Tennessee Housing Development Agency - Board of Directors

Committee and Board Meeting Materials
May 21, 2024

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

THDA Board of Directors and Committee Meetings Agendas

Committee Agendas

Tuesday, May 21, 2024 at 10am CT
Nashville Room, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

AUDIT & BUDGET COMMITTEE
A. Approval of Audit & Budget Committee Meeting Minutes-November 14, 2023*
B. Committee Item *(* items require committee vote)*

1. Internal Audit Director and Executive Director Evaluation Process

BOND FINANCE COMMITTEE
A. Approval of Bond Finance Committee Meeting Minutes-March 19, 2024*
B. Committee Items *(* items require committee vote)*

1. Schedule of Financing FY 24-25*
2. Bond Counsel Recommendation*

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

Tuesday, May 21, 2024 at 10am CT
Nashville Room, 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. Single Family Business
Business Update
Homeownership for Heroes Program Update

E. Multifamily Business
Business Update
2025 QAP Discussion

F. Board Action items *(* items require board vote)*
1. Approval of Minutes from March 19, 2024 meeting*
2. Approval of Minutes from April 16, 2024 special meeting*
3. Schedule of Financing FY 24-25*
4. 2024 Single Family Income Limits*
5. Housing Choice Voucher (HCV) Administrative Plan Amendment for Project Based Voucher Program*
6. 2025 Emergency Repair Program Description*
7. 2025 Capacity Building Program Description*
8. Grant Extension Request – Tennessee Housing Trust Fund – Urban Housing Solutions*
9. Grant Extension Request – Tennessee Housing Trust Fund – Memphis Housing Authority*
10. Grant Extension Request – National Housing Trust Fund – Knoxville Housing Development Corporation*
11. Grant Extension Request – National Housing Trust Fund – Spart Housing Authority*
12. Grant Extension Request – National Housing Trust Fund – Metropolitan Development And Housing Agency*
13. Grant Extension Request – National Housing Trust Fund – AIM Center – Espero Chattanooga*

G. Annex

1. Emergency Rental Assistance – Eviction Prevention Program Update
2. December 2023 Investment Report
3. March 2024 Investment Report
4. State Form – CT 0253 Bond Issue 2024-1

Tennessee Housing Development Agency - Board of Directors

Audit & Budget Committee

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Audit & Budget Committee Meeting Agenda

Tuesday, May 21, 2024 at 10am CT
Nashville Room, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. **Approval of Minutes from November 14, 2023 meeting**

B. **Committee Items** *(*items require committee vote)*

   1. Internal Audit Director and Executive Director Evaluation Process

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

TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE
November 14, 2023

Pursuant to the call of the Chairman, the Audit & Budget Committee of the Tennessee Housing Development Agency Board of Directors (the "Committee") met on Tuesday, November 14, 2023, at 10:01 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: Mathew McGauley (Board Chair); Secretary Tre Hargett (Audit & Budget Committee Chair); Sara Queirolo (for Treasurer David Lillard); Austin McMullen; and Rick Neal. Other Board Members present were: Robert Mitchell; Katie Armstrong (for Comptroller Jason Mumpower); Stephen Dixon; Micheal Miller; and Jacky Akbari.

Recognizing a quorum present, Secretary Hargett called the meeting to order at 10:01 AM CT. For the first order of business, Secretary Hargett called for consideration and approval of the September 18, 2023, Audit & Budget Committee Meeting Minutes. Upon motion by Secretary Hargett, second by Chair McGauley, and following a vote with all members identified as present voting "yes", the motion carried to approve the September 18, 2023, minutes.

Secretary Hargett recognized Ms. Gay Oliver, Director of Internal Audit, to present the Enterprise Risk Management Update; the Analysis of Disclosure Report for Board Members; and the Analysis of Disclosure Report for THDA Staff. Upon completion of the presentation by Ms. Oliver, Secretary Hargett indicated no Board action is required.

Secretary Hargett indicated the next item for consideration was for the Annual Performance Evaluation for Director of Internal Audit, Ms. Gay Oliver. Secretary Hargett presented the results of Ms. Oliver's annual performance evaluation was outstanding performance, and that she is to receive an increase in salary and associated bonus, which will be the same as provided to THDA staff who receive the same rating, effective November 1, 2023 . Secretary Hargett called for a motion to approve this evaluation as presented to the committee. Upon motion by Mr. McMullen, second by Chair McGauley, and following a vote with all members identified as present voting "yes", the motion carried to approve the annual performance evaluation of Ms. Gay Oliver.

Secretary Hargett indicated the next item for consideration was for the Annual Performance Evaluation for Executive Director, Mr. Ralph M. Perrey. Secretary Hargett presented the results of Mr. Perrey's annual performance evaluation was advanced performance, and that he is to receive an increase in salary and associated bonus, which will be the same as provided to THDA staff who receive the same rating, effective November 1, 2023. Secretary Hargett called for a motion to approve this evaluation as presented to the committee. Upon motion by Secretary Hargett, second by Mr. McMullen, and following a vote with all members identified as present voting "yes", the motion carried to approve the annual performance evaluation of Mr. Ralph M. Perrey.

There being no further business, Secretary Hargett adjourned the meeting at 10:15 AM CT.

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit
Approved this 21st day of May, 2024.

STATE OF TENNESSEE

DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

615.741.2956
David.Lillard@tn.gov

MEMORANDUM

TO: THDA Audit and Budget Committee

FROM: David H. Lillard, Jr., State Treasurer
Audit and Budget Committee Chair, 2024

DATE: May 2, 2024

SUBJECT: Internal Audit Director Performance Evaluation Process

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Item 23 of the Audit and Budget Committee ("ABC") Charter and the Amended and Restated By-Laws of THDA requires the ABC to, "Employ, establish the salary for and terminate (when deemed necessary) the Internal Audit Director, who shall serve at the pleasure of the ABC." The attached document outlines the proposed process and timeline for conducting the evaluation of the Internal Audit Director for the period October 1, 2023 - June 30, 2024. The proposed process and timeline are intended to be consistent with the process and timeframe utilized agency-wide by THDA, with minor adjustments.

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

Attachment

Director of Internal Audit

Performance Evaluation and Compensation Review Process

For the Period October 1, 2023 - June 30, 2024

Tennessee Code Annotated Section 13-23-112(h)(1)(C) authorizes the Tennessee Housing Development Agency ("THDA") Audit and Budget Committee ("ABC") to determine the employment and salary of THDA's Director of Internal Audit. Below is the proposed process and timeline for conducting the evaluation of the Director of Internal Audit for the period October 1, 2023 - June 30, 2024, which is consistent with the performance evaluation schedule to be used for THDA staff.

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

STATE OF TENNESSEE

DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

615.741.2956
David.Lillard@tn.gov

MEMORANDUM

TO: THDA Audit and Budget Committee
THDA Board of Directors

FROM: David H. Lillard, Jr., State Treasurer
Audit and Budget Committee Chair, 2024

DATE: May 2, 2024

SUBJECT: Executive Director Performance Evaluation Process

Item 24 of the Audit and Budget Committee ("ABC") Charter and the Amended and Restated By-Laws of THDA requires the ABC to, "Develop and carryout a process for annually evaluating the performance of the THDA Executive Director and make recommendations in connection therewith to the THDA Board." The attached document outlines the proposed process and timeline for conducting the evaluation of the Executive Director for the period October 1, 2023 - June 30, 2024. The proposed process and timeline are intended to be consistent with the process and timeframe utilized agency-wide by THDA, with minor adjustments.

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

Attachment

Executive Director

Performance Evaluation and Compensation Review Process

THDA Audit and Budget Committee

For the Period October 1, 2023 - June 30, 2024

Pursuant to Item 24 of the Audit and Budget Committee ("ABC") Charter, the ABC is charged with developing and carrying out a process for annually evaluating the performance of the THDA Executive Director and making recommendation in connection therewith to the Tennessee Housing Development Agency ("THDA") Board. Below is the proposed process and timeline for conducting the evaluation of the Executive Director for the period October 1, 2023 - June 30, 2024, which is consistent with the performance evaluation schedule to be used for THDA staff.

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

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

Bond Finance Committee

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Bond Finance Committee Meeting Agenda

Tuesday, May 21, 2024 at 10am CT
Nashville Room, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Bond Finance Committee Meeting Minutes – March 19, 2024*

B. Committee Item *(* items require committee vote)*

1. Schedule of Financing FY 24-25*
2. Bond Counsel Recommendation*

Committee Members:

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

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
March 19, 2024

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency ("THDA") Board of Directors (the "Committee") met on Tuesday, March 19, 2024, 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: Mathew McGauley (Board Chair); Sara Queirolo (for Treasurer David Lillard); Katie Armstrong (for Comptroller Jason Mumpower); and Chris Mustain (for Secretary of State Tre Hargett). Other Board Members present were: Rick Neal; Stephen Dixon; Rob Mitchell; Dan Springer; and Micheal Miller. Board Members absent were: Alex Schuhmann (for Commissioner Jim Bryson); Chrissi Rhea; Jacky Akbari; and Tennion Reed.

Recognizing a quorum present, Chair McGauley called the meeting to order at 10:01 AM CT. For the first order of business, Chair McGauley called for the consideration and approval of the January 23, 2024, Bond Finance Committee meeting minutes. Upon motion by Ms. Armstrong, second by Ms. Queirolo, and following a vote with all members identified as present voting "yes", the motion carried to approve the January 23, 2024, minutes.

Chair McGauley indicated the next item for consideration was a request to approve the Request for Qualifications (RFQ) process for the selection of Bond Counsel for THDA. Chair McGauley recognized Bruce Balcom, THDA Chief Legal Counsel, who informed the committee that the current Bond Counsel contract expires on June 30, 2024, which is the end of the second one-year extension following the original three-year contract term. Mr. Balcom described the documents provided, such as the memo to the prospective proposers, the RFQ, and the timetable for the process, and requested that the Bond Finance Committee approve the process for Bond Counsel selection. Chair McGauley asked if there were any further questions from the committee members, and hearing none, he called for a motion to approve the process for the selection of Bond Counsel. Upon motion by Mr. Mustain, second by Ms. Armstrong and a vote with all members identified as present voting "yes", the motion carried to recommend approval to proceed in the RFQ process for the selection of Bond Counsel for THDA.

Chair McGauley indicated the next item for consideration was Bond Issue 2024-2 and the approval of the Plan of Financing, the Authorizing Resolution, including the form of Supplemental Resolution and the Reimbursement Resolution. Mr. Bruce Balcom described the documents to be considered, explained how the authorization for Bond Issue 2024-2, in an amount not to exceed $350,000,000, complied with THDA's Debt Management Policy, and referenced a recommendation memo from CSG Advisors Incorporated ("CSG") dated March 6, 2024. A separate memo dated March 4, 2024, provided by CSG included their recommendations that RBC Capital Markets serve as bookrunning senior manager and Wiley Brothers – Aintree be elevated from a selling group member to serve as a co-manager. There being no further questions, Chair McGauley called for a motion to approve Bond Issue 2024-2. Upon motion by Ms. Armstrong, seconded by Ms. Queirolo and a vote with all members identified as present voting "yes", the motion carried to approve the plan of financing for Bond Issue 2024-2, and to recommend approval of the remaining documents, including the Reimbursement Resolution.

There being no further business, Chair McGauley adjourned the meeting at 10:05 AM CT.

Respectfully submitted,

Sandi Thompson,
Assistant Secretary
Approved this 21st day of May, 2024.

Tennessee Housing Development Agency

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

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

MEMORANDUM

TO: THDA Board of Directors

FROM: Bruce Balcom, Chief Legal Counsel

SUBJECT: Schedule of Financing for Fiscal Year 2024-2025

DATE: May 6, 2024

Recommendation

The attached Schedule of Financing is THDA's best estimate with respect to the financings for fiscal year 2024-25. Both the Bond Finance Committee and the Board will be asked to review and approve this Schedule of Financing. Assuming such approval occurs, the Schedule will be forwarded to the State Funding Board for their consideration.

Key Points

The attached Schedule of Financing is required by Tennessee Code Annotated Section 13-23-120(e)(1). The statutory language directs THDA to submit a Schedule of Financing to the State Funding Board showing the financings THDA proposes during the fiscal year. While the preparation of a Schedule of Financing is required, THDA is not required to carry out its financings precisely as shown on the attached Schedule.

Background

The Schedule of Financing is a statutorily required document that THDA's Board of Directors must approve each year prior to the beginning of the fiscal year. It is intended to provide information to the State Funding Board about THDA's expectations for the coming fiscal year with regards to the issuing of bonds. While it represents a good faith estimate as to timing and amounts of bond issues, it does not commit THDA to the terms laid out therein.

TENNESSEE HOUSING DEVELOPMENT AGENCY

SCHEDULE OF FINANCING
FISCAL YEAR 2024-2025

SUMMARY

The Tennessee Housing Development Agency ("THDA") is required, under Tennessee Code Annotated Section 13-23-120(e)(1), to submit a schedule to the State Funding Board showing financings proposed for the fiscal year. The proposed schedule for fiscal year 2024-2025 is attached.

Total amount of bonds or notes reflected on Schedule of Financing for Fiscal Year 2024-2025:	$600,000,000

TENNESSEE HOUSING DEVELOPMENT AGENCY

SCHEDULE OF FINANCING
FISCAL YEAR 2024-2025

ISSUE 2024-3 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP
October 2024

<u>Sources of Funds</u>

Proceeds of the Issue		$ 200,000,000

<u>Uses of Funds</u>

To Purchase Mortgage Loans or Refund Outstanding Bonds		$ 200,000,000
Bond Reserve Funds	)	
Underwriting Fee/Bond Discount	)	$ THDA contribution, or no more than 1% of
Capitalized Interest	)	bond proceeds, or a combination thereof
Cost of Issuance	)	

ISSUE 2025-1 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP
March 2025

<u>Sources of Funds</u>

Proceeds of the Issue		$ 150,000,000

<u>Uses of Funds</u>

To Purchase Mortgage Loans or Refund Outstanding Bonds		$ 150,000,000
Bond Reserve Funds	)	
Underwriting Fee/Bond Discount	)	$ THDA contribution, or no more than 1% of
Capitalized Interest	)	bond proceeds, or a combination thereof
Cost of Issuance	)	

ISSUE 2025-2 - RESIDENTIAL FINANCE BONDS –NEW VOLUME CAP
June 2025

<u>Sources of Funds</u>	
Proceeds of the Issue	$ 250,000,000
<u>Uses of Funds</u>	
To Purchase Mortgage Loans or Refund Outstanding Bonds	$ 250,000,000
Bond Reserve Funds) Underwriting Fee/Bond Discount) Capitalized Interest) Cost of Issuance)	$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

Single Family Bonds Sold in FY 2023-2024

	$235,000,000*	Issue 2023-2 Residential Finance Program Bonds, Dated July 25, 2023
	$360,000,000*	Issue 2023-3 Residential Finance Program Bonds, Dated November 8, 2023
	$270,000,000*	Issue 2024-1 Residential Finance Program Bonds, Dated February 13, 2024
TOTAL	$865,000,000	

*A portion of these bond issues were taxable bonds issued in the following amounts: Issue 2023-2, $100,000,000; Issue 2023-3, $55,000,000; Issue 2024-1, $175,500,000

Multifamily Bonds Sold in FY 2023-2024	$ 0	
Volume Cap Used by Local Issuers For Multi-Family Housing in 2023	$ 510,951,205	From THDA’s 2022 Volume Cap Allocation
Volume Cap Available to Local Issuers For Multi-Family Housing in 2024	$ 445,405,500	From THDA’s 2023 Volume Cap Allocation

ASSUMPTIONS

1. A bond issue may include any structure authorized by the Board and approved by the Bond Finance Committee, including, without limitation, convertible option bonds, short term notes, variable rate debt, taxable debt, planned amortization class bonds.

2. Dates of bond issues are based on estimated absorption of available funds and expected need for additional funds for three to four months, subject to the actual rate at which mortgage loans are currently being purchased.

3. THDA anticipates taking the maximum spread allowed under federal law for each bond issue, which is 112 basis points. The maximum spread could, however, be reduced based on program requirements at the time of sale. Interest rates for THDA loans could be further subsidized.

4. THDA anticipates future bonds will be issued under the 2013 General Resolution to avoid triggering the state's moral obligation for THDA bonds.

5. The volume cap assumption is that 50% of the annual total tax-exempt bond authority amount available in Tennessee is made available to THDA at the beginning of each calendar year. This is the allocation to THDA for all tax-exempt housing bond issuance in the state in the current Department of Economic and Community Development plan. For bond issues in calendar year 2024, volume cap carried forward from 2021 will be used. For bond issues in calendar year 2025, volume cap THDA carried forward from 2022 will be used.

6. A THDA contribution may be made with each bond issue as needed to over-collateralize the bond issue for the benefit of THDA borrowers, to fund required reserves, to pay cost of issuance and to ensure that the maximum amount of bond proceeds is used to fund mortgage loans. The amount and source of the THDA contribution is determined at the time it is needed. The amount of the contribution, if needed, is based on the structure of the bond issues, an analysis of debt service requirements of the general resolution under which the bonds are issued, the fee paid to underwriters and an estimate of other costs of issuance expected to be incurred. The source of such THDA contribution is assets available for such purpose under the 2013 General Resolution, 1985 General Resolution or the 2009 General Resolution.

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

M E M O R A N D U M

DATE: May 21, 2024

TO: Bond Finance Committee Members

FROM: THDA Staff, State Government Finance Staff

SUBJECT: Staff Recommendation for Selection of Bond Counsel

Staff recommends the selection of Kutak Rock LLP ("Kutak") to serve as Bond Counsel for the Tennessee Housing Development Agency ("THDA") for the term of July 1, 2024, through June 30, 2029. The Bond Finance Committee ("BFC") is authorized to make the selection of Bond Counsel without action by the THDA Board of Directors. Staff further recommends authorizing (1) the Executive Director of THDA, with advice from Chief Legal Counsel, to negotiate the retainer agreement with Kutak and (2) the Secretary of the BFC or Chairman of the THDA Board of Directors to execute the retainer agreement.

In March 2024, the BFC authorized a RFQ process for selection of THDA bond counsel since the current term for THDA bond counsel ends on June 30, 2024. Pursuant to this authorization and pursuant to Part VI of the THDA Debt Management Policy, the THDA cover letter and RFQ were electronically distributed on March 19, 2024, to approximately 49 bond counsel firms. A copy of the THDA cover letter and RFQ were also posted on the THDA website. The list of firms was developed by Division of State Government Finance ("SGF") staff and THDA staff using the Bond Buyer's Top 10 Bond Counsel Lists, the National Association of State Housing Agencies directory, and the THDA Bond Counsel RFQ distribution list from the RFQ process conducted in 2017.

Conforming and timely responses were received electronically from the following five firms: Locke Lord LLP ("Locke Lord"); Bass, Berry & Sims PLC ("Bass Berry"); Hawkins Delafield & Wood LLP ("Hawkins"); Kutak Rock, and Gilmore & Bell, P.C. ("Gilmore & Bell"), by the required deadline on April 5, 2024. In addition, SGF received a separate electronic pricing proposal (in accordance with the terms of the RFQ) from each firm. The pricing proposals were retained separately by Sandi Thompson, RFQ Coordinator, for future evaluation and were not distributed to the staff review team. Members of THDA and SGF staff met on April 12, 2024, to discuss the five RFQ responses received and develop a response comparison framework to distribute to the staff review team.

The members of the staff review team for the RFQ were Bruce Balcom, THDA Chief Legal Counsel; Charity Williams, THDA Assistant Chief Legal Counsel; Trent Ridley, THDA Chief Financial Officer; Sarah Queirolo, representing the Treasurer; Chris Mustain, representing the Secretary of State; Alex Schuhmann, representing the Commissioner of Finance and Administration; Sandi Thompson, SGF Director, representing the Comptroller; Mark Graubner, SGF Manager; and Cindy Liddell, SGF Senior Program Accountant.

The RFQ proposal responses and response comparison framework were distributed to the staff review team on April 15, 2024. The staff review team then met on Friday, April 19, 2024, to discuss the RFQ responses and to develop a consensus recommendation regarding the selection of THDA bond counsel.

The consensus of the staff review team, based on prior consultation with respective BFC principals, was that no telephone or in person interviews would be necessary. The consensus of the staff review team, also based on prior consultation with respective BFC principals, was that only the pricing proposals from firms on the short list would be reviewed.

The staff review team then considered criteria and characteristics to be used in evaluating the five responses. The consensus of the staff review team was that a proposer's experience with a large number of state-level housing finance agencies involved in single family bond issues, particularly with whole loan structures, was a good indicator of depth and breadth of experience that would be most valuable to THDA. In reviewing the information provided in the proposals, it was noted that Locke Lord only served as counsel to one current state housing finance agency client, and Bass Berry had no such clients. It was also noted that Gilmore & Bell had three state housing finance agency clients, indicating less depth and breadth of experience than that of Hawkins or Kutak. Further Locke Lord, Bass Berry, and Gilmore & Bell's responses to the RFQ questions did not address adequate knowledge, familiarity or experience with THDA programs. Gilmore and Bell did not list THDA's financial advisor, CSG Advisors, as a reference, while Hawkins and Kutak did list CSG as a reference.

Hawkins (nine) and Kutak (22) each had significantly more state housing finance agency clients indicating overwhelmingly greater depth and breadth of experience. Given these qualifications, the staff review team concluded that Hawkins and Kutak should be the short-listed firms based on the number of multiple state housing finance agency clients that were similar to THDA in terms of program size or activity. The staff review team determined that there would be no need to check references since Kutak is the current bond counsel and Hawkins has served as underwriters counsel for THDA bond issues and as bond counsel for the State for a number of years.

Once the short list was created, the staff review team further discussed the proposals of Kutak and Hawkins. The consensus was that both firms were on equal footing with respect to capability. The consensus also was that the Kutak proposal was more responsive due to more extensive experience with THDA. Sarah Queirolo asked if staff had evaluated multi-family experience. SGF staff responded that the review concentrated on single-family experience similar to THDA's programs. Alex Schuhmann asked if Kutak would be responsive to THDA given the larger number of state housing finance agency clients competing for their time. Bruce Balcom responded that Kutak has always been very responsive to THDA and had met all required deadlines.

The staff review team then discussed how to evaluate the pricing proposals. The team decided that the combined pricing for three single family bond issues per calendar year for the five-year term would be the basis for determining the lowest pricing proposal. It was agreed, consistent with prior pricing evaluations, that if the Kutak pricing proposal was lowest, or no more than 5% above the Hawkins pricing proposal, then the incumbent, Kutak, would be selected (reflecting satisfaction with current services, recognition of the importance of consistency with respect to tax opinions, and elimination of transition time and expense). Further, it was determined that if the Kutak pricing proposal exceeded the Hawkins pricing proposal by more than 5% but less than 25%, further discussion would be appropriate to determine if any other factors should be considered.

Sandi Thompson, RFQ Coordinator, distributed the pricing proposals submitted by Hawkins and Kutak, respectively, together with a summary chart comparing the two pricing proposals. Based on the per bond issue fee specified (and assuming three single family bond issues per year) for each year of the five-year term, the Kutak pricing proposal totaled $640,000 for the five-year term and the Hawkins pricing proposal totaled $955,000 for the five-year term. The cost of the Kutak pricing proposal was $315,000 or 33% less than the

Hawkins pricing proposal which consequently supported the staff recommendation to the BFC. Kutak's hourly pricing for other contract services was also priced below Hawkins' hourly rates. Copies of the Kutak and Hawkins price proposals and analysis are attached.

Other details of the Kutak pricing proposal included a fee of $40,000 per single family bond issue through the end of 2025. This fee reflects a $2,500 increase from the $37,500 charged under the current contract. The Kutak pricing proposal also included an increase, beginning January 1, 2026, to $42,500 per single family bond issue, and another increase to $45,000 beginning January 1, 2028, for the remainder of the term which extends to June 30, 2029.

KUTAKROCK

Pricing Proposal to Provide

Bond Counsel Services

Tennessee Housing Development Agency

April 5, 2024

kutakrock.com

PRICING PROPOSAL

BOND TRANSACTIONS

Pricing Per Bond Transaction						
	Contract Year (partial) 07/01/24-12/31/24	Contract Year (full) 01/01/25-12/31/25	Contract Year (full) 01/01/26-12/31/26	Contract Year (full) 01/01/27-12/31/27	Contract Year (full) 0l/01/28-12/31/28	Contract Year (partial) 01/01/29-6/30/29
Bond Transaction Fee (all professional fees, all travel expenses and all out-of-pocket expenses to complete a bond transactions)	$40,000	$40,000	$42,500	$42,500	$45,000	$45,000

The above pricing remains the same whether the retainer is for a 3 or 5 year term.

PRICING PROPOSAL

OTHER SERVICES
(Page 1 of 2)

Pricing for Other Services		
Services	Description of How Services to be Billed	Persons Expected to Provide Service (indicate name and whether partner, associate, other)
1. Board orientation & training	Occasional board trainings covering Intro to Bonds and Securities Laws would be provided free of charge.	Michelle Adams, Partner; Leslie Powell, Partner
2. Statutory/regulatory interpretation	Statutory and regulatory interpretation for bond related programs is generally included in the fixed Bond Transaction Fee, including occasional LIHTC legal assistance. For larger non-bond deal statutory and regulatory interpretation and/or compliance projects, legal assistance would be billed on an hourly basis. Work would be assigned to the attorney best situated to provide the requested services efficiently with regards to time and billing rate.	Michelle Adams, Partner; Leslie Powell, Partner; Adam Baird, Partner; Mitch Bragin, Partner; Ben Myer, Associate; Jaqee Adams, Associate
3. Loan Program Development or Modification	General loan program advice and the occasional borrower-specific questions that arise are covered in the fixed Bond Transaction Fee. Should changes in tax law or THDA state law and/or policy require extensive changes to THDA's lending program, would be billed hourly.	Michelle Adams, Partner; Leslie Powell, Partner; Adam Baird, Partner; Mitch Bragin, Partner
4. Ratings issues	Ratings issues of the magnitude of removing or adding a rating agency from any bond resolution would be billed on an hourly basis. General deal discussions with rating agencies are otherwise covered in the fixed Bond Transaction Fee.	Michelle Adams, Partner; Leslie Powell, Partner
5. Disclosure, arbitrage, tax issues specific to THDA programs	General advice regarding disclosure, arbitrage and tax issues specific to ongoing THDA bond deals and lending programs is covered by the fixed Bond Transaction Fee. Any extraordinary assistance for larger projects, audits, regulatory initiatives, or otherwise would be billed on an hourly basis.	Michelle Adams, Partner; Leslie Powell, Partner; Adam Baird, Partner; Mitch Bragin, Partner
6. Other matters	Attendance at annual finance team meetings would not be billed to THDA. Other legal inquiries outside the typical deal and lending program coverage would be billed on an hourly basis.	Any of the partners listed above, as best suited to the matter.

The above billing parameters remain the same whether the final retainer is for a 3 or 5 year term.

These services will be performed only at the request of and with the prior approval of THDA.

PRICING PROPOSAL

OTHER SERVICES
(Page 2 of 2)

Pricing						
Services	Contract Year (partial) 07/01/24-12/31/24	Contract Year (full) 01/01/25-12/31/25	Contract Year (full) 01/01/26-12/31/26	Contract Year (full) 01/01/27-12/31/27	Contract Year (full) 01/01/28-12/31/28	Contract Year (partial) 01/01/29-06/30/29
1. Board orientation & training	$0	$0	$0	$0	$0	$0
2. Statutory/regulatory interpretation	$450 (P)/ $300 (A)	$450 (P)/ $300 (A)	$475 (P)/ $325 (A)	$475 (P)/ $325 (A)	$500 (P)/ $350 (A)	$500 (P)/ $350 (A)
3. Loan Program Development or Modification	$450 (P)	$450 (P)	$475 (P)	$475 (P)	$500 (P)	$500 (P)
4. Ratings issues	$450 (P)	$450 (P)	$475 (P)	$475 (P)	$500 (P)	$500 (P)
5. Disclosure, arbitrage, tax issues specific to TI-IDA programs	$450 (P)	$450 (P)	$475 (P)	$475 (P)	$500 (P)	$500 (P)
6. Other matters	$450 (P)/ $300 (A)	$450 (P)/ $300 (A)	$475 (P)/ $325 (A)	$475 (P)/ $325 (A)	$500 (P)/ $350 (A)	$500 (P)/ $350 (A)

(P)= Partner, (A)=Associate

The above pricing remains the same whether the final retainer is for a 3 or 5 year term.

These services will be performed only at the request of and with the prior approval of THDA.

HAWKINS

HAWKINS DELAFIELD & WOOD LLP
7 WORLD TRADE CENTER, 250 GREENWICH STREET, NEW YORK, NEW YORK 10007
(212) 820-9300 | HAWKINS.COM

BOND COUNSEL PRICING PROPOSAL

respectfully submitted to

TENNESSEE HOUSING DEVELOPMENT AGENCY

April 5, 2024

FOUNDED 1854

CALIFORNIA CONNECTICUT DISTRICT OF COLUMBIA MICHIGAN
NEW JERSEY NEW YORK NORTH CAROLINA OREGON

SECTION IV

PRICING PROPOSAL

BOND TRANSACTIONS

	Pricing Per Bond Transaction					
	Contract Year (partial) 07/01/24-12/31/24	**Contract Year (full) 01/01/25-12/31/25**	**Contract Year (full) 01/01/26-12/31/26**	**Contract Year (full) 01/01/27-12/31/27**	**Contract Year (full) 01/01/28-12/31/28**	**Contract Year (partial) 01/01/29-06/30/29**
Bond Transaction Fee (all professional fees, all travel expenses and all out-of-pocket expenses to complete a bond transaction)	$60,000	$60,000	$65,000	$65,000	$65,000	$65,000

Pricing is not different if the retainer agreement is for three years rather than five years.

PRICING PROPOSAL

OTHER SERVICES

Pricing for Other Services		
Services	Description of How Services to be Billed	Persons Expected to Provide Service (indicate name and whether partner, associate, other)
1. Board orientation & training	Hourly.	Hawkins team members as specified in our Proposal.
2. Statutory/regulatory interpretation	Hourly, unless related to a bond issue.	Hawkins team members as specified in our Proposal.
3. Loan Program Development or Modification	Hourly, unless related to a bond issue.	Hawkins team members as specified in our Proposal.
4. Ratings issues	Hourly, unless related to a bond issue.	Hawkins team members as specified in our Proposal.
5. Disclosure, arbitrage, tax issues specific to THDA programs	Usually related to a bond issue. If not, then hourly.	Hawkins team members as specified in our Proposal.
6. Other matters	Hourly.	Hawkins team members as specified in our Proposal.

Hourly rates: $505 for partners, counsel and of counsel, $405 for associates and $165 for paralegals through 2026; all increased by $10/hour thereafter. Pricing is not different if the retainer agreement is for three years rather than five years.

OTHER SERVICES

	Pricing					
	Contract Year (partial) 07/01/24-12/31/24	**Contract Year (full) 01/01/25-12/31/25**	**Contract Year (full) 01/01/26-12/31/26**	**Contract Year (full) 01/01/27-12/31/27**	**Contract Year (full) 01/01/28-12/31/28**	**Contract Year (partial) 01/01/29-06/30/29**
1. Board orientation & training	Not possible to fairly calculate a fee; see methodology set forth on previous page.					
2. Statutory/regulatory interpretation	Not possible to fairly calculate a fee; see methodology set forth on previous page.					
3. Loan Program Development or Modification	Not possible to fairly calculate a fee; see methodology set forth on previous page.					
4. Ratings issues	Not possible to fairly calculate a fee; see methodology set forth on previous page.					
5. Disclosure, arbitrage, tax issues specific to THDA programs	Not possible to fairly calculate a fee; see methodology set forth on previous page.					
6. Other matters	Not possible to fairly calculate a fee; see methodology set forth on previous page.					

Hawkins Delafield

	First Bond Issue	Second Bond Issue	Third Bond Issue	Total
*2024	$ -	$ -	$ 60,000	$ 60,000
2025	60,000	60,000	60,000	180,000
2026	65,000	65,000	65,000	195,000
2027	65,000	65,000	65,000	195,000
2028	65,000	65,000	65,000	195,000
*2029	65,000	65,000	-	130,000
				$ 955,000

* Partial Year

** Assumes three bond issues per calendar year with one bond sale in the last half of year one and two bond sales in the first half of year five of the five-year contract.

Hourly Pricing	Partner	Associate	Paralegal
2024-2026	$ 505	$ 405	$ 165
2027-2029	515	415	175

Kutak Rock

	First Bond Issue	Second Bond Issue	Third Bond Issue	Total
*2024	$ -	$ -	$ 40,000	$ 40,000
2025	40,000	40,000	40,000	120,000
2026	42,500	42,500	42,500	127,500
2027	42,500	42,500	42,500	127,500
2028	45,000	45,000	45,000	135,000
*2029	45,000	45,000	-	90,000
				$ 640,000

* Partial Year

** Assumes three bond issues per calendar year with one bond sale in the last half of year one and two bond sales in the first half of year five of the five-year contract.

Hourly Pricing	Partner	Associate
2024-2025	$ 450	$ 300
2026-2027	475	325
2028-2029	500	350

*Service 1. Board orientation & training, offered free of charge

Price Comparison

Price Comparison for THDA Bond Counsel RFQ			
	Hawkins	Kutak Rock	Difference
*2024	$ 60,000	$ 40,000	$ 20,000
2025	180,000	120,000	60,000
2026	195,000	127,500	67,500
2027	195,000	127,500	67,500
2028	195,000	135,000	60,000
*2029	130,000	90,000	40,000
Total	$ 955,000	$ 640,000	$ 315,000

Given the assumption of three bond issues per calendar year, the Kutak Rock cost proposal is $315,000, or 33%, less than the Hawkins cost proposal for the entire five-year contract.

Partner & Associate Combined Hourly Price Comparison			
	Hawkins	Kutak Rock	Difference
2024	$ 910	$ 750	$ 160
2025	910	750	160
2026	910	800	110
2027	930	800	130
2028	930	850	80
2029	930	850	80

*Service 1. Board orientation & training, offered free of charge by Kutak Rock.

Board of Directors Meeting

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

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

Tuesday, May 21, 2024 at 10am CT
Nashville Room, 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. Single Family Business
Business Update
Homeownership for Heroes Program Update

E. Multifamily Business
Business Update
2025 QAP Discussion

F. Board Action items *(* items require board vote)*
1. Approval of Minutes from March 19, 2024 meeting*
2. Approval of Minutes from April 16, 2024 special meeting*
3. Schedule of Financing FY 24-25*
4. 2024 Single Family Income Limits*
5. Housing Choice Voucher (HCV) Administrative Plan Amendment for Project Based Voucher Program*
6. 2025 Emergency Repair Program Description*
7. 2025 Capacity Building Program Description*
8. Grant Extension Request – Tennessee Housing Trust Fund – Urban Housing Solutions*
9. Grant Extension Request – Tennessee Housing Trust Fund – Memphis Housing Authority*

10. Grant Extension Request – National Housing Trust Fund – Knoxville Housing Development Corporation*
11. Grant Extension Request – National Housing Trust Fund – Spart Housing Authority*
12. Grant Extension Request – National Housing Trust Fund – Metropolitan Development And Housing Agency*
13. Grant Extension Request – National Housing Trust Fund – AIM Center – Espero Chattanooga*

G. Annex

1. Emergency Rental Assistance – Eviction Prevention Program Update
2. December 2023 Investment Report
3. March 2024 Investment Report
4. State Form CT 0253 Bond Issue 2024-1

Tennessee Housing Development Agency - Board of Directors

Multifamily Programs Update

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

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

SUBJECT: 2025 Draft Set-Aside Language for Economic Development Area and Choice Neighborhood Set-Asides

DATE: May 6, 2024

Consistent with strategic guidance from the THDA Board of Directors (the "Board"), Multifamily Development Programs staff will be including the following set-asides in the 2025 Qualified Allocation Plan (the "QAP"):

- Non-Profit Set-Aside (10% of allocation)
- Economic Development Area (up to $3.6 million)
- Choice Neighborhood Initiative (up to $1.8 million)
- Permanent Supportive Housing for Homeless (up to $1 million)

Language for the Non-Profit and Permanent Supportive Housing for Homeless Set-asides will be updated to reflect the year, but will otherwise remain unchanged.

The Economic Development Area ("EDA") Set-Aside will be updated to provide opportunity state-wide, when and if state, local or private economic development investment indicates that an associated investment in affordable housing is warranted. It is not anticipated that the EDA Set-Aside will be used every year.

Additionally, at the direction of the Board, the stand-alone "Twinning" set-aside is being removed for 2025, and twinning will be incorporated as an option under both the Economic Development Area and Choice Neighborhood Initiative ("CNI") Set-Asides.

For the discussion and consideration of the Board, we are providing the following draft proposed language for the EDA and CNI Set-Asides.

Section 15: Economic Development Area Set-Aside Draft Language

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

   Under the Economic Development Area Set-Aside, THDA will fund a maximum of two (2) new construction projects. If no projects are selected for funding under the EDA Set-Aside, credits will be allocated consistent with the other applicable sections of the QAP.

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

   An EDA Set-Aside Proposal must intend to provide housing in support of and in connection with a significant targeted economic development investment made by the state, a local government, or a private foundation.

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

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

      a. The contact information for the applicant, the proposed development name, the number of units and bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT);
      b. Evidence of commitment of a significant targeted economic development investment made by the state, a local government, or a private foundation;
      c. The goals and/or priorities of the project in providing housing in support of and in connection with the significant targeted economic development investment evidenced above;
      d. The proposed sources and uses of funds for the development; and,
      e. Certification of compliance with all applicable requirements of Section 42 and this QAP.

   2. THDA Multifamily Programs staff will preliminarily review each EDA Set-Aside proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than two (2) EDA Set-Aside Proposals may be selected to submit a full Initial Application for consideration under the set-aside. THDA Multifamily Programs staff may select fewer than two EDA Set-Aside proposals or no EDA Set-Aside proposals. Applicants submitting EDA Set-Aside proposals that are not selected will not be considered further.

   3. 2025 EDA Set-Aside Round Applicants, if any, will be notified of decisions by February 17, 2025, and if chosen under the Set-Aside will be invited to submit a full Initial Application by the competitive deadline specified in the QAP. Documentation in the form and with the substance specified by THDA must be uploaded into THOMAS.

B. Developments in the Economic Development Area (EDA) Set-Aside may be located in a QCT.

C. Maximum aggregate annual LIHTC under the set-aside is $3.6 Million.

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

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

F. EDA applicants may propose a twinning finance structure under the EDA set-aside. Twinning is an opportunity for applicants to propose a hybrid 9% LIHTC/tax-exempt bond/4% LIHTC financing structure for certain projects. Combining 9% credits with 4% credits in certain developments will increase the number of affordable units built, create a more financially sustainable project, and reduce the amount of gap funding needed to proceed. Applicants must propose a financially feasible development and be comprised of a Development Team with the capacity, experience and performance to complete a twinned 9%/4% LIHTC proposal.

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

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

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

Section 13: CHOICE Neighborhood Initiative Draft Language

To be eligible for Housing Credits when an Initial Application involves a Choice Neighborhood Initiative (CNI) Grant, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA that has entered into a CNI Grant agreement with HUD. An Initial Application must meet all requirements in this QAP for an eligible Initial Application and be subject to all applicable limits.

A. To be a qualified PHA, all of the following requirements must be met:
   1. The PHA must materially participate (regular, continuous and substantial on–site involvement) in the development and operation of the development throughout the Compliance Period; and

2. The PHA must be acting solely within the geographic area of its jurisdiction; and
3. The PHA must have a fully executed CNI grant agreement and submit a copy of the CNI grant agreement in THOMAS as part of an Initial Application; and,
4. The PHA must submit an executed Letter from the PHA Executive Director Regarding the Choice Neighborhoods Initiative Implementation Grant, the form of which is found on the THOMAS Documents Page.

B. Only one CNI development per county may receive Housing Credits, and the maximum annual LIHTC set-aside is $1.8 Million.

C. CNI developments may be in a QCT.

D. CNI applicants may propose a twinning finance structure under the CNI set-aside. Twinning is an opportunity for applicants to propose a hybrid 9% LIHTC/tax-exempt bond/4% LIHTC financing structure. Combining 9% credit with 4% credits in certain developments will increase the number of affordable units built, create a more financially sustainable project, and reduce the amount of gap funding needed to proceed. Applicants must propose a financially feasible development and be comprised of a Development Team with the capacity, experience and performance to complete a twinned 9%/4% LIHTC proposal.

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

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

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

Board Items

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
March 19, 2024

Pursuant to the call of the Chair, the Tennessee Housing Development Agency (THDA) Board of Directors (the "Board") met in regular session on Tuesday, March 19, 2024, at 10:05 AM CT in the Nashville Room of the Tennessee Towers, Nashville, Tennessee.

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

Chair McGauley called the Board meeting to order. He notified the board that the end of June would close out his term on the board as Chair. He also said that beginning July 1, 2024, Mr. Rick Neal would become the new Chair of the THDA Board of Directors. As Vice Chair and Acting Chair, Rick Neal assumed oversight of the meeting on Mr. McGauley's behalf. Acting Chair Neal then opened the floor to anyone present from the public who wished to address the board. Seeing no one, he closed the floor to public comment.

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

Mr. Perrey shared the following:

- THDA has received HUD approval to become a Subsidy Layering Reviewer. That means THDA can complete the subsidy layer review function as part of project-basing vouchers at multifamily properties that THDA has supported with bonds and tax credits. In the past, developers had to get such approval from HUD, a process that often took months. This will be a help to our development partners and expedite our plans to project-base a portion of the housing choice vouchers THDA administers. THDA believes this will be especially helpful to small and rural developments.

- The Tax Bill awaiting action in the US Senate includes $6 billion of incentives for housing development and would provide immediate assistance to THDA's tax credit and bond programs. It passed the House with strong bipartisan support, over 350 votes, but is held up in Senate over other non-housing issues.

- In the General Assembly, sponsors are trying to move a modified version of a bill creating a state housing tax credit. It would allow developments to which THDA has awarded federal housing credits to also take a credit against Franchise & Excise taxes. It has a large fiscal note, which may be a tough sell this year. We are monitoring this legislation because administration of such a tax would fall to THDA.

At the conclusion of Mr. Perrey's remarks, Acting Chair Neal recognized Ms. Lindsay Hall, the Chief Operating Officer for Single Family Programs for a Single-Family Programs Business Update and information on newly designated Census Tracts that could impact first-time homebuyer status for potential customers.

Next, Acting Chair Neal recognized Mr. Eric Alexander, the Director of Multifamily Programs, for a Multifamily Programs Business Update and an overview of specific elements of the Qualified Allocation Plan to include revised set asides, general priority percentages if the tax bill passes, geographical pools, and the location needs score.

Acting Chair Neal then asked for consideration of the January 23, 2024, board meeting minutes. Upon motion by Mr. Mitchell and a second by Mr. Dixon, the motion carried, and the minutes were approved.

Acting Chair Neal then asked for consideration of the February 13, 2024, special board meeting minutes. Upon motion by Mr. McGauley and a second by Mr. Mitchell, the motion carried, and the minutes were approved.

Acting Chair Neal then recognized Chief Legal Counsel Bruce Balcom to provide an update on the agency's use and management of Volume Cap for Single Family and Multifamily business. This was for informational purposes and required no action by the board.

Next, Acting Chair Neal recognized Mr. Matt McGauley, Chair of the Bond Finance Committee, to present Bond Issue 2024-2 as outlined in the memo dated March 4, 2024, from Mr. Bruce Balcom, Chief Legal Counsel, as found in the board packet. Mr. McGauley brought to the board a motion from the Bond Finance Committee, in the form of a first and a second, to approve Bond Issue 2024-2. Upon vote by the full board, the motion to approve Bond Issue 2024-2 was carried.

Acting Chair Neal recognized Ms. Christy Hollingsworth, Assistant Director of Field Operations for Rental Assistance, to present a request to implement a Housing Choice Voucher (HCV) single waitlist model, as outlined in the memo dated March 4, 2024, from Director of Rental Assistance Ms. Jeboria Scott and Chief Programs Officer Don Watt, as found in the board packet. Ms. Hollingsworth highlighted that this proposal is keeping in line with new Fair Housing regulations and would unite the three waitlists THDA currently maintains into a single waitlist. Upon motion by Mr. Mitchell and a second by Mr. Dixon, the motion to approve the HCV Single Waitlist Model was carried.

Acting Chair Neal recognized Mr. Don Watt, Chief Programs Officer, to present a request to amend the 2020-2023 HOME CHDO Homeownership Program, as outlined in the memo dated March 4, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this amendment aligns the previous program description underwriting procedures with the 2024 program description and that this amendment is only applicable to open grants in which a unit is not under contract with a homebuyer. Upon motion by Mr. Dixon and a second by Mr. Miller, the motion to approve the 2020-2023 HOME CHDO Homeownership Program Amendment was carried.

Acting Chair Neal recognized Mr. Don Watt, Chief Programs Officer, to present a grant extension request from Hard Bargan Association regarding their 2020 HOME CHDO grant, as outlined in the memo dated March 4, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this grant was for $600,000 for four homes and expires March 31, 2024. The request is for a 1-year extension with new expiration date of March 31, 2025. Upon motion by Mr. McGauley and a second by Mr. Springer, the motion to approve the 2020 HOME CHDO grant extension request from Hard Bargain Association was carried.

Acting Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present a grant extension request from Park Center regarding their Creating Homes Initiative -2 grant, as outlined in the memo dated March 4, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this grant was for $745,000 for seven single-occupancy rooms for occupants suffering from opioid use disorders and expires May 31, 2024. The request is for an extension until September 30, 2025, and is the second extension request for this grant. Upon motion by Mr. Miller and a second by Mr. McGauley, the motion to approve the Creating Homes Initiative - 2 grant extension request from Park Center was carried.

Acting Chair Neal recognized Mr. Don Watt, Chief Programs Officer, to present the last grant extension request from the Southeastern Housing Foundation regarding their National Housing Trust Fund grant for Austin Homes Phase 3, as outlined in the memo dated March 4, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this grant was for $900,000. This project includes various funding sources to include multifamily, rental assistance demonstration (RAD), CITC and HUD 202 capital advance. The request is for an extension with new expiration date of April 20, 2026. Upon motion by Mr. Miller and a second by Mr. Springer, the motion to approve the National Housing Trust Fund grant extension request from the Southeastern Housing Foundation was carried.

Noting that all action items for the board had been completed, Acting Chair Neal pointed out that the annex of the board packet provided a listing of recent grant awards and as well as the calendar year mortgage report for THDA mortgages.

With no further business, the meeting was adjourned at 11:19 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 21st day of May 2024

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
April 16, 2024

Pursuant to the call of the Acting Chairman, the Tennessee Housing Development Agency (THDA) Board of Directors (the "Board") met in special session on Tuesday, April 16, 2024, at 2:04 PM CT via WEBEX video teleconference.

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

Recognizing that a quorum was not present, Acting Chair Neal called the Board meeting to order and then asked Chief of Staff, Stephanie Bounds, to read the electronic meeting statement. Ms. Bounds read:

"Certain Board members will be participating in this meeting by telephone as authorized by Tennessee Code Annotated Section 8-44-108.

Notice was posted stating that this meeting would be conducted in this fashion.

This meeting is being conducted in this manner because the matters to be considered by the Board today require timely action and the physical presences for a sufficient number of members to constitute a quorum is not possible within the time frame in which action is required.

Therefore, it is necessary for some members to participate via video/telephone."

Acting Chair Neal, then ask for a roll call vote to proceed with the meeting in this fashion. Upon roll call vote, the board members agreed by consensus to conduct the meeting in this fashion.

Acting Chair Neal then turned to floor over to Mr. Eric Alexander, Director of Multifamily Programs. Mr. Alexander then presented the Geographic pools in the QAP along with their criteria for inclusion in those pools. Then he reviewed the elements that contribute to the location needs score for board members.

At the conclusion, Mr. Alexander turned the floor over to Ms. Dhathri Chunduru, PhD, Director of Research and Planning. Dr. Chunduru introduced Triple Constraint Theory as lens through which to view and evaluate the strategic characteristics of a QAP and came examples of Consequential, Predictable and Realistic elements in a QAP.

Acting Chair Neal then asked that Mr. Alexander to provide the draft language for the Set Asides for 2025 QAP at the May Regular Board Meeting.

With no further business, the meeting was adjourned at 2:47 PM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 21st day of May 2024

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

TO: THDA Board of Directors
FROM: Dr. Hulya Arik, Senior Economist
SUBJECT: Single Family Mortgage Loan Program Income Limits, 2024
DATE: May1, 2024

Recommendation

Staff recommends the adoption of the "Proposed Calculation" method for increasing income limits, under the THDA single family mortgage loan program for all counties to be effective as of June 3, 2024. As shown in the attached chart, this proposed methodology would yield higher income limits in all 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 the purchase price and income numbers from the same year. Therefore, calculating 2024 income limits with high-cost area adjustment requires using FY24 income and FY24 national purchase price and average area purchase price figures. HUD released the FY24 AGMFI figures on April 2, 2024. Revenue Procedure 2024-21 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. Therefore THDA has the choice to continue with the "current" income limits and make no change or to use the FY23 income and purchase price figures and calculate "proposed" limits.

THDA staff calculated the "Proposed" 2024 income limits using the 2024 AGMFI and 2024 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" 2024 Income Limits create the best opportunity to increase income limits across the state.

These calculations were reviewed by THDA bond counsel, Kutak Rock.

	Current		Proposed		Difference between Current limits and Proposed	
County	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**
Anderson	$86,400	$99,360	$91,000	$104,650	$4,600	$5,290
Bedford	$83,800	$96,370	$88,080	$102,760	$4,280	$6,390
Benton	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Bledsoe	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Blount	$86,400	$99,360	$91,000	$104,650	$4,600	$5,290
Bradley	$83,800	$96,740	$91,200	$106,400	$7,400	$9,660
Campbell	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Cannon	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Carroll	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Carter	$85,560	$99,820	$93,165	$107,140	$7,605	$7,320
Cheatham	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Chester	$83,800	$96,370	$90,360	$105,420	$6,560	$9,050
Claiborne	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Clay	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Cocke	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Coffee	$87,000	$100,843	$87,360	$101,920	$360	$1,077
Crockett	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Cumberland	$83,800	$96,370	$85,900	$99,400	$2,100	$3,030
Davidson	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Decatur	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
DeKalb	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Dickson	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Dyer	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Fayette	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Fentress	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Franklin	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Gibson	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Giles	$85,320	$99,540	$93,205	$107,186	$7,885	$7,646
Grainger	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Greene	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Grundy	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Hamblen	$83,800	$96,370	$90,720	$105,840	$6,920	$9,470
Hamilton	$86,270	$99,210	$91,345	$105,047	$5,075	$5,837
Hancock	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Hardeman	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Hardin	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Hawkins	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Haywood	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Henderson	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Henry	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Hickman	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Houston	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Humphreys	$83,800	$96,370	$88,080	$102,760	$4,280	$6,390
Jackson	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940

	Current		Proposed		Difference between Current limits and Proposed	
County	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**	**1-2 person**	**3+ person**
Jefferson	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Johnson	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Knox	$86,400	$99,360	$91,000	$104,650	$4,600	$5,290
Lake	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Lauderdale	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Lawrence	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Lewis	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Lincoln	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Loudon	$86,400	$99,360	$91,000	$104,650	$4,600	$5,290
Macon	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Madison	$83,800	$96,370	$90,360	$105,420	$6,560	$9,050
Marion	$86,270	$99,210	$91,345	$105,047	$5,075	$5,837
Marshall	$84,000	$98,000	$92,400	$107,462	$8,400	$9,462
Maury	$94,200	$109,900	$103,560	$120,820	$9,360	$10,920
McMinn	$83,800	$96,370	$88,080	$102,760	$4,280	$6,390
McNairy	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Meigs	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Monroe	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Montgomery	$87,590	$100,728	$92,785	$106,703	$5,195	$5,975
Moore	$86,210	$99,141	$91,345	$105,047	$5,135	$5,906
Morgan	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Obion	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Overton	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Perry	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Pickett	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Polk	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Putnam	$84,240	$98,280	$87,600	$102,200	$3,360	$3,920
Rhea	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Roane	$86,490	$99,463	$91,585	$105,323	$5,095	$5,860
Robertson	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Rutherford	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Scott	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Sequatchie	$86,270	$99,210	$91,345	$105,047	$5,075	$5,837
Sevier	$83,800	$96,370	$88,080	$102,760	$4,280	$6,390
Shelby	$85,990	$98,888	$91,805	$105,576	$5,815	$6,688
Smith	$83,800	$97,300	$91,440	$106,680	$7,640	$9,380
Stewart	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Sullivan	$84,600	$98,700	$85,900	$98,785	$1,300	$85
Sumner	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Tipton	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Trousdale	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Unicoi	$85,560	$99,820	$93,165	$107,140	$7,605	$7,320
Union	$103,680	$120,960	$109,200	$127,400	$5,520	$6,440
Van Buren	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940

	Current		Proposed		Difference between Current limits and Proposed	
County	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Warren	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Washington	$85,560	$99,820	$93,165	$107,140	$7,605	$7,320
Wayne	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
Weakley	$83,800	$96,370	$85,900	$98,785	$2,100	$2,415
White	$100,560	$117,320	$103,080	$120,260	$2,520	$2,940
Williamson	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940
Wilson	$119,760	$139,720	$128,280	$149,660	$8,520	$9,940

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

FROM: Jeboria Scott, Director of Section 8 Rental Assistance
Don Watt, Chief Programs Officer

SUBJECT: Project-Based Voucher Program

DATE: May 7, 2024

Recommendation:

Tennessee Housing Development Agency's ("THDA") Rental Assistance staff recommends the approval of the proposed program rules for the Project-Based Voucher ("PBV") Program. See attached Section 0770-01-05-.37 Project-Based Voucher Program of THDA's Administrative Plan for the Housing Choice Voucher ("HCV") Program for your consideration.

Background:

In July 2022, THDA's Board of Directors authorized THDA to administer the PBV Program. The PBV Program is a critical component of THDA's efforts to provide decent, safe, and affordable housing options to low-income families and individuals within our community. Established in 1998, the PBV Program allows for the allocation of housing vouchers to specific housing developments, thereby ensuring a stable and sustainable source of affordable housing units for eligible participants.

THDA may select developments to receive PBVs in two ways. THDA may issue a public notice of its Request for PBV Proposals, which outlines its competitive selection criteria. Or, THDA may choose to select developments to receive PBVs based on its award of funding under a previous competition through a federal, state, or local government housing assistance, community development, or supportive services program, where the earlier competitive award did not involve consideration that the project would receive PBV assistance.

When THDA elects to select developments based on a previous competition, it may choose to select developments awarded through its National Housing Trust Fund ("NHTF") Program, HOME Investment Partnerships ("HOME") Program , HOME-ARP Program, Tennessee Housing Trust Fund Competitive Grants Program, and Low-Income Housing Tax Credit (LIHTC) Program. THDA's focus will be to assist families in Tennessee's rural and distressed counties and/or on those developments that will provide permanent supportive housing within THDA's HCV service area.

The U.S. Department of Housing and Urban Development ("HUD") requires all PBV administrators to include a policy chapter within its Administrative Plan that outlines how the program will be administered. These rules have been developed with the aim of enhancing the efficiency, transparency, and effectiveness of the program while maintaining compliance with federal regulations and local housing polices. To receive public comment, these rules were posted on the Secretary of State and THDA's website, and a public hearing, to be held virtually and in-person, is scheduled for May 9, 2024. Following the conclusion of the hearing, a summary of the received comments will be presented to the Board, along with THDA's decisions regarding acceptance or rejection of each comment.

Following the Board's approval, the chapter will be submitted to the Attorney General's Office for promulgation as part of the state's rule-making process.

0770-01-05-.37 PROJECT-BASED VOUCHER PROGRAM (24 CFR 983). THDA has chosen to take a percentage of its authorized units under its Consolidated Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD) and attach the funding to specific units (project-base the units) instead of using it for tenant-based vouchers under its Housing Choice Voucher (HCV) Program. This is known as the Project-Based Voucher (PBV) Program and its rule is codified at 24 CFR 983.

(1) When the PBV Rule Applies. Many parts of the PBV Program actually follow the Tenant-Based Voucher Rule codified at 24 CFR 982 and, therefore, much of this Administrative Plan will also apply to the PBV Program, except as outlined under 24 CFR 983.2 and this section.

(2) Provisions under 24 CFR 982 and this Administrative Plan that Do Not Apply to the PBV Program.

(a) Provisions on the issuance or use of a voucher;

(b) Provisions on portability;

(c) 24 CFR 982.202(b)(2) and 982.204(d);

(d) Subpart G of part 982, except the following provisions apply to the PBV Program:

1. Section 982.310 (owner termination of tenancy) applies to the PBV Program, but to the extent that those provisions differ from 983.257, the provisions of 983.257 govern; and

2. Section 982.312 (absence from unit) applies to the PBV Program, but to the extent that those provisions differ from 983.256(g), the provisions of 983.256(g) govern; and

3. Section 982.316 (live-in aide) applies to the PBV Program;

(e) Subpart H of part 982;

(f) In subpart I of part 982: 982.401; paragraphs (a)(3), (c), and (d) of 982.402; 982.403; 982.405(a); and 982.407;

(g) In subpart J of part 982: 982.455;

(h) Subpart K of Part 982, except for the following provisions apply to the PBV Program:

1. Section 982.503 (for determination of the payment standard amount and schedule for a Fair Market Rent (FMR) area or for a designated part of an FMR area). However, provisions authorizing approval of a higher payment standard as a reasonable accommodation for a particular family that includes a person with disabilities do not apply (since the payment standard amount does not affect availability of a PBV unit for occupancy by a family or the amount paid by the family);

2. Section 982.516 (family income and composition; regular and interim examinations); and

3. Section 982.517 (utility allowance schedule);

(i) In subpart M of part 982: 982.603, 982.607, 982.611, 982.613(c)(2), 982.619(a), (b)(1), (b)(4), (c); and provisions concerning shared housing (982.615 through 982.618), manufactured home space rental (982.622 through 982.624), and the homeownership option (982.625 through 982.641).

(3) Maximum Amount of PBV Assistance and Exceptions.

(a) THDA may select owner proposals to provide project-based assistance for up to twenty (20) percent of its authorized units.

1. THDA is not required to reduce its number of PBV units selected under an Agreement or Housing Assistance Payment (HAP) contract if its amount of authorized units is subsequently reduced.

(b) THDA may project-base an additional 10 percent of its authorized units if the additional units are covered by a HAP contract that first executed on or after April 18, 2017 and fall into one of the following eligible exception categories. The units do not need to all fall into the same category. Units added on or after April 18, 2017, through an amendment of a HAP contract that was first executed prior to April 18, 2017 are not eligible for this 10 percent exception. THDA does not need to meet the 20 percent maximum units before it designates eligible units for the 10 percent exception.

1. Homeless. The units are specifically made available to house individuals and families who meet the definition of homeless under section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302) and contained in the Continuum of Care Interim Rule at 24 CFR 578.3.

(i) This definition includes 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: (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. 1437e-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. Veteran. The units are specifically made available to house families that are comprised of or include a veteran. A veteran is a person who served in the active military, naval, air, or space service, and who was discharged or released therefrom under conditions other than dishonorable. 38 U.S.C. 101(2). HUD-awarded vouchers specifically designated for project-based assistance out of HUD-VASH appropriated funding are already excluded from the program cap and are not to be included under this 10 percent exception category.

3. Supportive Services. The units provide, but do not require, supportive housing to persons with disabilities or to elderly persons. For the purpose of this exception, supportive housing means: A project that makes supportive services available for all

of the assisted families in the project and provides a range of services tailored to the needs of the residents occupying such housing.

4. Poverty Rate of 20 Percent or Less. The units are located in a census tract with a poverty rate of 20 percent or less, as determined in the most recent American Community Survey Five-Year Estimates. A project that qualifies for the increased project cap at the time of HAP contract execution continues to qualify for the exception for the length of the contract regardless of changes in the poverty rate for the census tract in which the project is located.

(c) THDA may project-base other units that are not subject to the 20 percent cap. These may include:

1. RAD. Units committed to RAD PBV are excluded from the numerator and denominator when calculating the number of voucher units that can be project-based. This exception applies regardless of the effective date of the HAP contract.

2. HUD-VASH PBV. HUD has awarded vouchers specifically designated for project-based assistance out of HUD-VASH appropriated funding. These PBV units supported by HUD-VASH vouchers do not count against the PBV program cap as long as the vouchers remain under the PBV HAP contract at the designated project and they, therefore, are excluded from the numerator and denominator when calculating the number of voucher units that can be project-based. However, all other HUD-VASH vouchers, including non-set-aside HUD-VASH vouchers are subject to the project-based cap limit.

3. Units that were previously subject to certain federal rent restrictions or were receiving another type of long-term housing subsidy. Units must be covered under a PBV HAP contract, effective on or after April 18, 2017.

(4) Selection of Units for the PBV Program. Units are selected for the PBV Program by THDA requesting that owners submit proposals to participate in the PBV Program. THDA will usually select PBV proposals by selection based on a previous competition, but also reserves the right to publish Requests for Proposals via public notice.

(a) Selection Based on Previous Competition. THDA will utilize its other state and federal housing assistance, community development, and supportive service programs, including, but not limited to, its Tennessee Housing Trust Fund programs, Housing Trust Fund Program, HOME Program, and the Low-Income Housing Tax Credit Program to solicit PBV proposals from owners whose projects were selected competitively under such programs within three (3) years of the PBV proposal selection date.

1. The earlier competition must not have included any consideration as to whether the project would receive PBV assistance.

2. THDA will contact the owners under the specific program it decides to assist via an email blast, and it will post such solicitation on its website, outlining the deadline for submission of the PBV proposal.

3. The proposals will be reviewed and awarded on a first-come, first-served basis until THDA has awarded the number of units it is seeking to award to the particular program.

(b) Selection Based on Requests for PBV Proposals via Public Notice.

1. THDA may not limit proposals to a single site or impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites.

2. Public notice will be given per publication in a local newspaper of general circulation, on THDA's website and phone system, or other suitable means and will specify the deadline for submission. The Request for Proposal will specify the details of the selection criteria.

3. THDA will draft detailed application and selection information before any request and will provide such at the request of any interested parties.

(c) Before THDA makes a selection based on a previous competition or issues a Request for PBV Proposals, it will provide the following to its HUD field office for review:

1. The total amount of authorized units:

2. The percentage of authorized units available to be project-based; and

3. The total amount of authorized units THDA is planning to project-base pursuant to the selection or request.

(d) All PBV proposals must comply with HUD program regulations and requirements, including a determination that the property is eligible housing (983.53 and 983.54), complies with the cap on the number of PBV units per project (983.56), and meets the site selection standards (983.57).

(e) THDA will provide written notice to the party that submitted a selected proposal and public notice of such selection within fourteen (14) calendar days of such selection.

(f) THDA will make documentation available for public inspection regarding the basis for the selection of a PBV proposal.

(5) Eligible Housing Types. THDA may attach PBV assistance to units in existing housing or in newly constructed or rehabilitated housing developed under in accordance with an Agreement, as defined under 983.3.

Existing Housing. A housing unit is considered an existing unit for purposes of the PBV Program if, at the time of notice of selection, the units substantially comply with housing quality standards (HQS) subject to the National Standards for the Physical Inspection of Real Estate (NSPIRE), which THDA defines as units with no life-threatening violations that will pass HQS within twelve (12) months of the HAP contract execution date.

1. Units for which rehabilitation or new construction began after owner's proposal submission but prior to execution of the AHAP do not subsequently qualify as existing housing.

2. Units that were newly constructed or rehabilitated in violation of program requirements also do not qualify as existing housing.

(6) Ineligible Units. THDA may not attach or pay PBV assistance for units in the following types of housing:

(a) Shared housing. A unit occupied by two or more families. The unit consists of both common space for shared use by the occupants of the unit and separate private space for each assisted family;

(b) Units on the grounds of a penal, reformatory, medical, mental, or similar public or private institution;

(c) Nursing homes or facilities providing continuous psychiatric, medical, nursing services, board and care, or intermediate care. However, THDA may attach PBV assistance for a dwelling unit in an assisted living facility that provides home health care services such as nursing and therapy for residents of the housing;

(d) Units that are owned or controlled by an educational institution or its affiliate and are designated for occupancy by students of the institution;

(e) Manufactured homes. A manufactured structure that is built on a permanent chassis, is designed for use as a principal place of residence, and meets HQS;

(f) Transitional Housing. Housing where all program participants have signed a lease or occupancy agreement, the purpose of which is to facilitate the movement of homeless individuals and families into permanent housing within 24 months or such longer period as HUD determines necessary. The program participant must have a lease or occupancy agreement for a term of at least one month that ends in 24 months and cannot be extended;

(g) Owner-occupied units. THDA may not attach or pay PBV assistance for a unit occupied by an owner of the housing. A member of a cooperative who owns shares in the project assisted under the PBV program is not considered an owner for purposes of participation in the PBV program;

(h) Ineligible families. Before THDA selects a specific unit to which assistance is to be attached, it must determine whether the unit is occupied and, if occupied, whether the unit's occupants are eligible for assistance. THDA must not select or enter into an Agreement or HAP contract for a unit occupied by a family ineligible for participation in the PBV program;

(i) Units for which commencement of construction or rehabilitation occurred prior to Agreement to Enter into a Housing Assistance Payment Contract (AHAP). THDA may not attach or pay PBV assistance for units for which construction or rehabilitation has commenced, as defined in 983.152, after proposal submission and prior to execution of an AHAP; and

(j) Units in Subsidized Housing. THDA may not attach or pay PBV assistance to units in any of the following types of subsidized housing:

1. A public housing dwelling unit;

2. A unit subsidized with any other form of Section 8 assistance (tenant-based or project-based);

3. A unit subsidized with any governmental rent subsidy (a subsidy that pays all or any part of the rent);

4. A unit subsidized with any governmental subsidy that covers all or any part of the operating costs of the housing;

5. A unit subsidized with Section 236 rental assistance payments (12 U.S.C. 1715z–1). However, the PHA may attach assistance to a unit subsidized with Section 236 interest reduction payments;

6. A unit subsidized with rental assistance payments under Section 521 of the Housing Act of 1949, 42 U.S.C. 1490a (a Rural Housing Service Program). However, the PHA may attach assistance for a unit subsidized with Section 515 interest reduction payments (42 U.S.C. 1485);

7. A Section 202 project for non-elderly persons with disabilities (assistance under Section 162 of the Housing and Community Development Act of 1987, 12 U.S.C. 1701q note);

8. Section 811 project-based supportive housing for persons with disabilities (42 U.S.C. 8013);

9. Section 202 supportive housing for the elderly (12 U.S.C. 1701q);

10. A Section 101 rent supplement project (12 U.S.C. 1701s);

11. A unit subsidized with any form of tenant-based rental assistance (as defined at 24 CFR 982.1(b)(2)) (e.g., a unit subsidized with tenant-based rental assistance under the HOME program, 42 U.S.C. 12701 et seq.);

12. A unit with any other duplicative federal, state, or local housing subsidy, as determined by HUD or by THDA in accordance with HUD requirements. For this purpose, "housing subsidy" does not include the housing component of a welfare payment; a social security payment; or a federal, state, or local tax concession (such as relief from local real property taxes).

(7) Project Cap on the Number of PBV Units per Project. THDA may not select a proposal or enter into an Agreement or HAP contract if the total number of dwelling units in the project that will receive PBV assistance during the term of the PBV HAP contract is the greater of 25 units or 25 percent of the units in a project, subject to the following exceptions:

(a) Units exclusively for elderly families, as defined in 24 CFR 5.403 do not count against the Project Cap.

1. Elderly Family, thereunder, means a family whose head (including co-head), spouse, or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides.

2. It is not necessary that the entire project or buildings within the project be designated as elderly in order for the exception to apply. Under the PBV Program, projects are not "designated" as elderly as is the case in other programs, such as the Public Housing or Section 202 Elderly Programs.

3. The owner must identify under the HAP contract, however, the particular number of units that are exclusively made available for elderly families.

4. As each unit turns over, THDA may amend the HAP contract to transfer the exception status from one unit to another, provided it is possible to substitute a different unit for the formerly excepted unit in the project in accordance with 24 CFR 983.207(a).

5. As provided under 24 CFR 983.262(e), THDA may allow a family that initially qualified for occupancy of an excepted unit based on elderly family status to continue to reside in a unit, where through circumstances beyond the control of the family (e.g., death or long-term or permanent hospitalization or nursing care of the elderly family member), the elderly family member no longer resides in the unit. See Section 0770-01-05-.26(2)(d) of this Administrative Plan for rules regarding Absences from Unit. In this case, the unit may continue to count as an excepted unit for as long as the family resides in that unit. Once the family vacates the unit, in order to continue as an excepted unit under the HAP contract, the unit must be made available to and occupied

by a qualifying family, unless it is possible to transfer the exception status to another unit as described in the paragraph above.

(b) Units for households eligible for one or more supportive services where such services are made available to all families receiving PBV assistance in the project do not count against the Project Cap.

1. THDA and the owner may not require participation in supportive services as a condition of living in an excepted unit, which means that THDA may not rely solely on a supportive services program that would require the family to engage in the services once enrolled, such as the Family Self-Sufficiency (FSS) program, for the unit to qualify for the supportive services exception.

2. The exception applies to any household eligible for the supportive services and is not limited to households with a family member with a disability.

3. The supportive services do not need to be provided by the owner or on-site, but the services must be reasonably available to all of the families receiving PBV assistance in the project and designed to help the families in the project achieve self-sufficiency or live in the community as independently as possible.

4. THDA will accept any of the supportive services outlined within any of its programs to meet this exception, as long as such services are provided to all PBV households within the project for the duration of the HAP contract.

5. A family that becomes ineligible for the supportive services during its tenancy cannot be terminated from the program or evicted from the unit.

6. If the unit loses its excepted status, and THDA does not want to reduce the number of excepted units in its project-based portfolio, THDA may (i) Substitute the excepted unit for a non-excepted unit if it is possible to do so in accordance with 24 CFR 983.207(a), possibly by adding unit to the HAP contract, (ii) remove the unit from the PBV HAP contract and provide the family with tenant-based assistance. Once the family has moved from the unit, add the unit back to the contract in accordance with 24 CFR 983.207(b), as amended by HOTMA.

7. Any family newly admitted to the unit must be eligible for supportive services in order for the unit to retain its excepted status.

8. In the case of a family that chooses to participate in the supportive services and successfully completes the supportive services objective, the unit will continue to be an excepted unit under this category for as long as the family resides in the unit.

(c) If the project is located in a census tract with a poverty rate of 20 percent or less, as determined in the most recent American Community Survey Five-Year estimates, the project cap is the greater of 25 units or 40 percent (instead of 25 percent) of the units in the project.

(d) RAD. Units committed to RAD PBV are excluded from the numerator and denominator when calculating the number of voucher units that can be project-based. This exception applies regardless of the effective date of the HAP contract.

(e) HUD-VASH PBV. HUD has awarded vouchers specifically designated for project-based assistance out of HUD-VASH appropriated funding. These PBV units supported by HUD-VASH vouchers do not count against the PBV program cap as long as the vouchers remain under the PBV HAP contract at the designated project and they, therefore, are excluded from the numerator and denominator when calculating the number of voucher units that can be project-based. However, all other HUD-VASH vouchers, including non-set-aside HUD-VASH vouchers are subject to the project-based cap limit.

(f) Units that were previously subject to certain federal rent restrictions or were receiving another type of long-term housing subsidy. Units must be covered under a PBV HAP contract, effective on or after April 18, 2017Units that were previously subject to certain federal rent restrictions or receiving another type of long-term housing subsidy provided by HUD do not count toward the Project Cap or the income-mixing requirement. The following categories of units are eligible for this exception provided they also meet the additional conditions described below.

1. The unit received one of the following forms of HUD assistance: (i) Public Housing Capital or Operating Funds (section 9 of the Act); (ii) Project-Based Rental Assistance (section 8 of the Act), including units assisted under the section 8 moderate rehabilitation (Mod. Rehab.) program and Mod. Rehab. single-room occupancy (SRO) program; (iii) Housing for the Elderly (section 202 of the Housing Act of 1959); (iv) Housing for Persons with Disabilities (section 811 of the Cranston-Gonzalez National Affordable Housing Act); (v) The Rent Supplement (Rent Supp) program (section 101 of the Housing and Urban Development Act of 1965); (vi) Rental Assistance Program (RAP) (section 236(f)(2) of the National Housing Act); or (vii) Flexible Subsidy Program (section 201 of the Housing and Community Development Amendments of 1978); or

2. The unit was subject to a rent restriction as a result of one of the following HUD loan or insurance programs: (i) Section 236; (ii) Section 221(d)(3) or (d)(4) BMIR; (iii) Housing For the Elderly (section 202 of the Housing Act of 1959); (iv) Housing for Persons With Disabilities (section 811 of the Cranston- page 33 of 67 Gonzalez National Affordable Housing Act); or (v) Flexible Subsidy Program (section 201 of the Housing and Community Development Amendments of 1978). Units that were previously receiving PBV assistance or HCV tenant-based assistance are not covered by this exception.

3. Additional Conditions. In addition to having received HUD assistance or having been subject to rent restrictions as described above, the unit must meet the following applicable conditions to qualify for this exception:

   (i) PBV Existing and Rehabilitated Units. For units that will be placed under PBV as existing or rehabilitated units: (i) The unit must be covered under a PBV HAP contract that first became effective on or after April 18, 2017; and (ii) in the 5 years prior to the date the THDA either issued the RFP under which the project was selected or selected the project based on a prior competition or without competition, the unit met at least one form of assistance or was subject to a rent restriction as described above. If the existing/rehabilitated project was selected based on a prior competition or without competition, then the date of selection used to determine if the 5-year threshold has been met is the date of the PHA written notice of owner selection under 24 CFR 983.51(d).

   (ii) PBV New Construction. A newly constructed unit developed under the PBV program may also be excluded from the limitation, provided the unit qualifies as a replacement unit. The unit must meet all of the following requirements to meet this exception to the limitation: (i) The unit that the PBV newly constructed unit is replacing (i.e., the original unit) must have received one of the forms of HUD assistance or must have been subject to a rent restriction as a result of one of the HUD loan or insurance programs listed above no more than 5 years from the date THDA either: Issued the RFP under which the PBV new construction project was selected; or Selected the PBV new construction project based on a prior competition or without competition. If the PBV new construction project was selected based on a prior competition or without competition, then the date of selection used to determine if the 5-year threshold has been met is the date of the PHA written notice of owner selection under 24 CFR §983.51(d). (ii) The newly constructed unit is located on the same site as the unit it is replacing. An expansion of or modification to the prior project's site boundaries as a result of the design of the newly constructed project qualifies as the same site as long as a majority of the replacement units is built back on the site of the original development, and any units that are not built on the existing site share a common border with, are across a public right of way from, or touch that site. (iii) One of the primary purposes of the planned development of the PBV new construction project is or was to replace the affordable rental units that previously existed at the site, as evidenced by at least one of the following: Former residents of the original project are provided with a selection preference that provides the residents with the right of first occupancy at the PBV new construction project; or Prior to the demolition of the original project, the PBV new construction project was specifically identified as replacement housing for that original project as part of a documented plan for the redevelopment of the site. (iv) The HAP contract first became effective on or after April 18, 2017.

(8) Site Selection Standards.

(a) THDA may not select a proposal for existing, newly constructed, or rehabilitated PBV housing on a site or enter into an Agreement or HAP contract for units on the site, unless it has determined that project-based assistance for housing at the selected site is consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities.

(b) In determining whether a proposed PBV development will be selected, THDA must consider the following:

1. Whether the census tract in which the proposed PBV development will be located is in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community;

2. Whether a PBV development will be located in a census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition;

3. Whether the census tract in which the proposed PBV development will be located is undergoing significant revitalization;

4. Whether state, local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement;

5. Whether new market rate units are being developed in the same census tract where the proposed PBV development will be located and the likelihood that such market rate units will positively impact the poverty rate in the area;

6. If the poverty rate in the area where the proposed PBV development will be located is greater than 20 percent, the PHA should consider whether in the past five years there has been an overall decline in the poverty rate;

7. Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV development will be located.

8. Whether the site is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d–2000d(4)) and HUD's implementing regulations at 24 CFR part 1; Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601–3629); and HUD's implementing regulations at 24 CFR parts 100 through 199; Executive Order 11063 (27 FR 11527; 3 CFR, 1959–1963 Comp., p. 652) and HUD's implementing regulations at 24 CFR part 107. The site must meet the section 504 site selection requirements described in 24 CFR 8.4(b)(5).

9. Whether the site meets HQS site standards at 24 CFR 982.401(l).

(c) Existing and Rehabilitated Housing Site and Neighborhood Standards. A site for existing or rehabilitated housing must meet the following site and neighborhood standards. The site must:

1. Be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities and streets must be available to service the site. (The existence of a private disposal system and private sanitary water supply for the site, approved in accordance with law, may be considered adequate utilities.)

2. Promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

3. Be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

4. Be so located that travel time and cost via public transportation or private automobile from the neighborhood to places of employment providing a range of jobs for lower-income workers is not excessive. While it is important that housing for the elderly not be totally isolated from employment opportunities, this requirement need not be adhered to rigidly for such projects.

(d) New Construction Site and Neighborhood Standards. A site for newly constructed housing must meet the following site and neighborhood standards:

1. The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.

2. The site must not be located in an area of minority concentration, except as otherwise permitted below, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

3. A project may be located in an area of minority concentration only if:

    (i) Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration; or

    (ii) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (see below for further guidance on this criterion).

(iii) "Sufficient" does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Instead, application of this standard should produce a reasonable distribution of assisted units each year, which, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.

(iv) Units may be considered "comparable opportunities" if they have the same household type (elderly, disabled, family, large family); tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.

(v) Application of the sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:

(I) A significant number of assisted housing units are available outside areas of minority concentration.

(II) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.

(III) There are racially integrated neighborhoods in the locality.

(IV) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.

(V) Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.

(VI) A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs.

(VII) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.

(vi) Application of the "overriding housing needs" criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a "revitalizing area"). An "overriding housing need," however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

4. The site must promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

5. The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.

6. The housing must be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

7. Except for new construction, housing designed for elderly persons, travel time, and cost via public transportation or private automobile from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.

(9) Environmental Review.

(a) HUD Environmental Regulations. Activities under the PBV Program are subject to HUD environmental regulations at 24 CFR 50 and 58.

(b) Existing Housing. In the case of existing housing, THDA must determine whether or not PBV assistance is categorically excluded from review under the National Environmental Policy Act and whether or not the assistance is subject to review under the laws and authorities listed in 24 CFR 58.5.

(c) Limitations on actions before completion of the environmental review. THDA may not enter into an Agreement or HAP contract with an owner, and the owner, and its contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct real property or commit or expend program or local funds for PBV activities, until one of the following occurs:

1. THDA has completed the environmental review and HUD has approved the environmental certification and HUD has given a release of funds, as defined in 983.3(b);

2. THDA has determined that the project to be assisted is exempt under 24 CFR 58.34 or is categorically excluded and not subject to compliance with environmental laws under 24 CFR 58.35(b); or

3. HUD has performed an environmental review under 24 CFR part 50 and has notified the PHA in writing of environmental approval of the site.

4. HUD will not approve the release of funds for PBV assistance if the owner, or any other party commits funds (i.e., enters an Agreement or HAP contract or otherwise incurs any costs or expenditures to be paid or reimbursed with such funds) before THDA submits and HUD approves its request for release of funds (where such submission is required).

(d) Mitigating Measures. THDA must require the owner to carry out mitigating measures required by HUD as a result of the environmental review.

(10) Relocation Requirements.

(a) Any persons displaced as a result of implementation of the PBV program must be provided relocation assistance in accordance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) [42 U.S.C. 4201-4655] and implementing regulations at 49 CFR part 24.

(b) The cost of required relocation assistance may be paid with funds provided by the owner, local public funds, or funds available from other sources. THDA may not use voucher program funds to cover relocation costs, except that THDA may use their administrative fee reserve to pay for relocation expenses after all other program administrative expenses are satisfied, and provided that payment of the relocation benefits is consistent with state and local law.

1. Use of the administrative fee for these purposes must also be consistent with other legal and regulatory requirements, including the requirement in 24 CFR 982.155 and other official HUD issuances.

(c) The acquisition of real property for a PBV project is subject to the URA and 49 CFR part 24, subpart B. It is the responsibility of THDA to ensure the owner complies with these requirements.

(11) Housing Quality Standards (HQS). On May 11, 2023, HUD published the "Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE). These requirements are outlined in Chapter 0770-01-05-.23 of this Administrative Plan and any differences between the HCV Program and the PBV Program are outlined here.

(a) Lead-based paint requirements. 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 implementing regulations at 24 CFR part 35, subparts A, B, H, and R, apply to the PBV program.

(b) Enforcement. 24 CFR 982 and 983 do not create any right of the family or any party, other than HUD or THDA, to require enforcement of HQS requirements or to assert any claim against HUD or THDA for damages, injunction, or other relief for alleged failure to enforce HQS.

(c) Additional THDA quality and design requirements. This section establishes the minimum federal housing quality standards for PBV housing. However, THDA also requires adherence to its Minimum Design Standards Rehabilitation and New Construction Single Family and Multi-Family Housing Units for PBV units, which must be specified in the Agreement.

(d) Housing Accessibility for Persons with Disabilities.

1. Program Accessibility. The housing must comply with program accessibility requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8. THDA will ensure that the percentage of accessible dwelling units complies with the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as implemented by HUD's regulations at 24 CFR part 8, subpart C.

2. Design and Construction. Housing first occupied after March 13, 1991, must comply with design and construction requirements of the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205, as applicable.

(e) Inspections.

1. Pre-Selection Inspection.

   (i) Inspection of Site. THDA must examine the proposed site before the proposal selection date.

2. Turnover Inspections. THDA will approve assisted tenancy of a unit prior to the HQS inspection if the property has passed an alternative inspection (inspections of housing assisted under HOME, LIHTC, or other inspections performed by HUD) within the past 24 months. THDA must conduct an initial inspection of the unit, within fifteen (15) days of receiving the Request for Tenancy Approval (RTA). THDA may not provide HAP until the unit fully complies with the HQS.

   (i) If the unit passes the initial HQS inspection, THDA will pay HAP retroactively to the effective date of the lease.

   (ii) If the unit fails the initial HQS inspection, life-threatening deficiencies must be corrected within 24 hours of receiving the inspection results. Non-life-threatening deficiencies must be corrected within 30 calendar days.

      1. If the deficiencies are corrected, THDA will pay HAP retroactively to the effective date of the lease.

      2. If the deficiencies are not corrected, within timeframe established, THDA must abate the HAP, in accordance with this Administrative Plan.

3. Periodic Inspections.

   (i) At least biennially, during the term of the HAP contract, THDA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections are not counted toward meeting this inspection requirement.

   (ii) If more than 20 percent of the sample of inspected contract units in a building fail the initial inspection, then THDA must reinspect 100 percent of the contract units in the building.

4. Other Inspections.

   (i) THDA must inspect contract units whenever needed to determine that the contract units comply with HQS, and that the owner is providing maintenance, utilities, and other services in accordance with the HAP contract. THDA must take into account complaints and any other information coming to its attention in scheduling inspections.

   (ii) THDA must conduct follow-up inspections needed to determine if the owner (or, if applicable, the family) has corrected an HQS violation, and must conduct inspections to determine the basis for exercise of contractual and other remedies for owner or family violation of HQS. (Family HQS obligations are specified in 24 CFR 982.404(b).)

(iii) In conducting quality control of HQS inspections, THDA must include a representative sample of both tenant-based and project-based units.

(12) Requirements for Rehabilitated and Newly Constructed Units.

(a) Agreement to Enter Into HAP Contract (“Agreement”). THDA must enter into an Agreement with the owner at such time as the subsidy layering review is complete, the environmental review is complete and THDA has received approval, and if construction or rehabilitation has not commenced after proposal submission. Construction begins when excavation or site preparation (including clearing of the land) begins for the housing. Rehabilitation begins with the physical commencement of rehabilitation activity on the housing. Additional Agreement requirements include the following:

1. The Agreement must be in the form required by HUD headquarters (see 24 CFR 982.162).

2. In the Agreement the owner agrees to develop the contract units to comply with HQS, and THDA agrees that, upon timely completion of such development in accordance with the terms of the Agreement, THDA will enter into a HAP contract with the owner for the contract units.

3. The Agreement Must Describe the Housing. At a minimum, the Agreement must describe the following features of the housing to be developed (newly constructed or rehabilitated) and assisted under the PBV program: (i) Site; (ii) Location of contract units on site; (iii) Number of contract units by area (size) and number of bedrooms and bathrooms; (iv) Services, maintenance, or equipment to be supplied by the owner without charges in addition to the rent to owner; (v) Utilities available to the contract units, including a specification of utility services to be paid by owner (without charges in addition to rent) and utility services to be paid by the tenant; (vi) Indication of whether or not the design and construction requirements of the Fair Housing Act and implementing regulations at 24 CFR 100.205 and the accessibility requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR 8.22 and 8.23 apply to units under the Agreement. If these requirements are applicable, any required work item resulting from these requirements must be included in the description of work to be performed under the Agreement; (vii) Estimated initial rents to owner for the contract units; (viii) Description of the work to be performed under the Agreement. If the Agreement is for rehabilitation of units, the work description must include the rehabilitation work write up and, where determined necessary by THDA, specifications, and plans. If the Agreement is for new construction, the work description must include the working drawings and specifications; (ix) HQS; and (x) THDA Minimum Design Standards Rehabilitation and New Construction Single Family and Multi-Family Housing Units.

4. Conduct of Development Work.

(i) In the case of an Agreement for development of nine or more contract units (whether or not completed in stages), the owner and the owner's contractors and subcontractors must pay Davis-Bacon wages to laborers and mechanics employed in development of the housing. The HUD prescribed form of Agreement shall include the labor standards clauses required by HUD, such as those involving Davis-Bacon wage rates.

(ii) The owner and the owner's contractors and subcontractors must comply with the Contract Work Hours and Safety Standards Act, Department of Labor regulations in 29 CFR part 5, and other applicable federal labor relations laws and regulations. The PHA must monitor compliance with labor standards.

(iii) Equal Employment Opportunity. The owner must comply with federal equal employment opportunity requirements of Executive Orders 11246 as amended (3 CFR, 1964–1965 Comp., p. 339), 11625 (3 CFR, 1971–1975 Comp., p. 616), 12432 (3 CFR, 1983 Comp., p. 198) and 12138 (3 CFR, 1977 Comp., p. 393).

(iv) Eligibility to Participate in Federal Programs and Activities. The Agreement and HAP contract shall include a certification by the owner that the owner and other project principals (including the officers and principal members, shareholders, investors, and other parties having a substantial interest in the project) are not on the U.S. General Services Administration list of parties excluded from federal procurement and nonprocurement programs.

(v) Disclosure of Conflict of Interest. The owner must disclose any possible conflict of interest that would be a violation of the Agreement, the HAP contract, or HUD regulations.

(vi) Completion of Housing Deadline. The owner must develop and complete the housing in accordance with the Agreement. The Agreement must specify the deadlines for completion of the housing and for submission by the owner of the following required evidence of completion.

(I) Minimum Submission. At a minimum, the owner must submit the following evidence of completion to THDA in the form and manner required by the THDA: (i) Owner certification that the work has been completed in accordance with HQS and all requirements of the Agreement; and (ii) Owner certification that the owner has complied with labor standards and equal opportunity requirements in development of the housing.

(II) Additional Documentation. Owners must submit a certificate of occupancy or certificate of completion, as applicable.

(b) Broadband Infrastructure. Any new construction or substantial rehabilitation, as substantial rehabilitation is defined by 24 CFR 5.100, of a building with more than 4 rental units and where the date of the notice of owner proposal selection or the start of the rehabilitation while under a HAP contract is after January 19, 2017 must include installation of broadband infrastructure, as this term is also defined in 24 CFR 5.100, except where the owner determines and documents the determination that: (i) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; (ii) The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or (iii) The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

(c) THDA Determination of Completion and Acceptance of Completed Units. When THDA has received owner notice that the housing is completed, THDA must:

1. Inspect to determine if the housing has been completed in accordance with the Agreement, including compliance with HQS and THDA's Minimum Design Standards Rehabilitation and New Construction Single Family and Multi-Family Housing Units.

2. Determine if the owner has submitted all required evidence of completion.

3. If the work has not been completed in accordance with the Agreement, THDA must not enter into the HAP contract.

(13) HAP Contract.

(a) Execution of HAP Contract.

1. Newly Constructed or Rehabilitated Housing. If THDA determines that the housing has been completed in accordance with the Agreement and that the owner has submitted all required evidence of completion, THDA must submit the HAP contract for execution by the owner and must then execute the HAP contract.

2. Existing Housing. In the case of existing housing, the HAP contract must be executed within fourteen (14) calendar days after THDA selection of the owner proposal and THDA inspection of the housing.

(b) The HAP contract must specify:

1. The total number of contract units by number of bedrooms;

2. Information needed to identify the site and the building or buildings where the contract units are located. The information must include the project's name, street address, city or county, state and zip code, block and lot number (if known), and any other information necessary to clearly identify the site and the building;

3. Information needed to identity the specific contract units in each building. The information must include the number of contract units in the building, the location of each contract unit, the area of each contract unit, and the number of bedrooms and bathrooms in each contract unit;

4. Services, maintenance, and equipment to be supplied by the owner without charges in addition to the rent to owner;

5. Utilities available to the contract units, including a specification of utility services to be paid by the owner (without charges in addition to rent) and utility services to be paid by the tenant;

6. Features provided to comply with program accessibility requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8;

7. The HAP contract term;

8. The number of units in any project that will exceed the 25 percent per-project cap (as described in § 983.56), which will be set-aside for occupancy by qualifying families (elderly and/or disabled families and families receiving supportive services); and

9. The initial rent to owner (for the first 12 months of the HAP contract term).

(c) Term of the HAP Contract.

1. 15-year Initial Term. THDA may enter into a HAP contract with an owner for an initial term of up to 15 years for each contract unit. The length of the term of the HAP contract for any contract unit may not be less than one year, nor more than 15 years.

2. Extension of Term. THDA may agree to enter into an extension at the time of the initial HAP contract term or any time before expiration of the contract, for an additional term of up to 15 years if THDA determines an extension is appropriate to continue providing affordable housing for low-income families. A HAP contract extension may not exceed 15

years. THDA may provide for multiple extensions; however, in no circumstance may such extensions exceed 15 years, cumulatively. Extensions after the initial extension are allowed at the end of any extension term provided that not more than 24 months prior to the expiration of the previous extension contract, THDA agrees to extend the term, and that such extension is appropriate to continue providing affordable housing for low-income families or to expand housing opportunities. Extensions after the initial extension term will not begin prior to the expiration date of the previous extension term. Subsequent extensions are subject to the same limitations described in this paragraph. Any extension of the term must be on the form and subject to the conditions prescribed by HUD at the time of the extension.

3. Termination by THDA - Insufficient Funding.

   (i) The HAP contract must provide that the term of the THDA's contractual commitment is subject to the availability of sufficient appropriated funding (budget authority) as determined by HUD or by THDA in accordance with HUD instructions. For purposes of this section, "sufficient funding" means the availability of appropriations, and of funding under the ACC from such appropriations, to make full payment of housing assistance payments payable to the owner for any contract year in accordance with the terms of the HAP contract.

   (ii) If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, THDA has the right to terminate the HAP contract by notice to the owner for all or any of the contract units. Such action by THDA shall be implemented in accordance with HUD instructions.

4. Termination by Owner - Reduction Below Initial Rent. The owner may terminate the HAP contract, upon notice to THDA, if the amount of the rent to owner for any contract unit, as adjusted in accordance with 983.302, is reduced below the amount of the initial rent to owner (rent to owner at the beginning of the HAP contract term). In this case, the assisted families residing in the contract units will be offered tenant-based voucher assistance under THDA's HCV Program.

(d) Statutory Notice Requirements for Contract Termination or Expiration. Notices required hereunder must be provided in the form prescribed by HUD.

1. Not less than one year before termination of a PBV HAP contract, the owner must notify THDA and assisted tenants of the termination.

2. For purposes of this section, the term "termination" means the expiration of the HAP contract or an owner's refusal to renew the HAP contract.

3. If an owner does not give timely notice of termination, the owner must permit the tenants in assisted units to remain in their units for the required notice period with no increase in the tenant portion of their rent, and with no eviction as a result of an owner's inability to collect an increased tenant portion of rent.

4. An owner may renew the terminating contract for a period of time sufficient to give tenants one-year advance notice under such terms as HUD may require.

(e) Amendment to HAP contract to Add or Substitute Contract Units.

1. Amendment to Substitute Contract Units. At the discretion of THDA and subject to all PBV requirements, the HAP contract may be amended to substitute a different unit with the same number of bedrooms in the same building for a previously covered contract unit.

Prior to such substitution, THDA must inspect the proposed substitute unit and must determine the reasonable rent for such unit.

2. Amendment to Add Contract Units. At the discretion of THDA and provided that the total number of units in a project that will receive PBV assistance will not exceed 25 percent of the total number of dwelling units in the project (assisted and unassisted), (unless units were initially identified in the HAP contract as excepted, a HAP contract may be amended during the three-year period immediately following the execution date of the HAP contract to add additional PBV contract units in the same project. An amendment to the HAP contract is subject to all PBV requirements (e.g., rents are reasonable), except that a new PBV request for proposals is not required. The anniversary and expiration dates of the HAP contract for the additional units must be the same as the anniversary and expiration dates of the HAP contract term for the PBV units originally placed under HAP contract.

3. Staged Completion of Contract Units. Even if contract units are placed under the HAP contract in stages commencing on different dates, there is a single annual anniversary for all contract units under the HAP contract. The annual anniversary for all contract units is the annual anniversary date for the first contract units placed under the HAP contract. The expiration of the HAP contract for all the contract units completed in stages must be concurrent with the end of the HAP contract term for the units originally placed under HAP contract.

(f) Removal of Unit from HAP Contract.

1. Units occupied by families whose income has increased during their tenancy resulting in the tenant rent equaling the rent to the owner, shall be removed from the HAP Contract 180 days following the last housing assistance payment on behalf of the family.

2. If the project is fully assisted, THDA may reinstate the unit removed to the HAP contract after the ineligible family vacates the property. If the project is partially assisted, THDA may substitute a different unit for the unit removed to the HAP contract when the first eligible substitute becomes available. A reinstatement or substitution of units under the HAP contract, in accordance with this section, must be permissible under 983.207. The anniversary and expirations dates of the HAP contract for the unit must be the same as it was when it was originally placed under the HAP contract. THDA must refer eligible families to the owner in accordance with the THDA's selection policies

(14) Owner Responsibilities. The owner is responsible for performing all of the owner responsibilities under the Agreement, the HAP contract, Owner Responsibilities under 24 CFR 982.452, and Chapter 0770-01-05.24 of this Administrative Plan.

(a) Owner Certification. By execution of the HAP contract, the owner certifies that at such execution and at all times during the term of the HAP contract, the following statements are true:

1. All contract units are in good and tenantable condition. The owner is maintaining the premises and all contract units in accordance with the HQS.

2. The owner is providing all the services, maintenance, equipment, and utilities as agreed to under the HAP contract and the leases with assisted families.

3. Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family referred by THDA, and the lease is in accordance with the HAP contract and HUD requirements.

4. To the best of the owner's knowledge, the members of the family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.

5. The owner (including a principal or other interested party) is not the spouse, parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.

6. The amount of the housing assistance payment is the correct amount due under the HAP contract.

7. The rent to owner for each contract unit does not exceed rents charged by the owner for other comparable unassisted units.

8. Except for the housing assistance payment and the tenant rent as provided under the HAP contract, the owner has not received and will not receive any payment or other consideration (from the family, the PHA, HUD, or any other public or private source) for rental of the contract unit.

9. The family does not own or have any interest in the contract unit. The certification required by this section does not apply in the case of an assisted family's membership in a cooperative.

10. Repair work on a project selected as an existing project that is performed after HAP execution within such post-execution period as specified by HUD may constitute development activity, and if determined to be development activity, the repair work undertaken shall be in compliance with Davis-Bacon wage requirements.

(b) Continuing Condition of Contract Units.

1. Owner Maintenance and Operation.

    (i) The owner must maintain and operate the contract units and premises in accordance with HQS, including performance of ordinary and extraordinary maintenance. These requirements are outlined in Chapter 0770-01-05-.23 of this Administrative Plan and any differences between the HCV Program and the PBV Program are outlined herein.

    (ii) The owner must provide all the services, maintenance, equipment, and utilities specified in the HAP contract with THDA and in the lease with each assisted family.

2. Remedies for HQS Violation.

    (i) THDA must vigorously enforce the owner's obligation to maintain contract units in accordance with HQS. THDA may not make any HAP payment to the owner for a contract unit covering any period during which the contract unit does not comply with the HQS.

    (ii) If THDA determines that a contract unit is not in accordance with HQS (or other HAP contract requirement), the PHA may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination of housing assistance payments, abatement or reduction of housing assistance payments, reduction of contract units, and termination of the HAP contract.

3. Maintenance and Replacement - Owner's Standard Practice. Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

(15) Selection of Tenants.

(a) Who May Receive PBV assistance?

1. THDA may select families who are participants in THDA's HCV Program and families who have applied for admission to such Program.

2. Except for HCV Program participants (determined eligible at original admission to the voucher program), THDA may only select families determined eligible for admission at commencement of PBV assistance.

3. The protections for victims of domestic violence, dating violence, sexual assault, or stalking in 24 CFR part 5, subpart L, apply to admission to the project-based program.

4. THDA may not approve a tenancy if the owner (including a principal or other interested party) of a unit is the parent, child, grandparent, grandchild, sister, or brother of any member of the family, unless the PHA determines that approving the unit would provide reasonable accommodation for a family member who is a person with disabilities.

(b) Protection of In-Place Families.

1. The term "in-place family" means an eligible family residing in a proposed contract unit on the proposal selection date.

2. In order to minimize displacement of in-place families, if a unit to be placed under contract that is either an existing unit or one requiring rehabilitation is occupied by an eligible family on the proposal selection date, the in-place family must be placed on THDA's waiting list (if the family is not already on the list) and, once its continued eligibility is determined, given an absolute selection preference and referred to the project owner for an appropriately sized PBV unit in the project. (However, THDA may deny assistance for the grounds specified in 24 CFR 982.552 and 982.553.) Admission of such families is not subject to income-targeting under 24 CFR 982.201(b)(2)(i), and such families must be referred to the owner from the THDA's waiting list. THDA shall give such families priority for admission to the PBV program. This protection does not apply to families that are not eligible to participate in the program on the proposal selection date.

(c) Selection from THDA Waiting List.

1. Applicants who will occupy PBV units must be selected by THDA from the THDA waiting list. THDA must select applicants from the waiting list in accordance with the policies in this Administrative Plan.

2. THDA will use a separate waiting list for admission to PBV units. THDA must offer to place applicants who are listed on the waiting list for tenant-based assistance on the waiting list for PBV assistance.

3. THDA will use separate waiting lists for PBV units in individual projects or buildings (or for sets of such units) The waiting list may establish criteria or preferences for occupancy of particular units.

4. THDA may place families referred by the PBV owner on its PBV waiting list.

5. No less than 75 percent of the families admitted to THDA's HCV and PBV Programs during THDA's fiscal year from THDA's waiting list shall be extremely low-income families based on area median income. The income-targeting requirements at 24 CFR

982.201(b)(2) apply to the total of admissions to THDA's HCV and PBV Programs during THDA's fiscal year from THDA's waiting list for such programs.

6. In selecting families to occupy PBV units with special accessibility features for persons with disabilities, THDA must first refer families who require such accessibility features to the owner (see 24 CFR 8.26 and 100.202).

(d) Preference for Services Offered. In selecting families, THDA may give preference to disabled families who need services offered at a particular project in accordance with the limits under this paragraph. The prohibition on granting preferences to persons with a specific disability at 24 CFR 982.207(b)(3) continues to apply.

1. Preference Limits.

(i) The preference is limited to the population of families (including individuals) with disabilities that significantly interfere with their ability to obtain and maintain themselves in housing;

(ii) Who, without appropriate supportive services, will not be able to obtain or maintain themselves in housing; and

(iii) For whom such services cannot be provided in a non-segregated setting.

2. Disabled residents must not be required to accept the particular services offered at the project.

3. In advertising the project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible persons with disabilities who may benefit from services provided in the project.

(e) Offer of PBV Assistance.

1. If a family refuses THDA's offer of PBV assistance, such refusal does not affect the family's position on the waiting list for the HCV Program.

2. If a PBV owner rejects a family for admission to the owner's PBV units, such rejection by the owner does not affect the family's position on THDA's waiting list for the HCV Program.

3. THDA may not take any of the following actions against an applicant who has applied for, received, or refused an offer of PBV assistance:

(i) Refuse to list the applicant on THDA's waiting list for the HCV Program;

(ii) Deny any admission preference for which the applicant is currently qualified;

(iii) Change the applicant's place on the waiting list based on preference, date, and time of application, or other factors affecting selection under THDA's selection policy;

(iv) Remove the applicant from the waiting list for the HCV Program.

(f) Information THDA is Required to Provide a Family Accepted for the PBV Program.

1. Oral Briefing. When a family accepts an offer of PBV assistance, THDA must give the family an oral briefing. The briefing must include a description of how the program works and family and owner responsibilities. Briefings are conducted virtually.

2. Information Packet. THDA must give the family a packet that includes information on the following subjects:

   (i) How the PHA determines the total tenant payment for a family;

   (ii) Family obligations under the program; and

   (iii) Applicable fair housing information.

3. Providing Information for Persons with Disabilities. If the family head or spouse is a disabled person, THDA must take appropriate steps to assure effective communication, in accordance with 24 CFR 8.6, in conducting the oral briefing and in providing the written information packet, including in alternative formats. THDA shall have some mechanism for referring to accessible PBV units a family that includes a person with mobility impairment.

4. Providing Information for Persons with Limited English Proficiency. THDA will take reasonable steps to assure meaningful access by persons with limited English proficiency in accordance with obligations contained in Title VI of the Civil Rights Act of 1964 and Executive Order 13166. See Section 0770-01-05-.30(2) of this Administrative Plan.

(g) Owner Selection of Tenants.

1. During the term of the HAP contract, the owner must lease contract units only to eligible families selected and referred by THDA from THDA's waiting list.

2. The owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to perform the lease obligations.

3. An owner must notify, within 30 days, in writing any rejected applicant of the grounds for any rejection.

4. The owner must comply with 24 CFR part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking). This applies to tenant screening as well.

5. Size of unit. The contract unit leased to each family must be appropriate for the size of the family under THDA's subsidy standards. See Section 0770-01-05-.21(3) of this Administrative Plan.

6. Tenant Screenings.

   (i) THDA Responsibility. THDA has no responsibility or liability to the owner or any other person for the family's behavior or suitability for tenancy.

   (ii) Owner Responsibility. The owner is responsible for screening and selection of the family on the basis of their tenancy histories. An owner may consider a family's background with respect to such factors as:

      (I) Payment of rent and utility bills;

      (II) Caring for a unit and premises;

(III) Respecting the rights of other residents to the peaceful enjoyment of their housing;

(IV) Drug-related criminal activity or other criminal activity that is a threat to the health, safety, or property of others (Refer to HUD's Office of General Counsel Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records by Providers of Housing and Real Estate-Related Transaction, dated April 4, 2016).; and

(V) Compliance with other essential conditions of tenancy;

(iii) Providing Tenant Information to Owner. THDA must give the family a description of THDA's policy on providing information to owners and such policy must give the same type of information to all owners regarding families.

(I) THDA must give the owner the family's current and prior address (as shown in THDA records) and the name and address (if known to THDA) of the landlord at the family's current and any prior address.

7. Vacancies.

(i) Filling Vacant Units.

(I) The owner must notify THDA within five (5) business days of any vacancy or expected vacancy in a contract unit. After receiving the owner notice, THDA must refer a sufficient number of families for the owner to fill such vacancies within fourteen (14) calendar days.

(II) The owner must lease vacant contract units only to eligible families on THDA's waiting list referred by THDA

(III) THDA and the owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.

(ii) Reducing the Number of Contract Units. If any contract units have been vacant for a period of 120 or more days since owner notice of vacancy (and notwithstanding the reasonable good faith efforts of THDA to fill such vacancies), THDA may give notice to the owner amending the HAP contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

(16) Lease.

(a) Tenant's Legal Capacity. The tenant must have legal capacity to enter a lease under state and local law. "Legal capacity" means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner.

(b) Form of the Lease.

1. The tenant and the owner must enter a written lease for the unit. The lease must be executed by the owner and the tenant.

2. If the owner uses a standard lease form for rental to unassisted tenants in the locality or the premises, the lease must be in such standard form. If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease, such as a THDA model lease.

3. In all cases, the lease must include a HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD. The terms of the tenancy addendum shall prevail over other provisions of the lease.

4. THDA may review the owner's lease form to determine if the lease complies with state and local law. THDA may decline to approve the tenancy if THDA determines that the lease does not comply with state or local law.

(c) Required Information. The lease must specify all of the following:

1. The names of the owner and the tenant;

2. The unit rented (address, apartment number, if any, and any other information needed to identify the leased contract unit);

3. The term of the lease (initial term and any provision for renewal);

4. The amount of the tenant rent to owner. The tenant rent to owner is subject to change during the term of the lease in accordance with HUD requirements;

5. A specification of what services, maintenance, equipment, and utilities are to be provided by the owner; and

6. The amount of any charges for food, furniture, or supportive services.

(d) Tenancy Addendum. The tenancy addendum in the lease shall state the program tenancy requirements and the composition of the household as approved by THDA (names of family members and any THDA-approved live-in aide).

(e) Amendment/Change to the Lease.

1. If the tenant and the owner agree to any change in the lease, such change must be in writing, and the owner must immediately give THDA a copy of all such changes.

2. The owner must notify THDA in advance of any proposed change in lease requirements governing the allocation of tenant and owner responsibilities for utilities. Such changes may be made only if approved by THDA and in accordance with the terms of the lease relating to its amendment. THDA must redetermine reasonable rent, in accordance with § 983.303(c), based on any change in the allocation of responsibility for utilities between the owner and the tenant, and the redetermined reasonable rent must be used in calculation of rent to owner from the effective date of the change.

(f) Term of Lease.

1. The initial lease term must be for at least one year.

2. The lease must provide for automatic renewal after the initial term of the lease. The lease may provide for automatic renewal for successive definite terms (e.g., month-to-month or year-to-year) or for automatic indefinite extension of the lease term.

3. The term of the lease terminates if any of the following occurs:

   (i) The owner terminates the lease for good cause;

   (ii) The tenant terminates the lease;

(iii) The owner and the tenant agree to terminate the lease;

(iv) THDA terminates the HAP contract; or

(v) THDA terminates assistance for the family.

(g) Security Deposits – Amounts Owed by Tenant.

1. The owner may collect a security deposit from the tenant.

2. THDA does not impose any limit on the amount of security deposit that can be collected by an owner as long as the amount is comparable with open market practices, is not in excess of amounts charged to tenants of unassisted units and complies with state law.

3. When the tenant moves out of the contract unit, the owner, subject to state and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit, or other amounts which the tenant owes under the lease.

4. The owner must give the tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used to reimburse the owner, the owner must promptly refund the full amount of the balance to the tenant, in accordance with state law.

5. If the security deposit is not sufficient to cover amounts the tenant owes under the lease, the owner may seek to collect the balance from the tenant. However, THDA has no liability or responsibility for payment of any amount owed by the family to the owner.

(h) Lease Provisions Governing Absence from the Unit. The lease may specify a maximum period of family absence from the unit that may be shorter than the maximum period permitted by THDA policy. (PHA termination-of-assistance actions due to family absence from the unit are subject to 24 CFR 982.312, except that the unit is not terminated from the HAP contract if the family is absent for longer than the maximum period permitted.) See Section 0770-01-05-.26(2)(d) of this Administrative Plan for rules regarding Absences from Unit.

(17) Owner Termination of Tenancy and Eviction.

(a) In general. 24 CFR 982.310 applies with the exception that 982.310(d)(1)(iii) and (iv) do not apply to the PBV Program. In the PBV program, "good cause" does not include a business or economic reason or desire to use the unit for an individual, family, or non-residential rental purpose. 24 CFR 5.858 through 5.861 on eviction for drug and alcohol abuse apply to this part. 24 CFR part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking) applies.

(b) If a family resides in a project-based unit excepted from the 25 percent per-project cap on project-basing because of participation in an Family Self-Sufficiency ("FSS") or other supportive services program, and the family fails without good cause to complete its FSS contract of participation or supportive services requirement, such failure is grounds for lease termination by the owner.

(18) Family Right to Move.

(a) The family may terminate the assisted lease at any time after the first year of occupancy. The family must give the owner advance written notice of intent to vacate, with a copy to THDA, in accordance with the lease. If the family terminates the assisted lease before the end of one year, the family relinquishes the opportunity for continued tenant-based assistance.

(b) If the family has elected to terminate the lease in this manner, THDA must offer the family the opportunity for continued tenant-based rental assistance, in the form of either assistance under the HCV Program or other comparable tenant-based rental assistance.

(c) Before providing notice to terminate the lease under paragraph (a) of this section, a family must contact THDA to request comparable tenant-based rental assistance if the family wishes to move with continued assistance. If HCV or other comparable tenant-based rental assistance is not immediately available upon termination of the family's lease of a PBV unit, THDA must give the family priority to receive the next available opportunity for continued tenant-based rental assistance.

(d) The above policies do not apply when the family or a member of the family is or has been the victim of domestic violence, dating violence, sexual assault, or stalking, as provided in 24 CFR part 5, subpart L, and the move is needed to protect the health or safety of the family or family member, or any family member has been the victim of a sexual assault that occurred on the premises during the 90-calendar-day period preceding the family's request to move. THDA may not terminate assistance if the family, with or without prior notification to THDA, moves out of a unit in violation of the lease, if such move occurs to protect the health or safety of a family member who is or has been the victim of domestic violence, dating violence, sexual assault, or stalking and who reasonably believed he or she was threatened with imminent harm from further violence if he or she remained in the dwelling unit, or any family member has been the victim of a sexual assault that occurred on the premises during the 90-calendar-day period preceding the family's request to move.

(e) If a family breaks up as a result of an occurrence of domestic violence, dating violence, sexual assault, or stalking, as provided in 24 CFR part 5, subpart L, THDA will offer the victim the opportunity for continued tenant-based rental assistance.

(19) Continuation of Housing Assistance Payment (“HAP”).

(a) Zero HAP. Housing assistance payments will continue until the tenant rent equals the rent to owner. The cessation of housing assistance payments at such point will not affect the family's other rights under its lease, nor will such cessation preclude the resumption of payments as a result of later changes in income, rents, or other relevant circumstances if such changes occur within 180 days following the date of the last housing assistance payment by THDA. After the 180-day period, the unit shall be removed from the HAP contract pursuant to 983.211.

(b) Overcrowded, Under-Occupied, Accessible Units. If THDA determines, according to its subsidy standards, that a family is occupying a wrong-size unit or a unit with accessibility features that the family does not require, and the unit is needed by a family that requires the accessibility features, THDA, within 30 days, must notify the family and the owner of this determination, and of THDA’s offer of continued assistance in another unit under (i) project-based voucher assistance in an appropriate-size unit (in the same project or in another project) or (ii) tenant-based rental assistance under the HCV program.

(20) Amount of Rent to Owner. The amount of the initial and redetermined rent to owner is determined hereunder and in accordance with 983.302.

(a) Initial Rents. The amount of the initial rent to owner is established at the beginning of the HAP contract term. For rehabilitated or newly constructed housing, the Agreement states the estimated amount of the initial rent to owner, but the actual amount of the initial rent to owner is established at the beginning of the HAP contract term.

(b) Amount of Rent to Owner. Except for certain tax credit units, the rent to owner must not exceed the lowest of:

1. An amount determined by THDA, not to exceed 110 percent of the applicable fair market rent (or any exception payment standard approved by the Secretary) for the unit bedroom size minus any utility allowance;

2. The reasonable rent; or

3. The rent requested by the owner.

(c) Rent to Owner for Certain Tax Credit Units. This paragraph (c) applies if a contract unit receives a low-income housing tax credit ("LIHTC") under the Internal Revenue Code of 1986 (see 26 U.S.C. 42); the contract unit is not located in a qualified census tract; in the same building, there are comparable tax credit units of the same unit bedroom size as the contract unit and the comparable tax credit units do not have any form of rental assistance other than the tax credit; and the tax credit rent exceeds the applicable fair market rental (or any exception payment standard) as determined in accordance with paragraph (b) of this section. For LIHTC units, the rent to owner must not exceed the lowest of:

1. The tax credit rent minus any utility allowance;

2. The reasonable rent; or

3. The rent requested by the owner.

4. The "tax credit rent" is the rent charged for comparable units of the same bedroom size in the building that also receive the low-income housing tax credit but do not have any additional rental assistance (e.g., additional assistance such as tenant-based voucher assistance).

5. A "qualified census tract" is any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income of less than 60 percent of Area Median Gross Income ("AMGI") or where the poverty rate is at least 25 percent and where the census tract is designated as a qualified census tract by HUD.

(d) Rent to Owner for Other Tax Credit Units. Except in the case of a tax-credit unit above, the rent to owner for all other tax credit units may be determined by THDA pursuant to paragraph (b) of this section.

(e) Reasonable Rent. The rent to owner for each contract unit may at no time exceed the reasonable rent, except in cases where upon redetermination of the rent to owner, the reasonable rent would result in a rent below the initial rent. THDA has elected to not reduce rents below the initial rent to owner.

1. How to Determine Reasonable Rent.

   (i) The reasonable rent of a contract unit must be determined by comparison to rent for other comparable unassisted units.

   (ii) In determining the reasonable rent, THDA must consider factors that affect market rent, such as:

      (I) The location, quality, size, unit type, and age of the contract unit; and

(II) (Amenities, housing services, maintenance, and utilities to be provided by the owner.

(iii) Comparable Analysis.

(I) For each unit, THDA's comparability analysis must use at least three comparable units in the private unassisted market, which may include comparable unassisted units in the premises or project.

(II) THDA must retain a comparability analysis that shows how the reasonable rent was determined, including major differences between the contract units and comparable unassisted units.

(III) The comparability analysis may be performed by THDA staff or by another qualified person or entity. A person or entity that conducts the comparability analysis and any THDA staff or contractor engaged in determining the housing assistance payment based on the comparability analysis may not have any direct or indirect interest in the property.

2. Redetermination. THDA must redetermine the reasonable rent:

(i) Whenever there is a 10 percent decrease in the published FMR in effect 60 days before the contract anniversary (for the unit sizes specified in the HAP contract) as compared with the FMR in effect 1 year before the contract anniversary.

(ii) Whenever THDA approves a change in the allocation of responsibility for utilities between the owner and the tenant;

(iii) Whenever the HAP contract is amended to substitute a different contract unit in the same building or project; and

(iv) Whenever there is any other change that may substantially affect the reasonable rent.

3. Owner Certification of Comparability. By accepting each monthly housing assistance payment from THDA, the owner certifies that the rent to owner is not more than rent charged by the owner for comparable unassisted units in the premises. The owner must give THDA information it requests on rents charged by the owner for other units in the premises or elsewhere.

(f) Use of Fair Market Rents ("FMRs") and Utility Allowance Schedule in Determining the Amount of Rent to Owner.

1. Amounts Used.

(i) Determination of Initial Rent (at beginning of HAP contract term). When determining the initial rent to owner, THDA shall use the most recently published FMR in effect and the utility allowance schedule in effect at execution of the HAP contract. At its discretion, THDA may use the amounts in effect at any time during the 30-day period immediately before the beginning date of the HAP contract.

(ii) Redetermination of Rent to Owner. When redetermining the rent to owner, THDA shall use the most recently published FMR and THDA utility allowance schedule in effect at the time of redetermination. At its discretion, THDA may use the amounts in effect at any time during the 30-day period immediately before the redetermination date.

2. Exception Payment Standard and THDA Utility Allowance Schedule.

(i) Any HUD-approved exception payment standard amount under 24 CFR 982.503(c) applies to both the HCV and PBV Programs. HUD will not approve a different exception payment standard amount for use in the PBV program.

(ii) THDA may not establish or apply different utility allowance amounts for the PBV Program. The same utility allowance schedule applies to both Programs.

(g) Redetermination of Rent to Owner.

1. THDA must redetermine the rent to owner:

(i) Upon the owner's request; or

(ii) When there is a 10 percent decrease in the published FMR.

2. Rent Increase.

(i) THDA may not make any rent increase other than an increase in the rent to owner as determined pursuant to § 983.301. (Provisions for special adjustments of contract rent pursuant to 42 U.S.C. 1437f(b)(2)(B) do not apply to the voucher program).

(ii) The owner must request an increase in the rent to owner, in writing along with documentation of justification for the increase, sixty (60) calendar days prior to the annual anniversary of the HAP contract.

(iii) THDA may not approve, and the owner may not receive, any increase of rent to owner until and unless the owner has complied with all requirements of the HAP contract, including compliance with the HQS. The owner may not receive any retroactive increase of rent for any period of noncompliance.

3. Rent Decrease.

(i) If there is a decrease in the rent to owner, as established in accordance with § 983.301, the rent to owner must be decreased, regardless of whether the owner requested a rent adjustment.

(ii) Rent to owner shall not be reduced below the initial rent to owner for dwelling units under the initial HAP contract, except:

(I) To correct errors in calculations in accordance with HUD requirements;

(II) If additional housing assistance has been combined with PBV assistance after the execution of the initial HAP contract and a rent decrease is required pursuant to § 983.55; or

(III) If a decrease in rent to owner is required based on changes in the allocation of responsibility for utilities between the owner and the tenant.

4. Notice of Rent Redetermination. Rent to owner is redetermined by written notice by the THDA to the owner specifying the amount of the redetermined rent (as determined in accordance with §§ 983.301 and 983.302). The THDA notice of the rent adjustment constitutes an amendment of the rent to owner specified in the HAP contract.

5. Contract Year and Annual Anniversary of the HAP Contract.

(i) The contract year is the period of 12 calendar months preceding each annual anniversary of the HAP contract during the HAP contract term. The initial contract year is calculated from the first day of the first calendar month of the HAP contract term.

(ii) The annual anniversary of the HAP contract is the first day of the first calendar month after the end of the preceding contract year. The adjusted rent to owner amount applies for the period of 12 calendar months from the annual anniversary of the HAP contract.

(iii) If contract units are placed under the HAP contract in stages commencing on different dates, there is a single annual anniversary for all contract units under the HAP contract. The annual anniversary for all contract units is the annual anniversary date for the first contract units placed under the HAP contract. The expiration of the HAP contract for all the contract units completed in stages must be concurrent with the end of the HAP contract term for the units originally placed under HAP contract.

(h) How Other Subsidy Effects Rent to Owner.

1. General. In addition to the rent limits established in accordance with § 983.301 and 24 CFR 982.302, the following restrictions apply to certain units.

2. HOME. For units assisted under the HOME program, rents may not exceed rent limits as required by the HOME program (24 CFR 92.252).

3. Subsidized Projects.

(i) This paragraph applies to any contract units in any of the following types of federally subsidized project:

(I) An insured or non-insured Section 236 project;

(II) A formerly insured or non-insured Section 236 project that continues to receive Interest Reduction Payment following a decoupling action;

(III) A Section 221(d)(3) below market interest rate (BMIR) project;

(IV) A Section 515 project of the Rural Housing Service;

(V) Any other type of federally subsidized project specified by HUD.

(ii) The rent to owner may not exceed the subsidized rent (basic rent) as determined in accordance with requirements for the applicable federal program.

4. Combining Subsidy – Subsidy Layering Review. Rent to owner may not exceed any limitation required to comply with HUD subsidy layering requirements. See § 983.55.

(i) Subsidy Layering Requirements. THDA may provide PBV assistance only in accordance with HUD subsidy layering regulations (24 CFR 4.13) and other requirements. The subsidy layering review is intended to prevent excessive public assistance for the housing by combining (layering) housing assistance payment subsidy under the PBV program with other governmental housing assistance from federal, state, or local agencies, including assistance such as tax concessions or tax credits. The subsidy layering requirements are not applicable to existing housing. A further subsidy layering review is not required for housing selected as new construction or rehabilitation of housing, if HUD's designee has conducted a review, which included a review of PBV assistance, in accordance with HUD's PBV subsidy layering review guidelines.

(ii) When Subsidy Layering Review is Conducted. THDA may not enter into an Agreement or HAP contract until HUD or THDA, as applicable, has conducted any required subsidy layering review and determined that the PBV assistance is in accordance with HUD subsidy layering requirements.

(iii) Owner Certification. The HAP contract must contain the owner's certification that the project has not received and will not receive (before or during the term of the HAP contract) any public assistance for acquisition, development, or operation of the housing other than assistance disclosed in the subsidy layering review in accordance with HUD requirements.

5. Other Subsidy: Rent Reduction. To comply with HUD subsidy layering requirements, at the direction of HUD or its designee, THDA shall reduce the rent to owner because of other governmental subsidies, including tax credits or tax exemptions, grants, or other subsidized financing.

6. Prohibition of other Subsidy. For provisions that prohibit PBV assistance to units in certain types of subsidized housing, see 983.54.

(i) Effect of Rent Control and other Rent Limits. In addition to the limitation to 110 percent of the FMR in 983.301(b)(1), the rent reasonableness limit under 983.301(b)(2) and 983.303, the rental determination provisions of 983.301(f), the special limitations for tax credit units under 983.301(c), and other rent limits under this part, the amount of rent to owner also may be subject to rent control or other limits under local, state, or federal law.

(21) Payment to Owner.

(a) When Payments are Made.

1. During the term of the HAP contract, THDA shall make housing assistance payments to the owner in accordance with the terms of the HAP contract. The payments shall be made for the months during which a contract unit is leased to and actually occupied by an eligible family.

2. Except for discretionary vacancy payments in accordance with 983.352, THDA may not make any housing assistance payment to the owner for any month after the month when the family moves out of the unit (even if household goods or property are left in the unit).

(b) Monthly Payment. Each month, THDA shall make a housing assistance payment to the owner for each contract unit that complies with HQS and is leased to and occupied by an eligible family in accordance with the HAP contract.

(c) Calculating Amount of Payment. The monthly housing assistance payment by THDA to the owner for a contract unit leased to a family is the rent to owner minus the tenant rent (total tenant payment minus the utility allowance).

(d) Prompt Payment. The housing assistance payment by THDA to the owner under the HAP contract must be paid to the owner on or about the first day of the month for which payment is due, unless the owner and THDA agree on a later date.

(e) Owner Compliance with Contract. To receive housing assistance payments in accordance with the HAP contract, the owner must comply with all the provisions of the HAP contract.

Unless the owner complies with all the provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.

(22) Vacancy Payments.

(a) Payment for move-out month. If an assisted family moves out of the unit, the owner may keep the housing assistance payment payable for the calendar month when the family moves out ("move-out month"). However, the owner may not keep the payment if THDA determines that the vacancy is the owner's fault.

(b) THDA will provide for vacancy payments to the owner for a period of vacancy extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.

1. The vacancy payment to the owner for each month of the maximum two-month period will be half of the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit). Any vacancy payment may cover only the period the unit remains vacant.

(c) THDA will make vacancy payments to the owner only if:

1. The owner gives THDA prompt, written notice certifying that the family has vacated the unit and containing the date when the family moved out (to the best of the owner's knowledge and belief);

2. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;

3. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy;

4. The owner provides any additional information required and requested by THDA to verify that the owner is entitled to the vacancy payment; and

5. The owner submits a request for vacancy payments in the form and manner required by THDA and provides any information or substantiation required by THDA to determine the amount of any vacancy payment.

(23) Tenant Paid Rent.

(a) THDA Determination.

1. The tenant rent is the portion of the rent to owner paid by the family. THDA determines the tenant rent in accordance with HUD requirements.

2. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the PHA to the family and the owner.

(b) Tenant Payment to Owner.

1. The family is responsible for paying the tenant rent (total tenant payment minus the utility allowance).

2. The amount of the tenant rent as determined by THDA and is the maximum amount the owner may charge the family for rent of a contract unit. The tenant rent is payment for all

housing services, maintenance, equipment, and utilities to be provided by the owner without additional charge to the tenant, in accordance with the HAP contract and lease.

3. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by THDA. The owner must immediately return any excess payment to the tenant.

4. The family is not responsible for payment of the portion of the rent to owner covered by the housing assistance payment under the HAP contract. The owner may not terminate the tenancy of an assisted family for nonpayment of THDA's housing assistance payment.

(c) Limit of THDA Responsibility.

1. THDA is responsible only for making housing assistance payments to the owner on behalf of a family in accordance with the HAP contract. THDA is not responsible for paying the tenant rent, or for paying any other claim by the owner.

2. THDA may not use housing assistance payments or other program funds (including any administrative fee reserve) to pay any part of the tenant rent or to pay any other claim by the owner. THDA may not make any payment to the owner for any damage to the unit, or for any other amount owed by a family under the family's lease or otherwise.

(d) Utility Reimbursement.

1. If the amount of the utility allowance exceeds the total tenant payment, THDA shall pay the amount of such excess as a reimbursement for tenant-paid utilities ("utility reimbursement") and the tenant rent to the owner shall be zero.

2. THDA either may pay the utility reimbursement to the family or may pay the utility bill directly to the utility supplier on behalf of the family.

3. If THDA chooses to pay the utility supplier directly, THDA must notify the family of the amount paid to the utility supplier.

(24) Other Fees and Charges by Owner.

(a) Meals and Supportive Services.

1. Except as provided below, the owner may not require the tenant or family members to pay charges for meals or supportive services. Non-payment of such charges is not grounds for termination of tenancy.

2. In assisted living developments receiving project-based assistance, owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.

(b) Other Charges by Owner. The owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to unsubsidized tenants in the premises.

Tennessee Housing Development Agency

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

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

SUPPLEMENTAL MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

FROM: Jeboria Scott, Director of Section 8 Rental Assistance
Don Watt, Chief Programs Officer

SUBJECT: Summary of Public Comments Received for the Project-Based Voucher (PBV) Program

DATE: May 20, 2024

The Public Hearing to receive comments on the PBV Proposed Administrative Plan was conducted, Thursday, May 9, 2024, at 10:00 AM CT, in the TN Tower in the Nashville Room 1, as a hybrid meeting to ensure all interested parties could access the meeting. THDA received comments primarily focused on THDA's procedures and selection criteria, which will be outlined in future published Request for Proposals (RFP).

Those in attendance virtually included: David Johnson, Phyllis Vaughn, Rachel Hackworth, Rebecca Mize and Kendall Blain and THDA employees - Eric Alexander, Aaron Toran, Toni Shaw, and Charity Williams.

Those in attendance in-person included: Carter Swayze and THDA employees -Pasquel McLeod and Jenia Tortora.

After reviewing the comments and responses below and obtaining the Board's approval, the proposed chapter will be submitted to the Attorney General's Office for promulgation as part of the state's rule-making process.

KEY POINTS OF DISCUSSION:

David Johnson with the Southeast TN Human Resource Agency	
Comment – Related to the rural communities. Our counties would benefit greatly from an additional program or ability to project based vouchers and obtain more vouchers due to an aging population, aging housing supply and a	***THDA Response:*** *The PBV Request for Proposal (RFP) will include language that outlines criteria for units that provide*

shortage of affordable and safe housing for our most vulnerable populations.	*supportive services and units located in distressed and rural counties.*
Rachel Hackworth Executive Director with the Southeast TN Human Resource Agency	
No comment.	
Rebecca Mize	
No comment.	
Phyllis Vaughn with the Vaugh Development Group	
Question – This looks like the PBV Administrative Rule, are you planning on doing an additional program description that would have a scoring element criteria to it? If this is to be a program description, then she would have additional questions because the criteria are very subjective with THDA deciding most everything. No ranking of things and points to be allocated.	***THDA Response:*** *THDA will provide program requirements in detail in the published Request for Proposal (RFP).* *THDA has the ability to go up to 20% of their total vouchers and that would be 1200 units at the start of the PBV program or would it be 5% of total voucher (300 units) issued at the beginning of the program. This estimation was given during a previous board meeting.* *HUD allows PBV Program Administrators to allocate up to 20% of the HCV total voucher utilization. THDA is implementing a phase in plan to award PBV. This will begin at 5% of the current allocation with the ability to increase up to 20% based on the need and availability.*
Question - Length of the HAP or anticipated length of the HAP. Would like that to be more fleshed out in the program description.	***THDA Response:*** *If the question and comment refer to the AHAP (contract between THDA and the developer), the current policy, as included in the proposed Administrative Plan, is as follows:* *1. 15-year Initial Term. THDA may enter into a HAP contract with an owner for an initial term of up to 15 years for each contract unit. The length of the term of the HAP contract for any contract unit may not be less than one year, nor more than 15 years.* *2. Extension of Term. THDA may agree to enter into an extension at the time of the initial HAP contract term or any time before expiration of*

	the contract, for an additional term of up to 15 years if THDA determines an extension is appropriate to continue providing affordable housing for low-income families. A HAP contract extension may not exceed 15 years. THDA may provide for multiple extensions; however, in no circumstance may such extensions exceed 15 years, cumulatively. Extensions after the initial extension are allowed at the end of any extension term provided that not more than 24 months prior to the expiration of the previous extension contract, THDA agrees to extend the term, and that such extension is appropriate to continue providing affordable housing for low-income families or to expand housing opportunities. Extensions after the initial extension term will not begin prior to the expiration date of the previous extension term. Subsequent extensions are subject to the same limitations described in this paragraph. Any extension of the term must be on the form and subject to the conditions prescribed by HUD at the time of the extension.
<u>Question</u> - Agree with Mr. Johnson regarding the rural and distressed counties being the focus in the 2022 or 2023 board meeting. If so, would that be more outlined in the program description?	***<u>THDA Response:</u>*** *The PBV Request for Proposal (RFP) will include language that outlines criteria for distressed and rural counties and properties that provide supportive services.*

<u>Question</u> - Tax credits that you would not be able to exceed the tax credit rents and admitted she could be misreading the document or misinterpreting it. But that is not typical and does not benefit the owners but would benefit the tenants. Doesn't seem consistent with Hap and Tax credit vouchers have been previously utilized. Possible be a cause to not be interested in utilizing the program to benefit the owners.	***<u>THDA Response:</u>***
	
	PBV Contract rents are established per 24 CFR 983.301, which provides:
	
	• *Current HUD rules for PBV Contract Rent:*
	    ○ *110% of FMR minus UA <u>or</u>*
	    ○ *If the maximum tax credit rent is higher than 110% of the FMR and the project is located outside of a qualified census tract, then the PHA may establish the contract rent at the*

	max tax credit rent minus the utility allowance. - *In both cases, rent reasonableness applies.*
<u>Question</u> - Do you have to request to participate in the program via email with THDA. Is that correct? As it seems odd. THDA would provide notice to the requested participant and THDA would provide notice to the party that had submitted a selected proposal, and that public notice of such notice would be published. Then it went on to state THDA would be make the notice available for public inspection regarding the basis for the PBV proposal. Need to have an open and reflective of how the successful applications were chosen.	***<u>THDA Response:</u>*** *THDA publishes official notices on its website, as an official notification to all interested parties. As an added professional courtesy, THDA also contacts its community partners who already opted into its mailing list via email notification. Both measures ensure equal access to the public.*
<u>Comment</u> - Great program for some of those rural and distressed counties.	
Kendall Blain with the Southeast Alliance	
No comment.	
Carter Swayze with the Clear Blue Company	
<u>Question</u> - Back-up to what Phyllis said regarding the tax credit rents and the incentive for developers in rural and distressed counties changes as the HUD rules change. The main incentive is for people to be able to represent the people who cannot access the 60% or higher rental product. Takes off developer risk to access this housing and decreases my occupancy risk. If those were contained to tax credit rents and current voucher are 110% of the market-based rent or HUD has a rule to price out vouchers by zip code those are done by small area fair	***<u>THDA Response:</u>*** *HUD policy states that if PBV is attached to a unit, the tenant's rent portion is based on their income (Total Tenant Payment). Rents may exceed the tax credit rents if the rents are determined to be reasonable and do not exceed 110% of the FMR minus the utility allowance or any approved exception rents established by the PHA. Rents may exceed the tax credit rents if the rents are determined to be reasonable and do not exceed 110% of the FMR minus the utility allowance or any approved exception rents established by the PHA.*

market rents. If this is done by tax credit rents this does not encourage developers to utilize or apply for the program.	
Public Comments Subitted After Hearing in Writing:	
Question - Your memo clearly states our intention to emphasize small and rural multifamily properties; is that somewhere in the amendment?	***THDA Response:*** *THDA intentionally kept the language vague on purpose as we wanted to keep the amendment broad. The intention is to tighten and target the desired area of need when issuing an RFP.*
Question - If we are going to take applications ‘first come, first served” 4a3, wouldn’t that conflict with our ability to target vouchers to certain kinds of properties?	***THDA Response:*** *It would not conflict. THDA’s selection criteria, whether we select according to an RFP or past competition, will be outlined in our invitation. Projects that meet the selection criteria will be awarded on a first come, first served basis.*
Question - Developers are reading section 6i (no vouchers for developments on which construction has started) as precluding the assignment of vouchers to LIHTC units awarded a few years ago. Is this your understanding?	***THDA Response:*** *THDA would either catch the property before construction starts or after the construction is complete. This is outlined in CFR 9a3152 and our implementation mirrors the federal code.*

No additional comments were received. The Public Hearing officially concluded at 12:00 PM CT.

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: 2025 Emergency Repair Program Description

DATE: May 6, 2024

Recommendation:

Staff recommends the Tennessee Housing Development Agency Board of Directors (the "Board") approve the following:

- Adopt the attached proposed 2025 Emergency Repair Program Description ("Program Description");
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with state requirements; and
- Allow staff to reallocate any funds not awarded to current or future Emergency Repair Program funds or other Tennessee Housing Trust Fund activities.

Background:

The Tennessee Housing Development Agency ("THDA") allocates Tennessee Housing Trust Fund funds annually to be administered by a quasi-governmental agency in each of Tennessee's nine (9) Development Districts to administer the Emergency Repair Program ("ERP"), within the service area for each Development District, in order to assist low-income homeowners who are elderly or have a qualifying disability with emergency repairs to their homes.

Generally, the quasi-governmental agencies that administer ERP are Development Districts or Human Resource Agencies but may include other quasi-governmental agencies as approved by THDA. In some cases, an Administering Agency may be contracted to administer ERP in more than one Development District service area.

Material Changes from the 2023 Emergency Repair Program Description.

1. Modified award to equal $300,000 for project activities, with an additional 15% ($15,000) awarded as administrative funds, making a total award per development district service area of $345,000.

2. Allow increase to funding award to an Administering Agency based on demonstrated need and available funds.

3. Added allowance of up to $5,000 of the project funds awarded to be billed as soft costs for the initial review of un-realized projects, up to a maximum of $350 per project review.

4. Changed contract term from two years to an annual contract in order to provide more program flexibility on a year-to-year basis.

5. Broadened disability definition to include heads of households who are receiving full disability benefits through the Department of Veterans Affairs.

6. Clarified definition of eligible repairs.

7. Added language to require that repairs must be performed by the qualified contactor submitting the lowest cost, most responsive bid.

TENNESSEE HOUSING DEVELOPMENT AGENCY
EMERGENCY REPAIR PROGRAM
2025 PROGRAM DESCRIPTION

I. PROGRAM OVERVIEW.

The Tennessee Housing Development Agency ("THDA") operates the state-wide Emergency Repair Program ("ERP"), funded through the Tennessee Housing Trust Fund, to provide grants to low-income homeowners, where an owner of a home meets the ERP definition of Elderly or Disabled and Qualified Homeowner, to make eligible repairs that would pose an immediate danger to life, safety, or health if not repaired. The purpose of ERP is not to be a comprehensive homeowner rehabilitation program, but to stabilize the homes of such qualified homeowners, needing such emergency repairs, in order to maintain the livability of the homes and the homeowners' support networks they have established within their respective communities.

II. PROGRAM REQUIREMENTS.

A. ALLOCATION OF FUNDS. To ensure state-wide availability, THDA administers ERP through the network of Tennessee's Development Districts or other agencies authorized to work in all of the counties within a Development District region ("Administering Agencies").

1. Annual Allocation. THDA allocates ERP funds annually to each Administering Agency through a one-year grant contract that may not be extended. The amount allocated depends on the amount available form the Tennessee Housing Trust Fund and an Administering Agency's prior performance.

2. Allocation Limit. For 2025, the total funding available to each Administering Agency per Development District service area will be $345,000, which includes $300,000 in project funding and an amount up to 15% of the project funds drawn, or a maximum of $45,000.00, for eligible administrative costs of an Administering Agency to implement ERP.

3. Use of Project Funds to Reimburse Costs of Unrealized Projects. An Administering Agency may charge up to $5,000 to the project funds for reimbursement of initial project review costs associated with unrealized projects as outlined below and as approved by THDA:
   - Up to $250 per project for time associated with initial reviews, including scope of work, completed by staff of the Administering Agency; or
   - Up to $350 per project for the actual costs paid to a third-party vendor by an Administering Agency, as evidence by invoice, for time associated with initial reviews, including scope of work.

4. Eligible Administrative Costs. Administrative Funds must be drawn down proportionally with project funds and must be requested at the time of project reimbursement. Documentation to support administrative costs must be available upon request by THDA, but is not required to be submitted for reimbursement.
   - General management, oversight, and coordination of the program, including travel costs incurred and billed at the State approved rate.
   - Public information, including the provision of information and other resources to residents and citizen organizations participating in the planning, implementation and assessment of projects assisted with ERP funds.
   - Indirect costs based on a cost allocation plan approved by the cognizant agency.

5. Need for Additional Funding. If an Administering Agency can demonstrate a need for additional funding during the contract term, and additional funds are available from funds that were either recaptured or returned to THDA from the current or a previous ERP program year, then THDA, at its discretion, may increase the 2025 ERP total funding to that Administering Agency to a maximum of $400,000 to accommodate the demonstrated need and the grant contract will be amended accordingly.

B. SCOPE OF WORK OF ADMINISTERING AGENCY. The role of an Administering Agency is to:
   - Market the program
   - Accept applications
   - Determine eligibility for assistance
   - Ensure initial and final inspection by a qualified inspector
   - Solicit bids for contractors on behalf of the homeowner
   - Oversee completion of the work activity
   - Pay the contractors and inspectors
   - Resolve issues
   - Ensure compliance with ERP requirements

C. QUALIFIED HOMEOWNER. An applicant homeowner must meet all of the following requirements in order to qualify for assistance. The homeowner must be recertified if more than six (6) months elapses between the date the ERP application is signed by the homeowner and the date that the contract between the Administering Agency and the homeowner is signed. An Administering Agency may establish additional program preferences of homeowner eligibility based on the needs and priorities of their local service area, if approved by THDA. Administering Agencies must retain documentation in the homeowner's client file of the homeowner's eligibility for ERP assistance.

1. Elderly/Disabled. At least one of the occupants with an ownership interest in the property must meet the definition of Elderly or Disabled.
   - Elderly. 60 years of age or older.
   - Disabled. (i) Drawing full disability benefits from the U.S Department of Veterans Affairs or (ii) Has a disability that meets the definition of "disability" under the Supplemental Security Income ("SSI") Program of the Social Security Administration (Title XVI of the Social Security Act, meaning the inability to engage in any substantial gainful activity ("SGA") by reason of any medically determinable physical or mental impairment(s), which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

2. Property & Ownership Interest. The Elderly or Disabled occupant must have had an ownership interest in the property to be repaired for three years prior to the application date. Such ownership interest may include fee simple ownership, tenancy by entirety, life estate, or a leasehold interest of at least 99 years (50 years for trust or tribal lands), as evidenced by a deed or lease, as applicable. Ownership of a mobile or manufactured home must be evidenced by title or an affidavit of affixation, but ownership of the underlying property Is not required. Modular homes must have a green sticker, indicating they were built to comply with Tennessee's Modular Homes Act Manufactured homes must have a red sticker, indicating compliance with the Federal Manufactured Home Construction and Safety Standards and the requirements of the Department of Housing and Urban Development (HUD) in effect on the date of manufacture. The property must be considered a single-family dwelling unit or other form of dwelling approved in advance by THDA. In cases where a building of more than one unit is assisted, no improvements may be made to common spaces or systems.

3. Principal Residence. The Elderly or Disabled Homeowner must currently occupy the property as its principal residence and have maintained such principal residency for the three years prior to the application date, as evidenced by utility bills, Social Security letters, bank statements, or other such documentation requested and approved by THDA.

4. Low-Income Household. The household income must be at or below the greater of either 60% of the Area Median Income for the county in which the household resides or 60% of the Statewide Median Income as defined by the most current Income Limits for the HOME Investment Partnerships Program issued by the U.S. Department of Housing and Urban Development. The calculation and determination of household

income must follow the current guidelines provided in the 2025 Emergency Repair Program Policy & Procedure Manual.

5. Local Taxes. The local property taxes for the property must be current or the household must be in a payment plan that is in good standing with the local Tax Assessor's Office, as evidenced by a receipt or formal correspondence from the Tax Assessor's Office. If a deadline to pay current property taxes falls between a determination of eligibility and execution of a contract for repairs under ERP, the Administering Agency must not execute the contract until the taxes are paid or a payment plan has been established. Documentation of property tax payment must be retained in the homeowner's client file.

6. Mortgage Delinquency. If there is a mortgage on the property, it must be current and not delinquent.

7. Foreclosure of a THDA Mortgage. The household is not eligible if the beneficiary had a THDA mortgage loan that was foreclosed.

8. Prior Claim for Same Repair. The homeowner must affirm in the application that they have not filed an insurance claim within the last twelve (12) months for any of the items for which the homeowner is seeking ERP assistancer.

9. Prior ERP Assistance. The property may not have previously received ERP assistance or the combined total of the previous repairs and the newly requested repairs would not exceed $24,999.00.

D. LIFETIME SUBSIDY LIMIT. The maximum amount of ERP funds awarded to an eligible homeowner for a given eligible property has a lifetime limit of $24,999.00. The funds provided are a grant to the homeowner and do not require a compliance period secured by a lien on the property.

E. ELIGIBLE REPAIRS. As stated, ERP is not intended to be a comprehensive homeowner rehabilitation program. Instead, the purpose of ERP assistance is to make eligible repairs that would pose an immediate danger to life, safety, or health if not repaired, so that the homeowner can continue to reside safely in the home.

   ERP does not require that the entire home be brought into compliance with codes, but any work performed under ERP must be in compliance with all applicable codes. If no local codes have been adopted for the type of work being done, the work must be performed in compliance with any applicable state code. If permits are required for the type of work to be performed, then the permits must be obtained, and the work must be inspected by the local jurisdiction.

In many instances, there will not be a visible difference in the home after the ERP repairs are completed. Additional work may need to be completed that is outside of the scope of ERP. THDA reserves the right to deny assistance if it determines that the scope of repairs needed to make the home livable are substantially beyond what ERP can cover, unless the homeowner can demonstrate that funds other than ERP will cover such repairs.

The following are approved repair activities and represent the type of emergency repairs ERP is meant to address. When applicable, repair work should include measures to improve the energy efficiency of the home. Administering Agencies must obtain THDA's written approval for any repairs outside of those listed below.

- Roofs: Where there is structural failure, risk of structural failure, or there are active roof leaks present.
- Electrical Systems: Where the electrical system has failed or there are demonstrated deficiencies in the electrical system that pose an immediate danger to life, safety, or health.
- Plumbing and/or Sanitation/Septic Systems: Where the plumbing and/or sanitation/septic system has failed or there are demonstrated deficiencies in such system(s) that pose an immediate danger to life, safety or health.
- Heating and/or Air Conditioning System(s): Where a heating and/or air conditioning system has failed at a critical time when exterior temperatures could pose a threat to life, safety, or health.
- Structural Repairs to Floors and/or Walls: Where floors and/or walls demonstrate structural damage or deterioration, which pose an immediate threat to life, safety, or health.
- Window/Door Replacement: Where repair is necessary to remedy a threat to life, safety, or health.
- Accessibility Improvements: Where necessary for a homeowner with age-related limitations or a physical disability to access and use the home for one or more major life activities.

E. INELIGIBLE REPAIRS. The following are repairs that may not be funded with ERP funds.

- The purchase or repair of appliances not permanently attached to the home, including refrigerators, dishwashers, washers, and dryers.
- Off-site infrastructure.
- Landscaping, except for the restoration of the site following an eligible activity or for health and safety reasons.
- Driveway, sidewalk, and front walkway repairs, except as part of an eligible accessibility activity for ingress/egress to the home.

- Relocation costs of the homeowner.
- Non-emergency repairs.
- Other items as determined by THDA.

F. INITIAL INSPECTIONS. The homeowner will initially indicate the nature of the needed emergency repair(s) in the application, however, qualification as an eligible emergency repair will be determined after an initial inspection by a qualified Rehabilitation Coordinator has been performed and a scope of work has been prepared, submitted, and approved by THDA. The approved scope of work should then be reviewed and approved by the homeowner. Upon completion of the project, a final inspection must also be conducted by a qualified Rehabilitation Coordinator and reviewed and approved by THDA.

1. Rehabilitation Coordinator. A Rehabilitation Coordinator is a person on the Administering Agency's staff, or on the staff of a third-party vendor contracted by the Administering Agency, that is qualified to determine the eligibility of ERP projects, perform Initial Project Reviews, prepare scopes of work for the correction of emergency repair items, and determine if the emergency can be mitigated within the program limits, and perform a Final Project Review of the completed project. If the Rehabilitation Coordinator is not an FHA-approved home inspector or licensed as either a building codes or home inspector, the Administering Agency must obtain THDA's approval of the Rehabilitation Coordinator's qualifications prior to authorizing the Rehabilitation Coordinator to perform initial inspections or final project reviews on ERP projects.

2. Contractors who perform ERP repairs on a project may not conduct initial inspections of the work to be conducted or final inspections of the work that has been completed. However, if the contractor is a volunteer service organization, that organization's qualified staff is authorized to complete the initial inspection and work write up, but the project must still receive a final inspection by a qualified, independent, third-party Rehabilitation Coordinator and final review by THDA.

G. CONTRACTOR QUALIFICATIONS. The emergency repairs must be completed by a contractor licensed for the type of repair work being performed, when required by law. When a license is not required for the type and amount of work to be performed, the contractor must still be bonded and insured. The Administering Agency will procure qualified contractors. The Administering Agency will review the estimates with the homeowner. The qualified, contractor with the lowest, responsive bid must be selected to do the work. Should the homeowner or Administering Agency request to select a bid other than the lowest bid, the Administering Agency must provide the reason/justification on behalf of the owner to THDA in writing before accepting the bid. If the justification is not acceptable to THDA, but the Administering Agency or homeowner still wants to move forward with such contractor, the Administering Agency or homeowner will be required to finance any costs in excess of the lowest bid from the Administering Agency's or homeowner's own resources.

H. EPA Renovate, Repair and Paint Rule ("RRP Rule"). The Environmental Protection Agency's ("EPA's") Renovate, Repair, and Paint Rule applies to any home proposed for assistance that was built prior to 1978, if the work to be performed will disturb more than six square feet of painted, varnished, or stained surfaces per interior room or more than twenty square feet of exterior painted, varnished, or stained surfaces. If the RRP Rule applies to a given project, the Administering Agency must ensure that the contractor selected is an EPA Lead Safe Certified Firm. The certified contractor is responsible for complying will all elements of the RRP Rule in order to protect the occupants of the home from lead-based paint hazards during repair.

I. Final Inspections. Only items that are repaired as part of an ERP-funded project must receive a final inspection by a qualified inspector. The final inspection should include photos of all items repaired.

   1. If a state or local permit was required for the repair work performed, the code compliance inspection will serve as the final inspection for those repairs covered under the permit. For any other repairs that are not covered under a permit and code compliance inspection, a final inspection by a qualified inspector must be performed. Due to this requirement, a given project may receive multiple final inspections to cover all of the work performed.

   2. The THDA Permit Worksheet must be complete at the time of the final inspection. If a permit was not required for the work that was performed, this status must be noted on the Worksheet.

   3. THDA defines a "qualified inspector" as an individual with credentials appropriate for the type of work being performed, such as inspectors licensed by the State of Tennessee as Building, Mechanical, Plumbing, or Electrical Inspectors or Home Inspectors or individuals certified by a national organization such as the International Code Council, the National Fire Protection Association, or the Standard Building Code Congress as a Housing Inspector. Other qualifications may be accepted on a case-by-case basis and require THDA approval before the inspector may perform inspections.

   4. If multiple categories of repairs are being performed (e.g., HVAC and plumbing), the person or persons performing the final inspection must be qualified to inspect each type of repair.

5. The cost of the final inspection is an eligible soft cost for the project. The maximum cost per inspection is $350. Administering Agencies should engage inspectors at a cost appropriate for the scope of work proposed.

6. The Administering Agencies shall obtain inspectors, notify contractors and the homeowner as to who the inspectors will be for each job, and remit payment to the inspectors for work performed. Contractors must not pay inspectors for work performed. Administering Agencies may coordinate with other partner agencies such as USDA Rural Development with regard to inspectors utilized and remittance of payment to inspectors. If inspectors are utilized that are selected by a partner agency such as USDA Rural Development, a qualified inspector must be utilized.

III. COMPLIANCE WITH EMERGENCY REPAIR PROGRAM POLICY & PROCEDURE MANUAL.

Administering Agencies must implement ERP in accordance with all policies and procedures outlined in the Emergency Repair Program Policy & Procedure Manual, including, but not limited to:

- Equal Opportunity Laws
- Drug-Free Workplace Requirements
- Conflicts of Interest
- Ineligibility Determination and Appeals
- Timing of Payment Requests
- Outreach to Prospective Beneficiaries and Waiting Lists
- Application Process for Prospective Beneficiaries
- Accessibility of Location to Accept Applications & Reasonable Accommodations.
- Qualification of Beneficiaries
- Qualification of Emergency Projects
- Procurement of Contractors
- Requests for Payment
- Recordkeeping & Monitoring
- Reporting & Closeout
- Marketing of Program Outcomes
- Project Closeout
- Grant Close-Out
- Program Forms & Policies and Procedures

Tennessee Housing Development Agency

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

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

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: 2025 Capacity Building Program Description

DATE: May 6, 2024

Recommendation:

Staff recommends the Board approve the following:

- Adopt the attached proposed 2025 Capacity Building Description ("Program Description");
- Authorize the Executive Director or a designee to award funds to applicants for applications submitted that meet all program requirements in the approved Program Description;
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with state laws or requirements; and
- Allow staff to reallocate any funds not awarded to current or future Tennessee Housing Trust Fund activities.

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

Background:

The Tennessee Housing Development Agency ("THDA") offered a Capacity Building Program pilot round limited to facility acquisition, expansion, or improvements, and received five (5) qualified applications from eligible nonprofit affordable housing developers. THDA was able to fund three (3) proposals with the funds available. Since the application period of the pilot initiative, staff has actively consulted our partners to better determine the capacity building needs of Tennessee's non-profit housing developers. As a result, we have added under this program description additional eligible activities, including acquisition or expansion of IT systems and infrastructure for program management or training, as well as strategic and succession planning.

THDA is setting aside approximately $1.5 million in Tennessee Housing Trust Fund resources to implement the 2025 Capacity Building Program to assist non-profit housing development organizations across the State:

- Expand their facility capacity with new construction, acquisition, and/or rehabilitation of existing office and/or training facilities;
- Purchase or expand their IT systems or IT infrastructure in order to improve program delivery or training opportunities for their clients and beneficiaries; or,
- Expand their management capacity though development of a strategic and/or succession plan.

This program description will open the funding to all eligible nonprofit affordable housing developers in Tennessee.

Applications must be submitted to THDA between 12:00 AM CDT, Thursday, August 1, 2024 and 4:00 PM CDT, Thursday, September 19, 2024. THDA will notify successful applicants on or before November 30 if approved for funding. The grant term for Facility Capacity activities will begin December 1, 2024, and will end November 30, 2026. The grant term for Management Capacity Strategic Planning and/or Succession Planning activities will begin December 1, 2024 and end May 31, 2026.

The following material changes were either added or updated as indicated:

1. The amount of funding available for the 2025 grant round is $1.5 million and was increased from $1 Million in the Pilot.

2. Minimum and Maximum grant awards are based on activity to be undertaken.

3. The Pilot round stated that qualified applicant's facilities were eligible. For clarification, language was added to specify what facilities would be eligible. This program description provides clear language that development or improvements to ancillary facilities that may be owned or operated by the organization, unless programmatic training or meeting rooms will be included in the space, are not eligible under this program.

4. Though some technology was eligible in the pilot round, the program description was ambiguous as to what qualified. Staff has expanded the activity to include the purchase or expansion of technology systems and infrastructure.

5. Management Capacity was not eligible in the Pilot program. Staff propose adding a separate activity and funding set aside for strategic and/or succession planning that was not included in the Pilot program description.

6. In this program description, staff added this clarification concerning eligible costs: "Proration of costs may occur if eligible space will be developed or improved that is located within a non-eligible space. Eligible costs will be determined based on the percentage of square footage occupied by the eligible space."

7. The language of the Procurement section was clarified to read, "At a minimum, every effort should be made to obtain at least three bids with the purchase being made from the most qualified, responsive bidder presenting the lowest cost. THDA may approve purchases with less than three bidders where broad solicitation has been demonstrated and it is likely that additional solicitation would not yield more bidders or a more favorable price." The previous program description required three bids, which is not always achievable in the current environment. This led to additional costs for the grantee as they needed to rebid some items several times to try and get three bids, which THDA eventually waived.

8. Application Evaluation and Determination: THDA will evaluate applications in order of time and date received. THDA will select the first eligible application submitted for each activity, from each Grand Division of Tennessee to ensure distribution of funds across the state.

TENNESSEE HOUSING TRUST FUND
CAPACITY BUILDING PROGRAM
2025 Program Description

A. BACKGROUND:

The Tennessee Housing Development Agency ("THDA") created the Capacity Building Program to address the needs of nonprofit housing development organizations across Tennessee to increase or improve their program delivery or program management physical space and/or agency capacity in terms of strategic or succession planning, in order to undertake housing development and other directly related activities. The scarcity of non-profit housing developers with adequate programmatic office and/or training space capacity, or management capacity, often prevents THDA from proportionately distributing grant funds across the state appropriate to the existing need.

To address these capacity needs, THDA is offering this program to assist nonprofit affordable housing developers build their capacity to better accomplish affordable housing activities.

The total amount of funding available for the 2025 grant round is approximately $1.5 million. THDA will set aside up to $60,000 for strategic and/or succession planning awards and $1,440,000 for facility capacity awards.

THDA will provide a separate application process for each of the eligible activities to run concurrently. Capacity Building Program grants for each activity will be awarded based on time and date of submission of an eligible application with the first awards made to the earliest submitted, eligible application, for each activity, from each Grand Division and then if funds remain available to each remaining eligible application in each category based on date and time of receipt. Applications may be submitted to THDA between 12:00 AM CDT, Thursday, August 1, 2024, and 4:00 PM CDT, Thursday, September 19, 2024. THDA will notify successful applicants on or before November 30, 2024, if approved for funding. The grant term for Facility Capacity activities will begin on December 1, 2024, and will end on November 30, 2026. The grant term for Management Capacity Strategic Planning and/or Succession Planning activities will begin on December 1, 2024, and end on May 31, 2026.

The application package as well as additional program information will be made available by notification to non-profit housing developers known to THDA by email or other means and made available on THDA's website beginning on Tuesday, July 30, 2024, at https://thda.org.

B. ELIGIBLE APPLICANTS:

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

1. Eligible non-profits must meet the following requirements:
   a. Have a current Charter and By-Laws;
   b. Have a valid 501(c)(3) designation letter from the Internal Revenue Service (IRS);
   c. Have a current Certificate of Existence from the Tennessee Secretary of State dated within thirty (30) calendar days of the application date;
   d. Have affordable housing or the delivery of affordable housing related services as a primary purpose and/or mission, including the new construction and/or rehabilitation of single family or multifamily units; and,
   e. Have at least two (2) years of experience developing affordable housing in Tennessee, satisfactory to THDA in its sole discretion.

2. Must not have been prohibited by THDA from participating in its programs within the last five (5) years or have individuals employed by the applicant organization, or serving on its current board of directors, who have been prohibited by THDA from participating in THDA programs within the last five (5) years.

C. ELIGIBLE ACTIVITIES: All applicants and projects must be located in Tennessee.

Facility Capacity Applications:

1. New Construction, acquisition, and/or substantial repairs to, or rehabilitation and/or build out of, existing primary office, storage, or program delivery space, including additions or annexes.

   a. Funds may only be used for projects in spaces that are specific to program management, program delivery, beneficiary/participant training, or storage. This does not include development or improvements to ancillary facilities that may be owned or operated by the organization, or subsidiary operations of the organization, unless program management offices, training or meeting rooms will be included in the space and then funds may only be used for the construction or improvement of eligible spaces on a prorated basis.

      i. Proration of costs may occur if eligible space will be developed or improved that is located within a non-eligible space. Eligible costs will be determined based on the percentage of square footage occupied by the eligible space.

   b. To be eligible, projects must be underway or demonstrate a readiness to start within six (6) months of the award date and demonstrate a gap in funding to be provided by this grant.

c. All completed construction work must meet applicable commercial building codes and be evidenced by a Certificate of Occupancy or Completion from a code official, with appropriate jurisdiction in the area where the project is being completed.

2. Stand-alone purchase of technology systems, equipment, or infrastructure such as computers, or other equipment or systems, must be used for program management or expansion of affordable housing development, or training related to beneficiary assistance such as job training, literacy, homebuyer education, financial literacy, or other purposes approved at the discretion of THDA.

Management Capacity Strategic and/or Succession Planning Applications:

1. Management Capacity Building includes the development of a strategic plan and/or succession plan for the agency.

   a. The cost of a qualified consultant to assist the agency with development of the strategic and/or leadership succession plan.

   b. Delivery of an adopted strategic and/or succession plan for the agency within 18 months of the grant award.

D. <u>GRANT LIMITS:</u>

1. The maximum grant award for the Facility Capacity Activity (New Construction, Acquisition or Renovation Applications) is $480,000 and the minimum grant is $100,000.
2. The maximum grant award for the Facility Capacity Activity (IT System and/or Infrastructure applications) is $100,000 and the minimum grant is $20,000.
3. The maximum grant award for the Management Capacity Grant applications is $10,000.
4. All awards will be made on a reimbursement basis.

E. <u>PROHIBITED ACTIVITIES:</u>

1. Pledge Capacity Building funds as support for tax exempt borrowing by local grantees.

2. Pay staff salaries and benefits.

3. Pay operational costs not associated with the expansion or enhancement of existing program operations physical space or the construction, acquisition and/or rehabilitation of new space.

4. Pay for equipment including furnishings and removable office equipment with the exception of computer or other equipment or systems, as defined in "C" above, used for affordable housing development program management, expansion or training purposes.

5. Provide off-site improvements, neighborhood infrastructure or public facility repairs or improvements.

6. Provide on-site infrastructure improvements, other than IT.

7. Pay for landscaping, fencing, external signage, outside lighting.

8. Security systems, internal or external.

9. Pay for acquisition or improvements to rental property not being used for affordable housing program delivery or expansion, or training as defined in "C" above.

10. Provide assistance to any housing unit or common area associated with a rental property.

11. Provide assistance to public housing authorities or for-profit entities.

12. Provide assistance for the development of housing for sale to home buyers.

13. Provide rental assistance.

F. PROCUREMENT:

The solicitation of bids for goods and services, materials, supplies, and/or equipment using THDA's Capacity Building funds must be open and competitive. Grantees must follow their procurement policies. There must be an established contractor selection procedure and a written rationale for selecting the successful bid or proposal.

At a minimum, every effort should be made to obtain at least three bids with the purchase being made from the most qualified, responsive bidder presenting the lowest cost. THDA may approve purchases with less than three bidders where broad solicitation has been demonstrated and it is likely that additional solicitation would not yield more bidders or a more favorable price.

G. REPORTING:

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

1. A progress report with documentation of work completed and eligible costs to be reimbursed will be required with each reimbursement request.

    a. For All Grants: Submission of the contract(s) for goods and services should be submitted when the initial Draw Request is submitted.

    b. For Facility Capacity Grants a project progress report, invoices for all work or materials and certification from the contractor or provider of materials that upon payment there will be no liens on the facility related to the work being done.

c. For Facility Capacity Grants a project completion report and Certificate of Occupancy or equivalent, if new construction or rehabilitation of space, will be required at the time the final draw is submitted.

d. For Facility Capacity Grants involving technology or technology infrastructure purchases, documentation of purchase, payment and installation of the eligible technology or infrastructure will be required.

e. For Management Capacity Grants a copy of the invoice for payment including services or goods delivered under the contract.

f. For Management Capacity Grants a final invoice form the Management Consultant along with a copy of the final Strategic and/or Succession Plan for the agency that has been adopted by resolution by the Board of Directors.

H. BOARD ACTION:

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

I. THRESHOLD CRITERIA:

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

1. Threshold criteria include:
   a. Submission of a complete, signed application.
   b. Applicant and project eligibility.
   c. Compliance with other THDA-funded programs.

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

J. APPLICATION EVALUATION AND DETERMINATION

Applications meeting all threshold eligibility requirements, for each activity, will be reviewed in order of submission, based on time and date of receipt by THDA, with the first eligible application, for each activity, from each of the three Grand Divisions, as defined in Tennessee Code Annotated Title 4, Chapter 1, Part 2, awarded first, and then in descending numerical order based on time and date of submission.

The Capacity Building funds will be awarded until all available funds have been exhausted or no additional eligible applications remain.

1. THDA will select the first eligible application submitted from each Grand Division of Tennessee, for each of the activities, under this Program Description.

2. If additional funding is available, THDA will combine all remaining applications, by activity, into a single ranking for each based on time and date of THDA's receipt of a complete application. THDA will award funding starting with the earliest eligible application received and subsequently in order of receipt until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.

3. Given the limited funding available statewide and in order to distribute Capacity Building Grant funding across Tennessee, THDA reserves the right to limit funding to only one award, per activity, per county.

4. 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.

5. If funds remain in either activity set aside after all qualified application have been funded for that activity, those funds may be then used to fund eligible applications in the remaining activity.

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Extension Request – HTF-20S-06 – Second Request – Urban Housing Solutions – Rex 2

DATE: May 6, 2024

Recommendation

Staff recommends the approval of a second extension request for a Tennessee Housing Trust Fund Competitive Grants award (HTF-20S-06) to Urban Housing Solutions ("UHS") for a period of six (6) months, extending their contract end date from June 30, 2024, to December 31, 2024.

Background

This grant was provided to assist with the development of thirty-four (34) rental units of permanent rental housing. The project, Rex 2, is located in Nashville. UHS experienced delays in implementing the program initially due to COVID related issues, but is now in the final stages of project completion.

THDA's grant is in the amount of $500,000. The time needed in this extension is to complete the project in compliance with all grant contract requirements.

The original grant contract term was from July 1, 2020, to June 30, 2023, and was initially extended to June 30, 2024. This second grant extension request will change the end date of the term of the written agreement to December 31, 2024.

To Whom it May Concern,

UHS would like to request an extension for our Rex 2 project. We had every intention to have this project complete, however due to unforeseen delays on our NDOT signoff we need more time. Our contractor received the greenlight to build out a sidewalk from an individual who did not have the final say on the matter, which caused us to submit new drawings based on the work that has been completed. Now we are waiting for the official signoff and might need to apply for a tree removal permit to demo a tree. All in all, I believe a 3-month extension should suffice.

Thank you,

Arthur Butler II

Project Manager

Urban Housing Solutions

Tennessee Housing Development Agency

Tennessee Housing Trust Fund Competitive Grants Program
Working Agreement Extension Request

The Tennessee Housing Development Agency (THDA) administers the Tennessee Housing Trust Fund (THTF) Competitive Grants Program to promote the production, preservation and rehabilitation of rental housing for low and very low-income households including elderly and special needs populations through Non-profit organizations, Cities, Counties, Development Districts, Public Housing Authorities and other departments of State government.

The THTF Competitive Grants Program requires Grantees to complete all projects, and have the projects ready for occupancy, within the 3 year grant term established in the Competitive Grants Program Working Agreement. Failure to complete all activities authorized under the Working Agreement within the 3 year grant term may render the grantee ineligible to draw down grant funds. A Grantee may request a Competitive Grants Program grant extension within 6 months of the end of the grant period and no later than 4 months prior to the end of the grant term.

Extension Request Requirements:

In order to be considered for a THTF Competitive Grants Program grant extension, the Grantee must be in good standing in all THDA administered programs and meet one (1) of the following conditions:

☐ Delay in expending program funds (non-administrative) was due to a State or Federal declared natural disaster, which occurred after the start of the Grant Term;

☒ Delay in project was due to significant issues encountered outside of Grantee's control, which has been previously communicated by the Grantee to THDA.

- If at least one (1) box was checked above, please proceed to page 2
- If no boxes were checked above, please do not proceed. THDA will not be able to consider your THTF Competitive Grants Program extension request at this time.

Grantee Name: Urban Housing Solutions **Date:** 04/05/2024

THTF Competitive Grants Program - Grant Year/Round: 2020

Contract Dates: 7/1/2020-6/30/2023

1. Provide a timeline of the grant activity that includes:
    a. For projects involving acquisition, date of site identification:____________________
    (If all sites have not been identified, explain under # 5 below)
    b. For projects involving acquisition, the date of the execution of the sales contract(s): ____________________
    c. For projects involving acquisition, the closing date(s): ____________________
    d. The date plans & specs or work write up completed: ____________________
    e. The date project was put out to bid: September 2021
    f. The date contract signed with contractor: December 2021
    g. The date construction or rehabilitation began: March 2021

2. The total amount of the grant that has been expended: $ 1,350,000

3. A list of all draws, and the dates the draw requests were submitted to THDA:

Admin/Developer Fee:	Amount: $________________	Date: _______________
	Amount: $________________	Date: _______________
Project:	Amount: $ $1,350,000	Date: 8/04/23
	Amount: $________________	Date: _______________
	Amount: $________________	Date: _______________
	Amount: $________________	Date: _______________
	Amount: $________________	Date: _______________

(Attach an additional form if more room is necessary)

4. Indicate length of extension request: 3 Months

5. Indicate Anticipated project completion date: September 30th, 2024

6. Have prior extensions been approved for this grant? If yes, provide dates of the prior extensions.

Yes, 6/30/24

7. If there were extenuating circumstances, please provide a letter of explanation to include the specific circumstance, when it was discovered, and what efforts were made to resolve it prior to asking for the extension.

☒ Explanation Letter is attached

8. If you have any documents to support any of the above requested information, please send that along with this document. Please indicate if documentation is attached.

☐ Additional documentation is attached

Please answer all of the questions above and submit this information to THDA no later than 4 months prior to the end of the THTF Competitive Grants Program Working Agreement.

Name of Requestor: Brent Elrod

Title or THTF Competitive Grants Program Role: Managing Director

Signature: ______________________ Date: 4/10/2024

For THDA Use Only:

Date Received: ____________________

Reviewed by: ______________________________ Date: ________________________

Length of Approval: ☐ 6 Months ☐ 12 Months

Community Programs Director's Determination ☐ Approval ☐ Denial

Extension Request Approved By Executive Director ☐ Yes ☐ No

Signature: ___________________________________ Date: ________________________

Explanation of Determination:

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Extension Request – Competitive Grants 2022 – Memphis Housing Authority- HTF-22S-03

DATE: May 6, 2024

Recommendation

Staff recommends the approval of an extension request for Tennessee Housing Trust Fund ("THTF") Competitive Grant (HTF-22S-03) awarded to the Memphis Housing Authority ("MHA") for a period of twelve (12) months, extending the contract end date from August 30, 2024, to August 30, 2025.

Background

This grant was provided to assist with the development of Edgeview at Legends Park located in Memphis. The project consists of 99 total units of which 32 units will be set-aside for seniors (aged 62+) at or below the 30% Area Median Income ("AMI"), while the remaining units will be set-aside for seniors (aged 62+) at or below the 50% AMI. Additionally, 7 of the THTF units will have a preference for extremely low-income US Veterans, who will benefit from the nearby US Veterans Affairs Hospital.

MHA experienced delays in implementing the program initially due to scheduling issues and rapidly increasing costs experienced during the COVID pandemic. Additionally, timing of the Low-Income Housing Tax Credit awards and completion and closing of all project contracts for commitments took longer than expected.

THDA's grant is in the amount of $500,000. The time needed in this extension is to complete the project in compliance with all grant contract requirements.

The original grant contract term is from September 1, 2021, to August 30, 2024. This is the first extension request for this grant and will change the end date of the term of the written agreement to August 30, 2025.

MEMPHIS HOUSING AUTHORITY

MEMPHIS HOUSING AUTHORITY
"Striving For Excellence and Nothing Less"

700 Adams Avenue
Memphis, Tennessee 38105
(901) 544-1102

DEXTER D. WASHINGTON
CHIEF EXECUTIVE OFFICER

April 9, 2024

Bill Lord
Director of Community Housing
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

RE: 2020 Tennessee Housing Trust Funds Extension Request – Edgeview at Legends Park

Mr. Lord:

Thank you for considering this Working Agreement Extension Request for the Tennessee Housing Trust Fund (THTF) Competitive Grants Program 2022 award to Edgeview at Legends Park. We would also like to thank you for your continued support of this project. With THDA's immense support, the Development Team is pleased to state that Edgeview at Legends Park has successfully closed on its financing (on October 10, 2023) and construction is well underway with most sitework complete and foundations poured. The project is scheduled to be completed and begin leasing in January 2025.

This accomplishment is a major milestone in the Memphis Housing Authority's vision to create 99 units of quality, deeply affordable senior housing as part of the larger Legends Park redevelopment effort. Not only will Edgeview at Legends Park provide critically needed housing (which is 100% affordable and served by Project-Based Vouchers for very and extremely low-income residents) for low-income elderly residents, but it will also be an innovative Health and Housing collaborative effort that will have an immeasurable positive impact on its future residents and remove barriers to medical care by virtue of its close proximity to the Memphis Medical district.

As you are aware, the project includes 99 THTF units, of which 32 units will be set-aside for seniors (aged 62+) at or below the 30% AMI level, while the remaining units will be set-aside for seniors (aged 62+) at or below the 50% AMI level. Additionally, 7 of the THTF units will have a preference for extremely low-income US Veterans, who will benefit from the nearby US Veterans Affairs Hospital. Finally, the Project is finalizing a partnership with Matter Health who will operate an on-site clinic to provide residents with regular access to medical care. This transformative project was only made possible with THDA's support and award of THTF financing (as well as LIHTCs, bond allocation, and NHTF financing).

When the Development Team originally applied for THTF financing in March 2020, it anticipated closing and commencing construction in April 2021, a schedule which appeared feasible at that time. However, conditions changed immediately thereafter as the COVID-19 pandemic and subsequent quarantines and national emergency quickly made this closing schedule untenable. Furthermore, the resulting recession and inflationary period triggered by the pandemic brought about a series of negative impacts to the project that impeded its ability to maintain its closing schedule as originally anticipated. For example, the project originally contemplated 131 units of affordable housing. However, COVID-era inflation and construction cost escalations made this scale of development financially infeasible. This, in turn, prompted the mass redesign of the project to reduce it in scale to its current design of 99 units, a process which further delayed the overall development timeline.

The project appeared to be nearing closing in 2022 with a reservation of MTBA bond authority. However, as a part of the closing process for a PBV-funded, former public housing site, the project was required to complete subsidy layering and HUD Section 18 Disposition Approval. Delays in the review process for full HUD approval to close ultimately delayed closing to such point that the Development Team returned its reservation of 2022 bond authority and resubmitted for 4% LIHTCs and MTBA bond authority to THDA in the March 2023 round. In its review of this 2023 application, it was determined that the project exceeded THDA's Total Development Cost (TDC) Cap for 4% transactions, which thereby resulted in the Development Team needing to bifurcate the project into two components (one infrastructure and one housing) and undergo another redesign process to bring the project within these TDC limits.

Finally, the project received all permits, HUD clearances, and approvals to close in early October 2023 and closed immediately thereafter. Now that construction is underway and a substantive portion of sitework is complete, the Development Team is confident in its ability to maintain its schedule from this point forward (with critical dates being construction completion in January 2025 and 100% occupancy by the end of 2025).

With this in mind, we would like to request that our Working Agreement be extended in light of these numerous delays. Currently, the THTF working agreement is set to expire on August 30, 2024. We would like to respectfully request that this be extended 12 months to August 30, 2025. Our expectation is to draw down most (if not all) THTF funds prior to this date, however, we believe this date should also accommodate any unforeseen future delays in completing the project as well as provide time to complete the close-out documentation required for final release of funds (such as a Notice of Completion recorded and provided 30 days prior to final drawdown).

Again, thank you so much for your continued support of this project, and we look forward to working together in this next stage of its development as the Project proceeds through construction and final delivery. Should you have any questions on this request, please do not hesitate to reach out.

Sincerely,

Dexter Washington, Chief Executive Officer
Memphis Housing Authority

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Extension Request - NHTF – 20-02 – Second Request – Knoxville Housing Development Corporation – 5 Points Infill

DATE: May 6, 2024

Recommendation

Staff recommends the approval of a second extension request for a National Housing Trust Fund (NHTF-20-02) grant to Knoxville Housing Development Corporation ("KHDC"), extending the term of the grant contract for a period of twelve (12) months, from June 30, 2024, to June 30, 2025, subject to the State's approval of a 12-month extension to the State's Delegated Grant Authority to August 31, 2025.

Background

Originally this $850,000 grant was provided to assist with the development of eleven (11) rental units of permanent rental housing in Knoxville, with seven (7) units reserved for individuals and families at or below 30% area median income.

KHDC experienced delays in implementing the program initially due to COVID related issues and requested an initial extension extending their grant to June 30, 2024. After the project was successfully bid, the original contractor dropped out, siting additional increases in costs. KHDC was able to successfully rebid the contract reducing the total units to ten (10) and keeping seven (7) reserved for extremely low-income families. To date (3) homes have been started and are near completion with two (2) additional homes ready to start. The time needed in this extension is to continue this project working toward completion in compliance with all grant contract requirements.

The project will require an additional twelve (12) months to complete all 10 units. However, THDA must condition any grant extension on State approval of an extension to our Delegated Grant Authority ("DGA") term, which currently expires on August 31, 2024. Under the existing DGA term, THDA may not make any further payment to its grantees after August 31, 2024. THDA is submitting a request to the State to extend the DGA term by one year, to August 31, 2025, in order to allow this project to complete construction activities and for THDA to reimburse the grantee for work completed.

Knoxville's Housing Development Corporation

Benjamin M. Bentley, President
901 Broadway, N.E. • Knoxville, TN 37917
865.403.1100 • Fax 865.403.1117
800.848.0298 (Tennessee Relay Center)

April 26, 2024

Allison Moore aemoore@thda.org
HOME/NHTF Lead Housing Program Coordinator
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick Street, Third Floor
Nashville, TN 37243-0900

RE: NHTF-20-02-Five Points Infill

Ms. Moore,

Knoxville's Housing Development Corporation (KHDC) is requesting an extension of the Grant Contract (NHTF-20-02), Amendment NO.2, that was effective on July 1, 2020.

This letter is a formal request for an additional 18 months (December 31, 2025) to complete the project.

Thank you in advance of your consideration to this matter.

Sincerely,

Benjamin M. Bentley
President

Hi Bill,

Please see the email below as it offers grounds for KCDC's extension.

Thanks!

Aaron Toran
Housing Program Manager, HOME/HOME-ARP
Tennessee Housing Development Agency
502 Deaderick Street, Second Floor
Nashville, TN 37243

Please inquire about our NEW HOME-ARP Program!!!

From: Patricia Clement <pclement@kcdc.org>
Sent: Thursday, May 2, 2024 9:48 AM
To: Aaron Toran <AToran@thda.org>; Allison Moore <AEMoore@thda.org>
Cc: James Hatfield <jhatfield@kcdc.org>
Subject: Re: 2020 NHTF Project - Five Points Infill - Extension Ending

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

Hi Aaron,

The original contractor that won the bid was unable to fulfill the bid amounts due to the rising costs that came with supply and personnel shortage caused by COVID. It was necessary for KCDC to rebid the project.
KCDC was able to award the project to a Small Woman owned business. Through negotiations we were able to contract for 10 houses and still stay on track with our budget.

The contract was finalized in November 2023 and the first three houses are due to be completed at the end of June 2024. Two more houses have started construction and will be completed in September 2024.

Please let me know if you need anything else.

KCDC
Knoxville's Community Development Corporation

Patricia Clement
Senior Project Manager - Capital Projects
865.403.1100
pclement@kcdc.org
901 N Broadway St, Knoxville, TN, 37917

From: Aaron Toran <ATotan@thda.org>
Sent: Thursday, May 2, 2024 9:57:55 AM
To: Patricia Clement <pclement@kcdc.org>; Allison Moore <AEMoore@thda.org>
Cc: James Hatfield <jhatfield@kcdc.org>
Subject: RE: 2020 NHTF Project - Five Points Infill - Extension Ending

Caution: EXTERNAL E-MAIL: DO NOT click any links or open attachments unless you recognize the sender and NEVER provide your User ID or Password!

Good morning Patricia,

I hope that you are doing well.

If it's possible, can KCDC fulfill the following request that will be asked of us by the Board:

1. What has kept the agency from meeting the agreed upon completion date?
2. What percentage of completion and/or construction phase is the grantee within the project?

If you could get this information by the close of business, that would be wonderful.

Thanks!

Aaron Toran
Housing Program Manager, HOME/HOME-ARP
Tennessee Housing Development Agency
502 Deaderick Street, Second Floor
Nashville, TN 37243

Please inquire about our NEW HOME-ARP Program!!!

From: Patricia Clement <pclement@kcdc.org>
Sent: Friday, April 26, 2024 1:57 PM
To: Allison Moore <AEMoore@thda.org>
Cc: James Hatfield <jhatfield@kcdc.org>; Aaron Toran <ATotan@thda.org>
Subject: RE: 2020 NHTF Project - Five Points Infill - Extension Ending

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

Allison,

Please find attached the Request for Grant Extension for Five Points Infill.
Let me know if you have questions.

Thanks

KCDC
Knoxville's Community Development Corporation

Patricia Clement
Senior Project Manager - Capital Projects
865.403.1100
pclement@kcdc.org
901 N Broadway St, Knoxville, TN, 37917

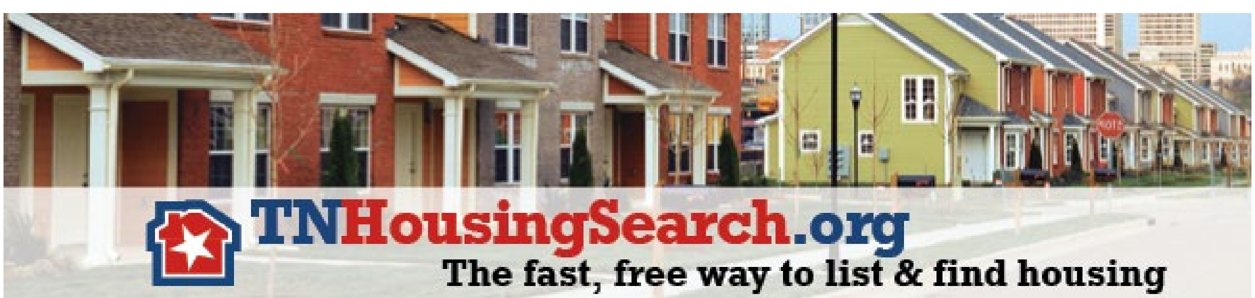
From: Allison Moore <AEMoore@thda.org>
Sent: Thursday, April 25, 2024 1:13 PM
To: Patricia Clement <pclement@kcdc.org>
Cc: James Hatfield <jhatfield@kcdc.org>; Aaron Toran <AToran@thda.org>
Subject: RE: 2020 NHTF Project - Five Points Infill - Extension Ending

Caution: EXTERNAL E-MAIL: DO NOT click any links or open attachments unless you recognize the sender and NEVER provide your User ID or Password!

Wonderful, thank you so much!

Allison Moore
HOME/NHTF Lead Housing Program Coordinator
Community Housing Division
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick Street, Third Floor
Nashville, TN 37243-0900
Phone: 615-815-2040
AEMoore@thda.org

Tennessee Housing
Development Agency



From: Patricia Clement <pclement@kcdc.org>
Sent: Thursday, April 25, 2024 12:10 PM
To: Allison Moore <AEMoore@thda.org>
Cc: James Hatfield <jhatfield@kcdc.org>; Aaron Toran <AToran@thda.org>
Subject: RE: 2020 NHTF Project - Five Points Infill - Extension Ending

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

Hi Alison,

I will work on that extension and have that for you by the end of the day tomorrow.

Thanks

KCDC Knoxville's Community Development Corporation

Patricia Clement
Senior Project Manager - Capital Projects

865.403.1100
pclement@kcdc.org
901 N Broadway St, Knoxville, TN, 37917

From: James Hatfield <jhatfield@kcdc.org>
Sent: Thursday, April 25, 2024 1:01 PM
To: Patricia Clement <pclement@kcdc.org>
Subject: FW: 2020 NHTF Project - Five Points Infill - Extension Ending
Importance: High

Can you handle this with Allison? Pls cc me on all correspondence.

KCDC Knoxville's Community Development Corporation

James Hatfield
VP-Redevelopment

o.865.403.1100 | c.908.578.4257
jhatfield@kcdc.org
901 N Broadway St, Knoxville, TN, 37917

From: Allison Moore <AEMoore@thda.org>
Sent: Thursday, April 25, 2024 12:28 PM
To: James Hatfield <jhatfield@kcdc.org>
Cc: Aaron Toran <AToran@thda.org>
Subject: 2020 NHTF Project - Five Points Infill - Extension Ending
Importance: High

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Good afternoon Jim,

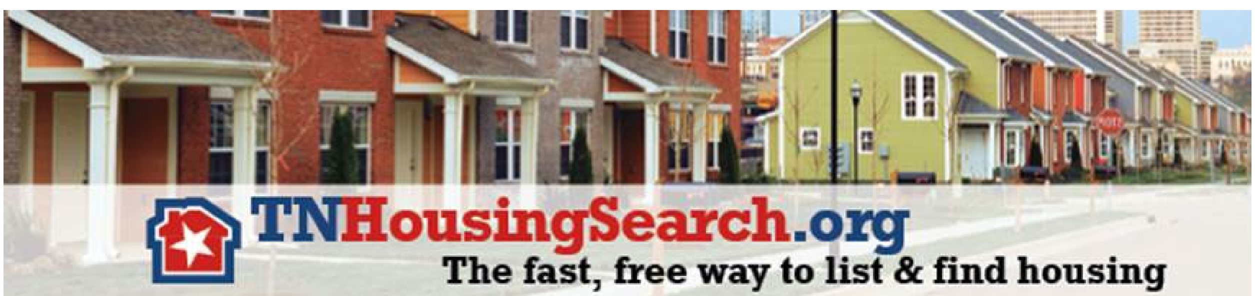
I wanted to reach out because the one year contract extension for the Five Points Infill project is quickly approaching – June 30, 2024. I have not yet received any draws or anything for this project as far as updates, 50% THDA construction reviews, 100% THDA construction reviews, etc.

Will you be wanting to request an additional extension for this project? If so, anything longer than a 6-month extension must be taken to the board, and I will **need that request ASAP – NO LATER THAN Tuesday, April 30th at noon.** Please, please let me know if this is what you plan to do and confirm you can get that extension request to me by Tuesday 4/30 at noon. It will need to be on letterhead, addressed to Bill Lord, Director of Community Housing explaining the need for the second extension.

Thank you!

Allison Moore
HOME/NHTF Lead Housing Program Coordinator
Community Housing Division
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick Street, Third Floor
Nashville, TN 37243-0900
Phone: 615-815-2040
AEMoore@thda.org

Tennessee Housing
Development Agency



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Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Extension Request - NHTF – 20-05 – Second Request – Sparta Housing Authority – Harris Street Project

DATE: May 6, 2024

Recommendation

Staff recommends the approval of a second extension request for a National Housing Trust Fund (NHTF-20-02) award to Sparta Housing Authority for a period of six (6) months, extending the contract end date from June 30, 2024, to December 31, 2024, subject to the State's approval of a 12-month extension to the State's Delegated Grant Authority to August 31, 2025.

Background

This $900,000 grant was provided to assist with the substantial renovation of twelve (12) rental units of permanent rental housing for extremely low-income individuals and families in Sparta. All 12 units are reserved for individuals and families at or below 30% area median income.

Sparta Housing Authority experienced delays in implementing the program initially due to COVID related issues and requested an initial extension extending their grant to June 30, 2024. The project is nearing completion but will likely take up to six (6) additional months to complete. The project has continued to experience issues with delays due to weather and receipt of construction materials, as well as with subcontractors.

THDA must condition any grant extension on State approval of an extension to our Delegated Grant Authority ("DGA") term which currently expires on August 31, 2024. Under the existing DGA term, THDA may not make any further payment to its grantees after August 31, 2024. THDA is submitting a request to the State to extend the DGA term by one year, to August 31, 2025, in order to allow this and a second project funded under this DGA to complete construction activities and for THDA to reimburse the grantees for work completed. The original grant contract term was from July 1, 2020, to June 30, 2023, and was initially extended to June 30, 2024. This second grant extension request will change the term end date of the written agreement to December 31, 2024.

Commissioners

Annette King
Chris Yarchuk
Bobby Hutson
Leon Elligan
Angie Saylors

The Sparta Housing Authority

P.O. Box 419
Sparta, TN 38583
Phone: (931) 836-3357
Fax: (931) 836-1226

Units

Sparta
Spencer

April 26, 2024

Mr. Bill Lord
Director of Community Housing
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick Street, Third Floor
Nashville, TN 37243-0900

RE: NHTF Harris Street project

Dear Mr. Lord:

THDA awarded Sparta Housing Authority an extension to June 30, 2024, due to COVID issues; however, due to the lag in receiving materials, inclement weather and subcontractor issues the 2.5 month timing will be cutting it close. We anticipate that it will take approximately 6 months to finish the project.

Therefore, the Sparta Housing Authority is requesting a six (6) month extension of time, which would be December 30, 2024, on its National Housing Trust grant with an Agency Tracking Number of NHTF-20-05, dated July 1, 2020."

Sincerely,

Jim Payne
Executor Director

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Extension Request – NHTF 21-05 – Metropolitan Development and Housing Agency – 5th and Summer

DATE: May 6, 2024

Recommendation

Staff recommends the approval of an extension request for a 2021 National Housing Trust Fund Grant (NHTF 21-05) awarded to the Metropolitan Development and Housing Agency (MDHA) for a period of twelve (12) months, extending their contract end date from June 30, 2024, to June 30, 2025.

Background

This grant was provided to assist with the development of five (5) rental units reserved for households at 30% Area Median Income ("AMI") or lower. The project, 5th and Summer, is located in Nashville. The total project consists of 49 units of affordable housing and 62 units of workforce and market rate housing. MDHA experienced delays in implementing the program due to timing of the Low-Income Housing Tax Credit award and completion and closing of all project contracts for commitments.

THDA's grant is in the amount of $523,701. The time needed in this extension is to complete the project in compliance with all grant contract requirements.

The original grant contract term is from July 1, 2021, to June 30, 2024. This is the first extension request for this grant and will change the end date of the term of the written agreement to June 30, 2025.

Metropolitan Development and Housing Agency
701 South Sixth Street * Nashville,Tennessee * Telephone (615) 252-8400
Telephone Device For The Deaf (615) 252-8599

Dr. Troy D. White
Executive Director

Mailing Address: P.O. 846
Nashville, TN. 37202

April 10, 2024

Bill Lord
Director of Community Housing
Tennessee Housing Development Agency
502 Deaderick St., Third Floor
Nashville, TN 37243

Dear Mr. Lord:

The Metropolitan Development and Housing Agency (MDHA) is grateful to the Tennessee Housing Development Agency for its June 25, 2021, National Housing Trust Fund (NHTF) grant award of $523,701 in support of MDHA's 5th & Summer development. This funding supports five rental housing units for extremely low-income households.

After various delays, MDHA requests a 12-month, no-cost grant extension. This extension will enable MDHA to complete construction, expend grant funds and remain compliant with NHTF program requirements.

Thank you for this consideration.

Sincerely,

Troy D. White
Executive Director

Tennessee Housing Development Agency

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

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

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

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

SUBJECT: Grant Extension Request – NHTF 21-01 - AIM Center – Espero Chattanooga

DATE: May 6, 2024

Recommendation

Staff recommends the approval of an extension request for a 2021 National Housing Trust Fund grant (NHTF 21-01), in the amount of $1,100,000.00, awarded to the AIM Center for the Espero Chattanooga project for a period of twenty (20) months, extending the end date from June 30, 2024, to February 28, 2026.

Background

This grant was provided by the Tennessee Housing Development Agency ("THDA") to assist with the development of fifteen (15) rental units reserved for households at 30% AMI or lower (the "Project"). The Project is located in Chattanooga and will have a total of 60 units. The AIM Center experienced delays in implementing the program due to increased costs brought on by the COVID outbreak and subsequent shortages of materials and labor in the construction industry. This has required the AIM Center to amend construction budgets and seek additional funding to complete the project. At this time all but $500,000 of the required funding has been secured. The AIM Center has submitted the required environmental review that, once cleared, will allow construction to commence.

The original grant contract term is July 1, 2021, to June 30, 2024. This is the first extension request for this grant and, if approved, will change the end term date of the written agreement to February 28, 2026. The time needed in this extension is to complete the project in compliance with all grant contract requirements. This extension will align with a subsequent THDA grant awarded for this project under the HOME-ARP program in 2023.

April 10, 2024

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
Delivered via Email Transmission

Re: CFDA # 14.275 - National Housing Trust Fund
Agency Tracking #: NHTF-21-01

Dear Mr. Perrey,

We are excited to report that the AIM Center's Board of Directors along with its leadership team remains fully committed to the development of Espero Chattanooga, a 60-unit supported affordable housing complex to be constructed at 1815 East Main Street. It is AIM's collaborative efforts with its development partners the Vecino Bond Group and the Chattanooga Housing Authority, together with our community partner the City of Chattanooga, and our relationship with the Tennessee Housing Development Agency (THDA) that has brought this project to this point today.

Our project has felt the effects of the COVID-19 pandemic through the skyrocketing costs of materials and labor. Each time we secured project funding, a twist seemed to follow in which our funding gap increased. Conversely the American Recovery Plan Act, together with National Housing Trust Fund Gap Funding, now offers a pathway along with other secured funding sources to allow us to move forward.

The National Housing Trust Fund award contract from the State of Tennessee to the AIM Center carries a Start Date of 07/01/2021, and an End Date of 06/30/2024. **We write today to request an extension on this grant to be aligned with our awarded THDA HOME-ARPA funding through February 2026.**

We have a demolition firm lined up, and pending environmental clearance, estimate taking site control from the City of Chattanooga within the next 8 weeks and will begin onsite demolition. We are on track for financial closing with THDA and other partners in July 2024 with the intent to start construction immediately after closing. On our current timeline, pre-leasing would begin 11/2025 and construction would be complete 1/2026. Espero would be placed in service and move ins would begin 1/2026 and 100% occupancy would be achieved 4/2026. The project would be converted to permanent financing 8/2026.

We are indebted to THDA for the encouragement, ongoing advice and support, and steadfast belief that we are going to bring this project to fruition.

With sincere appreciation,

Anna Protano-Biggs
President and CEO

annaprotanobiggs@aimcenterinc.org (423) 290-2536 cell

Annex

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

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

SUBJECT: ERA – Eviction Prevention Program Additional Funding Awards

DATE: May 6, 2024

Following policy approved by the Board at the November 14, 2023, Board of Directors meeting, the Director of Community Services is to advise the Board of subsequent funding awards made to ERA-EPP partners using the following eligibility criteria:

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

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

Three subsequent awards have been made.

Affordable Housing Resources was awarded **$1,500,000** in additional funds which was equal to 300% of their initial award, but less than the $2,792,782 calculated based on the monthly expenditure rate. (11/2023)

Bradley Cleveland Community Services Agency was awarded **$526,926** in additional funds which was less than 300% of the initial award and less than the monthly expenditure rate. The award was based on the criteria, the grantee's requested amount of additional assistance. (2/2024)

Chattanooga Regional Homeless Coalition was awarded **$1,448,552.25** in additional funds which was less than 300% of the initial award but equal to the monthly expenditure rate from August 1, 2023 to December 31, 2023. (2/2024)

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

TO: David Lillard, State Treasurer
Tennessee Department of Treasury

FROM: Trent Ridley, Chief Financial Officer

SUBJECT: THDA Investment Report – December 31, 2023

DATE: February 22, 2024

Attached is an Executive Summary of THDA's Investment Report for the quarter ending December 31, 2023. This summary provides the amount of non-mortgage funds managed by our finance team and the overall performance of the portfolio.

Excluding Money Market Funds, THDA's effective rate of return was 4.15% (up from 3.58% previous quarter and 2.57% at December 31, 2022). The increase is due to the advantage of short-term investment rates. During the quarter, THDA settled $46.6 million in Program Securities, which are MBS created with pools of THDA-funded loans held as security for the bonds instead of whole loans. These securities are reflected in the 2013 Res Float/Equity Fund. Below is a summary of THDA's Total Investment Holdings by Fund (book value). The full Investment Report is available on THDA's web site. If you need any additional information, please do not hesitate to contact me at (615) 815-2012 or via email at tridley@thda.org.

Total Investment Holdings as of December 31, 2023

Investment	General Fund	Escrow Fund	Loan Funds	Float / Equity Funds	Reserve Funds	Total Investments
Money Market Funds	$4,243,589	$1,351,113	$16,654,370	$13,614,393	$318,680	$36,182,145
Federal Agency Coupons	4,165,000	0	19,787,961	3,225,000	126,488,053	153,666,014
Treasury Discounts	0	0	39,617,667	0	0	39,617,667
Program Securities	0	0	0	109,194,746	0	109,194,746
Federal Agency Discount	9,938,389	9,938,389	142,492,662	296,501,383	6,347,623	465,218,445
Total Funds	**$18,346,977**	**$11,289,502**	**$218,552,660**	**$422,535,522**	**$133,154,356**	**$803,879,017**

Tennessee Housing Development Agency

Investment Report

December 31, 2023

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

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

EXECUTIVE SUMMARY

<u>THDA Finance Team:</u>
Trent Ridley, CFO
Wayne Beard, Finance Director
Joe Brown, Controller
February 22, 2024

**Important Transactions during the past quarter:*

1) The agency closed the $260,000,000 Residential Finance Program Bond Issue 2023-23, on November 8, 2023. This financing provided $341,420,000 of proceeds to fund mortgage loans and purchase GNMA mortgage backed securities and $20,000,000 of taxable bond proceeds to purchase FHLMC mortgage backed securities. This transaction received $33.455 million of 0% participation proceeds from the 2022-2 transaction and provided $30.505 million of 0% participation proceeds for future transactions. The balance of 0% proceeds at the November 8, 2023 closing of 2023-3 was $85,520,000.

2) In November 2023 the THDA Board of Directors approved the plan of financing for Bond Issue 2024-1 in an amount up to $350,000,000. This issue is expected to be priced in the first quarter of 2024.

3) During the past quarter, $35.7 million in mortgage prepayments were received by the agency. This was approximately a $9.7 million decrease from the previous quarter ($45.4 million) and approximately a $8.1.6 million decrease from the same quarter last year ($45.8 million). Prepayments are currently being accumulated to redeem bonds in July 2024.

4) The agency redeemed $95,000 of bonds during the quarter using mortgage principal collections. The bulk of mortgage principal collections were accumulated to redeem bonds on January 1, 2024.

5) The agency created and settled $46,602,185 of MBS Program Securities this quarter. Program Securities are mortgage backed securities (MBS) created with pools of mortgages funded/purchased by THDA and held as security for the bonds instead of whole loans.

6) The Federal Reserve funds rate target was held at the target range of 5.25% -5.50% at the December 13 meeting of the Federal Open Market Committee (FOMC). Recent indicators suggest that growth of economic activity has slowed from its strong pace in the third quarter.. In determining the extent of additional

policy firming that may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments.

PORTFOLIO MANAGEMENT SUMMARY
Portfolio Management
Portfolio Summary
December 31, 2023

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

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/C 360 Equiv.
Federal Agency Coupon Securities	153,550,000.00	145,162,373.50	153,666,013.88	20.02	1,796	517	1.898
Federal Agency Disc. -Amortizing	466,000,000.00	465,001,494.45	465,218,445.44	60.60	46	12	5.354
Treasury Discounts -Amortizing	40,000,000.00	39,623,993.21	39,617,666.88	5.16	90	66	5.368
Pass Through Securities	70,020,547.77	70,580,482.36	70,020,547.77	9.12	10,971	10,827	5.538
Pass Through Securities (GNMA/CMO)	39,174,198.03	39,835,988.09	39,174,198.03	5.10	10,947	10,842	5.949
Investments	**768,744,745.80**	**760,204,331.61**	**767,696,872.00**	**100.00%**	**1,951**	**1,655**	**4.710**

Total Earnings	December 31	Period
Current Year	4,941,594.40	
Average Daily Balance	**472,599,027.22**	
Effective Rate of Return	**4.15%**	

Mack W. Beard, Director of Finance

GENERAL FUND

DESCRIPTION

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

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

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

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

THDA QUARTERLY INVESTMENT REPORT
GENERAL FUND
December 31, 2023

Historical Fund Balances

	1974 Resolution		1985 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	25,817,057.22	25,825,609.68	N/A	N/A
6/30/22	33,485,629.07	33,435,329.50	N/A	N/A
6/30/23	20,067,705.82	19,942,906.82	N/A	N/A
12/31/23	18,346,977.42	18,269,177.36	N/A	N/A

Historical Returns (Yield)

	Quarter ending 12/31/2023	Current Fiscal Year	Last 12 Months	Last 24 Months
1974 Resolution	0.905%	0.999%	0.604%	0.365%

Benchmarks:

(1) One-year CMT	*5.220%*	*5.307%*	*5.081%*	*3.939%*
(2) Two-year CMT	*4.803%*	*4.860%*	*4.583%*	*3.788%*
(3) Three-year CMT	*4.573%*	*4.587%*	*4.300%*	*3.680%*

Duration

	1974 Resolution
Average Duration to Maturity (Years)	0.8
Average Duration to Call (Years)	0.2

Asset Allocation	1974 Resolution Dollar value*	1974 Resolution Percentage	1985 Resolution Dollar value*	1985 Resolution Percentage
Money Market Funds	4,243,588.78	23.13%	N/A	N/A
Federal Agency Coupons	4,165,000.00	22.70%	N/A	N/A
Variable Rate Securities	-	0.00%	N/A	N/A
Repurchase Agreements	-	0.00%	N/A	N/A
Treasury Coupon Securities	-	0.00%	N/A	N/A
Discount Bonds	9,938,388.64	54.17%	N/A	N/A
Total	18,346,977.42	100.00%	N/A	N/A

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

ESCROW FUND

DESCRIPTION

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

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

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

THDA QUARTERLY INVESTMENT REPORT
ESCROW FUNDS
December 31, 2023

Historical Fund Balances

	1974 Resolution		1985 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	-	-	N/A	N/A
6/30/22	9,045,154.81	9,045,154.81	N/A	N/A
6/30/23	9,227,691.79	9,227,691.79	N/A	N/A
12/31/23	11,289,501.57	11,283,774.03	N/A	N/A

Historical Returns (Yield)

	Quarter ending 12/31/2023	Current Fiscal Year	Last 12 Months	Last 24 Months
1974 Resolution	0.277%	0.223%	0.145%	0.072%
Benchmarks:				
(1) One-year CMT	*5.220%*	*5.307%*	*5.081%*	*3.939%*
(2) Two-year CMT	*4.803%*	*4.860%*	*4.583%*	*3.788%*
(3) Three-year CMT	*4.573%*	*4.587%*	*4.300%*	*3.680%*

Duration

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

	1974 Resolution		1985 Resolution	
Asset Allocation	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	1,351,112.93	0.00%	N/A	N/A
Federal Agency Coupons	-	0.00%	N/A	N/A
THDA Securities	-	0.00%	N/A	N/A
Repurchase Agreements	-	0.00%	N/A	N/A
Discount Bonds	9,938,388.64	0.00%	N/A	N/A
Total	11,289,501.57	0.00%	N/A	N/A

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

LOAN FUNDS

DESCRIPTION

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

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

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

THDA QUARTERLY INVESTMENT REPORT
LOAN FUNDS
December 31, 2023

Historical Fund Balances	**1985 Resolution**		**2009 Resolution**		**2013 Resolution**	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	621,543.77	621,543.77	0.00	0.00	117,828,464.12	117,822,519.62
6/30/22	1,813,508.71	1,813,508.71	0.00	0.00	155,591,681.08	155,534,894.35
6/30/23	0.00	0.00	0.00	0.00	237,707,355.70	236,225,013.52
12/31/23	0.00	0.00	0.00	0.00	218,552,659.54	218,083,752.80

Historical Returns (Yield)	Quarter ending 12/31/2023	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	N/A	N/A	N/A	N/A
2013 Resolution	2.680%	2.841%	1.821%	0.920%
Benchmarks:				
(1) One-year CMT	*5.220%*	*5.307%*	*5.081%*	*3.939%*
(2) Two-year CMT	*4.803%*	*4.860%*	*4.583%*	*3.788%*
(3) Three-year CMT	*4.573%*	*4.587%*	*4.300%*	*3.680%*

Duration	**1985 Resolution**	**2009 Resolution**	**2013 Resolution**
Average Duration to Maturity (Years)	N/A	N/A	0.1
Average Duration to Call (Years)	N/A	N/A	0.1

	1985 Resolution		**2009 Resolution**		**2013 Resolution**	
Asset Allocation	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	-	0.00%	16,654,369.98	7.62%
Federal Agency Coupons	-	0.00%	-	0.00%	19,787,960.54	9.05%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Program Securities	-	0.00%	-	0.00%	-	0.00%
Discount Bonds	-	0.00%	-	0.00%	182,110,329.02	83.33%
Total	-	0.00%	-	0.00%	218,552,659.54	100.00%

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

FLOAT/EQUITY FUNDS

DESCRIPTION

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

The following funds hold the Float/Equity funds:

Revenue Fund (2009 Resolution):

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

Revenue Fund (2013 Resolution):

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

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

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

THDA QUARTERLY INVESTMENT REPORT
FLOAT / EQUITY FUNDS
December 31, 2023

Historical Fund Balances

	1985 Resolution		2009 Resolution		2013 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	4,537,994.05	4,537,994.05	9,796,981.13	9,796,981.13	124,376,398.09	124,438,991.72
6/30/22	4,673,861.66	4,673,798.99	3,743,805.58	3,743,756.91	202,700,662.01	202,710,489.24
6/30/23	-	-	3,908,225.58	3,907,155.14	198,430,937.42	198,186,301.97
12/31/23	-	-	4,706,884.48	4,704,973.48	417,828,637.49	418,725,931.83

Historical Returns (Yield)

	Quarter ending 12/31/2023	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	2.870%	1.789%	1.095%	0.547%
2013 Resolution	5.381%	5.332%	5.204%	5.063%
Benchmarks:				
(1) One-year CMT	*5.220%*	*5.307%*	*5.081%*	*3.939%*
(2) Two-year CMT	*4.803%*	*4.860%*	*4.583%*	*3.788%*
(3) Three-year CMT	*4.573%*	*4.587%*	*4.300%*	*3.680%*

Duration	**1985 Resolution**	**2009 Resolution**	**2013 Resolution**
Average Duration to Maturity (Years)	N/A	0.01	1.80
Average Duration to Call (Years)	N/A	0.01	1.82

	1985 Resolution		**2009 Resolution**		**2013 Resolution**	
Asset Allocation	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	333,345.51	7.08%	13,281,047.79	3.18%
Federal Agency Coupons	-	0.00%	-	0.00%	3,225,000.00	0.77%
Treasury Coupon Securities	-	0.00%	-	0.00%	-	0.00%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Program Securities	-	0.00%	-	0.00%	109,194,745.80	26.13%
Discount Bonds	-	0.00%	4,373,538.97	92.92%	292,127,843.90	69.92%
Total	-	0.00%	4,706,884.48	100.00%	417,828,637.49	100.00%

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

BOND RESERVE FUNDS

DESCRIPTION

Bond Reserve Fund (BRF) - In December of 2009, THDA established a new general bond resolution, the Housing Finance Program (the 2009 resolution). This resolution calls for a Bond Reserve Fund. The required deposit for this fund is the greater of an amount equal to the aggregate of the respective amounts for each series of bonds established in the supplemental resolution authorizing such series or an amount equal to 3% of the then current balance of the program loans plus any other amount on deposit in the loan fund which has not been designated to provide for the payment of costs of issuance or capitalized interest. An analysis was performed as of June 30, 2023 to determine the amount to be held in the Bond Reserve Fund. This analysis determined that this balance needed to be $1,253,599.60.

In May of 2013, THDA established a new general bond resolution, the Residential Finance Program (the 2013 resolution). As with the 2009 resolution, this resolution calls for a Bond Reserve Fund. The amount of the required deposit for this fund is calculated in the same manner as in the 2009 resolution. CSG Advisors preformed an analysis in conjunction with the sale of Bond Issue 2023-3 in November of 2023 under this resolution. The resulting Bond Reserve Fund requirement was $96,585,343.

THDA QUARTERLY INVESTMENT REPORT
RESERVE FUNDS
December 31, 2023

Historical Fund Balances

	1985 Resolution		2009 Resolution		2013 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	23,857,841.86	24,948,423.77	6,611,813.54	6,613,393.73	111,728,216.43	112,333,794.57
6/30/22	13,401,801.73	14,119,103.83	6,615,963.05	6,608,317.29	116,619,811.58	116,597,580.74
6/30/23	-	-	6,613,157.64	6,356,313.95	121,992,197.20	117,679,421.08
12/31/23	-	-	6,227,054.36	5,968,036.91	126,927,301.98	119,350,830.04

Historical Returns (Yield)	Quarter ending 12/31/2023	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	0.827%	0.826%	0.832%	0.809%
2013 Resolution	1.568%	1.513%	1.490%	1.348%
Benchmarks:				
(1) One-year CMT	*5.220%*	*5.307%*	*5.081%*	*3.939%*
(2) Two-year CMT	*4.803%*	*4.860%*	*4.583%*	*3.788%*
(3) Three-year CMT	*4.573%*	*4.587%*	*4.300%*	*3.680%*

Duration	**1985 Resolution**	**2009 Resolution**	**2013 Resolution**
Average Duration to Maturity (Years)	N/A	1.2	3.1
Average Duration to Call (Years)	N/A	0.2	1.3

	1985 Resolution		**2009 Resolution**		**2013 Resolution**	
Asset Allocation	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	2,054.36	0.03%	316,625.49	0.25%
Federal Agency Coupons	-	0.00%	6,225,000.00	99.97%	120,263,053.34	94.75%
Treasury Coupon Securities	-	0.00%	-	0.00%	-	0.00%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Program Securities	-	0.00%	-	0.00%	-	0.00%
Discount Bonds	-	0.00%	-	0.00%	6,347,623.15	5.00%
Total	-	0.00%	6,227,054.36	100.00%	126,927,301.98	100.00%

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

ARBITRAGE

DESCRIPTION

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

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

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

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

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

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

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

TO: David Lillard, State Treasurer
Tennessee Department of Treasury

FROM: Trent Ridley, Chief Financial Officer

SUBJECT: THDA Investment Report – March 31, 2024

DATE: April 23, 2024

Attached is an Executive Summary of THDA's Investment Report for the quarter ending March 31, 2024. This summary provides the amount of non-mortgage funds managed by our finance team and the overall performance of the portfolio.

Excluding Money Market Funds, THDA's effective rate of return was 4.39% (up from 4.15% previous quarter and 2.96% at March 31, 2023). With an inverted yield curve, THDA continues to take advantage of short-term investment rates when possible. During the quarter, THDA settled $24.2 million in Program Securities, which are MBS created with pools of THDA-funded loans held as security for the bonds instead of whole loans. These securities are reflected in the 2013 Res Float/Equity Fund. Below is a summary of THDA's Total Investment Holdings by Fund (book value). The full Investment Report is available on THDA's web site. If you need any additional information, please do not hesitate to contact me at (615) 815-2012 or via email at tridley@thda.org.

Total Investment Holdings as of March 31, 2024

Investment	General Fund	Escrow Fund	Loan Funds	Float / Equity Funds	Bond Reserve Funds	Total Investments
Money Market Funds	$8,320,401	$10,693,873	$19,057,995	$129,282,096	$6,930,153	$174,284,519
Federal Agency Coupons	4,165,000	0	14,784,981	3,225,000	127,477,744	149,652,724
Treasury Discounts	0	0	0	0	0	0
Program Securities	0	0	0	132,289,829	0	132,289,829
Federal Agency Discount	0	0	335,115,296	57,106,392	0	392,221,689
Total Funds	**$12,485,401**	**$10,693,873**	**$368,958,272**	**$321,903,317**	**$134,407,897**	**$848,448,761**

Tennessee Housing Development Agency

Investment Report

March 31, 2024

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

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

EXECUTIVE SUMMARY

<u>THDA Finance Team:</u>
Trent Ridley, CFO
Wayne Beard, Finance Director
Damon Pallay, Controller
April 23, 2024

**Important Transactions during the past quarter:*

1) The agency closed the $270,000,000 Residential Finance Program Bond Issue 2024-1, on March 21, 2024. This financing provided $239,550,000 of proceeds to fund mortgage loans and purchase GNMA mortgage-backed securities, $20,000,000 of taxable bond proceeds to purchase FHLMC mortgage-backed securities and $10,000,00 to fund downpayment assistance 2nd mortgages. This transaction received $7.465 million of 0% participation proceeds from the 2023-1 transaction and provided $7.465 million of 0% participation proceeds for future transactions. The balance of 0% proceeds at the March 21, 2024 closing of 2024-1 was $78,055,000.

2) In March 2024 the THDA Board of Directors approved the plan of financing for Bond Issue 2024-2 in an amount up to $350,000,000. This issue is expected to be priced in the second quarter of 2024.

3) During the past quarter, $32.3 million in mortgage prepayments were received by the agency. This was approximately a $3.4 million decrease from the previous quarter ($35.7 million) and approximately a $6 million decrease from the same quarter last year ($38.3 million). Prepayments are currently being accumulated to redeem bonds in April and July 2024.

4) The agency matured or redeemed $158,900,000 of bonds during the quarter using mortgage principal collections.

5) The agency created and settled $24,169,188 of MBS Program Securities this quarter. Program Securities are mortgage backed securities (MBS) created with pools of mortgages funded/purchased by THDA and held as security for the bonds instead of whole loans.

6) The Federal Reserve funds rate target was held at the target range of 5.25% -5.50% at the March 20 meeting of the Federal Open Market Committee (FOMC). In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the

balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans.

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

PORTFOLIO MANAGEMENT SUMMARY
Portfolio Management
Portfolio Summary
March 31, 2024

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/C 360 Equiv.
Federal Agency Coupon Securities	149,550,000.00	141,495,911.04	149,652,724.16	22.20	1,826	468	2.123
Federal Agency Disc. -Amortizing	395,000,000.00	391,997,068.90	392,221,688.79	58.18	67	49	5.313
Pass Through Securities	82,317,234.64	82,559,495.46	82,317,234.64	12.21	10,972	10,764	5.672
Pass Through Securities (GNMA/CMO)	49,972,594.15	50,643,158.12	49,972,594.15	7.41	10,945	10,777	6.025
Investments	**676,839,828.79**	**666,695,633.52**	**674,164,241.74**	**100.00%**	**2,595**	**2,245**	**4.701**

Total Earnings	March 31	Period
Current Year		5,236,549.62
Average Daily Balance		**478,750,436.14**
Effective Rate of Return		**4.39%**

Mack W. Beard, Director of Finance

GENERAL FUND

DESCRIPTION

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

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

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

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

THDA QUARTERLY INVESTMENT REPORT
GENERAL FUND
March 31, 2024

Historical Fund Balances

	1974 Resolution		1985 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	25,817,057.22	25,825,609.68	N/A	N/A
6/30/22	33,485,629.07	33,435,329.50	N/A	N/A
6/30/23	20,067,705.82	19,942,906.82	N/A	N/A
3/31/24	12,485,401.41	12,430,717.62	N/A	N/A

Historical Returns (Yield)

	Quarter ending 3/31/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1974 Resolution	4.357%	3.751%	3.444%	2.639%

Benchmarks:

(1) One-year CMT	*4.900%*	*5.171%*	*5.114%*	*4.431%*
(2) Two-year CMT	*4.483%*	*4.734%*	*4.617%*	*4.168%*
(3) Three-year CMT	*4.273%*	*4.482%*	*4.349%*	*4.007%*

Duration

	1974 Resolution
Average Duration to Maturity (Years)	2.2
Average Duration to Call (Years)	0.3

Asset Allocation	1974 Resolution		1985 Resolution	
	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	8,320,401.41	66.64%	N/A	N/A
Federal Agency Coupons	4,165,000.00	33.36%	N/A	N/A
Variable Rate Securities	-	0.00%	N/A	N/A
Repurchase Agreements	-	0.00%	N/A	N/A
Treasury Coupon Securities	-	0.00%	N/A	N/A
Discount Bonds		0.00%	N/A	N/A
Total	12,485,401.41	100.00%	N/A	N/A

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

ESCROW FUND

DESCRIPTION

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

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

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

THDA QUARTERLY INVESTMENT REPORT
ESCROW FUNDS
March 31, 2024

Historical Fund Balances

	1974 Resolution		1985 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	-	-	N/A	N/A
6/30/22	9,045,154.81	9,045,154.81	N/A	N/A
6/30/23	9,227,691.79	9,227,691.79	N/A	N/A
3/31/24	10,693,872.76	10,693,872.76	N/A	N/A

Historical Returns (Yield)

	Quarter ending 3/31/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1974 Resolution	5.262%	5.309%	5.290%	5.290%

Benchmarks:

(1) One-year CMT	*4.900%*	*5.171%*	*5.114%*	*4.431%*
(2) Two-year CMT	*4.483%*	*4.734%*	*4.617%*	*4.168%*
(3) Three-year CMT	*4.273%*	*4.482%*	*4.349%*	*4.007%*

Duration

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

Asset Allocation	1974 Resolution Dollar value*	1974 Resolution Percentage	1985 Resolution Dollar value*	1985 Resolution Percentage
Money Market Funds	10,693,872.76	0.00%	N/A	N/A
Federal Agency Coupons	-	0.00%	N/A	N/A
THDA Securities	-	0.00%	N/A	N/A
Repurchase Agreements	-	0.00%	N/A	N/A
Discount Bonds	-	0.00%	N/A	N/A
Total	10,693,872.76	0.00%	N/A	N/A

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

LOAN FUNDS

DESCRIPTION

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

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

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

THDA QUARTERLY INVESTMENT REPORT
LOAN FUNDS
March 31, 2024

Historical Fund Balances	1985 Resolution Amortized Cost	1985 Resolution Market Value	2009 Resolution Amortized Cost	2009 Resolution Market Value	2013 Resolution Amortized Cost	2013 Resolution Market Value
6/30/21	621,543.77	621,543.77	0.00	0.00	117,828,464.12	117,822,519.62
6/30/22	1,813,508.71	1,813,508.71	0.00	0.00	155,591,681.08	155,534,894.35
6/30/23	0.00	0.00	0.00	0.00	237,707,355.70	236,225,013.52
3/31/24	0.00	0.00	0.00	0.00	368,958,272.10	368,529,091.17

Historical Returns (Yield)	Quarter ending 3/31/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	N/A	N/A	N/A	N/A
2013 Resolution	4.734%	4.493%	4.315%	3.929%
Benchmarks:				
(1) One-year CMT	*4.900%*	*5.171%*	*5.114%*	*4.431%*
(2) Two-year CMT	*4.483%*	*4.734%*	*4.617%*	*4.168%*
(3) Three-year CMT	*4.273%*	*4.482%*	*4.349%*	*4.007%*

Duration	**1985 Resolution**	**2009 Resolution**	**2013 Resolution**
Average Duration to Maturity (Years)	N/A	N/A	0.2
Average Duration to Call (Years)	N/A	N/A	0.1

Asset Allocation	1985 Resolution Dollar value*	1985 Resolution Percentage	2009 Resolution Dollar value*	2009 Resolution Percentage	2013 Resolution Dollar value*	2013 Resolution Percentage
Money Market Funds	-	0.00%	-	0.00%	19,057,995.13	5.17%
Federal Agency Coupons	-	0.00%	-	0.00%	14,784,980.58	4.01%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Pass Through Securities	-	0.00%	-	0.00%	-	0.00%
Discount Bonds	-	0.00%	-	0.00%	335,115,296.39	90.83%
Total	-	0.00%	-	0.00%	368,958,272.10	100.00%

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

FLOAT/EQUITY FUNDS

DESCRIPTION

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

The following funds hold the Float/Equity funds:

Revenue Fund (2009 Resolution):
- Debt Service & Expense Account (DS&E)
- Non-Mortgage Receipts Account (NMR)

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

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

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

THDA QUARTERLY INVESTMENT REPORT
FLOAT / EQUITY FUNDS
March 31, 2024

Historical Fund Balances

	1985 Resolution		2009 Resolution		2013 Resolution	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	4,537,994.05	4,537,994.05	9,796,981.13	9,796,981.13	124,376,398.09	124,438,991.72
6/30/22	4,673,861.66	4,673,798.99	3,743,805.58	3,743,756.91	202,700,662.01	202,710,489.24
6/30/23	-	-	3,908,225.58	3,907,155.14	198,430,937.42	198,186,301.97
3/31/24	-	-	2,106,673.32	2,105,948.11	340,507,478.68	320,500,624.18

Historical Returns (Yield)	Quarter ending 3/31/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	5.290%	5.326%	4.669%	2.338%
2013 Resolution	5.585%	5.428%	5.365%	5.257%
Benchmarks:				
(1) One-year CMT	*4.900%*	*5.171%*	*5.114%*	*4.431%*
(2) Two-year CMT	*4.483%*	*4.734%*	*4.617%*	*4.168%*
(3) Three-year CMT	*4.273%*	*4.482%*	*4.349%*	*4.007%*

Duration	**1985 Resolution**	**2009 Resolution**	**2013 Resolution**
Average Duration to Maturity (Years)	N/A	0.00	4.28
Average Duration to Call (Years)	N/A	0.00	4.28

	1985 Resolution		**2009 Resolution**		**2013 Resolution**	
Asset Allocation	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	846,673.32	40.19%	128,435,422.85	40.16%
Federal Agency Coupons	-	0.00%	-	0.00%	3,225,000.00	1.01%
Treasury Coupon Securities	-	0.00%	-	0.00%	-	0.00%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Pass Through Securities	-	0.00%	-	0.00%	132,289,828.79	41.37%
Discount Bonds	-	0.00%	1,260,000.00	59.81%	55,846,392.40	17.46%
Total	-	0.00%	2,106,673.32	100.00%	319,796,644.04	100.00%

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

BOND RESERVE FUNDS

DESCRIPTION

Bond Reserve Fund (BRF) - In December of 2009, THDA established a new general bond resolution, the Housing Finance Program (the 2009 resolution). This resolution calls for a Bond Reserve Fund. The required deposit for this fund is the greater of an amount equal to the aggregate of the respective amounts for each series of bonds established in the supplemental resolution authorizing such series or an amount equal to 3% of the then current balance of the program loans plus any other amount on deposit in the loan fund which has not been designated to provide for the payment of costs of issuance or capitalized interest. An analysis was performed as of June 30, 2023 to determine the amount to be held in the Bond Reserve Fund. This analysis determined that this balance needed to be $1,253,599.60.

In May of 2013, THDA established a new general bond resolution, the Residential Finance Program (the 2013 resolution). As with the 2009 resolution, this resolution calls for a Bond Reserve Fund. The amount of the required deposit for this fund is calculated in the same manner as in the 2009 resolution. CSG Advisors preformed an analysis in conjunction with the sale of Bond Issue 2024-1 in March of 2024 under this resolution. The resulting Bond Reserve Fund requirement was $100,787,297.

THDA QUARTERLY INVESTMENT REPORT
RESERVE FUNDS
March 31, 2024

Historical Fund Balances	**1985 Resolution**		**2009 Resolution**		**2013 Resolution**	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	Market Value
6/30/21	23,857,841.86	24,948,423.77	6,611,813.54	6,613,393.73	111,728,216.43	112,333,794.57
6/30/22	13,401,801.73	14,119,103.83	6,615,963.05	6,608,317.29	116,619,811.58	116,597,580.74
6/30/23	-	-	6,613,157.64	6,356,313.95	121,992,197.20	117,679,421.08
3/31/24	-	-	6,228,213.83	5,996,262.50	128,179,683.13	120,723,636.03

Historical Returns (Yield)	Quarter ending 3/31/2024	Current Fiscal Year	Last 12 Months	Last 24 Months
1985 Resolution	N/A	N/A	N/A	N/A
2009 Resolution	0.902%	0.823%	0.813%	0.798%
2013 Resolution	2.190%	1.838%	1.787%	1.634%
Benchmarks:				
(1) One-year CMT	*4.900%*	*5.171%*	*5.114%*	*4.431%*
(2) Two-year CMT	*4.483%*	*4.734%*	*4.617%*	*4.168%*
(3) Three-year CMT	*4.273%*	*4.482%*	*4.349%*	*4.007%*

Duration	**1985 Resolution**	**2009 Resolution**	**2013 Resolution**
Average Duration to Maturity (Years)	N/A	0.9	2.9
Average Duration to Call (Years)	N/A	0.1	1.2

	1985 Resolution		**2009 Resolution**		**2013 Resolution**	
Asset Allocation	Dollar value*	Percentage	Dollar value*	Percentage	Dollar value*	Percentage
Money Market Funds	-	0.00%	3,213.83	0.05%	6,926,939.55	5.40%
Federal Agency Coupons	-	0.00%	6,225,000.00	99.95%	121,252,743.58	94.60%
Treasury Coupon Securities	-	0.00%	-	0.00%	-	0.00%
Variable Rate Securities	-	0.00%	-	0.00%	-	0.00%
Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%
Pass Through Securities	-	0.00%	-	0.00%	-	0.00%
Discount Bonds	-	0.00%	-	0.00%		0.00%
Total	-	0.00%	6,228,213.83	100.00%	128,179,683.13	100.00%

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

ARBITRAGE

DESCRIPTION

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

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

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

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

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

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

State Form No. CT-0253
Revised Effective 9/1/2021

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

1. Public Entity:

Name: Tennessee Housing Development Agency

Address: Andrew Jackson Building, Third Floor, 502 Deaderick Street
Nashville, TN 37243-0200

Debt Issue Name: Issue 2024-1

If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: $ 270,000,000.00

Premium/Discount: $ See Attachment 1

3. Interest Cost: Issue 2024-1: 4.725 / Issue 2024-1: 5.891 % *Excluding Underwriter's Discount

- [x] Tax-exempt
- [ ] Taxable
- [x] TIC
- [ ] NIC
- [ ] Variable: Index ______ plus ______ basis points; or
- [ ] Variable: Remarketing Agent ______
- [ ] Other: ______

4. Debt Obligation:

- [ ] TRAN
- [ ] RAN
- [ ] CON
- [ ] BAN
- [ ] CRAN
- [ ] GAN
- [x] Bond
- [ ] Loan Agreement
- [ ] Financing Lease

If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").

5. Ratings:

- [ ] Unrated

Moody's Aa1 Standard & Poor's AA+ Fitch ______

6. Purpose:

Purpose	%	BRIEF DESCRIPTION
[ ] General Government	%	
[ ] Education	%	
[ ] Utilities	%	
[x] Other	100.00 %	Single Family Housing
[ ] Refunding/Renewal	%	

7. Security:

- [ ] General Obligation
- [ ] General Obligation + Revenue/Tax
- [ ] Revenue
- [ ] Tax Increment Financing (TIF)
- [ ] Annual Appropriation (Financing Lease Only)
- [x] Other (Describe): Special Limited Obligation

8. Type of Sale:

- [ ] Competitive Public Sale
- [ ] Interfund Loan ______
- [x] Negotiated Sale
- [ ] Loan Program ______
- [ ] Informal Bid

9. Date:

Dated Date: 03/21/2024 Issue/Closing Date: 03/21/2024

State Form No. CT-0253
Revised Effective 9/1/2021

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	$ See Attachment 2	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

☐ No costs or professionals

	AMOUNT (Round to nearest $)	FIRM NAME
Financial Advisor Fees	$ 75,000	CSG Advisors Incorporated
Legal Fees	$ 0	
Bond Counsel	$ 37,500	Kutak Rock
Issuer's Counsel	$ 0	
Trustee's Counsel	$ 0	
Bank Counsel	$ 0	
Disclosure Counsel	$ 0	
________________________	$ 0	
Paying Agent Fees	$ 0	
Registrar Fees	$ 0	
Trustee Fees	$ 13,500	US Bank, NA
Remarketing Agent Fees	$ 0	
Liquidity Fees	$ 0	
Rating Agency Fees	$ 246,750	Moody's and S & P
Credit Enhancement Fees	$ 0	
Bank Closing Costs	$ 0	
Underwriter's Discount ________%		
Take Down	$ 1,519,000	Raymond James & Associates, Inc.
Management Fee	$ 30,000	Raymond James & Associates, Inc.
Risk Premium	$ 0	
Underwriter's Counsel	$ 25,000	Hawkins Delafield & Wood
Other expenses	$ 33,791	Raymond James & Associates, Inc.
Printing and Advertising Fees	$ 1,500	Ipreo LLC
Issuer/Administrator Program Fees	$ 0	
Real Estate Fees	$ 0	
Sponsorship/Referral Fee	$ 0	
Other Costs ____________________	$ 7,000	Kestrel Verifiers
TOTAL COSTS	$ **1,989,041**	

State Form No. CT-0253
Revised Effective 9/1/2021

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

12. Recurring Costs:

☑ No Recurring Costs

	AMOUNT (Basis points/$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other ________________________		

13. Disclosure Document / Official Statement:

☐ None Prepared
☐ EMMA link
☑ Copy attached

See Attachment 3: Issue 2024-1 Supplemental Resolution; and
See Attachment 4: Issue 2024-1Official Statement or

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? ☑ Yes ☐ No

Is there a continuing disclosure obligation agreement related to this debt? ☑ Yes ☐ No

If yes to either question, date that disclosure is due 210 days after end of each Fiscal Year

Name and title of person responsible for compliance Trent Ridley, Chief Financial Officer/Bruce Balcom, Chief Legal Counsel

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 11/28/2011, as amended

Is the debt obligation in compliance with and clearly authorized under the policy? ☐ Yes ☐ No

16. Written Derivative Management Policy:

☑ No derivative

Governing Body's approval date of the current version of the written derivative management policy ____________

Date of Letter of Compliance for derivative ____________

Is the derivative in compliance with and clearly authorized under the policy? ☐ Yes ☐ No

17. Submission of Report:

To the Governing Body: on 05/21/2024 and presented at public meeting held on 05/21/2024

Copy to Director, Division of Local Govt Finance: on 05/07/2024 either by:

☐ Mail to:
Cordell Hull Building
425 Rep. John Lewis Parkway N., 4th Floor
Nashville, TN 37243-3400

OR

☑ Email to:
LGF@cot.tn.gov

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	[signature]	Bruce Balcom
Title	Executive Director	Chief Legal Counsel
Firm	Tennessee Housing Development Agency	Tennessee Housing Development Agency
Email	RPerrey@thda.org	BBalcom@thda.org
Date	03/21/2024	03/21/2024

2. PREMIUM/DISCOUNT:

1. Includes the original issue premium of $2,539,793.20 on the Issue 2024-1 Bonds maturing January 1, 2055.

Includes the original issue premium of $1,705,734 on the Issue 2024-1 Bonds maturing January 1, 2055.

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BONDS

Maturities, Amounts, Interest Rates and Prices

$94,500,000 Issue 2024-1A Bonds (Non-AMT) (Social Bonds)

$16,360,000 Issue 2024-1A Serial Bonds

Year	Principal Amount Due January 1	Interest Rate	Price	CUSIP Number[(1)]	Principal Amount Due July 1	Interest Rate	Price	CUSIP Number[(1)]
2025	$ 555,000	3.050%	100.000%	88046KHW9	$ 565,000	3.050%	100.000%	88046KHX7
2026	575,000	3.150	100.000	88046KHY5	585,000	3.200	100.000	88046KHZ2
2027	595,000	3.250	100.000	88046KJA5	605,000	3.250	100.000	88046KJB3
2028	615,000	3.300	100.000	88046KJC1	625,000	3.300	100.000	88046KJD9
2029	635,000	3.375	100.000	88046KJE7	645,000	3.450	100.000	88046KJF4
2030	655,000	3.450	100.000	88046KJG2	670,000	3.500	100.000	88046KJH0
2031	680,000	3.600	100.000	88046KJJ6	695,000	3.625	100.000	88046KJK3
2032	705,000	3.625	100.000	88046KJL1	720,000	3.650	100.000	88046KJM9
2033	730,000	3.700	100.000	88046KJN7	745,000	3.700	100.000	88046KJP2
2034	760,000	3.700	100.000	88046KJQ0	770,000	3.750	100.000	88046KJR8
2035	785,000	3.800	100.000	88046KJS6	800,000	3.800	100.000	88046KJT4
2036	815,000	3.900	100.000	88046KJU1	830,000	3.900	100.000	88046KJV9

$78,140,000 Issue 2024-1A Term Bonds

Maturity Date	Principal Amount Due	Interest Rate	Price	CUSIP Number [(1)]
July 1, 2039	$ 5,360,000	4.00%	100.000%	88046KJW7
July 1, 2044	10,605,000	4.50	100.000	88046KJX5
July 1, 2049	13,310,000	4.70	100.000	88046KJY3
July 1, 2054	16,805,000	4.80	100.000	88046KJZ0
January 1, 2055 (PAC)	32,060,000	5.75	100.000	88046KKA3

$175,500,000 Issue 2024-1B Bonds (Federally Taxable) (Social Bonds)

$20,600,000 Issue 2024-1B Serial Bonds

Year	Principal Amount Due January 1	Interest Rate	Price	CUSIP Number[(1)]	Principal Amount Due July 1	Interest Rate	Price	CUSIP Number[(1)]
2025	$ 810,000	5.151%	100.000%	88046KKB1	$ 830,000	5.151%	100.000%	88046KKC9
2026	850,000	5.101	100.000	88046KKD7	870,000	5.101	100.000	88046KKE5
2027	895,000	4.960	100.000	88046KKF2	915,000	5.010	100.000	88046KKG0
2028	940,000	5.016	100.000	88046KKH8	960,000	5.066	100.000	88046KKJ4
2029	980,000	5.116	100.000	88046KKK1	1,005,000	5.166	100.000	88046KKL9
2030	1,030,000	5.186	100.000	88046KKM7	1,055,000	5.236	100.000	88046KKN5
2031	1,080,000	5.286	100.000	88046KKP0	1,105,000	5.336	100.000	88046KKQ8
2032	1,135,000	5.366	100.000	88046KKR6	1,165,000	5.466	100.000	88046KKS4
2033	1,195,000	5.496	100.000	88046KKT2	1,230,000	5.516	100.000	88046KKU9
2034	1,255,000	5.536	100.000	88046KKV7	1,295,000	5.566	100.000	88046KKW5

$154,900,000 Issue 2024-1B Term Bonds

Maturity Date	Principal Amount Due	Interest Rate	Price	CUSIP Number[(1)]
July 1, 2039	$ 15,005,000	5.616%	100.000%	88046KKX3
July 1, 2044	19,755,000	5.795	100.000	88046KKY1
July 1, 2049	26,230,000	5.915	100.000	88046KKZ8
July 1, 2054	34,990,000	5.965	100.000	88046KLA2

TENNESSEE HOUSING DEVELOPMENT AGENCY

A Supplemental Resolution

Authorizing the Sale of

Residential Finance Program Bonds

$94,500,000 Issue 2024-1A (Non-AMT)

$175,500,000 Issue 2024-1B (Federally Taxable)

Adopted November 14, 2023,
as approved in its amended and supplemented form
by its Designated Authorized Officer
on February 13, 2024

ARTICLE I
DEFINITIONS AND AUTHORITY

ARTICLE II
TERMS AND ISSUANCE

ARTICLE III
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ARTICLE VI
MISCELLANEOUS

A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF

RESIDENTIAL FINANCE PROGRAM BONDS
$94,500,000 ISSUE 2024-1A (Non-AMT)
$175,500,000 ISSUE 2024-1B (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 2024-1 Supplemental Residential Finance Program Bond Resolution.

Section 1.02. Definitions.

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

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

"*500% PSA Prepayment Amount*" means the cumulative amount of principal prepayments on the Program Loans allocable to the Issue 2024-1 Bonds (including Issue 2024-1 Program Securities and DPA Loans) at a rate equal to 500% PSA, as set forth in Exhibit B hereto.

"*Bond Purchase Agreements*" means, collectively, the Issue 2024-1A Bond Purchase Agreement and the Issue 2024-1B 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 Wiley Brothers—Aintree Capital, LLC.

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

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

"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.

"*Excess 2024-1 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 2024-1 Bonds (including Program Loans pooled into Issue 2024-1 Program Securities and DPA Loans) 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 2024-1 Bonds.

"*Fannie Mae*" means Fannie Mae, formerly the Federal National Mortgage Association, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto. Fannie Mae is a Federal Mortgage Agency as such term is defined in the General Resolution.

"*Fannie Mae Securities*" means an obligation representing an undivided interest in a pool of Program Loans issued and acquired pursuant to the Program, which payments on such Program Loans are guaranteed by Fannie Mae.

"*GNMA*" means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 *et seq*.). GNMA is a Federal Mortgage Agency as such term is defined in the General Resolution

"*GNMA Securities*" means an obligation representing an undivided interest in a pool of Program Loans issued and acquired pursuant to the Program, which payments on such Program Loans are guaranteed by GNMA.

"*Issue 2024-1 Bonds*" means, together, the Issue 2024-1A Bonds and the Issue 2024-1B Bonds.

"*Issue 2024-1 Program Securities*" means the GNMA Securities (if any) and the Fannie Mae Securities (if any) purchased with proceeds of the Issue 2024-1 Bonds and allocable to the Issue 2024-1 Bonds.

"*Issue 2024-1A Bonds*" means the Issue 2024-1A Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

"*Issue 2024-1A Bond Purchase Agreement*" means the contract for the purchase of the Issue 2024-1A Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A-1.

"*Issue 2024-1A PAC Bonds*" means the Issue 2024-1A Bonds in the aggregate amount of $32,060,000 maturing on January 1, 2055.

"*Issue 2024-1A PAC Bonds Planned Amortization Amount*" means the cumulative amount of Issue 2024-1A PAC Bonds expected to be redeemed upon the receipt of Excess 2024-1 Principal Payments on the Issue 2024-1A Bonds at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

"*Issue 2024-1A Serial Bonds*" means the Issue 2024-1A Bonds which are not Issue 2024-1A Term Bonds.

"*Issue 2024-1A Term Bonds*" means, collectively, the Issue 2024-1A Bonds maturing July 1, 2039, July 1, 2044, July 1, 2049, July 1, 2054, and January 1, 2055.

"*Issue 2024-1B Bonds*" means the Issue 2024-1B Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

"*Issue 2024-1B Bond Purchase Agreement*" means the contract for the purchase of the Issue 2024-1B Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A-2.

"*Issue 2024-1B PAC Bonds*" means the Issue 2024-1B Bonds in the aggregate amount of $58,920,000 maturing on January 1, 2055.

"*Issue 2024-1A PAC Bonds Planned Amortization Amount*" means the cumulative amount of Issue 2024-1A PAC Bonds expected to be redeemed upon the receipt of Excess 2024-1 Principal Payments on the Issue 2024-1A Bonds at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

"*Issue 2024-1B Serial Bonds*" means the Issue 2024-1B Bonds which are not Term Bonds.

"*Issue 2024-1B Term Bonds*" means the Issue 2024-1B Bonds maturing July 1, 2039, July 1, 2044, July 1, 2049, July 1, 2054, and January 1, 2055.

"*Issue Date*" means the date on which the Issue 2024-1 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on March 21, 2024.

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

"*Official Statement*" means the Official Statement dated February 13, 2024, used in connection with the sale of the Issue 2024-1 Bonds.

"PAC Bonds" means, together, the Issue 2024-1A PAC Bonds and the Issue 2024-1B PAC Bonds.

"*PAC Bonds Planned Amortization Amount*" means, together, the Issue 2024-1A PAC Bonds Planned Amortization Amount and the Issue 2024-1B PAC Bonds Planned Amortization Amount, each as set forth in Exhibit B hereto.

"*Preliminary Official Statement*" means the Preliminary Official Statement dated February 6, 2024 used in connection with the offering of the Issue 2024-1 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).

"*Refunded Bonds*" means the THDA bonds listed in Exhibit D hereto.

"*Resolution*" means this Supplemental Resolution adopted by THDA on November 14, 2023, as approved in its amended and supplemented form by the Designated Authorized Officer on February 13, 2024.

"*Serial Bonds*" means, collectively, the Issue 2024-1A Serial Bonds and the Issue 2024-1B Serial Bonds.

"*Term Bonds*" means, collectively, the Issue 2024-1A Term Bonds and the Issue 2024-1B Term Bonds.

"*Transferred Proceeds*" means the amount on deposit in the Issue 2024-1 Bond Subaccount of the Loan Fund subsequent to the refunding of the Refunded Bonds, as set forth in a certificate of THDA to be delivered on or before the date of issuance of the Issue 2024-1 Bonds.

"*Underwriters*" means, collectively, Raymond James & Associates, Inc. and RBC Capital Markets, LLC, and their respective successors and assigns, and the Co-Managers, as purchasers of the Issue 2024-1 Bonds.

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

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

(e) Unless the context otherwise indicates, the term "Program Loan" as used herein shall include new Program Loans and DPA Loans, and, without duplication, Program Securities, and the phrase "Program Loans allocable to the Issue 2024-1 Bonds" shall include any new Program Loans, DPA Loans and Issue 2024-1 Program Securities acquired with Transferred Proceeds and with proceeds of the Issue 2024-1 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 2024-1A are hereby authorized to be issued in the aggregate principal amount of $94,500,000, and Residential Finance Program Bonds, Issue 2024-1B are hereby authorized to be issued in the aggregate principal amount of $175,500,000. In addition to the title "Residential Finance Program Bond," the Issue 2024-1 Bonds will bear the additional designation "Issue 2024-1A (Non-AMT)" and "Issue 2024-1B (Federally Taxable)," as appropriate. The Issue 2024-1 Bonds shall be issued only in fully registered form. The Issue 2024-1A Bonds will consist of $16,360,000 principal amount of Serial Bonds and $78,140,000 principal amount of Term Bonds. The Issue 2024-1B Bonds will consist of $20,600,000 principal amount of Serial Bonds and $154,900,000 principal amount of Term Bonds.

Section 2.02. Purposes. A portion of the Issue 2024-1A Bonds are being issued to refund the Refunded Bonds. As a result of such refunding, the Transferred Proceeds will become allocated to the Issue 2024-1 Bonds. A portion of the Issue 2024-1 Bonds are being issued (a) to finance DPA Loans and Program Loans (including Issue 2024-1 Program Securities), or participations therein, on single family residences located within the State, (b) if required, to pay capitalized interest on the Issue 2024-1 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 2024-1 Bonds.

The proceeds of the Issue 2024-1 Bonds (including the Transferred Proceeds) shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2024-1 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 July 1, 2024, at the rate set opposite such date in the following tables:

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Issue 2024-1A Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
January 1, 2025	$555,000	3.050%	January 1, 2031	$680,000	3.600%
July 1, 2025	565,000	3.050	July 1, 2031	695,000	3.625
January 1, 2026	575,000	3.150	January 1, 2032	705,000	3.625
July 1, 2026	585,000	3.200	July 1, 2032	720,000	3.650
January 1, 2027	595,000	3.250	January 1, 2033	730,000	3.700
July 1, 2027	605,000	3.250	July 1, 2033	745,000	3.700
January 1, 2028	615,000	3.300	January 1, 2034	760,000	3.700
July 1, 2028	625,000	3.300	July 1, 2034	770,000	3.750
January 1, 2029	635,000	3.375	January 1, 2035	785,000	3.800
July 1, 2029	645,000	3.450	July 1, 2035	800,000	3.800
January 1, 2030	655,000	3.450	January 1, 2036	815,000	3.900
July 1, 2030	670,000	3.500	July 1, 2036	830,000	3.900

Term Bonds

Maturity Date	Principal Amount	Interest Rate
July 1, 2039	$ 5,360,000	4.00%
July 1, 2044	10,605,000	4.50
July 1, 2049	13,310,000	4.70
July 1, 2054	16,805,000	4.80
January 1, 2055	32,060,000	5.75

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Issue 2024-1B Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
January 1, 2025	$ 810,000	5.151%	January 1, 2030	$1,030,000	5.186%
July 1, 2025	830,000	5.151	July 1, 2030	1,055,000	5.236
January 1, 2026	850,000	5.101	January 1, 2031	1,080,000	5.286
July 1, 2026	870,000	5.101	July 1, 2031	1,105,000	5.336
January 1, 2027	895,000	4.960	January 1, 2032	1,135,000	5.366
July 1, 2027	915,000	5.010	July 1, 2032	1,165,000	5.466
January 1, 2028	940,000	5.016	January 1, 2033	1,195,000	5.496
July 1, 2028	960,000	5.066	July 1, 2033	1,230,000	5.516
January 1, 2029	980,000	5.116	January 1, 2034	1,255,000	5.536
July 1, 2029	1,005,000	5.166	July 1, 2034	1,295,000	5.566

Term Bonds

Maturity Date	Principal Amount	Interest Rate
July 1, 2039	$ 15,005,000	5.616%
July 1, 2044	19,755,000	5.795
July 1, 2049	26,230,000	5.915
July 1, 2054	34,990,000	5.965
January 1, 2055	58,920,000	6.250

(b) Whenever the due date for payment of interest on or principal of the Issue 2024-1 Bonds or the date fixed for redemption of any Issue 2024-1 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 2024-1 Bonds of each series maturing in each year are to be issued in denominations of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of Issue 2024-1 Bonds of each series maturing in such year. The Issue 2024-1 Bonds are to be lettered "R-3A," or "R-3B," as applicable, and numbered separately from 1 consecutively upwards.

(b) The Issue 2024-1 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2024-1 Bond will be outstanding for each maturity and interest rate of each series of the Issue 2024-1 Bonds in the aggregate principal amount of such maturity, interest rate and series. Subject to the provisions of the

General Resolution, purchases of ownership interests in the Issue 2024-1 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2024-1 Bonds will not receive certificates representing their interest in the Issue 2024-1 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2024-1 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2024-1 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 2024-1 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 2024-1 Bonds shall be executed by the manual or facsimile signature of the Chairperson or Vice Chairperson and the seal of THDA or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Issue 2024-1 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2024-1 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 2024-1 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2024-1 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 2024-1 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2024-1 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2024-1 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2024-1 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2024-1 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 2024-1 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 2024-1 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2024-1 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 2024-1A Term Bonds due July 1, 2039

Date	Principal Amount	Date	Principal Amount
January 1, 2037	$850,000	July 1, 2038	$900,000
July 1, 2037	865,000	January 1, 2039	920,000
January 1, 2038	885,000	July 1, 2039*	940,000

*Maturity

Issue 2024-1A Term Bonds due July 1, 2044

Date	Principal Amount	Date	Principal Amount
January 1, 2040	$ 955,000	July 1, 2042	$1,070,000
July 1, 2040	980,000	January 1, 2043	1,095,000
January 1, 2041	1,000,000	July 1, 2043	1,120,000
July 1, 2041	1,025,000	January 1, 2044	1,145,000
January 1, 2042	1,045,000	July 1, 2044*	1,170,000

*Maturity

Issue 2024-1A Term Bonds due July 1, 2049

Date	Principal Amount	Date	Principal Amount
January 1, 2045	$1,195,000	July 1, 2047	$1,345,000
July 1, 2045	1,225,000	January 1, 2048	1,375,000
January 1, 2046	1,255,000	July 1, 2048	1,405,000
July 1, 2046	1,280,000	January 1, 2049	1,440,000
January 1, 2047	1,315,000	July 1, 2049*	1,475,000

*Maturity

Issue 2024-1A Term Bonds due July 1, 2054

Date	Principal Amount	Date	Principal Amount
January 1, 2050	$1,510,000	July 1, 2052	$1,695,000
July 1, 2050	1,545,000	January 1, 2053	1,735,000
January 1, 2051	1,580,000	July 1, 2053	1,780,000
July 1, 2051	1,620,000	January 1, 2054	1,820,000
January 1, 2052	1,655,000	July 1, 2054*	1,865,000

*Maturity

Issue 2024-1A Term Bonds due January 1, 2055

Date	Principal Amount	Date	Principal Amount
January 1, 2025	$190,000	July 1, 2040	$ 450,000
July 1, 2025	195,000	January 1, 2041	465,000
January 1, 2026	200,000	July 1, 2041	475,000
July 1, 2026	205,000	January 1, 2042	490,000
January 1, 2027	210,000	July 1, 2042	505,000
July 1, 2027	215,000	January 1, 2043	520,000
January 1, 2028	220,000	July 1, 2043	530,000
July 1, 2028	225,000	January 1, 2044	550,000
January 1, 2029	235,000	July 1, 2044	565,000
July 1, 2029	240,000	January 1, 2045	580,000
January 1, 2030	250,000	July 1, 2045	595,000
July 1, 2030	255,000	January 1, 2046	610,000
January 1, 2031	265,000	July 1, 2046	635,000
July 1, 2031	270,000	January 1, 2047	650,000
January 1, 2032	280,000	July 1, 2047	665,000
July 1, 2032	285,000	January 1, 2048	690,000
January 1, 2033	295,000	July 1, 2048	710,000
July 1, 2033	300,000	January 1, 2049	730,000
January 1, 2034	310,000	July 1, 2049	750,000
July 1, 2034	320,000	January 1, 2050	770,000
January 1, 2035	330,000	July 1, 2050	795,000
July 1, 2035	340,000	January 1, 2051	815,000
January 1, 2036	350,000	July 1, 2051	840,000
July 1, 2036	360,000	January 1, 2052	865,000
January 1, 2037	370,000	July 1, 2052	890,000
July 1, 2037	380,000	January 1, 2053	915,000
January 1, 2038	390,000	July 1, 2053	940,000
July 1, 2038	405,000	January 1, 2054	970,000
January 1, 2039	415,000	July 1, 2054	995,000
July 1, 2039	425,000	January 1, 2055*	2,930,000
January 1, 2040	440,000		

*Maturity

Issue 2024-1B Term Bonds due July 1, 2039

Date	Principal Amount	Date	Principal Amount
January 1, 2035	$1,325,000	July 1, 2037	$1,520,000
July 1, 2035	1,360,000	January 1, 2038	1,555,000
January 1, 2036	1,400,000	July 1, 2038	1,600,000
July 1, 2036	1,440,000	January 1, 2039	1,640,000
January 1, 2037	1,475,000	July 1, 2039*	1,690,000

*Maturity

Issue 2024-1B Term Bonds due July 1, 2044

Date	Principal Amount	Date	Principal Amount
January 1, 2040	$1,735,000	July 1, 2042	$1,995,000
July 1, 2040	1,785,000	January 1, 2043	2,050,000
January 1, 2041	1,835,000	July 1, 2043	2,115,000
July 1, 2041	1,890,000	January 1, 2044	2,170,000
January 1, 2042	1,945,000	July 1, 2044*	2,235,000

*Maturity

Issue 2024-1B Term Bonds due July 1, 2049

Date	Principal Amount	Date	Principal Amount
January 1, 2045	$2,300,000	July 1, 2047	$2,655,000
July 1, 2045	2,365,000	January 1, 2048	2,725,000
January 1, 2046	2,435,000	July 1, 2048	2,810,000
July 1, 2046	2,505,000	January 1, 2049	2,890,000
January 1, 2047	2,575,000	July 1, 2049*	2,970,000

*Maturity

Issue 2024-1B Term Bonds due July 1, 2054

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Date	Principal Amount	Date	Principal Amount
January 1, 2050	$3,060,000	July 1, 2052	$3,540,000
July 1, 2050	3,145,000	January 1, 2053	3,645,000
January 1, 2051	3,245,000	July 1, 2053	3,750,000
July 1, 2051	3,335,000	January 1, 2054	3,860,000
January 1, 2052	3,435,000	July 1, 2054*	3,975,000

*Maturity

Issue 2024-1B Term Bonds due January 1, 2055

Date	Principal Amount	Date	Principal Amount
January 1, 2025	$310,000	July 1, 2040	$ 800,000
July 1, 2025	320,000	January 1, 2041	830,000
January 1, 2026	330,000	July 1, 2041	855,000
July 1, 2026	340,000	January 1, 2042	880,000
January 1, 2027	350,000	July 1, 2042	910,000
July 1, 2027	360,000	January 1, 2043	940,000
January 1, 2028	370,000	July 1, 2043	965,000
July 1, 2028	385,000	January 1, 2044	1,000,000
January 1, 2029	395,000	July 1, 2044	1,025,000
July 1, 2029	410,000	January 1, 2045	1,060,000
January 1, 2030	420,000	July 1, 2045	1,095,000
July 1, 2030	435,000	January 1, 2046	1,130,000
January 1, 2031	445,000	July 1, 2046	1,160,000
July 1, 2031	460,000	January 1, 2047	1,200,000
January 1, 2032	475,000	July 1, 2047	1,235,000
July 1, 2032	490,000	January 1, 2048	1,275,000
January 1, 2033	505,000	July 1, 2048	1,315,000
July 1, 2033	520,000	January 1, 2049	1,355,000
January 1, 2034	540,000	July 1, 2049	1,400,000
July 1, 2034	555,000	January 1, 2050	1,440,000
January 1, 2035	575,000	July 1, 2050	1,490,000
July 1, 2035	595,000	January 1, 2051	1,535,000
January 1, 2036	610,000	July 1, 2051	1,585,000
July 1, 2036	625,000	January 1, 2052	1,635,000
January 1, 2037	650,000	July 1, 2052	1,680,000
July 1, 2037	665,000	January 1, 2053	1,735,000
January 1, 2038	690,000	July 1, 2053	1,785,000
July 1, 2038	710,000	January 1, 2054	1,845,000
January 1, 2039	735,000	July 1, 2054	1,900,000
July 1, 2039	755,000	January 1, 2055*	6,055,000
January 1, 2040	780,000		

*Maturity

The amounts of semiannual sinking fund installments set forth above are subject to reduction as a result of optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption (each as described in this Article II) of the Issue 2024-1 Bonds. At the time of any optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption of such Issue 2024-1 Bonds, the amount of each future sinking fund installment will be reduced as shall be determined in a certificate of THDA such that the total amount of such reductions equals the amount of such optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption; provided, however, that any such redemption amounts permitted to be applied to the annual sinking fund installments set forth above for the PAC Bonds shall be made on a pro rata basis between the Issue 2024-1A PAC Bonds and the Issue 2024-1B PAC Bonds.

(b) Upon the purchase or redemption of Issue 2024-1 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 2024-1 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 2024-1 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 2024-1 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2023 Bonds maturing on and after July 1, 2033 are subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part at any time, on or after January 1, 2033 (any such date to be determined by THDA or selected by the Trustee subject to the provisions of and in accordance with the General Resolution, and when so determined or selected will be deemed and is hereby set forth as the redemption date), upon notice as provided in Article VI of the General Resolution, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption; provided, however that the Issue 2024-1B Term Bonds maturing on July 1, 2054 are only subject to optional redemption to the extent at least $250,000 principal amount thereof remains outstanding; provided, however that the Issue 2024-1B Term Bonds maturing on July 1, 2054 are only subject to optional redemption to the extent no other Issue 2024-1 Bonds remain outstanding or will remain outstanding as a result of such optional redemption.

Section 2.10. Special Optional Redemption. The Issue 2024-1 Bonds are subject to redemption, at the option of THDA, as a whole or in part at any time prior to maturity, in accordance with the provisions of the General Resolution in an amount equal to amounts available for such purpose from (i) proceeds of the Issue 2024-1 Bonds not expected to be applied to the financing of Program Loans, DPA Loans, and Issue 2024-1 Program Securities, (ii) repayments and prepayments of Program Loans (including DPA Loans and Program Loans pooled into Issue 2024-1 Program Securities) allocated to the Issue 2024-1 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2024-1 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 2024-1 Bonds, (iii) repayments and prepayments of Program Loans made with the proceeds of any other Bonds issued under the General Resolution, subject to limitations contained in the Code, (iv) other amounts on deposit in the Revenue Fund in excess of the amounts required for the payment of Debt Service and Program Expenses, and (v) amounts on deposit in the Bond Reserve Fund in excess of the Bond Reserve Requirement; provided however, that (A) the Issue 2024-1B Bonds maturing on July 1, 2054 are only subject to optional redemption to the extent at least $250,000 principal amount thereof will remain outstanding as a result of such optional redemption and (B) the PAC Bonds (1) are only subject to redemption as described in clause (ii) above as described in Section 2.11(b) hereof, (2) shall not be subject to redemption as described in clauses (iii), (iv) and (v) above if such redemption would cause amortization of a PAC Bond to exceed the PAC Bonds Planned Amortization Amount, and (3) shall be redeemed on a pro rata basis to the extent of any such special optional redemption.

The date of redemption pursuant to this Section 2.10 shall be determined by the Trustee upon the direction of THDA subject to the provisions of and in accordance with the General Resolution (and when so determined such date will be deemed and is hereby set forth as the redemption date). The Issue 2024-1 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 2024-1 Bonds to be redeemed pursuant to this Section 2.10 shall be selected by THDA in its sole discretion; provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2024-1 Bonds then Outstanding in the event of any redemption pursuant to clause (i) of the first paragraph of this Section 2.10, and, to the extent any PAC Bonds are redeemed pursuant to any special optional redemption, the PAC Bonds shall be redeemed on a pro rata basis.

Section 2.11. Special Mandatory Redemptions.

(a) ***Unexpended Proceeds.*** The Issue 2024-1A Bonds are subject to mandatory redemption on February 1, 2025 in the event and to the extent that there are unexpended proceeds of the Issue 2024-1A Bonds on deposit in the Issue 2024-1 Subaccount of the Loan Fund on January 1, 2025; provided that such redemption date may be extended, at the option of THDA, and subject to the satisfaction of the conditions set forth in Section 4.01 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2024-1A Bonds are subject to mandatory redemption on September 1, 2027, to the extent any proceeds of the Issue 2024-1A Bonds remain on deposit in the Issue 2024-1 Subaccount of the Loan Fund on August 1, 2027.

The redemption price of the Issue 2024-1A Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of redemption, if applicable; provided, however, that the redemption price for the PAC Bonds, if applicable, shall be the initial issue price thereof (par plus initial issue premium) plus accrued interest to the redemption date. The Issue 2024-1A Bonds to be redeemed shall be selected by THDA in its sole discretion (subject to the limitations provided in this Resolution); provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2024-1A Bonds then Outstanding.

(b) ***Excess 2024-1 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 2024-1 Principal Payments. Any Excess 2024-1 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing July 1, 2024; provided that PAC Bonds may be redeemed between Interest Payment Dates on the first Business Day of any month for which adequate notice of redemption may be given.

While any PAC Bonds remain Outstanding, Excess 2024-1 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2024-1 Bonds (including DPA Loans and any Program Loans pooled into Issue 2024-1 Program Securities) are equal to or less than the related 500% PSA Prepayment Amount, as determined by THDA, then available Excess 2024-1 Principal Payments shall first be applied to redeem the PAC Bonds on a pro rata basis up to an amount correlating to the PAC Bonds Planned Amortization Amount for the related PAC Bonds, and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds under the Resolution, other than the PAC Bonds.

SECOND, if principal prepayments on the Program Loans allocable to the Issue 2024-1 Bonds (including DPA Loans and any Program Loans pooled into Issue 2024-1 Program Securities) are in excess of the 500% PSA Prepayment Amount, as determined by THDA, then available Excess 2024-1 Principal Payments shall first be applied to redeem PAC Bonds on a pro rata basis up to an amount correlating to the PAC Bonds Planned Amortization Amount (as set forth in "FIRST" above) and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds issued under the Resolution, including the PAC Bonds (any such remainder used to redeem PAC Bonds being an "Excess Principal PAC Bond Redemption"); provided, however, that (i) the source of an Excess Principal PAC Bond Redemption is restricted to that portion of available Excess 2024-1 Principal Payments which is in excess of 500% PSA Prepayment Amount, (ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of the PAC Bonds' proportionate amount of all Issue 2024-1 Bonds then Outstanding, and (iii) the PAC Bonds shall be redeemed on a pro rata basis.

The PAC Bonds Planned Amortization Amount and the 500% PSA Prepayment Amount set forth in Exhibit B hereto are each subject to proportionate reduction to the extent PAC Bonds are redeemed from amounts on deposit in the Issue 2024-1 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 2024-1A Bonds (including Sinking Fund Payments) or otherwise required to be used to redeem the Issue 2024-1A PAC Bonds as described in Section 2.11 (b) above, repayments and prepayments of principal on the Program Loans, or portions thereof, financed with proceeds of the Issue 2024-1A Bonds (including DPA Loans and Program Loans pooled into Issue 2024-1 Program Securities and financed with proceeds of the Issue 2024-1A Bonds) received more than ten years after the Issue Date of the Issue 2024-1A Bonds (or the date of original issuance of the bonds refunded by the Issue 2024-1A Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2024-1A Bonds on or before the next Interest Payment Date with respect to the Issue 2024-1A 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 2024-1A 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 2024-1A Bonds to be redeemed shall be selected by THDA in its sole discretion (subject to the limitations provided in this Resolution); provided however, that the Issue 2024-1A PAC Bonds may be redeemed in an amount that exceeds the Issue 2024-1A PAC Bonds Planned Amortization Amount only if there are no other Issue 2024-1A Bonds Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2024-1 Bonds of like Series and maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in accordance with Section 6.4 of the General Resolution.

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

ARTICLE III

SALE AND DELIVERY

Section 3.01. Sale.

(a) The Issue 2024-1 Bonds are hereby authorized to be sold to the Underwriters at the prices and on the terms and conditions set forth in the respective Bond Purchase Agreement and upon the basis of the representations, warranties and agreements therein set forth. The Chairperson, Secretary or Assistant Secretary of the Bond Finance Committee and the Executive Director of THDA are hereby authorized to execute the Bond Purchase Agreement. The Board of Directors of THDA hereby authorizes the Designated Authorized Officer to approve the purchase price of the Issue 2024-1 Bonds and to execute the Bond Purchase Agreements.

(b) The Designated Authorized Officer of THDA is hereby authorized to make public and to authorize distribution of the Official Statement relating to the Issue 2024-1 Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chairperson, Vice Chairperson, Executive Director, Secretary of the Bond Finance Committee, and Designated Authorized Officer are hereby authorized to sign and deliver such Official Statement to the Underwriters. The distribution of the Preliminary Official Statement relating to the Issue 2024-1 Bonds to the public is hereby ratified and confirmed.

(c) The Issue 2024-1 Bonds shall be delivered to the Underwriters in accordance with the terms of the respective Bond Purchase Agreement and this Resolution.

ARTICLE IV

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 4.01. Loan Fund; Bond Reserve Fund Requirement. Upon receipt of the proceeds of the sale of the Issue 2024-1 Bonds, THDA shall deposit such proceeds as shall be set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2024-1 Bonds. On the Issue Date, pursuant to Section 4.02 hereof, $36,260,000.00 of the amount on deposit in the Issue 2024-1 Bond Subaccount of the Loan Fund (representing a portion of the proceeds of the Issue 2024-1 Bonds) shall be applied to the refunding of the Refunded Bonds and the Transferred Proceeds shall be credited to the Issue 2024-1 Bond Subaccount of the Loan Fund. Amounts on deposit in the Issue 2024-1 Bond Subaccount of the Loan Fund (including 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 4.03 hereof, (ii) deposits to the Bond Reserve Fund and the Debt Service and Expense Account of the Revenue Fund, (iii) payment of Costs of Issuance and (iv) payment of capitalized interest to the extent, if any, specified by written instructions of an Authorized Officer.

Amounts on deposit in the Issue 2024-1 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Issue 2024-1 Bonds as described in Section 2.11(a) hereof, as set forth in the certificate of THDA delivered on or prior to the date of issuance of the Issue 2024-1 Bonds. The date of such redemption provided in Section 2.11(a) may be extended upon the delivery by THDA to the Trustee and the Rating Agency of a Projected Cash Flow Statement which satisfies the requirements of Section 7.11 of the General Resolution; provided further that the date of such redemption shall not be extended beyond the date set forth in the second paragraph of Section 2.11(a) unless THDA is in receipt of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Issue 2024-1 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2024-1 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2024-1 Bonds shall not exceed 2% of the proceeds of the Issue 2024-1 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2024-1 Bond Subaccount of the Loan Fund allocable to the new money proceeds of the Issue 2024-1A Bonds which are to be used to finance Program Loans (including Issue 2024-1 Program Securities), or other available funds of THDA, shall be made available for owner financing of “targeted area residences” (as defined in Section 143(j) of the Code) until March 21, 2024.

The Bond Reserve Fund Requirement with respect to the Issue 2024-1 Bonds shall be an amount equal to 3% of the then current balance of Program Loans (other than Program Loans pooled into Issue 2024-1 Program Securities) allocable to the Issue 2024-1 Bonds plus the amount on deposit in the Issue 2024-1 Subaccount of the Loan Fund which has not been designated to provide for the payment of Costs of Issuance or capitalized interest. On the Issue Date, THDA shall deposit an amount in the Bond Reserve Fund which, together with any excess amounts on deposit in the Bond Reserve Fund, shall satisfy the Bond Reserve Requirement.

Section 4.02. Proceeds of Issue 2024-1A Bonds and Issue 2024-1B Bonds. Proceeds of the Issue 2024-1A Bonds and Issue 2024-1B Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited in the Issue 2024-1 Bond Subaccount of the Loan Fund. On the Issue Date, $36,260,000.00 of the amount on deposit in the Issue 2024-1 Bond Subaccount of the Loan Fund (representing a portion of the proceeds of the Issue 2024-1 Bonds) shall be applied to the refunding of the Refunded Bonds. On such date, the Transferred Proceeds shall be credited to the Issue 2024-1 Bond Subaccount of the Loan Fund as shall be set forth in a certificate of THDA delivered on or prior to the Issue Date

Section 4.03. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2024-1 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 2024-1 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 V

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 5.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2024-1 Bonds in fully registered form shall be in substantially the form attached hereto as Exhibit C, with such variations as shall be appropriate in order to conform to the terms and provisions of the General Resolution and this Resolution.

Section 5.02. Form of Trustee's and Authenticating Agent's Certificate of Authentication. The Issue 2024-1 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 2024-1A (Non-AMT)] [Issue 2024-1B (Federally Taxable)] of the Tennessee Housing Development Agency.

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

By ______________________________
Authorized Officer

ARTICLE VI

MISCELLANEOUS

Section 6.01. No Recourse Against Members or Other Persons. No recourse may be had for the payment of principal of or premium or interest on the Issue 2024-1 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2024-1 Bonds and neither the members of THDA nor any person executing the Issue 2024-1 Bonds may be liable personally on the Issue 2024-1 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 6.02. Bonds not Debt, Liability or Obligation of the State or the United States of America. The Issue 2024-1 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 2024-1 Bonds. The Issue 2024-1 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 2024-1 Bonds.

Section 6.03. Delivery of Projected Cash Flow Statements. THDA shall deliver such Projected Cash Flow Statements at the times and on the occasions set forth in the General Resolution or this Resolution.

Section 6.04. Authorized Officers. The Chairperson, Vice Chairperson, Executive Director, General Counsel, Deputy Executive Director and Secretary of THDA and the Secretary and any Assistant Secretary of the Bond Finance Committee and any other proper officer of THDA, be, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the General Resolution and the Official Statement.

Section 6.05. Authorized Trustee. THDA authorizes and directs the Trustee to perform any and all acts contemplated to be performed by the Trustee pursuant to the terms and provisions of this Resolution.

Section 6.06. Covenant to Comply with Federal Tax Law Requirements. THDA hereby covenants to comply with all applicable requirements of the Code so that interest on the Issue 2024-1A 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 2024-1A Bonds from time to time.

Section 6.07. Continuing Disclosure Undertaking.

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

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

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

(A) Residential Finance Program Bonds; and

(B) Residential Finance Program Loans.

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

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

(b) THDA shall deliver to the MSRB and the Trustee, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events (if applicable) with respect to the Issue 2024-1 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 2024-1 Bonds, or other material events affecting the tax status of the Issue 2024-1 Bonds;

(vii) modifications to rights of the holders of the Issue 2024-1 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 2024-1 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 2024-1 Bonds or defeasance of any Issue 2024-1 Bonds need not be given pursuant to this Section 6.07 any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Issue 2024-1 Bonds pursuant to the Resolution.

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

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

(e) THDA agrees that the provisions of this Section 6.07 shall be for the benefit of the beneficial owners of the Issue 2024-1 Bonds whether or not the Rule applies to such Issue 2024-1 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2024-1 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

2024-1 Bonds or (B) the holders of the Issue 2024-1 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 2024-1 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 2024-1 Bonds. THDA shall give notice of any such termination to the MSRB.

(h) Failure by THDA to comply with this Section 6.07 shall not constitute an Event of Default under the General Resolution but the undertaking in this Section 6.07 may be enforced by any beneficial owner of the Issue 2024-1 Bonds exclusively by an action for specific performance. The obligations of THDA in this Section 6.07 shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the obligations under this Section 6.07 shall be instituted in a court of competent jurisdiction in the State.

Section 6.08. Confirmation and Adjustment of Terms by Designated Authorized Officer. The terms of the Issue 2024-1 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the sale of the Issue 2024-1 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 2024-1 Bonds and in the application of the proceeds thereof, paying agents, terms of redemption and the schedule of prepayment amounts to be used for accrued principal installments in such manner as the Designated Authorized Officer determines to be necessary or convenient to better achieve the purposes of the Act and in the best interests of THDA.

Section 6.09. Effective Date. This Resolution will take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENTS

See Documents No. 5 in the Closing Transcript.

EXHIBIT B

PLANNED AMORTIZATION AMOUNTS FOR PAC BONDS

Date	Issue 2024-1A PAC Bonds Planned Amortization Amount	Issue 2024-1B PAC Bonds Planned Amortization Amount
July 1, 2024	$ 45,000	$ 90,000
January 1, 2025	295,000	520,000
July 1, 2025	1,130,000	2,030,000
January 1, 2026	2,550,000	4,630,000
July 1, 2026	4,490,000	8,190,000
January 1, 2027	6,905,000	12,625,000
July 1, 2027	9,515,000	17,430,000
January 1, 2028	12,045,000	22,075,000
July 1, 2028	14,460,000	26,535,000
January 1, 2029	16,785,000	30,805,000
July 1, 2029	19,000,000	34,900,000
January 1, 2030	21,115,000	38,815,000
July 1, 2030	23,135,000	42,550,000
January 1, 2031	25,070,000	46,110,000
July 1, 2031	26,905,000	49,510,000
January 1, 2032	28,655,000	52,745,000
July 1, 2032	30,315,000	55,820,000
January 1, 2033	31,895,000	58,725,000
July 1, 2033	32,060,000	58,920,000

500% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2024-1 BONDS

Date	Cumulative Amount	Date	Cumulative Amount
July 1, 2024	$ 348,224	January 1, 2040	$254,742,185
January 1, 2025	5,390,906	July 1, 2040	254,938,880
July 1, 2025	18,211,998	January 1, 2041	255,099,951
January 1, 2026	38,262,694	July 1, 2041	255,231,688
July 1, 2026	64,085,500	January 1, 2042	255,339,291
January 1, 2027	93,396,371	July 1, 2042	255,427,056
July 1, 2027	120,857,745	January 1, 2043	255,498,529
January 1, 2028	143,871,851	July 1, 2043	255,556,635
July 1, 2028	162,995,158	January 1, 2044	255,603,786
January 1, 2029	178,880,981	July 1, 2044	255,641,970
July 1, 2029	192,073,516	January 1, 2045	255,672,821
January 1, 2030	203,025,993	July 1, 2045	255,697,686
July 1, 2030	212,115,813	January 1, 2046	255,717,671
January 1, 2031	219,657,177	July 1, 2046	255,733,683
July 1, 2031	225,911,618	January 1, 2047	255,746,467
January 1, 2032	231,096,790	July 1, 2047	255,756,632
July 1, 2032	235,393,787	January 1, 2048	255,764,679
January 1, 2033	238,953,254	July 1, 2048	255,771,015
July 1, 2033	241,900,476	January 1, 2049	255,775,973
January 1, 2034	244,339,625	July 1, 2049	255,779,824
July 1, 2034	246,357,292	January 1, 2050	255,782,790
January 1, 2035	248,025,440	July 1, 2050	255,785,050
July 1, 2035	249,403,855	January 1, 2051	255,786,748
January 1, 2036	250,542,192	July 1, 2051	255,788,003
July 1, 2036	251,481,684	January 1, 2052	255,788,910
January 1, 2037	252,256,553	July 1, 2052	255,789,544
July 1, 2037	252,895,198	January 1, 2053	255,789,967
January 1, 2038	253,421,173	July 1, 2053	255,790,229
July 1, 2038	253,854,012	January 1, 2054	255,790,367
January 1, 2039	254,209,902	July 1, 2054	255,790,414
July 1, 2039	254,502,257	January 1, 2055	255,790,417

EXHIBIT C

FORM OF BOND

REGISTERED

R- [3A][3B] **$[_________]**

TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2024-1[A][B] [(Non-AMT)][(Federally Taxable)]

Interest Rate	Dated Date	Maturity Date	Cusip
[___]%	March 21, 2024	[_____]	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 July 1, 2024. The principal of and interest on this Bond are payable at the designated corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee in any coin or currency of the United States of America, which, on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

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

This bond is one of a series of bonds additionally designated "Issue 2024-1[A][B]" (herein called the "Bonds") issued in the aggregate principal amount of $[94,500,000][175,500,000] under the General Resolution, a resolution of THDA adopted on November 14, 2023, as approved in its amended and supplemented form by the Designated Authorized Officer on February 13, 2024 (together with the General Resolution, the "Resolutions"). Copies of the Resolutions are on file at the office of THDA in Nashville, Tennessee and at the principal corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, as successor trustee under the General Resolution (said trustee or its successor under the General Resolution being called herein the "Trustee") and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder.

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

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

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

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

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

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

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

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

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

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

[Remainder of page intentionally left blank]

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

TENNESSEE HOUSING DEVELOPMENT AGENCY

By ______________________________
Matt McGauley
Chairperson

[SEAL]

Attest:

By ______________________________
Ralph M. Perrey
Executive Director

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, Issue 2024-1[A][B] [(Non-AMT)][(Federally Taxable)] of the Tennessee Housing Development Agency.

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

By ____________________________________
Authorized Signatory

Dated: March 21, 2024

ABBREVIATIONS

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

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

UNIFORM GIFT MIN ACT - ________________ Custodian ____________________
(Cust) (Minor)

under Uniform Gifts to Minors

Act _________________________
(State)

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

ASSIGNMENT

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

Dated: ____________________________________

Social Security Number or
Employer Identification
Number of Transferred: ____________________________________

Signature guaranteed: ____________________________________

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

EXHIBIT D

REFUNDED BONDS

Residential Finance Program Bonds

Issue	Principal Amount	Redemption Date
2014-1C	$ 870,000.00	April 1, 2024
2014-2C	490,000.00	April 1, 2024
2015-1C	500,000.00	April 1, 2024
2015-2B	960,000.00	April 1, 2024
2016-1B	635,000.00	April 1, 2024
2016-2B	685,000.00	April 1, 2024
2017-1	1,105,000.00	April 1, 2024
2017-2B	1,340,000.00	April 1, 2024
2017-3	1,035,000.00	April 1, 2024
2017-4B	810,000.00	April 1, 2024
2018-1	895,000.00	April 1, 2024
2018-2	1,945,000.00	April 1, 2024
2018-3	1,215,000.00	April 1, 2024
2018-4	1,845,000.00	April 1, 2024
2019-1	2,125,000.00	April 1, 2024
2019-2	2,180,000.00	April 1, 2024
2019-3	1,670,000.00	April 1, 2024
2019-4	2,035,000.00	April 1, 2024
2020-1A	1,500,000.00	April 1, 2024
2020-3A	1,020,000.00	April 1, 2024
2020-4	2,275,000.00	April 1, 2024
2021-1	1,610,000.00	April 1, 2024
2021-2	1,050,000.00	April 1, 2024
2021-3A	700,000.00	April 1, 2024
2022-1	3,560,000.00	April 1, 2024
2022-3	895,000.00	April 1, 2024
2023-1A	420,000.00	April 1, 2024
2023-2A	410,000.00	April 1, 2024
2023-3A	480,000.00	April 1, 2024

13. OFFICIAL STATEMENT:

May Be Viewed on the Investors Webpage at THDA's Website at

https://thda.org/investors