HHF) Review –** Perform a limited review of the internal controls established for THDA programs funded by the Hardest Hit Fund, including review of loan documentation, funding process and follow-up activities performed by Community Services division staff to ensure compliance with US Department of Treasury and THDA requirements. This review will be performed semi-annually.

4. **Subrecipient Monitoring** – These projects involve a review of internal controls, expenditure of awards and delivery of services by subrecipients of Federal and State awards in accordance with Central Procurement Office Grant Management and Subrecipient Monitoring Policy and Procedures.

5. **Staff and Board Disclosure Analysis –** This project will involve a review of annual disclosure forms submitted by all THDA staff, board members, and representatives for compliance with the disclosure policy and THDA's enabling legislation.

6. **Quality Review of Development Districts –** These projects involve a review of internal controls, expenditure of awards and delivery of services by development districts that have been awarded funds by THDA.

7. **Quality Review of THDA's Administration of the Section 8 Rental Assistance Program –** This project will involve a review of internal controls and agency performance relative to the Section 8 Housing Choice Voucher Program.

8. **Section 8 HQS Inspection Quality Control Review** - This project involves a regular review of internal controls, quality, and delivery of services by the contractor performing HQS inspections for the Housing Choice Voucher program.

9. **Administer the Compliance Management System for Mortgage Loan Servicing** – To ensure compliance with federal regulators and THDA policy, this responsibility includes reviewing all aspects of servicing THDA mortgages including monthly quality control reviews, as specified in the Quality Control Plan for Mortgage Loan Servicing.

10. **Administer the Compliance Management System for Mortgage Loan Originations** – To ensure compliance with regulatory requirements and THDA policy, this responsibility includes reviewing all aspects of originating THDA mortgages including monthly quality control reviews, as specified in the Quality Control Plan for Mortgage Loan Originations.

11. **Single Audit Finding Follow-up –** This project involves a follow-up review of internal controls and corrective action associated with issues identified during the FY2025 Single Audit.

12. **Various Audit and Investigative Projects –** As THDA programs have increased in size and complexity over the years, additional items arise that require either audit or investigative attention. THDA takes these items seriously with the intent to maintain the utmost transparency and integrity throughout our organization. Therefore, we will continue to spend an increased amount of our time and resources in performing reviews and investigations of potential fraud, waste, and abuse situations, or other matters requiring audit attention as they may arise during the period.

Bond Finance Committee

Tennessee Housing Development Agency

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

Bill Lee	**Ralph Perrey**
Governor	**Executive Director**

Bond Finance Committee Meeting Agenda

Tuesday, July 28, 2026, at 10:00am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. **Approval of Bond Finance Committee Meeting Minutes-May 12, 2026***

B. **Committee Item** (* items require committee vote)
   1. Bond Issue 2026-2*
   2. Underwriter Team Selection Committee Recommendation*

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-DRAFT-

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
May 12, 2026

Pursuant to the call of the Chair, the Bond Finance Committee of the Tennessee Housing Development Agency ("THDA") Board of Directors (the "Committee") met on Tuesday, May 12, 2026, at 10:02 AM CT at the William R. Snodgrass Tennessee Tower, Nashville Room, 312 Rosa L. Parks Ave, Nashville, TN 37243.

The following Committee members were present in person: Rick Neal (Chair); Treasurer David Lillard; Secretary Tre Hargett; and Alex Shcuhmann (for Commissioner Jim Bryson). Other Board Members present were: Meaghan Jones; Stephen Dixon; Rob Mitchell; Hancen Sale; Corey Divel; and Micheal Miller. Absent was Comptroller Jason Mumpower; Eva Romero; and Dan Springer.

Recognizing a quorum present, Chair Neal called the meeting to order at 10:02 AM CT. For the first order of business, Chair Neal called for the consideration and approval of the March 24, 2026, Committee meeting minutes. Upon motion by Treasurer Lillard, second by Secretary Hargett, and following a vote with all members identified as present voting "yes", the motion carried to approve the March 24, 2026, minutes.

Chair Neal indicated the last item for consideration was THDA's Fiscal Year 2026-27 Schedule of Financing (the "Schedule") presented by Bruce Balcom, THDA Chief Legal Counsel. Mr. Balcom stated that the Schedule is intended to provide information to the State Funding Bord about THDA's expectations for the coming fiscal year with regards to the issuance of bonds as well as a summary of recent financing activities. Mr. Balcom stated this is a good faith estimate as to the timing and amounts of expected financing activiites, but it does not commit THDA to the proposed terms. Upon motion by Treasurer Lillard, seconded by Secretary Hargett and a vote with all members identified as present voting "yes", the motion carried to approve the Schedule.

There being no further business, Chair Neal adjourned the meeting at 10:04 AM CT.

Respectfully submitted,

Kayla Carr,
Assistant Secretary

Approved this 28th day of July, 2026

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To: THDA Bond Finance Committee, THDA Board of Directors
From: Bruce Balcom, Chief Legal Counsel
Date: July 9, 2026
Subject: Approval of Issue 2026-2

Recommendations:

Approval of the Plan of Financing by the Bond Finance Committee, with recommendation to the Board to approve, and subsequent Board approval, of the Authorizing Resolution, including the form of the Supplemental Resolution, and the Reimbursement Resolution.

Key Points:

Pricing will occur in mid-September of 2026. Closing is anticipated in mid-October. This issue is anticipated to provide new money to fund the purchase of loans.

Background:

Attached please find the following documents in connection with the requested authorization of the THDA bond issue, Issue 2026-2:

1. Memos from CSG Advisors Incorporated ("CSG") recommending authorization in the maximum principal amount of $300,000,000 for a bond issue under the General Residential Finance Program Bond Resolution adopted in 2013. Staff expects this bond issue to be priced in mid-September 2026 and closed not later than December 31, 2026. The final size and structure will be determined by the Authorized Officer.

2. THDA Plan of Financing for Issue 2026-2 Residential Finance Program Bonds, which the Bond Finance Committee will be asked to

approve.

3. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing the Issuance and Sale of Residential Finance Program Bonds, Issue 2026-2, that includes the form of Supplemental Resolution for Issue 2026-2 and that authorizes the referenced bond issue and delegates authority to the Authorized Officer to determine all final terms and conditions. The Bond Finance Committee will be asked to recommend this resolution and the transaction to the THDA Board of Directors.

4. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2026-2 in an amount not to exceed $100,000,000. The Bond Finance Committee will be asked to recommend this resolution to the Board of Directors.

COMPLIANCE WITH THDA DEBT MANAGEMENT POLICY

Issue 2026-2 complies with the Tennessee Housing Development Agency Debt Management Policy adopted on November 28, 2011, as amended (the "Debt Management Policy"). In particular, Issue 2026-2 complies with the Debt Management Policy as follows:

Part III - by allowing THDA "…to maintain a steadily available supply of funds to finance its mortgage loan programs at cost levels that provide competitive, fixed interest rate mortgage loans that benefit low and moderate income families, while maintaining or improving THDA's overall financial strength and flexibility…"

Part VIII - the issuance of this debt will not cause THDA to exceed the statutory debt limit contained in TCA Section 13-23-121.

Part X - the factors and items listed to be considered in planning, structuring and executing a bond issue have been and will be considered as planning, structuring and executing this bond issue moves forward.

Part XIV - serial bonds, terms bonds, convertible option bonds and PAC bonds are being considered for the structure of the bond issue.

Parts XV – authorization of a potential refunding component is expected to result in present value savings and/or preserve volume cap and will further THDA program objectives of providing competitive, fixed interest rate mortgage loans that benefit low and moderate income families.

Parts XVIII, XIX, XX and XXI are not applicable as authorization requested for Issue 2026-2 does not include interest rate and forward purchase agreements, conduit debt, or variable rate debt.

MEMORANDUM

TO: THDA Board of Directors and THDA Bond Finance Committee

FROM: David Jones, Eric Olson, and Joanie Monaghan

SUBJECT: Bond Issue Authorization Recommendation:
Residential Finance Program Bonds, Issue 2026-2

DATE: July 9, 2026

Executive Summary

- CSG recommends that the THDA Board of Directors and THDA Bond Finance Committee authorize up to $300 million of Issue 2026-2 bonds under the Residential Housing Finance Program Bond Resolution to fund THDA's qualified mortgage loan pipeline. The exact issue size will be evaluated closer to the bond sale date based on THDA's mortgage pipeline, secondary mortgage market sales levels, and interest rates at that time.
- THDA is currently committing loans against Issue 2026-1, which is projected to be fully committed by August.
- Issue 2026-2, if authorized, is expected to close in September and would fund a portion of THDA's qualified loan production, as further described herein.

Background

On May 20, THDA closed its $104 million Residential Finance Program Bonds, Issue 2026-1. THDA already has over $90 million rate-locked against the Issue 2026-1 proceeds and is projected to commit the remaining proceeds in upcoming weeks, no later than the end of August.

Once the Issue 2026-1 proceeds are fully originated, THDA would purchase mortgage loans using available THDA funds, expecting that such advances will be reimbursed with proceeds of Issue 2026-2. Based on current projections, THDA is expected to have sufficient available funds on hand to continue purchasing mortgage loans through the anticipated closing of Issue 2026-2, assuming a closing in September.

Proposed Sizing

The proposed not-to-exceed par amount of Issue 2026-2 is $300 million, however, the appropriate size is highly dependent on what portion of newly-originated loans THDA chooses to hold on its balance sheet and fund with bond proceeds vs. selling the loans in the secondary mortgage market. As THDA is currently focused on managing its debt level and funding more of its production through the secondary mortgage market, THDA expects less bond issuance than in recent years. Although the final size of Issue 2026-2 may be smaller, having the option to issue up to $300 million preserves flexibility and helps ensure THDA's mortgage pipeline can be funded without interruption, even if secondary mortgage market sales are less than currently expected.

Other factors that affect the size of the issue include actual and projected THDA mortgage loan demand, interest rates, and the expected level of any negative reinvestment costs (the cost of investing bond proceeds at lower interest rates than the bond interest rate before the proceeds can be used to purchase mortgage loans). THDA and its financing team will evaluate these factors closer to the time of the bond pricing to determine the optimal transaction size within the proposed $300 million not-to-exceed par amount.

Loan Funding

With the transition to funding a greater portion of loan production through secondary mortgage market sales, THDA plans to focus bond funding on loans with higher levels of borrower subsidy. For example, it is expected that Homeownership for Heroes program loans and New Start program loans will be funded with bond proceeds, while part of the Great Choice program loans will be targeted for secondary mortgage market sales. In addition, Issue 2026-2 is proposed to fund second mortgage down payment assistance loans, as THDA has done since Issue 2024-1. This helps preserve liquidity at a modest cost to the yield spread of the bond issue.

Potential Economic Refunding of Prior Bonds

Some of THDA's prior bond issues are now optionally redeemable at par on any date, including those from Housing Finance Program Bond Issue 2015-A and Residential Finance Program Bonds Issues 2013-1 through 2016-3. However, the interest rates on these outstanding bonds are low – almost all at or below 4%. We are not recommending refunding any prior bonds at this time, but will continue to monitor market conditions to see if bond rates come down enough to make a refunding economically attractive.

Tax Status

Issue 2026-2 is proposed to be structured as tax-exempt non-AMT bonds. This 100% tax-exempt structure will provide lower borrowing costs than the tax-exempt/taxable blended structures that THDA has been using in recent years to minimize volume cap usage. With lower tax-exempt bond issuance levels expected in 2026, there is less value to reducing volume cap usage.

Planned Amortization Class Bonds

Based on current market conditions and investor appetite, structuring Issue 2026-2 to include planned amortization class bonds ("PACs") to be sold at a premium would lower the issue's bond yield by approximately 0.15% to 0.20%. PACs are often priced at a premium and most frequently designed with an expected five-year or six-year average life, assuming future prepayment speeds over a broad range. Prepayments up to 75% or 100% PSA would be directed first to redeeming the PACs until they are completely retired. Due to the projected short and stable average life and the high coupon on the PACs, institutional investors accept much lower yields than for conventional term bonds with the same maturity.

A possible concern with the use of PACs is that actual prepayments could occur at a sustained speed slower than originally expected, causing the PACs to remain outstanding longer than projected and potentially extending the period during which THDA would pay the high coupon on these bonds. However, THDA's average historical prepayment speeds have typically exceeded 125% to 150% PSA, and more recently have resulted in such speeds, though in recent years, prepayment speeds on lower rate loans have dipped closer to and in some issues, below 75% PSA.

Preliminary Structuring Analysis

A preliminary bond structure is shown in Exhibit A and summarized below. It reflects $200 million in long-term bonds for qualified loans. The assumed loan mix includes approximately $138 million of Great Choice loans, $46 million of Homeownership for Heroes loans, $7 million of amortizing DPA loans with payment, $3 million of deferred 0% DPA loans, and $6.5 million of 0% New Start loans. The analysis assumes current bond rates, as well as THDA's current mortgage loan rates for Great Choice at 6.125% and Homeownership for Heroes at 5.625%.

The preliminary structure assumes 100% tax-exempt bonds, including a PAC bond. Under this structure, the tax-exempt yield spread is 1.28%. $5.4 million of zero participation loans could be created to bring the issue down to the maximum allowable 1.125% yield spread. Alternatively, THDA could elect to lower its mortgage lending rates by approximately 0.17% and/or provide more bond funding of deferred 0% DPA loans.

As the financing is developed, production needs will be refined, and as the proposed pricing date approaches, CSG will continue to evaluate the benefits of including PACs and other premium or discount bonds to assess if further refinement of the structure could offer improvement in the pricing of Issue 2026-2. Issuing the Bonds under the 2013 General Resolution avoids a state moral obligation pledge on the bonds.

Zero Participation Loans

THDA has approximately $81.445 million in zero participations from prior bond issues that can be used to subsidize future bond issues, including Issue 2026-2. These mitigate the risk of higher bond rates on future transactions. However, THDA has been planning to reduce its zero pool. As noted in the prior section, at current THDA lending rates and market bond rates, Issue 2026-2 would likely increase rather than decrease the zero pool. To avoid this, lower mortgage rates and/or greater amounts of bond-funded deferred 0% DPA loans (or 0% New Start loans) would be needed.

Method of Sale

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

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

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

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

Bond Structure – Though Issue 2026-2 is expected to be relatively straightforward for a traditional housing bond, it may be desirable to make changes to the structure close to the time of the bond sale in order to cater to the interests of certain investors, such as those interested in the PACs, to add additional maturities or features, or to use bonds priced at a premium or discount (such as lockout premium serial bonds). A negotiated sale facilitates greater flexibility to make structural changes, as reflected in a number of THDA's offerings in which negotiated long-dated serial bonds allowed THDA to realize savings versus the higher cost of an intermediate term bond.

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

Recommendation

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

- Authorize the sale and issuance of Residential Finance Program Bonds, Issue 2026-2, with a par amount not to exceed $300 million;
- Delegate to the Authorizing Officer authority to:
  - Establish the principal amount of Issue 2026-2;
  - Establish the structure, sub-series and pricing schedule of Issue 2026-2;
  - Approve fixed-rate serial and term bonds in any combination with maturities no longer than 32 years; and
  - Refund any combination of bonds that are optionally callable, based upon projected benefits under market conditions at the time of sale.
- Based on current market conditions and for the reasons described above, authorize Issue 2026-2 via a negotiated sale; and
- Select Raymond James to serve as book-running senior manager for Issue 2026-2, in view of the continuing value and strong execution they have provided as a member of THDA's underwriting syndicate. (See our Underwriter Recommendation Memo for additional information.)

EXHIBIT A:

PRELIMINARY STRUCTURING ANALYSIS

EXHIBIT A: PRELIMINARY BOND STRUCTURE

Tennessee Housing Development Agency Issue 2026-2
As of 7/9/26, for Bond Authorization Recommendation Memo

		100% Tax-Exempt	
Bond Series and Amounts			
New Money	Non-AMT	200,000,000	*100%*
Bond Structure			
Non-AMT	Coupon / Yield		
Serials	2.700% - 4.000%	38,755,000	*19%*
7/1/41 Term	4.250%	13,135,000	*7%*
7/1/46 Term	4.700%	26,210,000	*13%*
7/1/51 Term	4.800%	33,135,000	*17%*
7/1/56 Term	4.850%	42,055,000	*21%*
1/1/57 PAC Term	6.25% / 3.46%	46,710,000	*23%*
Total		200,000,000	*100%*
Yields If No Loan Participations In or Out			
Tax-Exempt			
Mortgage Yield		5.747%	
Bond Yield		4.467%	
Tax-Exempt Yield Spread		1.280%	
GC Rate to Achieve 1.125% Yield Spread		5.96%	
Loan Particip. to Achieve 1.125% Yield Spread			
0% Loans (Consumed) from Past Issues		-	
0% Loans Created from 2026-2		5,405,000	
Net Zero Percent Loans (Consumed) / Created		5,405,000	
New Volume Cap Needed			
2026-2 (Non-AMT)		200,000,000	
Plus PAC Premium (Non-AMT)		5,311,861	
Total		205,311,861	

Other Key Assumptions

6.125% Great Choice loan rate and 5.625% Homeownership for Heroes loan rate
$138MM of Great Choice loans and $46MM of Homeownership for Heroes loans
$7MM of amortizing DPA w/payment loans and $3MM of 0% deferred DPA loans
$6.5MM of 0% New Start Tier I loans
Originations totaling $28.5MM/month (for bond-funded portion, excluding secondary mortgage n
1% loan yield point on all loans
PAC structured with 5-year average life, 75% to 500% PSA

Tennessee Housing Development Agency Plan of Financing Residential Finance Program Bonds, Issue 2026-2, Adopted July 28,2026

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

AMOUNT:	The bonds may be sold in one or more series to be known as Residential Finance Program Bonds, Issue 2026-2 (the "Bonds"), to be issued under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the "General Resolution").

The aggregate principal amount of the Bonds shall not exceed $300,000,000. The actual aggregate principal amount shall be determined by the Authorized Officer appointed by the THDA Board of Directors (the "Authorized Officer") upon the recommendation of the Financial Advisor, Executive Director, Assistant Secretary of the Bond Finance Committee and approved by THDA's Bond Counsel and may take into account the following limitations and other factors:

(1) the amount of Bonds which may be issued pursuant to the Act and the total amount of bonds outstanding under the General Resolution; and

(2) the amount of Bonds which may be issued to refund bonds or notes outstanding under the General Resolution and/or the General Housing Finance Resolution (the "2009 Resolution") to provide economic savings, additional opportunities for interest rate subsidies with respect to THDA Program Loans or as a result of prepayments, proceeds on hand, excess revenues, or maturing principal; and

(3) the amount of Bonds that may be issued, the proceeds of which are necessary to reimburse THDA for Program Loans and program securities financed from available THDA funds or other financing sources prior to the availability of proceeds from the Bonds; and

(4) the amount of Bonds which may be issued, the proceeds of which are necessary to meet demand for Program Loans; and

(5) the availability of THDA's funds, subject to the review of the Authorized Officer, for the purpose of providing for the payment of the costs of issuance of the Bonds, paying capitalized interest with respect to the Bonds, funding the Bond Reserve Fund, providing additional security for the Bonds, and achieving a lower rate of interest on the Program Loans; and

(6) the amount of resources (loans and cash) available under the 1985 General Resolution to over collateralize the Bonds, if needed, to improve yield, reduce the amount of other subsidies and to increase the program asset debt ratio under the General Resolution.

APPLICATION OF PROCEEDS:	Proceeds of the Bonds will be applied to (i) redemption and payment at maturity of certain of THDA's bonds or notes outstanding under the General Resolution, and/or the 2009 Resolution; (ii) finance Program Loans by the direct purchase thereof (iii) to finance Program Loans upon the refunding or conversion thereof; and (iv) other uses as specified below in approximately the following amounts: 90% for single-family first lien mortgage loans, single- family second lien DPA loans, refinancing outstanding bonds; 8% for bond reserve; 1% for capitalized interest; and 1% for cost of issuance and underwriter's discount/fee.
DATE, METHOD AND TERMS OF SALE:	The sale of the Bonds will take place by competitive or negotiated sale, including private placement, and will occur no later than December 31, 2026. THDA will prepare for the sale with the aid of its financial advisor CSG Advisors, and its bond counsel, Kutak Rock.
MATURITIES:	The Bonds may be any combination of tax-exempt and/or taxable long and/or short term serial, term, convertible option, and/or discounted or premium bonds as may be determined by the Authorized Officer. The Bonds shall have a maturity not to exceed 34 years from the date of original issuance.
BOND INTEREST RATES:	The interest rates on the Bonds shall be fixed long term rates and shall not result in a net interest cost in excess of 9% per annum.

REDEMPTION TERMS:	The Bonds may be subject to redemption prior to maturity on such terms as are to be determined by the Authorized Officer.
LOAN INTEREST RATES AND COST OF ADMINISTRATION:	Unless otherwise permitted under the Internal Revenue Code, the blended effective interest rate on Program Loans financed with proceeds of tax-exempt Bonds (including any transferred loans upon the refunding of any outstanding bonds) will not exceed 112.5 basis points over the yield on such tax-exempt bonds, as calculated in accordance with the Internal Revenue Code, from which all of THDA's costs of administration for the Bonds may be paid. The minimum spread necessary to finance the Issue 2026-2 Program Loans may be as low as 60 basis points.

TENNESSEE HOUSING DEVELOPMENT AGENCY

A Supplemental Resolution

Authorizing the Sale of

Residential Finance Program Bonds

$__________ Issue 2026-2A (Non-AMT)

$__________ Issue 2026-2B (Non-AMT)

$__________ Issue 2026-2C (Federally Taxable)

Adopted July 28, 2026
as approved in its amended and supplemented form
by its Designated Authorized Officer
on __________ __, 2026

4898-2277-0618.2

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A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF

RESIDENTIAL FINANCE PROGRAM BONDS
$__________ ISSUE 2026-2A (Non-AMT)
$__________ ISSUE 2026-2B (Non-AMT)
$__________ ISSUE 2026-2C (Federally Taxable)

BE IT RESOLVED by the Board of Directors of the **TENNESSEE HOUSING DEVELOPMENT AGENCY** ("THDA") as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution may hereafter be cited by THDA as the Issue 2026-2 Supplemental Residential Finance Program Bond Resolution.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.2 of the resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled "General Residential Finance Program Bond Resolution" (the "General Resolution") have the same meanings in this Resolution as such terms are given in Section 1.2 of the General Resolution.

(b) In addition, as used in this Resolution, unless the context otherwise requires, the following terms have the following respective meanings:

["*400% PSA Prepayment Amount"* means the cumulative amount of principal prepayments on the Program Loans allocable to the Issue 2026-2A Bonds or a particular Subseries of Long Term Rate Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) at a rate equal to 400% PSA, as set forth in Exhibit B hereto.]

"*Bond Amortization Schedule*" shall mean the schedule of principal maturities and sinking fund installments with respect to the Issue 2026-2B Bonds upon conversion of the interest rate thereon to Long Term Rates which schedule shall provide for substantially level debt service determined by the (i) scheduled repayments (net of servicing fees) of Program Loans to be made from bond proceeds, (ii) interest income and scheduled reductions of the Bond Reserve Fund, (iii) interest income from the Revenue Fund and (iv) payment of Trustee fees.

"*Bond Purchase Agreement*" means, collectively, the Issue 2026-2AC Bond Purchase Agreement and the Issue 2026-2B Bond Purchase Agreement.

"*Business Day*" shall mean any day except for a Saturday, Sunday or any day on which banks in Tennessee or New York are required or authorized to be closed.

"*Co-Managers*" means [J.P. Morgan Securities LLC, Wells Fargo Bank, National Association and [________________]].

"*Code*" shall mean the Internal Revenue Code of 1986, as amended.

"*Convertible Bonds*" shall mean all Issue 2026-2B Bonds, with respect to which THDA has not yet exercised its Long Term Option.

"Designated Authorized Officer" means the Secretary of the Bond Finance Committee or, in the absence of the Secretary of the Bond Finance Committee, an officer designated by the Secretary of the Bond Finance Committee.

"DPA Loan" means a subordinate lien loan made in connection with a first lien loan made by THDA, for purposes of downpayment and closing cost assistance; such DPA Loans may be either (i) non-interest bearing loans with 30 year terms, due on sale or refinance, or (ii) fully amortizing 30 year term loans with an interest rate equal to the related first lien loan.

"*DTC*" means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"Election Certificate" shall mean a Certificate of an Authorized Officer delivered on an Election Date pursuant to Section 3.02 hereof.

"*Election Date*" shall mean any date on which THDA is required to elect in accordance with Section 3.02 hereof the Short Term Option, the Long Term Option or the Redemption Option with respect to any outstanding Convertible Bonds. Such election must occur on or prior to the 10th day next preceding any Tender Date.

"*Excess 2026-2 Principal Payments*" means, as of any date of computation, 100% of all regularly scheduled principal payments and prepayments on Program Loans, or portions thereof, allocable to the Issue 2026-2 Bonds or a Subseries of Long Term Rate Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans][allocable to such Long Term Rate Bonds]) to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the [Issue 2026-2 Bonds][such Long Term Rate Bonds].

"*Issue 2026-2 Bonds*" means, together, the Issue 2026-2A Bonds and the Issue 2026-2B Bonds [and the Issue 2026-2C Bonds].

"*Issue 2026-2A Bonds*" means the Issue 2026-2A Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

[*"Issue 2026-2A PAC Bonds"* means the Issue 2026-2A Bonds in the aggregate principal amount of $_____ maturity on __________.]

["*Issue 2026-2A PAC Bonds Planned Amortization Amount*" means the cumulative amount of Issue 2026-2A PAC Bonds expected to be redeemed upon the receipt of Excess 2026-2 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

"*Issue 2026-2A Serial Bonds*" means the Issue 2026-2A Bonds which are not Issue 2026-2A Term Bonds.

"*Issue 2026-2A Term Bonds*" means, collectively, the Issue 2026-2A Bonds maturing [__________, _____, and __________].

"*Issue 2026-2AC Bond Purchase Agreement*" means the contract for the purchase of the Issue 2026-2A Bonds and the Issue 2026-2C Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.

["*Issue 2026-2B Bond Purchase Agreement*" means the contract for the purchase of the Issue 2026-2B Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.]

"*Issue 2026-2B Bonds*" means the Issue 2026-2B Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing, which Issue 2026-2B Bonds shall include the Convertible Bonds and the Long Term Rate Bonds of such Series.

[*"Issue 2026-2B PAC Bonds"* means, if so designated in an Election Certificate on any Election Date, the last Term Bond of any Subseries of Long Term Rate.]

["*Issue 2026-2B PAC Bonds Planned Amortization Amount*" means the cumulative amount relating to a Subseries of Long Term Rate Bonds expected to be redeemed upon the receipt of Excess 2026-2 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

"*Issue 2026-2B Serial Bonds*" means the Issue 2026-2B Bonds which are not Term Bonds.

"*Issue 2026-2B Tender Date*" shall mean (i) the initial Tender Date for 100% of the Issue 2026-2B Convertible Bonds of [_______________], unless THDA designates a Business Day occurring on or after [_______________], as the initial Tender Date for all or a portion of the Issue 2026-2B Convertible Bonds in accordance with Section 3.01 and, if applicable, (ii) the Tender Dates thereafter for any Issue 2026-2B Bonds shall be any Business Day occurring on or before [_______________], as designated by THDA in accordance with Section 3.01; provided, that Long Term Rate Bonds shall not be subject to mandatory tender on any Tender Date and provided further that the last Issue 2026-2B Tender Date shall be [_______________], if there are any Issue 2026-2B Convertible Bonds outstanding on such date.

"*Issue 2026-2B Term Bonds*" means, subsequent to the conversion of the interest rate thereon to Long Term Rates, collectively, the Issue 2026-2B Bonds maturing [__________, _____, and __________].

"*Issue 2026-2C Bonds*" means the Issue 2026-2C Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

[*"Issue 2026-2C PAC Bonds"* means the Issue 2026-2C Bonds in the aggregate principal amount of $_____ maturity on __________.]

["*Issue 2026-2C PAC Bonds Planned Amortization Amount*" means the cumulative amount of Issue 2026-2C PAC Bonds expected to be redeemed upon the receipt of Excess 2026-2 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

"*Issue 2026-2C Serial Bonds*" means the Issue 2026-2C Bonds which are not Term Bonds.

"*Issue 2026-2C Term Bonds*" means, collectively, the Issue 2026-2C Bonds maturing [__________, _____, and __________].

"*Issue Date*" means the date on which the Issue 2026-2 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on [_____ __], 2026.

"*Long Term Option*" shall have the meaning set forth in Section 3.02(a) hereof.

"*Long Term Rate*" shall have the meaning set forth in Section 3.02(a) hereof.

"*Long Term Rate Bonds*" shall mean all Issue 2026-2B Bonds for which the Long Term Option has been exercised, which Bonds bear interest at fixed interest rates to their maturity or prior redemption.

"MSRB" means the Municipal Securities Rulemaking Board by operation of its Electronic Municipal Market Access System.

"*Official Statement*" means the Official Statement dated [__________ __], 2026 used in connection with the sale of the Issue 2026-2 Bonds.

"*Notification Date*" shall mean any date on which the Trustee is required to send a Tender Notice to owners of Convertible Bonds in accordance with Section 3.03 hereof. Such Tender Notice must be sent on or prior to the 15th day next preceding a Tender Date.

["*PAC Bonds*" means, collectively, the Issue 2026-2A PAC Bonds, the Issue 2026-2B PAC Bonds and the Issuer 2026-2C PAC Bonds.]

["*PAC Bonds Planned Amortization Amount*" means, collectively, the Issue 2026-2A Planned Amortization Amount, the Issue 2026-2B Planned Amortization Amount, and the Issue 2026-2C Planned Amortization Amount.]

"*Preliminary Official Statement*" means the Preliminary Official Statement dated [__________ __], 2026 used in connection with the offering of the Issue 2026-2 Bonds.

"*Rating Agency*" shall mean Moody's Investors Service, Inc. (or any successor thereto), and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLP business (or any successor thereto).

"*Redemption Option*" shall have the meaning set forth in Section 3.02(c) hereof.

["*Refunded Bonds*" means, the THDA bonds [listed in Exhibit D hereto][set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2026-2 Bonds.]

"*Remarketing Agent*" means the Remarketing Agent appointed in accordance with Section 3.04 of this Resolution.

"*Remarketing Agreement*" means the Remarketing Agreement for the remarketing of the Convertible Bonds by and between THDA and the Remarketing Agent referred to in Section 3.04 of this Resolution which shall constitute the Remarketing Agreement for purposes of the Resolution.

"Remarketing Costs" means any costs associated with the remarketing of any Short Term Rate Bonds or the conversion of any Issue 2026-2B Bonds to Long Term Rate Bonds, including fees of the Remarketing Agent, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, accrued interest in connection with the financing of Program Loans and any other cost, charge or fee in connection with the remarketing of the Issue 2026-2B Bonds.

"*Resolution*" means this Supplemental Resolution adopted by THDA on July 28, 2026, as approved in its amended and supplemented form by the Designated Authorized Officer on [__________ __], 2026.

"*Serial Bonds*" means, collectively, the Issue 2026-2A Serial Bonds, the Issue 2026-2B Serial Bonds, and the Issue 2026-2C Serial Bonds.

"*Short Term Option*" shall have the meaning set forth in Section 3.02(b) hereof.

"*Short Term Rate*" shall mean the short-term adjustable interest rate (i) initially borne by the Convertible Bonds upon issuance and (ii) pursuant to the Short Term Option set forth in Section 3.02(b) hereof.

"*Subseries*" shall mean any subseries of Issue 2026-2 Bonds established pursuant to this Resolution and references to the Bonds of any Subseries shall include all Bonds at any particular point in time designated as the Bonds of such Subseries in accordance with the provisions of this Resolution.

"*Tender Date*" shall mean any date on which all or a portion of Convertible Bonds become subject to mandatory tender for purchase by the Trustee, including any Issue 2026-2B Tender Date.

"*Term Bonds*" means, collectively, the Issue 2026-2A Term Bonds, the Issue 2026-2B Term Bonds, and the Issue 2026-2C Term Bonds.

["*Transferred Investments*" means amounts on deposit in certain funds and accounts of THDA allocated to any Refunded Bonds relating to the Issue 2026-2A Bonds or a Subseries of Long Term Rate Bonds which are allocated to such Long Term Bonds upon the refunding of such Refunded Bonds.]

["*Transferred Proceeds*" means the sum of $__________ on deposit in the Issue 2026-2 Bond Subaccount of the Loan Fund subsequent to the refunding of any Refunded Bonds.]

["*Transferred Program Loans*" means the Program Loans allocable to any Refunded Bonds which are allocated to the Issue 2026-2A Bonds or a Subseries of Long Term Rate Bonds upon the refunding of such Refunded Bonds.]

"*Underwriters*" means, collectively, [Raymond James & Associates, Inc., and RBC Capital Markets, LLC], their respective successors and assigns, and the Co-Managers as purchasers of the Issue 2026-2 Bonds.

(c) Unless the context otherwise indicates, words of the masculine gender will be deemed and construed to include correlative words of feminine and neuter genders, words importing the singular number include the plural number and vice versa, and words importing persons include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Resolution refer to this Resolution and such terms used in the form of registered bond herein refer to such bonds.

(e) [Unless the context otherwise indicates, the term "Program Loan" as used herein shall include any Transferred Program Loans, as well as new Program Loans and DPA Loans, and, without duplication, Program Securities, and the phrase "Program Loans allocable to the Issue 2026-2 Bonds" shall include any Transferred Program Loans as well as any new Program Loans, DPA Loans, and Program Securities acquired with proceeds of the Issue 2026-2 Bonds.]

Section 1.03. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

ARTICLE II

TERMS AND ISSUANCE

Section 2.01. Issue Amount and Designation. In order to provide funds necessary for the Residential Finance Program in accordance with and subject to the terms, conditions and limitations established herein and in the General Resolution, Residential Finance Program Bonds, Issue 2026-2A are hereby authorized to be issued in the aggregate principal amount of $__________, Residential Finance Program Bonds, Issue 2026-2B are hereby authorized to be issued in the aggregate principal amount of $__________, and Residential Finance Program Bonds, Issue 2026-2C are hereby authorized to be issued in the aggregate principal amount of $__________. In addition to the title "Residential Finance Program Bond," the Issue 2026-2 Bonds will bear the additional designation "Issue 2026-2A (Non-AMT)," "Issue 2026-2B (Non-AMT)," and "Issue 2026-2C (Federally Taxable)," as appropriate. The Issue 2026-2 Bonds shall be issued only in fully registered form. The Issue 2026-2A Bonds will consist of $__________ principal amount of Serial Bonds and $__________ principal amount of Term Bonds. The Issue 2026-2B Bonds will initially consist of $__________ principal amount of Convertible Bonds. The Issue 2026-2C Bonds will consist of $__________ principal amount of Serial Bonds and $__________ principal amount of Term Bonds.

Section 2.02. Purposes. [A portion of] the Issue 2026-2A Bonds are being issued to refund the Refunded Bonds. [As a result of such refunding, the Transferred Program Loans, [Transferred Proceeds] and the Transferred Investments will become allocated to the Issue 2026-2 Bonds.] [A portion of] the Issue 2026-2A Bonds, and the Issue 2026-2B Bonds and the Issue 2026-2C Bonds are being issued, subsequent to the conversion of the interest rate on any Convertible Bonds to Long Term Rates, (a) to finance DPA Loans and Program Loans (including Program Securities), or participations therein, on single family residences located within the State, (b) if required, to pay capitalized interest on the Issue 2026-2 Bonds, (c) if required, to make a deposit in the Bond Reserve Fund, and (d) if required, to pay certain costs of issuance relating to the Issue 2026-2 Bonds. Upon the conversion of the interest rate on all or a portion of the Convertible Bonds to Long Term Rate Bonds, amounts on deposit in the Issue 2026-2B Subaccount of the Loan Fund also may be used, if required, to pay certain costs of issuance or remarketing with respect to the Issue 2026-2B Bonds. [As a result of the refunding of the Refunded Bonds, the Transferred Proceeds will become allocated to the Issue 2026-2 Bonds.]

The proceeds of the Issue 2026-2A Bonds [and the [Transferred Proceeds and the] Transferred Investments] shall be applied in accordance with Article IV hereof.

Prior to the initial Issue 2026-2B Tender Date, all moneys made available from the issuance of the Issue 2026-2B Bonds shall be deposited in the Issue 2026-2B Subaccount of the Loan Fund, and shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2026-2A Bonds will mature on the dates, in the principal amounts and bear interest from their Issue Date, calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each January 1 and July 1, commencing [_________], at the rate set opposite such date in the following tables:

Issue 2026-2A Bonds

<u>Serial Bonds</u>

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
	$	%		$	%

<u>Term Bonds</u>

Maturity Date	Principal Amount	Interest Rate
	$	%

Issue 2026-2C Bonds

<u>Serial Bonds</u>

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
	$	%		$	%

<u>Term Bonds</u>

Maturity Date	Principal Amount	Interest Rate
	$	%

(b) Prior to the conversion of the interest rate on any Issue 2026-2B Bonds to Long Term Rates, such Convertible Bonds shall have a nominal maturity of [_______]. The Convertible Bonds shall bear interest at the initial Short Term Rate of [_____]% per annum to, but excluding, the Issue 2026-2B Tender Date, calculated on the basis of a 360-day year of twelve 30-day months.

(c) At such time as THDA elects the Long Term Option with respect to all or a portion of the Convertible Bonds, the Issue 2026-2B Bonds with respect to which such an election shall have been made shall bear interest at the Long Term Rate (calculated on the basis of a 360-day year of twelve 30-day months) and shall mature on each January 1 and July 1 commencing on the first January 1 or July 1 which is at least twelve months subsequent to the date of conversion of the interest rate on the 2026-2B Bonds to Long Term Rates through and including July 1, [____], and on January 1, [____], July 1, [____], January 1, [____] and July 1, [____], each in the principal amounts determined by application of the related Bond Amortization Schedule.

Notwithstanding the foregoing, in the event that the application of the Bond Amortization Schedule results in a principal amount of Issue 2026-2B Bonds that is to mature or to be redeemed on any date which is not an integral multiple of $5,000, then the amount of such principal shall be rounded up to the next integral multiple of $5,000 and the principal amount of the final maturity of the Issue 2026-2B Bonds which are being converted to the Long Term Rate shall be reduced by a corresponding amount.

[The maturity dates for the Issue 2026-2B Bonds set forth above may be modified and the Issue 2026-2B Bonds which are to be converted to Long Term Rates shall be modified to incorporate [PAC Bonds], capital appreciation bonds and tender option bonds; provided, that (i) the Remarketing Agent delivers a certificate to the Trustee, THDA and Bond Counsel to the effect that the proposed changes in the maturity dates and structure of the Issue 2026-2B Bonds result in the lowest net interest cost to THDA that permits THDA to originate 30 year mortgages; (ii) the Trustee receives an opinion from Bond Counsel to the effect that such proposed changes do not adversely affect the exclusion of interest on the Issue 2026-2B Bonds from gross income for federal income tax purposes and that such proposed changes are permitted under the General Resolution and this Resolution; and (iii) written confirmation from the Rating Agencies that the proposed changes will not, in and of themselves, cause the ratings on the Issue 2026-2B Bonds to be adversely affected.]

(d) The Issue 2026-2B Bonds shall be dated their date of issuance and shall bear interest from that date to, but excluding, their respective Tender Date, and, if THDA selects the Short Term Option (as described below) in connection with such Tender Date or any subsequent Tender Date with respect to all or a portion of the Issue 2026-2B Bonds, then such Issue 2026-2B Bonds shall bear interest at the Short Term Rate (as defined in Section 3.02(b) hereof) from and including such Tender Date to, but excluding, the next succeeding Tender Date.

Prior to the first Issue 2026-2B Tender Date, interest on the Issue 2026-2B Bonds bearing interest at a Short Term Rate shall be payable on [July 1, ____], and the first Tender Date with respect thereto.

Subsequent to the first Tender Date, Issue 2026-2B Bonds bearing interest at a Short Term Rate shall be payable on each January 1 and July 1 commencing on the first January 1 or July 1 which is more than sixty days after the related Tender Date and on the next subsequent Tender Date. If THDA selects the Long Term Option in accordance with Section 3.02(a) hereof with respect to all or a portion of the Issue 2026-2B Bonds, then the Issue 2026-2B Bonds which are so converted shall bear interest at the Long Term Rate (as defined in Section 3.02(a) hereof) from the Tender Date on which the Long Term Rate goes into effect with respect to such Issue 2026-2B Bonds until maturity or prior redemption, payable on each January 1 and July 1 thereafter, commencing on the first such January 1 or July 1 which occurs more than sixty days following the Tender Date with respect to which THDA exercised its Long Term Option.

(e) Whenever the due date for payment of interest on or principal of the Issue 2026-2 Bonds or the date fixed for redemption of any Issue 2026-2 Bond shall be a day which is not a Business Day, then payment of such interest, principal or Redemption Price need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date for payment of principal, interest or Redemption Price and no additional interest shall be payable on such Business Day which, merely by operation of this paragraph, may have accrued after the original due date.

Section 2.04. Denominations, Numbers and Letters.

(a) The Issue 2026-2 Bonds of each Series or Subseries maturing in each year are to be issued in denominations of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of Issue 2026-2 Bonds of each Series or Subseries maturing in such year. The Issue 2026-2 Bonds are to be lettered "R-2A," "R-2B," or "R-2C," as applicable, and numbered separately from 1 consecutively upwards.

(b) The Issue 2026-2 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2026-2 Bond of each Series or Subseries will be outstanding for each maturity and interest rate of each Series or Subseries of the Issue 2026-2 Bonds in the aggregate principal amount of such maturity, interest rate and Series or Subseries. Subject to the provisions of the General Resolution, purchases of ownership interests in the Issue 2026-2 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2026-2 Bonds will not receive certificates representing their interest in the Issue 2026-2 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2026-2 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2026-2 Bonds and THDA will have no responsibility to any DTC participant or beneficial owner thereof.

Section 2.05. Paying Agent. The Trustee is hereby appointed as paying agent for the Issue 2026-2 Bonds pursuant to Section 11.2 of the General Resolution. The Trustee may appoint an agent for presentation of transfers in New York, New York and DTC may act as such agent.

Section 2.06. Execution of Bonds. The Issue 2026-2 Bonds shall be executed by the manual or facsimile signature of the Chair or Vice Chair and the seal of THDA or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Issue 2026-2 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2026-2 Bonds shall be delivered to the Trustee for proper authentication and delivered to DTC pursuant to the DTC FAST delivery program, as the registered owner of the Issue 2026-2 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2026-2 Bonds are registered in book-entry only form in the name of Cede & Co. as nominee of DTC, payments of principal, Redemption Price and interest on the Issue 2026-2 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2026-2 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2026-2 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2026-2 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2026-2 Bonds in a principal amount equal to or exceeding $1,000,000 may receive payments of interest by wire transfer if written notice is given to the Trustee at least ten Business Days before an applicable Interest Payment Date. The Record Date for payment of interest on the Issue 2026-2 Bonds shall be the 15th day of the month next preceding an Interest Payment Date.

Section 2.08. Sinking Fund Redemption Provisions.

(a) The Issue 2026-2A Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2026-2 Bonds at a Redemption Price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amounts for each of the dates set forth below:

Issue 2026-2A Term Bonds due __________

Date	Amount Due	Date	Amount Due
	$		$

*Maturity

Issue 2026-2A Term Bonds due ___________

Date	Amount Due	Date	Amount Due
	$		$

*Maturity

Issue 2026-2C Term Bonds due ___________

Date	Amount Due	Date	Amount Due
	$		$

*Maturity

(a) The Issue 2026-2B Bonds that are Term Bonds are subject to redemption in part by lot on each January 1 and July 1 as set forth in the Bond Amortization Schedule at a Redemption Price equal to 100% of the principal amount thereof plus interest accrued to the date of redemption from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem the Term Bonds specified for each of the dates in Section 2.03(e).

(b) Upon the purchase or redemption of Issue 2026-2 Bonds of any series and maturity for which Sinking Fund Payments have been established other than by application of Sinking Fund Payments, each future Sinking Fund Payment for such Issue 2026-2 Bonds of such series and maturity will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Issue 2026-2 Bonds of such series and maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such series and maturity of Issue 2026-2 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2026-2A Bonds maturing on and after [________] [other than the Issue 2026-2A PAC Bonds], are subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part at any time, on or after [________] (any such date to be determined by THDA or selected by the Trustee subject to the provisions of and in accordance with the General Resolution, and when so determined or selected will be deemed and is hereby set forth as the redemption date), upon notice as provided in Article VI of the General Resolution, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

[[The Issue 2026-2A PAC Bonds are subject to redemption at the option of THDA, either as a whole or in part at any time or on or after [________] (any such date to be determined by THDA or selected by the Trustee subject to the provisions of and in accordance with the General Resolution, and when determined or selected will be deemed and is hereby set forth as the redemption date), upon notice as provided in Article VI of the General Resolution, at the respective Redemption Prices set forth below (expressed as a percentage of the principal amount of such PAC Bonds to be redeemed), plus accrued interest to the redemption date:

Period	**PAC Bond Redemption Price**
[________] to [__________]	[_____]%
[__________] and thereafter	[_____]]

The 2026-2B Bonds bearing interest at a Short Term Rate shall be subject to redemption prior to maturity at the option of THDA in whole or in part on a Tender Date for such Bonds at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption.

The 2026-2B Bonds bearing interest at Long Term Rates shall be subject to redemption prior to maturity at the option of THDA, in whole or in part at any time on or after the first January 1 or July 1 subsequent to the [ninth] anniversary of the conversion of interest on such Bonds to Long Term Rates, at Redemption Prices (expressed as percentages of the principal amount of the Bonds or portions thereof to be redeemed) together with interest accrued to the date of redemption, during the applicable period listed below:

Redemption Period	Redemption Prices
January 1 or July 1 of [ninth] year following Long Term Rate conversion through the succeeding December 31 or June 30, as applicable	101%
January 1 or July 1 of [tenth] Year following Long Term Rate Conversion and thereafter	100

Section 2.10. Special Optional Redemption. The Issue 2026-2A Bonds, the Issue 2026-2C Bonds, and, subsequent to their conversion to Long Term Rate Bonds, the Issue 2026-2B Bonds, are subject to redemption, at the option of THDA, as a whole or in part at any time prior to maturity, in accordance with the provisions of the General Resolution in an amount equal to amounts available for such purpose from (i) proceeds of such Issue 2026-2 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans (including DPA Loans, and Program Securities [and the Transferred Program Loans]) allocated to the Issue 2026-2 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2026-2 Bonds as described in Sections 2.11(b) or 2.11(c) hereof or to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2026-2 Bonds, (iii) repayments and prepayments of Program Loans made with the proceeds of any other Bonds issued under the General Resolution, subject to limitations contained in the Code, (iv) other amounts on deposit in the Revenue Fund in excess of the amounts required for the payment of Debt Service and Program Expenses, and (v) amounts on deposit in the Bond Reserve Fund in excess of the Bond Reserve Requirement; provided however, that any PAC Bonds (A) are only subject to redemption as described in clause (ii) above as described in Section 2.11(b) hereof [, and] (B) shall not be subject to redemption as described in clauses (iii), (iv) and (v) above if such redemption would cause amortization of a PAC Bond to exceed the Planned Amortization Amount.

The date of redemption pursuant to this Section 2.10 shall be determined by the Trustee upon the direction of THDA subject to the provisions of and in accordance with the General Resolution (and when so determined such date will be deemed and is hereby set forth as the redemption date). The Issue 2026-2 Bonds to be so redeemed shall be redeemed at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable; provided, however, that the Redemption Price for the PAC Bonds in the event of a redemption described in clause (i) of the paragraph above shall be the issue price thereof (par plus premium), plus accrued interest to the redemption date.

The Issue 2026-2 Bonds to be redeemed pursuant to this Section 2.10 shall be selected by THDA in its sole discretion; provided, however, that any PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2026-2 Bonds then Outstanding in the event of any redemption pursuant to clause (i) of the first paragraph of this Section 2.10.

Section 2.11. Special Mandatory Redemptions.

(a) ***Unexpended Proceeds.*** The Issue 2026-2A Bonds are subject to mandatory redemption on [_________] in the event and to the extent that there are unexpended proceeds of the Issue 2026-2A Bonds [in excess of $[_______] on deposit in the Issue 2026-2AC Subaccount of the Loan Fund on [_______]; provided that such redemption date may be extended, at the option of THDA, and subject to the satisfaction of the conditions set forth in Section 5.02 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2026-2A Bonds are subject to mandatory redemption on [______ __, _____], to the extent any proceeds of the Issue 2026-2A Bonds remain on deposit in the Issue 2026-2AC Subaccount of the Loan Fund on [______ __, _____].

The Issue 2026-2B Bonds are subject to mandatory redemption in whole or in part at 100% of the principal amount thereof, plus accrued interest, on [______], from the unexpended proceeds of the Issue 2026-2B Bonds in excess of $249,999 on deposit in the Issue 2026-2B Subaccounts of the Loan Fund which have not been utilized to finance Program Loans and/or DPA Loans prior to [_______]. Such redemption shall be paid out of all of the unexpended proceeds in the Issue 2026-2B Subaccounts of the Loan Fund made available from the issuance of the Issue 2026-2B Bonds and the investment income therefrom

The redemption price of the Issue 2026-2 Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of redemption, if applicable; provided, however, that the redemption price for any PAC Bonds shall be the issue price thereof (par plus premium) plus accrued interest to the redemption date. The Issue 2026-2 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided, however, that any PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2026-2 Bonds then Outstanding.

(b) [***Excess 2026-2 Principal Payments (PAC Bonds)***. The PAC Bonds are subject to redemption prior to their maturity, in whole or in part at a Redemption Price of 100% of the principal amount of such PAC Bonds to be redeemed, plus interest accrued to the date of redemption, from amounts transferred to the Redemption Account representing Excess 2026-2 Principal Payments. Any Excess 2026-2 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing [_________]; provided that PAC Bonds may be redeemed between Interest Payment Dates on the first Business Day of any month for which adequate notice of redemption may be given.

While any Issue 2026-2 PAC Bonds remain Outstanding, Excess 2026-2 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to a Series or Subseries of Issue 2026-2 Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) are equal to or less than the related 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2026-2 Principal Payments shall first be applied to redeem such PAC Bonds up to an amount correlating to the related PAC Bonds Planned Amortization Amount, and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds under the Resolution, other than such PAC Bonds.

SECOND, if principal prepayments on the Program Loans allocable to a Series or Subseries of the Issue 2026-2 Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) are in excess of the related 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2026-2 Principal Payments shall first be applied to redeem such PAC Bonds up to an amount correlating to the related PAC Bonds Planned Amortization Amount (as set forth in "FIRST" above) and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds issued under the Resolution, including such PAC Bonds (any such remainder used to redeem such PAC Bonds being an "Excess Principal PAC Bond Redemption"); provided, however, that (i) the source of an Excess Principal PAC Bond Redemption is restricted to that portion of available Excess 2026-2 Principal Payments which is in excess of the related 400% PSA Prepayment Amount, and (ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of such PAC Bonds' proportionate amount of all Issue 2026-2 Bonds then Outstanding.

The Issue 2026-2A PAC Bonds Planned Amortization Amount and the Issue 2026-2A 400% PSA Prepayment Amount set forth in Exhibit B hereto, any Issue 2026-2B PAC Bonds Planned Amortization Amount and Issue 2026-2B 400% PSA Prepayment Amount determined for the Issue 2026-2B PAC Bonds, and the Issue 2026-2C PAC Bonds Planned Amortization Amount and Issue 2026-2C 400% PSA Prepayment Amount set forth in Exhibit B hereto, are each subject to proportionate reduction to the extent the related PAC Bonds are redeemed from amounts on deposit in the Issue 2026-2 Subaccount of the Loan Fund which are not applied to finance Program Loans in accordance with Section 2.11(a) hereof.]

(c) **Ten Year Rule**.

(i) To the extent not required to make regularly scheduled principal payments on the Issue 2026-2 Bonds (including Sinking Fund Payments) or otherwise required to be used to redeem the PAC Bonds as described in Section 2.11 (b) above, repayments and prepayments of principal on the Program Loans, or portions thereof, allocable to the Issue 2026-2A Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) received more than ten years after the Issue Date of the Issue 2026-2A Bonds (or the date of original issuance of the bonds refunded by the Issue 2026-2A Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2026-2A Bonds on or before the next Interest Payment Date with respect to the Issue 2026-2A Bonds, which Interest Payment Date is at least six months from the date of receipt of such Program Loan principal payments, in such principal amounts as required to satisfy requirements of the Code. The Redemption Price of Issue 2026-2A Bonds so redeemed shall be 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable.

(ii) THDA shall advise the Trustee of the appropriate Redemption Date for any redemption pursuant to this Section 2.11(c). The Issue 2026-2 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided however, that any PAC Bonds may be redeemed in an amount that exceeds the related PAC Bonds

Planned Amortization Amount only if there are no other Issue 2026-2 Bonds Outstanding.

(d) *Mandatory Redemption of Issue 2026-2B Bonds Bearing Interest at Short Term Rate*. The Issue 2026-2B Bonds bearing interest at a Short Term Rate shall be subject to mandatory redemption on any related Tender Date, in whole or in part by lot, from proceeds of such Issue 2026-2B Bonds on deposit in the Issue 2026-2B Subaccount of the Loan Fund, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, in the event such Issue 2026-2B Bonds have been tendered, or deemed tendered, for purchase on such Tender Date and the conversion to Long Term Rate Bonds does not occur or such Issue 2026-2B Bonds are not remarketed. No notice of redemption shall be given with respect to a redemption under this Section 2.11(d).

(e) *Selection of Bonds Subject to Mandatory Redemption*. THDA shall direct redemptions pursuant to subsections 2.11(a) and (b) hereof pro rata among all maturities of the related Subseries of Issue 2026-2B Bonds bearing interest at Long Term Rates, as applicable, then outstanding unless THDA shall deliver a Projected Cash Flow Statement indicating a different selection of such Subseries of Issue 2026-2B Bonds bearing interest at Long Term Rates, to be redeemed.

Section 2.12. Selection by Lot. If less than all of the Issue 2026-2 Bonds of like Series or Subseries and maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in accordance with Section 6.4 of the General Resolution.

Section 2.13. Purchase of Bonds by THDA or Trustee. Whenever moneys are available for redemption of Bonds under Sections 2.08, 2.09, 2.10 or 2.11 above, THDA or the Trustee is authorized to purchase Bonds at a price not to exceed the applicable Redemption Price.

ARTICLE III

TENDER, REMARKETING AND PURCHASE OF CONVERTIBLE BONDS AND LONG TERM RATE LOANS

Section 3.01. Designation of Tender Dates [and Rate Estimation]. The Convertible Bonds are subject to mandatory tender in whole or in part on each related Tender Date; provided, however, that 100% of the Issue 2026-2B Convertible Bonds are subject to mandatory tender on [_______________]. THDA may designate a Tender Date other than the stated Tender Date (any Business Day on or after [_______________] in relation to the Issue 2026-2B Bonds, with respect to the first Tender Date for such Issue 2026-2B Bonds) for all or a portion of the Convertible Bonds for which funds are on deposit in the Issue 2026-2B Subaccount of the Loan Fund and shall pay the purchase price thereof in accordance herewith in the event of a failed remarketing by giving written notice of such designation to the Trustee, the Remarketing Agent and each Rating Agency no later than the 25th day prior to such Tender Date. (Such written notice to the Trustee shall also contain the direction for the Trustee to give Tender Notices as set forth in Section 3.03). THDA may specify in such written designation a period of time prior to the designated Tender Date during which THDA may not designate an earlier Tender Date. If only a portion of the Convertible Bonds are to be subject to tender on such Tender Date, then the Trustee shall select by lot which Convertible Bonds will be subject to tender on such Tender Date and such Convertible Bonds shall be given a special Subseries designation to distinguish them from other Convertible Bonds which are not subject to tender on such Tender Date. THDA will evaluate its ability to originate Program Loans and will be required to elect one of the Options described in Section 3.02 hereof on or before the 10th day next preceding each respective Tender Date (each, an "Election Date").

Section 3.02. Options. On each Election Date one of three Options must be selected by THDA and the Option selected will be effective as to all or a specified portion of the Convertible Bonds, as the case may be, on the next succeeding Tender Date. The Options are that the Convertible Bonds, or a specified portion thereof, will be:

(a) remarketed as serial and term bonds (including a PAC Bond, if so elected pursuant to the terms of this Section 3.02) having the maturity and redemption provisions described in Article II hereof and bearing long term interest rates determined by negotiated (including, without limitation, a private placement) or competitive sale, at THDA's option, as necessary to market such Convertible Bonds at a purchase price for each maturity equal to 100% of the principal amount thereof (the "Long Term Rate") from and including the applicable Tender Date next following THDA's exercise of its Long Term Option to the respective maturity dates of such Convertible Bonds, with such maturity dates determined in accordance with Section [_____] hereof (the "Long Term Option");

(b) remarketed as term bonds having the maturity and redemption provisions described herein, but subject to mandatory tender on the next succeeding applicable Tender Date and bearing a short term rate determined by negotiated (including, without limitation, a private placement) or competitive sale, at THDA's option, as necessary to market such Convertible Bonds at a purchase price equal to 100% of the principal amount thereof (the "Short Term Rate") from and including the Tender Date immediately following THDA's exercise of its Short Term Option to, but excluding, the next succeeding Tender Date which must be designated by THDA in accordance with Section 3.01 at the time THDA exercises its Short Term Option (the "Short Term Option"); or

(c) redeemed at par pursuant to Section 2.09(b) hereof (the "Redemption Option") (the Long Term Option, the Short Term Option and the Redemption Option are hereinafter collectively called the "Options").

THDA shall elect the Long Term Option with respect to all or a portion of the Convertible Bonds with respect to which an election is being made if prevailing market conditions are such that such Bonds can be remarketed at a Long Term Rate which will enable THDA to implement THDA's program of financing Program Loans. THDA's determination shall be based on, among other things, whether, under prevailing financial market conditions, the Long Term Rate which the Issue 2026-2B Bonds would bear would be low enough to enable mortgagors to afford Program Loans and the mortgage lenders to commit to originate Program Loans and whether such remarketing is economically advantageous to THDA and otherwise satisfies the financial objectives of THDA. THDA may elect the Long Term Option for all or part of such Convertible Bonds. The Short Term Option or the Redemption Option is available to THDA only in the event that the prevailing financial conditions do not warrant THDA electing the Long Term Option prior to any Tender Date. On the last applicable Tender Date, THDA may only elect between the Long Term Option and the Redemption Option.

THDA may elect to include a PAC Bond as part of its Long Term Option only so long as [PAC test/requirement language to be provided]. Any election to include a PAC Bond in such Long Term Option must be designated in the Election Certificate delivered in connection with the related Tender Date.

In order to elect either the Short Term Option or the Long Term Option, THDA must notify the Rating Agencies of its election and deliver to them such information as they may require. In addition, in order to elect either the Long Term Option or the Short Term Option, THDA shall deliver to the Trustee (a) a Projected Cash Flow Statement, (b) a Bond Counsel Option to the effect that THDA's choice of such Option will not affect the validity of such Bonds or adversely affect the exclusion of interest on such Bonds from the gross income of the recipient thereof for federal income tax purposes, (c) written confirmation from each Rating Agency to the effect that such election will not adversely affect the then existing rating on any Bonds Outstanding, and (d) an Election Certificate.

Each Election Certificate shall set forth (a) the related Series, (b) the Outstanding principal amount of such Series on such Election Date, (c) the Option selected for such principal amount, or, if more than one Option is selected, the principal amount of such Series or Subseries relating to each Option, including the Subseries designation for each such Option, (d) the next Tender Date (including any lockout period) relating to any Series or Subseries, if any, with a Short Term Rate, (e) whether or not a PAC Bond is included in any Subseries of Bonds with a Long Term Rate, (f) the Bond Amortization Schedule for each Subseries with a Long Term Rate, and (g) the Planned Amortization Amounts relating to the PAC Bond, if any.

Section 3.03. Notification of Each Tender Date. On or prior to the 15th day next preceding each Tender Date, THDA will direct the Trustee to deliver to the registered owner or owners of Convertible Bonds subject to mandatory tender, by registered or first class mail, a notice of tender (the "Tender Notice") no later than the Notification Date. Notwithstanding the foregoing, so long as Cede & Co., as nominee of DTC, is the registered owner of all Convertible Bonds, such Tender Notice shall be delivered solely to Cede & Co. by registered or first class mail, or such other method of notification as shall be acceptable to DTC.

The Tender Notices with respect to the Issue 2026-2B Bonds shall state in substance that (a) the Convertible Bonds which are subject to mandatory tender on the next Tender Date are required to be tendered for mandatory purchase on the next Tender Date (which date shall be specified in the Tender Notice) at a purchase price equal to 100% of the principal amount thereof plus accrued interest thereon to the purchase date; (b) the registered Bondowner will be entitled only to the payment of the purchase price equal to 100% of the principal amount of his Convertible Bonds plus accrued interest to the applicable Tender Date but will not be entitled to the payment of interest which accrues on his Convertible Bonds from and after such Tender Date; (c) such registered Bondowner must deliver his Convertible Bonds to the Trustee not later than 10:30 A.M., New York City time, on the next Tender Date duly endorsed in blank for transfer.

Section 3.04. Remarketing of Tendered Bonds. THDA shall select an investment banking firm, financial advisory firm or other entity experienced in the sale or placement of qualified mortgage revenue bonds to serve as Remarketing Agent with respect to the Convertible Bonds either through negotiation (including, without limitation, the placement thereof with an institutional investor) or competitive sale. THDA shall direct the Remarketing Agent to offer, the Convertible Bonds (or portions thereof) in the amount required to be tendered for purchase. The

Remarketing Agent shall offer for sale and use its best efforts to sell, or negotiate the sale or private placement of, the Convertible Bonds (or portions thereof) of each maturity at a price equal to 100% of the principal amount thereof. The Remarketing Agent shall notify the Trustee no later than one Business Day (or two Business Days if THDA elects the Long Term Option) preceding the applicable Tender Date, of the amount remarketed, their maturities and interest rates. Any portion of the Convertible Bonds not remarketed shall be redeemed by the Trustee with moneys made available from proceeds of such Bonds on deposit in the Issue 2026-2B Subaccount of the Loan Fund, as applicable.

Section 3.05. Payment of Tendered Convertible Bonds.

(a) *Application of Remarketing Account*. The Trustee shall establish hereunder a Remarketing Account and shall deposit therein proceeds received from the remarketing of the Convertible Bonds.

(b) *Payment of Tendered Bonds*. On each Tender Date, the Trustee shall purchase the amount of the Convertible Bonds which have been tendered to the extent proceeds for such purchase are available in the Remarketing Account. Any portion of a Convertible Bond which has been tendered but not remarketed shall be redeemed by the Trustee with moneys available in the Issue 2026-2B Subaccount of the Loan Fund, as applicable, which are attributable to the proceeds of such unremarketed Convertible Bonds.

ARTICLE IV

SALE AND DELIVERY

Section 4.01. Sale.

(a) The Issue 2026-2 Bonds are hereby authorized to be sold to the Underwriters at the prices and on the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations, warranties and agreements therein set forth. The Board of Directors of THDA hereby authorizes the Designated Authorized Officer to approve the purchase price of the Issue 2026-2 Bonds and to execute the Bond Purchase Agreement.

(b) The Designated Authorized Officer of THDA is hereby authorized to make public and to authorize distribution of the Official Statement relating to the Issue 2026-2 Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chair, Vice Chair, Executive Director and Designated Authorized Officer are hereby authorized to sign and deliver such Official Statement to the Underwriters. The distribution of the Preliminary Official Statement relating to the Issue 2026-2 Bonds to the public is hereby authorized and approved.

(c) The Issue 2026-2 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2026-2 Supplemental Resolution.

ARTICLE V

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 5.01. Loan Fund; Bond Reserve Fund Requirement. Upon receipt of the proceeds of the sale of the Issue 2026-2 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2026-2 Bond Subaccount of the Loan Fund and in the Bond Reserve Fund, if applicable, as shall be set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2026-2 Bonds. Amounts on deposit in the Issue 2026-2B Subaccount of the Loan fund shall not be applied to finance Program Loans until the interest rates on all or a portion of the Issue 2026-2B Bonds are converted to Long Term Rate Bonds. Amounts on deposit in the Issue 2026-2AC Bond Subaccount of the Loan Fund in excess of $[__________], [together with the Transferred Proceeds,] shall be applied to (i) the financing of Program Loans (including Program Securities and DPA Loans), or participations therein, in accordance with the provisions of the General Resolution and Section 5.04 hereof, (ii) deposits to the Bond Reserve Fund and the Debt Service and Expense Account of the Revenue Fund, (iii) payment of Costs of Issuance and (iv) payment of capitalized interest to the extent, if any, specified by written instructions of an Authorized Officer.

Upon the conversion of any Issue 2026-2B Bonds to a Long Term Rate Bonds, THDA shall deposit the proceeds of such Long Term Rate Bonds, together with any contribution from THDA of available THDA funds, in a Subseries subaccount of the related Issue 2026-2B Subaccount of the Loan Fund and in the Bond Reserve Fund, if applicable; such deposits shall be as set forth in a certificate of THDA delivered on or prior to the date of conversion of any Issue 2026-2B Bonds to Long Term Rate Bonds. Such proceeds may be (a) applied to the refunding of Refunded Bonds, if any, (b) deposited to the Issue 2026-2B Subaccount of the Bond Fund in any amount required to meet the Bond Reserve Requirement for such Series, and (c) applied to the payment of Remarketing Costs; all remaining proceeds may be applied to finance Program Loans, or participations therein, in accordance with the provisions of the General Resolution and Section 5.04 hereof.

Amounts on deposit in a Subseries subaccount of any the Issue 2026-2 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of the related Issue 2026-2 Bonds as described in Section 2.11(a) hereof. The date of such redemption provided in Section 2.11(a) may be extended upon the delivery by THDA to the Trustee and the Rating Agency of a Projected Cash Flow Statement which satisfies the requirements of Section 7.11 of the General Resolution; provided further that the date of such redemption shall not be extended beyond the date set forth in the second paragraph of Section 2.11(a) unless THDA is in receipt of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Issue 2026-2 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2026-2 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2026-2 Bonds shall not exceed 2% of the proceeds of the Issue 2026-2 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2026-2 Bond Subaccount of the Loan Fund allocable to the new money proceeds of the Issue 2026-2A Bonds which are to be used to finance Program Loans shall be made available for owner financing of "targeted area residences" (as defined in Section 143(j) of the Code) for a period of one year subsequent to the date on which such funds are first made available to finance Program Loans, unless THDA shall receive an opinion of Bond Counsel to the effect that the failure to make such moneys available will not adversely affect the exclusion of interest on the Issue 2026-2 Bonds from the gross income of the owners thereof for federal income tax purposes.

The Bond Reserve Fund Requirement with respect to the Issue 2026-2 Bonds and any Subseries of Long Term Rate Bonds shall be [an amount equal to 3% of the then current balance of Program Loans (other than Program Loans underlying Program Securities) allocable to such Series or Subseries of the Issue 2026-2 Bonds plus the amount on deposit in the related Issue 2026-2 Subaccount of the Loan Fund which has not been designated to provide for the payment of Costs of Issuance or capitalized interest. On the Issue Date, THDA shall deposit an amount in the Bond Reserve Fund to satisfy the Bond Reserve Requirement.]

Section 5.02. Proceeds of Issue 2026-2 Bonds. Proceeds of the Issue 2026-2A Bonds, Issue 2026-2B Bonds and Issue 2026-2C Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited (a) in the principal amount of $[_______], in the Issue 2026-2AC Bond Subaccount of the Loan Fund, and (b) in the principal amount of $[_______], in the Issue 2026-2B Bond Subaccount of the Loan Fund. [On the Issuance Date, $[__________] of the amount on deposit in the Issue 2026-2AC Bond Subaccount of the Loan Fund [(representing [the principal] [a portion of] the proceeds of the Issue 2026-2A Bonds)] shall be applied to the refunding of the Refunded Bonds. [On such date, the Transferred Program Loans [and the Transferred Proceeds] shall be credited to the Issue 2026-2 Bond Subaccount of the Loan Fund and the Transferred Investments shall be deposited in such Funds or Accounts as shall be set forth in a certificate of THDA delivered on or prior to the Issuance Date.]]

Section 5.03. Investment of Proceeds of Issue 2026-2B Bonds. The proceeds of the Issue 2026-2B Bonds bearing interest at a Short Term Rate shall be invested in Investment Securities which mature and bear interest in an amount at least equal to the principal of and interest due on such Issue 2026-2B Bonds on their Tender Date. Such Investment Securities will secure all Bonds Outstanding under the General Resolution on a parity basis. Notwithstanding the foregoing, THDA hereby covenants and agrees for the benefit of the owners of the Issue 2026-2B Bonds bearing interest at a Short Term Rate, that amounts on deposit in the Issue 2026-2B Subaccount of the Loan Fund shall be used to pay debt service on Bonds other than the Issue 2026-2B Bonds only to the extent that there are no other funds available for such payment under the Resolution.

Section 5.04. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2026-2 Bonds [(including the Transferred Proceeds)] unless (i) such Program Loan is made for the acquisition of residential housing for occupancy by not more than four families and (ii) the deed of trust securing such Program Loan shall constitute and create a first lien subject only to Permitted Encumbrances, on the fee simple or leasehold estate, of real property located in the State or on the interest in the real property constituting a part of the residential housing with respect to which the Program Loan secured thereby is made and on the fixtures acquired with the proceeds of the Program Loan attached to or used in connection with such residential housing; provided, however, that DPA Loans may be made on a subordinate lien basis. DPA Loans may be financed with no more than 6% of the total principal amount of the Issue 2026-2 Bonds.

In addition, the Program Loan (other than a DPA Loan) must either:

(a) have been pooled into a Program Security; or

(b) have been insured or guaranteed or have a commitment for insurance or guaranty by (i) the United States or any instrumentality thereof (inclusive of the Federal Housing Administration, the Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans; or (ii) any agency or instrumentality of the State authorized by law to issue such insurance; or

(c) be made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value (as determined in an appraisal by or acceptable to THDA), or the sale price of the property securing the Program Loan; or

(d) be made in an amount not exceeding the value, as determined in an appraisal by or acceptable to THDA, or sale price of the property securing the Program Loan, whichever is less, but only if (i) THDA is issued a mortgage insurance policy by a private mortgage insurance company, qualified to issue such insurance or guarantee in the State and approved by THDA, and the claims paying ability of which private mortgage insurer is rated by each Rating Agency in a rating category at least as high as the then current rating assigned to the Bonds, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount by which the original principal amount of the Program Loan exceeds 78% of the value, as determined by an appraisal by or acceptable to THDA or sale price of the property securing the Program Loan, whichever is less.

ARTICLE VI

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 6.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2026-2 Bonds in fully registered form shall be in substantially the form attached hereto as Exhibit C, with such variations as shall be appropriate in order to conform to the terms and provisions of the General Resolution and this Resolution.

Section 6.02. Form of Trustee's and Authenticating Agent's Certificate of Authentication. The Issue 2026-2 Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication in substantially the following form:

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, [Issue 2026-2A (Non-AMT)] [Issue 2026-2B (Non-AMT)] [Issue 2026-2C (Federally Taxable)] of the Tennessee Housing Development Agency.

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION, as Trustee

By ______________________________
Authorized Officer

ARTICLE VII

MISCELLANEOUS

Section 7.01. No Recourse Against Members or Other Persons. No recourse may be had for the payment of principal of or premium or interest on the Issue 2026-2 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2026-2 Bonds and neither the members of THDA nor any person executing the Issue 2026-2 Bonds may be liable personally on the Issue 2026-2 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 7.02. Bonds not Debt, Liability or Obligation of the State or the United States of America. The Issue 2026-2 Bonds are not a debt, liability or the obligation of the State or any other political subdivision thereof. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof, is pledged for the payment of the principal of or interest on the Issue 2026-2 Bonds. The Issue 2026-2 Bonds are not a debt, liability or obligation of the United States of America or any agency thereof. Neither the full faith and credit nor the taxing power of the United States of America is pledged for payment of the principal of or interest on the Issue 2026-2 Bonds.

Section 7.03. Delivery of Projected Cash Flow Statements. THDA shall deliver such Projected Cash Flow Statements at the times and on the occasions set forth in the General Resolution or this Resolution.

Section 7.04. Authorized Officers. The Chair, Vice Chair, Executive Director, General Counsel, Deputy Executive Director and Secretary of THDA and the Secretary and any Assistant Secretary of the Bond Finance Committee and any other proper officer of THDA, be, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the General Resolution and the Official Statement.

Section 7.05. Authorized Trustee. THDA authorizes and directs the Trustee to perform any and all acts contemplated to be performed by the Trustee pursuant to the terms and provisions of this Resolution.

Section 7.06. Covenant to Comply with Federal Tax Law Requirements. THDA hereby covenants to comply with all applicable requirements of the Code so that interest on the

Issue 2026-2 Bonds will be excluded from gross income of the holders thereof for federal income tax purposes, including the rebate requirement of Section 148(f) of the Code. THDA also covenants to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements. In accordance with the rebate requirement, THDA agrees that there will be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Issue 2026-2 Bonds from time to time.

Section 7.07. Continuing Disclosure Undertaking.

(a) THDA shall deliver to the MSRB, within 210 days after the end of each Fiscal Year:

(i) a copy of the annual financial statements of THDA prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board; and

(ii) an annual update of the type of information in the Official Statement (A) contained in Appendix E, (B) regarding annual required contributions for employee pension plan and other post-employment benefits to the extent not included in annual financial statements and (C) of the nature disclosed under the following headings (including, without limitation, information with respect to the outstanding balances of Program Loans, by mortgage type, delinquency information, acquisition costs and income limits):

(A) Residential Finance Program Bonds; and

(B) Residential Finance Program Loans.

The information described in this subsection (a) may be provided by specific reference to documents (including official statements, to the extent the official statements include the information described in this subsection (a)) previously provided to the MSRB or filed with the Securities and Exchange Commission.

If unaudited financial statements are provided as part of the information required to be delivered under this subsection (a) within the time period specified above, THDA shall provide, when and if available, a copy of THDA's audited financial statements to the MSRB.

(b) THDA shall deliver to the MSRB and the Trustee, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events (if applicable) with respect to the Issue 2026-2 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on the Bond Reserve Fund (or other debt service reserves) reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity provider, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issue 2026-2 Bonds, or other material events affecting the tax status of the Issue 2026-2 Bonds;

(vii) modifications to rights of the holders of the Issue 2026-2 Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Issue 2026-2 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA);

(xiii) The consummation of a merger, consolidation or acquisition involving THDA or the sale of all or substantially all of the assets of THDA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation of THDA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of THDA, any of which affect Bondholders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of THDA, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (xv) and (xvi) above, the term "financial obligation" means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule").

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Issue 2026-2 Bonds or defeasance of any Issue 2026-2 Bonds need not be given pursuant to this Section 7.07 any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Issue 2026-2 Bonds pursuant to the Resolution.

(c) THDA shall give notice to the Trustee and the MSRB in a timely manner of any failure by THDA to provide any information required pursuant to subsection (a) above within the time limit specified therein.

(d) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) THDA agrees that the provisions of this Section 7.07 shall be for the benefit of the beneficial owners of the Issue 2026-2 Bonds whether or not the Rule applies to such Issue 2026-2 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2026-2 Bonds (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (ii) these agreements as so amended would have complied with the requirements of the Rule as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) THDA shall have delivered to the Trustee an opinion of counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Issue 2026-2 Bonds or (B) the holders of the Issue 2026-2 Bonds consent to the amendment pursuant to the same procedures as are required for amendments to the General Resolution with consent of the holders of Bonds pursuant to the General Resolution as in effect on the date of this Resolution; and (v) THDA shall have delivered copies of such opinion(s) and the amendment to the MSRB.

(g) THDA's obligations with respect to the beneficial owners of the Issue 2026-2 Bonds under these agreements as set forth above terminate upon a legal defeasance pursuant to the General Resolution, prior redemption or payment in full of all of the Issue 2026-2 Bonds. THDA shall give notice of any such termination to the MSRB.

(h) Failure by THDA to comply with this Section 7.07 shall not constitute an Event of Default under the General Resolution but the undertaking in this Section 7.07 may be enforced by any beneficial owner of the Issue 2026-2 Bonds exclusively by an action for specific performance. The obligations of THDA in this Section 7.07 shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the obligations under this Section 7.07 shall be instituted in a court of competent jurisdiction in the State.

Section 7.08. Confirmation and Adjustment of Terms by Designated Authorized Officer. The terms of the Issue 2026-2 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the approval of the sale of the Issue 2026-2 Bonds by the Designated Authorized Officer. The Designated Authorized Officer is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Issue 2026-2 Bonds and in the application of the proceeds thereof, paying agents, terms of redemption and the schedule of prepayment amounts to be used for accrued principal installments in such manner as the Designated Authorized Officer determines to be necessary or convenient to better achieve the purposes of the Act and in the best interests of THDA.

Section 7.09. Covenant as to Investment Securities. THDA will not change the terms of any Investment Securities in which the Issue 2026-2B Bond proceeds are invested nor liquidate such Investment Securities at less than par prior to the maturity thereof during the period prior to its selection of the Long Term Option for all Issue 2026-2B Bonds without first obtaining the prior written consent of each Rating Agency.

Section 7.10. Effective Date. This Resolution will take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENTS

EXHIBIT B

[PLANNED AMORTIZATION AMOUNTS FOR ISSUE 2026-2A PAC BONDS]

Date	Issue 2026-2A PAC Bonds Planned Amortization Amount

[[400]% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2026-2A BONDS]

Date	Cumulative Amount	Date	Cumulative Amount

[Add tables as needed for Issue 2026-2B PAC Bonds and Issue 2026-2C PAC Bonds, if any.]

EXHIBIT C

FORM OF BOND

REGISTERED

R-[2A][2B][2C]-__ **$[_________]**

TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2026-2[A][B][C] [(Non-AMT)][Federally Taxable]

Interest Rate	Dated Date	Maturity Date	Cusip
[___]%	[_____], 2026	[_____]	880461[___]

REGISTERED OWNER:CEDE & CO.

PRINCIPAL SUM: [_________]

TENNESSEE HOUSING DEVELOPMENT AGENCY (hereinafter sometimes called "THDA"), a body politic and corporate and a political subdivision of the State of Tennessee (herein called the "State"), created and existing under and by virtue of the laws of the State, acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner (shown above), or registered assigns, the principal sum (shown above), on the maturity date specified above, and to pay interest on said principal sum to the Registered Owner of this Bond from the dated date hereof until THDA's obligation with respect to the payment of said principal sum shall be discharged, at the rate per annum specified above payable on each January 1 and July 1 commencing [________]. The principal of and interest on this Bond are payable at the designated corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee in any coin or currency of the United States of America, which, on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

This Bond is one of the bonds of THDA designated "Residential Finance Program Bonds" (herein called the "Bonds") authorized to be issued in various series under and pursuant to the Tennessee Housing Development Agency Act, Sections 13-23-101 et seq., of the Tennessee Code Annotated, as amended (herein called the "Act"), a resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled "General Residential Finance Program Bond Resolution" (herein called the "General Resolution") and a supplemental resolution authorizing each issue. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series of various principal amounts, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This bond is one of a series of bonds additionally designated "Issue 2026-2[A][B][C]" (herein called the "Bonds") issued in the aggregate principal amount of $[________] under the General Resolution, a resolution of THDA adopted on July 28, 2026, as approved in its amended and supplemented form by the Designated Authorized Officer on [__________ __], 2026 (collectively with the General Resolution, the "Resolutions"). Copies of the Resolutions are on file at the office of THDA in Nashville, Tennessee and at the principal corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, as trustee under the General Resolution (said trustee under the General Resolution being called herein the "Trustee") and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by THDA with the written consent of the holders of at least two-thirds in principal amount of the Bonds then outstanding, and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding. If such modification or amendment will by its terms not take effect so long as any Bonds of any specified like series and maturity remain outstanding, however, the consent of the holders of such Bonds shall not be required. In addition, certain other modifications or amendments to the Resolutions can be made which are not contrary to or inconsistent with the Resolutions without the consent of the Bondholders.

The holder of this Bond shall have no right to enforce the provisions of the Resolutions, to institute actions to enforce the provisions of the Resolutions or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the General Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the General Resolution, the principal of all the Bonds issued thereunder and then outstanding, together with accrued interest thereon, may become or may be declared due and payable before the maturity thereof.

This Bond is transferable, as provided in the Resolutions, only upon the books of THDA kept for that purpose at the office of the Trustee by the registered owner hereof in person or by such owner's attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's attorney duly authorized in writing, and thereupon a new registered Bond or Bonds in the same aggregate principal amount and of the same subseries and maturity shall be issued to the transferee in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. THDA and the Trustee may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a special limited obligation of THDA payable solely from the revenues and assets pledged therefor pursuant to the General Resolution.

The Bonds are issued as fully registered bonds in the denomination of $5,000 or any integral multiple thereof.

The Bonds are subject to optional, mandatory and sinking fund redemption as described in the Resolutions.

This Bond does not constitute a debt, liability or other obligation of the State or any political subdivision thereof other than THDA and neither the State nor any political subdivision thereof shall be obligated to pay the principal of the Bonds or the interest thereon. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

This Bond shall not be valid or become obligatory for any other purpose or be entitled to any security or benefit under the Resolutions until the Certificate of Authentication hereon shall have been signed by the Trustee.

The Act provides that neither the members of THDA nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution or statutes of the State and the Resolutions to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issuance of the Bonds, together with all other indebtedness, of THDA, is within every debt and other limit prescribed by law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, TENNESSEE HOUSING DEVELOPMENT AGENCY has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Executive Director, all as of the dated date shown above.

TENNESSEE HOUSING DEVELOPMENT AGENCY

By ______________________________
Rick Neal
Chair

[SEAL]

Attest:

By ______________________________
Ralph M. Perrey
Executive Director

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, Issue 2026-2[A][B][C] [(Non-AMT)][(Federally Taxable)] of the Tennessee Housing Development Agency.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By ____________________________________
Authorized Signatory

Dated: ___________ __, 2026

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - __________________ (Cust) Custodian ______________________ (Minor)

under Uniform Gifts to Minors

Act ____________________________ (State)

Additional Abbreviations may also be used though not in the above list

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____________ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____________, attorney to transfer the said Bond on the bond register, with full power of substitution in the premises.

Dated: ____

Social Security Number or
Employer Identification
Number of Transferred: ____

Signature guaranteed: ____

NOTICE: The assignor’s signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

EXHIBIT D

REFUNDED BONDS

A Resolution of the Board of Directors of the Tennessee Housing Develop-- ment Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2026-2 Adopted July 28, 2026

WHEREAS, the Tennessee Housing Development Agency ("THDA") is financing mortgage loans for eligible borrowers to purchase single family residences in compliance with the Internal Revenue Code of 1986, as amended (the "Code"), and the General Residential Finance Program Bond Resolution, (the "2013 General Resolution"); and

WHEREAS, THDA expects to use its own funds to continue its mortgage loan programs prior to the availability of proceeds from the issuance of the General Residential Finance Program Bonds, Issue 2026-2, if and when issued and sold (the "Bonds"), through the direct purchase of eligible mortgage loans; and

WHEREAS, THDA will continue to commit and purchase mortgage loans prior to the closing date for the Bonds (the "Closing"); and

WHEREAS, THDA expects that up to $100,000,000 in mortgage loans may be purchased prior to Closing; and

WHEREAS, it is in the best interest of THDA to reimburse itself from the proceeds of the Bonds for THDA funds expended to purchase mortgage loans prior to the Closing.

NOW, Therefore, Be It Resolved by the Board of Directors of the Tennessee Housing Development Agency That:

1. Use of proceeds from the Bonds in an amount not to exceed $100,000,000 shall be used to reimburse THDA for the actual amounts expended to purchase mortgage loans made to eligible borrowers who purchased single family residences in accordance with the

requirements of the Code and the 2013 General Resolution.

2. This resolution shall take effect immediately.

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To: THDA Bond Finance Committee
From: Bruce Balcom, Chief Legal Counsel
Kayla Carr, Director, Division of State Government Finance
Date: July 8, 2026
Subject: Underwriter Team Selection Committee Recommendation

Recommendations:

The Committee appointed by the Bond Finance Committee to review the proposals submitted in response to the RFQ issued by THDA recommends that THDA's underwriter team consist of two senior managers and three permanent co-managers. The review committee recommends THDA appoint RBC Capital Markets, LLC ("RBC") and Raymond James & Associates, Inc. ("Raymond James") as senior managers, and Wells Fargo, JP Morgan, and Bank of America ("BofA") as co-managers.

Key Points:

Given the expected decrease in volume of bonds issued annually by THDA, the review committee agreed with CSG Advisors' recommendation that it would not benefit THDA to add an additional senior manager. It was further agreed that BofA's strong retail presence and significant market share would materially benefit THDA as a third co-manager.

Background:

THDA last considered the composition of its underwriting team in 2022. No changes were made at that time. The Bond Finance Committee directed THDA to seek proposals from interested underwriters for its senior manager and co-manager membership in the underwriting team. The selling group was considered to be appropriately sized and composed of a successful team at this time. Staff may have recommendations as to selling group composition at a future date. The committee reviewed the proposals, had discussions about the composition and relative strengths of the proposals, and determined THDA's current team had performed well during the past several years despite a challenging bond market environment. It also determined that THDA would benefit from the addition of one more strong co-manager who could be relied upon to step into a senior manager role if circumstances warranted. The review committee determined that BofA was the strongest candidate given their market share and strong retail business. Additionally, BofA has Raymond High and Mike Koessel as members of their management team that would work on THDA business. They were the co-leaders of Citi's housing team when they were a senior manager for THDA, so if called upon to serve in a senior manager role, there would be a seamless transition.

MEMORANDUM

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

FROM: David Jones, Eric Olson, and Joanie Monaghan

SUBJECT: Underwriter Recommendation: Residential Finance Program Bonds, Issue 2026-2

DATE: July 9, 2026

Background

In January 2018, THDA's Bond Finance Committee selected an underwriting team consisting of co-senior managers Citigroup, Raymond James, and RBC; co-managers JP Morgan and Wells Fargo, with a third co-manager position to be filled by a selling group member based on performance on THDA's prior bond issue. In October 2020, the Bond Finance Committee extended the term of the existing team. In December 2023, Citigroup announced its exit from the municipal bond underwriting business, effectively ending its position as a senior manager to THDA. The underwriting team described above is expected to be utilized for Issue 2026-2.

The purpose of this memo is to recommend firms to serve on THDA's Issue 2026-2 as:

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

1. Book-Running Senior Manager

Table 1 shows the firms that served as book-running senior managers on THDA's recent bond issues. Issue 2025-3 was a privately placed issue with RBC Capital Markets for THDA's convertible option bonds that were refunded with the publicly offered 2026-1 issuance.

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

Bond Issue	Par Amount of Bonds Issued	Book-Running Senior Manager
2026-1	104,000,000	RBC Capital Markets
2025-2	160,000,000	Raymond James
2025-1	250,000,000	RBC Capital Markets
2024-3	255,525,000	Raymond James
2024-2	255,000,000	RBC Capital Markets
2024-1	270,000,000	Raymond James
2023-3	360,000,000	Citigroup
2023-2	235,000,000	RBC Capital Markets
2023-1	140,000,000	Raymond James

The book-running senior manager is currently selected on a rotating basis. As always, the Bond Finance Committee reserves the right to adjust the rotation or the factors to be considered at any time and for any reason. Measures of a senior manager's performance include, but are not limited to, the following:

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

Raymond James continues to perform very well when selected as the book-running senior manager. When senior managing prior issues, the firm has shown a willingness to work the order book diligently, price bonds aggressively, and underwrite unsold bonds when necessary. On their last sales for THDA for Issues 2025-2, 2024-3, and 2024-1, the result was a solid book of both retail and institutional orders such that THDA ended with strong pricings. Raymond James continues to successfully manage and achieve good pricing results on single family bond transactions for other housing finance agencies, the last three being Georgia, MassHousing, and Alabama in mid-May. Additionally, Raymond James is scheduled to lead the West Virgina sale this week.

In view of their continued performance, we recommend that **Raymond James** serve as book-running senior manager for Issue 2026-2.

2. Elevated Selling Group Member

The following table shows the retail performance of each selling group member for Issue 2026-1, including Fidelity, which acted as the third co-manager.

TABLE 2: RETAIL ORDERS AND ALLOTMENTS BY MEMBER: ISSUE 2026-1

Selling Group Member	Retail Orders	Final Allotments
Fidelity	$ 7,330	$ 5,745
Wiley Brother-Aintree	545	360
RW Baird	-	-
Bancroft	100	100
SouthState/Duncan-Williams	-	-
FHN Financial	25	25
Fifth Third	-	-
Total	**$ 8,000**	**$ 6,230**

Based on final retail allotments and performance on Issue 2026-1, we recommend **Fidelity** be named the selling group member elevated to co-manager for THDA's Issue 2026-2.

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

EXHIBIT A:

SUMMARY OF FINAL ORDERS AND ALLOTMENTS

LAST THREE PUBLICLY OFFERED BOND ISSUES

THDA UNDERWRITER PERFORMANCE SUMMARY -- 2025-1, 2025-2, and 2026-1 ($ thousands)

	2025-1 (RBC lead, Baird co) 250,000		2025-2 (RJ lead, Wiley co) 160,000		2026-1 (RBC lead, Fidelity co) 104,000		**Combined 2025-1, 2025-2 & 2026-1 514,000**	
	Orders	Allot-ments	Orders	Allot-ments	Orders	Allot-ments	Orders	Allotments
Raymond James								
Tennessee Retail	3,230	2,540	21,450	13,690	2,205	2,090	26,885	18,320
National Retail	2,330	860	18,495	7,585	350	245	21,175	8,690
Net Designated	2,050	615	452,590	126,480	12,000	3,150	466,640	130,245
Member	40,000	0	0	0	15,000	0	55,000	0
Total	47,610	4,015	492,535	147,755	29,555	5,485	569,700	157,255
RBC Capital Markets								
Tennessee Retail	16,515	11,475	0	0	2,225	1,630	18,740	13,105
National Retail	41,410	10,110	1,755	1,390	10,680	7,630	53,845	19,130
Net Designated	1,194,210	196,035	0	0	134,090	72,620	1,328,300	268,655
Member	575	75	39,865	0	0	0	40,440	75
Total	1,252,710	217,695	41,620	1,390	146,995	81,880	1,441,325	300,965
J.P. Morgan								
Tennessee Retail	450	450	175	175	0	0	625	625
National Retail	7,265	3,795	1,635	1,160	1,580	1,135	10,480	6,090
Net Designated	0	0	1,010	270	0	0	1,010	270
Member	10,000	0	15,000	0	6,000	0	31,000	0
Total	17,715	4,245	17,820	1,605	7,580	1,135	43,115	6,985
Wells Fargo								
Tennessee Retail	250	250	0	0	0	0	250	250
National Retail	3,275	1,500	1,960	1,100	590	590	5,825	3,190
Net Designated	2,000	195	1,030	0	1,000	0	4,030	195
Member	33,000	0	12,945	0	1,000	0	46,945	0
Total	38,525	1,945	15,935	1,100	2,590	590	57,050	3,635
Robert W. Baird & Co.								
Tennessee Retail	4,580	2,915	2,000	2,000	0	0	6,580	4,915
National Retail	645	320	570	195	0	0	1,215	515
Net Designated	240	60	0	0	0	0	240	60
Member	20,000	0	0	0	0	0	20,000	0
Total	25,465	3,295	2,570	2,195	0	0	28,035	5,490
Bancroft								
Tennessee Retail	0	0	0	0	0	0	0	0
National Retail	1,450	710	100	100	100	100	1,650	910
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	0	0	0	0	0	0
Total	1,450	710	100	100	100	100	1,650	910
SouthState/Duncan-Williams								
Tennessee Retail	1,000	540	0	0	0	0	1,000	540
National Retail	900	250	665	0	0	0	1,565	250
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	5,000	0	0	0	5,000	0
Total	1,900	790	5,665	0	0	0	7,565	790
Fidelity								
Tennessee Retail	1,570	1,385	1,695	910	1,455	1,455	4,720	3,750
National Retail	13,940	5,700	9,360	4,400	5,875	4,290	29,175	14,390
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	0	0	0	0	0	0
Total	15,510	7,085	11,055	5,310	7,330	5,745	33,895	18,140
FHN Financial								
Tennessee Retail	600	600	300	300	25	25	925	925
National Retail	0	0	0	0	0	0	0	0
Net Designated	0	0	0	0	0	0	0	0
Member	10,000	0	5,000	0	0	0	15,000	0
Total	10,600	600	5,300	300	25	25	15,925	925
Wiley Bros-Aintree								
Tennessee Retail	11,650	9,325	0	0	0	0	11,650	9,325
National Retail	0	0	385	0	0	0	385	0
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	0	0	0	0	0	0
Total	11,650	9,325	385	0	0	0	12,035	9,325
TOTAL								
Tennessee Retail	39,845	29,480	25,620	17,075	6,455	5,560	71,920	52,115
National Retail	71,215	23,245	34,925	15,930	19,175	13,990	125,315	53,165
Net Designated	1,198,500	196,905	454,630	126,750	147,090	75,770	1,800,220	399,425
Member	113,575	75	77,810	0	22,000	0	213,385	75
Total	1,423,135	249,705	592,985	159,755	194,720	95,320	2,210,840	504,780

Board of Directors Meeting

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

THDA Board of Directors Board Meeting Agenda

(directly following Bond Finance Committee Meeting)

Tuesday, July 28, 2026, at 10:00am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. **Board Chair Convening of the Board and Introductory Comments**

B. **Public Comment Period**

C. **Executive Director's Report**

D. **CFO Update**
Financial Status Update

E. **Single Family Business**
Business Update

F. **Multifamily Business**
Business Update

G. **Board Action items** (* items require Board vote)
1. Approval of Board Meeting Minutes – May 12, 2026*
2. Executive Director Performance Evaluation*
3. Bond Issue 2026-2*
4. HOME-ARP Rental Housing Development Program Description – 2026*
5. HOME-ARP Support Services Program Description – 2026*
6. Low Income Home Energy Assistance Program Model Plan Authorization– 2027*

EQUAL HOUSING OPPORTUNITY

7. Low Income Housing Tax Credit Qualified Allocation Plan – 2027*
8. Amendment to the National Housing Trust Fund Program Description – 2026*
9. Convergence Memphis United Housing Grant Update
10. Convergence Memphis Sustaining Grant to United Housing, Inc.– 2027*
11. Appalachia Service Project HOME Urban/Rural Program Extension Request – 2023*
12. Habitat for Humanity Grant Update
13. Habitat for Humanity Set-Aside Program Description – 2027*
14. Affordable Housing Development Gap Program Description Amendment – 2025*
15. Single Family Mortgage Loan Program Income Limits – 2026*

H. Annex

1. THDA Investment Report – March 31, 2026
2. Multifamily Tax-Exempt Bond (MTBA) Round 1 Overview – 2026
3. Competitive (9%) Low Income Housing Tax Credit ("LIHTC") & National Housing Trust Fund ("NHTF) Round Overview – 2026
4. Competitive Grants Funding Awards – 2026

Tennessee Housing Development Agency
Board of Directors

Chief Financial Officer Update

Tennessee Housing Development Agency

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

Bill Lee **Governor**	**Ralph Perrey** **Executive Director**

To: THDA Board of Directors
From: Michell Bosch, Chief Financial Officer
Date: July 28, 2026
Subject: Financial Status Update - 2026

Recommendations:

- For informational purposes only.

Key Points:

- This memorandum provides the Board with a concise update on actual quarterly performance and the budget true-up report.
- Financial Statements ending March 31, 2026, are included in the annex.

Background:

Financial Status
The quarter-end financial reports as of March 31, 2026, have been included in the appendix to the agenda package. Operating revenues are tracking above the same period last year, primarily due to higher investment income and investment appreciation. These gains have been partially offset by lower loan production volumes, which have reduced mortgage interest income. Overall, total assets are lower than fiscal year-end 2025 levels, and total liabilities have also declined, both a result of our continued efforts to reduce outstanding debt and lower loan production.

Budget Update
The report below compares the original budget, final budget, and actual performance using the Agency's Board- and State-approved figures for fiscal years 2025 through 2027. THDA budgets are subject to adjustments.

EQUAL HOUSING OPPORTUNITY

The primary driver of budget adjustments between the original and final budgets is timing. The budget is developed and approved approximately two years before its effective date. Additional budget authority is often required when the State adjusts salaries, benefits, state-provided services, or federal and state grant award amounts. Budget amendments may also be necessary to address unbudgeted contractual obligations, satisfy grant repayment requirements, or absorb grant-related funding shortfalls.

Fiscal Year 2025 budget-to-actual results were influenced primarily by adjustments related to the Homeowner Assistance Fund (HAF), a nonrecurring federal grant program established in response to the COVID-19 pandemic. During the year, the revenue budget was increased to reflect additional federal administrative fee funding associated with the program. While actual revenues of approximately $262 million exceeded the originally approved budget of $211 million, they were below the final revenue projection because not all available administrative fees were drawn from the grant. Budgeted expenditures were likewise increased to support HAF-related program administration and operating activities. Actual expenditures were lower than the final projected spending levels, resulting in overall expenditures finishing approximately 15% below budget for the fiscal year.

Preliminary fiscal year 2026 results are expected to come in below budget for both revenues and expenses. The state has adjusted the fiscal year 2027 budget to add the new $20 million allocation for the workforce housing program, a new state appropriation. We have also added new contractual obligations that were not forecasted in 2025 when the 2027 budget was approved. The fiscal year 2027 budget will be adjusted this winter to adjust for salary increases and/or state provided services.

The budget true-up report supports management oversight by presenting the original budget, final budget, actual results, formula-driven variances, and explanations for significant adjustments. It is an internal management report and should not be confused with the Agency's audited budgetary comparison schedule or other formal external financial statement presentations required under GASB Statement No. 103.

Tennessee Housing Development Agency - Highlights*

Financial Statements Summary

In Thousands of USD Period End Date	FY 2025+ 06/30/2025	Quarterly 9/30/2025	Quarterly 12/31/2025	Quarterly 3/31/2026
Schedules of Changes in Net Position				
Operating Revenues	**262,796**	**67,607**	**137,089**	**207,631**
Total Operating Expenses	**(223,195)**	**(51,658)**	**(104,955)**	**(155,119)**
Non-Operating Income/(Expenses)	**(6,979)**	**(2,215)**	**(3,811)**	**(5,349)**
Change in Net Position	**32,622**	**13,734**	**28,323**	**47,163**
Net Assets Beginning	632,338			
Net Assets Ending	664,960	678,694	693,283	712,128
Schedules of Net Position				
Total Current Assets	**1,090,256**	**926,747**	**1,005,240**	**884,844**
Total Non-Current Assets	**3,796,670**	**3,828,681**	**3,808,250**	**3,826,884**
Total Assets	**4,886,926**	**4,755,428**	**4,813,490**	**4,711,728**
Deferred Outflows	4,981	4,967	4,953	4,939
Total Current Liabilities	**(355,779)**	**(250,150)**	**(271,093)**	**(255,657)**
Total Noncurrent Liabilities	**(3,868,607)**	**(3,828,990)**	**(3,851,506)**	**(3,746,322)**
Total Liabilities	**(4,224,386)**	**(4,079,140)**	**(4,122,599)**	**(4,001,979)**
Deferred Inflows	(2,561)	(2,561)	(2,561)	(2,561)
Net Position	**664,960**	**678,694**	**693,283**	**712,127**
Schedules of Cash Flows				
Cash Provided/(Used)				
From Operating Activities	**120,527**	**(10,684)**	**(18,036)**	**24,234**
From Financing Activities	**(131,012)**	**(173,948)**	**(139,119)**	**(282,002)**
From Investing Activities	**52,393**	**291,318**	**260,110**	**194,676**
Net Change in Cash	**41,908**	**106,686**	**102,955**	**(63,092)**

Source: THDA Accounting

*Amounts are rounded to the nearest thousand; therefore, individual line items may not sum precisely to reported totals.

+FY2025 Shows the beginning of year Net Assets, as restated. See THDA Audited Financial Statements 6/30/2025, Note-11. Compensated Absences and GASB Statement No. 101.

Tennessee Housing Development Agency | Budget True-Up

FY 2025 — Annual Budgetary Comparison ($000s)

Category	Original Budget	Final Budget	Budget Rev. $	Rev. %	Actual	Final-to-Actual $	Var. %
REVENUE							
Federal Admin. Fees	24,313	71,299	46,986	193.3%	29,140	(42,159)	(59.1%)
Investment Income	8,220	34,944	26,724	325.1%	64,782	29,838	85.4%
Other Current Services	5,505	1,979	(3,527)	(64.1%)	3,567	1,588	80.3%
Multifamily Bond / Tax Credit Fees	13,000	16,588	3,588	27.6%	15,853	(734)	(4.4%)
Mortgage Interest	158,382	159,886	1,504	0.9%	149,454	(10,432)	(6.5%)
Housing Program Fund Reserves	2,000	2,000	-	-	-	(2,000)	(100.0%)
Other Revenue	-	-	-		-	-	
Total Revenue	**211,420**	**286,695**	75,275	35.6%	**262,796**	**(23,899)**	**(8.3%)**
EXPENSES / PROGRAM OUTLAYS							
Payroll	35,584	37,692	2,107	5.9%	34,974	2,718	7.2%
Travel	576	600	24	4.2%	570	30	5.0%
Printing & Duplicating	44	11	(33)	(74.7%)	16	(5)	(46.8%)
Communications	216	616	400	185.1%	619	(3)	(0.5%)
Maintenance	8	8	-	-	1	7	93.5%
Professional Services	10,915	61,095	50,180	459.7%	15,130	45,965	75.2%
Supplies	160	159	(1)	(0.6%)	1,996	(1,837)	(1155.3%)
Rentals & Insurance	220	242	22	10.0%	23	219	90.5%
Staff Training	329	230	(99)	(30.0%)	277	(47)	(20.3%)
Computer Related	1,400	1,500	100	7.1%	1,839	(339)	(22.6%)
State Provided Services	2,500	2,483	(17)	(0.7%)	2,813	(331)	(13.3%)
Other Program Expenses	10,011	3,011	(7,000)	(69.9%)	13,230	(10,219)	(339.4%)
Lender Compensation	6,500	6,270	(230)	(3.5%)	9,019	(2,749)	(43.8%)
Interest Expense	109,988	129,931	19,943	18.1%	138,147	(8,216)	(6.3%)
Issuance Costs	5,146	3,156	(1,990)	(38.7%)	2,648	508	16.1%
Depreciation/Amortization	1,800	1,900	100	5.6%	1,893	7	0.4%
Other Operating Expenses	-	-	-		-	-	
Total Expenses / Program Outlays	**185,398**	**248,904**	**63,506**	**34.3%**	**223,195**	**25,709**	**10.3%**
Operating Surplus (Deficit)	26,023	37,791	11,769	45.2%	39,601	1,810	4.8%
Nonoperating Items, Net	(7,675)	(9,425)	(1,750)	(22.8%)	(6,979)	2,446	26.0%
Change in Net Position / Management Result	**18,348**	**28,366**	**10,019**	**54.6%**	**32,622**	**4,256**	**15.0%**

FY 2026 — Annual Budgetary Comparison ($000s)							
Category	**Original Budget**	**Final Budget**	**Budget Rev. $**	**Rev. %**	**Actual**	**Final-to-Actual $**	**Var. %**
REVENUE							
Federal Admin. Fees	20,837	20,837	-	-	18,392	(2,445)	(11.7%)
Investment Income	35,935	35,935	-	-	48,757	12,822	35.7%
Other Current Services	1,981	1,981	-	-	4,131	2,150	108.6%
Multifamily Bond / Tax Credit Fees	16,588	16,588	-	-	18,701	2,113	12.7%
Mortgage Interest	180,320	180,320	-	-	130,666	(49,654)	(27.5%)
Housing Program Fund Reserves	2,000	2,000	-	-	-	(2,000)	(100.0%)
Other Revenue	-	-	-		-	-	
Total Revenue	**257,661**	**257,661**	**-**	**-**	**220,647**	**(37,014)**	**(14.4%)**
EXPENSES / PROGRAM OUTLAYS							
Payroll	37,692	38,586	895	2.4%	32,951	5,635	14.6%
Travel	600	600	-	-	416	185	30.7%
Printing & Duplicating	11	11	-	-	11	0	1.8%
Communications	616	616	-	-	489	127	20.6%
Maintenance	8	8	-	-	2	6	76.3%
Professional Services	10,629	10,629	-	-	11,512	(883)	(8.3%)
Supplies	159	159	-	-	118	42	26.1%
Rentals & Insurance	242	242	-	-	28	214	88.4%
Staff Training	230	230	-	-	188	42	18.2%
Computer Related	1,500	1,500	-	-	1,977	(477)	(31.8%)
State Provided Services	2,489	2,489	-	-	2,433	56	2.3%
Other Program Expenses	3,011	3,011	-	-	3,319	(308)	(10.2%)
Lender Compensation	6,430	6,430	-	-	5,175	1,255	19.5%
Interest Expense	146,161	146,161	-	-	140,333	5,828	4.0%
Issuance Costs	5,406	5,406	-	-	1,534	3,872	71.6%
Depreciation/Amortization	1,900	1,900	-	-	1,762	138	7.3%
Other Operating Expenses	-	-	-		-	-	
Total Expenses / Program Outlays	**217,084**	**217,979**	**895**	**0.4%**	**202,247**	**15,732**	**7.2%**
Operating Surplus (Deficit)	40,577	39,682	(895)	(2.2%)	18,400	(21,282)	(53.6%)
Nonoperating Items, Net	(9,425)	(9,425)	-	-	(6,111)	3,314	35.2%
Change in Net Position / Management Result	**31,152**	**30,257**	**(895)**	**(2.9%)**	**12,289**	**(17,968)**	**(59.4%)**

FY 2027 — Annual Budgetary Comparison ($000s)							
Category	**Original Budget**	***Current Budget**	**Budget Rev. $**	**Rev. %**	**Actual**	**Final-to-Actual $**	**Var. %**
REVENUE							
Federal Admin. Fees	18,611	18,611	-	-			
Investment Income	30,000	30,000	-	-			
Other Current Services	5,759	5,759	-	-			
Multifamily Bond / Tax Credit Fees	14,000	14,000	-	-			
Mortgage Interest	183,900	183,900	-	-			
Housing Program Fund Reserves	2,000	2,000	-	-			
Other Revenue (State Appropriation)	-	20,000	20,000	100%			
Total Revenue	**254,270**	**274,270**	**20,000**	**7.9%**	**-**	**(274,270)**	**(100.0%)**
EXPENSES / PROGRAM OUTLAYS							
Payroll	38,586	39,364	777	2.0%			
Travel	646	646	-	-			
Printing & Duplicating	15	15	-	-			
Communications	625	625	-	-			
Maintenance	5	5	-	-			
Professional Services	10,629	16,129	5,500	51.7%			
Supplies	229	229	-	-			
Rentals & Insurance	131	131	-	-			
Staff Training	280	280	-	-			
Computer Related	2,000	2,000	-	-			
State Provided Services	2,519	2,519	-	-			
Other Program Expenses	3,011	3,011	-	-			
Lender Compensation	5,430	5,430	-	-			
Interest Expense	148,700	148,700	-	-			
Issuance Costs	2,906	2,906	-	-			
Depreciation/Amortization	1,900	1,900	-	-			
Other Operating Expenses	-	-	-				
Total Expenses / Program Outlays	**217,612**	**223,890**	**6,277**	**2.9%**	**-**	**223,890**	**100.0%**
Operating Surplus (Deficit)	36,657	50,380	13,723	37.4%	-	(50,380)	(100.0%)
Nonoperating Items, Net	-	(29,250)	(29,250)		-	29,250	100.0%
Change in Net Position / Management Result	**36,657**	**21,130**	**(15,527)**	**(42.4%)**	**-**	**(21,130)**	**(100.0%)**

Board Items

-DRAFT-

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
May 12, 2026

Pursuant to the call of the Chair, the Tennessee Housing Development Agency (THDA) Board of Directors (the "Board") met in regular session on Tuesday, May 12 at 10:04 AM CT in the Nashville Room of the Tennessee Towers, Nashville, Tennessee.

The following board members were present in person: Chair Rick Neal, Stephen Dixon, Micheal Miller, Corey Divel, Maeghan Jones, Hancen Sale, Rob Mitchell, Secretary of State Tre Hargett, Treasurer David Lillard, and Alex Schuhmann (for Commissioner Jim Bryson). Those absent were Dan Springer, Eva Romero, and Comptroller Jason Mumpower.

Chair Neal welcomed the Board and opened the floor to anyone present from the public who wished to address the Board. Seeing none, Chair Neal closed the floor to public comment.

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

Mr. Perrey shared the following:

- The vote to adopt the 2027 Qualified Allocation Plan will be postponed to the July Board meeting.
- For the first time in 30 years, the state is making a direct appropriation of funds to THDA.
- The US Treasury Department is looking into potential fraud in the COVID era rent assistance and homeowner assistance programs.
- THDA is making some changes to a range of programs that have traditionally been lumped into what we call the Tennessee Housing Trust Fund. It is not a trust fund; these are grants that we make out of THDA's earnings.

At the conclusion of Mr. Perrey's remarks, Mr. Neal recognized Ms. Michell Bosch, Chief Financial Officer, for a financial status update.

Then, Chair Neal recognized Ms. Lindsay Hall, Chief Operating Officer of Single-Family Loan Programs, for a Single-Family Programs Business update that included the Real Estate Owned Status of 32 properties totaling $4.97 million and how the characteristics of First Time Homebuyers are evolving.

Next, Chair Neal recognized Mr. Eric Alexander, Director of Multifamily Programs, for a Multifamily Programs Business Update. Mr. Alexander shared information about the 1st Round of MTBA applications, as well as the locations of the 2026 9% Tax Credit applications.

Chair Neal recognized Mr. Ralph Perrey for reflection on ten years of THDA's Volunteer Mortgage Loan Servicing. Mr. Perrey recognized the accomplishments of the program as well as several THDA Directors and Managers who facilitate the program.

Chair Neal then asked for consideration of the March 24, 2026, board meeting minutes. Upon motion by Treasurer Lillard and a second by Mr. Divel, the motion carried, and the minutes were approved.

Next, Chair Neal opened nominations for THDA Board Vice Chair. Ms. Jones nominated Mr. Stephen Dixon. Upon motion by Mr. Sale and a second by Mr. Mitchell, the motion to nominate Mr. Dixon as THDA Board Vice Chair carried.

Then, Chair Neal, Chair of the Bond Finance Committee, brought to the Board a recommendation from the Bond Finance Committee, in the form of a motion and a second, the approval of the Schedule of Financing for Fiscal Year 26-27. Upon vote by the full Board, the motion to approve the Schedule of Financing for Fiscal Year 26-27 was carried.

Chair Neal recognized Mr. Eric Alexander, Director of Multifamily Programs, for an overview of the 2027 Qualified Allocation Plan as outlined in the memo dated April 27, 2026, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Alexander provided a summary of and response to public comments on the draft and explained that the vote would be postponed to the July Board meeting.

Next, Chair Neal recognized Mr. Bill Lord, Director of Community Housing, for an overview of the 2027 Emergency Repair Program Description, as outlined in the memo dated April 27, 2026, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Ms. Jones asked for additional information on how CDBG funds are currently being utilized within the proposed excluded jurisdictions, as well as data on unmet demand and need in areas that would remain eligible. Mr. Lord illustrated that the excluded jurisdictions already used other sources of funding for this work by sharing how many emergency repair projects in those areas occurred and how many were funded by THDA. Then he noted that areas outside these jurisdictions have no other funding sources for emergency repairs except THDA. Upon motion by Treasurer Lillard and a second by Mr. Miller, the motion to approve 2027 Emergency Repair Program Description was carried.

Again, Chair Neal recognized Mr. Bill Lord, Director of Community Housing, for an overview of the 2026 HOME Rental Development Program Description, as outlined in the memo dated April 27, 2026, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Lord highlighted that this program description will open HOME funding to qualified Community Housing Development Organizations, other nonprofit housing organizations, Public Housing Authorities, and for-profit single purpose legal entities that are the ownership entities of LIHTC projects in rural areas. Upon motion by Mr. Dixon and a second by Mr. Miller, the motion to approve the 2026 HOME Rental Development Program Description carried.

Chair Neal then recognized Ms. Michell Bosch, Chief Financial Officer, for an overview of the 2026 Resolution for Freddie Mac Certificate of Incumbency, as outlined in the memo dated May 12, 2026, from herself and Bruce Balcom, Chief Legal Counsel, as found in the board packet. Ms. Bosch highlighted that this resolution would assign responsibility by position instead of by name. Upon motion by Treasurer Lillard and a second by Secretary Hargett, the motion to approve the 2026 Resolution for Freddie Mac Certificate of Incumbency was carried.

Once again, Chair Neal recognized Mr. Bill Lord, Director of Community Housing, for an overview of the HOME Homeownership Development 2023 Grant Extension for Clinch Powell, as outlined in the memo dated April 27, 2026, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Lord highlighted that this delay was caused by the need for Clinch Powell to divert staff attention and resources to disaster recovery following Hurricane Helene. Upon motion by Treasurer Lillard and a second by Secretary Hargett, the motion to approve the HOME Homeownership Development 2023 Grant Extension for Clinch Powell carried.

Finally, Chair Neal recognized Ms. Lindsay Hall, Chief Operating Officer of Single-Family Loan Programs, for an overview of the Acquisition Cost Limit Increase for Single Family Programs, as outlined in the memo dated May 4, 2026, from herself, as found in the board packet. Treasurer Lillard motioned to amend and omit the language “Delegate the Executive Director the ability to adjust the limit in the future in response to inflation and Tennessee economic factors”. Mr. Schuhmann seconded the motion to amend. Upon motion by Treasurer Lillard and a second by Mr. Schuhmann, the motion to approve the amended Acquisition Cost Limit Increase for Single Family Programs carried.

Noting that all action items for the Board were completed, Chair Neal acknowledged additional board materials in the Annex.

With no further business, the meeting was adjourned at 11:18 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 28th day of July 2026

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To:	THDA Board of Directors
From:	Bill Lord, Director of Community Housing
	Don Watt, Chief Program Officer
Date:	July 13, 2026
Subject:	HOME-ARP Rental Housing Development Program Description - 2026

<u>Recommendation:</u>

- Adopt the attached 2026 HOME-ARP Rental Housing Development Program Description ("Program Description");
- Authorize the Executive Director to award 2026 HOME-ARP funds to applicants for applications scored by staff, subject to all requirements in the approved Program Description; and,
- Allow the Chief Legal Counsel or the Assistant Chief Legal Counsel to make non-substantial changes and substantial changes if needed to comply with federal requirements.

<u>Key Points:</u>

- THDA is setting aside $18.8 million of HOME-ARP funds to implement the Program Description to encourage the construction of affordable rental housing for qualifying populations and low-income households across the State. Qualifying populations include individuals who are e homeless, at risk of homelessness and individuals and families experiencing housing instability.
- Projects may be located in any of Tennessee's 95 counties.
- All HOME-ARP funds must be expended by September 30, 2030, in compliance with Federal regulations. In order to provide an adequate timeframe to complete construction, THDA may offer funding opportunities in multiple rounds subject to the availability of funds. However, if funding available is insufficient to solicit applications for the development of affordable rental housing, THDA may reallocate remaining funds to grantees funded under the 2026 HOME-ARP Supportive Services Program Description.

EQUAL HOUSING OPPORTUNITY

- The program description opens the HOME-ARP funding to all eligible nonprofit housing developers and public housing authorities that will be the final owner of the proposed rental project.
- All funds will be made available as a grant of between $500,000 and $4,000,000, increased from $2,500,000 in the prior funding round.
- The entire grant term, which begins with issuance of the Reservation of Funds and ends with the final project completion, issuance of a Certificate of Occupancy or equivalent, may not extend beyond June 30, 2030, regardless of when the Reservation of Funds is issued. No extensions to the grant term beyond June 30, 2030, will be authorized.
- HOME-ARP funds may be combined with other development resources, except Low Income Housing Tax Credits and Multifamily Tax-Exempt Bonds.
- The program description requires that units be made available to all four Qualifying Populations. Preferences or limitations for a specific Qualifying Population are not allowed unless restricted due to the requirements of other resources in the project.
- Scoring criteria have been modified from the prior offering to encourage the funding of more shovel ready applications by providing points that indicate Readiness to Proceed. Bonus points have also been added to encourage the funding of applications in Economically At-Risk counties, in addition to Economically Distressed counties.

Background:

THDA received over $52 million in HOME-ARP funds to implement eligible activities included within THDA's HOME-ARP Allocation Plan. THDA is making HOME-ARP funds to assist in both the development of rental housing ($28.9M) and the delivery of support services ($17.9M) for qualifying populations. The balance of funds is reserved for administrative costs ($5.1M).

THDA previously held one prior round under the 2022 HOME ARP Rental Housing Development Program Description and awarded a total of $10,074,934 that created 81 units for Qualifying Populations in five developments located in Chattanooga, Cookeville, Franklin, and Knoxville (2).

Staff will provide information to the Board regarding awards made under the 2026 HOME-ARP Rental Housing Development Program at the meeting immediately following the date of the awards.

2026 HOME-ARP RENTAL HOUSING DEVELOPMENT PROGRAM DESCRIPTION

Tennessee Housing Development Agency

The Tennessee Housing Development Agency ("THDA") was allocated federal funds appropriated under section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) ("ARP") for the HOME Investment Partnerships Program ("HOME") to provide homelessness assistance and supportive services through the HOME-American Rescue Plan Program ("HOME-ARP"). ~~The purpose of this Program Description is to explain the requirements and application process of THDA's HOME-ARP Rental Housing Development Program (the "Program").~~

The HOME-ARP Program is governed by U.S. Department of Housing and Urban Development (HUD) Notice CPD-21-10 and Title 24 of the Code of Federal Regulations, Part 92, as amended. Those regulations and all other requirements of HUD are incorporated herein by this reference. In cases of conflicting requirements, the more stringent requirement will apply.

The purpose of this Program Description is to explain the requirements and application process of THDA's HOME-ARP Rental Housing Development Program (the "Program").

Program funding can be used for acquisition, construction, and rehabilitation of affordable rental housing for qualifying and low-income households.~~–~~ The funding may be ~~combined with other resources, but~~resources but ~~may also be~~ used to cover 100% of project development costs.

Program funding will be ~~administered as grants~~allocated through a competitive application process for projects located in any of Tennessee's 95 counties. An applicant must apply for at least $500,000 and may apply for a maximum grant of $~~2,500,000~~4,000,000.

THDA anticipates offering multiple funding rounds dependent on the availability of funds after each prior round. The application package, as well as additional program documentation, will be made available on THDA's website at https://thda.org/govt-non-profit/home-arp-program/.

Round One:

- Application Opens – Tuesday, September 1, 2026
- Applications Due – Tuesday, October 27, 2026 @ 4:00 PM Central Time

- Application Determination Announcement – By December 8, 2026
- Funding Term Begins – January 1, 2027
- Funding Terms Ends – June 30, 2030

THDA may offer additional funding rounds under this Program Description if THDA determines there are ~~funding available is~~ sufficient funds remaining to solicit applications for the development of affordable rental housing. THDA may also reallocate remaining funding to provide supportive services for Qualifying Populations to grantees funded under the 2026 HOME-ARP Supportive Services Program Description.

If a second funding round is determined to be necessary, a Round Two offering will be announced in accordance with the following schedule:

Round Two (if needed):

- Application Opens – Tuesday, January 5, 2027
- Applications Due – Tuesday, March 2, 2027 @ 4:00 PM Central Time
- Application Determination Announcement – By April 13, 2027
- Funding Term Begins – May 1, 2027
- Funding Terms Ends – June 30, 2030

THDA will post notice by April 13, 2027, if there will be additional rounds and will seek applications in accordance with -announced timeframe.

~~The Program application period will open on Monday, December 5, 2022 , and applications must be received by THDA on or before 4:00 PM CT on Friday, January 13, 2023 << Date >>September 24, 2026. THDA anticipates notifying successful applicants on or about February 3, 2023~~

~~<< Date >>. Successful applicants must enter intoexecute a grant Reservation of Funds agreement wwith a term ofbeginning March, 1, 2023~~

~~The application package, as well as additional program documentation, will be made available on THDA's website beginning December 5, 2022<< Date >>August 17, 2026, Tennessee Housing Development Agency » HOME-ARP Program - Tennessee Housing Development Agency~~

1) **ALLOCATION OF FUNDS**

HOME-ARP funds committed to the State of Tennessee through THDA will be allocated as provided in the State of Tennessee's HOME-ARP Allocation Plan, as amended. The allocation will be approximately $18,800,000, -but THDA may make any additional unspent funds from prior years available at the time of award. -

2) **MINIMUM INVESTMENT**

The minimum amount of HOME-ARP funds that must be invested in a rental housing project is $1,000 times the number of HOME-ARP assisted units ("HOME-ARP Units") in the project or $500,000, whichever is higher.

3) **ELIGIBLE RECIPIENTS**

THDA will accept applications from qualified non-profit housing developers and Public Housing Authorities that will be the final owner of the proposed rental project ("Eligible Recipient"). The applicant must materially participate (regular, continuous, and substantial on-site involvement) in the development and operation of the development throughout the ~~Affordability Period~~ Compliance Period, as defined herein.

a. To be eligible, the entity must meet the following criteria:

i) Be organized and existing to do business in the State of Tennessee, or if organized in another state, must be qualified to do business in the State of Tennessee.

ii) Demonstrate at least two years of related housing development and management experience. ~~in Tennessee.~~ For the purposes of this program, "related housing experience" means the development, ownership, and management of affordable rental housing.

iii) For acquisition only of a qualified housing development, demonstrate at least two years of related housing management experience. ~~in Tennessee.~~

iv) Demonstrate the financial capacity necessary to undertake, complete, and manage the proposed project, as demonstrated by its ability to own, construct, or rehabilitate and manage and operate affordable rental housing. THDA will evaluate the experience of the entire proposed team with owning, developing, and managing projects of similar size and scope serving the intended population proposed. Applicants and their development team must undergo an evaluation by THDA of their capacity before the applicant may qualify as an eligible ("Recipient").

v) Have demonstrated understanding of the Federal, State and local housing programs used in conjunction with HOME-ARP funds to ensure compliance with all applicable program requirements and regulations.

vi) Not be debarred or excluded from receiving federal assistance or THDA assistance prior to selection or entering into the grant contract with THDA.

vii) Certify that HOME-ARP Units will comply with Program requirements during the entire period that begins upon selection and ending upon the conclusion of the HOME-ARP funded Compliance Period.

4) **FORM OF ASSISTANCE**

Program funds will be awarded as a grant secured by a note, deed of trust, and a declaration of land use restrictive covenants for the length of the Compliance Period ("restrictions").

~~a. Recipient shall execute the note and record a fully and accurately executed deed of trust and restrictions (the "legal documents") during the construction phase prior to requesting any draws.~~

~~A copy of the recorded deed of trust and restrictions must be submitted to THDA within thirty (30) days of final closing.Owners shall execute a note and record fully and accurately executed deeds of trust and restrictive covenants (the "legal documents") during the construction phase and provide copies of such to THDA prior to requesting any draws.~~

a. The entire grant term, which begins with issuance of the Reservation of Funds and ends with the final project completion, issuance of a Certificate of Occupancy or equivalent, and submission of all final draw requests and legal documentation, may not extend beyond June 30, 2030, regardless of when the Reservation of Funds is issued. This term is not the same as the federally required Compliance Period, defined herein. **No extensions to the grant term beyond June 30, 2030, will be authorized.**

b. Eligible Recipients will be initially provided a Reservation of Funds. Within nine (9) months of the beginning of the term of the Reservation of Funds recipients must have satisfied the following requirements:

   (1) Submission and approval of site and neighborhood standards.

   (2) Submission and approval of an Environmental Review Record and issuance of a Release of Funds letter.

   (3) Submission and approval of a final development budget with documentation of all committed development sources.

c. Prior to the expiration of the Reservation of Funds, but after the satisfaction of the above requirements, recipients must sign a grant agreement, which commits the funds to the project.

d. Recipients shall execute a note and record a fully completed and accurately executed deed of trust and restrictive covenants (the "closing documents") during the construction phase and provide copies of such to THDA prior to requesting any draws.

~~Prior to requesting any draws, recipients must execute a note and record a fully and accurately executed deed of trust and restrictive covenants ("Closing Documents") and provide such to THDA.~~

5) **DEVELOPER FEE**

A Developer Fee of up to fifteen percent (15%) of the HOME-ARP development costs, net of the development fee, prorated acquisition costs and any prorated permanent financing costs may be charged as a project soft cost. The Developer Fee must be drawn in proportion to the expended hard costs of the Program, and no more than eighty percent (80%) of the Developer Fee may be drawn prior to the final project draw. No portion of the Developer Fee may be drawn until all monitoring fees have been paid.

6) **ELIGIBLE ACTIVITIES**

Program funds may be used for acquisition, construction, and rehabilitation of affordable rental housing for qualifying and low-income households as defined herein.

HOME-ARP funds may not be layered as part of development activities that include Low Income Housing Tax Credits (LIHTC) or Multifamily Tax-Exempt Bond Authority (MTBA) issued by THDA.

7) **ELIGIBLE COSTS**

Program funds may be used to pay for up to 100% of the following eligible costs associated with the acquisition, development, and operation of HOME-ARP Units:

a. Development hard costs – defined in 24 CFR 92.206(a).

b. Acquisition – the costs of acquiring improved or unimproved real property.

c. Related soft costs – defined in 24 CFR 92.206(d).

d. Relocation costs – as defined in 24 CFR 92.206(f), 24 CFR 92.353, and described in this Program Description.

e. Operating Cost Assistance – funds may be used to pay ongoing operating cost assistance or to capitalize an operating cost assistance reserve for HOME-ARP Units where THDA determines in its underwriting that the reserve is necessary to maintain the HOME-ARP Units' long-term operational feasibility. However, Program funds cannot be used for both a capitalized operating cost assistance reserve and ongoing payments for operating cost during the minimum ~~Affordability Period~~Compliance Period.

~~8) **AFFORDABILITYCOMPLIANCE PERIOD**~~

~~HOME-ARP Units are rent and income restrictedlimited for an affordability compliance period~~

~~of 15 years (“Affordability Compliance Period”). HOME-ARP Units may be income restricted for the Compliance Period only if the units are not set-aside for Qualifying Households as provided in Section 8 below.~~

~~1) **QUALIFYING POPULATIONS, TARGETING AND PREFERENCES**~~

- ~~HOME-ARP requires that funds be used to primarily benefit individuals and families in the following specified “Qualifying Populations”. Any individual or family who meets the criteria for these populations (“Qualifying Households”) is eligible to receive assistance or services funded through the Program without meeting additional criteria (e.g., additional income criteria). Grantees must provide equal opportunity to all four qualifying populations at the time of application for a unit. Preferences or limitations for a specific Qualifying Population are not allowed. However, restrictions due to the requirements of other resources in the project are permitted. All income calculations to meet income criteria of a Qualifying Population or required for income determinations in HOME-ARP eligible activities must use the annual income definition in 24 CFR 5.609 in accordance with the requirements of 24 CFR 92.203(a)(1).~~

  ~~a. Qualifying Populations:~~

    ~~i) Homeless, as defined in 24 CFR 91.5.~~

      ~~a) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:~~

        ~~i. An individual or family with a primary night-time residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;~~

        ~~i. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or~~

        ~~i. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;~~

      ~~a) An individual or family who will imminently lose their primary nighttime residence, provided that:~~

~~i. The primary night-time residence will be lost within 14 days of the date of application for homeless assistance;~~

~~i. No subsequent residence has been identified; and~~

~~i. The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;~~

~~a) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:~~

~~i. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 .S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);~~

~~i. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;~~

~~i. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and~~

~~i. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;~~

~~i) At Risk of Homelessness, as defined in 24 CFR 91.5.~~

~~a) An individual or family who:~~

~~i. Has an annual income below 30 percent of median family income for the area, as determined by HUD;~~

~~i. Does not have sufficient resources or support networks, e.g., family, friends, faith based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and~~

~~i. Meets one of the following conditions:~~

~~(1) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;~~

~~(1) Is living in the home of another because of economic hardship;~~

~~(1) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;~~

~~(1) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;~~

~~(1) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;~~

~~(1) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or~~

~~(1) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;~~

~~a) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C.5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of~~

~~the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or~~

~~a) A child or youth who does not qualify as "homeless" under this section but qualifies as "homeless" under section 725(2) of the McKinney-Vento Homeless Assistance Act (426U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.~~

~~i) Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.~~

~~For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.~~

~~"Domestic violence", which is defined in 24 CFR 5.2003 includes felony or misdemeanor crimes of violence committed by:~~

~~a) A current or former spouse or intimate partner of the victim (the term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);~~

~~a) A person with whom the victim shares a child in common;~~

~~a) A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;~~

~~a) A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or~~

~~a) Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.~~

~~"Dating violence", which is defined in 24 CFR 5.2003 means violence committed by a person:~~

~~a) Who is or has been in a social relationship of a romantic or intimate the victim; and~~

~~a) Where the existence of such a relationship shall be determined based on consideration of the following factors:~~

~~i. The length of the relationship;~~

~~i. The type of relationship; and~~

~~i. The frequency of interaction between the persons involved in the relationship.~~

~~"Sexual assault", which is defined in 24 CFR 5.2003 means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.~~

~~"Stalking", which is defined in 24 CFR 5.2003 means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:~~

~~a) Fear for the person's individual safety or the safety of others; or~~

~~a) Suffer substantial emotional distress.~~

~~"Human Trafficking" includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:~~

~~a) "Sex trafficking" means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or~~

~~a) "Labor trafficking" means the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.~~

~~i) Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:~~

~~a) Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.~~

~~a) At Greatest Risk of Housing Instability is defined as household who meet either paragraph i. or ii. below:~~

~~i. has annual income that is less than or equal to 30% of the Area Median Income (AMI), as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);~~

~~i. has annual income that is less than or equal to 50% of the AMI, as determined by HUD, AND meets one of the following conditions from "At risk of homelessness" definition established at 24 CFR 91.5:~~

~~(1) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;~~

~~(1) Is living in the home of another because of economic hardship;~~

~~(1) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;~~

~~(1) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;~~

~~(1) Lives in a single room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;~~

~~(1) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or~~

~~(1) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan.~~

~~(1) Veterans and Families that include a Veteran Family Member that meet the criteria for one of the Qualifying Populations described above are eligible to receive HOME-ARP assistance.~~

~~9)~~8) TARGETING AND OCCUPANCY REQUIREMENTS

~~HOME-ARP activities must primarily benefit households across all qualifying populations~~~~Qualifying Populations~~~~. However, to improve the feasibility and maintain the long-term viability of projects with HOME-ARP Units, an Eligible Recipient may invest HOME-ARP funds in units that are not restricted for occupancy by qualifying household~~~~Qualifying Households~~~~, but such units must be restricted for low-income households as follows:~~

a. Targeting: Program funds can only be invested in units restricted for Qualifying Households (defined in Section 10) or low-income households as follows:

   i) Not less than 70 percent of the total number of HOME-ARP Units must be restricted for occupancy by households that are Qualifying Households at the time of the household's initial occupancy; and

   ii) Not more than 30 percent of the total number HOME-ARP Units may be restricted to low-income households. These low-income HOME-ARP Units do not have to be restricted for occupancy by Qualifying Households; however, low-income HOME-ARP Units are only permitted in projects that include the requisite percent of HOME-ARP Units for Qualifying Households.

b. Occupancy Requirements:

i) Qualifying Households. Units restricted for occupancy by Qualifying Households must be occupied by households that meet the definition of a qualifying population at the time of admission to the HOME-ARP Unit. A Qualifying Household after admission retains its eligibility to occupy a Qualifying Household restricted HOME-ARP Unit, irrespective of the Qualifying Household's changes in income or whether the household continues to meet the definition of a qualifying population. Therefore, a Qualifying Household restricted HOME-ARP Unit always remains in compliance as long as the unit is occupied by a household that met the definition of a qualifying population at the time of its admission.

a) As an example, a household that qualifies as "Homeless" at admission does not meet the "Homeless" definition once the household occupies a HOME-ARP Unit but remains a Qualifying Household and is eligible to remain in the HOME-ARP Unit restricted for Qualifying Populations. Income determinations for Qualifying Households are therefore only for purposes of establishing a Qualifying Household's rental contribution and not for maintaining continued eligibility in the Program.

b) In a project with floating units, the project may shift the HOME-ARP qualifying population designation to another unit to serve another Qualifying Household if the household's income subsequently is certified to be at or above 80 percent of the AMI and the household no longer meets the definition of any qualifying population.

ii) Low-Income Households. At initial occupancy, HOME-ARP Units restricted for low-income households must be occupied by households that meet the definition of low-income in 24 CFR 92.2. If a household's income increases above 80 percent AMI during the Compliance Period, the HOME-ARP Unit will continue to qualify as affordable housing, despite the temporary noncompliance caused by the increase in income of the household, if steps are taken at the next available opportunity to restore compliance.

a) The owner/manager of the project cannot terminate or fail to renew the household's lease because the household is over-income, but the household's' rent must be adjusted according to 92.252(i)(2). However, such over-income households are protected by the terms of their lease, and such rent change can only go into effect at renewal or when the lease permits.

b) The requirements for correcting any noncompliance using vacancies or re-designation of units depend on whether the HOME-ARP Units are fixed or floating and whether other funding sources (e.g., VASH) impose income or other restrictions on the units.

i. Fixed HOME-ARP Units. The project is temporarily out of compliance and will remain so until the over-income household moves out. At such times the unit must be rented to another low-income household. A non-HOME-ARP assisted unit cannot be re-designated as a HOME-ARP Unit.

ii. Floating HOME-ARP Units. Projects with floating HOME-ARP Units do not have specific units that are designated as the HOME-ARP Units. Instead, the total number of units designated as HOME-ARP Units and non-assisted units at the time of the grant contract must stay the same throughout the ~~Affordability Period~~Compliance Period. Therefore, if there is an over-income household in a unit designated as HOME-ARP, when a non-assisted unit becomes available the units will be re-designated, the HOME-ARP Unit becomes a non-assisted unit and the non-assisted unit gets designated as a HOME-ARP Unit.

9) **COMPLIANCE PERIOD**

Units receiving HOME-ARP funds must meet the requirements of the Note, all other federal rules, regulations, guidance, and THDA requirements for fifteen (15) years. The use and income restrictions defined above will be recorded against the property as a covenant running with the land in the Declaration of Restrictive Covenants.

10) **DEFINITION OF QUALIFYING POPULATIONS ~~, TARGETING~~ AND PREFERENCES**

- ~~HOME-ARP requires that funds be used to primarily benefit individuals and families in the following specified "Qualifying Populations".~~ Any individual or family who meets the criteria for these populations ("Qualifying Households") is eligible to receive assistance or services funded through the Program without meeting additional criteria (e.g., additional income criteria). Grantees must provide equal opportunity to all four qualifying populations at the time of application for a unit. Preferences or limitations for a specific Qualifying Population are not allowed. However, restrictions due to the requirements of other resources in the project are permitted. All income calculations to meet income criteria of a Qualifying Population or required for income determinations in HOME-ARP eligible activities must use the annual income definition in 24 CFR 5.609 in accordance with the requirements of 24 CFR 92.203(a)(1).

a. Qualifying Populations:

i) Homeless, as defined in 24 CFR 91.5.

a) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

i. An individual or family with a primary night-time residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

ii. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

iii. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

b) An individual or family who will imminently lose their primary nighttime residence, provided that:

i. The primary night-time residence will be lost within 14 days of the date of application for homeless assistance;

ii. No subsequent residence has been identified; and

iii. The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;

c) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

i. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 .S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

ii. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

iii. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

iv. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

ii) At Risk of Homelessness, as defined in 24 CFR 91.5.

a) An individual or family who:

i. Has an annual income below 30 percent of median family income for the area, as determined by HUD;

ii. Does not have sufficient resources or support networks, e.g., family, friends, faith based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "Homeless" definition in this section; and

iii. Meets one of the following conditions:

(1) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(2) Is living in the home of another because of economic hardship;

(3) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(4) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;

(5) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;

(6) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(7) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

b) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C.5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

c) A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (426U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

iii) Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.

For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual’s or family’s primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

"Domestic violence", which is defined in 24 CFR 5.2003 includes felony or misdemeanor crimes of violence committed by:

a) A current or former spouse or intimate partner of the victim (the term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);

b) A person with whom the victim shares a child in common;

c) A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;

d) A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or

e) Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

"Dating violence", which is defined in 24 CFR 5.2003 means violence committed by a person:

a) Who is or has been in a social relationship of a romantic or intimate the victim; and

b) Where the existence of such a relationship shall be determined based on consideration of the following factors:

   i. The length of the relationship;

   ii. The type of relationship; and

   iii. The frequency of interaction between the persons involved in the relationship.

"Sexual assault", which is defined in 24 CFR 5.2003 means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.

"Stalking", which is defined in 24 CFR 5.2003 means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:

a) Fear for the person’s individual safety or the safety of others; or

b) Suffer substantial emotional distress.

“Human Trafficking” includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:

a) “Sex trafficking” means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or

b) “Labor trafficking” means the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

iv) Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family’s homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

a) Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as “homeless” as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.

b) At Greatest Risk of Housing Instability is defined as household who meet either paragraph i. or ii. below:

i. has annual income that is less than or equal to 30% of the Area Median Income (AMI), as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);

ii. has annual income that is less than or equal to 50% of the AMI, as determined by HUD, AND meets one of the following conditions from “At risk of homelessness” definition established at 24 CFR 91.5:

(1) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(2) Is living in the home of another because of economic hardship;

(3) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(4) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;

(5) Lives in a single room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;

(6) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(7) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan.

(8) Veterans and Families that include a Veteran Family Member that meet the criteria for one of the Qualifying Populations described above are eligible to receive HOME-ARP assistance.

~~10~~)11) **UNIT DESIGNATION**

The applicant must declare in the application the number of HOME-ARP Units in the project restricted for ~~qualifying household~~Qualifying Households, the number declared for low-income households, and whether the units are fixed or floating units. All designations must be included in the grant contract. In a project containing HOME-ARP and other units, fixed or floating HOME-ARP Units must be designated in accordance with 24 CFR 92.252(j). The project must maintain this unit mix throughout the ~~Affordability Period~~Compliance Period.

~~11) **QUALIFYING POPULATIONS, TARGETING AND PREFERENCES**~~

~~HOME-ARP requires that funds be used to primarily benefit individuals and families in the following specified “Qualifying Populations”. Any individual or family who meets the criteria for these populations is eligible to receive assistance or services funded through the Program without meeting additional criteria (e.g., additional income criteria). Grantees must provide equal opportunity to all four qualifying populations at the time of application. Preferences for a specific qualifying population, they must provide evidence of such preference and found to be approved by THDA are not allowed. All income calculations to meet income criteria of a qualifying population or required for income determinations in HOME-ARP eligible activities must use the annual income definition in 24 CFR 5.609 in accordance with the requirements of 24 CFR 92.203(a)(1).~~

~~a. Qualifying Populations:~~

~~i) Homeless, as defined in 24 CFR 91.5.~~

~~a) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:~~

~~i. An individual or family with a primary nighttimenight-time residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;~~

~~ii. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or~~

~~iii. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;~~

~~b) An individual or family who will imminently lose their primary nighttime residence, provided that:~~

~~i. The primary night-time residence will be lost within 14 days of the date of application for homeless assistance;~~

ii. ~~No subsequent residence has been identified; and~~

iii. ~~The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;~~

c) ~~Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:~~

i. ~~Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 .S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);~~

ii. ~~Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;~~

iii. ~~Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and~~

iv. ~~Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;~~

ii) ~~At Risk of Homelessness, as defined in 24 CFR 91.5.~~

a) ~~An individual or family who:~~

i. ~~Has an annual income below 30 percent of median family income for the area, as determined by HUD;~~

~~ii. Does not have sufficient resources or support networks, e.g., family, friends, faith based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "Homeless" definition in this section; and~~

~~iii. Meets one of the following conditions:~~

~~(1) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;~~

~~(2) Is living in the home of another because of economic hardship;~~

~~(3) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;~~

~~(4) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;~~

~~(5) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;~~

~~(6) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or~~

~~(7) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;~~

~~b) A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C.5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or~~

~~c) A child or youth who does not qualify as "homeless" under this section but qualifies as "homeless" under section 725(2) of the McKinney-Vento Homeless Assistance Act (426U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.~~

~~iii) Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.~~

~~For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.~~

~~"Domestic violence", which is defined in 24 CFR 5.2003 includes felony or misdemeanor crimes of violence committed by:~~

~~a) A current or former spouse or intimate partner of the victim (the term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);~~

~~b) A person with whom the victim shares a child in common;~~

~~c) A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;~~

~~d) A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or~~

~~e) Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.~~

~~Dating violence", which is defined in 24 CFR 5.2003 means violence committed by a person:~~

~~a) Who is or has been in a social relationship of a romantic or intimate the victim; and~~

~~b) Where the existence of such a relationship shall be determined based on consideration of the following factors:~~

~~i. The length of the relationship;~~

~~ii. The type of relationship; and~~

~~iii. The frequency of interaction between the persons involved in the relationship.~~

~~Sexual assault, which is defined in 24 CFR 5.2003 means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.~~

~~"Stalking", which is defined in 24 CFR 5.2003 means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:~~

~~a) Fear for the person's individual safety or the safety of others; or~~

~~b) Suffer substantial emotional distress.~~

~~"Human Trafficking" includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:~~

~~a) "Sex trafficking" means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or~~

~~b) "Labor trafficking" means the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.~~

~~iv) Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:~~

~~a) Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.~~

~~b) At Greatest Risk of Housing Instability is defined as household who meet either paragraph i. or ii. below:~~

~~i. has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);~~

~~ii. has annual income that is less than or equal to 50% of the area median income, as determined by HUD, AND meets one of the following conditions from "At risk of homelessness" definition established at 24 CFR 91.5:~~

~~(1) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;~~

~~(2) Is living in the home of another because of economic hardship;~~

~~(3) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;~~

~~(4) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;~~

~~(5) Lives in a single room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there~~

~~reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;~~

~~(6) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or~~

~~(7) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan.~~

~~(8) Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.~~

12) **LAYERING**

Before THDA can commit HOME-ARP funds, it must evaluate the project proposed in the application to determine that the proposed amount of HOME-ARP funds needed to complete the project is necessary to provide quality affordable housing that meets the Program requirements. The applying entity will be required to document that any capital subsidy and operating cost assistance necessary to provide affordable quality housing that meets the requirements of this Notice is secured and documents and the project is financially viable throughout the 15-year HOME-ARP compliance period. THDA will evaluate the project in accordance with underwriting and subsidy layering guidelines it has developed for HOME-ARP projects.

THDA will use existing HOME rental underwriting standards as the foundation for their HOME-ARP underwriting guidelines but will implement standardized underwriting guidelines for HOME-ARP that require the following:

a. An in-depth review of underlying project assumptions, development sources and uses, and projected operating income and expenses, and the project's long-term financial viability to determine the project's proposed costs and need for HOME-ARP funds are necessary and reasonable, while preventing over-subsidization of the project;

b. An assessment of the current market demand for the proposed budget;

c. Review of and determination that the applicant's experience and financial capacity are satisfactory based on the size and complexity of the project;

d. Firm written financial commitments for the project;

e. A careful review of the project's operating budget, including the basis for assumptions, projections of a project's net operating income, and reasonably expected changes in revenue and expenses during the ~~Affordability Period~~Compliance Period to determine if any HOME-ARP-funded operating cost assistance is necessary and, if applicable, an operating cost assistance reserve is sized appropriately;

f. An assessment of the project's overall viability through the ~~Affordability Period~~ Compliance Period based on the households it will serve; and

g. THDA will require completion and submission of a development budget, operating budgets, and a 15-year operating proforma in a format that will be included with the application.

13) **MARKET**

THDA will assess whether neighborhood market conditions demonstrate a need for the project.

a. For HOME-ARP Units for Qualifying Households, a market assessment is not required. Rather, an unmet need among Qualifying Populations for the type of housing proposed can be demonstrated through gap analysis, CoC data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for permanent housing for the Qualifying Populations.

b. For projects containing units restricted for occupancy by low-income households or market-rate households, a market assessment must be conducted in accordance with 24 CFR 92.250(b)(2). A third-party market assessment completed by the developer or another funder meets this requirement. The applicant must review the assessment and provide a written, dated acknowledgement that accepts the assessment's findings and conclusions. The market assessment and the applicants' written, dated acknowledgement must be retained for recordkeeping purposes.

14) **PROJECT COMPLETION AND INITIAL OCCUPANCY**

HOME-ARP rental projects must meet the definition of "project completion" at 24 CFR 92.2. If the project fails to meet the project completion definition within 4 years of project commitment, the effective date of the grant contract, the project must comply with the terminated project requirements at 24 CFR 92.205(e)(2). If the HOME-ARP units are not occupied by eligible Qualifying Households or low-income households within six months following project completion, the Recipient must submit to THDA information on its efforts to coordinate with a CoC, homeless service providers, social service, and other public agencies to fill units for Qualifying Households or must submit marketing information and, if appropriate, a marketing plan to fill units for low-income households. The Recipient must repay any HOME-ARP funds invested in units that are not rented to eligible qualifying or low-income households within 12 months of project completion.

15) **MIXED-USE PROJECTS**

A "mixed-use" project contains, in addition to at least one residential unit, other non-residential space, which is available to the public. The following rules apply regarding mixed-use:

a. Laundry and/or community facilities for use exclusively by the project tenants and their guests do not constitute a mixed-use project.

b. The presence of a leasing office or a maintenance area does not constitute a mixed-use project either.

c. HOME-ARP funds may not be used to fund the commercial or non-residential portion of a mixed-use project. Therefore, if a HOME-ARP assisted project contains such commercial or non- residential space, other sources of funding must be used to finance that space.

d. HOME-ARP funds can only be used to fund the residential portion of a mixed-use project, which meets the HOME-ARP Qualifying Populations, rent limits, and income targeting requirements.

e. If the rental project will contain a model apartment that will be shown to potential renters, the model apartment will be considered a non-residential area, unless the model apartment will be rented in the event of high occupancy.

f. In order for a mixed-use project to be eligible to use HOME-ARP funds, the residential living space in the project must constitute at least fifty one percent (51%) of the total project space and each building in the project must contain residential living space.

16) **RENT LIMITS AND UTILITY ALLOWANCES**

a. **Units Restricted for Occupancy by Qualifying Households.** In no case can the HOME-ARP rents exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. HUD will publish the HOME-ARP rent limits annually.

Notwithstanding the foregoing, a unit that receives a Federal or state project-based rental subsidy and is occupied by a ~~qualifying household~~Qualifying Household that pays as a contribution to rent no more than 30 percent of the household's adjusted income, may charge the rent allowable under the Federal or state project-based rental subsidy program (i.e., the tenant rental contribution plus the rental subsidy allowable under that program). If a household receives tenant-based rental assistance, the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

The rent limits for HOME-ARP units for ~~qualifying household~~Qualifying Households include the rent plus the utility allowance established pursuant to Section VI.B.13.d of the HUD CPD Notice-21-10.

b. **Rent limitations – Low-Income Households.** HOME-ARP Units occupied by low-income households must comply with the rent limitations in 24 CFR 92.252(a) (i.e., the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent of the income of a family at 65 percent of median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit).

   Notwithstanding the foregoing, when a household receives a form of Federal tenant-based rental assistance (e.g., housing choice vouchers), the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rent subsidy allowable under the rental assistance program).

   The rent limits for low-income households apply to the rent plus the utility allowance established pursuant to Section VI.B.13.d of HUD CPD Notice-21-10.

c. **Rent limitations – Single Room Occupancy (SRO) Units.** A HOME-ARP project may consist of SRO units. For the purposes of HOME-ARP rental, an SRO unit is defined as a unit that is the primary residence of the occupant(s) and must at least contain sanitary facilities but may also contain food preparation facilities. A project's designation as an SRO cannot be inconsistent with the building's zoning and building code classification.

   If the SRO units have both sanitary and food preparation facilities, the maximum HOME-ARP rent is based on the zero-bedroom fair market rent. If the SRO unit has only sanitary facilities, the maximum HOME-ARP rent is based on 75 percent of the zero-bedroom fair market rent.

   The rent limits for SRO units must also include the utility allowance established pursuant to Section VI.B.13.d of HUD CPD Notice-21-10.

d. **Initial Rent Schedule and Utility Allowance.** THDA will establish maximum allowances for utilities and services and update the allowances annually.

i) THDA may adopt to use the utility allowance schedule of the local PHA or establish its own utility allowances.

ii) THDA must review and approve the HOME-ARP rents proposed by Recipient, subject to the HOME-ARP rent limitations.

iii) For HOME-ARP units where the tenant is paying utilities and services (e.g., trash collection), the rent for the unit cannot exceed the maximum rent minus the monthly allowance for utilities and services.

~~17) **INCOME LIMITS**~~

~~HOME-ARP funds may be used to benefit only Low-Income Households at 80% AMI or less.~~

~~As provided in Section 9 of this Program Description, HOME-ARP requires that funds be used to primarily benefit individuals and families in the "qualifying populations." Any individual or family who meets the criteria for these populations is eligible to receive assistance or services funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria). All income calculations to meet income criteria of a qualifying population or required for income determinations in HOMEARP eligible activities must use the annual income definition in 24 CFR 5.609 in accordance with the requirements of 24 CFR 92.203(a)(1).~~

~~Grantees must determine and document that households meet the definition of a qualifying population or, for the portion of HOME-ARP rental units not restricted to these populations, that households are low-income, with a total household income of 80% AMI or less.~~

~~18)~~17) **PROHIBITED ACTIVITIES**

a. Providing HOME-ARP funds to rental units that require reconstruction.

b. Using HOME-ARP funds to refinance existing debt.

c. Using HOME-ARP funds for housing for sale to home buyers.

d. Providing non-federal matching contributions required under any other Federal program.

e. Providing assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing).

f. Carrying out activities authorized under 24 CFR Part 968 (Public Housing Modernization).

g. Providing assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages).

h. Providing assistance to a project previously assisted with HOME funds during the period of affordability established by HUD and THDA in the grant contract with the Recipient as stated in § 93.205(a) except as permitted for renewal of funds committed to operating cost assistance.

i. Using HOME-ARP funds for political activities; advocacy; lobbying, whether directly or through other parties; counseling services; travel expenses; and preparing or providing advice on tax returns.

j. Using HOME-ARP funds for administrative, outreach, or other costs of the Recipient, or any other Recipient of such grant amounts, subject to the exception in Section 1338(c)(10)(D)(iii) of the Act,

k. Paying for any cost that is not eligible under 24 CFR 92.730 through 93.200 or is prohibited under 24 CFR 92.214, except as amended in the appendix of CPD Notice 21-10.

l. Using HOME-ARP funds to refinance multifamily loans made or insured by any federal program, including CDBG.

~~19)~~18) **PROPERTY AND DESIGN STANDARDS**

Property standards must be met when HOME-ARP funds are used for a project. All rental housing constructed or rehabilitated with HOME-ARP funds must meet all THDA Minimum Design Standards, applicable local, county and state codes, rehabilitation standards, National Standards for the Physical Inspection of Real Estate ("NSPIRE") or other Standard as defined by HUD, and zoning ordinances at the time of Project Completion. ~~HOME-ARP Units must comply with all property standards applicable to rental projects required in 24 CFR 92.251 paragraphs (a) new construction, (b) rehabilitation projects, (c)(1) and (2) acquisition of standard housing, (e) manufactured housing, and (f) on-going property condition standards.~~

a. In the absence of a local code, new construction of single-family units for rental must meet the current, State-adopted edition of the International Residential Code for One- and Two-Family Dwellings. The newly constructed units must also meet accessibility requirements and mitigate disaster impact as applicable per State and local codes, ordinances, etc. Rehabilitation of existing single-family units for rental must meet the current, State-adopted edition of the International Existing Building Code.

b. HOME-ARP Units must also conform to the THDA Minimum Design Standards Rehabilitation and New Construction Single Family and Multi-Family Housing Units~~THDA Minimum Design Standards for New Construction of Single Family and Multifamily Units or to the THDA Design Standards for Rehabilitation of Single Family and Multifamily Housing Units~~, as applicable. THDA must review and approve plans, work write-ups and written cost estimates and determine cost reasonableness for both new construction and rehabilitation prior to putting the project out to bid.

c. Additional design standards include:

i) Energy Code. New construction projects must also meet the State-adopted edition of the International Energy Conservation Code.

ii) Energy Conservation. In addition to meeting the State-adopted edition of the International Energy Conservation Code, new construction projects must be Energy Star qualified as certified by an independent Home Energy Rating System (HERS) rater.

iii) Broadband Infrastructure. THDA requires that newly constructed rental units, and those which are substantially rehabilitated, must be wired for broadband internet access or infrastructure for project wide wireless internet service.

iv) Modular Housing must be certified by the State of Tennessee

d. Section 504.

i) Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted activities and programs on the basis of disability and imposes requirements to ensure accessibility for qualified individuals with disabilities to these programs and activities.

ii) For new construction of Multifamily Housing (five or more units), a minimum of 5% of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and at a minimum, an additional two percent (2%) of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a HOME-ARP assisted project, regardless of whether all units are HOME-ARP assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are HOME-ARP Units, the accessible units may be either HOME-ARP Units or non-assisted units.

iii) The Section 504 definition of substantial rehabilitation for Multifamily Housing includes construction in a project with Eleven (11) or more units for which the rehabilitation costs will be seventy five percent (75%) or more of the replacement cost. In such projects, a minimum of five percent (5%) of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional two (2%), at a minimum, (but not less than one unit) must be accessible to individuals with sensory impairments. As in the case of new construction, the total number of units in a HOME-ARP assisted project, regardless of whether they are all HOME-ARP assisted, is used as the basis for determining the minimum number of accessible units, and, in a project where not all of the units are HOME-ARP assisted, the accessible units may be either HOME-ARP Units or non-assisted units.

iv) When rehabilitation less extensive than Substantial Rehabilitation is undertaken in projects, alterations must, to the maximum extent feasible, make the units accessible to and usable by individuals with a disability, until a minimum of five percent (5%) of the units (but not less than one (1) unit) are accessible to people with mobility impairments. For this category of rehabilitation, the additional two percent (2%) of unit's requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible.

e. Fair Housing Act of 1968, as amended. In buildings that are ready for first occupancy after March 13, 1991, and that have an elevator and four or more units, the public and common areas must be accessible to persons with disabilities; doors and hallways must be wide enough for wheelchairs; and all units must have the following:

i) An accessible route into and through the unit.

ii) Accessible light switches, electrical outlets, thermostats and other environmental controls.

iii) Reinforced bathroom walls to allow later installation of grab bars; and kitchens and bathrooms that can be used by people in wheelchairs.

iv) If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units.

v) These requirements for new construction do not replace any more stringent standards in State or local law.

f. Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131–12189) implemented at 28 CFR parts 35 and 36, as applicable.

~~20)~~19) **UNIVERSAL DESIGN AND VISITABILITY**

THDA encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit the units constructed or rehabilitated with HOME-ARP funds using accepted Universal Design and Visitability standards.

a. Universal Design

i) Universal Design is a building concept that incorporates products, general design layouts and other characteristics to a housing unit to:

a) Make the unit usable by the greatest number of people.

b) Respond to the changing needs of the residents.

c) Improve the marketability of the unit.

ii) The goal of universal design seeks to build housing that meets the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of persons with disabilities. However, universal design is inclusive of adaptable design as universal design incorporates structural features that will allow a housing unit to be adapted to an individual's current or future needs. Universal design features include, but are not limited to:

a) Stepless entrances. Minimum 5' x 5' level clear space inside and outside entry door.

b) Broad blocking in walls around toilet, tub and shower for future placement of grab bars.

c) Full-extension, pull-out drawers, shelves and racks in base cabinets in kitchen.

d) Front mounted controls on all appliances.

e) Lever door handles.

f) Loop handle pulls on drawers and cabinet doors.

iii) More information on Universal Design may be found at The Center for Universal Design at North Carolina State University: https://design.ncsu.edu/research/center-for-universal-design/

b. Visitability

i) Visitability refers to homes that are designed and built in a manner that allows individuals who have trouble with steps or use wheelchairs or walkers to live in or visit the unit. These features include:

a) One zero-step entrance.

b) Doors with thirty-two (32) inches of clear passage space.

c) One bathroom on the main floor that is accessible to a person using a wheelchair.

ii) More information on Visitability can be found at: http://www.visitability.org.

~~21)~~20) ENVIRONMENTAL REVIEW

The environmental effects of each activity carried out with HOME-ARP funds must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 ("NEPA") and the related authorities listed in HUD's regulations at 24 CFR 58.

Under the Program, THDA is responsible for carrying out environmental reviews. THDA may not commit any funds under the Program or any other program listed at 24 CFR 58.1(b) for an activity or project until the environmental review process is complete and the HOME-ARP funds have been released. The applicant is responsible for gathering the information required for the environmental review. THDA must make a request for the release of the funds ("RROF") from HUD for all projects.

Further, until the RROF and related certification have been approved, neither a Recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a 24 CFR 58.1 program if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. This prohibition prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions.

The restriction on undertaking or committing funds for choice-limiting actions does not apply to undertakings or commitments of non-federal funds before a project participant has applied for HUD funding. A party may begin a project in good faith as a private project and is not precluded from later deciding to apply for federal assistance. However, when the party applies for federal assistance, it will generally need to cease further actions on the project, using either federal or non-federal funds, until the environmental review process is complete.

Therefore, the Environmental Review covers the entire project, not just the portion funded by HOME-ARP funds. Except for the very limited exclusions listed under 24 CFR 58, any such prohibited action will make the entire project ineligible for funding under HOME-ARP.

~~22)~~21) LEAD-BASED PAINT

Housing assisted with HOME-ARP funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and 24 CFR Part 35, subparts A, B, J, K, M, and R. The lead-based paint regulations are available at www.hud.gov/lea or by contacting 1-800-424-LEAD (5323). Lead- based paint requirements apply to all units and common areas in the project.

~~23)~~22) FLOOD PLAINS

HOME-ARP funds may not be used to construct housing in an area identified by the Federal Emergency Management Agency ("FEMA") as having special flood hazards. In addition, THDA strongly discourages the rehabilitation of units located in special flood hazard areas, but in a few limited instances and with written permission from THDA, units located in a flood plain may be assisted if the flood plain is mitigated by construction design. In cases where construction in the flood plain is allowed, the project must be participating in the National Flood Insurance Program, and flood insurance must be obtained on the units.

~~24)~~23) PROCUREMENT

It is important to keep the solicitation of bids for goods and services as well as professional services and construction contracts open and competitive.

a. At a minimum all Recipients must comply with 2 CFR 200.318 - 326.

b. All Recipients must have adopted procurement policies and procedures that meet state and federal requirements.

c. Recipients must seek to obtain three (3) to five (5) quotes or bids using formal advertising or requests for proposals for the procurement of professional or construction services.

d. There must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

~~25)~~24) CONFLICT OF INTEREST

In the procurement of property and services, THDA and Recipients must adhere to the conflict-of-interest provisions at 24 CFR 92.356. THDA will not request exceptions to the conflict-of-interest provisions from HUD. In the event a conflict of interest is discovered, Recipients shall repay that portion of the HOME-ARP grant related to the conflict of interest or may have all or some portion of the HOME-ARP grant rescinded, all as determined by THDA in its sole discretion.

~~26)~~25) DEBARMENT AND SUSPENSION

On all HOME-ARP funded projects, Recipients shall certify that no vendor, its principals or managers are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction or listed on the "Excluded Parties List System" found at https://sam.gov/.

~~27)~~26) PROFORMA

a. All applicants must complete a proforma included in the application in a term of 15 years. The applicant must demonstrate a need for the HOME-ARP funds. If the project development costs require additional financing, including other grant source funding, prior to making any HOME-ARP draws, documentation must be provided by Recipient that all other financing or grant funding has been identified and secured.

   A project may not incur more debt in the development than the operating budget and proforma indicate that the development can support. Documentation that final debt does not exceed the supportable debt as indicated on the operating budget will be a threshold requirement.

b. An updated final Development Budget, Operating Budget and proforma package will be required before any draw requests may be processed.

~~28)~~27) **PROJECT SOFT COSTS**

In planning their programs, applicants may include, as a project soft costs, the reasonable and customary costs for work write-up and inspections. In addition, the costs for inspections and work write-ups, the costs for lead-based paint inspections, environmental reviews, risk assessments and clearance testing, and architectural and engineering fees are also paid as project soft costs. All project soft costs charged to the HOME-ARP grant will be calculated on a prorated basis of committed HOME-ARP Units to all buildings and units in the project and count toward the maximum per unit subsidy limit.

~~29)~~28) **REPLACEMENT RESERVE ACCOUNTS**

All projects must maintain a replacement reserve account beginning at the time of project completion for the term of the HOME-ARP period of affordability.

a. The replacement reserve requirement for all one-bedroom units is, initially, two hundred fifty dollars ($250) per unit, inflated at three percent (3%) annually.

b. The replacement reserve requirement for all units with two or more bedrooms is, initially, three hundred dollars ($300) per unit per year, inflated at three percent (3%) annually.

c. This account shall be used only for capital improvements and the replacement of long-lived capital assets, and not for routine maintenance and upkeep expenses.

d. The replacement reserve must be, and must remain, an asset of the project, and will not be distributed to the Recipient or any entity or person affiliated with the Recipient at any time during or after the Compliance Period.

e. Recipients shall provide THDA with a record of all activity associated with the replacement reserve account during the prior fiscal year in conjunction with submission of the project's annual compliance monitoring materials.

f. The replacement reserve account must be maintained in a separate account in a federally insured financial institution.

g. Reserve accounts must also be separate from the project's ordinary operating account.

~~30)~~29) OPERATING RESERVE ACCOUNT

All projects must establish and maintain, until the project has achieved a minimum of five (5) years of Stabilized Occupancy, an operating reserve equal to a minimum of six (6) months of projected operating expenses plus must-pay debt service payments and annual replacement reserve payments.

a. This requirement can be met with an up-front cash reserve, a guarantee from the owner with a surety bond to stand behind the guarantee, or partnership documents specifying satisfactory establishment of an operating reserve.

b. The operating reserve account must be maintained in a separate account in a federally insured financial institution.

c. For purposes of this paragraph, eligible operating costs are limited to insurance, utilities, real property taxes, maintenance, and replacement reserve payments.

~~31)~~30) NON-COMPLIANCE REPAYMENT & OTHER PENALTIES

All HOME-ARP awards will be structured as a grant to a Recipient with an ~~Affordability Period~~Compliance Period of 15 years. Any HOME-ARP funds that are used for costs that are ineligible, invested in a project that is terminated before completion, either voluntarily or otherwise, or invested in HOME-ARP Units that do not meet the Program requirements for the ~~Affordability Period~~Compliance Period must be repaid as follows:

a. If the noncompliance or termination occurs within the first 10 years of the ~~Affordability Period~~Compliance Period, the Recipient must repay the entire amount of HOME-ARP funds invested in the project.

b. If the noncompliance or termination occurs in years 11 through 15, the repayment amount will be reduced by 20 percent for each year beyond the initial 10-years during which time the project was compliant.

c. Repayment of the HOME-ARP funds is not required if the project owner sells or transfers, either voluntarily or involuntarily, the HOME-ARP project during the ~~Affordability Period~~Compliance Period if:

i. the HOME-ARP restrictions remain,

ii. the project and new project owner continue to comply with all HOME-ARP requirements, and

iii. any HOME-ARP funds remaining in a project's operating cost assistance or reserve for replacement remain with the project and convey upon sale or transfer of the project as a restricted operating cost assistance reserve or reserve for replacement subject to HOME-ARP Notice requirements.

Failure to adhere to or maintain compliance with the requirements of a program administered through THDA's Community Programs Division will result, depending on the egregiousness of the noncompliance, in penalties being accessed in the scoring of future applications and/or the inability to participate in programs administered by THDA for a period to be determined in THDA's sole discretion.

~~32)~~31) **COMPLIANCE REVIEWS**

a. Prior to drawing down HOME-ARP funds, Recipients shall sign a grant note, deed of trust and a declaration of land use restrictive covenants to enforce the ~~Affordability Period~~Compliance Period.

b. Once HOME-ARP funds are awarded to a Recipient, THDA will monitor compliance by reviewing certain records related to the HOME-ARP project. THDA will monitor compliance by conducting desk and/or on-site reviews of the project.

c. THDA will conduct an on-site inspection at project completion in order to confirm that the project meets THDA's Minimum Design Standards for New Construction or THDA's Minimum Design Standards for Rehabilitation, as applicable. Once this inspection has been completed the Program Compliance Monitoring will be performed by the Compliance and Asset Management Division ("CAM") through the Compliance Period. Failure to maintain compliance with any THDA program may result, depending on the egregiousness of the noncompliance, in penalties being assessed in the scoring of future applications and/or the inability to participate in future THDA programs for a period to be determined at THDA's sole discretion.

THDA's Housing Programs Compliance Monitor will contact the agency two (2) weeks prior to the programmatic monitoring review and provide information regarding the monitoring process, including expectations, items to be covered, and a checklist. A notification email packet will be sent to the ~~sub~~G~~g~~rantees, which will include tools to be used during the monitoring review. A File List will be sent the day of the monitoring review in order for files to be pulled that will be uploaded to THDA's secure Electronic Data Transfer (EDT) system. The Compliance Monitor will issue the monitoring report thirty (30) days after the completion of the monitoring review. Response to all findings and concerns noted in the report is required within thirty (30) days of the date that the monitoring report is issued.

~~c.~~d. At a minimum, THDA will conduct compliance reviews annually.

~~d.~~e. THDA will conduct on-site property inspections during the ~~Affordability Period~~Compliance Period in order to determine compliance with income and rent requirements, tenant selection, affirmative marketing requirements, and property and design standards and to verify any information submitted by the Recipient to THDA.

i) THDA will perform onsite inspection of all HOME-ARP assisted projects no less than every three (3) years during the ~~Affordability Period~~Compliance Period.

ii) For HOME-ARP projects of four (4) HOME-ARP Units or less, THDA will perform an on-site inspection of one hundred percent (100%) of the units no less than every three (3) years during the ~~Affordability Period~~Compliance Period.

iii) For HOME-ARP projects consisting of five (5) or more HOME-ARP Units, THDA will inspect a minimum of four (4) of the HOME-ARP Units no less than every three (3) years during the Period of Affordability.

iv) The on-site inspection may include a review of records for all or a sample of the income and rent restricted units including, but not limited to, tenant files, rent rolls, approved and declined tenant applications, documentation supporting tenant income and employment verification, marketing materials and advertisements, and documentation of requests for reasonable accommodations.

v) The on-site review may also include a review of any local health, safety, or building code violation reports or notices and an inspection of the property to determine if the buildings are suitable for occupancy, taking into account local health, safety, and building codes, applicable THDA Design Standards, and ~~UPCS~~NSPIRE standards as prescribed by HUD.

vi) Any reports made by state or local government units of violations, with documentation of correction, will be reviewed.

Each year during the Compliance Period, the Recipient shall submit to THDA's CAM Division, within one hundred twenty (120) days after the end of the project's fiscal year, each of the following:

~~Audited financial statements for the Owner.~~

i) Audited financial statements for the project.

ii) Bank statements for operating reserve and replacement reserve accounts as of the end of the project fiscal year.

iii) Proof of sufficient property and liability insurance coverage with THDA listed as mortgagee.

~~Documentation to show the current utility allowance is being used (i.e. a copy of the utility allowance table).~~

iv) For projects that received points at initial HOME application for pledging to provide permanent supportive services to special needs populations, an affidavit attesting to the supportive services provided to the project's population during the fiscal year must be provided by the provider(s) of such services.

v) Compliance monitoring fees from previous years' re-inspections if applicable.

vi) Such other information as may be requested in writing by THDA in its sole discretion.

~~33)~~32) **MONITORING FEES**

THDA charges a monitoring fee for all HOME-ARP Units. Recipients shall pay the entire fee covering the ~~Affordability Period~~Compliance Period as indicated in the current HOME Operating Manual - Schedule of Monitoring Fees; but no less than $300 per HOME-ARP Unit.

a. The monitoring fee must be paid prior to the Recipient making the request for Developer Fees to be drawn from the HOME-ARP grant.

b. Additional fees may be charged when follow-up is required due to non-compliance findings. Failure to pay these fees will be considered an administrative noncompliance issue.

i) The fee will be the current approved fee as published in the HOME Manual and the most current program description at the time the fee is incurred but no less than:

(1) Re-inspection of a file or re-inspection of a 1-4 unit property: Two Hundred Dollars ($200) per unit inspected

(2) Re-inspection of a HOME-ARP project with five (5) or more units:

(a) Two hundred dollars ($200) per unit inspected;

(b) Standard mileage rate in effect under the current State of Tennessee travel regulations at the time of the re-inspection from Nashville to the property and back to Nashville;

(c) Applicable state allowed per-diem for one staff person;

(d) Lodging expenses as allowed under the current State of Tennessee travel regulations;

(e) Any other expenses incurred by THDA relating to the project re-inspection.

c. Fees for re-inspections will be due to THDA prior to issuance of re-inspection results or release of any additional HOME-funded operating subsidy.

~~34)~~33) RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

Recipients shall replace all occupied and vacant habitable low-income housing demolished or converted to a use other than as lower income housing in connection with a project assisted with HOME-ARP funds.

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a grant contract committing THDA to provide funds for a project that will directly result in the demolition or conversion, THDA will make public by and submit to the HUD/Knoxville HOME coordinator certain information. Each applicant proposing demolition or any reduction in lower income housing units shall submit the following information to THDA in connection with their application:

a. A description of the proposed assisted project;

b. The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to a use other than as lower income housing as a result of an assisted project.

c. A time schedule for the commencement and completion of the demolition or conversion.

d. To the extent known, the address, number of bedrooms and location on a map of the replacement housing that has been or will be provided.

e. The source of funding and a time schedule for the provision of replacement housing.

f. The basis for concluding that the replacement housing will remain lower income housing for at least fifteen (15) years from the date of initial occupancy.

g. Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

~~35)~~34) HOME-ARP RELOCATION REQUIREMENTS

THDA DISCOURAGES PROJECTS INVOLVING DISPLACEMENT OR RELOCATION of households. Prior to application, contact THDA if you are planning any project that may involve displacement or relocation.

HOME-ARP funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act ("URA") of 1970 ad section 104(d) of the Housing and Community Development Act of 1974, in addition to the Displacement, Relocation, and Acquisition regulatory requirements of 24 CFR 92.353.

a) URA requirements are triggered at the time the application is being prepared, and additional requirements are triggered at the time the working agreement is signed between THDA and the Recipient and when rehabilitation is completed. Treatment of displaced persons depends upon whether the displaced person is (1) a tenant or owner; (2) a business or household; (3) has income above or below the Section 8 Lower Income Limit.

b) A Displaced Person is any person (household, individual, business, farm, or non-profit organization) that moves from the real property, permanently, as a direct result of rehabilitation, demolition, or acquisition for a project assisted with HOME-ARP funds. Relocation requirements apply to all occupants of a project/site for which HOME-ARP assistance is sought even if less than one hundred percent (100%) of the units are HOME-ARP assisted.

   i) Before application, displacement is triggered when a tenant moves permanently from the project before the applicant applies for HOME-ARP assistance if THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the HOME-ARP project. (e.g., THDA determines that the applicant displaced tenants to propose a vacant building for HOME-ARP assistance.)

   ii) After application, displacement is triggered when a tenant moves permanently from the project after submission of the application, or, if the applicant does not have site control, the date THDA or the Recipient approves the site because:

      (1) The applicant requires the tenant to move permanently; or
      (2) The applicant fails to provide timely required notices to the tenant; or
      (3) The tenant is required to move temporarily, and the applicant does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable.

   iii) After execution of the grant contract, displacement is triggered when a tenant moves permanently from the project after execution of the grant contract covering the acquisition, rehabilitation or demolition because the tenant is not provided with the opportunity to lease a suitable, affordable unit in the project.

c) A Displaced person is not:

i) A tenant evicted for cause, assuming the eviction was not undertaken to evade URA obligations.
ii) A person with no legal right to occupy the project under State or local law (e.g., squatter).
iii) A tenant who moved in after the application was submitted but before signing a lease and commencing occupancy, was provided written notice of the planned project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under URA) as a result of the project.
iv) A person, after being fully informed of their rights, waives them by signing a Waiver Form.

d) URA and its implementing regulations at 49 CFR Part 24 require relocation assistance where acquisition has occurred under URA. In addition, URA coverage was expanded in 1987 amendments to cover displacement of individuals resulting from rehabilitation, demolition or private acquisition carried out under a federally assisted project or program.

e) Section 104(d) of the Housing and Community Development Act ("The Barney Frank Amendments") and HUD's Residential Anti-Displacement and Relocation Assistance Plan include additional relocation requirements. This extra level of relocation protection may be triggered for low-income households when units are converted or demolished with CDBG, UDAG, HOME, or HOME-ARP funds. In addition, when Section 104(d) is triggered, jurisdictions may need to replace any low/moderate income dwelling units that are lost due to the conversion or demolition. This section refers only to residential relocation. If non-residential (commercial/industrial) relocation is involved, contact THDA.

f) Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives are essential in making HOME-ARP program decisions. Concerns about relocation may cause a Recipient to consider establishing a preference for vacant buildings. However, Recipients should also consider that vacant buildings are often in various states of deterioration. Rehabilitating an occupied building, even with the cost of assisting tenants to remain or relocate, may be less costly than rehabilitating a vacant building. In occupied buildings, Recipients must consider whether occupants will be able to return after rehabilitation and whether Section 8 assistance is available to help meet relocation costs. Selecting vacant projects does not relieve all relocation concerns. Vacant buildings in good condition may have been recently occupied. If so, the Recipient must consider whether the owner removed the tenants to apply for HOME-ARP assistance for a vacant building. If so, these tenants are displaced persons.

g) Skilled staff can save the local program money and build goodwill with owners and tenants. Failure to understand and follow relocation requirements can result in unnecessary costs for the local program. It is possible for uninformed owners and staff to take steps that would obligate the local program to provide significant relocation benefits and services. Early briefings for owners and program staff on relocation rules are essential. Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition consolidate relocation requirements for HOME-ARP and other HUD programs in one document. It is available from HUD Field Offices or by contacting THDA. HUD information booklets for people who are displaced or whose property is to be acquired are also available from HUD Field Offices or from THDA.

~~36)~~35) **SITE AND NEIGHBORHOOD STANDARDS**

Housing provided through the HOME-ARP program must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and HUD regulations issued pursuant thereto; and must promote greater choice of housing opportunities. All projects must meet the site and neighborhood standards as codified at 24 CFR § 891.125 - Site and neighborhood standards.

a) **New construction rental housing.** In carrying out the site and neighborhood requirements for new construction, the Recipient shall provide documentation as THDA may require, in THDA's sole discretion, to determine that proposed site(s) for new construction meet the requirements in 24 CFR 93.150 with cross reference to 983.6(b) which places limiting conditions on building in areas of "minority concentration" and "racially mixed" areas.

b) **Rehabilitation of rental housing.** Site and neighborhood standards do not generally apply to rehabilitation projects funded under HOME unless project-based vouchers are used in a HOME rehabilitation unit. In such case, the site and neighborhood standards for project-based vouchers will apply as determined by the issuing authority for the project-based vouchers.

~~37)~~36) **EQUAL OPPORTUNITY AND FAIR HOUSING**

No person in the United States shall on the grounds of race, color, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds.

a) The following Federal requirements as set forth in 24 CFR 5.105(a), Nondiscrimination and equal opportunity, are applicable to HOME projects:

   i) Fair Housing Act (24 CFR Part 100)

   ii) Executive Order 11063, as amended (24 CFR Part 107 - Equal Opportunity in Housing)

iii) Title VI of the Civil Rights Act of 1964 (24 CFR Part 1 - Nondiscrimination in Federal programs)

iv) Age Discrimination Act of 1975 (24 CFR Part 146)

v) Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8)

vi) Section 109 of Title I of the Housing and Community Development Act of 1974 (24 CFR Part 6)

vii) Title II of the Americans with Disabilities Act 42 U.S.C. § 12101 et seq.

viii) Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity 24 CRF Parts 5, 200, 203, 236, 400, 570, 574, 882, 891 and 982

ix) Section 3 of the Housing & Urban Development Act of 1968 24 CFR 135 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135

(1) Section 3 requires that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low-income persons, particularly those who are recipients of government assistance for housing.

x) Executive Order 11246, as amended 41 CFR 60 (Equal Employment Opportunity Programs)

xi) Executive Order 11625, as amended (Minority Business Enterprises)

xii) Executive Order 12432, as amended (Minority Business Enterprise Development)

xiii) Executive Order 12138, as amended (Women's Business Enterprise)

xiv) Executive Orders 11625, 12432, and 12138 (Minority/Women's Business Enterprise) require that Recipients prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. Recipients must also develop acceptable policies and procedures if their application is approved by THDA.

b) The HUD Office of Fair Housing also includes the following fair housing laws and Presidential Executive Orders which are not included in 24 CFR 5.105(a) but which are applicable to federally assisted programs:

i) Architectural Barriers Act of 1968 42 U.S.C. § 4151 et seq.

ii) Executive Order 12892, as amended (Affirmatively Furthering Fair Housing)

iii) Executive Order 12898

iv) Executive Order 13166 (Limited English Proficiency)

v) Executive Order 13217 (Community-based living arrangements for persons with disabilities)

c) In addition to the above requirements, the Recipient must assure that its Equal Opportunity and Fair Housing policies in the HOME Program are consistent with the State's current Consolidated Plan.

~~38)~~37) AFFIRMATIVE MARKETING

Prior to beginning a HOME-ARP project, Recipients must adopt affirmative marketing procedures and requirements for all HOME-ARP rental projects with five (5) or more units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability. The Recipient must also identify and take steps to attract populations that are least likely to apply for the housing to be created. Requirements and procedures must include:

a) Methods for informing the public, owners and potential tenants about fair housing laws and the Recipient's policies;

b) A description of what the Recipient will do to affirmatively market housing assisted with HOME-ARP funds;

c) A description of what the Recipient will do to inform people who are not likely to apply for housing without special outreach;

d) Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness; and

e) Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

f) All projects that receive HOME grants must advertise all vacant units on the www.TNhousingsearch.org website.

~~39)~~38) APPLICATION AND EVALUATION PROCEDURE

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria include:

a) Submission by an eligible applicant of a complete application, including any documentation required to be submitted through THDA's Participant Management System (PIMS).

b) Proposal of an eligible activity; proposal of a project that in the opinion of THDA is physically, financially and administratively feasible; proposal of a project that meets the Program requirements as outlined herein and in HUD CPD Notice-21-10.

c) Submission of a proforma based on the required period of affordability demonstrating a need for the HOME-ARP funds.

d) All projects must meet the site and neighborhood standards as codified at 24 CFR 891.125 - Site and neighborhood standards.

e) Proposals that will set-aside more than 20% of the units for individuals with disabilities must demonstrate that the project will meet 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.

f) Receipt of a score that equals at least 60% of the total points available.

Applications meeting the threshold requirements will be scored and ranked into a single ranking by score. THDA will award funding starting with the highest score to lowest score until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.

Given the limited funding available statewide and in order to distribute HOME-ARP funding across Tennessee, THDA reserves the right to limit funding to only one award per county.

When the amount of funds available is less than the request for funding identified in the application, THDA reserves the right to offer partial funding pending the applicant's ability to secure additional financing within a timeframe established by THDA or to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant.

i) When the applicant cannot secure additional financing within THDA's identified timeline, THDA, subsequently and at its sole discretion, may move to the next lower scoring application(s) in order to meet its expenditure obligations under the HOME-ARP program.

ii) When THDA opts to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant, THDA may move to the next lower scoring project(s) to meet its commitment obligations under the HOME-ARP program.

iii) In the event of a tie score between applications, THDA will prioritize that application with the highest combined total of the Need and Opportunity Score. If a tie still remains, the application with the highest Opportunity Score will be selected.

HOME-ARP-RENTAL HOUSING SCORING MATRIX - Up to 100 Points

PROJECT DESIGN - Up to ~~30~~ 25 points

a) The proposed project demonstrates exceptional planning, ~~readiness to proceed,~~ and administrative capability.
b) All necessary components to accomplish the project have been identified in the application.
c) Grantee and partner's demonstrate administrative capability to carry out the grant.
~~c)~~d) The applicant has site control of the proposed site to be developed.
~~d)~~e) Firm financial commitments for non-HOME-ARP resources have been secured, are current, and are demonstrated within the application.
~~e)~~f) For proposals in which the units will be outside of the 72 counties included in THDA's Housing Choice Voucher (HCV) service area, the extent to which the project has a binding commitment for Federal, State, or local project-based rental assistance so that rents are affordable to extremely low and very low income families and sufficient funds support the project's operation.
   i) Projects with committed project-based Section 8 VASH vouchers, Continuum of Care rental assistance.
   ii) Projects that preserve existing housing with project-based rental assistance also are encouraged.
~~f)~~g) The project's proforma demonstrates sufficient cash flow to support the project's operation without a contribution of HOME-ARP funds by THDA to an operating reserve account for the project.
~~g)~~h) The extent to which the proposed project fills the need demonstrated by the neighborhood market conditions.
~~h)~~i) The extent to which the design of the proposed project is appropriate and meets the needs of the targeted population to be served.
~~i)~~j) The extent to which formal partnerships have been established and demonstrated within the application to provide voluntary and appropriate support services for the targeted population. The extent to which the proposed project provides easy access to community living, including retail, employment, transportation, medical, education, recreation, and government services.
k) The extent to which universal design and visitability features will be included in the design of the project.
l) The extent to which energy efficiency features exceed the requirements of THDA's Design Standards for New Construction or Rehabilitation, as applicable.

PROJECT READINESS TO PROCEED – Up to 10 Points

a) Conceptual Design Work - Up to 4 points are available depending upon the level of conceptual design work completed and included as a part of the Application. The information provided by applicants to qualify for these points is not intended to require an exceptional capital outlay or complex architectural or engineering design work. The purpose is to broadly demonstrate to reviewing staff that buildings, infrastructure, and proposed amenities will fit on site, units will fit in buildings, etc., and that preliminary consideration has been given to the appropriateness of the proposal to the site from a physical standpoint. Documentation must be submitted with the application.

Conceptual Design Work Completed	Points Available
Schematic site plan only	1
Above+ schematic floorplans	2
Above + schematic elevations	3
Above + construction drawings begun	4

b) Planning and Zoning Process: Up to 4 points will be awarded based on what stage the proposal is at in the planning & zoning process with the applicable local government. Documentation must be provided sufficient to demonstrate the planning & zoning stage.

Planning and Zoning Process Stage	Points Available
Has not begun	0
In process	2
By right or zoning approvals in place	4

c) Site and Neighborhood Review: Up to 2 points will be awarded based on the submission of a complete and signed Site and Neighborhood Standards Checklist with all required accompanying documentation.

APPLICANT'S CAPACITY AND EXPERIENCE - Up to 30 points

a) The applicant's experience with owning, developing and managing rental units of similar size and scope serving the intended population proposed.
b) The capacity of the applicant and its development and management team to carry out the proposed project within the schedule proposed.
c) The experience of the applicant and its development and management team to successfully develop or manage rental housing in compliance with all Federal, state or local program requirements.
d) The experience of the applicant and its development and management team to undertake THDA rental development projects in a timely manner.
e) The history of the applicant in serving the community in which the proposed project is to be located.
f) The history of the applicant and its development and management team to comply with THDA funding requirements and processes.

g) The applicant's financial statements and audit indicate a healthy financial position and include diverse funding sources.

SUPPORTIVE SERVICES FOR TARGETED QUALIFYING POPULATION – Up to 10 Points

The project application includes a thorough description and supporting documentation of its plan for the delivery of support services appropriate for the Qualifying Population targeted by the proposed development.

Proposals should demonstrate firm commitments of support service providers and other partners through shared history on other related activities as well as through a written commitment to provide support services to the Qualifying Population tenants at the proposed development.

OTHER SOURCES OF FUNDS – Up to ~~10~~ 8 Points

THDA shall award up to 10 points to applications that include a committed contribution of other sources of funds towards the project development. Commitment documents from the source providing the contribution must be included in the application.

Eligible sources of funds include:

a) Grants from THDA, state agencies, federal or local governments, private foundations, the Federal Home Loan Bank, or other similar entities.

b) Loans from public or private sources that are compliance or forgivable loans that require no repayment to the funding source.

c) Equity from the applicant, or related entities, that will be a permanent funding contribution to the project and will not be repaid.

d) Donations of land or buildings to the project as demonstrated by a current property appraisal or the property tax records of the county in which the property is located.

Ineligible sources of other contributions that will not be counted include:

- Permanent financing sources.
- Cash contributions from private individuals.
- Loans that require repayment to the funding source, including those loans made through THDA's Community Investment Tax Credit (CITC) program.
- Commitments of Low-Income Housing Tax Credits or Multifamily Tax-Exempt Bond Allocations.

To determine the points awarded, THDA will not round the percentage calculated.

Points will be awarded as follows:

- The sources of funds towards project development include an eligible contribution that is equal to or greater than 15% of the requested HOME-ARP funds: ~~10~~ 8 **points**
- The sources of funds towards project development include an eligible contribution that is equal to or greater than 10% and less than 15% of the requested HOME-ARP funds: ~~8~~ **6 points**
- The sources of funds towards project development include an eligible contribution that is equal to or greater than 5% and less than 10% of the requested HOME-ARP funds: ~~5~~ **4 points**
- The sources of funds towards project development include an eligible contribution that is equal to or greater than 1% and less than 5% of the requested HOME-ARP funds: **2 points**
- The sources of funds towards project development include an eligible contribution that is less than 1% of the requested HOME-ARP funds: **0 points.**
- NOTE: Percentage calculations of all eligible contributions will be calculated to the nearest tenth, rounding up if the number in the hundredth position is a 5, 6, 7, 8, or 9.

AREAS OF OPPORTUNITY SCORE - Up to 10 Points

THDA has determined factors which indicate census tracts of high opportunity. These factors include areas with high median gross rent, high-cost burden, close proximity to employment, high workforce participation, low rental market vacancy rate, and the pipeline of rental housing financed under the LIHTC Program under construction and in lease-up. Scores to be used in the evaluation of areas of opportunity are available at: https://thda.org/govt-non-profit/home-arp-program/. ~~THDA has determined factors which indicate census tracts of high opportunity. These factors include areas of high median gross rent, high-cost burden, proximity to employment, high workforce participation, low levels of abandoned housing, rental market (LIHC) vacancy rate, and the pipeline of rental housing financed under the LIHC Program under construction and in lease-up. Scores to be used in the evaluation of areas of opportunity are available HERE~~

CONTINUUM OF CARE INVOLVEMENT: - Up to ~~5~~ 4 Points

The project application includes a letter from the lead authorizing official (Board Chair or Executive Director role) of the local Continuum of Care (CoC") in which the project is located that indicates the CoC's awareness of the proposed project and describes the applicant's active involvement and collaboration in the work of the CoC.

PROJECTS LOCATED OUTSIDE OF A LOCAL PJ – ~~5~~ 3 points

HUD has awarded HOME-ARP funds directly to Local Participating Jurisdictions (Local PJs). The

Local PJs are Chattanooga, Clarksville, Jackson, Knox County, Knoxville, Memphis, Nashville/Davidson County, Shelby County, and the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Kingsport, Johnson City, Bluff City, Sullivan County, and Washington County, excluding the Town of Jonesborough). Projects that are located outside the jurisdictional limits of a Local PJ will receive 5 points.

BONUS Points Available:

COUNTIES DESIGNATED AS ECONOMICALLY DISTRESSED – 10 points

Tennessee Governor Bill Lee issued an executive order designating eleven (11) Tennessee counties as distressed, including: Bledsoe, Clay, Cocke, Grundy, Hancock, Hardeman, Haywood, Lake, ~~Morgan~~, Perry, Pickett, and Scott. THDA will award 10 bonus points for applications with projects located in the designated distressed counties.

COUNTIES DESIGNATED AS ECONOMICALLY AT-RISK – 5 points

Tennessee Governor Bill Lee issued an executive order designating twenty-four (24) Tennessee counties as At- Risk, including: Benton, Campbell, Caroll, Carter, Claiborne, Decatur, DeKalb, Fentress, Greene, Hardin, Hawkins, Houston, Jackson, Johnson, Lauderdale, McNairy, Meigs Morgan, Overton, Sequatchie, Unicoi, Van Buren, Warren, and Wayne. THDA will award 5 bonus points for applications with projects located in the designated as-risk counties.

Tennessee Housing Development Agency

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

Bill Lee **Governor**	**Ralph Perrey** **Executive Director**

To: THDA Board of Directors
From: Rebecca Carter, Director of Community Services
Don Watt, Chief Program Officer
Date: July 13, 2026
Subject: HOME-ARP Supportive Services Program Description - 2026

Recommendations:

- Adopt the proposed 2026 HOME-ARP Supportive Services (HOME-ARP SS) Program Description as attached ("Program Description");
- Authorize the Executive Director to award 2026 HOME-ARP SS funds to competitive applicants for applications scored by staff. Competitive scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the Program Description; 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

Key Points:

The changes proposed for the 2026 HOME-ARP SS Program Description include:

- Updated timetables and due dates as follow:
  - Application Due Date - October 2, 2026
  - Award Announcement - November 15, 2026
  - Contract Dates: January 1, 2027 through June 30, 2030
- Increased the funding amount to $12M
- Increased the minimum and maximum awards
  - Minimum- $250,000
  - Maximum- $1,000,000
- Limited ability to set preferences, limitations and priorities for all Qualified Populations (QP) except for QP3, fleeing, or attempting to flee, domestic violence,

EQUAL HOUSING OPPORTUNITY

dating violence, sexual assault, stalking, or human trafficking, and required participants be served on a first come first served basis regardless of QP population.

- Added expenditure deadlines to allow THDA to recapture and re-allocate funding, as needed, to ensure spend down.
- Expanded written standards section to help ensure grantee compliance.
- Added bonus points in the scoring of applications for applicants who were previously awarded HOME-ARP SS funds and met performance standards.

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

Background:

THDA was allocated over $52M in federal funds appropriated under section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) ("ARP") for the HOME Investment Partnerships Program ("HOME") to provide homelessness assistance and supportive services through the HOME-American Rescue Plan Program ("HOME-ARP"). In our HOME-ARP Allocation Plan the funds have been divided into 3 categories: Supportive Services, Development of Affordable Rental Housing, and Administration and Planning.

The HOME-ARP Supportive Services program provides resources to eligible local governments and nonprofit organizations to assist individuals who are homeless or at risk of homelessness achieve housing stability. Program funds must be used to primarily benefit individuals or families that are:

(1) homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. 11302(a)) ("McKinney-Vento Act"),
(2) at risk of homelessness, as defined in section 401 of the McKinney-Vento Act,
(3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking,
(4) part of other populations where providing supportive services or assistance would prevent a family's homelessness or would serve those with the greatest risk of housing instability, or
(5) veterans and families that include a veteran family member that meet the criteria of (1) through (4) of the Qualifying Populations.

Supportive Services that are eligible include case management, housing search and placement, housing stability services, housing counseling (renter-focused), outreach and engagement, legal services, mental health and substance use services, employment and income supports, education services, life skills training, and transportation assistance.

HOME-ARP SUPPORTIVE SERVICES PROGRAM

~~2023~~2026 PROGRAM DESCRIPTION
TENNESSEE HOUSING DEVELOPMENT AGENCY

The Tennessee Housing Development Agency (“THDA”) was allocated federal funds appropriated under section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) (“ARP”) for the HOME Investment Partnerships Program (“HOME”) to provide homelessness assistance and supportive services through the HOME-American Rescue Plan Program (“HOME-ARP”). The purpose of this Program Description is to explain the requirements and the application process for THDA’s HOME-ARP Supportive Services Program (the “HOME-ARP SS Program”).

The HOME-ARP SS Program is governed by the U.S. Department of Housing and Urban Development (“HUD”) Notice CPD-21-10 and Title 24 of the Code of Federal Regulations, Part 92, as amended. ~~Those regulations and all other requirements of the U.S. Department of Housing and Urban Development (“HUD”)~~All applicable federal regulations and guidance are incorporated herein by this reference. In cases of conflicting requirements, the more stringent requirement will apply.

HOME-ARP SS Program funds (“Program Funds”) must be used to benefit individuals or families that ~~are (1) homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. 11302(a)) (“McKinney-Vento Act”), (2) at risk of homelessness, as defined in section 401 of the McKinney-Vento Act, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, (4) part of other populations where providing supportive services or assistance would prevent a family’s homelessness or would serve those with the greatest risk of housing instability, or (5) veterans and families that include a veteran family member that meet the criteria of (1) through (4) from the following Qualifying Populations (“Program Participant”):~~meet the definition of Qualifying Populations under Section C of this Program Description.

~~The HOME-ARP SS Program is designed to assist qualifying individuals and families who are: i) homeless; ii) at risk of homelessness; iii) fleeing, or attempting to flee, domestic violence, human trafficking; or iv) other vulnerable individuals to provide the services necessary to help those persons regain stability quickly in temporary or permanent housing after experiencing a~~

~~housing crisis and/or homelessness.~~

The objectives of the HOME-ARP ~~-~~SS Program are to:

1. Assist qualifying vulnerable individuals by providing them with the services necessary to help those persons regain stability quickly.
2. Reduce the length of time program participants experience homelessness;
3. Exit program participants to permanent housing; and
4. Limit returns to homelessness one year after program participants exit the HOME-ARP-SS Program.~~; and~~
5. ~~Based on the activity, all HOME-ARP-SS Program resources are to be used to benefit Qualifying Populations as defined in herein.~~

The total allocation for the 2026 HOME-ARP ~~-~~SS Program will be $12,000,000. THDA ~~also~~ will also make ~~available$~~ $1,800,000 available to its HOME-ARP ~~-~~SS Grantees for eligible administrative expenses. Each successful applicant may request up to fifteen percent (15%) of its award for Administrative Costs. THDA may make additional funds available at its discretion.

Grantees must meet the following expenditure requirements during the Term of their Grant Contract ~~contract period~~:

- December 31, 2027 - At least 25 percent of the total award expended
- October 31, 2028 - At least 50 percent of the total award expended
- October 31, 2029 - At least 75 percent of the total award expended
- June 30, 2030 - All ~~HOME-ARP SS~~Program ~~f~~Funds must be expended

Failure to ~~expend funding~~Program Funds within the designated timeframe may result in recapture of funds. R~~Funds r~~ecaptured Program Funds may ~~will~~ be made available for reallocation to grantees ~~who~~that meet the expenditure deadlines and ~~who~~that are under good standing, within ~~based on~~ THDA's sole discretion.

A. APPLICATION PROCESS

(1) ~~The HOME-ARP-SS Program funds (the "Program funds")~~Program Funds will be awarded on a competitive basis to eligible applicants across the State of Tennessee. Applicants applying for~~ the~~ Program F~~f~~unds must include supporting documentation in their application that demonstrates the applicant's:

a. Need for the Program funds;

b. Experience in servicing vulnerable or homelessness populations, or at-risk of homelessness populations, within the community; and

c. Plan that summarizes how Program funds will be used to address the unmet needs of the community.

(2) An applicant must apply for at least $250,000 and may apply for a maximum of $1,0~~5~~00,000 in Program ~~funding~~Funds, which will be awarded in THDA's discretion based on the applicant's demonstrated experience, capacity, and need.

(3) The 2026~~7~~ HOME-ARP ~~-~~SS Program grant contracts will have a term of 42 months, with an anticipated start date of January 1, 2027, and end date of June 30, 2030. Start date and months of term may be adjusted~~, if needed, should the approval of the substantial amendment take longer than anticipated.~~

(4) Application and related instruction for the program and allocation of Program funds will be made available on the THDA website, www.thda.org,~~ at 9:00 AM CST on August 3, 2026. February 1, 2023.~~

~~(4)~~(5) Applications must be received by THDA on or before 4:00 PM ~~CST~~ Central on October 2, 2026.~~ Friday, March 1, 2023.~~ THDA anticipates notifying successful applicants by ~~March 31, 202~~November 15, 2026.~~3. t~~ Adjustments to the timeline may be made ~~if approval of the substantial amendment takes longer than anticipated.~~in THDA's discretion.

~~(5)~~(6) THDA will hold a mandatory grantee workshop.~~ on April 12, 2023.~~ A representative for each successful applicant must attend.

~~(6) This Program Description and the application link are available at www.thda.org. Once at the THDA website, click on "PROGRAMS." The HOME-ARP-SS Program link is listed under "PROGRAMS FOR LOCAL GOVERNMENT & NONPROFIT PARTNERS." Click on HOME for the link to the HOME-ARP Program webpage: https://thda.org/government-nonprofit-partners/home-program-applications-and-information/home-arp-program. For questions concerning the applications or program, contact the ESG Program Team with the Community Programs Division of THDA at ESG@thda.org.~~

B. ELIGIBLE APPLICANT REQUIREMENTS

THDA will accept applications for the HOME-ARP ~~-~~SS Program from non-profit organizations and local units of governments. All applicants must meet the following criteria:

(1) Demonstrate at least two (2) years of experience providing affordable housing or affordable_ –housing related services ~~in the state of Tennessee~~ satisfactory to THDA in its sole discretion;

(2) Have a minimum of two (2) years of experience assisting vulnerable individuals or families;

(3) Have approved established HOME-ARP -SS Program Written Standards in accordance with the local Continuum of Care ("CoC") Coordinated Entry process;

(4) Be an active member of any local CoC in which the service will be provided and ~~compliant~~comply with HMIS reporting requirements of the local CoC;

(5) Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual; and

(6) Have standards of financial accountability that conform to 24 CFR 84.21, Standards of Financial Management Systems.~~.~~

~~(6)~~ Must not be receiving HOME-ARP Supportive Services funding from any other local Participating Jurisdiction ("PJ").~~")~~.

(7)

~~(7)~~(8) N~~N~~onprofit applicants must meet the requirements listed above and meet the following criteria:

a. Meet one of the two structures below:

(1) Must be organized and ~~existing~~exist in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date); or

(2) Be organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state's Secretary of State dated no more than thirty (30) days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State dated no more than thirty (30) days prior to the application date).

b. Have an IRS designation under Section 501(c)(3) or Section 501(c)(4) of the federal tax code. A 501(c)(3) non-profit applicant may not ~~submit an application~~apply until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary materials with the IRS and received a response from the IRS demonstrating 501(c)(4) status; and

c. Be established for charitable purposes and have, among its activities, activities that include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness, as evidenced in its charter, articles of incorporation, resolutions or by-laws, and experience in the provision of shelter and services to the homeless.

C. QUALIFYING POPULATIONS

~~HOME-ARP SS Program funds must be used to primarily benefit individuals or families that are (1) homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. 11302(a)) ("McKinney-Vento Act"), (2) at risk of homelessness, as defined in section 401 of the McKinney-Vento Act, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, (4) part of other populations where providing supportive services or assistance would prevent a family's homelessness or would serve those with the greatest risk of housing instability, or (5) veterans and families that include a veteran family member that meet the criteria of (1) through (4) from the following Qualifying Populations ("Program Participant"):~~

~~ARP requires that funds be used to primarily benefit individuals and families in the following specified "qualifying populations."~~Program Funds must be used to benefit ~~Any individual or family~~individuals and families that meet the following qualifying populations ("Qualifying Populations"). A Grantee must serve all Qualifying Populations in chronological order of application. However, Victim Service Providers may limit individuals served to QP 3, serving only those who are fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD in 24 CFR 5.2003.

Any individual or family who meets the criteria for these Qualifying P~~p~~opulations is eligible to receive assistance or services funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria). All income calculations to meet income criteria of a qualifying population or required for income determinations in HOME-ARP eligible activities must use the annual income definition in 24 CFR 5.609 in accordance with the requirements of 24 CFR 92.203(a)(1).

(1) Homeless, as defined in 24 CFR 91.5 *Homeless (1), (2), and (3)*.

a. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(1) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(2) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(3) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human

habitation immediately before entering that institution;

b. An individual or family who will imminently lose their primary nighttime residence, provided that:

(1) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(2) No subsequent residence has been identified; and

(3) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing.

c. Unaccompanied youth under 25 years of age or families with children and youth, who do not otherwise qualify as homeless, but who:

(1) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(2) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(3) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(4) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment.

(2) At Risk of Homelessness.

a. An individual or family who:

(1) Has an annual income below 30 percent of median family income for the area, as determined by HUD;

(2) Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph

(a)(1) the "Homeless" definition above.

(3) Meets one of the following conditions:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or(

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in THDA's approved consolidated plan.

b. A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 387 (3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

c. A child or youth who does not qualify as "homeless" under this section but qualifies as "homeless" under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

(3) Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD in 24 CFR 5.2003.

For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking as such terms are defined at 24 CFR 5.2003. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

(4) Other Populations, where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

a. Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.

b. At Greatest Risk of Housing Instability is defined as household who meets either paragraph (1) or (2) below:

(1) Has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);

(2) Has annual income that is less than or equal to 50% of the area median income, as determined by HUD, AND meets one of the following conditions from paragraph (iii) of the "At risk of homelessness" definition established at 24 CFR 91.5:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than
1.5 persons reside per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan.

(5) Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP SS Program assistance.

~~**PREFERENCES, REFERRAL METHODS AND LIMITATIONS**~~

~~Under the Notice, the Tennessee Housing Development Agency ("THDA")THDA is required to administer its HOME-ARP Program to primarily benefit the QPs so that 100% of its HOME-ARP funds for supportive services benefit all four QPs. A Grantee must receive permission from THDA to implement any Preference, Referral Method, or Limitation. If a Grantee is approved to use a Preference, Referral Method, or Limitation under HOME-ARP, they must consistently follow their approved agreement with THDA. If a Grantee is not approved for a Preference, Referral Method or Limitation, the Grantee is required to serve individuals and families from all QPs for all of its projects and activities under HOME-ARP, in chronological order of application. However, Victim Service Providers may limit individuals served to QP 3, serving only those who are fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD in 24 CFR 5.2003.~~

D. ELIGIBLE ACTIVITES

(1) Provision of McKinney-Vento Act Supportive Services as defined in section 401(29) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(29)) where an intended beneficiary ("Program Participant") is experiencing homelessness.

(2) Homelessness Prevention Services defined at 24 CFR 576.102, 103, 105, and 106 as revised, supplemented, and streamlined in this Program Description~~.~~ where an Program Participant is housed and the supportive services are intended to help the Program Participant regain stability in their current permanent housing or move into other permanent housing to achieve stability in that housing

(3) Housing Counseling Services as defined at 24 CFR 5.100 and 5.111, respectively, except where otherwise noted. The requirements at 24 CFR 5.111 state that any housing counseling, as defined in 24 CFR 5.100, required under or provided in connection with

any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary under 24 CFR part 214 to provide housing counseling, consistent with 12 U.S.C. 1701x. Housing Counseling services may be provided regardless of whether the Program Participant ~~a Program Participant~~ is homeless or currently housed.

(4) Administrative Costs as outlined in Notice CPD-21-10. Reasonable administrative costs of overall HOME-ARP SS program management, coordination, monitoring, and evaluation.

E. ELIGIBLE COSTS

~~HOME-ARP SS funds~~Program Funds may only be used to pay E~~e~~ligible C~~c~~osts associated with an above Eligible Activity ~~in accordance with the requirements in this Program Description~~. If THDA reimburses a Grantee for an activity or cost that is later found to be ineligible, the Grantee must repay THDA. ~~Eligible Costs that may be paid using HOME-ARP- SS funds are limited to only those identified in this section.~~

~~Any reimbursed cost deemed as ineligible costs in this document under Section F and/or the Notice: (link Notice) CPD-21-10 using HOME-ARP SS funds must be repaid to THDA.Any ineligible costs paid using HOME-ARP funds must be repaid in accordance with the requirements of this Program Description.~~
~~Eligible Activities include:~~

~~**McKinney-Vento Supportive Services.** If a Program Participant is experiencing homelessness, then the Program Participant is eligible to be provided the McKinney-Vento Act Supportive Services for the costs allowable in this Program Description.~~

~~(1) **Homelessness Prevention Services.** If a Program Participant is housed and the supportive services are intended to help the Program Participant regain stability in the Program Participant's current permanent housing or move into other permanent housing to achieve stability in that housing, then the Program Participant is eligible for homelessness prevention services for the costs allowable in this Program Description.~~

~~(2) **Housing Counseling Services.** Housing Counseling services may be provided regardless of whether a Program Participant is homeless or currently housed.~~

~~(3) **Administrative Costs.** Reasonable administrative costs of overall HOME-ARP SS program management, coordination, monitoring, and evaluation.~~

Eligible Costs by Activity include:

(1) Eligible Costs for McKinney-Vento Supportive Services and Homelessness Prevention

Services:

a. **Child Care.** The costs of childcare for Program Participants, including providing meals and snacks, and comprehensive and coordinated developmental activities, are eligible.

   (1) The childcare center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

   (2) Children must be under the age of 13 unless the children have a disability.

   (3) Children with a disability must be under the age of 18.

b. **Education Services.** The costs of improving knowledge and basic educational skills are eligible costs including:

   (1) Instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED).

   (2) Screening, assessment, and testing; individual or group instruction; tutoring; provision of books, supplies, and instructional material; counseling; and referral to community resources.

c. **Employment Assistance and Job Training.** The costs of establishing and/or operating employment assistance and job training programs are eligible, including classroom, online and/or computer instruction, on-the-job instruction, services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. The cost of providing reasonable stipends to Program Participants in employment assistance and job training programs is also an eligible cost.

   (1) Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates.

   (2) Services that assist individuals in securing employment consist of:

      (A) Employment screening, assessment, or testing;

      (B) Structured job skills and job-seeking skills;

      (C) Special training and tutoring, including literacy training and prevocational training;

      (D) Books and instructional material;

      (E) Counseling or job coaching; and

      (F) Referral to community resources.

d. **Food.** The cost of providing meals or groceries to Program Participants is eligible.

e. **Housing Search and Counseling Services.** Costs of assisting eligible Program Participants to locate, obtain, and retain suitable housing are eligible. Services include:

(1) Development of an action plan for locating housing;

(2) Housing search;

(3) Tenant counseling;

(4) Securing utilities;

(5) Making moving arrangements;

(6) Outreach to and negotiation with owners;

(7) Assistance submitting rental applications and understanding leases;

(8) Assistance obtaining utilities; and

(9) Tenant counseling;

(10) Mediation with property owners and landlords on behalf of eligible Program Participants;

(11) Credit counseling, accessing a free personal credit report, and resolving personal credit issues;

(12) Payment of rental application fees; and

(13) Other Housing counseling costs, as defined in 24 CFR 5.100, funded with or provided in connection with grant funds must be carried out in accordance with 24 CFR 5.111.

f. **Legal Services.** Eligible costs are the fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with a qualifying individual or family's ability to obtain and retain housing.

(1) Eligible subject matters are child support; guardianship; paternity; emancipation; legal separation; orders of protection and other legal remedies for victims of domestic violence, dating violence, sexual assault, human trafficking, and stalking; appeal of veterans and public benefit claim denials; landlord-tenant disputes; and the resolution of outstanding criminal warrants; landlord/tenant matters, provided that the services must be necessary to resolve a legal problem that prohibits the Program Participant from obtaining permanent housing or will likely result in the Program Participant losing the permanent housing in which the Program Participant currently resides.

(2) Services may include client intake, receiving and preparing cases for trial, provision of legal advice, representation at hearings, and counseling.

(3) Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees.

(4) Filing fees and other necessary court costs are also eligible.

(5) If the Grantee is a legal services provider and performs the services itself, the eligible costs are the Grantee's employees' salaries and other costs necessary to perform the services.

(6) Ineligible Legal Costs. Legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs and prohibited under HOME-ARP- SS.

g. **Life Skills Training.** The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, dating violence, sexual assault, stalking, human trafficking, substance abuse, and homelessness are eligible. These services must be necessary to assist the Program Participant to function independently in the community. Life skills training includes budgeting of resources and money management, household management, conflict management, shopping for food and other needed items, nutrition, the use of public transportation, and parent training.

h. **Mental Health Services.** Eligible costs are the direct outpatient treatment of mental health conditions that are provided by licensed professionals.

(1) Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management.

(2) Services include crisis interventions; counseling; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.

i. **Outpatient Health Services.** Eligible costs are the direct outpatient treatment of medical conditions when provided by licensed medical professionals including:

(1) Providing an analysis or assessment of a Program Participant's health problems and the development of a treatment plan;

(2) Assisting Program Participants to understand their health needs;

(3) Providing directly or assisting Program Participants to obtain and utilize appropriate medical treatment;

(4) Preventive medical care and health maintenance services, including in home health services and emergency medical services;

(5) Provision of appropriate medication;

(6) Providing follow-up services; and

(7) Preventive and non-cosmetic dental care.

j. **Outreach Services.** The costs of activities to engage Qualified Populations for the purpose of providing immediate support and intervention, as well as identifying potential Program Participants, are eligible.

(1) Eligible costs include the outreach worker's transportation costs and a cell phone to be used by the individual performing the outreach.

(2) Costs associated with the following services are eligible: initial assessment; crisis counseling; addressing urgent physical needs, such as providing meals, blankets,

clothes, or toiletries; actively connecting and providing people with information and referrals to homeless and mainstream programs; and publicizing the availability of the housing and/or services provided within the grantee's geographic area.

k. **Substance Abuse Treatment Services.** Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. The costs include:

(1) Program Participant intake and assessment;

(2) Outpatient treatment;

(3) Group and individual counseling;

(4) Drug testing; and

(5) Inpatient detoxification and other inpatient drug or alcohol treatment are not eligible costs.

l. **Transportation.** Eligible costs are:

(1) The costs of a Program Participant's travel on public transportation or in a vehicle provided by the Grantee to and from medical care, employment, childcare, or other services eligible under this Program Description;

(2) Mileage allowance for service workers to visit Program Participants and to carry out housing inspections;

(3) The cost of leasing a vehicle in which staff transports Program Participants and/or staff serving Program Participants;

(4) The cost of gas, insurance, taxes, and maintenance for the vehicle;

(5) The costs of Grantee staff to accompany or assist Program Participants to utilize public transportation; and

(6) If public transportation options are not sufficient within the area, the Grantee may make a one-time payment on behalf of a Program Participant needing car repairs or maintenance required to operate a personal vehicle, subject to the following:

(A) Payments for car repairs or maintenance on behalf of the Program Participant may not exceed 10 percent of the Blue Book value of the vehicle (Blue Book refers to the guidebook that compiles and quotes prices for new and used automobiles and other vehicles of all makes, models, and types);

(B) Payments for car repairs or maintenance must be paid by the Grantee directly to the third party that repairs or maintains the car; and

(C) Grantees may require Program Participants to share in the cost of car repairs or maintenance as a condition of receiving assistance with car repairs or maintenance.

(7) The Grantee must establish policies and procedures surrounding payments for the cost of gas, insurance, taxes, the one-time payment for car repairs or maintenance as described above, and maintenance for vehicles of Program Participants. Such costs must be limited to Program Participants with the inability to pay for such costs and who, without such assistance, would not be able to participate in HOME-ARP-SS eligible services. Travel logs must be kept for vehicles as described under Written Standards, Part (F) Payments for

Transportation, section of this Program Description.

m. **Case Management.** The costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the Program Participant (s) are eligible costs. Grantees providing these supportive services must have written standards for providing the assistance. Eligible costs are those associated with the following services and activities:

(1) Conducting the initial evaluation, including verifying and documenting eligibility, for individuals and families applying for supportive services;

(2) Counseling;

(3) Developing, securing and coordination services;

(4) Using a centralized or coordinated assessment system that complies with the requirements of a Coordinated Entry Process used by a Grantee;

(5) Obtaining federal, State, and local benefits;

(6) Monitoring and evaluating Program Participant progress;

(7) Providing information and referrals to other providers;

(8) Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, stalking, and human trafficking;

(9) Developing an individualized housing and service plan, including planning a path to permanent housing stability; and,

(10) Conducting re-evaluations of the Program Participant's eligibility and the types and amounts of assistance the Program Participant needs.

n. **Mediation.** HOME-ARP-SS funds may pay for mediation between the Program Participant and the owner or person(s) with whom the Program Participant is living, provided that the mediation is necessary to prevent the Program Participant from losing permanent housing in which the Program Participant currently resides.

o. **Credit Repair.** HOME-ARP-SS Program funds may pay for credit counseling and other services necessary to assist Program Participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

p. **Landlord/Tenant Liaison.** Costs of liaison services between property managers, owners and Program Participants are eligible HOME-ARP-SS costs and may include:

(1) Landlord outreach;

(2) Physical inspections and rent reasonable studies as needed to secure units;

(3) Rental application fees and security deposits for clients, in accordance with the financial assistance costs requirements in Section D-1(R);

(4) Mediation services in Section D-1(R) for housing issues that may arise between owner, property manager, or other residents and clients; and,

(5) Coordination or assistance with the provision of other HOME-ARP-SS eligible services to assist clients to maintain permanent housing.

q. **Services for Special Populations.** HOME-ARP-SS Program funds may be used to provide services for special populations, such as victim services, so long as the costs of providing these services are eligible under this section. The term victim services means services that assist Program Participants who are victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, stalking, or human trafficking.

r. **Financial Assistance.** ~~HOME-ARP-SS funds~~ Program Funds may be used to pay housing owners, utility companies, and other third parties for the following costs, as applicable:

(1) Rental Application Fees. Rental housing application fees that are charged by the owner to all applicants.

~~(2)~~ Security Deposits. A security deposit that is equal to no more than 2 months' rent. This assistance is separate and distinct from the provision of financial assistance for First and

~~(3)~~(2) Last Month's rent provided under this section and cannot be used to duplicate those costs.

~~(4)~~(3) Utility Deposits. ~~HOME-ARP-SS~~Program Funds ~~funds~~ may pay for a standard utility deposit or initiation fee required by the utility company or owner (if owner-paid utilities are provided) for all Program Participants for the following utilities: Gas; Electric; Water; and Sewer.

~~(5)~~(4) Utility Payments. ~~HOME-ARP-SS funds~~Program Funds may pay for up to 24 months of utility payments per Program Participant, per service, including up to 6 months of utility payments in arrears, per service. The partial payment of a utility bill counts as one month. This assistance may only be provided if the Program Participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electricity, water, and sewage. No Program Participant may receive more than 24 months of utility assistance within any 3-year period.

~~(6)~~(5) Moving Costs. ~~HOME-ARP SS funds~~Program Funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the Program Participant begins receiving assistance under this section of the Notice and before the Program Participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

~~(7)~~(6) First and Last Month's Rent. If necessary to obtain housing for a Program Participant, ~~HOME-ARP SS funds~~Program Funds may be used to make a pre-payment of the first and last month's rent under a new lease to the owner at the time the owner is paid the security deposit for the Program Participant's tenancy in the housing. This assistance must not exceed two months' rent and must be tracked for purposes of determining the total short- and medium-term financial assistance for rent that the Program Participant may receive. This assistance is separate and distinct from financial assistance for Security Deposits provided under this section and cannot be used to duplicate those costs.

~~(8)~~(7) Payment of Rental Arrears. ~~HOME-ARP SS funds~~Program Funds may be used for a one-time payment for up to 6 months of rent in arrears, including any late fees or charges on those arrears, if necessary for the household to maintain their existing housing or, for those without housing, if necessary to remove a demonstrated barrier to obtaining housing.

s. **Short and Medium-Term Rental Assistance.** Subject to the following conditions, a Grantee may provide a Program Participant with short-term or medium-term financial assistance for rent, provided that the total financial assistance provided, including any pre-payment of first and last month's rent as described above, does not exceed 24 months of rental payments over any 3-year period.

(1) Short-term means up to 3 months. ~~The first month of rent would be considered Financial Assistance above, therefore would not trigger short and medium term additional requirements.. I~~

(2) Medium-term means more than 3 months but not more than 24 months.

~~(3) Rental payments may only be made to an owner with whom the Grantee has entered into a financial assistance agreement for rental payment.~~

~~Additional Requirements of Financial Assistance and Short- and Medium-term Rental Assistance~~

(3) Rental payments may only be made to an owner with whom the Grantee has entered into a financial assistance agreement for rental payment. This requirement only applies to Short-Term Rental Assistance when more than just the first or last month's rent is being paid, otherwise, it is just financial assistance.

(4) The financial assistance agreement must set forth the terms under which rental payments will be provided, including the requirements that apply under this Program Description.

~~(5)~~ The financial assistance agreement must provide that, during the term of the

~~(6)~~(5) agreement, the owner must provide the Grantee with a copy of any notice to the Program Participant to vacate the housing unit or any complaint used under State or local law to commence an eviction action against the Program Participant. The owner must serve written notice upon the Program Participant at least 30 days before termination of tenancy specifying the grounds for the action. Each financial assistance agreement that is executed or renewed must comply with the requirements in 24 CFR 92.359.

~~(7)~~(6) The Grantee must make timely payments to each owner in accordance with the financial assistance agreement. The financial assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the Program Participant's lease. The Grantee is solely responsible for paying late payment penalties that it incurs with non-HOME-ARP-SS funds.

~~(8)~~(7) Rental payments cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507.

(8) Each Program Participant receiving ~~financial assistance for~~ rental ~~payments~~ assistance must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the Program Participant. Where the financial assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the Program Participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks. New leases must have an initial term of 1 year unless a shorter period is agreed upon by the Program Participant and owner.

t. ~~The lease requirements in 24 CFR 92.359 apply to this financial assistance.~~ All program participants receiving rental assistance and their and landlords must sign a VAWA lease addendum if it is not already a part of the lease agreement. The Grantee must ~~must~~ ensure that the VAWA lease addendums incorporate all requirements that apply to the owner or lease under 24 CFR part 5, subpart L, and 24 CFR 92.359(e):

(1) Includes the prohibited bases for eviction and restrictions on construing lease terms under 24 CFR 5.2005(b) and (c).

(2) Includes that the tenant may terminate the lease without penalty if the participating jurisdiction determines that the tenant has met the conditions for an emergency transfer under 24 CFR 5.2005(e).

(3) When HOME tenant-based rental assistance is provided, the lease term/addendum must require the owner to notify the participating jurisdiction

before the owner bifurcates the lease or provides notification of eviction to the tenant.

~~(9)~~(4) If HOME tenant-based rental assistance is the only assistance provided (*i.e.,* the unit is not receiving project-based assistance under a covered housing program, as defined in 24 CFR 5.2003), the VAWA lease term/addendum may be written to expire at the end of the rental assistance period.

~~t.~~u. Grantees must adhere to THDA's Policies and Procedures (or Written Standards) that detail the minimum requirements that must be in place to prevent the provision of short- or medium-term financial assistance for rent for the same period for which a Program Participant is receiving rental assistance or living in housing provided with on-going assistance, such as project-based rental assistance or operating subsidies.

v. If a Program Participant receiving financial assistance for short- or medium-term rental payments under this section meets the conditions for an emergency transfer under 24 CFR 5.2005(e), HOME-ARP funds may be used to pay amounts owed for breaking a lease to effectuate an emergency transfer. These costs are not subject to the 24-month limit on rental payments.

w. The Grantee must provide to all Program Participants who have applied to receive assistance under HOME-ARP rental assistance the following forms: "Notice of Occupancy Rights under VAWA (Form HUD-5380)" and "Certification of Domestic Violence, Dating Violence, Sexual Assault or Stalking, and Alternate Documentation (Form HUD-5382)". These forms must be given to an applicant or tenant at the following times:

(1) At the time the applicant is denied assistance or admission under HOME-ARP rental assistance;

(2) At the time the individual is provided assistance or admission under HOME-ARP rental assistance;

(3) With any notification of eviction or notification of termination of assistance from HOME-ARP rental assistance; and

(4) During the 12-month period following December 16, 2016, either during the annual recertification or lease renewal process, whichever is applicable, or, if there will be no recertification or lease renewal for a tenant during the first year after the rule takes effect, through other means.

Both forms must be available in multiple languages, consistent with guidance issued by HUD in accordance with Executive Order 13166 ("Improving Access to Services for Persons with Limited English Proficiency").

~~u.~~x. Program Participants receiving financial assistance and rental assistance must comply with lead-based paint requirements of 24 CFR part 35, subparts A, B, J, K, M and R, as applicable. The grantee or shall provide the lead hazard information pamphlet developed by EPA, HUD and the Consumer Product Safety Commission pursuant to section 406 of the Toxic Substances Control Act (15 U.S.C. 2686), or an

EPA-approved alternative; except that the designated party need not provide a lead hazard information pamphlet if the designated party can demonstrate that the pamphlet has already been provided in accordance with the lead-based paint notification and disclosure requirements at § 35.88(a)(1), or 40 CFR 745.107(a)(1) or in accordance with the requirements for hazard education before renovation at 40 CFR part 745, subpart E. Visual Assessments of lead-based paint must be conducted as necessary.

(2) Eligible Costs Associated with Housing Counseling under 24 CFR 5.100 and 5.111~~:~~

~~v.~~a. Costs associated with housing counseling services as defined at 24 CFR 5.100 and 5.111 are eligible under HOME-ARP-SS. Eligible costs are those costs associated with the services listed in 24 CFR part 214 and include, but are not limited to:

i. Staff salaries and overhead costs of HUD-certified housing counseling agencies related to directly providing eligible housing counseling services to HOME-ARP-SS Program Participants;

ii. Development of a housing counseling workplan;

iii. Marketing and outreach;

iv. Intake;

v. Financial and housing affordability analysis;

vi. Action plans that outline what the housing counseling agency and the Program Participant will do to meet the client's housing goals and that address the client's housing problem(s); and

vii. Follow-up communication with program participants.

(1) Eligible Administrative Costs

a. Reasonable costs of overall HOME-ARP program management, coordination, monitoring, and evaluation. Such HOME-ARP costs include, but are not limited to, necessary expenditures for the following:

i. Salaries, wages, and related costs of the program staff. If a Grantee charges salaries, wages and related costs to this category, Grantee must track and only ~~reimburse~~charge for actual time spent on program administration assignments. ~~the Grantee may either include the entire salary and related costs allocable to the HOME-ARP program of each person whose primary responsibilities with regard to the HOME-ARP program involves program administration assignments, or the prorated share of the salary, wages, and related costs of each person whose job includes any program administrative assignments.~~ Program administration includes:

a. Developing systems and schedules for complying with HOME-ARP program requirements, including systems to prevent a duplication of benefits among beneficiaries of HOME-ARP activities;

b. Developing interagency agreements and agreements with entities receiving HOME-ARP funds;

c. Monitoring HOME-ARP activities for progress and compliance with HOME-ARP program requirements;

d. Preparing HOME-ARP reports and other documents related to the HOME-ARP program for submission to HUD;

e. Coordinating the resolution of audit and monitoring findings on HOME-ARP activities;

f. Evaluating HOME-ARP program results against stated objectives in the HOME-ARP allocation plan, and

g. Managing or supervising persons whose primary responsibilities with regard to the HOME-ARP program include such assignments as those described above.

ii. Travel costs incurred for official business in carrying out the HOME-ARP program.

iii. Administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services.

iv. Other costs for goods and services required for administering the HOME-ARP program, such as: rental or purchase of equipment, insurance, Homeless Information Management System (HMIS) or other information systems necessary to track and implement beneficiaries of HOME-ARP activities in accordance with the requirements of this Notice, utilities, office supplies, and rental and maintenance (but not purchase) of office space.

v. Costs of administering HOME-ARP supportive services programs.

b. Staff and overhead costs directly related to carrying out a HOME-ARP project, in accordance with 24 CFR 92.207(b).

c. The provision of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of projects being assisted with HOME-ARP funds.

d. Activities to affirmatively further fair housing (AFFH) in accordance with 24 CFR 5.151 and the PJ's certification as required under this Notice and 24 CFR 5.152. The AFFH definition in HUD's Interim Final Rule entitled, "Restoring Affirmatively Furthering Fair Housing Definitions and Certifications" (86 FR 30779, June 10, 2021), as amended, at 24 CFR 5.151, and the AFFH certification requirement, at 24 CFR 5.152, available at https://www.federalregister.gov/documents/2021/06/10/2021-12114/restoring-affirmativelyfurthering-fair-housing-definitions-and-certifications.

e. Indirect costs may be charged to the HOME-ARP program under a cost allocation plan prepared in accordance with 2 CFR part 200, subpart E, as amended.

~~a.~~f. Costs of complying with the applicable Federal requirements in 24 CFR part 92, subpart H. Project-specific environmental review costs may be charged as administrative or project costs in accordance with 24 CFR 92.206(d)(8) and is at the discretion of the PJ.

F. INELIGIBLE ACTIVITIES

1. Under McKinney-Vento Supportive Services and Homelessness Prevention, HOME-ARP-SS Program funds may not be used for the following:

   a. Mortgage loan payments;

   b. Pet deposits;

   c. Late fees incurred if grantee does not pay agreed rental subsidy by agreed date;

   d. Payment of temporary storage fees in arrears;

e. Payment of past debt not related to rent or utility;

f. Financial assistance to Program Participants who are receiving the same type of assistance through other public sources or to a Program Participant who has been provided during the same time period with replacement housing payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970(URA) as amended and implemented under regulation; and

g. Cost of purchasing a vehicle.

2. Homeowner assistance and related services are not eligible HOME-ARP-SS activities; costs for the provision of services related to mortgages and homeownership to existing homeowners are also not eligible under HOME-ARP. If a Program Participant is a candidate for homeownership, costs associated with pre-purchase home buying counseling, education and outreach are eligible under HOME-ARP-SS.

3. Under Housing Counseling, HOME-ARP-SS Program Funds may not be used for the following:

   a. Resolving or preventing mortgage delinquency, including, but not limited to default and foreclosure, loss mitigation, budgeting, and credit;

   b. Home maintenance and financial management for homeowners, including, but not limited to: Escrow funds, budgeting, refinancing, home equity, home improvement, utility costs, energy efficiency, rights and responsibilities of homeowners, and reverse mortgages.

4. Ineligible costs for McKinney Vento Supportive Services and Homelessness Prevention Services: Financial assistance cannot be provided to a Program Participant who is receiving the same type of assistance through other public sources. Financial assistance also cannot be provided to a Program Participant who has been provided with replacement housing payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 USC 4601 et seq.) and its implementing regulations at 49 CFR part 24, or Section 104(d) of the Housing and Community Development Act of 1974 (42 USC 5304(d) and its implementing regulations at 24 CFR part 42, during the period of time covered by the replacement housing payments.

G. MATCHING FUNDS

The HOME-ARP-SS Program does not require the Grantee to provide Match Funds. ~~HOME-ARP funds~~Program Funds are prohibited from being used to provide non-federal matching contributions required under any other Federal program.

H. OTHER FEDERAL REQUIREMENTS

1. NON-DISCRIMINATION AND EQUAL OPPORTUNITY. Grantees must make facilities and services available to all on a nondiscriminatory basis, and publicize the facilities and services. The procedures a Grantee uses to convey the availability of such facilities and services should be designed to reach persons with disabilities or persons of any particular race, color, creed, religion, sex, age, familial status, or national origin within their service area who may qualify for them. If not, the Grantee must establish additional procedures that will ensure that these persons are made aware of the facilities and services. Grantees must adopt procedures to disseminate information to anyone who is interested regarding the existence and location of services or facilities that are accessible to individuals with disabilities.

   ~~Grantees must also comply with the requirements of 24 CFR Parts 5, 200, 203, et al Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity.~~.~~ The regulation is available at http://www.gpo.gov/fdsys/pkg/FR-2012-02-03/pdf/2012-2343.pdf. Grantees must include in their HOME-ARP-SS Program standards a written policy for Fair Housing to all persons and/or families regardless of sexual orientation, gender identity or family identification.~~

2. LEAD BASED PAINT. Housing assisted with HOME-ARP-SS funds is subject to the Lead-Based Paint Poisoning Prevention Act and the Act's implementing regulations at 24 CFR part 92, subpart H, 92.355 for any building constructed prior to 1978. Grantees using HOME-ARP funds must comply this notice as far as practical lead- based paint hazards in a residential property that receives federal assistance for acquisition, leasing, support services or operation activities.

3. PROPERTY MANAGEMENT STANDARDS. Grantees are required to follow uniform standards for using and disposing of capital improvements and equipment. Equipment is defined as having a useful life of one year and a per unit value of $10~~5~~,000 or more.

4. ENVIRONMENTAL REVIEW. In implementing the HOME-ARP-SS Program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (NEPA) and the related authorities listed in HUD's regulations at 24 CFR Part 58. THDA as the Responsible Entity and the units of local government funded by THDA will be responsible for carrying out environmental reviews.

   THDA will review the release of funds for local governments and may be required to request the release of funds from HUD for any projects of non-profit organizations. The non-profit organizations will be responsible for gathering the information required for the environmental reviews. HOME-ARP-SS Program funds cannot be committed until the environmental review process has been completed. Commitments for expenditures made prior to the approval of the environmental review cannot be reimbursed or advanced with Program funds

5. CONTRACTUAL AGREEMENT. All Grantees must enter into a contractual agreement with THDA. This Written Agreement must include all requirements contained in the HOME-ARP HUD Notice: CPD-21-10 ~~Program Interim Rule (24 CFR Part 576)~~ in addition to all

other applicable rules and regulations. The Written Agreement will include, but is not limited to, the following:

a. CONFIDENTIALITY.

(1) All entities assisted by HOME-ARP-SS funds must develop, implement, and maintain written procedures to require that:

(A) All records containing personally identifying information of any individual or family who applies for and/or receives HOME-ARP-SS assistance will be kept secure and confidential;

(B) The address or location of any HOME-ARP-SS rental housing exclusively for individuals fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking will not be made public, except as necessary where making the address or location public does not identify occupancy of the Program Participant; and

(C) The address or location of any Program Participant who is a fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking will not be made public, except as provided under a privacy policy of the Grantee consistent with state and local laws and any other grant conditions from other federal grant programs regarding privacy and obligations of confidentiality.

b. DOCUMENTING STATUS OF A QUALIFYING POPULATION THAT IS FLEEING OR ATTEMPTING TO FLEE DOMESTIC VIOLENCE, DATING VIOLENCE, STALKING, SEXUAL ASSAULT, OR HUMAN TRAFFICKING:

(1) If an individual or family qualifies because the individual or family is fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking then acceptable evidence includes an oral or written statement by the qualifying individual or head of household seeking assistance that they are fleeing that situation. An oral statement may be documented by either:

(A) a written certification by the individual or head of household; or

(B) a written certification by a victim service provider, intake worker, social worker, legal assistance provider, health-care provider, law enforcement agency, legal assistance provider, pastoral counselor, or an intake worker in any other organization from whom the individual or family sought assistance.

(C) The written documentation need only include the minimum amount of information indicating that the individual or family is fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking and need not include any additional details about the conditions that prompted the individual or family to seek assistance.

c. DRUG AND ALCOHOL-FREE FACILITIES.

Grantees must administer a policy designed to ensure that each assisted homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries and comply with the Drug-Free requirements.

d. PROCUREMENT PROCEDURES.

Each Grantee must have an appropriate procurement procedure in place. At a minimum, three telephone bids must be obtained for any equipment or furniture purchases to be charged totally or in part to the HOME-ARP-SS Program.

e. CONFLICTS OF INTEREST.

Grantees, State recipients, and subrecipients engaging in any of the activities defined this Program Description are subject to the conflicts of interest provisions at 24 CFR 92.356, including but not limited to the conflicts of interest exception process defined in 24 CFR 92.356(d)-(e). Owners and developers of HOME-ARP NCS and HOME-ARP rental housing shall be subject to 24 CFR 92.356(f).

Organizational Conflicts of Interest: The provision of any type or amount of HOME-ARP supportive services may not be conditioned on an individual’s or family's acceptance or occupancy of a shelter or housing unit owned by the Grantee; State recipients; the subrecipient; or a parent, affiliate, or subsidiary of the subrecipient. No subrecipient may, with respect to individuals or families occupying housing owned by the subrecipient, or any parent, affiliate, or subsidiary of the subrecipient, administer financial assistance that includes rental payments, utility deposits, security deposits, or first and last month’s rent provided pursuant to this Notice. All contractors of the Grantee, State recipients, or subrecipient must comply with the same requirements that apply to subrecipients under this section.

f. FAIR HOUSING.

All Grantees must perform and document action in the area of enforcement and/or promotion to affirmatively further fair housing. During the grant year Grantees must carry out a minimum of one activity to promote fair housing. Non-discrimination and equal opportunity are applicable to HOME-ARP-SS Program Programs (24 CFR 5.105(a) as amended).

g. TERMINATING ASSISTANCE.

All Grantees must have a formal process for terminating assistance to an individual or family. At a minimum, there must be an appeals procedure with one level of administrative review for clients who are evicted or refused service by the Grantee for any reason. Minimum detailed Termination Procedure is below.

h. REPORTING REQUIREMENTS.

Each Grantee must complete quarterly reporting forms as required by THDA. Quarterly reports must be submitted by the 15th of the month following the close of the quarter. If the 15th falls on a weekend or holiday, the report must be submitted by the next business day. Domestic violence agencies must also upload CAPER information from their comparable data system as required by HUD.

These requirements may be modified as required based on further guidance from HUD. Additional reports also may be required by THDA at its sole and absolute discretion.

i. VIOLENCE AGAINST WOMEN ACT (VAWA).

All Grantees are required to apply the requirements of the Violence Against Women Act set forth in 24 CFR 92.359 to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, consistently across all HUD administered Programs along with all nondiscrimination and fair housing requirements. ~~The Violence Against Women Act (VAWA) requirements set forth in 24 CFR 92.359.~~ The core statutory protections of VAWA that prohibit denial or termination of assistance or eviction solely because an applicant or tenant is a victim of domestic violence, dating violence, sexual assault, or stalking became applicable upon enactment of VAWA 2013 on March 7, 2013. Compliance with the VAWA regulatory requirements under this section and 24 CFR part 5, subpart L, are required for any tenant-based rental assistance or rental housing project for which the date of the HOME funding commitment is on or after December 16, 2016. Grantees must adopt and follow the Emergency Transfer Plan created by the CoC in that Grantee's jurisdiction, as applicable.

j. RECORDKEEPING.

Each Grantee must establish and maintain sufficient records to enable THDA or HUD to determine whether the Grantee has met the requirements of the HOME-ARP-SS. At a minimum, the following records are needed:

(1) Program Records.

(A) Records evidencing that all HOME-ARP funds used by a Grantee for supportive service benefit individuals and families in qualifying populations.

(B) Records documenting compliance with the percent limitation on administrative costs.

(C) Confidentiality.

i. The Grantee's written policies and procedures for maintaining confidentiality of qualifying households as individuals or families fleeing, or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking.

ii. The Grantee's written policies and procedures for maintaining confidentiality in compliance with the VAWA protections contained in 24 CFR Part 5, Subpart L.

(2) Project Records. Grantees are required to retain the following records for HOME-ARP- SS projects, as specified by activity type.

(A) For all HOME-ARP Supportive Services projects pursuant to McKinney-Vento or Homelessness Prevention Supportive Services:

i. Records, where applicable, demonstrating compliance with the termination of assistance.

ii. Records of all solicitations of and agreements with subrecipients and contractors, records of all payment requests by and dates of payments made to subrecipients, and documentation of all monitoring and sanctions of subrecipients, as applicable including any findings and corrective actions required.

iii. Records of all procurement contracts and documentation of compliance with the procurement requirements in 2 CFR part 200, subpart D.

iv. Records evidencing the use of the written procedures required by the HOME-ARP- SS and records evidencing compliance with the program.

v. Records ~~of~~ evidencing that all requirements of section "Additional Requirements of Financial Assistance and Short- and Medium-term Rental Assistance" are met including but not limited to: all leases, subleases, and financial assistance agreements for the provision of rental payments, documentation of payments made by the Grantee to owners, HOME-ARP-SS sponsor, or qualifying households for the provision of financial assistance for rental payments, and supporting documentation for these payments, including dates of occupancy by qualifying individuals and families.

vi. Records that document the monthly allowance for utilities (excluding telephone) used to determine compliance with the rent restriction.

vii. Records of the types of services provided under the HOME-ARP-SS program and the amounts spent on these services.

viii. Records demonstrating subrecipient compliance with the recordkeeping requirements in this Program Description.

(B) For all HOME-ARP Housing Counseling Services projects as defined in 24 CFR part 5, each participating housing counseling agency must maintain a recordkeeping and reporting system in accordance with 24 CFR 214.315 and 24 CFR 214.317. The system must permit HUD to easily access all information needed for a performance review.

(3) Financial records.

(A) Records, in accordance with 2 CFR 200.302, identifying the source and application of HOME-ARP funds. Identification must include, as applicable, the Assistance Listing program title and number (formerly Catalogue of Federal Domestic Assistance), Federal award identification number and year, name of the Federal agency, and name of the pass- through entity, if any.

(B) Records concerning the HOME-ARP Investment Trust Fund Treasury account and local account required to be established and maintained by this Notice, including deposits, disbursements, balances, supporting documentation and any other information required by IDIS.

(C) Records identifying the source and application of program income and repayments.

(D) Records demonstrating adequate budget control and other records required by 2 CFR 200.302, including evidence of periodic account reconciliations.

(4) Program administration records.

(A) Records demonstrating compliance with the written agreements required by the HOME- ARP-SS.

(B) Records demonstrating compliance with the applicable uniform administrative requirements of the program.

(5) Records concerning other Federal requirements.

(A) Equal opportunity and fair housing records.

i. Data on the extent to which each racial and ethnic group, and single-headed households by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with HOME-ARP funds.

ii. Documentation that the Grantee submitted a certification that it will affirmatively further fair housing consistent with HUD's Interim Final Rule entitled Restoring Affirmatively Furthering Fair Housing Definitions and Certifications (86 FR 30779, June 10, 2021) (codified at 24 CFR 5.151 and 5.152;), available at https://www.federalregister.gov/documents/2021/06/10/2021-12114/restoring-affirmatively-furthering-fair-housing-definitions-and-certifications.

iii. Records demonstrating compliance with the nondiscrimination and equal opportunity requirements of 24 CFR 92, Subpart H.

(B) Affirmative marketing and MBE/WBE records.

i. Records demonstrating compliance with the affirmative marketing procedures and requirements of 24 CFR 92.351 and this Notice.

ii. Documentation and data on the steps taken to implement the jurisdiction's outreach programs to minority-owned (MBE) and female-owned (WBE) businesses including data indicating the racial/ethnic or gender character of each business entity receiving a contract or subcontract of $25,000 or more paid, or to be paid, with HOME-ARP funds; the amount of the contract or subcontract, and documentation of participating jurisdiction's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services.

a. Records demonstrating compliance with the environmental review requirements of 24 CFR 92.352, 24 CFR part 58, and this Notice including flood insurance requirements.

(C) Records demonstrating compliance with the labor requirements of 24 CFR 92.354, including contract provisions and payroll records.

(D) Records demonstrating compliance with the lead-based paint requirements of 24 CFR part 35, subparts A, B, J, K, M and R, as applicable.

(E) Records supporting compliance with conflict of interest requirements in 24 CFR 92.356, as well as documentation of any exceptions granted by HUD or a state Grantee, as applicable, to the conflict of interest provisions in 24 CFR 92.356.

(F) Records demonstrating compliance with debarment and suspension requirements in 2 CFR part 2424.

(G) Records concerning intergovernmental review, as required by 24 CFR 92.357.

(H) Records of emergency transfers requested under 24 CFR 5.2005(e) and 24 CFR 92.359 pertaining to victims of domestic violence, dating violence, sexual assault, or stalking, including data on the outcomes of those requests.

~~(6) State Recipients and Subrecipients. A Grantee that distributes HOME-ARP funds to State Recipients or subrecipients must require the State Recipients or subrecipients to keep the records required by paragraphs 1. program records, 2. project records, 3. financial records, 4. program administration records, and 5. records concerning other federal requirements of Section VIII.F of this Notice, and such other records as the Grantee determines to be necessary to enable the Grantee to carry out its responsibilities under this Notice. The Grantee need not duplicate the records kept by the State recipients or subrecipients. The Grantee must keep records concerning its annual review of the performance and compliance of each State recipient and subrecipient as required under 24 CFR 92.504(a).~~

~~(7)~~(6) Period of record retention. All records pertaining to HOME-ARP funds must be retained for five years, except as provided below.

(A) Written agreements must be retained for five years after the agreement terminates.

(B) Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 24 CFR 92.353.

(C) If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of the required record retention period records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

Access to records. HUD and the Comptroller General of the United States, any of their representatives, have the right of access to any pertinent books, documents, papers, or other records of the Grantee, State Recipients, and subrecipients, in order to make audits, examinations, excerpts, and transcripts. If a provider of services or operator of an NCS is subject to state or local laws or other federal grant programs that require that HUD not be given access to records detailing PII of victims, then auditors or evaluators may be given access to representative files without any sharing of individual identifying information.

(D) ~~The Grantee must provide citizens, public agencies, and other interested parties with reasonable access to records, consistent with applicable state and local laws and any other applicable grant conditions from other federal grant programs regarding privacy and obligations of confidentiality.~~

(E) The Grantee~~, subrecipient, contractor, or owner~~ may create a Program Participant identifier code or number that can be used on a file and maintained internally, in such a way that the number itself does not inadvertently identify the Program Participant, (i.e., no use of initials, date of birth, or other pieces of information that might suggest the identity of the program participant). The “key” or “cypher” for the program participant identifier code would itself be confidential and would not leave the provider. In the circumstance of HUD programs, the Unique Personal Identification Number which is generated within the comparable database could be used with auditors to identify records of services to distinct individuals, subject to the below requirement.

~~(F)(A) HUD and the Comptroller General of the United States, any of their representatives, have the right of access to any pertinent books, documents, papers, or other records of the Grantee, State Recipients, and subrecipients, in order to make audits, examinations, excerpts, and transcripts. If a provider of services or operator of an NCS is subject to state or local laws or other federal grant programs that require that HUD not be given access to records detailing PII of victims, then auditors or evaluators may be given access to representative files without any sharing of individual identifying information.~~

6. Other Federal Requirements and Nondiscrimination. The requirements in 24 CFR 92 and 24 CFR 92.350 apply to the HOME-ARP program. Grantees must comply with the Federal requirements set forth in 24 CFR part 5, subpart A, including: nondiscrimination ~~-~~and equal opportunity; disclosure requirements; debarred, suspended or ineligible contractors; drug-free work; and housing counseling and the nondiscrimination requirements at section 282 of NAHA.

I. WRITTEN STANDARDS~~POLICIES AND PROCEDURES~~

In addition to the “Other Federal Requirements” above, ~~T~~the below~~se~~ ~~Policies and Procedures~~ may be adopted as the Grantee’s “Written Standards” with additions where freedom to enact individual policies is granted. Grantees must make their own edits to these Written Standards where necessary as each Grantee will run their program differently.

1. TENANT SELECTION PROCEDURES

Tenant selection procedures must follow Attachment A of the HOME-ARP SS Contract between the Grantee and THDA. The Grantee must follow their declared Preferences, Limitations and Referral Methods throughout the term of the HOME-ARP SS Grant. All HOME-ARP Supportive Service grantees must serve all Qualifying Populations under this program on a first-come, first-served basis. Except for Victim Service Providers, t~~T~~here may be no preferences or limitations under this project. Grantees must establish in this section how they will take referrals whether that be through Coordinated Entry or other methods. If the Grantee chooses to use Coordinated Entry as a method of receiving referrals, then the Grantee must ensure that the Coordinated Entry procedure can support the Qualifying Populations of HOME-ARP. Grantee must also outline their own procedure for tracking ineligible participants that request assistance ensuring that data of their name, reason for denial and what resources they were given for other assistance.

2. ELIGIBILITY OF PROGRAM PARTICIPANTS RECEIVING HOME-ARP TBRA AND/OR HOME ARP RENTAL HOUSING

Supportive services may be provided to individuals and families who meet the eligibility criteria of a qualifying population under the ~~Section IV.A~~”Qualifying Populations” section above upon intake/initial evaluation to the HOME-ARP SS Program. Supportive Services may be provided to HOME-ARP TBRA and HOME-ARP rental housing participants. Participants will no longer be eligible for Supportive Services after the Executed Grant Contract end date. Rental Assistance under HOME-ARP Supportive Services may not exceed 24 months in a three-year period.

3. PERIOD OF ASSISTANCE~~.~~

Program Participants may be served with HOME-ARP SS within the term of the Executed Grant Contract. THDA has not enacted any minimum and/or maximum periods of assistance or services or a maximum dollar amount that a program participant may receive for each HOME-ARP SS ~~services~~service. The Grantee must include in their written standards their policy regarding periods of assistance and/or maximum dollar amount of assistance each program participant may receive under their program. Considerations of these guidelines may be organizational capacity and program funding.

4. RE-EVALUATIONS OF ASSISTANCE

Grantees minimally must re-evaluate households for HOME-ARP Supportive Services assistance at least annually. In order to continue services, participants must demonstrate that they still qualify under one of the Qualifying Populations under HOME-ARP. The Qualifying Population category under which the household is re-qualified may be different than the original Qualifying Population under which they first qualified. Evidence that the participant is eligible under one of the Qualifying Population at re-evaluation must be kept in participant files.

5. DOCUMENTATION OF ELIGIBLE COSTS

All supportive service costs paid for by HOME-ARP must comply with the requirements of ~~this~~the Notice CPD-21-10, including requirements in 2 CFR part 200, subpart E, Cost Principles that require costs be necessary and reasonable. Documentation for eligible costs must include invoices and proof of payment for each item or service purchased. Documentation of costs specifically for program participants must be kept in their individual participant file. ~~Grantees must outline in this section how they will ensure proper documentation of eligible program costs.~~

6. DUPLICATION OF SERVICES

If a qualifying household is already receiving the same eligible supportive service or has been approved to receive the same service through another program or provider, the program participant does not have a need for the HOME-ARP service and the costs related to the service do not comply with the Cost Principles. Before providing HOME-ARP Supportive Services, the Grantee must ensure that no assistance has been or is being provided by another source. Although encouraged, Grantees are not required to use HMIS, therefore, there are instances where a self-certification from the participant stating they are not receiving any other services will be the only way to ensure there are no duplication of services. However, Grantees are expected to provide due-diligence to the fullest extent possible by coordinating with the Homeless Management Information Systems, local supportive service providers, CoCs, and other nonprofit organizations and a written certification of such must be included in the participant’s individual file. Grantees must outline procedures which address due-diligence to ensure that participants are not receiving duplicated assistance. These procedures must be followed consistently to ensure there is no basis of discrimination.

7. PAYMENTS FOR TRANSPORTATION

If a Grantee chooses to make Transportation an eligible cost, they must establish additional written standards under Transportation. If public transportation options are not sufficient within the area, the Grantee may make a one-time payment on behalf of a program participant needing car repairs or maintenance required to operate a personal vehicle, subject to the following:

i. Grantee must ensure that ~~P~~payments for car repairs or maintenance on behalf of the program participant ~~may~~must not exceed 10 percent of the Blue Book value of the vehicle (Blue Book refers to the guidebook that compiles and quotes prices for new and used automobiles and other vehicles of all makes, models, and types);

ii. Grantees must ensure ~~P~~payments for car repairs or maintenance must be paid by ~~the Grantee~~ directly to the third party that repairs or maintains the car;~~ and~~

iii. Grantees ~~may~~must outline if they do or do not require program participants to share in the cost of car repairs or maintenance as a condition of receiving assistance with car repairs or maintenance; and~~.~~

iv. ~~When there is no access to public transportation or Grantee owned-vehicle, t~~The cost of gas, insurance, taxes, the one-time payment for car repairs or maintenance for the Program Participant's personal vehicle may be eligible if only used to transport Program Participants to and from eligible HOME-ARP services. Grantee must~~may~~ establish ~~more strict policy to~~ set caps to each type of ~~this~~ assistance towards program participant's personal vehicle.

v. The Grantee must ensure that ~~T~~the cost of one-time payment for car repairs or maintenance described above, and maintenance for vehicles of program participants are limited to program participants with the inability to pay for such costs and who, without such assistance, would not be able to participate in eligible services under ~~this Section VI.D.4.c.i.~~ F(1)(l) "Transportation" above.

vi. Grantees are allowed to reimburse mileage allowance for service workers and transportation costs for grantee-owned or grantee-leased vehicles' fuel and routine maintenance. Grantees are required to keep a record of the vehicles designated for use under ESG funding including make, model and year. Each vehicle must have a travel log recording the date & time of the trip, starting point, final destination, purpose which specifies the client or project, mileage and odometer readings. Travel logs must document that vehicles are being used for HOME-ARP related activities. Grantees must establish policies and procedures to support the use of travel logs.

8. PAYMENTS FOR SHORT-TERM AND MEDIUM-TERM RENTAL ASSISTANCE

Before providing short-term and medium-term rental payments, the Grantee must ensure that no assistance has been or is being provided by another source (ESG, ~~ERA-EPP~~, Section 8 Housing Voucher, or other federally funded rental assistance). Grantees are not required to use HMIS, therefore, there are instances where a self-certification from the participant stating they are not receiving any other services will be the only way to ensure there ~~are~~is no duplication of services. However, Grantees are expected to ~~provide~~enact ~~due-diligence~~due diligence to the fullest extent possible and a written certification of such must be included in participant files. These procedures must be followed consistently to ensure there is no basis of discrimination. Rental Assistance under HOME-ARP Supportive Services may not exceed 24 months in a three-year period.

~~Further provisions can be found under Eligible Costs in Section F(1)r(8). ????.~~

9. ADDITIONAL REQUIREMENTS OF FINANCIAL ASSISTANCE AND SHORT- AND MEDIUM-TERM RENTAL ASSISTANCE

Grantees must establish procedures that addresses obtaining and recordkeeping of all requirements of section “Additional Requirements of Financial Assistance and Short- and Medium-term Rental Assistance”. Without these requirements being met, participant’s financial assistance and/or rental assistance will be ineligible.

10. HOUSING STABILITY CASE MANAGEMENT

Program Participants eligible under the Qualified Populations ~~outlined in~~ are eligible for housing stability case management under McKinney Vento and Homeless Prevention activities. Grantees are ~~permitted~~required to create their own policies around the frequency of case management meetings with program~~m~~ participants. ~~However~~THDA ~~, it is~~ recommends~~ed~~ that case management meetings are conducted not less than once a month. Failure to participant in case management must not be a reason for termination under the HOME-ARP SS program.

~~1.~~11. TIME TRACKING FOR EMPLOYEE COMPENSATION

All Grantees must establish this policy for tracking time spent on HOME-ARP activities in order to reimburse for employee compensation. The purpose of this policy is to establish consistent and compliant requirements for tracking employee time worked and allocating personnel costs charged to the HOME-ARP program. This guidance ensures that employee compensation is accurately documented, allowable, allocable, and reasonable in accordance with HOME-ARP federal regulations, 2 CFR Part 200 Uniform Guidance and common HUD monitoring guidance. This policy applies to all HOME-ARP employees, including full time, part time and temporary staff whose salaries or wages are charged in whole or in part to HOME-ARP funds. All time spent on HOME-ARP eligible activities must be tracked accordingly:

i. Employee must complete timesheets reflecting actual HOME-ARP hours worked per activity. Timesheets must clearly allocate time by notating “HOME-ARP” as well as the HOME-ARP component on the timesheet for those hours worked.

ii. Include brief descriptions of daily activities compensated under HOME-ARP

iii. Detailed Timesheets must be signed by employees to certify for accuracy. Then, supervisors must review to ensure that the activities align with the job duties and program eligibility requirements. Supervisors must sign and date all timesheets.

iv. Any corrections on timesheets must be clearly marked, dated and initialed by supervisor.

v. Budget estimates (meaning, estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards.

~~2.~~12. TERMINATION OF ASSISTANCE AND DUE PROCESS

Termination of assistance to program participants must include:

i. Termination of assistance: The Grantee may terminate assistance to a program participant who violates the Grantee's program requirements or conditions of occupancy or no longer needs the services as determined by the Grantee. Termination under this section does not bar the Grantee from providing further assistance at a later date to the same individual or family under this Notice. Grantee must establish in their termination policy all of the reasons that would warrant termination as well as the number and type of warnings participants will receive before they are terminated from the program.

ii. Due process: The Grantee must include policies and procedures for termination of assistance to beneficiaries of its HOME-ARP Supportive Services Program. Such policies and procedures must be submitted and approved by THDA. In terminating assistance to a program participant, the Grantee shall provide a formal process that recognizes the rights of individuals receiving assistance under the due process of law. During this process, the Grantee shall provide effective communication and accessibility for individuals with disabilities, including the provision reasonable accommodations and meaningful access to persons with Limited English ~~Profiency~~Proficiency. This process, at a minimum, must consist of:

a. Providing the program participant with a written copy of the program rules and the termination process before the Program Participnt~~participant beneficiary~~ begins to receive assistance;

b. Written notice to the program participant containing a clear statement of the reasons for termination;

c. A review of the decision in a hearing, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision;

d. For all decisions where the Grantee decides that termination is not warranted and that the termination should be overturned and the program participation should continue, the Grantee shall provide the program participant written notice of such within seven (7) days of the hearing;

e. If after review the Grantee determines termination is warranted, the Grantee shall refer the case to THDA's legal division by the next business day after the hearing and THDA will either overturn the termination, or, if it agrees termination should occur, will send a proposed notice of termination. The program participant will be given 14 days from the date of the notice to appeal THDA's decision or the decision is final;

f. If the program participant appeals THDA's decision, the matter will be heard by THDA's hearing officer or its designee. The hearing officer will either overturn the termination or uphold it; and

g. If the hearing officer upholds the termination, the program participant will be given 14 days to appeal in order to receive a hearing with an administrative law judge for the State of Tennessee.

13. CONFLICTS OF INTEREST

The Grantee warrants that no part of HOME-ARP SS funds shall be paid directly or indirectly to and employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Grantee in connection with any work contemplated or performed relative to the Executed Grant Contract.

~~I.~~J. PROGRAM COMPLIANCE

All HOME-ARP-SS Program Grantees must adhere to, or maintain compliance with, the requirements of the HOME-ARP-SS Program and other programs administered through THDA. Failure to maintain compliance with any THDA program may result, depending on the egregiousness of the noncompliance, in penalties being assessed in the scoring of future applications and/or the inability to participate in future THDA programs for a period to be determined at THDA's sole discretion.

K. COMPLIANCE MONITORING

Programmatic Monitoring will begin when 30% of the Grantees' contract funds have been expended. THDA's Housing Programs Compliance Monitor will contact the agency two (2) weeks prior to the programmatic monitoring review and provide information regarding the monitoring process, including expectations, items to be covered, and a checklist. A notification email packet will be sent to the Grantees, which will include tools to be used during the monitoring review. A Client Summary List of randomly selected client files will be sent one (1) day prior to the monitoring review. Grantees will upload requested files to THDA's secure Electronic Data Transfer (EDT) system. The Compliance Monitor will issue the monitoring report to the subrecipient thirty (30) days after the completion of the monitoring review. Grantees are required to respond to all findings and concerns noted in the report within thirty (30) days of the date that the monitoring report is issued. Grantees have the option to respond to observations noted in the report; however, a response is not required. The Grantees response letter is called a Corrective Action Plan (CAP).

~~J.~~L. APPLICATION AND EVALUATION PROCEDURE

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

1. Submission of a complete application that is signed by the Chairman of the Board or the Executive Director of the nonprofit organization or by the Mayor of the local government, as applicable.
2. Proposal of an eligible activity under this program description;
3. Proposal of a project that meets the requirements of the HOME-ARP-SS Program Regulations;
4. Submission of Written HOME-ARP-SS Program Standards, Habitability Standards, Confidentiality and Privacy Policies; and,
5. All nonprofit organizations must upload all organizational information required to be submitted through THDA's Participant Information Management System (PIMS). Copies of organizational documents that are required to be submitted through PIMS but that are submitted through another means will not be considered. Additional requirements for non-profit organizations are included in the application at Part X: Non-Profit Checklist. Documentation must be submitted along with the completed Checklist to demonstrate that the organization meets threshold requirements and has the capacity to provide shelter, essential services and/or operations for Programs serving the homeless. Applications meeting the threshold criteria will be scored and ranked in descending numerical order.

6. THDA will provide a limited opportunity of five (5) business days for applicants to correct the following threshold factors:
   a. Failure to upload all required documents to PIMS.
   b. Failure to submit a Certificate of Existence that was issued within the required time established by the application instructions.
   c. Failure of the Mayor, Executive Director, or the Board Chairman to sign the application.
   d. All applicants that are required to submit corrections for an issue identified above

will receive an automatic 10-point deduction to the final application score. The point deduction will be assessed regardless of the number of the above threshold items requested to be corrected.

e. THDA will not provide an opportunity to correct other application items nor will THDA extend the time for correction of the threshold item beyond the period identified above.

7. Application Score Tiebreaker Process.

In the event of a tied score under the HOME-ARP-SS Program Funding Matrix, THDA will follow the following tiebreaker review process to select the agency that will receive funding. The application with the highest score for the following categories will be selected in this order, until the tie is broken.

a. Fiscal Capacity Score;

b. Agency Capacity Score; and

c. Program Design.

8. Key Applicant Eligibility Factors.

a. Eligible non-profit agency or unit of general local government

b. No outstanding findings or other significant issues from any Program operated by THDA

c. Experience serving Qualifying Households.

d. Must be able to meet recordkeeping and reporting requirements.

e. Must be able to meet THDA reporting requirements or, if a domestic violence Program provider, a comparable database that collects client level data over time and generates unduplicated aggregate reports based on the data

f. Must submit HOME-ARP-SS Program Written Standards, which include the following:

(1) Tenant selection procedures in accordance with this program;

(2) Eligibility of Program Participants in other HOME-ARP activities for supportive services under Section D(i) above including the length of time that Program Participants may be served;

(3) Documentation of eligible costs;

(4) Requirements that allow a Program Participant to receive only the HOME-ARP services needed so there is no duplication of services or assistance in the use of HOME-ARP funds for supportive services;

(5) Payments for the cost of gas, insurance, taxes, the one-time payment for car repairs or maintenance described above, and maintenance for vehicles of Program Participants;

(6) Financial assistance for short-term and medium-term rental payments under this Notice, including requirements and procedures to prevent duplication of rental or financial assistance provided to a program participant;

(7) Housing stability case management; and

(8) Termination of assistance to program participants, including due process.

(9) Written standards of conduct covering the conflicts of interest and organizational conflicts of interest requirements under CPD Notice 21-10 and 2 CFR 200.318.

(A) Must be participating in the Coordinated Entry process set up by the regional CoC.

(B) Must submit audit or financials dated not more than 12 months prior to the date of the application.

(C) Proposed activities must be in compliance with HUD requirements as specified in this Program Description.

~~K.~~M. REVISIONS TO THIS PROGRAM DESCRIPTION.

THDA’s Chief Legal Counsel and Assistant Chief Legal Counsel may at any time make non-substantial changes and substantial changes to this Program Description, if necessary to comply with federal requirements.

2026 HOME-ARP-SS PROGRAM

COMPETITIVE ALLOCATON - RATING SCALE **100 POINTS**

1. PROGRAM DESIGN - UP TO 30 POINTS

The degree to which the proposed Program demonstrates:

a. An understanding of the HOME-ARP-SS Program objectives and requirements, including whether the proposed activities are eligible by category, are realistic, and are needed in the community.

b. A cost effective project with documentable and realistic outcomes, and, if the proposed project is a continuation of an on-going Program, the applicant's demonstration that performance outcomes been met.

c. Support for the local CoC to end homelessness, including whether the proposed activities duplicate other resources within the region and the applicant's demonstration of participation in the coordinated entry process.

d. A strategic plan to leverage and support other funding sources to reduce and end homelessness;

e. The program design meets the objectives of providing housing solutions without unnecessary barriers or program requirements.

f. The use of rapid rehousing to move individuals and families from homelessness to permanent housing; and,

g. Degree to which the applicant shows success in finding permanent housing solutions for the population served.

2. APPLICANT CAPACITY - UP TO 30 POINTS

a. Relative experience of the individual(s) on staff of the applicant who shall have primary responsibility for the oversight and management of the proposed project;

b. Relative capacity of applicant's organizational infrastructure to establish and administer the HOME-ARP-SS, including demonstrated capacity to meet reporting requirements and to provide all required deliverables in an accurate and timely manner.

c. Demonstrated experience of the applicant in establishing and operating HOME-

ARP-SS Program eligible activities, or similar projects, for Qualifying Population.

d. Relative performance to administering similar existing or previously funded projects (i.e. past performance outcomes).

e. Relative experience in collaborating with relevant public and/or private entities to obtain appropriate mainstream services on behalf of the population to be served.

f. Active involvement of board of directors and volunteers to support the mission of the project.

3. FISCAL CAPACITY - UP TO 30 POINTS

a. Completeness of budget, which includes both the narrative and the budget pages, demonstrating realistic staff compensation specific to the category of HOME-ARP-SS Program activity and showing eligible line items under the HOME-ARP-SS Program Regulations.

b. Applicant audit and/or financial records support applicant's ability to cash-flow an advancement or reimbursement Program.

c. Applicant's success at drawing down previous years of THDA program funding addressing homelessness, including the Emergency Solutions Grants and the Emergency Housing Voucher programs, as applicable.

4. COORDINATION WITH COC PRIORITIES - UP TO 10 POINTS

THDA will award up to 10 points for an application that actively participates in and coordinates with the local CoC, including active participation in the coordinated entry process established by the CoC at time of application.

5. APPLICANT MAIN OFFICE LOCATED OUTSIDE - 5 BONUS POINTS OF A LOCAL PJ

HUD has awarded HOME-ARP funds directly to Local Participating Jurisdictions ("Local PJs"). The Local PJs are Clarksville, Chattanooga, Jackson, Knoxville, Memphis, Nashville/Davidson County, Knox County, Shelby County, and the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Kingsport, Johnson City, Bluff City, Sullivan County, and Washington County, excluding the Town of Jonesborough). Applicants with a main office that is located outside of the jurisdictional limits of a Local PJ will receive points under this criteria.

6. PREVIOUSLY AWARDED HOME-ARP SUPPORIVE SERVICES FUNDING - 5 BONUS POINTS

Applicants ~~who~~that were awarded HOME-ARP SS funding through THDA in our prior program year will receive an automatic 5 point bonus. Applicant must be applying for same activit~~y~~ies as awarded previously and must have shown satisfactory performance in~~at~~ THDA's sole discretion.

Tennessee Housing Development Agency

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

Bill Lee **Governor**	**Ralph Perrey** **Executive Director**

To: THDA Board of Directors
From: Rebecca Carter, Director of Community Services
Don Watt, Chief Program Officer
Date: July 13, 2026
Subject: Low-Income Home Energy Assistance Program (LIHEAP) - 2027

Recommendations:

- Adopt a revised LIHEAP Benefit Matrix, to be effective in Federal Fiscal Year (FFY) 2027 (October 1, 2026 – September 30, 2027), with a minimum benefit starting at $300 and a maximum benefit capped at $800.
- Authorize staff to submit the FFY 2027 LIHEAP Model Plan to the Department of Health and Human Services (HHS).

Key Points:

- For FFY 2026 the Benefit Matrix level for eligible households was reduced to pre-pandemic levels. The minimum benefit amount was $174 and the maximum benefit amount was $750. Upon further review and after getting feedback from subgrantees and impacted families, staff plans an adjustment to the Federal Fiscal Year 2027 benefit levels due to:

  - Better screening and approval processes, reducing the number of beneficiary households being approved per year.
  - Increased heating and cooling costs per household.
  - Implementation of more strict guidelines imposed by HHS requiring 90% spend down threshold within the first year of the award.

EQUAL HOUSING OPPORTUNITY

Background:

LIHEAP provides funds to eligible low-income households to meet their home energy needs. THDA uses a small portion of funding to provide weatherization assistance in conjunction with Federal Weatherization Assistance Program resources. The remaining funds are used to assist households with utility assistance funds in partnership with a network of 19 subgrantees across the state. THDA's subgrantees include local governments, community action agencies, and human resource agencies.

Annually, THDA must submit a Model Plan to HHS that outlines how Tennessee will operate the program for the upcoming FFY. When staff propose substantial changes to program requirements, the Board must authorize these changes to program requirements and submission of the Model Plan to HHS.

Proposed FFY2027 LIHEAP Benefit Matrix

				Energy Burden Level								
				1	2	3	4	5	6	7	8	9
Income Group	Household Members	Income Start	Income End	0.0000 - 0.0509	0.0510 - 0.0671	0.0672 - 0.0827	0.0828 - 0.0997	0.0998 - 0.1214	0.1215 - 0.1528	0.1529 - 0.2181	0.2182 - 0.9999	1.0000 or Greater
A	1	$0.00	$11,331.50	$300	$383	$427	$479	$557	$635	$765	$800	$800
B	1	$11,331.51	$13,885.50	$300	$366	$414	$470	$540	$631	$761	$800	$800
C	1	$13,885.51	$18,673.50	$300	$366	$414	$470	$535	$626	$757	$800	$800
D	1	$18,673.51	$32,861.00	$300	$366	$414	$470	$535	$618	$757	$800	$800
A	2	$0.00	$15,364.50	$300	$383	$427	$479	$557	$635	$765	$800	$800
B	2	$15,364.51	$18,826.50	$300	$366	$414	$470	$540	$631	$761	$800	$800
C	2	$18,826.51	$25,318.50	$300	$366	$414	$470	$535	$626	$757	$800	$800
D	2	$25,318.51	$42,973.00	$300	$366	$414	$470	$535	$618	$757	$800	$800
A	3	$0.00	$19,397.50	$357	$483	$505	$566	$618	$670	$774	$800	$800
B	3	$19,397.51	$23,768.50	$344	$383	$444	$505	$557	$631	$774	$800	$800
C	3	$23,768.51	$31,964.50	$344	$383	$444	$496	$540	$618	$765	$800	$800
D	3	$31,964.51	$53,084.00	$344	$383	$444	$488	$535	$618	$757	$800	$800
A	4	$0.00	$23,430.50	$357	$483	$505	$566	$618	$670	$774	$800	$800
B	4	$23,430.51	$28,710.51	$344	$383	$444	$505	$557	$631	$774	$800	$800
C	4	$28,710.51	$38,610.50	$344	$383	$444	$496	$540	$618	$765	$800	$800
D	4	$38,610.51	$63,196.00	$344	$383	$444	$488	$535	$618	$757	$800	$800
A	5	$0.00	$27,462.50	$357	$483	$505	$566	$618	$670	$774	$800	$800
B	5	$27,462.51	$33,651.50	$344	$383	$444	$505	$557	$631	$774	$800	$800
C	5	$33,651.51	$45,255.50	$344	$383	$444	$496	$540	$618	$765	$800	$800
D	5	$44,255.51	$73,307.00	$344	$383	$444	$488	$535	$618	$757	$800	$800
A	6	$0.00	$31,495.50	$427	$605	$639	$709	$774	$800	$800	$800	$800
B	6	$31,495.51	$38,593.50	$409	$483	$583	$652	$739	$800	$800	$800	$800
C	6	$38,593.51	$51,901.50	$409	$483	$583	$652	$739	$800	$800	$800	$800
D	6	$51,901.51	$83,418.00	$409	$483	$583	$652	$739	$800	$800	$800	$800
A	7	$0.00	$35,528.50	$427	$605	$639	$709	$774	$800	$800	$800	$800

Proposed FFY2027 LIHEAP Benefit Matrix

				Energy Burden Level								
				1	2	3	4	5	6	7	8	9
Income Group	Household Members	Income Start	Income End	0.0000 - 0.0509	0.0510 - 0.0671	0.0672 - 0.0827	0.0828 - 0.0997	0.0998 - 0.1214	0.1215 - 0.1528	0.1529 - 0.2181	0.2182 - 0.9999	1.0000 or Greater
B	7	$35,528.51	$43,534.50	$409	$483	$583	$652	$739	$800	$800	$800	$800
C	7	$43,534.51	$58,546.50	$409	$483	$583	$652	$739	$800	$800	$800	$800
D	7	$58,546.51	$85,314.00	$409	$483	$583	$652	$739	$800	$800	$800	$800
A	8	$0.00	$39,561.50	$427	$605	$639	$709	$774	$800	$800	$800	$800
B	8	$39,561.51	$48,476.50	$409	$483	$583	$652	$739	$800	$800	$800	$800
C	8	$48,476.51	$65,192.50	$409	$483	$583	$652	$739	$800	$800	$800	$800
D	8	$65,192.51	$87,210.00	$409	$483	$583	$652	$739	$800	$800	$800	$800
A	9	$0.00	$43,594.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	9	$43,594.51	$53,418.50	$540	$605	$609	$696	$800	$800	$800	$800	$800
C	9	$53,418.51	$71,838.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	9	$71,838.51	$92,100.00	$540	$583	$609	$696	$800	$800	$800	$800	$800
A	10	$0.00	$47,626.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	10	$47,626.51	$58,359.50	$540	$605	$609	$696	$800	$800	$800	$800	$800
C	10	$58,359.51	$78,483.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	10	$78,483.51	$100,620.00	$540	$583	$609	$696	$800	$800	$800	$800	$800
A	11	$0.00	$51,659.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	11	$51,659.51	$63,301.50	$540	$605	$609	$696	$800	$800	$800	$800	$800
C	11	$63,301.51	$85,129.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	11	$85,129.51	$109,140.00	$540	$583	$609	$696	$800	$800	$800	$800	$800
A	12	$0.00	$55,592.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	12	$55,592.51	$68,242.50	$540	$605	$609	$696	$800	$800	$800	$800	$800
C	12	$68,242.51	$91,744.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	12	$91,744.51	$117,660.00	$540	$583	$609	$696	$800	$800	$800	$800	$800
A	13	$0.00	$59,597.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	13	$59,597.51	$73,027.50	$540	$605	$609	$696	$800	$800	$800	$800	$800

Proposed FFY2027 LIHEAP Benefit Matrix

				Energy Burden Level								
				1	2	3	4	5	6	7	8	9
Income Group	Household Members	Income Start	Income End	0.0000 - 0.0509	0.0510 - 0.0671	0.0672 - 0.0827	0.0828 - 0.0997	0.0998 - 0.1214	0.1215 - 0.1528	0.1529 - 0.2181	0.2182 - 0.9999	1.0000 or Greater
C	13	$73,027.51	$98,209.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	13	$98,209.51	$125,910.00	$540	$583	$609	$696	$800	$800	$800	$800	$800
A	14	$0.00	$63,502.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	14	$63,502.51	$77,812.50	$540	$605	$609	$696	$800	$800	$800	$800	$800
C	14	$77,812.51	$104,644.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	14	$104,644.51	$134,160.00	$540	$583	$609	$696	$800	$800	$800	$800	$800
A	15	$0.00	$67,407.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	15	$67,407.51	$82,597.50	$540	$605	$609	$696	$800	$800	$800	$800	$800
C	15	$82,597.51	$111,079.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	15	$111,079.51	$142,410.00	$540	$583	$609	$696	$800	$800	$800	$800	$800
A	16	$0.00	$71,312.50	$566	$605	$691	$731	$800	$800	$800	$800	$800
B	16	$71,312.51	$87,382.50	$540	$605	$609	$696	$800	$800	$800	$800	$800
C	16	$87,382.51	$117,514.50	$540	$583	$609	$696	$800	$800	$800	$800	$800
D	16	$117,514.51	$150,660.00	$540	$583	$609	$696	$800	$800	$800	$800	$800

Tennessee Housing Development Agency

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

Bill Lee | **Ralph Perrey**
Governor | **Executive Director**

To: THDA Board of Directors
From: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Program Officer
Date: July 13, 2026
Subject: Low Income Housing Tax Credit Qualified Allocation Plan – 2027

Recommendations:

- Adopt the attached proposed 2027 Low Income Housing Tax Credit ("LIHTC") 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.

Key Points:

After working closely with the Board of Directors and receiving and responding to public comment on the draft document, no substantive changes are being recommended in the draft 2027 Qualified Allocation Plan. The following clarifications are being made:

- Added language to allow waiver requests to the date requirements for Concerted Community Revitalization Plan submissions. (Section 2)
- Made clarification regarding the monitoring fees to be charged for averaged income set-aside elections. (Section 4)
- Made clarification to ensure that recipients of 2025 9% LIHTCs can qualify to exchange credits. (Section 21)
- Clarified that the Tie Breakers are based on the amount of Housing Credit per Housing Credit unit requested by an applicant in its initial submission of its Initial Application. (Section 19)
- Implemented ancillary changes and reformatting as necessitated by changes to the program year.

Background:

The LIHTC 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 the agency will allocate an annual amount of LIHTCs in Tennessee.

THDA held a Listening Session on February 24, 2026, as part of the 2026 Tennessee Housing Conference for attendees to share elements of the 2026 QAP that worked well or those that may be improved. THDA subsequently posted a draft 2027 QAP and held a public hearing on March 26, 2026, to listen to comments on the proposed plan. Written comments were due by April 1, 2026. A summary of the comments received at the hearing and the actual written comments submitted are attached to this memo.

Low-Income Housing Tax Credit Program

DRAFT 2027 Qualified Allocation Plan

Administered by: Multifamily Programs Division

Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

Approved by THDA Board of Directors: [DATE]

Approved by Governor Bill Lee: [DATE]

If you are a person with a disability and need an accessible version of this document, please contact THDA's 504 Coordinator at mailto:RARequest@thda.org

Table of Contents

PART IV: ADOPTION AND APPROVAL BY GOVERNOR

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 Online 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 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 Credit Ceiling – the amount of Housing Credit remaining for 2027 after the Permanent Supportive Housing for Homeless Set-Aside established under this QAP have been considered for 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 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
5. Be approved or re-approved by the appropriate local government or entity no earlier than 2017. Waivers may be considered for CCRPs that do not conform to this date requirement. 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 Development – the proposed or existing rental housing development for which Housing Credit has been applied for or allocated.

Housing for the Homeless – housing with support services created to provide permanent supportive housing for Youth Transitioning Out of Foster Care as defined below, or 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/homelessness-assistance/coc-esg-virtual-binders/coc-esg-homeless-eligibility/four-categories/.

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.

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.

Owner's Annual Certification of Compliance ("OAC") – An Owner's required annual certification that the Housing Credit Development was in compliance for the preceding 12-month period. See Section 10.

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 – (Total Development Cost Incurred as of Report Date/Total Development Costs) x 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 2027 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: ~~content/uploads/06.01.20-QUALIFIED-CONTRACT-GUIDELINES-REVISED-FOR-VENDOR-NEEDS.pdf.~~ https://dogvxws799i6n.cloudfront.net/wp-content/uploads/2026-CAM-Qualified-Contract-Process-Updated-1-16-26.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.

Qualified Partner – An organization with requisite experience and resources to provide services for the referral of tenants meeting the Youth Aging Out of Foster Care definition of the QAP, or qualifying as homeless under the Housing for the Homeless definition of the QAP, and the provision of supportive services as appropriate for these populations. THDA staff will make the determination at their sole discretion as to whether a partner constitutes a Qualified Partner.

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 – the counties included in the "Rural/Balance of State" area as outlined in Section 11.

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 IRS applicable to Section 42.

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

Special Housing Needs – Housing needs served by housing that has been constructed or rehabilitated with special features (e.g. location, design, layout, or on–site services) to help people live at the highest level of independence in the community. For example, the unit may be adapted to accommodate special physical or medical needs; or provide on–site services such as staff support for older persons, individuals with mental health issues, developmental, or other social needs.

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

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

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.

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.

Youth Transitioning Out of Foster Care – youth that meet the following criteria:

a) Were emancipated to adulthood from state custody at or after their 18th birthday OR are currently participating in Extension of Foster Care Services OR have exited Extension of Foster Care Services;

b) Were in Department of Children's Services (DCS) custody for at least 1 year;

c) Were or will be emancipated or will have left Extension of Foster Care Services within 12 months of application;

d) Are not receiving other housing assistance including, but not limited to:

1) Housing placement through DCS;

2) Long-term housing provided by a social service organization for a free or reduced rate;

3) Housing Choice Voucher, Continuum of Care Rental Assistance, Veterans Affairs Supportive Housing (VASH) Rental Assistance;

e) Are a citizen and have a valid social security number;

f) Have an income at or below 60% of Area Median Income as adjusted for household size.

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. Initial applications proposing scattered sites must include a Site Plan Map of all the residential and common area buildings including all the common area amenities that are clearly labeled showing the distance from the furthest point of the amenities.
4. Initial applications proposing scattered sites must include a detailed narrative including all the addresses of the proposed sites, number of units and bedroom mix in each development, and type of development.
5. 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 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, 2027.

B. Wiring instructions

All fees must be paid via an electronic wire.

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

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 + TN ID Number(s). Applicants may send one wire to cover multiple applicatio however, applicants must enter the applicable TN ID Number(s) in t OBI field on the wire.

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

- Initial Application Fee (1-4 Units) is $395 and is due when Initial Application is Submitted
- Initial Application Fee (5-50 Units) is $1,595 and is due when Initial Application is Submitted
- Initial Application Fee (51-100 Units) is $2,210 and is due when Initial Application is Submitted
- Initial Application Fee (101+ Units) is $40 per unit and is due when Initial Application is Submitted
- Deadline Extension Fee (1-5 days) is $500 and is due when Request is made
- Deadline Extension Fee (6-30 days) is $200 per day and is due when Request is made
- Deadline Extension Fee (Over 30 days) is $6,000 and is due when Request is made
- Reservation Fee, determined at 6.25 percent of the total amount of competitive Housing Credit approved by THDA. Amount is calculated by THDA and due 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. Amount is calculated by THDA and due 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. Amount is calculated by THDA and due when a Request is made.
- Project Based Section 8 Subsidy Layering Review Fee is $5,000 and due when Request for SLR is submitted

- 8609 Amendment Fee is $50 per form, with a $250 Minimum and due when Request is made.
- Monitoring Fee for 20/50 or 40/60 Minimum Set-Aside Election is $600 per Low Income Unit and due when Final Application is submitted
- ~~Income-Averaging Monitoring fee is $600 per Low Income Unit and due when Final Application is submitted~~
- ~~Income- Averaging~~Average Income Minimum Set-Aside Election Monitoring Fee is $1,200 per Housing Credit unit and due when Final application is submitted
- Compliance Re-Inspection fee is $200 per unit and due when Request is made
- Owner's Annual Certification Extension Fee (max 30 days) is $250 and due Prior to submission deadline
- Owner's Annual Certification ("OAC") Late Fee is $500 per month and is due upon submission of OAC
- Utility Allowance Estimate Fees (Utility Company Estimate Methodology) is $200 and is due when Request is made
- Utility Allowance Estimate Fees (Energy Consumption Model Methodology) is $200 and is due when Request is made
- Utility Allowance Estimate Fees (Agency Estimate) is $200 and is due when Request is made

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, 2021 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 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, 2021, 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 on or after January 1, 2017; or
   b. A fine, suspension, or debarment involving financial or housing activities on or after January 1, 2022, imposed by any federal agency; or
   c. A current bankruptcy or a bankruptcy discharged on or after January 1, 2023, 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, 2023; 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, 2017.
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, 2025.
3. An individual who is a member of the Development Team identified in the Initial Application and who is involved with a pre–2027 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 2025, 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 2026 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, 2016:
   a. They were involved in a pre–2027 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–2027 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–2027 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–2027 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–2027 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–2027 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–2027 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–2027 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. 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. "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.

8. 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, 2021 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. **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. **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. Defaulting on loan payments, unpaid property taxes, or having arrearages of at least three months on any loan for any Housing Credit Development; unpaid property taxes will not constitute a Minor SAE if acceptable evidence of active appeal is provided;
2. 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;
3. Failing to maintain and operate amenities and services specified in the Initial Application throughout the term of the LURC;
4. Failing to convert construction loan financing to permanent loan financing within 6 months of THDA issuance of IRS Form 8609;
5. Making changes to the Housing Credit Development ownership entity without THDA approval;
6. 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);

7. Failing to correct outstanding noncompliance issues within the applicable correction period;
8. 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, along with a draft of the document that will convey title to the Ownership Entity;

    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 2027 Deadline for Initial Applications (see Table 21-1 or Section 6 of the 2027 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 2027 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 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.

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 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

   c. 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 18 of this QAP, or Section 6 of the 2027 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, 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 part of the development costs, include an acceptable Appraisal of the land and/or building acquisition that is performed and prepared by an independent third party in accordance with the Appraisal Guidelines included on the THOMAS Documents Page.

B. Threshold Requirements

1. Eligible Initial Applications must meet all of the following requirements:
    a. Be a qualified low–income housing development, containing qualified low–income buildings and low–income units;
    b. Submit a Physical Needs Assessment, if applicable, in accordance with the THDA Physical Needs Assessment Guidance on the THOMAS documents page;
    c. Comply with the Fair Housing Act, as applicable;
    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;
    e. Comply with the Americans with Disabilities Act (ADA), as applicable; and
    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. **<u>Financial Feasibility</u>** - 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. **<u>Financial Pro-forma</u>** - Include a 30–year pro–forma for the proposed development in the Initial Application.
5. **<u>Minimum Set-Aside Election</u>** - 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, concurrent with its submission of the Initial Application, submit a waiver request to THDA informing them of the development's intent to use of the Average Income Test.
6. **<u>Certifications and Disclosures.</u>**
   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://dogvxws799i6n.cloudfront.net/wp-content/uploads/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-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, 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 NSPIRE, 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, all threshold requirements in the QAP and items selected for points in the Initial Application are complete, a final construction inspection will be conducted to determine compliance with THDA requirements and NSPIRE.

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. An executed Final THDA Ownership Organizational Breakdown Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
9. An executed Final THDA Developer Organizational Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
10. An executed Final THDA Disclosure Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
11. An executed Final THDA Disclosure Exemption Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
12. An executed copy of the most recent partnership agreement or operating agreement, if not already provided.
13. A 30-year pro-forma for the development in the Final Application
14. An executed Recorded Copy of THDA Land Use Restrictive Covenant in THOMAS.
15. An executed Permanent Financing Documentation in THOMAS, if applicable
16. 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**

<u>downward adjustments to the final amount of Housing Credit allocated based on the information submitted, QAP requirements, and Section 42 requirements.</u>

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.

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 does not make THDA or the State of Tennessee liable for an Owner's noncompliance. THDA carries out its monitoring responsibilities in accordance with Section 42, relevant regulations, the applicable QAP and Initial Application submitted thereunder, and the LURC. THDA also relies on guidance from the IRS, including Revenue Procedures, Revenue Rulings, and other similar guidance. The requirements under this Section may be modified as federally required.

A. Owner's Annual Certification of Compliance ("OAC"). 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) https://www.hud.gov/hudclips/forms (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 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 NSPIRE 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~~org.

B. Physical Reviews and Desk Reviews.

1. THDA must conduct physical, on-site inspections of all buildings in a Housing Credit Development ("Physical Reviews") and must conduct desk reviews of the low-income certification files of a Housing Credit Development ("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 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, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set for Housing Credit Development 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, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set forth in the table to 26 CFR 1.42-5(c)(2)(iii), whichever is less.
3. The Physical Reviews and Desk Reviews could be conducted on different units and may be conducted on different days or times.
4. Desk Reviews may be performed 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 to timely notify tenants of an upcoming physical inspection, the inspection must be rescheduled and Owner shall pay a Compliance Reinspection Fee.

C. Owners shall submit the OAC and required tenant data submission for the Desk Review via THOMAS or THDA's online system within the timeframe specified by THDA. The Owner must designate an Administrator in THOMAS.

This Administrator must be an individual approved by THDA within the Organization Structure and may not be an outside individual.

D. THDA will provide prompt written notice to an Owner if any of the following occur:
   1. THDA does not receive the OAC by the specified deadline.
   2. THDA does not receive or is not permitted to inspect household income certifications, supporting documentation, or rent records.
   3. THDA does not receive executed 8609s within 30 calendar days of the Owner’s deadline to file its first-year tax return.
   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.

E. Owners shall pay fees, as determined by THDA, to cover the administrative expenses of monitoring compliance and other expenses incurred in carrying out its duties as the Housing Credit Agency, including but not limited to, reasonable fees for legal and professional services.

F. Owners have thirty (30) days to provide missing documentation or to correct noncompliance (the “Correction Period”). The Correction Period begins on the date of THDA’s written notice to the Owner specifying the missing documentation or the noncompliance via regular mail or via e– mailed to the address specified for the Owner or Owner’s contact in the files held by THDA. The Correction Period may be extended up to an additional 150 days for a total Correction Period not to exceed six (6) months upon a showing of good cause by the Owner, all as determined by THDA in its sole discretion. Notwithstanding the foregoing, THDA will not grant extensions for items that are immediate health and safety issues.

G. Owners must mitigate all emergency health and safety items immediately and file a written report and documentation with THDA proving the items have been mitigated. Owners must provide the report and documentation of the action taken to complete the mitigation within 3 business days of the emergency instance (the "Health and Safety Correction Period").

H. THDA will file an IRS Form 8823, Low–Income Housing Credit Agencies Report of Noncompliance, with the 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-partn/housing-credit-compliance/.

L. Compliance Training for Owners.

1. For Housing Credit Developments involving new construction, Owners and the management entity shall send attendees (at least one representative per entity) to the Owner's compliance training sessions provided by THDA within the 12 months prior to the issuance of the IRS Form 8609. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
2. For Housing Credit Developments involving rehabilitation, Owners and the management entities shall send attendees to the Owner's compliance training sessions provided by THDA prior to the placed-in-service date for the development. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
3. If there is a change in the ownership entity during the term of the LURC, then the new Owner and management entity shall send attendees to the Owner's compliance training session as scheduled and provided by THDA. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.

M. 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, 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 https://www.huduser.gov/portal/resources/utilallowance.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.

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 request 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 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.

(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) Biennially (every other year), the Owner must reapply for an elected methodology following the steps above.

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 Coe 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 Coe 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 CFR 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. Obtain THDA's permission before such action occurs;
2. Complete THDA's Organizational Breakdown Form;
3. Provide a new Organizational Chart;

4. Provide notarized THDA Disclosures Forms for every new individual added to the structure;
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;
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
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 Housing Credit program to the housing programs covered by VAWA. Even though the act stated 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.

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 Total Credit Ceiling is contained in Section 42(h)(3)(C).

B. Set–Asides and Available Housing Credit Amounts

1. Non–Profit Allocations – THDA's obligation to allocate no less than 10% of the Total Credit Ceiling to Qualified Nonprofit Organizations is intended and expected to be met through the normal course of the competition established through this Qualified Allocation Plan. THDA reserves the right to prioritize and make allocations of Housing Credit to Qualified Nonprofit Organizations, regardless of category or ranking, as may be needed to meet the requirements of Section 42(h)(5).
2. Permanent Supportive Housing for Homeless Set-Aside – up to $1,000,000.00 of the Total Credit Ceiling may be allocated to developments supporting homeless populations as described in Section 14 of this QAP.

C. General Priority Categories

1. New Construction – The balance of the **Competitive Total Credit Ceiling minus $7.2 million** ($3.6 million each) reserved for the Existing Multifamily Housing and PHA General Priority Categories will be allocated to developments involving new construction.
2. Existing Multifamily Housing – No more than **$3.6 million** of the **Competitive Credit Ceiling** will be allocated to developments that include rehabilitation of Existing Multifamily Housing.
3. PHA General Priority Category – No more than **$3.6 million**% of the **Competitive Credit Ceiling** will be allocated to developments involving a PHA that meets the requirements of Section 17 of this QAP.

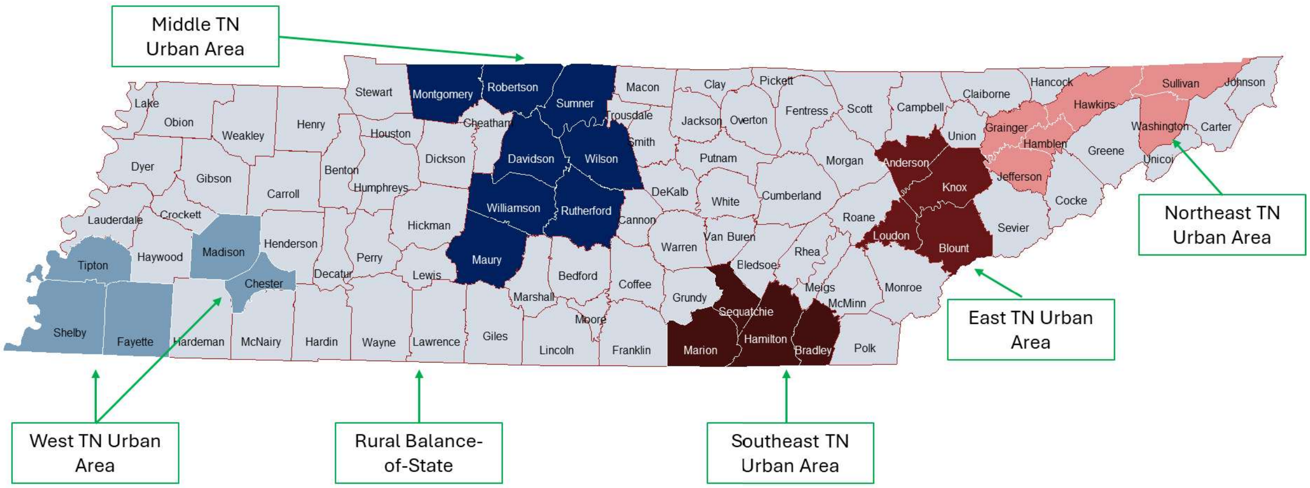
D. New Construction Regional Housing Needs Areas

Under the New Construction General Priority Category, THDA will allocate Housing Credit to developments proposing new construction within each of the following six regional housing needs areas, and to the number of developments within each of them, as outlined below and on the following map:

- West Tennessee Urban Area (up to 2 developments will be awarded)
- Middle Tennessee Urban Area (up to 2 developments will be awarded)
- Southeast Tennessee Urban Area (1 development will be awarded)
- East Tennessee Urban Area (1 development will be awarded)
- Northeast Tennessee Urban Area (1 development will be awarded)
- Rural/Balance of State (up to 2 developments will be awarded)

In the event credits remain in the Total Credit Ceiling after awards have been allocated as outlined above, THDA will make an allocation of credits to the next highest scoring Initial Application, regardless of location in the state, for which sufficient credits remain to make a full award.

MAP 11–1



E. Annual Housing Credit Limit

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

F. Total Development Costs

1. THDA will determine which new construction proposals show total development cost ("TDC") per unit amounts outside one standard deviation from the average TDC per unit of development proposals across the state, and require applicants for all such proposals to provide explanations for the deviation.

   Inability to explain the costs satisfactory to THDA staff, in its sole discretion, may result in disqualification of the application.

2. THDA will evaluate total development costs and may adjust costs for reasonableness, necessity, and eligibility or disqualify applications not reflecting an efficient use of Housing Credits.

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).

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 (incl payment and perf 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).

I. Basis Boost

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

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 Allocations

To be eligible and considered for Housing Credit via a Non–Profit Allocation, 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. Please note that ONLY successful non-profit applications awarded allocations under this sections and actually identified as such by THDA staff will be required to maintain non-profit compliance throughout the compliance period:

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, 2022.

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 Section 42 defined Compliance Period.

D. 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.

Section 13: 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 Housing Credit set-aside of $1M.

C. 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/documents/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.

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

E. 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 according to the final THDA ranking.

F. 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: New Construction General Priority Category

To be eligible for a Housing Credit 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 all applicable limits.

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

Section 15: Existing Multifamily Housing General Priority Category

To be eligible for a 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.

Section 16: PHA General Priority Category

To be eligible for the PHA 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 General Priority category, the Project Location Score (see Section 16.A.1) will not apply. In the event of a tie, the tie breaker methodology found in Section 18.F. of this QAP shall apply.

C. Awards from the PHA General Priority category shall be made in the following order:
   1. **All CNI Initial Applications** in order of ranking.
   2. 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.
   3. 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.

4. 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.
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**, taking into account score and other limits in this QAP.
6. 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 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.

F. Initial Applications in the PHA General Priority Category may be located in a QCT.

G. An Applicant must indicate whether the Initial Application is to be considered in the PHA General Priority Category or in the Existing Multifamily Housing

General Priority Category. The Initial Application will only be considered in the category selected. No cross counting is allowed.

Section 17: 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 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 4 points** Initial Applications proposing developments located in areas with the greatest Regional Housing Needs Score (see Section 11 and Proposed Siting Model for New Construction - 2026 QAP Public). **This criterion does not apply within the PHA General Priority Category. See Section 12.B. Please additionally note that consistent with the legend associated with the map found at "Proposed Siting Model for New Construction - 2027 QAP Public," priority areas identified by cities will automatically qualify for 4 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 17–1: Units Restricted to Serve Lower Income Populations

% of Units Restricted (rounded up to next whole unit)	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
At least 10% of units at 30% of AMI	6

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:

a. Exterior materials: Choose

(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**

b. Use of anti–fungal roofing materials with a minimum 30 year warranty: **2 points**

c. Inclusion of a dog/pet park **1 point**

d. Installation of 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 keyed secure delivery area **2 points**

g. Dedicated flex/case management office space **6 points**

h. 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**

i. 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**

j. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**

k. 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**

l. 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**

m. 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**

n. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; that must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage.: **2 points**

o. Construct and/or rehabilitate a veranda that must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10% of the units at the development and be available to all residents for year round usage: **2 points**

p. Landscaped covered pavilion with permanent table, bench seating, and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path: **2 points**

q. 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**

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 2027 Initial Application. PHAs that are eligible shall receive two points.

Table 17–2: Development Team Prior Tennessee Allocations

Year of Most Recent Allocation	Points Available
2022–2026	2
2021 and before	1
No Tennessee Experience	0

a. 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 17–3 based on Minor SAEs. Minor SAE recording began on January 1, ~~2020~~ 2021 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-2027 development with 2 Minor SAEs. For 2027, in Table 17-3, 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 17–3: Development Team Track Record

Cumulative Minor SAEs	Points Available
5+	0
4	1
2 to 3	3
0 to 1	5

5. **Water & Sewer:** **up to 4 points**

Points are available based on the status of availability of water and sewer to the proposed site:

Table 17–4: Water & Sewer

Status of Availability	Points Available
Public water & sewer approved and planned to site by the local jurisdiction OR on-site system financed and planned	2

Public water & sewer installed and available to the site OR on-site system financed and approved by the Tennessee Department of Environment & Conservation	4

6. **Financial Readiness to Proceed:** **up to 4 points**

Points are available based on the percentage of non-equity dollars committed to the project. Deferred developer fee is not counted as a non-equity source. Lenders and other funding sources will evidence their commitment to provide funding and disclose significant terms. Signed commitment letters, conditional commitment letters, loan agreements and grant agreements meet this requirement. However, proposal letters and letters of intent or interest do not meet this requirement:

Table 17–5: Financial Readiness to Proceed

Non-equity Dollars Committed	Points Available
0 - 25% of dollars committed	1
25.1 - 50% of dollars committed	2
50.1 - 75% of dollars committed	3
75.1 - 100% of dollars committed	4

7. **Design Development:** **up to 4 points**

Points are available depending upon the level of conceptual design work completed and included as a part of the Initial Application. The information provided by applicants to qualify for these points is not intended to require an exceptional capital outlay or complex architectural or engineering design work. The purpose is to broadly demonstrate to reviewing staff that buildings, infrastructure, and proposed amenities will fit on site, units will fit in buildings, etc., and that preliminary consideration has been given to the appropriateness of the proposal to the site from a physical standpoint.

Table 17–6: Design Development

Conceptual Design Work Completed	Points Available
Schematic site plan only	1
Above + schematic floor plans	2
Above + schematic elevations	3
Above + construction drawings begun	4

8. **Planning & Zoning Process:** **up to 4 points**

Points will be awarded based on what stage the proposal is at in the planning & zoning process. Documentation shall be provided sufficient to demonstrate the planning & zoning stage.

Table 17–7: Planning & Zoning Process

Process Stage	Points Available
Has not begun	0
In process	2
By right or zoning approvals in place	4

9. **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.

10. Serving Resident Populations with Special Housing Needs OR Serving Resident Populations with Children: 5 points

Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirements 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.

10.1 Serving Resident Populations with Special Housing Needs. Proposals intending to serve resident populations with special needs, must indicate this residency preference in the Initial Application, and, in addition, 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 10.1.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 10.1.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. <u>Sidewalks are not eligible for these points;</u>

   (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.

10.2 Serving Resident Populations with Children. Proposals serving resident populations with children must (i) indicate this residency preference in the Initial Application and (ii) 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. In addition, the proposal 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 10..2.a.; 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 10.2.a. 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/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 900 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 most 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. <u>Sidewalks are not eligible for these points;</u>

(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.

11. **Development Intended for Eventual Resident Ownership: 1 point**

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 16–A–14 and Section 16–A–15.**

12. **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 tankless water heater; (2 points)

c. ENERGY STAR dishwasher; (2 points)

d. ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker;(2 points)

e. ENERGY STAR rated windows in all units; (2 points)

f. ENERGY STAR ceiling fans; (1 point)

g. ENERGY STAR ventilation fans (range hood, bathroom). (1 point)

These ENERGY STAR requirements, if elected, must be met development wide when the development is placed in service.

13. Tennessee Growth Policy Act: 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.

14. Waiver of the Qualified Contract Process: 9 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 17–A–11.**

15. **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 17–A–11.

Table 17 –8: 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 17–9: Time Since Last Placed in Service

Year Last Building Placed in Service	PHAs	Other
After 2009	0	0
2002 – 2009	1	1
1998 – 2001	2	2
1995 – 1997	3	4
Before 1995	4	3

   b. Initial Applications may receive these points (rounded down to the nearest $1/1{,}000^{th}$ 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 x 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 17–10: 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 at: https://dogvxws799i6n.cloudfront.net/wp-content/uploads/2026-Unduplicated-Units-for-Existing-Scoring-2.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) x 3 = 0.333 points. **up to 3 points**

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**:**

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 16–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 2027 Initial Application. PHAs shall receive five points.

Table 17–11: Development Team Prior Tennessee Allocations

Year of Most Recent Allocation	Points Available
2022–2026	5
2021 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 17–12 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-2027 development with 2 Minor SAEs. For 2027, in Table 17-12, 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 17-12: 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. <u>Sidewalks are not eligible for these points</u>

(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;

Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;

(vii) 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

(viii) 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 900 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 most be posted for each piece of commercial grade equipment;

v) QQQ 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: 4 points

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit units at the end of the fifteen–year Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be updated and re–submitted to THDA at the end of year thirteen (13) of the Compliance Period. **If these points are elected, an Initial Application**

is not eligible for points in Section 17–B–11 and Section 17–B–12.

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 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: 5 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 17–A–11.**

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 17–B–8 (Developments Intended for Eventual Resident Ownership).**

Table 17–13: Earliest Year When Recapitalization May be Requested

Number of Years Since Placed in Service	Points Available
17	2
20	8

Section 18: 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 18–1: Calendar of Events

Dates	2027 Competitive Cycle
[DATE]	Competitive Cycle Opens for Initial Applications
[DATE]	2027 Competitive Cycle Deadline for Initial Applications

Section 19: 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.

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 2027 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, 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, 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 Allocations** – eligible Initial Applications as described in Section 12 of this QAP.
2. **Permanent Supportive Housing for the Homeless Set-Aside** – eligible Initial Applications as described in Section 13 of this QAP.
   a. 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 New Construction.
3. **New Construction General Priority Category** – eligible Initial Applications as described in Section 14 of this QAP will be ranked in descending order within the regional housing needs area they fall under in Map 11-1.

   THDA will award credits as follows until insufficient credits remain to award to the next highest scoring application:

   THDA will make awards to the highest scoring applications in each of the regional housing needs areas, capped at the number of projects in each region as outlined in Section 11.D.

4. **Existing Multifamily Housing General Priority Category** – eligible Initial Applications as described in Section 15 of this QAP.

5. **PHA General Priority Category** – eligible Initial Applications as described in Section 16 of this QAP.
6. In the event credits remain in the Total Credit Ceiling after awards have been allocated as outlined above, THDA will make an allocation of credits to the next highest scoring Initial Application, regardless of location in the state, for which sufficient credits remain to make a full award.
7. Consistent with Section 11.B.1., THDA's obligation to allocate no less than 10% of the Total Credit Ceiling to Qualified Nonprofit Organizations is intended and expected to be met through the normal course of the competition established through this Qualified Allocation Plan. However, THDA reserves the right to prioritize and make allocations of Housing Credit to Qualified Nonprofit Organizations, regardless of category or ranking, as may be needed to meet the requirements of Section 42(h)(5).
8. Tie Breaker. 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 in its initial submission of its Initial Application. If the tie is not thereby broken ~~by Section 18.F.1~~, priority will be given to the proposed new construction development located wholly within a QCT and covered by a CCRP.
9. 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 in its initial submission of its Initial Application.

F. 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.

G. 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.

   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.

H. 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~~d~~ practical to other qualified Initial Applications for Housing Credit as provided in this QAP.

Section 20: 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.
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:

Table 20–1: Schedule of Evaluation Notices and Deadlines

Evaluation Notice	Deadline for Response
First	5 business days from the date of the Evaluation Notice
Second	2 business days from the date of the Evaluation Notice
Final	1 business day from the date of the Evaluation Notice

THDA will not issue a Carryover Allocation Agreement if the conditions contained in Evaluation Notices issued in connection with the Carryover Allocation Application are not fully satisfied. Deadlines specified in the Final Evaluation Notice are the dates upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline have not been met. Upon notification, the Housing Credit referred to in the Reservation Notice is not available for the development and will be made available to other qualified developments.

D. Housing Credit Available

The amount of Housing Credit reflected in a Carryover Allocation Agreement will be determined by THDA in connection with an evaluation at the time a Carryover Allocation is requested. The amount of Housing Credit may be less than, but will not be more than, the Housing Credit amount in the Reservation Notice.

E. Status Reports

Following execution of a Carryover Allocation Agreement, THDA may request status reports outlining progress towards completion by dates, in a form and with substance all as specified by THDA in its sole discretion.

F. Recapture of Housing Credit During Carryover Period

1. THDA will cancel a Carryover Allocation Agreement if there is a failure to fully satisfy conditions imposed in connection with the Carryover Allocation Agreement by the deadlines specified by THDA. When so cancelled, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement and will be made available to other qualified developments. Deadlines specified in the Carryover Allocation Agreement are the dates upon which Housing Credit is deemed recaptured by THDA if the conditions related to each deadline have not been met on or before such deadlines or unless an extension has been granted.
2. Housing Credit allocated through a Carryover Allocation Agreement may be voluntarily returned by the Owner. Upon return, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement.
3. Any Housing Credit recaptured either by cancellation of a Carryover Allocation Agreement or by voluntary return by the Owner will be made available as follows:
   a. Any Housing Credit returned before October 1, 2027 will be reserved to other qualified 2027 Initial Applications for Housing Credit as provided in this QAP.
   b. Any Housing Credit returned on or after October 1, 2027 will be available in 2028.

Section 21: Housing Credit Exchanges

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

A. ~~2024~~ 2025 Competitive Housing Credit allocation recipients, subject to each of the following:

1. The maximum aggregate Housing Credit allocated to housing credit exchange allocations is limited to the amount of ~~2024~~ 2025 Housing Credit returned.
2. Developments which have received a previous housing credit exchange allocation will not be eligible for a subsequent additional housing credit exchange allocation.
3. Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
   a. Developments intending to seek approval for a housing credit exchange allocation must so notify THDA in writing no later than December ~~3~~2, ~~2025~~2026. Notification must be sent via email to TNAllocation@thda.org.
   b. Scoring selections and threshold requirements from the ~~2024~~ 2025 QAP, as applicable, will be enforced, otherwise the ~~2026~~ 2027 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 housing credit exchange allocations will be December 31, ~~2028~~2029. Failure to meet or the request of an extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 5-A of this QAP.
   g. Housing credit exchange allocation developments will not be permitted to increase developer or consultant fees.

4. Other provisions applicable to housing credit exchange allocations:

   a. Returned Housing Credit will not increase ~~2025~~2027 set-asides or pools.

b. Housing credit exchange allocations will not count against county, developer, or other limits in the ~~2026~~2027 QAP.

PART III: NONCOMPETITIVE ALLOCATIONS ONLY

Section 22: 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 25~~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 2027 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, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section 12 of the 2027 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 2027. 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 22–1 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:

Table 22–1: Contractor Fees, Profit, Overhead and General Requirements Limitations

Fee Description	Fee Amount
Contractor Profit	<=6 percent
Contractor Overhead	<=2 percent
Contractor General Requirements (incl payment and perf)	<=6 percent
Total Contractor Fees	<=14 percent

E. 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 22–2 below. The Total Development Cost Limits are applied at Initial Application. Land cost is not included in the Total Development Cost for purposes of this calculation.

Table 22–2: Total Development Cost Limits Per Unit by Development Type

Development Type	1 BR	2 BR	3 BR	4 BR	5 BR
Urban					
Detached/ Semi–detached	$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

F. Capitalized Terms

All capitalized terms used in this Section 22 shall have the meaning ascribed to them in this Section 22 or in Section 2 of this QAP or in the MTBA Program Description for 2027.

PART IV: ADOPTION AND APPROVAL BY THE GOVERNOR

Section 23: 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	**Ralph Perrey**
Governor	**Executive Director**

To:	THDA Board of Directors
From:	Eric Alexander, Director of Multifamily Programs Don Watt, Chief Program Officer
Date:	July 13, 2026
Subject:	Summary of and Response to Public Comments on the Draft Low-Income Housing Tax Credit ("LIHTC") 2027 Qualified Allocation Plan ("QAP")

This is a summary of the few repetitive comments received during the March 26, 2026, Public Meeting held via Teams to discuss the draft 2027 QAP, along with repetitive written comments received pertaining to the draft. Staff responses to repetitive comments are noted in **bolded black**. This summary of and response to repetitive comments is not meant to be a replacement for the comments themselves.

Comments:

1. Requests were made for the language for 9% LIHTC Exchanges to continue in the 2027 LIHTC QAP so that 2025 9% developments can exchange credits. **Staff has updated the draft to reflect exchanges being allowed for 2025 9% LIHTC allocations.**

2. Comments were made that 66 or 68 counties in the rural areas in the new construction map scoring do not seem to have any guiding policy for siting. Concern was also expressed that there will be more pressure on the tie-breakers. **Staff is not recommending changes to the siting criteria for the Rural/Balance-of-State General Priority Category at this time.**

3. Comments were made on the Teams meeting that Concerted Community Revitalization Plan ("CCRP") – in the 2027 LIHTC QAP and Multifamily Tax-Exempt Bond Allocation Program Description, the year for acceptable plans would typically roll forward to 2018, and many counties have not updated beyond 2017. An associated request was made that a waiver to date requirements be accepted. **Staff has retained the 2017 cutoff, and added language enabling waiver requests to date restrictions in the CCRP criteria language.**

EQUAL HOUSING OPPORTUNITY

4. Comments were made seeking clarification regarding the monitoring fee for averaged income projects. **Staff has updated the monitoring fee language for averaged income proposals to clarify the associated monitoring fee.**

From:	Phillip Vaughn
To:	Eric Alexander; Felita Hamilton
Cc:	tnallocation@thda.com
Subject:	2027 QAP Comments
Date:	Tuesday, March 24, 2026 4:27:29 PM

Eric and Felita,
Hope you both are doing well. See my comments below. Thanks.

Unintended 9% Results:
I understand the change from County Needs scoring to Housing Credit Location scoring was to open more of the state to compete for a TC reservation. Under the prior County Needs scoring you had 5-6 deals competing in the top counties for a reservation in that county. With the change to the Housing Credit Location scoring, you'll have 15-20 applications competing for 1-2 spots in each pool. This new system is going to add additional pressure on your tie breaker. The "race to the bottom" is going to intensify, and with credit pricing in the mid to high 70s, I don't believe you're going to get the quality deals your accustomed to in prior years. I'm fearful your winners in each pool will be over leveraged and the construction and architectural quality will be less than you are accustomed to seeing. If you are more interested in simply producing more units at the cost of a lessor quality development, that policy change may not be an issue for the board. This is obviously a policy decision but does need to be considered.

No Vehicle to Rehab 50–100-unit deals:
Over the past 15-20 years the new construction 9% program has been set up to produce a 50-to-100-unit development. I know there are some outliers, but overall, 50 to 100 units per development is what was built over the last 20 years per successful application. As the QAP is currently written for 2026, you will have 2-4 deals, depending on the size, that will be awarded in the Existing Multifamily set aside. I do understand that THDA would like to see these older 9% deals bundled together and submitted in the 4% program for rehab. That is just not feasible for most of the older 9% deals with no project-based vouchers, or rental assistance. Since they don't have PBVs, they can't add the additional debt to the project that a 4% deal would require. We would love to be able to bundle these 9% deals together for rehab, but it just does not work since the rents won't support the additional debt. If THDA would like to add project-based vouchers to those through the bond program, that *might* make bundling rehabilitation of THDA's existing older LIHTC deals financially feasible. These deals are aging, are still under LIHTC compliance monitoring, and there's no relief in sight for them.

We have clients who have been using this program for over 25 years that are sitting out for 2026. Some because of the "race to the bottom" with the tie breaker of lowest credits requested per unit, others because they have no way to submit a successful deal that is over 20 years old and desperately needs a refresh. I have other thoughts on details of the QAP, but those are small compared to these two policy changes which cause a major shift in the program. I would not roll the 2026 QAP forward to 2027 without first addressing these two issues. See what your 2026 program produces, then make changes or no changes to the QAP.

Thank you for taking the time to hear my comments.

Phillip Vaughn, CPA
Vaughn Development Group
phillip.vaughn@vaughndevelopment.com
615.618.0630

March 31, 2026

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

Sent Via Email: TNAllocation@thda.org

Re: Comments on Tennessee's Draft 2027 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 2027 Qualified Allocation Plan (QAP). Enterprise works to make home and community places of pride, power and belonging, as well as platforms for resilience and upward mobility. Since 1982, we have invested $92 billion and created or preserved over 1.1 million homes across all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, including over $1.4 billion in Tennessee, which has helped create or preserve 14,440 homes.

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 signify the start of QC eligibility. According to the National Council of State Housing Agencies (NCSHA), the QC loophole has caused the loss of approximately 4,200 units of affordable housing across the country each year, and over 120,000 units cumulatively nationwide. To that end, NCSHA's *Recommended Practices in Housing Credit Administration – 7th Edition* recommends that HFAs require all applicants to waive their right to a QC for both 9% Housing Credits and 4% Housing Credits. 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 2027 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 2024 competitive Housing Credit Exchange 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, rather than 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 proposed in Section 22.A of the draft 2027 QAP (and in Section 22.A of the 2026 approved QAP). We strongly recommend that THDA not alter this provision in the final 2027 QAP. Similarly, Enterprise commends THDA for requiring applicants for the 2024 competitive 9% Housing Credit Exchange allocation round to waive their right to a QC, as detailed in Section 21 of the draft 2027 QAP (and in Section 21 of the 2026 approved QAP). As noted above, we believe that this QC ban, as it exists for the 4% Credit and for 2024 9% Credit Exchange allocations, can and should be extended to the rest of the 9% Credit.

Enterprise greatly appreciates THDA for implementing its "clean hands" policy in Section 5.B.2 of both the 2026 QAP and draft 2027 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, 2025. 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.

Efficient, Healthy, and Resilient Building

Energy-efficient housing can help lower energy bills for disadvantaged Tennessee residents. Families residing in low-income multifamily housing often experience disproportionately high energy burdens, commonly defined as household energy costs exceeding 6% of total household income, with costs of 10% or more considered a severe burden. In the East South Central region of the United States—which includes Tennessee—a significant share of low-income households experience high or severe energy burdens, underscoring the importance of strategies that reduce long-term utility costs and improve housing quality. We respectfully request that THDA consider expanding available incentives that benefit Tennesseans—including residents, developers, and taxpayers.

Adding an optional pathway that recognizes green building certification through comprehensive, nationally recognized third-party programs—such as Enterprise Green Communities—could offer Tennessee developers an additional approach to reducing energy burdens. This approach could also provide THDA independent assurance of construction quality, operational efficiency, and resident comfort, complementing existing energy-efficiency incentives while allowing developers to be rewarded for implementing practices that can increase benefits for residents beyond energy savings, including indoor and outdoor water conservation, improved indoor air quality, and more durable site and building design.

We respectfully request that THDA consider offering competitive points for new construction and rehabilitation projects that certify the current applicable version of Enterprise Green Communities, LEED, or NGBS Green certification programs. One potential approach could be to build on THDA's existing ENERGY STAR–based incentive structure by organizing it within a tiered framework: one tier continuing to recognize energy efficiency measures currently eligible for points, and a higher tier recognizing the achievement of a qualifying third-party green building certification. This approach would preserve the intent and accessibility of the current incentive while creating space to reward more comprehensive, performance-based outcomes. Offering a suite of nationally recognized green building certifications would provide developers flexibility to select the pathway best suited to their project type, design goals, financing requirements, and residents' needs and priorities.

In recent years, Tennessee has experienced increasingly severe weather—including tornadoes, flooding, and severe storms—that have damaged housing and disrupted utilities in communities across the state. The 2026 Enterprise Green Communities Criteria include resilience-focused planning and design pathways that help projects identify site-specific climate risks, strengthen building durability, and protect residents during heat and power disruptions—supporting faster recovery and long-term community stability.

The Enterprise Green Communities Criteria is a national green building program developed specifically for affordable housing. In celebration of 20 years of green affordable building, the newly launched 2026 Criteria continue to meet the affordable housing industry where it is, providing a cost-effective roadmap for quality building in which benefits are realized across the full life of the project.

Green building standards help ensure that projects funded by housing credits not only create new housing opportunities, but also support healthier residents, lower utility costs, and more resilient homes that are better able to withstand severe weather conditions—reducing repair and rebuilding costs over time. These standards support responsible stewardship of taxpayers' funds by producing projects that are efficient, durable, resilient, and healthy, providing strong value for public investment.

Currently, many state and local housing finance agencies have incorporated incentives or requirements for holistic green building certification programs into their QAPs as a prudent use of Housing Credits. We respectfully request that THDA consider whether similar approaches could support the goals of the 2027 QAP.

Removal of Nonprofit Set-Aside

Enterprise recommends maintaining the Housing Credit nonprofit set-aside in the 2027 QAP as it was in the 2025 QAP to ensure nonprofits whose mission aligns with the state's affordable housing goals are guaranteed Housing Credit funding of at least the 10% minimum of the state's annual Housing Credit allocation. While the state assumes the minimum would be met by nonprofits, removal would signal to nonprofit developers the uncertainty of availability of this highly competitive funding and could also impede their ability to utilize the set aside to attract and leverage additional public and private funding for their development projects. Additionally, continuing to include the nonprofit set-aside in the 2027 QAP will conform with the IRS mandate that at least 10% of each state's annual Housing Credit allocation be reserved for projects involving qualified nonprofit organizations.

Maintaining Housing Credit Set-Aside for Permanent Supportive Housing

Enterprise supports THDA's commitment to maintain the Housing Credit set-aside for Permanent Supportive Housing (PSH) in the 2027 QAP to ensure funding is available to meet the housing needs of Tennessee's most vulnerable and very-low-income households. Tennessee's deepening housing crisis disproportionately affects individuals with disabilities, serious mental illness, and those experiencing homelessness throughout the state. Many live on fixed incomes that do not keep pace with rising housing costs, and they are more likely to experience homelessness than the general population. For those unable to work due to disability or illness, this affordability gap is insurmountable without targeted support.

Permanent Supportive Housing, which combines affordable housing with wraparound services, continues to be a proven, cost-effective solution that improves housing stability, reduces emergency service use, and enhances quality of life. However, the scale of need far exceeds current resources. As of 2026, the state has a shortage of 139,000 affordable rental homes for extremely low-income households, with only 39 affordable and available units for every 100 such households.

The Housing Credit is Tennessee's most powerful tool for expanding affordable Permanent Supportive Housing; maintaining the PSH set-aside in the 2027 QAP will ensure that Housing Credit resources are directed toward those with the greatest need and will close the housing gap for Tennesseans with disabilities, mental illness, and those experiencing homelessness.

Maintaining the 2026 Competitive Credit Ceilings

Enterprise recommends maintaining the 2026 QAP competitive credit ceilings for the allocation of Housing Credits across new construction, rehabilitation, and Public Housing Authority (PHA) units. This strategic distribution is essential not only for expanding housing stock but also for preserving and improving aging affordable housing, as over 50% of Tennessee's affordable rental housing was built before 1980, much of it lacking modern accessibility features and energy efficiency.

Rehabilitation of aging affordable housing stock ensures that long-standing communities remain intact, while also upgrading safety, livability, and sustainability. Investing in existing housing stock is often more cost-effective than new construction and allows residents and the workforce to remain in familiar neighborhoods and close to economic centers, preserving housing stability and community continuity. Housing Credit-funded rehabilitation projects can integrate much needed modifications to help seniors age in place, avoid institutional care, and maintain independence.

One item of note for THDA to consider in the current environment, where equity pricing is trending downward, is that rehab projects also generally generate higher investor IRR (faster Credit delivery, often additional losses / interest deductions due to financial structure), and these types of projects also have lower hard construction costs. Thus, in a market where new construction is very costly to execute, and equity pricing is downward trending, rehab projects may be marginally more financially viable and able to command incrementally higher equity pricing.

The Housing Credit program has proven transformative. It supports long-term affordability commitments (30+ years), fosters inclusive communities, and stimulates economic and social stability across urban and rural regions. Balanced Housing Credit allocation to ensure preservation of aging affordable housing and PHA units exemplifies the state's commitment to equity, resilience, and the stability of Tennesseans.

Errata

Enterprise wishes to flag several non-policy items in the 2027 draft QAP. First, the hyperlink to the Qualified Contract Process Guidelines document in Section 2 (page 21 of the draft dated February 4, 2026) does not work. Enterprise was able to find a version of this document via a Google search; this document has a different URL but appears to have the same date of publication (June 1, 2020).

In Part III, Section 22.A.1, the 2027 draft QAP references the previous 50% Test; however, the relevant section of the IRC was changed in 2025 via H.R. 1, the *One Big Beautiful Bill Act*. While Enterprise understands that Section 22.A.1 contains an appropriate qualifier acknowledging that the 50% Test may change via subsequent legislation, that legislation has gone into effect. Enterprise believes that the 2027 QAP should reflect that, and possibly refer to – or align with – the most current version of the MTBA Program Description document.

Enterprise Community Partners
999 Peachtree Street NE, Atlanta, GA 30309 | 404.523.6060 | enterprisecommunity.org

Conclusion

Thank you again for providing this opportunity to provide input with respect to Tennessee's 2027 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,

Dr. Christie Cade

Dr. Christie Cade, Vice President and Market Leader - Southeast
ccade@enterprisecommunity.org | 404.698.4605

October 17, 2025

Tennessee Housing Development Agency
Attn: Multifamily Programs Division
Andrew Jackson Building, Third Floor
502 Deaderick Street
Nashville, TN 37243

Re: Comment for Future QAP Development – Strengthening Resident Services for Senior Housing

Dear THDA Leadership,

Rainbow Housing Assistance Corporation ("Rainbow") respectfully submits this comment for consideration in future Qualified Allocation Plan development. We commend THDA for its leadership in expanding access to affordable housing and for highlighting the human stories behind this work. The resident success stories featured on THDA's website demonstrate the power of housing to create safety, stability, and opportunity for Tennessee families, seniors, and individuals rebuilding their lives. We share THDA's commitment to ensuring that affordable housing improves both lives and communities.

The 2026 Draft QAP represents a strong foundation for affordable housing development across the state. As Tennessee's senior population continues to grow, we see an opportunity to enhance outcomes by integrating structured resident services within senior housing developments. Research from Harvard University's Joint Center for Housing Studies, *"The Rent Eats More: Residual Income Housing Cost Burdens from 2019–2023"* (September 2025), found that 67.5% of renter households in Tennessee are cost burdened. Even when rent consumes no more than thirty percent of income, many seniors still struggle to afford basic needs such as food, transportation, health care, and utilities. Expanding access to resident services in senior housing would directly address these challenges and ensure that affordability leads to lasting stability.

Resident services provide measurable returns for both residents and property owners. For seniors, coordinated services promote independence, reduce emergency interventions, and lower turnover costs. These programs align naturally with THDA's mission to strengthen communities through affordable housing and sustainable development.

We recommend that THDA consider the following elements in future QAP development for senior housing:

18001 N 79th Ave STE 72E, Glendale, AZ 85308 | T: 786.288.3227 | M: 334.220.8372 | www.rainbowhousing.org

• Award competitive points to developments that commit to providing structured resident services delivered by qualified providers.
• Require Memoranda of Understanding with service partners that outline scope, frequency, and measurable outcomes.
• Recognize CORES-certified providers, or equivalent credentialed organizations, to ensure quality and consistency.
• Require a concise documentation package that includes a resident services plan narrative, staffing plan, service budget, and brief annual performance report.
• Encourage flexible implementation that allows service frequency and focus to reflect community needs and property size.

Across our partner communities, Rainbow has seen how coordinated services transform lives and maintain housing stability:

• A single mother caring for a medically fragile child received digital literacy training and scholarship support that enabled her to pursue nursing licensure. Her story reflects how education-focused services create pathways to self-sufficiency.
• A resident facing eviction because of unpaid utilities was stabilized through emergency assistance and financial coaching. Within months, he secured new employment and sustained stable housing.
• A resident transitioning into the technology sector completed an IT certification program that opened the door to a sustainable career, showing how workforce training can break cycles of instability.

These examples mirror the stories THDA already highlights, Tennesseans who have achieved a better life through safe, decent, and affordable housing. By recognizing and incentivizing resident services within senior housing, THDA can extend this success further, ensuring that aging residents not only have a place to live but also the support to thrive in their communities.

We appreciate THDA's leadership and thoughtful approach to QAP development and look forward to supporting future discussions that strengthen the connection between housing and resident services for Tennessee seniors.

Respectfully,

Patti R Adams

Patti Adams
Multifamily Impact Manager
padams@rainbowhousing.org

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Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To: THDA Board of Directors
From: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer
Date: July 13, 2026
Subject: Amendment to the National Housing Trust Fund Program Description ("2026 NHTF PD") - 2026

Recommendation:

- Adopt the attached amended 2026 National Housing Trust Fund Program Description ("Program Description");

- Authorize the Executive Director or a designee to award 2026 NHTF funds under a Round Two to applicants for applications scored by staff, subject to all requirements in the approved Program Description; and,

- Allow the Assistant Chief Legal Counsel to make non-substantial changes and substantial changes if needed to comply with federal requirements.

Key Points:

- Multifamily Programs has significant excess National Housing Trust Fund ("NHTF") dollars after the selection of awards made in conjunction with the 2026 Competitive Low Income Housing Tax Credit (LIHTC) Round.

- In order to fully utilize the NHTF available, staff proposes to implement a Round Two that will expand the types of rental projects that would be eligible for NHTF dollars under the existing program description, while prioritizing projects most likely to be able to quickly use the funding.

EQUAL HOUSING OPPORTUNITY

- The amended program description replaces the existing Section 6.f. in its entirety with new Section 6.f. language broadening eligibility for a potential round two, as follows:

  "f. Should there be NHTF funds remaining after the 2026 Competitive LIHTC round (Round One), THDA, in its sole discretion, may elect to hold a second round of funding. All previously allocated LIHTC and Multifamily Tax-Exempt Bond rental projects that have not yet placed in service will be eligible for NHTF funds in Round Two. Projects previously awarded project-based vouchers, and/or awarded tax credits under the 2026 Competitive LIHTC round, will receive priority.

  i. In the event THDA elects to hold a second round of funding, an application deadline will be announced by THDA.

  ii. Applications submitted under Round Two will be subject to all applicable requirements of this Program Description. All proposals will be ranked according to the scoring criteria outlined under the 2026 Qualified Allocation Plan."

<u>Background</u>

Federal NHTF regulations require THDA to commit all NHTF resources within a two-year period from its allocation to the State. After the allocation of NHTF resources under the 2026 Competitive LIHTC Round, THDA currently has an expected allocation of at least $3,000,000 in 2026 NHTF funds available to award to new projects.

Commitment only occurs at the point in time when THDA can enter into a formal written agreement with the project owner. A written agreement can only be executed after all terms of THDA's Reservation of Funds to the project have been satisfied, including but not limited to, the project owner's obtainment of firm commitments for all financing necessary for the construction project, excluding THDA's commitment of NHTF resources, approval by THDA of a subsidy layering review, and the project owner's development of a firm project budget and schedule.

THDA's implementation of Round Two will enable THDA to meet its federal commitment obligations in September 2027 and 2028.

TENNESSEE HOUSING DEVELOPMENT AGENCY

NATIONAL HOUSING TRUST FUND

2026 PROGRAM DESCRIPTION

The Tennessee Housing Development Agency (THDA) administers the federally funded National Housing Trust Fund (NHTF), which is designed for the production and preservation of affordable rental housing through the acquisition, new construction, or rehabilitation of affordable housing for households with extremely low incomes. The purpose of this Program Description is to explain the program requirements and application process.

NHTF loans are awarded in conjunction with 9% Low-Income Housing Tax Credits (Competitive LIHTC), utilizing the Competitive LIHTC application and scoring process. Applications for the 2026 NHTF program will be accepted concurrently with, and as a part of, an application for 2026 Competitive LIHTC under the 2026 Qualified Allocation Plan, and will be targeted towards proposals for permanent Supportive Housing and proposals for multifamily housing in Rural Counties. THDA will notify successful applicants in conjunction with notification of Competitive LIHTC program awards.

Development partners intending to apply for NHTF resources must demonstrate the need for NHTF as a part of their Competitive LIHTC application, available through the THOMAS website.

THE NATIONAL HOUSING TRUST FUND LEGAL AUTHORITY

The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289) (HERA). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) (Act) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund."

This program is governed by Title 24 Code of Federal Regulations, Parts 91 and 93; Interim Rule through the U.S, Department of Housing and Urban Development (HUD). Those regulations are incorporated by reference in this Program Description. In cases of conflicting requirements, the more stringent requirement will apply, unless contrary to federal or state law.

Tennessee operates a THDA-funded Housing Trust Fund commonly known as the “Housing Trust Fund”, “HTF”, or the “Tennessee Housing Trust Fund.” While all references in this Program Description and other related documentation refer to the funding hereunder as the “National HTF” or “NHTF”, all federal requirements will identify this resource as the "Housing Trust Fund” or “HTF”. Applicants and recipients of NHTF funding must maintain awareness of this distinction in all program documentation.

1) ALLOCATION OF FUNDS

NHTF funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee's Consolidated Plan, as amended. The amount of the 2026 NHTF allocation is unknown until earnings are reported by designated Government Sponsored Enterprises (“GSE”) and a formula allocation is determined by HUD. However, THDA anticipates receipt of an amount equivalent to the amount received in FY 2025, approximately $3,300,000. Additionally, THDA may make available any returned or leftover funds from the 2025 or earlier funding rounds as determined at the time of award.

a. THDA will award ninety percent (90%) of the allocated amount in NHTF funds to successful applicants (“LIHTC Owners” or “Owners”). Each award will be a minimum of one hundred thousand dollars ($100,000) and a maximum of one million, five hundred thousand dollars ($1,500,000).

b. THDA will use ten percent (10%) of the NHTF allocation for its own administrative expenses.

2) COMMITMENT OF FUNDS DEADLINE

Owners will receive a conditional “Reservation of Program Funds for the 2026 National Housing Trust Fund” (“Reservation”) usually within 30 days of the announcement of successful applicants.

NHTF funds are not considered committed until THDA executes a Loan Agreement with the Owner, which is referred to as the Written Agreement under 24 CFR 93. All funds must be committed as defined under that section, by the deadline outlined in the Reservation. However, prior to THDA committing the funds, the Owner must satisfy all requirements under the Reservation by the deadlines outlined therein. Owners will have three (3) years from the issuance of the Reservation of Funds to complete project construction and obtain a certificate of occupancy for all buildings associated with the project.

3) RESERVATION OF FUNDS REQUIREMENTS

The requirements under the Reservation include, but may not be limited to, the following items. Failure to satisfy all applicable requirements of the Reservation in accordance with the deadlines established in the Reservation may result in cancellation of the Reservation.

a. Execution of the Reservation by the deadline outlined within the Reservation;
b. Establishment of a Unique Entity Identifier (UEI) number through SAM.gov.
c. Submission and approval by THDA of site and neighborhood standards documentation;
d. Obtainment of firm commitments for all financing necessary for the construction project, excluding THDA's commitment of NHTF resources, and approval by THDA of a subsidy layering review;
e. Development of a firm project budget and schedule demonstrating that construction will begin no later than the deadline established in the Reservation;
f. Submission of evidence, and the approval of such by THDA, that confirms the project site is not located in an area identified by the Federal Emergency Management Agency as having special flood hazards; and
g. Completion of a work scope or plans and specifications meeting THDA's Minimum Design Standards for the Rehabilitation/New Construction of Single Family and Multifamily Housing;
h. The Project must meet the applicable Property Standards, including the Program Environmental Provisions at 24 CFR 93.301(f)(1) or (2) at project completion (§ 93.407(a)(2)(iv)). Project

Completion as defined at 24 CFR § 93.2 requires, among other things, that the Project complies with the requirements of Part 93 (including the property standards under 24 CFR 93.301). If a Project cannot meet the Program Environmental Provisions, the Project cannot be funded by NHTF Program funds.

i. The Environmental Review covers the entire Project, not just the portion funded by NHTF Program funds;
ii. Owner acknowledges that THDA and Owner will be responsible for carrying out environmental reviews in accordance with HUD Notice CPD-16-14. Owner is responsible for gathering the information required for the environmental review. No funds may be drawn on the Project until a complete and compliant HTF Environmental Review has been submitted and Owner has received a "Notice of Authority to Use Grant Funds" from THDA;
iii. However, if the Project will include other HUD Funds subject to 24 CFR Part 50 and Part 58, HUD funds cannot be committed to the Project until the environmental review is complete. The Part 50 or Part 58 environmental review that will meet the HTF Environmental Provisions at Project Completion must be completed prior to commitment of other HUD funding. If the Project cannot meet the HTF Environmental Provisions, the Project cannot be funded by NHTF.

4) ELIGIBLE APPLICANTS

THDA will accept applications for the NHTF program from any applicant applying for 2026 Competitive LIHTC. If THDA decides in its discretion to hold a second round, those eligibility requirements are below where such round is discussed.

5) SPEND DOWN REQUIREMENT

Applicants associated with projects with past NHTF awards must meet both of the following requirements in order to be eligible for NHTF in 2026:

a. Must not have received an award under the 2025 NHTF Program Description round.
b. Submitted official Request for Payment Form(s) with supporting documentation for the

following percentages of the previously-awarded funds by April 30, 2025, to be eligible for the 2026 NHTF program:

NHTF YEAR	**SPEND DOWN REQUIREMENT**
2023 and previous NHTF Rounds	100%
2024 NHTF Round	50%
2025 NHTF Round	Not Eligible

6) APPLICATION AND EVALUATION PROCEDURE

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria include submission by an eligible applicant of a complete application, including any documentation required, submitted through THDA's THOMAS system and:

a. Proposal of an eligible activity; proposal of a project that, in the opinion of THDA, is physically, financially and administratively feasible; proposal of a project that meets the requirements of 24 CFR Parts 91 and 93, as amended.

b. Submission of a 30-Year Proforma demonstrating a need for the NHTF funds.

c. Proposals that will set-aside more than 20% of the units for individuals with disabilities must demonstrate that the project will meet 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: https://www.federalregister.gov/articles/2014/01/16/201400487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for- waivers-provider.

d. Applications meeting the threshold requirements will be scored and ranked according to the applicable criteria established in the 2026 QAP.

e. The top-ranking proposals for Permanent Supportive Housing and Multifamily Housing in Rural Counties (as defined in Exhibit A attached hereto and incorporated by this reference) will be awarded first, in order of their ranking, until funds are exhausted, subject to the requirements below. If NHTF funds remain after such awards, projects not proposing Permanent Supportive

Housing or Multifamily Housing in Rural Counties will be awarded until funds are exhausted, subject to the requirements below.

f. Should there be NHTF funds remaining after the 2026 Competitive LIHTC round (Round One), THDA, in its sole discretion, may elect to hold a second round of funding (Round Two). All previously allocated LIHTC and Multifamily Tax-Exempt Bond rental projects that have not yet placed in service will be eligible for NHTF funds in ~~r~~Round ~~t~~Two. Projects previously awarded project-based vouchers, and/or awarded tax credits under the 2026 Competitive LIHTC round, will receive priority.

   i. In the event THDA elects to hold a second round of funding, an application deadline will be announced by THDA.

   ii. Applications submitted under ~~the second NHTF round~~Round Two will be subject to all applicable requirements of this Program Description. All proposals will be ranked according to the scoring criteria outlined under the 2026 Qualified Allocation Plan.

~~f. Should there be NHTF funds remaining after the 2026 Competitive LIHTC round, THDA, in its sole discretion, may elect to hold a second round of funding for projects awarded tax credits under either the 2026 or prior years' Competitive LIHTC rounds.~~

~~i. In the event THDA elects to hold a second round of funding, an application deadline will be announced by THDA.~~

~~ii. Applications submitted under the second round will be subject to all applicable requirements of this Program Description and will be ranked according to the score the project received under its applicable Qualified Allocation Plan.~~

~~iii. Applications submitted but not awarded NHTF in round one may elect to compete in round two.~~

~~Applications submitted but not awarded NHTF in round one that elect to compete in round two will have priority over applications newly submitted for round two.~~

g. When the amount of funds remaining is less than the request for funding identified in the application, THDA reserves the right to offer partial funding pending the applicant's ability to secure additional financing within a timeframe established by THDA or to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant.

i. When the applicant is not able to secure additional financing within THDA's identified timeline, THDA, subsequently and at its sole discretion, may move to the next lower scoring application(s) in order to meet its commitment obligations under the NHTF program.
ii. When THDA opts to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant, THDA may move to the next lower scoring project(s) in order to meet its commitment obligations under the NHTF program.

7) FORM OF ASSISTANCE

NHTF funds will be awarded as a low-interest loan based on the Applicable Federal Rate ("AFR"), due at maturity and secured by a note, deed of trust, and restrictive covenants. Owners shall execute a note and record a fully and accurately executed deed of trust and restrictive covenants during the construction phase and provide copies of such to THDA prior to requesting any draws.

8) LEVEL OF SUBSIDY

The investment of NHTF funds must conform to the following minimum and maximum standards per unit:

a. Minimum NHTF Funds: $1,000 per unit

b. Maximum NHTF Funds Per Unit:

$136,613	0-Bedroom (Efficiency) Limit
$156,036	1-Bedroom Limit
$189,745	2-Bedroom Limit
$245,470	3-Bedroom Limit
$269,447	4-Bedroom Limit

THDA reserves the right to adjust the Maximum NHTF Funds Per Unit as they may be updated by HUD.

9) DEVELOPER FEE

The Developer Fee is the sum of the Developer's overhead and the Developer's profit. Consulting fees and guarantor fees are also considered part of the total Developer Fee calculation. A Developer Fee of up to fifteen percent (15%) of the NHTF development costs, net of the development fee, prorated acquisition costs and any prorated permanent financing costs, may be charged as a project soft cost. No portion of the Developer Fee may be drawn until all monitoring fees have been paid.

10) ELIGIBLE ACTIVITIES

NHTF funds must be used to produce or preserve affordable, permanent rental housing that addresses the needs of extremely low-income households. The housing may be stick built or Modular Housing as defined in Tennessee Code Annotated Title 68 -126-202 & 303, provided that the housing meets all the applicable state and local codes. NHTF funds may only be charged to NHTF units or proportionately to residential buildings where NHTF fixed or floating units are located, per the allocation formula in HUD's final rule for NHTF.

a. Eligible housing activities include:
   i. New construction of rental housing units.
   ii. Acquisition and/or rehabilitation of existing rental housing units.
b. Extremely Low-Income Household. An individual or household whose annual income does not exceed thirty percent (30%) of the area median family income of a geographic area, as determined by HUD with adjustments for smaller or larger families or households with incomes at or below the poverty line (whichever is greater).

11) UNIT DESIGNATION

In a project containing NHTF and other units, the Recipient may designate the NHTF units to be fixed or floating. This designation will be required in the application and designation of specific units must be included in the contracts between THDA and the Recipient.

12) PROHIBITED ACTIVITIES

a. Providing tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act.

b. Assisting or developing emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, dormitories, including those for farm workers or housing for students.

c. Providing any form of housing that is considered short term or transitional.

d. Providing NHTF assistance to rental units that require reconstruction.

e. Providing NHTF assistance to rental units that are Manufactured Housing and/or Manufactured Housing lots.

f. Using NHTF funds to refinance existing debt.

g. Using NHTF funds for the acquisition and rehabilitation or new construction of housing for sale to home buyers.

h. Providing non-federal matching contributions required under any other Federal program.

i. Providing assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing).

j. Carrying out activities authorized under 24 CFR Part 968 (Public Housing Modernization).

k. Providing assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages).

l. Providing assistance to a project previously assisted with NHTF funds during the period of affordability established by HUD and THDA in the written agreement with the Recipient as stated in § 93.205(a) except as permitted for renewal of funds committed to operating cost assistance. Additional NHTF funds may be committed to a project up to one year after project completion, but the amount of NHTF funds in the project may not exceed the maximum per-unit subsidy amount as determined by HUD. HUD has prescribed the use of the Section 234 – Condominium Housing Limits from the Annual Indexing of Basic Statutory Mortgage: Limits for Multi-Family Housing Programs as described in the Interim Rule; (See Paragraph 4 above)

m. Using NHTF funds for political activities; advocacy; lobbying, whether directly or through other parties; counseling services; travel expenses; and preparing or providing advice on tax returns.
n. Using NHTF funds for administrative, outreach, or other costs of the Recipient, or any other Recipient of such fund amounts, subject to the exception in Section 1338(c)(10)(D)(iii) of the Act,
o. Paying for any cost that is not eligible under 24 CFR 92.730 through 93.200.

13) LAYERING

Layering is the combination of government resources on a NHTF-assisted project.

a. The applicant must disclose all government resources that have been utilized and/or that the applicant intends to utilize in the NHTF project, especially THDA resources. Failure to disclose said information may result in cancellation of an award and result in money due to THDA.
b. The NHTF closing documents will require approval from the attorneys for all parties to the LIHTC transaction and, if applicable, HUD. Further, any Rental Assistance Demonstration (“RAD”) Program project will require HUD approval. This may delay closing transactions.
c. THDA will review each project to ensure that only the minimum amount of NHTF assistance needed is allocated to the project.
d. Total NHTF resources allocated to any project cannot exceed the current maximum per unit subsidy limit.

14) LEASE-UP AND INITIAL OCCUPANCY

a. Projects must be fully occupied by income eligible tenants within six (6) months of issuance of a certificate of occupancy for the completed units. If all units are not fully occupied by income eligible tenants within six (6) months of completion of construction or acquisition and rehabilitation, the Recipient must report to THDA on current marketing efforts in a form and with substance as required by THDA.
b. If a rental project has not achieved initial occupancy within eighteen (18) months of completion, all NHTF funds invested in the rental project must be repaid to THDA.

15) MARKET

Applicants must document that neighborhood market conditions demonstrate a need for the project.

16) MIXED INCOME TENANCY

For the purpose of the NHTF Program, a “mixed income” project contains at least one residential unit that is set aside for an extremely low income household and one or more other residential units available to tenants in other higher income designations, as defined by HUD, including very low-income, low income, moderate income and/or above. NHTF funds may only be used for NHTF qualifying residential units.

17) MIXED USE PROJECTS

For purposes of the NHTF Program, a “mixed-use” project contains, in addition to at least one residential unit, other non-residential space which is available to the public. If laundry and/or community facilities are for use exclusively by the project tenants and their guests, then the project is not considered mixed-use. Neither a leasing office nor a maintenance area will trigger the mixed- use requirements. No NHTF funds can be used to fund the commercial or non-residential portion of a mixed-use project. Therefore, if a NHTF-assisted project contains such commercial or non- residential space, other sources of funding must be used to finance that space. In order to be eligible for NHTF funding, a mixed-use project must meet the following conditions:

a. NHTF funds can only be used to fund the residential portion of the mixed-use project which meets the NHTF rent limits and income requirements. If the rental project will contain a model apartment that will be shown to potential renters, the model apartment will be considered a non-residential area subject to the mixed-use requirements, unless the model apartment will be rented in the event of high occupancy.

b. Residential living space in the project must constitute at least fifty one percent (51%) of the total project space.

c. Each building in the project must contain residential living space.

18) RENT LEVELS AND UTILITY ALLOWANCES

Every NHTF assisted unit is subject to rent limits designed to make sure that rents are affordable to extremely low-income households. These maximum rents may be referred to as NHTF rents, and are available at https://www.hudexchange.info/programs/htf/htf-rent-limits/.

Rents are limited for the length of the Period of Affordability. These rents are determined on an annual basis by HUD. The Recipient/Owner will be provided with these rents, which include all utilities.

a. The cost of utilities paid by tenants must be subtracted (using applicable utility allowances) from the published NHTF rents to determine the maximum allowable rents.

b. THDA must annually review and approve the rents for each NHTF-assisted rental project. In addition, THDA must determine individual utility allowances for each rental project either by using the HUD Utility Schedule Model or determining the utility allowance based on the specific utilities used at the project. Utility allowances are reviewed and updated annually. Use of utility allowances provided by public housing authorities is not permitted.

c. NHTF rents are not necessarily representative of market conditions and NHTF rents may increase or decrease from year to year. Regardless of changes in fair market rents and in median income over time, the NHTF rents for a project are not required to be lower than the NHTF rents for the project in effect at the time of Commitment as defined at 24 CFR 93.2.

d. Each Recipient must be aware of the market conditions of the area in which the project is located. Rents shall not exceed the published NHTF rents, adjusted for utility arrangements and bedroom size.

e. If the NHTF-assisted unit receives project-based rental subsidy, and the tenant pays a contribution toward rent of not more than 30% of the tenant's adjusted income, then the maximum rent for the NHTF-assisted unit (only and specifically for the unit in which the project based rental subsidy is designated) is the rent allowable under the project-based rental subsidy program, also known as the payment standard.

f. For the duration of the Period of Affordability, the property must accept a Housing Choice Voucher if one is presented by a NHTF eligible tenant for a non-PBRA/PBV covered NHTF unit.

19) PERIOD OF AFFORDABILITY

The Period of Affordability is the thirty (30) year timeframe beginning at the time of Project Completion as defined at 24 CFR 93.2 during which projects receiving NHTF assistance will be required to maintain affordability to households at or below 30% AMI and must maintain compliance with NHTF regulations.

20) LONG TERM OCCUPANCY REQUIREMENTS

Tenants whose annual incomes increase to over 30% of median may remain in occupancy, but must pay no less than thirty percent (30%) of their adjusted monthly income for rent and utilities.

21) INCOME LIMITS

NHTF funds must be used to benefit only Extremely Low-Income households.

a. The income limits apply to the incomes of the tenants, not to the owners of the property. 100% of the tenant households in NHTF-assisted units must meet the NHTF Income Limit established by HUD and effective at the time of application for occupancy of a NHTF-assisted unit.

b. Income Determination: To ensure that the income targeting requirements are met, a Recipient must verify that each household occupying an NHTF-assisted unit is income-eligible by determining the household's annual income. When determining eligibility, the Recipient must calculate annual income as defined at 24 CFR 5.6091. The method for determining and calculating annual income for tenants are also addressed in the full text of the interim rule.

c. The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the beneficiary's spouse, and any other household member residing in the rental unit. Annual gross income is "anticipated" for the next twelve (12) months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

d. Current limits are available at https://www.hudexchange.info/programs/htf/htf-rent-limits/. Median incomes change when HUD makes revised estimates.

22) HOUSING SET-ASIDES FOR INDIVIDUALS WITH DISABILITIES

Applications that propose housing in which more than twenty percent (20%) of the assisted units will be set-aside for individuals with disabilities must meet 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.

a. The final rule requires that all home and community-based settings meet certain qualifications, including:
   i. 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.
   v. Facilitates choice regarding services and who provides them.

b. 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.
   v. The setting is physically accessible.

23) PROPERTY AND DESIGN STANDARDS

Property standards must be met when NHTF funds are used for a project. All rental housing constructed or rehabilitated with NHTF funds must meet all applicable THDA Design and Rehabilitation Standards, applicable local, county and state codes, rehabilitation standards, National Standards for the Physical Inspection of Real Estate ("NSPIRE"), and zoning ordinances at the time of project completion.

For new construction of Multifamily Housing (five or more units), a minimum of 5% of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and at a minimum, an additional two percent (2%) of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a NHTF-assisted project, regardless of whether all units are NHTF-assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are NHTF-assisted, the accessible units may be either NHTF-assisted or non-NHTF-assisted.

24) BUILD AMERICA, BUY AMERICA

The Build America, Buy America Act ("BABA") (Pub. L. No. 117-58, §§ 70901-52), enacted as part of the Infrastructure Investment and Jobs Act on November 15, 2021, requires that "none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States."

Therefore, consistent with federal intent, THDA will require projects to comply with the requirements of BABA as HUD directs.

25) ENVIRONMENTAL REVIEW

In implementing the NHTF program, regulations establish specific property standards for units assisted with NHTF funds. These standards include Environmental Provisions for projects involving new construction and rehabilitation. The NHTF Environmental Provisions for new construction and rehabilitation under the Property Standards at 24 CFR § 93.301(f)(1) and (2) are similar to HUD's Environmental Regulations at 24 CFR Parts 50 and 58. NHTF projects are subject to the same environmental concerns to which HUD-assisted projects are subject. The main difference is that the NHTF Environmental Provisions are outcome based and exclude consultation procedures that would be applicable if NHTF project selection was a Federal action. Parts 50 and 58 are process based and include consultation procedures for several laws and authorities where there may be environmental impacts.

a. THDA and the Recipient will be responsible for carrying out environmental reviews in accordance with HUD Notice CPD-16-14. Each Recipient will be responsible for gathering the information required for the environmental reviews. NHTF funds cannot be committed until the environmental review process has been completed. The Environmental Review covers the entire project, not just the portion funded by NHTF.

b. No funds may be drawn on any project until a complete and compliant Environmental Review has been submitted and the Recipient has received a "Notice of Authority to Use Grant Funds."

26) LEAD-BASED PAINT

Units assisted with NHTF funds are subject to the Lead-Based Paint Poisoning Prevention Act (42

U.S.C. 4821 et seq.) and 24 CFR Part 35, Subparts C through M. Lead-based paint requirements apply to all units and common areas in the project. The lead-based paint provisions of 982.401(j) also apply, irrespective of the applicable property standard under 24 CFR 92.251. The Lead-Based Paint regulations are available at:

https://www.hud.gov/program_offices/healthy_homes/enforcement/regulations.

27) FLOOD PLAINS

NHTF funds may not be used to construct housing in an area identified by the Federal Emergency Management Agency as having special flood hazards. In addition, THDA strongly discourages the rehabilitation of units located in special flood hazard areas, but in a few limited instances and with written permission from THDA, units located in a floodplain may be assisted if the flood plain is mitigated by construction design. In cases where construction in the flood plain are slowed the project must be participating in the National Flood Insurance Program and flood insurance must be obtained on the units

28) PROCUREMENT

It is important to keep the solicitation of bids for goods and services as well as professional services and construction contracts open and competitive.

a. At a minimum all Recipients must comply with 24 CFR 200.318 - 326.

b. All Recipients must have adopted procurement policies and procedures that meet state and federal requirements.

c. Recipients must seek to obtain three (3) to five (5) quotes or bids using formal advertising or requests for proposals for the procurement of professional or construction services. There must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

29) CONFLICT OF INTEREST

In the procurement of property and services by THDA and Recipients, the conflict of interest provisions in 2 CFR 200.318 apply. In all cases not governed by 2 CFR 200.318, the provisions described in this Section 24 apply.

The NHTF conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of THDA or the Recipient. No person listed above who exercise or have exercised any functions or responsibilities with respect to activities assisted with NHTF funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a NHTF-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the NHTF-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

No owner of a project assisted with NHTF funds (or officer, employee, agent, elected or appointed official, board member, consultant, of the owner or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, board member, consultant, of the owner) whether private, for profit or non-profit may occupy a NHTF-assisted affordable housing unit in a project during the required period of affordability. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person. This provision does not apply to an employee or agent of the owner of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

Recipients shall avoid conflicts of interest associated with their NHTF funded project. THDA will not request exceptions to the conflict of interest provisions from HUD. In the event a conflict of interest is discovered, Recipients shall repay that portion of the NHTF loan related to the conflict of interest or may have all or some portion of the NHTF loan rescinded, all as determined by THDA in its sole discretion.

30) DEBARMENT AND SUSPENSION

On all NHTF funded projects, Recipients shall certify that no vendor, its principals or managers are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction or listed on the “Excluded Parties List System” found at www.SAM.gov.

31) PROFORMA

a. Proforma is a cash flow projection for a specific period of time that takes into account expected income and expenses of a rental property and projects financial viability and affordability over the period.

b. All Applicants must complete a Thirty (30) Year Affordability Proforma with the application. The applicant must demonstrate a need for the NHTF funds. If the project development costs require additional financing, including other source funding, prior to making any NHTF draws documentation must be provided by Recipient that all other financing or funding has been identified and secured.

c. A project may not incur more debt in the development than the operating budget and 30 year proforma indicate that the development can support. Documentation that final debt does not exceed the supportable debt as indicated on the operating budget will be a threshold requirement.

d. An updated final Development Budget, Operating Budget and 30 years proforma package will be required before any draw requests may be processed.

32) PROJECT SOFT COSTS

In planning their programs, Applicants may include, as a project soft cost, the reasonable and customary costs for work write-up and inspections. In addition, the costs for inspections and work write-ups, the costs for lead-based paint inspections, environmental reviews, risk assessments and clearance testing, and architectural and engineering fees are also paid as project soft costs. All project soft costs charged to the NHTF loan will be calculated on a prorated basis of committed NHTF units to all buildings and units in the project and count toward the maximum per unit subsidy limit.

33) REPLACEMENT RESERVE ACCOUNTS

All projects shall maintain a replacement reserve account beginning at the time of completion for the term of the NHTF Period of Affordability. If a project falls into multiple categories as set forth below, the higher minimum initial replacement reserve shall apply.

a. The replacement reserve requirement for all National Housing Trust Fund properties shall, initially, be a minimum of three hundred dollars ($300) per unit per year, inflated at three percent (3%) annually.
b. This account shall be used only for capital improvements and the replacement of long-lived capital assets, and not for routine maintenance and upkeep expenses.
c. The replacement reserve shall be, and shall remain, an asset of the project, and shall not be distributed to the Owner or any entity or person affiliated with the Owner at any time during or after the Period of Affordability.
d. Owners shall provide THDA with a record of all activity associated with the replacement reserve account during the prior fiscal year in conjunction with submission of the project's annual compliance monitoring materials.
e. The replacement reserve account must be maintained in a separate account in a federally insured financial institution.
f. Reserve accounts must also be separate from the project's ordinary operating account.

34) OPERATING RESERVE ACCOUNT

All projects shall establish and maintain, until the project has achieved a minimum of five (5) years of Stabilized Occupancy, an operating reserve equal to a minimum of six (6) months of projected operating expenses plus must-pay debt service payments and annual replacement reserve payments.

a. Stabilized Occupancy is occupancy of at least ninety percent (90%) of the units in the property for a continuous period of at least ninety (90) calendar days.

b. This requirement can be met with an up-front cash reserve; a guarantee from the owner with a surety bond to stand behind the guarantee; or partnership documents specifying satisfactory establishment of an operating reserve.

c. The operating reserve account must be maintained in a separate account in a federally insured financial institution.

d. If operating cost assistance is provided as part of a project's NHTF award, the Owner must submit annual audited financial statements, specific to the project.

e. Based on an analysis of the financial statements, THDA will determine the amount of operating cost assistance that is eligible to be disbursed from the operating reserve account for the previous fiscal year.

f. The analysis will determine the deficit remaining after the annual rent revenue of the NHTF-assisted units is applied to the NHTF-assisted units' share of eligible operating costs.

g. For purposes of this paragraph, eligible operating costs are limited to insurance, utilities, real property taxes, maintenance, and replacement reserve payments.

35) REPAYMENT

All NHTF awards will be structured as a low-interest loan, based on the Applicable Federal Rate ("AFR"), due at maturity with a Period of Affordability of thirty (30) years. Repayment of NHTF funds may be required in the event that the final total development costs were such that NHTF assistance provided by THDA exceeds established program limits, or exceeded that which was necessary to make the project financially feasible. Total Development Costs is the all-in costs of developing the project including acquisition, predevelopment costs, hard and soft construction or rehab costs, financing costs, developer fees, and reserve account capitalization.

a. Compliance with income requirements, rent restrictions, design standards and NSPIRE requirements is required for the entire Period of Affordability for each project. Failure to comply with any of these requirements may trigger repayment of the NHTF award, plus any interest accrued.

b. A NHTF assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and the Recipient must repay any NHTF funds invested in the project to THDA.

c. In the event of a foreclosure or transfer in lieu of foreclosure, the Recipient must repay the full NHTF investment in the project.

36) COMPLIANCE

NHTF assisted rental units are rent and income limited for the thirty (30) year Period of Affordability.

a. Recipients/Owners of rental property shall maintain occupancy of NHTF assisted units by Extremely Low-Income Persons for the Period of Affordability.

b. During the Period of Affordability, the Recipient shall:
   i. Certify annually the income of tenants.
   ii. Adhere to the NHTF rent and income guidelines.
   iii. Comply with all applicable adopted housing codes and the NSPIRE.
   iv. Report to THDA in a form and with substance as required by THDA.

c. Prior to drawing down NHTF funds, Owners of projects with NHTF assisted units shall sign a note, deed of trust, and restrictive covenants to enforce the NHTF Period of Affordability.

d. Once NHTF funds are awarded to a Recipient, THDA will monitor compliance by reviewing certain records related to the NHTF-assisted project. THDA will monitor compliance by conducting desk and/or on-site reviews of the project.

e. THDA will conduct an on-site inspection at project completion in order to confirm that the project meets the Rehabilitation Standards listed THDA’s Minimum Design Standards for New

Construction or THDA's Minimum Design Standards for Rehabilitation, as applicable.

f. At a minimum THDA will conduct desk compliance reviews annually.

g. THDA will conduct on-site property inspections during the Period of Affordability in order to determine compliance with income and rent requirements, tenant selection, affirmative marketing requirements, and property and design standards and to verify any information submitted by the Recipient to THDA.

   i. THDA will perform onsite inspection of all NHTF assisted projects no less than every three (3) years during the Period of Affordability.

   ii. For NHTF assisted projects of four (4) NHTF assisted residential units or less, THDA will perform an on-site inspection of one hundred percent (100%) of the units no less than every three (3) years during the Period of Affordability.

   iii. For NHTF assisted projects consisting of five (5) or more units, THDA will inspect a minimum of twenty (20%) of the NHTF assisted units no less than every three (3) years during the Period of Affordability.

   iv. The on-site inspection may include a review of records for all or a sample of the income and rent restricted units including, but not limited to, tenant files, rent rolls, approved and declined tenant applications, documentation supporting tenant income and employment verification, marketing materials and advertisements, and documentation of requests for reasonable accommodations.

   v. The on-site review may also include a review of any local health, safety, or building code violation reports or notices and an inspection of the property to determine if the buildings are suitable for occupancy, taking into account local health, safety, and building codes, applicable THDA Design Standards, and NSPIRE standards as prescribed by HUD.

   vi. Any reports made by state or local government units of violations, with documentation of correction, will be reviewed.

h. Each year during the Period of Affordability, the Recipient shall submit to THDA, within one hundred twenty (120) days after the end of the project's fiscal year, each of the following:

   i. Audited financial statements for the Owner and Project.

ii. Bank statements for operating reserve and replacement reserve accounts as of the end of the project fiscal year.
iii. Proof of sufficient property and liability insurance coverage with THDA listed as mortgagee.
iv. Documentation to show the current utility allowance is being used (i.e. a copy of the utility allowance table).
v. For projects that received points at initial NHTF application for pledging to provide permanent supportive services to special needs populations, an affidavit attesting to the supportive services provided to the project's population during the fiscal year must be provided by the provider(s) of such services.
vi. Compliance monitoring fees from previous years re-inspections if applicable.
vii. Such other information as may be requested in writing by THDA in its sole discretion.

37) MONITORING FEES

THDA charges a monitoring fee for all NHTF assisted units. NHTF Recipients shall pay the entire fee covering the thirty (30) year Period of Affordability as indicated in the current NHTF Operating Manual - Schedule of Monitoring Fees; but no less than $600 per NHTF assisted unit.

a. The monitoring fee must be paid prior to the Recipient making the request for Developer Fees to be drawn from the NHTF loan.

b. Additional fees may be charged when follow-up is required due to non-compliance findings. Failure to pay these fees will be considered an administrative noncompliance issue.
   i. The fee will be the current approved fee as published in the NHTF manual and the most current program description at the time the fee is incurred but no less than:
      (1) Reinspection of a file or reinspection of a 1-4 unit property: Two Hundred Dollars ($200) per unit inspected
      (2) Reinspection of a NHTF project with five (5) or more units:
         (a) Two hundred dollars ($200) per unit inspected;
         (b) Standard mileage rate in effect under the current State of Tennessee travel regulations at the time of the reinspection from Nashville to the property and back to Nashville;

(c) Applicable state allowed per-diem for one staff person;

(d) Lodging expenses as allowed under then current State of Tennessee travel regulations;

(e) Any other expenses incurred by THDA relating to the project reinspection.

c. Fees for reinspections will be due to THDA prior to issuance of reinspection results or release of any additional NHTF-funded operating subsidy.

38) RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

Recipients shall replace all occupied and vacant habitable low-income housing demolished or converted to a use other than as lower income housing in connection with a project assisted with NHTF funds.

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a working agreement committing THDA to provide funds for a project that will directly result in the demolition or conversion, THDA will make public by and submit to the HUD/Knoxville NHTF coordinator certain information. Each applicant proposing demolition or any reduction in lower income housing units shall submit the following information to THDA in connection with their application:

a. A description of the proposed assisted project;

b. The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to a use other than as lower income housing as a result of an assisted project.

c. A time schedule for the commencement and completion of the demolition or conversion.

d. To the extent known, the address, number of bedrooms and location on a map of the replacement housing that has been or will be provided.

e. The source of funding and a time schedule for the provision of the replacement housing.

f. The basis for concluding that the replacement housing will remain lower income housing for at least ten (10) years from the date of initial occupancy.

g. Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

39) NHTF RELOCATION REQUIREMENTS

THDA DISCOURAGES PROJECTS INVOLVING DISPLACEMENT OR RELOCATION of households. Prior to application, contact THDA if you are planning any project that may involve displacement or relocation.

a. A Displaced person is any person (household, individual, business, farm, or non-profit organization) that moves from the real property, permanently, as a direct result of rehabilitation, demolition, or acquisition for a project assisted with NHTF funds. Relocation requirements apply to all occupants of a project/site for which NHTF assistance is sought even if less than one hundred percent (100%) of the units are NHTF assisted.

b. Before Application displacement is triggered when a tenant moves permanently from the project before the owner submits an application for NHTF assistance if THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the NHTF project. (e.g., THDA determines that the owner displaced tenants in order to propose a vacant building for NHTF assistance.)

c. After Application displacement is triggered when a tenant moves permanently from the project after submission of the application, or, if the applicant does not have site control, the date THDA or the Recipient approves the site because:
   i. The owner requires the tenant to move permanently; or
   ii. The owner fails to provide timely required notices to the tenant; or
   iii. The tenant is required to move temporarily and the owner does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable.

iv. After Execution of Agreement displacement is triggered when tenant moves permanently from the project after execution of the agreement covering the acquisition, rehabilitation or demolition because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project.

d. A Displaced person is not:

i. A tenant evicted for cause, assuming the eviction was not undertaken to evade URA obligations.

ii. A person with no legal right to occupy the project under State or local law (e.g., squatter).

iii. A tenant who moved in after the application was submitted but before signing a lease and commencing occupancy, was provided written notice of the planned project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under URA) as a result of the project.

iv. A person, after being fully informed of their rights, waives them by signing a Waiver Form.

e. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), and its implementing regulations at 49 CFR Part 24, require relocation assistance where acquisition has occurred under the Uniform Act. In addition, the Uniform Act coverage was expanded in 1987 amendments to cover displacement of individuals resulting from rehabilitation, demolition or private acquisition carried out under a federally assisted project or program.

f. Section 104(d) of the Housing and Community Development Act ("The Barney Frank Amendments") and HUD's Residential Anti-Displacement and Relocation Assistance Plan include additional relocation requirements. This extra level of relocation protection may be triggered for low-income households when units are converted or demolished with CDBG, UDAG, HOME, or NHTF funds. In addition, when Section 104(d) is triggered, jurisdictions may need to replace any low/moderate income dwelling units that are lost due to the conversion or demolition. This section refers only to residential relocation. If non-residential (commercial/industrial) relocation is involved, contact THDA.

g. Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives is essential in making NHTF program decisions. Concerns about relocation may cause a Recipient to consider establishing a preference for vacant buildings. However, Recipients should also consider that vacant buildings are often in various states of deterioration. Rehabilitating an occupied building, even with the cost of assisting tenants to remain or relocate, may be less costly than rehabilitating a vacant building. In occupied buildings, Recipients must consider whether occupants will be able to return after rehabilitation and whether Section 8 assistance is available to help meet relocation costs. Selecting vacant projects does not relieve all relocation concerns. Vacant buildings in good condition may have been recently occupied. If so, the Recipient must consider whether the owner removed the tenants in order to apply for NHTF assistance for a vacant building. If so, these tenants are displaced persons.

h. Skilled staff can save the local program money and build goodwill with owners and tenants. Failure to understand and follow relocation requirements can result in unnecessary costs for the local program. It is possible for uninformed owners and staff to take steps that would obligate the local program to provide significant relocation benefits and services. Early briefings for owners and program staff on relocation rules are essential. Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition consolidates relocation requirements for NHTF and other HUD programs in one document. It is available from HUD Field Offices or by contacting THDA. HUD informational booklets for persons who are displaced or whose property is to be acquired are also available from HUD Field Offices or from THDA.

i. URA requirements are triggered at the time the application is being prepared, and additional requirements are triggered at the time the working agreement is signed between THDA and the Recipient and when rehabilitation is completed. Treatment of displaced persons depends upon whether the displaced person is (1) a tenant or owner; (2) a business or household; (3) has income above or below the Section 8 Lower Income Limit.

40) SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the NHTF program must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and HUD regulations issued pursuant thereto; and must promote greater choice of housing opportunities.

a. New construction rental housing. In carrying out the site and neighborhood requirements for new construction, the Recipient shall provide documentation as THDA may require, in THDA's sole discretion, to determine that proposed sites for new construction meet the requirements in 24 CFR 93.150 with cross reference to 983.6(b) which places limiting conditions on building in areas of "minority concentration" and "racially mixed" areas.
b. Rehabilitation of rental housing. Site and neighborhood standards do not general apply to rehabilitation projects funded under NHTF unless project-based vouchers are used in an NHTF rehabilitation unit. In such case, the site and neighborhood standards for project-based vouchers will apply as determined by the issuing authority for the project-based vouchers.

41) EQUAL OPPORTUNITY AND FAIR HOUSING

No person in the United States shall on the grounds of race, color, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under any program funded in whole or in part by NHTF funds.

The following Federal requirements as set forth in 24 CFR 5.105(a), nondiscrimination and equal opportunity, are applicable to NHTF projects. In addition to the below requirements, the Owner must assure that its Equal Opportunity and Fair Housing policies for the NHTF Program are consistent with the State's current Consolidated Plan.

a. Fair Housing Act (24 CFR 100)
b. Executive Order 11063, as amended (24 CFR 107 - Equal Opportunity in Housing)

c. Title VI of the Civil Rights Act of 1964 (24 CFR 1 - Nondiscrimination in Federal programs)

d. Age Discrimination Act of 1975 (24 CFR 146)

e. Section 504 of the Rehabilitation Act of 1973 (24 CFR 8)

f. Section 109 of Title I of the Housing and Community Development Act of 1974 (24 CFR 6)

g. Title II of the Americans with Disabilities Act 42 U.S.C. §12101 et seq.

h. Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity 24 CRF Parts 5, 200, 203, 236, 400, 570, 574, 882, 891 and 982

i. Section 3 of the Housing & Urban Development Act of 1968 24 CFR 135 (12 U.S.C. 1701u) and implementing regulations at 24 CFR 135

j. Section 3 requires that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low-income persons, particularly those who are recipients of government assistance for housing.

k. Executive Order 11246, as amended 41 CFR 60 (Equal Employment Opportunity Programs)

l. Executive Order 11625, as amended (Minority Business Enterprises)

m. Executive Order 12432, as amended (Minority Business Enterprise Development)

n. Executive Order 12138, as amended (Women's Business Enterprise)

o. Executive Orders 11625, 12432, and 12138 (Minority/Women's Business Enterprise) require that Recipients prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. Recipients must also develop acceptable policies and procedures if their application is approved by THDA.

p. The HUD Office of Fair Housing also includes the following fair housing laws and Presidential Executive Orders which are not included in 24 CFR 5.105(a), but which are applicable to federally-assisted programs:

    - Architectural Barriers Act of 1968 42 U.S.C. §4151 et seq.
    - Executive Order 12892, as amended (Affirmatively Furthering Fair Housing)

- Executive Order 12898
- Executive Order 13166 (Limited English Proficiency)
- Executive Order 13217 (Community-based living arrangements for persons with disabilities)

42) AFFIRMATIVE MARKETING

Prior to beginning a NHTF project, Recipients must adopt affirmative marketing procedures and requirements for all NHTF rental projects with five (5) or more units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability. The Recipient must also identify and take steps to attract populations that are least likely to apply for the housing to be created. Requirements and procedures must include:

a. Methods for informing the public, owners and potential tenants about fair housing laws and the Recipient's policies;
b. A description of what the Recipient will do to affirmatively market housing assisted with NHTF funds;
c. A description of what the Recipient will do to inform persons not likely to apply for housing without special outreach;
d. Maintenance of records to document actions taken to affirmatively market NHTF-assisted units and to assess marketing effectiveness; and
e. Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.
f. All projects that receive NHTF loans must advertise all vacant units on the www.TNHousingsearch.org website or any subsequent affordable rental housing locator system sponsored by THDA .

EXHIBIT A

Urban/Rural County Designations

County	2020 Population	Population % Living in Rural Area	Designation
Anderson	77,123	36.52%	URBAN
Bedford	50,237	55.11%	URBAN
Benton	15,864	100.00%	RURAL
Bledsoe	14,913	100.00%	RURAL
Blount	135,280	37.20%	URBAN
Bradley	108,620	31.95%	URBAN
Campbell	39,272	48.78%	RURAL
Cannon	14,506	100.00%	RURAL
Carroll	28,440	82.10%	RURAL
Carter	56,356	40.74%	URBAN
Cheatham	41,072	100.00%	RURAL
Chester	17,341	65.94%	RURAL
Claiborne	32,043	71.33%	RURAL
Clay	7,581	100.00%	RURAL
Cocke	35,999	67.89%	RURAL
Coffee	57,889	46.08%	URBAN
Crockett	13,911	100.00%	RURAL
Cumberland	61,145	53.94%	URBAN
Davidson	715,884	3.14%	URBAN
Decatur	11,435	100.00%	RURAL
DeKalb	20,080	75.97%	RURAL
Dickson	54,315	69.54%	RURAL
Dyer	36,801	54.38%	RURAL
Fayette	41,990	74.69%	RURAL
Fentress	18,489	100.00%	RURAL
Franklin	42,774	67.90%	RURAL
Gibson	50,429	70.77%	RURAL
Giles	30,346	73.12%	RURAL
Grainger	23,527	84.43%	RURAL
Greene	70,152	67.33%	RURAL
Grundy	13,529	100.00%	RURAL
Hamblen	64,499	22.66%	URBAN
Hamilton	366,207	12.51%	URBAN
Hancock	6,662	100.00%	RURAL
Hardeman	25,462	79.26%	RURAL
Hardin	26,831	67.10%	RURAL
Hawkins	56,721	62.08%	URBAN
Haywood	17,864	46.14%	RURAL

Henderson	27,842	77.17%	RURAL
Henry	32,199	67.77%	RURAL
Hickman	24,925	100.00%	RURAL
Houston	8,283	100.00%	RURAL
Humphreys	18,990	100.00%	RURAL
Jackson	11,617	100.00%	RURAL
Jefferson	54,683	75.82%	RURAL
Johnson	17,948	100.00%	RURAL
Knox	478,971	9.19%	URBAN
Lake	7,005	100.00%	RURAL
Lauderdale	25,143	72.47%	RURAL
Lawrence	44,159	73.55%	RURAL
Lewis	12,582	100.00%	RURAL
Lincoln	35,319	71.35%	RURAL
Loudon	54,886	35.66%	URBAN
Macon	25,216	75.52%	RURAL
Madison	98,823	26.32%	URBAN
Marion	28,837	91.34%	RURAL
Marshall	34,318	65.23%	RURAL
Maury	100,974	37.48%	URBAN
McMinn	53,276	61.66%	URBAN
McNairy	25,866	100.00%	RURAL
Meigs	12,758	100.00%	RURAL
Monroe	46,250	73.30%	RURAL
Montgomery	220,069	17.73%	URBAN
Moore	6,461	99.89%	RURAL
Morgan	21,035	100.00%	RURAL
Obion	30,787	59.31%	RURAL
Overton	22,511	100.00%	RURAL
Perry	8,366	100.00%	RURAL
Pickett	5,001	100.00%	RURAL
Polk	17,544	100.00%	RURAL
Putnam	79,854	38.53%	URBAN
Rhea	32,870	70.53%	RURAL
Roane	53,404	52.11%	URBAN
Robertson	72,803	53.00%	URBAN
Rutherford	341,486	15.96%	URBAN
Scott	21,850	100.00%	RURAL
Sequatchie	15,826	100.00%	RURAL
Sevier	98,380	53.37%	URBAN
Shelby	929,744	3.40%	URBAN
Smith	19,904	100.00%	RURAL
Stewart	13,657	100.00%	RURAL

Sullivan	158,163	26.54%	URBAN
Sumner	196,281	25.26%	URBAN
Tipton	60,970	66.66%	RURAL
Trousdale	11,615	100.00%	RURAL
Unicoi	17,928	51.44%	RURAL
Union	19,802	100.00%	RURAL
Van Buren	6,168	100.00%	RURAL
Warren	40,953	61.64%	RURAL
Washington	133,001	25.76%	URBAN
Wayne	16,232	100.00%	RURAL
Weakley	32,902	67.44%	RURAL
White	27,351	79.19%	RURAL
Williamson	247,726	18.64%	URBAN
Wilson	147,737	35.24%	URBAN

Tennessee Housing Development Agency

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

Bill Lee **Governor**	**Ralph Perrey** **Executive Director**

To: THDA Board of Directors
From: Bill Lord, Director of Community Housing
Don Watt, Chief Program Officer
Date July 13, 2026
Subject: Convergence Memphis Sustaining Grant to United Housing, Inc. - 2027

Recommendation:

- Award 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 homebuyers in the Convergence Memphis neighborhoods of Memphis and (2) operating costs to support the administration of the Convergence Memphis initiative (the "Initiative").
- 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.

Key Points:

- As required by its agreement, United Housing provides an annual update on how THDA's funds have been put to work towards the goals for *Convergence Memphis*.
- Outcomes achieved during the under the 2026 contract include:
  - 50 participants signed up for credit counseling.
  - 45 signed up for homebuying education classes with United Housing.
  - Approximately 115 total participants attended homebuyer expos.
  - Two homebuyers purchased homes, one purchased in the Whitehaven neighborhood, after attending homebuyer expo.
  - Approximately 160 housing professionals were trained in fair housing laws and discrimination within the real estate industry.
  - 10 participants in the homebuyer education for single mothers initiative to receive information on the homebuying process, credit counseling and down payment assistance options.
  - Five awardees received predevelopment loan funds through Community Redevelopment Agency's Essential Housing Program that enabled lot

EQUAL HOUSING OPPORTUNITY

acquisition of approximately 18 lots for development of 15 single family homes and three multifamily units.

- Based on the update, the THDA Board is to consider provision of a third-year sustaining grant to United Housing for the *Convergence Memphis* project. If approved, the term will be retroactive to July 1, 2026, and extend through June 30, 2027. United Housing will provide a summary report of its third-year implementation at the THDA Board meeting in July 2027.
- Finally, THDA's funds will be provided to *Convergence Memphis* for its third-year implementation in a lump sum upon grant approval by the THDA Board of Directors, issuance of a grant agreement and submission of other required documentation.

Background:

THDA was instrumental in encouraging the Mortgage Bankers Association to launch its *Convergence* model first in Memphis and has since supported that effort both with funding and with connections to partners and civic leaders. In 2024, *Convergence Memphis* was reorganized as a subsidiary of United Housing, Inc., THDA's strongest housing non-profit partner in Memphis.

THDA's commitment to this sustaining grant provides a reliable source of working capital for United Housing to continue the effort for United Housing and potentially other nonprofit housing developers to pursue acquisition of lots on which entry-level-priced homes can be built. This initiative aims to both expand the supply of such housing for first-time homebuyers and support the revitalization efforts in the Frayser, Glenview, and Whitehaven neighborhoods that are targeted in the *Convergence* plan, and which align with Memphis Mayor Paul Young's objectives. Additionally, this Sustaining Grant provides funds to support the operating costs of United Housing to lead and administer the *Convergence* initiative.

CONVERGENCE MEMPHIS®
UNITING FOR HOUSING AFFORDABILITY

2026 THDA REPORT

Acquire, maintain, and/or prepare lots for the construction or rehabilitation of entry-level-priced homes

The Grantee shall ensure its subgrantee uses the funds provided under this Grant Contract to acquire, maintain, and/or prepare lots for the construction or rehabilitation of entry-level-priced homes for sale to first-time, low-income homebuyers, with incomes at or below 80% of the area median income, in the Convergence Memphis neighborhoods of Memphis, which include Frayser, Glenview and Whitehaven.

Activities

Activities	Description	Outcome
Partnership with Memphis Metropolitan Land Bank Authority for Land Acquisition	Working with the Memphis Land Bank to acquire land and help with pre-development costs Whitehaven, Frayser areas and other majority minority areas in Memphis.	Two properties currently under contract in a local Whitehaven community.
Partnership with Binghampton Community Development Corporation	Partnership with Binghampton CDC to acquire lots for Development.	Currently in the process of acquiring eight lots from Binghampton CDC to increase affordable housing in the Memphis Binghampton neighborhood.
ICON/3D Printed Homes Development	Innovative approach to home ownership that will offer sustainable low maintenance product for the buyer in years to come. Each home will leverage ICON's proprietary, Cabon X for maximum efficiency for comfortable living.	Plan to develop 22 to 25 homes in the Raleigh community in Memphis to increase sustainable and affordable home ownership. Convergence Advisory Council is currently raising funds to support the capital stack for this project.
Pre-development Fund Forgivable Loan of $10,000 in partnership with the Community Redevelopment Agency's Essential Housing Program	Emerge with the Land Expo we offer $10,000, 3-year forgivable loan to emerging developers. Participants have to complete the Essential Housing Program through the local CRA to qualify for funds.	Five awardees received predevelopment loan funds that enabled lot acquisition of approximately 18 lots for development of 15 single family homes and three multifamily homes.

Professional Development and Community Engagement

Professional development training/education for real estate agents, mortgage lenders, and other industry professionals serving Memphis to raise awareness of programs, products, and practices that can help address the racial homeownership gap in Memphis.

Activities

Activities	Description	Outcome
Convergence Memphis Land Expo	Land Expo hosts over 200 participants each year where we provide predevelopment grants to emerging developers who attend and participate in the Essential Housing Program through the local City of Memphis Community Redevelopment Agency.	Over 200 industry professionals in attendance along with 22 emerging developer applicants to acquire land and potentially build between one to five new homes.
Convergence Memphis Homebuyer Expos	Convergence Memphis held the first three Homebuyer Expos scheduled for the year. The Homebuyer Expo was held in a majority minority area where industry professionals and agencies that offer Down Payment Assistance, Homebuyer Counseling Program, Free Credit Counseling, THDA Down Payment Program, lenders, and real estate agents came together to share product information and education to consumers.	50 participants signed up for credit counseling. 45 signed up for homebuying education classes with United Housing. Approximately 115 total participants attended. Two homebuyers purchased homes, one purchased in the Whitehaven neighborhood.
Worked with the Memphis Area Association of Realtors on a Fair Housing Training	As part of the Fair and Affordable Housing Committee at MAAR, Convergence Memphis with The Memphis Area Association of Realtors (MAAR) by joining the Fair and Affordable Housing Committee to help organize and create a continuing education course focused on educating real estate industry professionals on how to better serve minority clients and how to identify and handle discrimination when it occurs. The course was attended by over 160 real estate agents, lenders, and other industry professionals.	Approximately 160 housing professionals were trained on Fair Housing Laws and Discrimination within the real estate industry.

Activities (cont.)

Activities	Description	Outcome
Homebuying Education for Single Mothers	Partnership with Le Bonheur hospital to educate their single parent clients on the home ownership process.	10 Participants to receive info on the homebuying process, credit counseling and down payment assistance options.
Partnership with Memphis Area Realtor Association for Down Payment Assistance Training	Partnership with Memphis Area Association of Realtors for Down Payment Assistance Lunch and Learn where over 60 Real Estate Agents and Loan Officers attended to learn about DPA programs from the City of Memphis, THDA and Shelby County.	Real estate agents, loan officers, nonprofits and local CDC's learned about the organization and programs that offered DPA in Memphis for the LMI community.
Tenant Rental Program partnership with Chapel Homes Rental Community	Worked with owners of rental community to convert tenants to homeowners by offering homebuying education training to help each tenant purchase the home that they are renting.	Counsel 14 renters on the benefit of the benefits of homeownership and homebuyer education, credit coaching and DPA programs.

Contact

Kelbert Fagan

Program manager
Convergence Memphis
(901) 314-0690
kfagan@uhinc.org

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To: THDA Board of Directors
From: Bill Lord, Director of Community Housing
Don Watt, Chief Program Officer
Date: July 13, 2026
Subject: Appalachia Service Project -HOME Urban/Rural Program Extension Request– 2023

Recommendations:

- Approve an amendment to the written agreement under the 2023 HOME Urban/Rural Program to Appalachia Service Project (HM-23-01) to provide a 12-month extension of their contract term from September 30, 2026, to September 30, 2027.

Key Points:

- The program was delayed due to the need to divert staff attention and resources to disaster recovery following Hurricane Helene and unforeseen staff turnover.

Background:

THDA administers the Federal HOME allocation under multiple program descriptions. THDA awarded $4,942,000 in HOME funds under the 2023 HOME Urban/Rural Homeowner Rehabilitation Program Description to provide assistance to low-income homeowners with necessary repairs to their homes to correct code related and other issues. Of that amount, ASP was awarded $697,480 in HOME funds. They have currently spent $385,156, and if provided with this extension, expect to meet all requirements of their funding award. This request is their first for this award.

EQUAL HOUSING OPPORTUNITY

Appalachia Service Project
4523 Bristol Highway
Johnson City, TN 37601
(423) 854-8800
(423) 854-9771
ASPhome.org

warmer. safer. drier.®

4/17/2025

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

Re: Extension Request - 2023 HOME Urban and Rural Program Grant Funds

Dear Mr. Perrey,

I hope this message finds you well. I am writing to formally request a twelve-month extension for Appalachia Service Project's 2023 HOME Urban and Rural Program grant. Specifically, we seek to extend the 90% fund commitment deadline for construction activities from June 30, 2025, to June 30, 2026, and the contract completion deadline from September 30, 2026, to September 30, 2027.

This request is due to unforeseen delays resulting from significant staff turnover in our new home construction team in 2024, as well as an increased workload in overlapping service areas following the impact of Hurricane Helene.

We deeply appreciate THDA's ongoing partnership and remain committed to ensuring these funds make a meaningful difference for families in need of safe, warm, and dry housing. Your flexibility in deadlines will help us feel more confident in our ability to meet all grant requirements within the requested extension period.

Please let me know if any additional information is needed. I can be reached at 352-328-1776.

Thank you for your time and consideration.

Respectfully,

Melisa Winburn
President/CEO

Tennessee Housing Development Agency

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

Bill Lee | **Ralph Perrey**
Governor | **Executive Director**

To: THDA Board of Directors
From: Bill Lord, Director of Community Housing
Don Watt, Chief Program Officer
Date: July 13, 2026
Subject: Habitat for Humanity Set-Aside Program Description - 2027

Recommendation:

- Adopt the attached 2027 Habitat for Humanity of Tennessee Program Description;
- Authorize the set-aside of $500,000 in Tennessee Housing Trust Fund ("THTF") funding to cover the program implementation;
- Allow the Chief Legal Counsel and Assistant Chief Legal Counsel to make non-substantial changes and substantial changes without Board Approval if necessary to administer the program and the revisions do not materially change the essence of the program.

Key Points:

- The Tennessee Housing Development Agency ("THDA") seeks to maintain its partnership with Habitat for Humanity of Tennessee ("Habitat") through an annual allocation from the THTF of $500,000 to continue the Habitat's statewide effort among its affiliates to provide affordable housing opportunities for homeownership.
- For 2027, THDA proposes to create a maximum 10% set-aside of the total grant funding to be used for Operating Expense Assistance of Habitat.
- As a result, staff propose a reduction of the funds set aside for administrative funds from 7% of total grant to 7% of the remaining grant after the Operating Expense Assistance Set-Aside.
- The program description also proposes clarifications to non-discrimination, fair housing and equal opportunity requirements and requires Habitat to develop a marketing plan that identifies and targets marketing to underrepresented demographics and groups least likely to apply for housing.

Background:

Since July 2014, THDA has set aside $500,000 annually from the THTF for Habitat to use as a construction financing pool to develop new single-family units or acquire and rehabilitate existing units for sale to eligible homebuyers. THDA's set aside allows Habitat to assist smaller Habitat affiliates, especially those located in rural areas, that typically have fewer funding resources and build fewer houses annually than the larger urban affiliates.

Through December 2025, Habitat constructed 298 homes for first time homebuyers since THDA's inception of this assistance.

TENNESSEE HOUSING TRUST FUND

2027~~6~~ Habitat for Humanity of Tennessee Program Description

The Tennessee Housing Development Agency (“THDA”) wishes to maintain its partnership with Habitat for Humanity of Tennessee ("Habitat") through an annual allocation from the Tennessee Housing Trust Fund (“THTF”) of $500,000 to continue the Habitat's statewide effort to provide affordable housing opportunities for homeownership.

A. ELIGIBLE ACTIVITIES

1. Construction Financing.
   a. Includes project hard and soft costs associated with the construction or acquisition and rehabilitation of single-family homes for sale to households at 80% of the Area Median Income or less.

~~1.~~2. Operating Expense Assistance.
   a. Habitat may set aside up to ten percent (10%) of the total grant award for operating expenses of Habitat.
   b. Eligible expenses are limited to payroll and related payroll expenses incurred during the eligible grant period. Expenses of local Habitat affiliates are not eligible.
   c. Operating Expense Assistance may be used to offset eligible operating expenses as they are incurred and do not have to be requested relative to program and administrative expense draws.

~~2.~~3. Grant Administration.
   a. Up to Seven percent (7%) of the grant award, excluding the Operating Expense set-aside, is available for administrative expenses of Habitat
   b. Eligible administrative expenses must be drawn relative to the percentage of the grant funds drawn for construction funds.
   c. Expenses may not include payroll or related payroll expenses already claimed against the Operating Assistance Set-Aside.

B. PROHIBITED ACTIVITIES:

1. Pledge THTF funds as support for tax-exempt borrowing.
2. Provide off-site improvements or neighborhood infrastructure or public facility improvements.
3. Use of the THTF funds or the required local match for administrative expenses by local

governments.

4. Assist private for-profit or private non-profit owners of rental property.
5. Homeowner rehabilitation projects.

C. MATCH:

Habitat must provide a fifty percent (50%) match to the THTF funds. The matching funds can be provided by grants from other agencies, federal sources such as the Community Development Block Grant ("CDBG") program or USDA Rural Development, contributions by local church groups or local agencies, contributions by individuals, bank loans, or a funding pool established by a local lender for use by local Habitat affiliates or use by homebuyers towards the purchase of the constructed home. THDA funded HOME grants and other THTF program funds will not be an eligible source of the matching funds. However, HOME grants from local participating jurisdictions would be an eligible source of match.

D. PROGRAM REQUIREMENTS:

1. *Income Limits*. Homeownership programs must address the housing needs of households at or below eighty percent (80%) of area median income. A minimum of fifty percent (50%) of the program allocation must be used to assist households who earn sixty percent (60%) or below the area median income.

   The THTF uses the income limits established by the U.S. Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program. Current limits are on the THDA website. The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the beneficiary's spouse, and any other household member. Annual gross income is "anticipated" for the next twelve (12) months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

2. *Structure of Homeownership Assistance.* THTF funds for construction or acquisition and rehabilitation will be rolled into the permanent first mortgage loan for the buyer and secured by a Promissory Note and a recorded Deed of Trust.

   i. Permanent Financing. The proposed permanent financing must be at an interest rate that does not exceed the prevailing THDA Great Choice Loan interest rate by more than one percentage point. All loans must have a fixed interest rate fully amortizing over a thirty (30) year loan term. There can be no pre-payment penalty for early payoffs. THDA Great Choice Loans may be used for permanent financing if the proposed homebuyer meets all THDA mortgage loan requirements.
   ii. Ownership. The homebuyer must obtain fee simple title to the property.
   iii. Occupancy. The homebuyer must occupy the housing as his/her principal residence.

3. *Homebuyer Education*. Homebuyers must complete Pre-Purchase Homebuyer Education training from a THDA qualified homebuyer education trainer prior to purchase.

4. *Property Standards.* Certain property standards must be met when THTF funds are used. Any homeownership units constructed or rehabilitated with THTF funds must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion.

   In the absence of a local code, new construction of single-family units or duplexes must meet the current, State-approved edition of the International Residential Code for One- and Two-Family Dwellings and the current edition of the International Energy Conservation Code; and rehabilitation of existing units must meet the current, State-approved edition of the International Existing Building Code.

E. PROCUREMENT:

The solicitation of bids for goods and services, materials, supplies and/or equipment must be open and competitive. Habitat must follow their procurement policies. At a minimum, there must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

F. MARKETING REQUIREMENTS:

One goal of the THTF is to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing affects all facets of community development. Habitat must develop marketing and public relations plans to accentuate the achievements of the THTF. THDA's Communications Division will assist in developing these plans. Habitat will be required to submit data and beneficiary stories to THDA.

Marketing Plans should recognize underrepresented demographics and groups least likely to apply for housing and ensure that all potentially eligible individuals have equal opportunity to become aware of and apply for available units. Habitat should maintain records of efforts to affirmatively market homeownership units to underserved and least likely to apply populations within the service area.

G. NON-DISCRIMINATION, FAIR HOUSING AND EQUAL OPPORTUNITY:

Habitat must comply with state and federal laws with regards to non-discrimination, fair housing and equal opportunity during activities funded in full or in part by THTF dollars. As a sub-recipient of THDA, Habitat signs a contract that assures no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of the Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. To comply with THDA's contract, Habitat must, upon request, show proof of nondiscrimination and post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

~~Habitat must comply with both state and federal laws with regards to fair housing and equal opportunity (FHEO). FHEO requirements have been developed to protect individuals and groups against discrimination on the basis of race, color, creed, national origin, religion, age, disability, familial status or sex.~~

~~In particular, Habitat program administrators will need to be aware of discrimination issues with regard to housing opportunities, employment opportunities, business opportunities, and benefits resulting from activities funded in full or in part by THTF dollars.~~

THDA requires that Habitat establish procedures to inform the public and potential homebuyers of federal Fair Housing laws and ~~Habitat's affirmative marketing program, outline procedures by which Habitat wil~~l affirmatively market and solicit applications from potential homebuyers to ensure equal access to housing opportunities funded by THTF. -

Tennessee Housing Development Agency

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

To:	THDA Board of Directors
From:	Bill Lord, Director of Community Housing
	Don Watt, Chief Program Officer
Date:	July 13, 2026
Subject:	Affordable Housing Development Gap Program Description Amendment - 2025

<u>Recommendation:</u>

- Adopt the amended 2025 Affordable Housing Development Gap Subsidy Program Description ("Program Description").
- Allow the adopted revisions to the Program Description apply back to May 1, 2025, when the program was first implemented.

<u>Key Points:</u>

- The Program Description requires Developers to list and sell homes at a price that is 3%-6% above the appraised value in order to boost appraisal comparisons in depressed areas. The Developer must also provide a seller credit to the home buyer equal to 3%-6% of the appraised value of the home to reduce the buyer's obligation to no more than the appraised value of the home, plus all applicable buyer fees and closing costs.
- Following consultation with developers participating in this program, staff have determined that adding 3% - 6% to the listing price may act as a barrier to attracting buyers for the home in some instances.
- The amendment proposes to add to Section C. Eligible Activities the following stipulations:
    - Appraisal. Final appraisal must be the appraised value at time of listing, and not older than 6 months at time of sale.
    - Timely Sale. If the home does not sell within six (6) months of being listed, the Developer may adjust the listing price to the current appraised value of the home. In this event, the seller may not provide a seller credit funded with Development Gap Program Funds.

Background:

THDA's Board of Directors approved the 2025 Development Gap Program description at its March 2025 board meeting to address the financial challenges that arise when the cost of developing new homes exceeds their appraised value, a common barrier in economically distressed communities. By bridging this development gap, the Program Description aims to promote homeownership, stabilize neighborhoods, and gradually improve property appraisal values.

TENNESSEE HOUSING DEVELOPMENT AGENCY

2025 AFFORDABLE HOUSING DEVELOPMENT GAP SUBSIDY PROGRAM

PROGRAM DESCRIPTION - AMENDED

The Tennessee Housing Development Agency ("THDA") administers the Tennessee Housing Trust Fund ("THTF") to promote the production, preservation, and rehabilitation of housing for low to moderate income households across Tennessee. The Affordable Housing Development Gap Subsidy Program ("Program") will be funded with a total of $3,000,000 from the THTF. The Program addresses the financial challenge that arises when the cost of developing new homes exceeds their appraised value, a common barrier in economically distressed communities. By bridging this development gap, the Program aims to promote homeownership, stabilize neighborhoods, and gradually improve property appraisal values.

THDA will offer the Program to eligible non-profit housing developers ("Developers") seeking to build in areas of the state where a documented gap in the cost to develop affordable housing and the appraised value of new construction housing exists. THDA will select Developers through a Request for Proposal ("RFP") process that will consider the qualifications of the Developer, the Developer's plan for building affordable housing for sale to low to moderate income homebuyers in hard to develop neighborhoods where there is evidence of financial barriers to development and a need for a development gap subsidy that is demonstrated by a history of sales or appraisals below the established cost to develop modest housing.

Upon approval, THDA will issue the Developer a Reservation of Funds Letter ("Reservation") for up to $700,000 total. Once a non-profit developer and the targeted development area have been approved by THDA, funds will be provided at closing on a house-by-house basis up to a maximum subsidy of $70,000 (Seventy Thousand dollars) per unit that includes the Development Gap and a Seller's Credit, as defined below. The maximum number of homes to be developed under this program by a single developer is capped at twenty-five (25) units of single-family housing. However, THDA may waive this developer unit cap at its sole and absolute discretion to facilitate the use of funds.

THDA will begin accepting responses to the RFP from Developers on May 1, 2025. Applicants must submit their responses electronically through THDA's Participant Information Management System ("PIMS") and Electronic File Transfer ("EFT') system to include required organizational information and a proposal for development of housing in areas with demonstrated need.

THDA will offer funding based on an organization meeting all qualification requirements and submission of a qualified proposal. THDA will notify successful, qualified applicants in the order proposals are received and qualified. THDA will issue a Reservation of Funds for the total potential amount of the successful proposals with a 24-month term, commencing no earlier than June 1, 2025. Once the grantee has received a Reservation of Funds, projects will be submitted to THDA on a site-by-site basis for approval and funding from the Reservation. THDA will stop accepting applications when all funding has been issued under a Reservation of Funds.

This Program Description and the application link are available at www.thda.org. Once on the THDA website, click on PROGRAMS. The Development Gap Subsidy Program will be listed under the PROGRAMS FOR LOCAL GOVERNMENT & NONPROFIT PARTNERS. Click on Tennessee Housing Trust Fund for the link to the 2025 Affordable Housing Development Gap Subsidy Program Description. If you have questions, please call Larisa Stout at (615) 815-2093.

A. ELIGIBLE APPLICANTS.

To be eligible, a non-profit organization must:

1. Meet one of the two following criteria:

    a. All private, non-profit organizations must be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date), or other ~~process~~processes as defined in the application by THDA.

    OR

    b. Be organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state's Secretary of State dated no more than thirty (30) days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date), or other process as defined in the application by THDA.

2. Demonstrate at least two (2) years of experience developing affordable housing for sale to low to moderate income homebuyers in the county where the homes will be built, satisfactory to THDA, in its sole discretion.

3. Propose a development plan that includes development of at least three (3) homes for sale to low to moderate income home buyers in an area of the state where the applicant demonstrates home appraisal values are lower than the cost to develop.

4. Must be in compliance with all other THDA programs in which they have an active, open grant or a grant that has been closed and with no unresolved performance issues, as determined by THDA in its sole discretion.

B. ALLOCATION OF FUNDS.

Funds are being committed to this program description by THDA though the TNHTF. Additionally, THDA may make available any returned or leftover funds from this allocation or add additional funding from TNHTF or other THDA resources should THDA determine additional funding is available.

1. Lack of Ability to Comply. If, in the opinion of THDA, all applicants lack the organizational potential to successfully develop and sell housing affordable to qualified low to moderate income homebuyers, THDA may at its sole discretion, choose not to award all or any of the funds made available under this Program Description.

2. Reduced Award. In its sole discretion, THDA may offer a reduced funding award that is less than the amount requested by the applicant.

3. Funding Requirements. Program awards will be in the form of a direct payment, on a house-by-house basis, at the time of closing of the sale to the low-moderate income homebuyer. The Developer must provide THDA a preliminary closing statement and required disclosure document no less than ten (10) Calendar Days prior to the expected closing and a final closing statement no less than 72 hours, excluding non-business days, prior to the scheduled closing.

4. THDA will wire funds for closing directly to the closing/title organization on or before the date of final closing.

C. ELIGIBLE ACTIVITIES.

Eligible housing activities under the Program include:

a. Homeownership Programs. THDA expects that the Developer will not only shepherd the homebuyer through the home buying process but also will work towards fostering an on-going relationship with the homebuyer.

b. Household Income: Home buyers purchasing a unit may not have a household income that exceeds 120% of AMI for the area in which the home will be constructed.

c. Costs to Develop Units. Program funds must be used to subsidize the cost to newly construct modest, single-family units for homeownership. Successful Developers must be the owner and developer of all units at the time the units are constructed through the sale to the eligible home buyer.

d. Development Gap. The Development Gap will equal the total cost to develop a unit, including any developer fees, less the after construction appraised value of the property. Land acquisition costs may be considered part of the cost to develop and included in this total.

e. Developer Fee. A Grant Recipient may include up to a ten percent (10%) developer fee in the cost to develop the home.

f. Sales Price: All units must have a final sale price of between three and six percent (3%-6%) above the final appraised value of the home. The final amount will be determined by the policies of the first mortgage provider.

g. Final appraisal must be the appraised value at time of listing ~~but~~and must not be older than 6 months. This applies to the original listing and the relisting of the home as described under S~~s~~ection C. i. All Homes relisted to actual appraisal value must be reappraised at the time of relisting.

h~~g~~. Seller Credit. When units are sold to eligible homebuyers, the Developer must provide funds as a seller credit ("Sellers Credit") of 3%-6% of the appraised value of the home to reduce the buyer's obligation to no more than the appraised value of the home, plus all applicable buyer fees and closing costs.

i. Timely Sale. If the home does not sell within six (6) months of being listed, the Developer may re-list the home, adjusting the listing price to the current appraised value of the home, as described in Section C. g. In the event the listing price of the home is adjusted to the appraised value, the seller may not provide a seller credit funded with Program funds.

j~~h~~. Permanent Financing. THDA expects the use of THDA mortgage loans whenever suitable. Other financing may be used if it is comparable to a THDA mortgage loan. All loans must have a fixed interest rate fully amortizing over the 30-year term of the loan. There can be no pre-payment penalty for early payoffs.

i. Neighborhood Market Conditions. Applicants proposing homeownership development projects must document the neighborhood market conditions that demonstrate a need for the project and must document a gap in the appraised value of homes to be developed and the cost to develop.

D. PROHIBITED ACTIVITIES.

1. Purchase and installation of manufactured housing on lots.

2. Acquisition and rehabilitation of existing housing units.

3. Use of Program funds to develop rental housing units.

E. PROPERTY STANDARDS.

Property Standards. Any housing constructed or rehabilitated with Program funds must meet all applicable local, county, and state codes at the time of project completion.

In the absence of a local code, new construction of single-family units or duplexes must meet the current, State-adopted edition of the International Residential Code for One- and Two-Family Dwellings. The newly constructed units must also meet accessibility requirements and mitigate disaster impact as applicable per State and local codes, ordinances, etc.

THDA will not make any funding awards for units in a jurisdiction where the unit cannot be inspected by a state certified building inspector or by a provider as permitted under State law.

F. UNIVERSAL DESIGN/VISITABILITY.

THDA encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit the housing that is constructed with Development Gap Subsidy funds.

Universal design is a building concept that incorporates products, general design layouts and other characteristics to a housing unit in order to:

- Make the unit usable by the greatest number of people;

- Respond to the changing needs of the resident; and,

- Improve the marketability of the unit

The goal of universal design seeks to build housing that meets the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of persons with disabilities. However, universal design is inclusive of adaptable design as universal design incorporates structural features that will allow a housing unit to be adapted to an individual's current or future needs. Universal design features include, but are not limited to:

- Stepless entrances.
- Minimum 5' x 5' level clear space inside and outside entry door.
- Broad blocking in walls around toilet, tub and shower for future placement of grab bars.
- Full-extension, pull-out drawers, shelves and racks in base cabinets in kitchen.
- Front mounted controls on all appliances.
- Lever door handles.
- Loop handle pulls on drawers and cabinet doors.

More information on Universal Design may be found at The Center for Universal Design at North Carolina State University: http://www.ncsu.edu/ncsu/design/cud/index.htm.

Visitability refers to homes that are designed and built in a manner that allows individuals who have trouble with steps or use wheelchairs or walkers to live in or visit the unit. These features include:

- One zero-step entrance.
- Doors with 32 inches of clear passage space.
- One bathroom on the main floor that is accessible to a person using a wheelchair.

More information on Visitability can be found at: http://www.visitability.org.

G. EQUAL OPPORTUNITY AND FAIR HOUSING.

The developer must meet all applicable Equal Opportunity and Fair Housing laws and regulations.

H. FLOOD PLAINS.

Program funds may not be used to construct housing in an area identified by the Federal Emergency Management Agency as having special flood hazards.

I. CONFLICT OF INTEREST.

Recipients of Program Funds should avoid conflicts of interest and the appearance of conflicts of interest in administering the Program. The existence of a conflict of interest or the appearance of a conflict of interest, as determined by THDA in its sole discretion, may be grounds for requiring repayment Program funding and limitations on future program participation.

J. PROPOSAL EVALUATION PROCEDURE.

THDA will evaluate each proposal from a qualified Developer, in the order received, to determine if the proposal meets threshold criteria. Threshold criteria include submission of a complete application; proposal of an eligible activity; proposal of development area meeting program requirements; proposal of a project that in the opinion of THDA is physically, financially, and administratively feasible per the Program guidelines.

All applicants must submit the most current version of the following required documentation in accordance with the application instructions. Items identified as "THRESHOLD" must be submitted with the application for funding consideration. All other items are required, and any funding consideration will be conditional until their receipt and THDA's subsequent review and approval of the item:

1. Evidence that the applicant is organized and existing under the laws of Tennessee or, if organized and existing under the laws of another state, evidence that applicant is organized and existing in that state and authorized to do business in Tennessee. (THRESHOLD)

2. Documentation of an IRS designation under Section 501(c)(3) or 501(c)(4) of the federal tax code. A 501(c)(3) non-profit organization may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary material with the IRS and received a response from the IRS demonstrating 501(c)(4) status. (THRESHOLD)

3. Copy of Organizational Charter (THRESHOLD)

4. Copy of Organizational By-laws (THRESHOLD)

5. List of all Board members including name, home address, occupation, a description of their primary contribution, length of service, phone number, email address, and date the term of service expires. (THRESHOLD)

6. Business plan or strategic management plan that demonstrates the agency's short term and long-term goals, objectives, and plans to achieve them.

7. The most recent financial audit or audited financial statements of the organization. (THRESHOLD)

8. Applicant Board Member and Corporate Disclosure Forms *completed, signed by the organization's Executive Director and each Board Member and notarized.*

9. Applicant/Board Member and Corporate Disclosure Form completed, *signed by the Chairperson of the Board or Executive Director on behalf of the organization and notarized*.

10. One page explanation of how the Board of Directors is involved in the operation of the agency, including how often the Board meets, how the Board monitors and provides oversight for the agency's programs.

11. Resolution by the Board of Directors authorizing the submission of this application. (THRESHOLD)

12. List of staff members employed by the organization, including how many are full-time or part-time, their specific responsibilities related to housing programs, and how many years of experience each staff member has in housing development. (THRESHOLD)

13. Documentation of agency operating funds from other sources, including how much annually and from what sources.

14. Explanation of any other programs operated by the organization, including the program(s) and its funding source(s).

15. Explanation of the agency's experience in housing, particularly in providing housing to low households in Tennessee. (THRESHOLD)

Applicants must upload all organizational information required to be submitted through PIMS. Copies of organizational documents that are required to be submitted through PIMS, but that are submitted through another means, will not be considered.

Documentation must be submitted to demonstrate that the organization meets threshold requirements and has the capacity to provide affordable housing for low to moderate income households, including the administration of the proposed project.

Tennessee Housing Development Agency

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

Bill Lee **Governor**	**Ralph Perrey** **Executive Director**

To:	THDA Board of Directors
From:	Hulya Arik, PhD, Senior Economist Dhathri Chunduru, PhD, Director of Research and Planning
Date:	June 25, 2026
Subject:	Single Family Mortgage Loan Program Income Limits - 2026

Recommendations:

- Staff recommends the adoption of the "Proposed Calculation" method for increasing income limits, under the THDA single family mortgage loan program for 90 counties to be effective as of August 1, 2026. This proposed methodology yields lower income limits in Carter, Chester, Madison, Unicoi and Washington Counties.

Background:

Determination of income limits for THDA's single family Mortgage Revenue Bond (MRB) loan program using the high housing cost adjustment requires two pieces of information:

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

An issuer is required to use purchase price and income values from the same year. Therefore, 2026 income limits with high-cost area adjustment use FY26 income and FY26 national purchase price and average area purchase price values. HUD released the FY26 AGMFI figures on May 1, 2026. Revenue Procedure 2026-23 updated AAPP and purchase prices for the MRB and Mortgage Credit Certificate programs nationwide.

Rev. Proc. 2021-19 provided permanent safe harbor guidance regarding safe harbor MRB income limit calculations stating that every year the single family MRB area median income will either be calculated with the current HUD publication of AGMFI numbers or the previous year's AGMFI figures.

EQUAL HOUSING OPPORTUNITY

However, if THDA were to use FY25 AGMFI figures, the agency would not be able to implement high-cost area adjustments, which results in lower income limits in all counties compared to what might result if FY26 AGMFI figures were used and high-cost areas were adjusted for. Therefore, THDA decided to use FY26 AGMFI and adjust for high-cost areas.

THDA staff calculated the “Proposed” 2026 income limits using the FY26 AGMFI and FY26 AAPP. Staff then compared the resulting limits with the current limits. The column in the attached chart titled “Proposed” yields higher income limits in all counties. The “Proposed” 2026 Income Limits offer the best opportunity to increase income limits across the state.

These calculations were reviewed and approved by THDA bond counsel, Kutak Rock.

	Current		Proposed		Difference between current and proposed limits	
County	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**
Anderson	$99,400	$114,310	$103,700	$119,255	$4,300	$4,945
Bedford	$94,200	$109,900	$102,480	$119,560	$8,280	$9,660
Benton	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Bledsoe	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Blount	$99,400	$114,310	$103,700	$119,255	$4,300	$4,945
Bradley	$99,600	$114,924	$103,074	$118,536	$3,474	$3,612
Campbell	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Cannon	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Carroll	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Carter	$99,574	$114,510	$96,720	$112,840	($2,854)	($1,670)
Cheatham	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Chester	$98,640	$115,080	$95,400	$111,300	($3,240)	($3,780)
Claiborne	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Clay	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Cocke	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Coffee	$92,300	$106,960	$94,900	$109,200	$2,600	$2,240
Crockett	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Cumberland	$92,300	$106,145	$94,900	$109,480	$2,600	$3,335
Davidson	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Decatur	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
DeKalb	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Dickson	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Dyer	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Fayette	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Fentress	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Franklin	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Gibson	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Giles	$99,454	$114,372	$103,334	$118,835	$3,880	$4,463
Grainger	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Greene	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Grundy	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Hamblen	$92,300	$106,145	$96,120	$112,140	$3,820	$5,995
Hamilton	$97,434	$112,049	$101,854	$117,133	$4,420	$5,084
Hancock	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Hardeman	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Hardin	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Hawkins	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Haywood	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Henderson	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Henry	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Hickman	$92,300	$106,145	$94,900	$110,460	$2,600	$4,315
Houston	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Humphreys	$96,120	$112,140	$100,320	$117,040	$4,200	$4,900
Jackson	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Jefferson	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Johnson	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Knox	$99,400	$114,310	$103,700	$119,255	$4,300	$4,945
Lake	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Lauderdale	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Lawrence	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640

	Current		Proposed		Difference between current and proposed limits	
County	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**
Lewis	$92,300	$106,145	$98,760	$115,220	$6,460	$9,075
Lincoln	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Loudon	$99,400	$114,310	$103,700	$119,255	$4,300	$4,945
Macon	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Madison	$98,640	$115,080	$95,400	$111,300	($3,240)	($3,780)
Marion	$97,434	$112,049	$101,854	$117,133	$4,420	$5,084
Marshall	$99,714	$114,671	$102,834	$118,260	$3,120	$3,589
Maury	$113,040	$131,880	$124,320	$145,040	$11,280	$13,160
McMinn	$93,360	$108,920	$95,040	$110,880	$1,680	$1,960
McNairy	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Meigs	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Monroe	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Montgomery	$98,994	$113,843	$102,574	$117,961	$3,580	$4,118
Moore	$98,474	$113,245	$103,034	$118,490	$4,560	$5,245
Morgan	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Obion	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Overton	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Perry	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Pickett	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Polk	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Putnam	$95,640	$111,580	$103,814	$119,387	$8,174	$7,807
Rhea	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Roane	$98,374	$113,130	$102,514	$117,892	$4,140	$4,762
Robertson	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Rutherford	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Scott	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Sequatchie	$97,434	$112,049	$101,854	$117,133	$4,420	$5,084
Sevier	$96,000	$112,000	$102,000	$119,000	$6,000	$7,000
Shelby	$98,314	$113,061	$102,794	$118,214	$4,480	$5,153
Smith	$99,840	$116,480	$103,080	$120,260	$3,240	$3,780
Stewart	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Sullivan	$92,300	$107,380	$98,160	$114,520	$5,860	$7,140
Sumner	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Tipton	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Trousdale	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Unicoi	$99,574	$114,510	$96,720	$112,840	($2,854)	($1,670)
Union	$119,280	$139,160	$124,440	$145,180	$5,160	$6,020
Van Buren	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Warren	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Washington	$99,574	$114,510	$96,720	$112,840	($2,854)	($1,670)
Wayne	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
Weakley	$92,300	$106,145	$94,900	$109,200	$2,600	$3,055
White	$110,760	$129,220	$113,880	$132,860	$3,120	$3,640
Williamson	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820
Wilson	$137,760	$160,720	$139,320	$162,540	$1,560	$1,820

Annex

Tennessee Housing Development Agency

UNAUDITED FINANCIAL INFORMATION

March 31, 2026

I, Michell Bosch, hereby certify that the information contained herein is true and accurate to the best of my knowledge and belief. The enclosed unaudited financial statements were prepared in accordance with GAAP.

Michell Bosch ____________________ May 22, 2026 ____________
Signature Date

If you are a person with a disability and need an accessible version of this document, please contact THDA's 504 Coordinator at RARequest@thda.org

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF NET POSITION
(Expressed in Thousands)
(Unaudited)

	March 31, 2026				
	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 3/31/2026
ASSETS					
Current assets:					
Cash and cash equivalents	$ 137,266	$ 20,332	$ 1,197	$ 440,206	$ 599,001
Investments	-	1,387	1,729	123,693	126,809
Investment in Real Estate Owned (REO) properties	-	-	-	5,660	5,660
Receivables:					
Accounts	10,082	67	24	2,100	12,273
Interest	24	6	191	21,400	21,621
Loans held for resale	4,516	-	-	-	4,516
First and second mortgage loans	-	2,606	1,657	81,265	85,528
Due from federal government	10,494	-	-	-	10,494
Due from other state funds	277		-	-	277
Due from other funds	-	-	-	18,665	18,665
Total current assets	162,659	24,398	4,798	692,989	884,844
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	22,483	-	10	278	22,771
Investments	-	-	5,880	111,253	117,133
Investment interest receivable	-	-	80	1,014	1,094
Investments	-	-	-	417,799	417,799
First mortgage loans receivable	8	47,230	33,153	3,021,499	3,101,890
Allowance for non-performing first mortgage loans	-	-	(7)	(544)	(551)
Second mortgage loans receivable	-		-	137,467	137,467
Allowance for uncollectable second mortgages	-	-	-	(5,214)	(5,214)
Unamortized service release premium of					-
in-house mortgages	1,281	-	-	26,241	27,522
Unearned service release premium	3,651	-	-	-	3,651
Advance to local government	3,146	-	-	-	3,146
Allowance for doubtful accounts	(3,146)	-	-	-	(3,146)
Net OPEB asset	128	-	-	-	128
Capital assets:					-
Furniture and equipment	16,058	-	-	-	16,058
Less accumulated depreciation	(12,864)	-	-	-	(12,864)
Total noncurrent assets	30,745	47,230	39,116	3,709,793	3,826,884
Total assets	193,404	71,628	43,914	4,402,782	4,711,728
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refundings	-	-	-	20	20
Deferred outflows related to pensions	3,902	-	-	-	3,902
Deferred outflows related to OPEB	228	-	-	-	228
Deferred outflows related to defeased bonds	-	-	-	789	789
Total deferred outflows of resources	4,130	-	-	809	4,939

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF NET POSITION
(Expressed in Thousands)
(Unaudited)

	March 31, 2026				
	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 3/31/2026
LIABILITIES					
Current liabilities:					
Accounts payable	8,549	12	-	-	8,561
Compensated absences	1,583	-	-	-	1,583
Interest payable	13	-	226	38,271	38,510
Escrow deposits	24,503	-	-	-	24,503
Prepayments on mortgage loans	6	-	18	2,130	2,154
Line of credit payable	4,251	-	-	-	4,251
Due to other funds	17,990	224	451	-	18,665
Bonds payable	-	-	2,420	155,010	157,430
Total current liabilities	56,895	236	3,115	195,411	255,657
Noncurrent liabilities:					
Bonds payable	-	-	23,606	3,572,877	3,596,483
Compensated absences	4,016	-	-	-	4,016
Net pension liability	2,107	-	-	-	2,107
Escrow deposits	15,162	72	-	5	15,239
Arbitrage rebate payable	-	-	-	1,944	1,944
Unearned revenue	109,407	834	-	16,292	126,533
Total noncurrent liabilities	130,692	906	23,606	3,591,118	3,746,322
Total liabilities	187,587	1,142	26,721	3,786,529	4,001,979
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	1,100	-	-	-	1,100
Deferred inflows related to OPEB	1,461	-	-	-	1,461
Total deferred inflows of resources	2,561	-	-	-	2,561
NET POSITION					
Investment in capital assets	3,193	-	-	-	3,193
Restricted for single family bond programs	-	11,298	17,194	617,062	645,554
Restricted for grant programs	-	-	-	-	-
Restricted for Homebuyers Revolving Loan Program	8	-	-	-	8
Restricted for net OPEB asset	128	-	-	-	128
Unrestricted	4,057	59,188	-	-	63,245
Total net position	$ 7,386	$ 70,486	$ 17,194	$ 617,062	$ 712,128

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(Expressed in Thousands)
(Unaudited)

For the Nine Months Ended March 31, 2026

	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 3/31/2026
OPERATING REVENUES					
Mortgage interest income	$ 340	$ -	$ 792	$ 102,731	$ 103,863
Investment income:					
Interest	1,581	280	217	27,690	29,768
Net increase in the fair value of investments	-	130	20	35,889	36,039
Federal grant administration fees	17,598	-	-	-	17,598
Fees and other income	19,143	302	10	908	20,363
Total operating revenues	38,662	712	1,039	167,218	207,631
OPERATING EXPENSES					
Salaries and benefits	27,036	-	-	-	27,036
Contractual services	13,462	-	-	-	13,462
Materials and supplies	2,027	-	-	-	2,027
Rentals and insurance	24	-	-	-	24
Other administrative expenses	470	-	-		470
Other program expenses	4,349	153	-	1,607	6,109
Interest expense	131	-	580	103,701	104,412
Issuance costs	-	-	-	1,456	1,456
Amortization: service release premium	123	-	-	-	123
Total operating expenses	47,622	153	580	106,764	155,119
Operating income (loss)	(8,960)	559	459	60,454	52,512
NONOPERATING REVENUES (EXPENSES)					
Federal grants revenue	344,728	-	-	-	344,728
Federal grants expenses	(344,429)	-	-	-	(344,429)
Local grants expenses	(5,648)	-	-	-	(5,648)
Total nonoperating revenues (expenses)	(5,349)	-	-	-	(5,349)
Income (loss) before transfers	(14,309)	559	460	60,454	47,164
Transfers to other funds	-	(9,131)	-	-	(9,131)
Transfers from other funds	5,769	-	8	3,354	9,131
Change in net position	(8,540)	(8,572)	468	63,808	47,164
Total net position, July 1	15,926	79,058	16,726	553,254	664,964
Total net position, End of Period	$ 7,386	$ 70,486	$ 17,194	$ 617,062	$ 712,128

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF CASH FLOWS
(Expressed in Thousands)
(Unaudited)

For the Nine Months Ended March 31, 2026

	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 3/31/2026
Cash flows from operating activities:					
Receipts from customers	$ 157	$ 3,056	$ 3,936	$ 338,901	$ 346,050
Receipts from federal government	16,650	-	-	-	16,650
Receipts from other funds	-	224	451	11,796	12,471
Other miscellaneous receipts	19,143	302	10	908	20,363
Acquisition of mortgage loans	-	-	-	(282,828)	(282,828)
Payments to suppliers	(44,060)	(151)	-	(3,167)	(47,378)
Payments to primary government	(100)	-	-	-	(100)
Payments to other funds	(12,471)	-	-	-	(12,471)
Payments to or for employees	(28,523)	-	-	-	(28,523)
Net cash provided (used) by operating activities	(49,204)	3,431	4,397	65,610	24,234
Cash flows from non-capital financing activities:					
Operating grants received	390,951	-	-	-	390,951
Transfers in (out)	5,769	(9,131)	8	3,354	-
Proceeds from sale of bonds	-	-	-	268,820	268,820
Operating grants paid	(365,592)	-	-	-	(365,592)
Cost of issuance paid	-	-	-	(1,456)	(1,456)
Principal payments	-	-	(5,130)	(416,185)	(421,315)
Interest paid	(137)	-	(1,020)	(152,253)	(153,410)
Net cash provided (used) by non-capital financing activities	30,991	(9,131)	(6,142)	(297,720)	(282,002)
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	-	1,225	7,183	414,415	422,823
Purchases of investments	-	(1,385)	(8,134)	(259,183)	(268,702)
Investment interest received	1,581	280	161	30,127	32,149
Increase in fair value of investments subject to fair value reporting and classified as cash equivalents	-	125	23	8,258	8,406
Net cash provided (used) by investing activities	1,581	245	(767)	193,617	194,676
Net decrease in cash and cash equivalents	(16,632)	(5,455)	(2,512)	(38,493)	(63,092)
Cash and cash equivalents, July 1	176,381	25,787	3,719	478,977	684,864
Cash and cash equivalents, March 31	$ 159,749	$ 20,332	$ 1,207	$ 440,484	$ 621,772

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF CASH FLOWS (cont.)
(Expressed in Thousands)
(Unaudited)

	For the Nine Months Ended March 31, 2026				
	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 3/31/2026
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (8,960)	$ 559	$ 459	$ 60,454	$ 52,512
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	(489)	621	93	1,301	1,526
Mortgage interest receivable	2	28	10	(4,527)	(4,487)
Unamortized service release premium of in-house mortgages	752	-	-	(1,561)	(809)
Unearned service release premium	(232)	-	-	-	(232)
Loans held for resale	(34)	-	-	-	(34)
Mortgage loans receivable	-	2,575	3,044	(44,952)	(39,333)
Due from federal government	(948)	-	-	-	(948)
Interfund receivables	-	224	451	11,796	12,471
Interfund payables	(12,471)	-	-	-	(12,471)
Accounts payable	(20,675)	2	(3)	34	(20,642)
Accrued payroll / compensated absences	(1,163)	-	-	-	(1,163)
Due to primary government	(100)	-	-	-	(100)
Unearned revenue	(3,454)	(168)	-	1,486	(2,136)
Line of credit payable	18	-	-	-	18
Arbitrage rebate liability	-	-	-	1	1
Investment income included as operating revenue	(1,581)	(410)	(237)	(63,579)	(65,807)
Interest expense included as operating expense	131	-	580	103,701	104,412
Issuance cost included as operating expense	-	-	-	1,456	1,456
Total adjustments	(40,244)	2,872	3,938	5,156	(28,278)
Net cash provided (used) by operating activities	$ (49,204)	$ 3,431	$ 4,397	$ 65,610	$ 24,234
Noncash investing, capital, and financing activities:					
Increase in fair value of investments	$ -	$ 93	$ 44	$ 8,290	$ 8,427
Total noncash investing, capital, and financing activities	$ -	$ 93	$ 44	$ 8,290	$ 8,427

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

TO:	THDA Board of Directors
FROM:	Eric Alexander, Director, Multifamily Programs Don Watt, Chief Programs Officer
DATE:	July 13, 2026
SUBJECT:	Multifamily Tax-Exempt Bond (MTBA) - 2026 Round 1 Overview

Applications for MTBA Round 1 were accepted on March 19, 2026, and the Round 1 Firm Ranking was released in the third week of May.

20 total applications were received (19 new proposals and 1 supplemental request):

- 6 applications were received in West Tennessee,
- 12 applications were received in Middle Tennessee, and
- 2 applications were received in East Tennessee.

$475,873,000 in bond funds were available, and $367,638,735 in funds were requested. One application withdrew prior to the end of application review, leaving $342,924,567 in requests. After underwriting, review, and scoring, all applications remaining throughout the review were awarded full allocations.

A total of $108,234,265 in MTBA ceiling allocation remained at the end of Round 1, which has been carried forward to Round 2.

EQUAL HOUSING OPPORTUNITY

2026 Multifamily Tax-Exempt Bond Round 1 Noncompetitive Allocation

THDA #	Group	Development Name	County	MTBA Allocated	42m Awarded	MTBA PD Score	LIHTC Units	Development Group
26-204	1: Rehabilitation of Rent Restricted	University Place Senior Preservation	Shelby	$9,750,000	$1,647,064	13.6220	118	McCormack Baron Salazar, Inc.
26-203	1: Rehabilitation of Rent Restricted	University Place Preservation	Shelby	$20,750,000	$2,942,388	13.2683	287	McCormack Baron Salazar, Inc.
26-209	1: Rehabilitation of Rent Restricted	Saints Court Apartments	Shelby	$13,000,000	$1,507,193	12.2203	128	Alco Properties, Inc.
26-208	1: Rehabilitation of Rent Restricted	Fallbrook Apartments	Davidson	$28,000,000	$2,505,836	12.0545	244	Alco Properties, Inc.
26-215	1: Rehabilitation of Rent Restricted	Weatherly Ridge Apartments	Davidson	$27,299,147	$3,098,532	11.8220	240	Pedcor Development Associates, LLC
26-202	2: New Construction, PHA	Hub North	Shelby	$5,450,000	$945,000	12.8448	60	The Hospitality Hub of Memphis / Memphis Housing Authority
26-211	2: New Construction, PHA	Westside Phase 3B	Hamilton	$12,000,000	$1,044,814	11.4512	59	Columbia Residential Communities, LLC / Chattanooga Housing Authority

THDA #	Group	Development Name	County	MTBA Allocated	42m Awarded	MTBA PD Score	LIHTC Units	Development Group
26-210	2: New Construction, PHA	300 Court Apartments	Shelby	$18,900,000	$2,720,000	11.0125	258	N6I Dev LLC / Memphis Housing Authority
26-218	3: Rehabilitation of Market Rent	High House	Dickson	$5,338,400	$500,224	12.1673	48	Dickson Redevelopers, LLC
26-219	3: Rehabilitation of Market Rent	Spring Haven	Dickson	$3,946,992	$4,193,984	11.6546	32	Dickson Redevelopers, LLC
26-212	4: New Construction Outside QCT	Trinity Flats 2	Davidson	$22,000,000	$2,998,281	10.0000	157	Elmington Affordable, LLC
26-214	5: Rehabilitation, PHA	Lexington RAD Family	Henderson	$11,774,559	$1,822,551	12.9650	120	Knight Development Co. / Lexington Housing Authority
26-206	6: New Construction, QCT & CCRP	Encore on Buena Vista	Davidson	$35,293,086	$4,291,701	10.0055	244	Dominium Inc.
26-205	6: New Construction, QCT & CCRP	Liberty Lane Apartments	Davidson	$34,252,383	$4,100,989	10.0028	224	Dominium Inc.
26-216	6: New Construction, QCT & CCRP	Historic Melrose	Shelby	$4,670,000	$811,679	10.0000	51	John Stanley Inc.
26-213	6: New Construction, QCT & CCRP	Edgehill Flats	Davidson	$30,000,000	$4,790,269	10.0000	215	Elmington Affordable, LLC

THDA #	Group	Development Name	County	MTBA Allocated	42m Awarded	MTBA PD Score	LIHTC Units	Development Group
26-221	6: New Construction, QCT & CCRP	Skyline Ridge	Davidson	$32,000,000	$5,306,803	10.0000	234	Lincoln Avenue Capital Management, LLC
26-222	6: New Construction, QCT & CCRP	Chelsea Flats	Shelby	$20,000,000	$2,926,288	10.0000	158	Elmington Affordable, LLC
26-217	7: New Construction, QCT - Withdrawn	Hope House on Jefferson	Davidson	$0	$0	10.0000		Rebecca James Company
24-219	8: Supplemental	North River 2	Davidson	$8,500,000	$476,216			Elmington Affordable, LLC

	MTBA Allocated	LITHC Units
TOTAL	$342,924,567	2,877

Signature Approved:

Ralph Perrey
Executive Director

5/15/26
Date

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

TO: THDA Board of Directors
FROM: Eric Alexander, Director, Multifamily Programs
Don Watt, Chief Program Officer
DATE: July 13, 2026
SUBJECT: Competitive (9%) Low Income Housing Tax Credit ("LIHTC") & National Housing Trust Fund ("NHTF) Round Overview - 2026

Applications for the Competitive (9%) LIHTC round were accepted on April 16, 2026, and the final ranking was released on July 8, 2026.

The total LIHTC available was $21,789.055. THDA received 52 applications, with a total combined request of $74,882,392 in the following categories:

- Permanent Supportive Housing – 1 application
- New Construction – 34 applications
- Existing Multifamily – 12 applications
- PHA – 5 applications

THDA awarded tax credits to 17 projects. Geographic distribution in the New Construction category was up for 2026, with allocations going to 8 counties. Overall, projects in 13 counties received allocations under the 2026 competition.

All available credits were allocated. 16 projects, with an aggregate credit allocation of $20,825,083, received a full allocation, with the balance in the amount of $963,972 being offered as a partial award to one project.

THDA also awarded NHTF funds totaling $3,921,742 to three projects that will be located in Hamilton, Knox, and Lake counties.

The following is the Ranking for the 2026 Competitive Low-Income Housing Credit Program. The period has ended in accordance with the 2026 Qualified Allocation Plan (the "2026 QAP") and the National Housing Trust Fund 2026 Program Description ("2026 NHTF PD"). As indicated in the 2026 QAP, there will be no further review of scoring or ranking of Initial Applications. Applicable tiebreakers and limits have been taken into consideration.

The list includes Initial Applications which THDA anticipates issuing a Reservation Notice. The Ranking includes the following Set-Asides, General Priority Categories and/or Pools:

1. Permanent Supportive Housing
2. PHA General Priority
3. Existing General Priority
4. New Construction General Priority

Reservation Notices will be issued as soon as possible. We are working diligently to complete this process promptly. Underwriting is now underway. THDA may be contacting applicants regarding issues which have the potential to affect the amount of Tax Credit allocated.

Applicants involved with the Initial Application to which THDA currently anticipates issuing a Reservation Notice may wish to consult Section 20- H of the 2026 QAP to begin the processes of obtaining the standard documents which will be required.

We appreciate your interest and participation in the 2026 Competitive Low-Income Housing Credit program. If you have questions, please contact Eric Alexander Director of Multifamily Programs at ealexander@thda.org.

Updated July 7, 2026

2026 Competitive LIHTC Awards

Per Section 11 of the 2026 LIHTC QAP

Permanent Supportive Housing for Homeless Set-Aside **$1,000,000 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-027	Minvilla Manor II	Knox	PSH; Existing; CCRP; Nonprofit	$1,000,000	57	63.8935	Volunteer Ministry Center

Public Housing Authority General Priority Category **$3,600,000 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-018	Westside Phase 3A	Hamilton	Public Housing Authority; CNI Grant	$1,800,000	50	80.000	New Affordable Housing Partners, LLC / Chattanooga Housing Authority
26-024	Western Heights Phase 3	Knox	Public Housing Authority; CNI Grant	$1,800,000	46	72.0000	Knoxville Community Development Corporation

Updated July 7, 2026

Existing Multifamily Housing General Priority Category **$3,584,126 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-049	Meadow Lane Apartments	Dyer	Existing; CCRP	$760,477	50	85.0598	MACO Development Company, LLC
26-013	Fox Ridge Place Apartments	Jackson	Existing; CCRP	$510,973	24	85.0485	Hallmark Development Services, LLC
26-012	Colonial House Apartments	Lake	Existing; CCRP	$566,037	28	84.0740	Hallmark Development Services, LLC
26-051	Eaglewood III Apartments	McNairy	Existing; CCRP	$488,785	32	83.2517	MACO Development Company, LLC
26-017	Selmer Townhouse Apartments	McNairy	Existing; CCRP	$1,257,854	50	83.2195	MACO Development Company, LLC / Community Preservation Partners, LLC

New Construction General Priority Category – West Tennessee **$3,440,000 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-047	Briarwood Park	Shelby	New Construction General Pool	$1,720,000	96	94.0000	Park Development Group, LLC
26-048	Hanover Park	Shelby	New Construction General Pool	$1,720,000	96	94.0000	Park Development Group, LLC

Updated July 7, 2026

New Construction General Priority Category – Middle Tennessee **$2,824,196 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-044	Ramsey Court Addition	Sumner	New Construction General Pool; CCRP; Nonprofit	$1,026,497	56	94.0000	Concord Gallatin, LLC
26-034	Hickoryview Heights	Davidson	New Construction General Pool; CCRP; Nonprofit	$1,797,699	93	94.0000	Trent Development Group / Southeast Community Capital Corporation

New Construction General Priority Category – Southeast Tennessee **$1,506,600 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-009	Jackson Yard	Hamilton	New Construction General Pool; Nonprofit	$1,506,600	72	94.0000	Woda Cooper Companies, Inc.

New Construction General Priority Category – East Tennessee **$1,656,863 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-028	Foothills Flats LLC	Blount	New Construction General Pool	$1,656,863	96	94.0000	Legends Development Partners LLC / Duke Sevierville LLC

Updated July 7, 2026

New Construction General Priority Category – Northeast Tennessee **$1,668,000 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-033	1949 @ Cherokee Park	Hamblen	New Construction General Pool; Nonprofit	$1,668,000	80	94.0000	Tennessee Valley Housing Services

New Construction General Priority Category – Rural / Balance of State **$2,509,270 Reserved**

THDA #	Development Name	County	Pool / Priority	LIHTC Reserved	LIHTC Units	Score	Development Group
26-031	Boyds Creek Commons	Sevier	New Construction General Pool	$1,545,298	72	94.0000	One and Four, LLC / Knoxville Leadership Foundation
26-026	The Southern Grove	Putnam	New Construction General Pool; Nonprofit	$963,972	74	94.0000	Southern Grove Developer, LLC / Volunteer Housing Partnership

	Tax Credits Reserved	LIHTC Units Proposed
TOTAL	$21,789,055	1,072

Updated July 7, 2026

2026 National Housing Trust Fund Awards

THDA #	Development Name	County	NHTF Criteria	NHTF Reserved	Development Group
26-012	Colonial House Apartments	Lake	Rural County	$950,000	Hallmark Development Services, LLC
26-018	Westside Phase 3A	Hamilton	Permanent Supportive Housing	$1,471,742	New Affordable Housing Partners, LLC / Chattanooga Housing Authority
26-027	Minvilla Manor II	Knox	Permanent Supportive Housing	$1,500,000	Volunteer Ministry Center

	NHTF Reserved
TOTAL	$3,921,742

Updated July 7, 2026

Tennessee Housing Development Agency

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Bill Lee
Governor

Ralph Perrey
Executive Director

To:	THDA Board of Directors
From:	Bill Lord, Director of Community Housing Don Watt, Chief of Programs
Date:	July 13, 2026
Subject:	Competitive Grants Funding Awards - 2026

THDA received fourteen applications requesting $5,991,073 under the 2026 Tennessee Housing Trust Fund Competitive Grant Program Description ("Program Description"). Eleven of the applications passed initial threshold review and were eligible for scoring.

In accordance with the Program Description, available funding was divided evenly by Grand Division, and applications first were scored and ranked by Grand Division. Awards under this first process were:

East:

- Eastern Eight Community Development Corporation – $276,210

Middle:

- Highlands Residential Services - $600,000

West:

- No eligible applications received with threshold qualifying score.

Once all applications that could be fully funded in each Grand Division were determined, the balance of funds were awarded by the highest score without regard to location, as follows:

- Partnership for Families, Children and Adults, Inc – East - $600,000
- Knox Housing Partnership dba HomeSource East TN – East - $597,999
- Jefferson City Housing Authority – East - $387,650
- Southeastern Housing Foundation – East - $600,000

The funded applications will develop or rehabilitate 122 units of affordable rental housing.

EQUAL HOUSING OPPORTUNITY

Applications scored but subsequently did not pass threshold included:

- Community Options, Inc
- Greater Kingsport Alliance for Development
- The Sweet Addiction
- Black Diamond Development
- Howard and Reeves Foundation

Applications received that were incomplete and, therefore, not scored:

- Park Center, Inc
- Cumberland Regional Development Corporation
- Merge Memphis

2026 THTF Competitive Grants Grand Division Rankings

Total Funds Available: $3,145,000

Highest Scoring Applicant in Grand Division	Grand Division	County	Score	THTF Funds Requested	THTF Funds Awarded	Total THTF Units	Total Units	Activity	Population	Remaining Balance
Eastern Eight Community Development Corporation	E	Greene	90	$276,210	$276,210	36	36	Rehabilitation	Disabled	$2,868,790
Highlands Residential Services	M	Putnam	83	$600,000	$600,000	20	20	New Construction	Homeless	$2,268,790

Note: No application passing threshold review was received in West Grand Division.

2026 THTF Competitive Grants Remaining Applicant Rankings

Funds available after Grand Division awards: $2,268,790

Applications Passing Threshold	Grand Division	County	Score	THTF Funds Requested	THTF Funds Awarded	Total THTF Units	Total Units	Activity	Population	Remaining Balance
Partnership for Families, Children, and Adults, Inc.	E	Hamilton	79	$600,000	$600,000	10	10	New Construction	Youth Aging Out of Foster Care	$1,668,790
Knox Housing Partnership dba HomeSource east tn	E	Knox	77	$597,999	$597,999	30	30	New Construction	Older Persons	$1,070,791
Jefferson City Housing Authority	E	Jefferson	77	$387,650	$387,650	2	2	New Construction	Disabled	$683,141
Southeastern Housing Foundation	E	Knox	71	$600,000	$600,000	24	24	Rehabilitation	Low Income	$83,141

2026 THTF Competitive Grants Subcategory Scores

Applicant	Capability Program Design	Capability Capacity	Need Income Set Asides	Need Prior Funding	Need Distressed County	Need Rural County	Need Special Needs Populations	Innovation	Total Score
Eastern Eight Community Development Corporation	33	35	9	5	0	3	3	2	90
Highlands Residential Services	33	35	9	0	0	0	3	3	83
Partnership for Families, Children, and Adults, Inc.	33	35	5	0	0	0	3	3	79
Knox Housing Partnership dba HomeSource east tn	29	34	4	0	0	0	3	7	77
Jefferson City Housing Authority	34	26	0	5	0	3	3	6	77
Southeastern Housing Foundation II, Inc.	28	35	5	0	0	0	0	3	71

Applicant	Capacity Capability	Capacity Program Design	Need Income Set Asides	Need Prior Funding	Need Distressed County	Need Rural County	Need Special Needs Populations	Innovation	Total Score
Community Options, Inc.	20	31	5	0	0	0	3	3	62
Greater Kingsport Alliance for Development	15	29	4	5	0	0	3	4	60
The Sweet Addiction	29	8	4	0	0	0	3	2	46
Black Diamond Development	27	7	4	0	0	0	3	0	41
Howard and Reeves Foundation	10	1	5	0	0	0	3	1	20

2026 THTF Competitive Grants Threshold Not Passed

Applicant	Grand Division	County	Reason
Community Options, Inc.	M	Davidson	Project is not financially viable. Development budget incomplete.
Greater Kingsport Alliance for Development	E	Sullivan	Project is not financially viable. Project funding unknown.
The Sweet Addiction	M	Rutherford	Insufficient score to meet threshold requirement for funding.
Black Diamond Development	M	Davidson	Insufficient score to meet threshold requirement for funding.
Howard and Reeves Foundation	W	Shelby	Insufficient score to meet threshold requirement for funding.
Park Center, Inc.	M	Davidson	Incomplete application.
Cumberland Regional Development Corporation	M	Warren	Incomplete application.
Merge Memphis	W	Shelby	Incomplete application.

2026 THTF Competitive Grants Summary

Intentionally blank	THTF Funds	THTF Units	Households Served
Total Requested from Eligible Applications	$3,061,859	122	122
Total Recommended for Funding	$3,061,859	122	122

Signature

Approved:

Ralph Perrey
Executive Director

5/14/2026
Date