



**2019-2020 Low-Income Housing Credit
Qualified Allocation Plan**

Administered by:

The Multifamily Programs Division
Of
Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

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Section 1: Introduction and Disclaimers

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

This QAP contains “electronic links” to resources utilized by THDA in the application process such as the Tennessee Growth Policy Act, Multifamily Tax Subsidy Project Income Limits, Qualified Census Tracts, designations of Difficult to Develop Areas, Fair Housing Act requirements, etc. “**Attachments**” are forms or documents which must be submitted in the Tennessee Housing On-line Management Administration System (“THOMAS”) as part of the Initial Application. Initial Application information entered into THOMAS including, attachments are collectively part of the “Application” and all are considered part of the QAP.

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

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

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

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

The QAP as Public Policy

The policy surrounding this QAP is to use the Housing Credit allocated to Tennessee during 2019 and 2020 to create, maintain, and preserve affordable rental housing for low-income households. Specific objectives of this QAP are to:

- A. Make rental units affordable, in the areas of greatest need, to households with as low an income as possible and for the longest time period possible;
- B. Encourage development of appropriate housing units for persons with special needs, including the elderly, the homeless and the disabled;
- C. Allocate only the minimum amount of Housing Credit necessary to make a development financially feasible and viable throughout the credit period;
- D. Encourage Non-Profit entities to develop rental housing for low-income households;
- E. Encourage fair distribution of Housing Credit among counties and developers; and
- F. Allocate Housing Credit fairly.



Document Review

THDA will review and evaluate only those materials submitted in compliance with the requirements of this QAP. THDA will not evaluate any materials submitted outside the deadlines for submission of such materials and will assume no obligation to request additional information from applicants for any purpose. THDA may require additional information and/or documentation if THDA determines that additional information is necessary for clarification and/or explanation. THDA's review of documents submitted with any Initial Application, including Initial Applications or documents submitted in connection with Housing Credit reserved or allocated under this QAP is for THDA's own purposes and is not for the purpose of advising, certifying, representing or warranting to others as to the feasibility or viability of any proposed development.

Adverse Action by Local Jurisdiction

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

No THDA Liability

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

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

Enforcement

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

False Statements

- A. Tennessee Code Annotated, Section 13-23-133, makes it a Class E felony for any person to knowingly make, utter, or publish a false statement of substance or aid or abet another person in making, uttering, or publishing a false statement of substance for the purpose of influencing THDA to allow participation in the Housing Credit Program. Any and all statements contained in any materials, including without limitation, an Initial Application and any other applications, documents, letters, opinions, or certifications, submitted to THDA in connection with any Initial Application, subsequent Initial Applications or in connection with Housing Credit reserved, allocated or monitored for compliance under this QAP or otherwise made by an applicant or other person connected in any way with Housing Credit reserved, allocated or monitored for compliance under this QAP are statements of substance made for the purpose of influencing THDA to allow participation in the Housing Credit Program.



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



Section 2: Definitions

20/50 Test - The 20/50 test is a minimum set-aside that may be elected by an applicant for Housing Credit that requires at least 20 percent of the units in a Housing Credit development to be both rent restricted and occupied by households whose income is less than or equal to 50 percent of area median gross income. This is an irrevocable election made in an Initial Application.

40/60 Test - The 40/60 test is a minimum set-aside that may be elected by an applicant for Housing Credit that requires at least 40 percent of the units in a Housing Credit development to be both rent restricted and occupied by households whose income is less than or equal to 60 percent of area median gross income. This is an irrevocable election made in an Initial Application.

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

42(m) Letter - A letter issued by THDA to successful applicants for 4 percent Housing Credit.

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

AMI - Area Median Income as determined by HUD.

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

Basis Boost - An increase of up to 30 percent in eligible basis for a building in order to improve the financial feasibility of the building in a difficult to develop area.

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

Calendar of Events - Dates items are due in the Housing Credit program as specified in Section 4 of this QAP.

Capital Needs Assessment - See Physical Needs Assessment.

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



Carryover Allocation Application - The application cycle for submission of developments with a Reservation Notice of Housing Credit that will not be placed in service in the same year.

Certificate of Occupancy - Formal approval by the local government agency or building department certifying that the building(s) complies substantially with the plans and specifications that have been submitted to, and approved by, the local authority, and is in compliance with applicable building codes and other laws indicating the building's condition as suitable for occupancy.

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

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

Compliance Period - The Compliance Period is the 15 year period over which a development must continue to satisfy Housing Credit requirements in order to avoid recapture of the Housing Credit. The Compliance Period begins with the first taxable year of the credit period.

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

1. A target area with clearly defined geographic boundaries.
2. A defined role for the lead and/or convening organization that will coordinate all other partners' efforts and monitor plan progress.
3. A steering committee or coalition that is representative of the community and is charged with guiding the process.
4. A survey of current conditions, a needs assessment and/or an asset map that defines community assets upfront and clearly identifies challenges to be addressed. The data should include demographics, economic vitality, and public investment.
5. Public meetings and surveys to identify the citizen and business' vision for the neighborhood/target area.
6. Minimum elements the plan should address include Housing, Education, Infrastructure and Economic Development.
7. Defined outcomes and objectives based both on data and community outreach. Outcomes should be realistic and responsive to the interests of the community.
8. A set of strategies to achieve the outcomes.
9. A proposed timeline for implementation of strategies.
10. Proposed funding for implementation.
11. Continued evaluation of progress, allowing periodic assessment of what is working, what is not and where adjustments are needed.
12. Approval of the plan from the appropriate local entity.

Conditional 42(m) Letter - A letter issued by THDA to applicants seeking 4 percent Housing Credit in conjunction with non-committed Multifamily Tax-Exempt Bond Authority.



Construction Schedule – The mechanism that communicates what work needs to be performed, which resources of the organization will perform the work and the timeframes in which that work is expected to be performed. The Construction Schedule should reflect all the work associated with delivering the development on time.

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

Credit Period - The 10 year period over which the Housing Credit is claimed. The Credit Period generally begins on the date a development is placed in service, but the owner of a Housing Credit development may elect to start the Credit Period as of the beginning of the year following the year the Housing Credit development is placed in service.

Cure Notice - The notice sent to initial applicants after an Initial Application review of eligibility and scoring has concluded.

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

Difficult Development Area (DDA) - Any area designated as such by HUD. Also Section 42(d)(5)(B)(v) allows THDA to determine areas where affordable housing development presents challenges to immediate and long-term financial feasibility and identify the areas as difficult to develop.

Draw Package - Monthly report that includes the following:

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

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

Evaluation Notice - The progressive process that allows applicants up to three opportunities to provide additional or clarification information during the review of a Carryover Allocation Application, requested status report on the development, 10 percent Test, Final Application, quarterly construction report, or certified property management application; during an on-site inspection of the property during construction, after the buildings are placed in service or during the extended use period; or other compliance concern identified by THDA in its sole discretion. Failure to respond to successive Evaluation Notices by the Final deadline allows, THDA in its sole discretion, to return or reject the application, recapture the allocation, or issue an event of noncompliance under the terms of the LURA.

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



Extended Use Agreement - Also known as the Land Use Restrictive Agreement (LURA) is an agreement between THDA and the taxpayer that:

1. Requires that the low-income occupancy use percentage for the building for each taxable year in the extended use period will not be less than the low-income use percentage in the agreement, and that prohibits the eviction or termination of the tenancy (except for good cause) of an existing low-income resident or any increase in the gross rent with respect to a low-income unit that is not otherwise permitted;
2. Allows individuals who meet the income limitation applicable to the building the right to enforce in any state court the rights under (1) above;
3. Prohibits the disposition to any person of any portion of the building to which the agreement applies, unless all of the building to which such agreement applies is disposed of to such person;
4. Prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under the Housing Act of 1937 because of the status of the prospective resident as such a holder;
5. Is binding on all successors of the taxpayer; and
6. Is recorded pursuant to local law as a restrictive covenant for such property

The Extended Use Agreement begins on the first day of the Compliance Period and ends the later of:

1. The date specified by THDA in the Extended Use Agreement; and
2. The date 15 years after the close of the Compliance Period

Existing Multifamily Housing - A multifamily development that will preserve affordable housing units that are rent and income restricted or, through rehabilitation of units that were not previously affordable, create affordable housing units. Initial Applications proposing developments that combine Existing Multifamily Housing and new construction will be evaluated and reviewed as Existing Multifamily Housing.

Final Application - The application cycle for submission of developments that are placed in service and seeking the IRS Form 8609.

Final Notice - The notice sent to initial applicants, after the Tax Credit Committee (TCC) Review Meeting has been held. This notice will summarize the final eligibility and scoring determinations.

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

Forms and Templates - THDA provided documents that are used in conjunction with Initial, Carryover, or Final Application submission cycles.

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

Housing Credit Ceiling - The maximum amount of Housing Credit THDA may allocate in a given year.

HUD - The federal Department of Housing and Urban Development.

Incremental Development - A proposed development that adds units to a development that received a reservation or an allocation of Housing Credit under the previous QAP.

Initial Application - The application cycle for submission of developments seeking an allocation of Housing Credit.



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

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

Modifications - Changes to location, buildings, units, square footage, scoring items, etc. which determine eligibility for an allocation of Housing Credit.

MTBA - Multifamily Tax-Exempt Bond Authority.

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

Person with Disabilities - A person, who has a physical, mental or emotional impairment that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such a nature that such disability could be improved by more suitable housing. A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that is attributable to a mental or physical impairment or combination of mental and physical impairments; is manifested before the person attains age 22; is likely to continue indefinitely; results in substantial functional limitations in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.

PHA - Housing Authority created under the Housing Authorities Law, Tennessee Code Annotated. Section 13-20-101, et. Seq.

Phase 2 Development - A proposed development that consists of the first addition of units to an existing multifamily housing development.

Placed in Service Application - See Final Application.

Physical Needs Assessment - A detailed work plan showing all necessary and contemplated improvements and the projected costs.

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

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

Property Control - Documentation submitted in conjunction with the Initial Application that demonstrates control of the property on which the development proposed in the Initial Application is to be located.

Qualified Census Tract (QCT) - Any census tract identified as such by HUD.



Qualified Contract Process (QCP) - The process determined by THDA in compliance with Section 42(h)(6)(F)&(6) and found at [Qualified Contract Process](#).

Qualified Nonprofit Organization - An organization that is described in Section 501(c)(3) or (4) of the Code that is exempt from tax under Section 501(a) of the Code, and that meets the additional requirements contained in Section 7 of this QAP.

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

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

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

Reservation Notice - Notice from THDA to an applicant that Housing Credit may be made available in the competitive Housing Credit allocation process.

Review Notice - The notice sent to an initial applicant, after THDA has reviewed documentation sent in conjunction with the Cure Notice.

Rural - Counties identified as rural in the New Construction County Needs Scores; on the [THOMAS Documents Page](#)

Scope of Work - A general description of the construction/rehabilitation work that is expected to be performed by performing parties in a construction contract. The Scope of Work should contain any



milestones, reports, deliverables, and end products expected to be provided by the performing party. The Scope of Work should contain a timeline for all deliverables.

Significant Adverse Event (SAE) - An occurrence of noncompliance (curable or incurable), program fraud or misrepresentation, or an act that adversely conflicts with THDA's mission as described in [Section 6](#) of this QAP.

Special Housing Needs – Housing needs served by housing that has been constructed or rehabilitated with special features (e.g. location, design, layout, or on-site services) to help people live at the highest level of independence in the community. For example, the unit may be adapted to accommodate special physical or medical needs; or provide on-site services such as staff support for the elderly, individuals with mental health issues, developmental, or other social needs.

Supportive Service - Any service provided under a planned program of services designed to enable residents of Housing Credit developments to remain independent and avoid placement in a hospital, nursing home or intermediate care facility.

Suburban - Counties identified as suburban in the New Construction County Needs Scores; on the County needs table and the [THOMAS Documents Page](#).

Tennessee Growth Policy Act - Growth plans as determined by the Tennessee Advisory Commission on Intergovernmental Relations

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

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

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

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

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

Urban - Counties identified as urban in the New Construction County Needs Scores; on the [THOMAS Documents Page](#)

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

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



Section 3: Limits on Housing Credit Allocations

THDA will only allocate Housing Credit necessary for the financial feasibility of a development and its viability as a qualified low-income housing development in accordance with Section 42(m)(2). THDA may reject or require modifications to Initial Applications for Housing Credit when THDA determines that the proposed development is not financially feasible or does not need Housing Credit. THDA may also reserve or allocate an amount of Housing Credit less than the amount requested in an Initial Application, in a Carryover Allocation Application or in a Final Application. THDA's determination under Section 42(m)(2) shall not be construed to be a representation or warranty by THDA as to the financial feasibility, viability, or lack thereof, of any development.

A. Annual Ceiling

The methodology to determine the annual Housing Credit Ceiling is contained in Section 42 (h)(3)(C)(i).

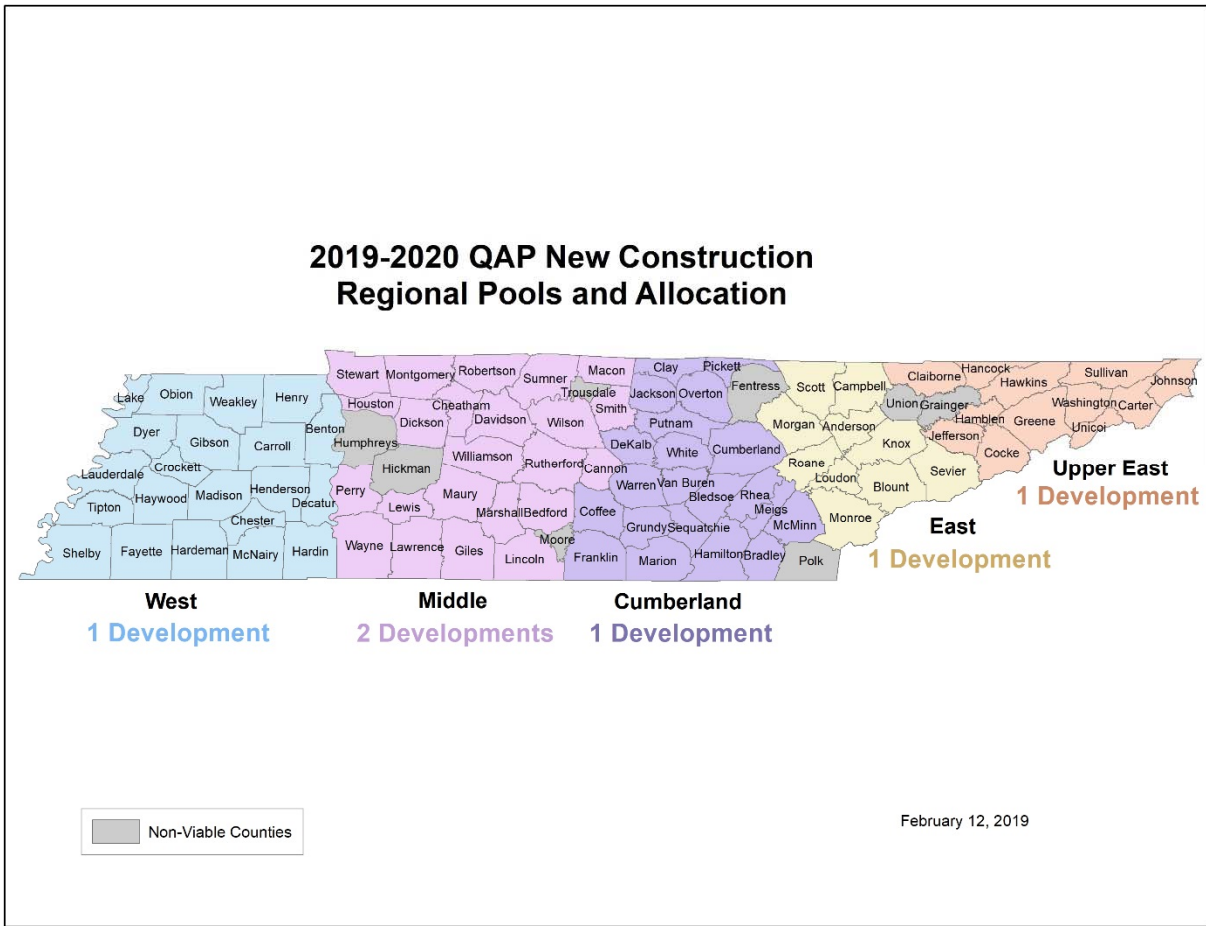
B. Set-Asides and Available Housing Credit Amounts by Set-Aside

1. Non-Profit Set-Aside - No less than 10 percent of the annual Housing Credit Ceiling will be allocated to qualified Non-Profit applicants. THDA reserves the right to make allocations of Housing Credit to qualified Non-Profit applicants as needed to meet the requirements of Section 42(h)(5).
2. CNI Grants - Eligible PHAs with qualified CNI grants may receive an allocation of Housing Credit outside of the PHA Set-Aside. The annual amount of Housing Credit to be allocated to Initial Applications involving CNI grants shall not exceed \$1,700,000.
3. Innovation Round - No more than one innovation round Initial Application may receive Housing Credit annually. The amount of Housing Credit available to the successful innovation round Initial Application shall not exceed the amount of Housing Credit available under the per development limit for the type of construction proposed in the innovation round Initial Application. THDA, in its sole discretion, may elect not to award Housing Credit to any Innovation Round Application.
4. PHA Set-Aside - No more than 20 percent of the annual Housing Credit Ceiling will be allocated to developments involving a PHA that meets the requirements of Section 10 of this QAP.
5. Existing Multifamily Housing - No more than 25 percent of the annual Housing Credit Ceiling will be allocated to developments that include rehabilitation of existing multifamily housing.
6. New Construction - Annual Housing Credit Ceiling will be allocated to developments involving new construction using the regional pool methodology described below.

C. New Construction Regional Pools

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





D. Incremental Development/Phase 2 Development

An Initial Application proposing new units to a previously allocated new construction development in the next allocation year is an Incremental Development. The proposed new units will include the previously allocated development and must be located on the same plot of land within the same development, share a common financing plan and use the same Development Team.

Incremental Developments differ from Phase 2 Developments by nature because a Phase 2 Development relies on the Phase 1 Development’s lease up status. A Phase 1 Development’s construction must be complete and rent up must be substantially completed, meaning at least 50 percent of the units have been leased, prior to applying for a Phase 2 Development.

Initial Applications proposing Incremental Developments will be reviewed, evaluated, and scored based solely on the costs, characteristics, and other elements of the new housing units added in THOMAS. If an allocation of Housing Credit is allocated as an incremental development, the development will be subject to these limitations, based on the cumulative costs of the entire development as proposed:

1. By County
2. By Development
3. By Developer or Related Parties



4. Aggregate Qualified Census Tract
5. Total Development Cost Per Total Unit Limit
6. Second Allocation
7. Financial Feasibility
8. Developer, Consultant, Contractor, Overhead and General Requirements Fees

THDA reserves the right determine, in its sole discretion, whether an Initial Application is requesting an Incremental Development or a Phase 2 Development.

E. New Construction Per Development Limits

Initial Applications proposing developments involving new construction shall not be eligible for annual Housing Credit that exceeds the following limits:

Table 3-1: New Construction Per Development Limits By Urbanicity	
Urbanicity Designation	Maximum Per Development Limit
Urban	\$1,300,000
Suburban	\$1,100,000
Rural	\$900,000

F. Existing Multifamily Housing Limit

Initial Applications proposing developments involving Existing Multifamily Housing shall not be eligible for annual Housing Credit in excess of \$1,000,000.



G. Total Development Cost Limits

In order to be eligible, Initial Applications for Housing Credit must propose Total Development Costs that do not exceed the applicable amount in Table 3-2 below. Innovation Round Proposals may exceed the applicable amount in Table 3-2 below by up to 10.0 percent. The Total Development Cost Limits are a one-time test applied at Initial Application.

Table 3-2: Total Development Cost Limits Per Unit by Development Type					
Development Type	1 BR	2 BR	3 BR	4 BR	5 BR
Urban					
Single Family - Duplex	\$213,000	\$255,000	\$304,000	\$357,000	\$391,000
Townhome	\$190,000	\$230,000	\$281,000	\$334,000	\$367,000
Garden Style	\$172,000	\$218,000	\$287,000	\$355,000	\$400,000
Tower	\$180,000	\$231,000	\$308,000	\$385,000	\$437,000
Suburban					
Single Family - Duplex	\$203,000	\$243,000	\$290,000	\$341,000	\$373,000
Townhome	\$181,000	\$219,000	\$268,000	\$318,000	\$350,000
Garden Style	\$164,000	\$208,000	\$273,000	\$338,000	\$381,000
Tower	\$172,000	\$221,000	\$294,000	\$368,000	\$417,000
Rural					
Single Family - Duplex	\$194,000	\$232,000	\$276,000	\$325,000	\$356,000
Townhome	\$172,000	\$209,000	\$256,000	\$304,000	\$334,000
Garden Style	\$157,000	\$198,000	\$261,000	\$323,000	\$363,000
Tower	\$164,000	\$211,000	\$281,000	\$351,000	\$397,000

H. Developer or Related Parties Limits

1. The maximum amount of Housing Credit that may be allocated to a single applicant, developer, owner, or Related Parties shall not exceed two million six hundred thousand dollars (\$2,600,000).
2. An applicant, developer, owner, or Related Party may not be involved in more than one Initial Application per county. THDA reserves the right to determine, in its sole discretion, whether Related Parties are involved for the purpose of applying this limit.

I. Developer Fees and Consultant Fees Limits

1. The combined total of developer and consultant fees which may be included in the determination of the amount of Housing Credit for a particular development cannot exceed 15 percent of that portion of THDA determined eligible basis attributable to acquisition (before the addition of the developer and consultant fees), and cannot exceed 15 percent of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the developer and consultant fees). Construction Advisory or Construction Supervision fees listed separately from the maximum allowed Contractor Fees will be considered as a Consultant Fee.



2. If the developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total of developer fees, consultant fees, and contractor profit, contractor overhead, and general requirements, which may be included in the determination of the amount of Housing Credit for a particular development, cannot exceed 15 percent (of THDA determined eligible basis of that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25 percent of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

J. Limit on Contractor Fees, Profit, Overhead and General Requirements

1. The total contractor fees, including contractor profit, contractor overhead and general requirements shall be limited to 14 percent of total site work costs, plus cost of accessory buildings plus either new building hard costs or rehabilitation hard costs, as determined by THDA, broken down as follows:

Table 3-3: Contractor Fees, Profit, Overhead and General Requirements Limitations	
Fee Description	Fee Amount
Contractor Profit	<=6 percent
Contractor Overhead	<=2 percent
Contractor General Requirements (including payment and performance bonds)	<=6 percent
Total Contractor Fees	<=14 percent

2. If the developer and contractor are related persons as defined in §42 (d)(2)(D)(iii), then the combined total for contractor profit, overhead, and general requirements, developer fees and consultant fees which may be included in the determination of the amount of Housing Credit for a particular development, cannot exceed 15 percent of THDA determined eligible basis on that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25 percent of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

K. Applying Limits

In applying the limits specified in this QAP, THDA will consider, without limitation, the physical location of developments; the relationships among owners, developers, contractors, consultants, management agents, and other development participants; the structure of financing; and any other information which THDA, in its sole discretion, may deem necessary.



Section 4: THOMAS and Application Submission

A. Applications

1. All applications involving Housing Credit, including Initial Applications, must be submitted electronically through THOMAS. If THDA determines that THOMAS malfunctions in a way that renders applicants unable to submit applications on-line, THDA will provide alternative instructions via e-mail BLASTS and THDA website postings. THDA reserves the right to identify in-progress applications and extend application deadlines to meet THOMAS's operational capacities.
2. All fees required at the time of application, as specified in Section 5, must be received by THDA via a wire transfer.

B. Supporting Documents

1. Supporting documents required as part of an Initial Application or subsequent application must be uploaded into THOMAS as specified in the THOMAS User Manual.
2. The THOMAS Documents Page will contain Forms and Templates for required third party reports.
3. THDA will not accept cost certifications, market studies, physical needs assessments or and appraisals prepared by parties THDA has determined are not independent from other members of the development team or Related Parties.

C. Competitive Housing Credit Calendar of Events

The calendar of events applicable to this QAP is as shown below. These dates are subject to change at THDA's sole discretion.

A full calendar will also be published on the [THOMAS Documents](#) Page.

Table 4-1: Calendar of Events	
Dates	2020 Competitive Cycle
November 11, 2019	2020 Innovation Round Proposals Deadline
December 11, 2019	2020 Innovation Round Finalists Notified
January 8, 2020	2020 Competitive Cycle Opens for Initial Applications
March 4, 2020	2020 Competitive Cycle Deadline for Initial Applications



Section 5: Program Fees

A. Effective Date

The fee schedule reflected below shall be in effect as of January 1, 2019.

B. Wiring instructions

All fees must be in the form of an electronic wire.

Table 5-1: Wiring Instructions Format	
Bank:	US Bank
ABA:	064000059
BNF:	THDA Clearing Housing
BNF A/C:	151203673398
BNF ADDRESS:	502 Deaderick Street Andrew Jackson Building, Third Floor Nashville, TN 37243
OBI:	Housing Credit/Bond Application Fees + TN ID Number(s). Applicants may send one wire to cover multiple applications however, applicants must enter the applicable TN ID Number(s) in the OBI field on the wire.

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



C. Fee Schedule

The following fees shall apply:

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



Section 6: Development Team Members and Eligibility Thresholds

THDA prefers Development Teams who have successful Tennessee Housing Credit experience. Successful Tennessee Housing Credit experience is evidenced by successful construction and rehabilitation of a recently allocated Housing Credit development, maintaining a good track record in the development and on-going operations of the property, and providing the capacity to sustain the property in the ever changing regulatory and rental market. Consequently, applications for Housing Credit shall be ineligible under this QAP when Development Teams or individual members identified in the Initial Application have incurred and failed to cure any and all major SAE(s) since January 1, 2015 or any other event listed under Other Ineligibility (below) as of the application date.

A. Major SAEs

Major SAEs include, without limitation:

1. The General Partner/Managing Member/Sole Stockholder being removed from the ownership entity of a prior Housing Credit development or allocation;
2. An uncured event of default under the Section 1602 or Tax Credit Assistance Program;
3. A Fair Housing Act violation, including those involving a finding of discrimination by an adverse final decision from a federal court or a complaint that results in a consent decree or a judgement enforcing the terms of a consent decree;
4. A foreclosure involving the loss of units from the affordable housing stock or failure to notify THDA of foreclosure (including a deed in lieu of foreclosure transaction);
5. Submitting to the IRS an IRS Form 8609 that was not created by THDA in an effort to claim Housing Credit or submitting to the IRS an IRS Form 8609 which has been altered or contains information inconsistent with the IRS Form 8609 created by THDA in an effort to claim Housing Credit;
6. Failure to meet the federal placed in service deadline for a development that received Competitive or Noncompetitive Housing Credit; or
7. A development which received Housing Credit being placed in “No Further Monitoring” status by THDA.
8. A development which fails to satisfy the conditions of Section 23-A-3-g-(ii) of this QAP.

B. Other Ineligibility

A Housing Credit applications are ineligible if any of the following apply:

1. Any individual involved in the application has any one of the following:
 - a. A felony conviction of any type within the last ten (10) years; or
 - b. A fine, suspension or debarment involving financial or housing activities within the last five (5) years imposed by any federal agency; or
 - c. A current bankruptcy or a bankruptcy discharged within the last four (4) years or any organization or entity in which the individual had significant control currently is in bankruptcy or had a bankruptcy discharged within the last four (4) years; or
 - d. Individual bankruptcy of a member of the board of directors of an entity that is, or is wholly controlled by, a government entity will not be grounds for ineligibility provided that the individual certifies that he/she will not have substantial decision-making authority with regard to the proposed development; or
 - e. Any suspensions of required state licenses (Tennessee or any other state) within the last ten (10) years.
2. An individual currently involved with the developer, development entity, owner, ownership entity, related parties or individuals involved (either directly or indirectly) with the developer, the ownership entity, or related parties (whether formed or to be formed) identified in the Initial



- Application is currently participating in the Qualified Contract Process; prior to the expiration of the one year term, for another Housing Credit development in Tennessee.
3. An individual currently involved with the developer, development entity, owner, ownership entity, related parties or individuals involved (either directly or indirectly) with the developer, the ownership entity, or related parties (whether formed or to be formed) identified in the Initial Application is currently participating in a pre-2020 Housing Credit development with a first allocation of Competitive Housing Credit in Tennessee; prior to THDA issuing IRS Form(s) 8609 for that development.
 4. An individual currently involved with the developer, development entity, owner, ownership entity, related parties or individuals involved (either directly or indirectly) with the developer, the ownership entity, or related parties (whether formed or to be formed) identified in the Initial Application that received a commitment of MTBA during 2019 but failed to issue and sell bonds by the expiration date (original or extended) of the MTBA Firm Commitment Letter and the MTBA Firm Commitment Letter was not released as described in Section 10 G of the 2019 MTBA Program Description.
 5. If any of the following are true regarding an individual previously or currently involved with the developer, development entity, owner, ownership entity, related parties or individuals involved (either directly or indirectly) with the developer, the ownership entity, or related parties (whether formed or to be formed) identified in the Initial Application for any development receiving an allocation of Housing Credit after December 31, 2012:
 - a. Any pre-2020 Housing Credit development with an accepted Reservation Notice, but the proposed Housing Credit development failed to meet the federal allocation timeframes and did not obtain a Carryover Allocation Agreement ; or
 - b. Any pre-2020 Housing Credit development with a fully executed Carryover Allocation Agreement, but the proposed Housing Credit development failed to meet the federal allocation timeframes and did not obtain IRS Form(s) 8609; or
 - c. Any pre-2020 Housing Credit development that THDA issued IRS Form(s) 8609, but the Housing Credit development failed to meet the minimum set-aside test for low-income tenants as specified in the LURA by the end of the first year of the Credit Period; or
 - d. Any pre-2020 Housing Credit development that THDA determined to be in violation of the requirements of the applicable QAP regarding developer or related party issues; or
 - e. Any pre-2020 Housing Credit development that involved a “broker” who did not remain involved in the Initial Application through the closing of permanent financing for the Housing Credit development; or
 - f. Any pre-2020 Housing Credit development that did not meet the requirements of the applicable QAP regarding submission of permanent financing documentation to THDA; or
 - g. Any pre-2020 Housing Credit development that involved a “consultant” who was determined to be a signatory of construction financing, permanent financing or equity syndications documents or provided a guaranty in connection with construction financing, permanent financing or equity syndication; or
 - h. Any pre-2020 MTBA Application that received a firm commitment of bond authority but failed to meet the established deadline for issuance and sale of the bonds. Voluntary withdrawal of a Multifamily Tax Exempt Bond Authority Application in accordance with all applicable program requirements will not cause ineligibility; or
 - i. The application is deemed ineligible pursuant to any other provisions of this QAP.

C. Requests for Relief

Prohibition of an individual’s participation in programs administered by THDA shall be determined by THDA, in its sole discretion. Any individual prohibited due to a Major SAE may appeal a determination to the THDA Executive Director and the THDA Board Chair. The determination of



prohibition shall be at the sole discretion of the THDA Executive Director and the THDA Board Chair and shall not be appealable to the THDA Board or the Tax Credit Committee of the THDA Board.

D. Minor SAEs

Minor SAEs are defined as events which, individually, will not compromise an individual's participation in programs administered by THDA. Minor SAEs in the aggregate indicate consistent problems and poor performance by individuals in the Development Team. Effective January 1, 2019, THDA will track Minor SAEs as they occur in the development and ongoing operations of Housing Credit developments.

As Minor SAEs are incurred, THDA will notify the Development Team. The Minor SAE(s) reflected in the notice may or may not be curable. The **curable** Minor SAE(s) reflected in the notice may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending **the later of** two or five years later (as applicable) or when the Minor SAE is cured. The **incurable** Minor SAE(s) reflected in the notice may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending two or five years later (as applicable). Additionally, Multifamily Programs will maintain Minor SAE records by individual. The cumulative total of Minor SAEs will determine the Development Team Track Records points.

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

1. The **curable** Minor SAE(s) in this Section 6-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending **the later of** two years later, or when the Minor SAE is cured. The **incurable** Minor SAE(s) in this Section 6-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending two years later.
 - a. Requesting any deadline extension;
 - b. Requesting any development modification;
 - c. Failing to maintain a positive history of payment to subcontractors during the construction of any Housing Credit development;
 - d. Having significant unpaid payables;
 - e. Defaulting on loan payments or having arrearages of at least three months on any loan for a Housing Credit development;
 - f. Failing to utilize all listed funding sources in the amount or under the terms described in the Initial Application until the Housing Credit development is placed in service, unless THDA has been advised of the change in funding source and agreed to the change;
 - g. Failing to maintain and operate amenities and services specified in the Initial Application throughout the Credit Period, Compliance Period, and extended-use periods;
 - h. Failing to convert construction loan financing to permanent loan financing within 6 months of THDA issuance of IRS Form 8609; or
 - i. Making changes to the Housing Credit development ownership entity without THDA approval.
 - j. Failing to respond to written requests from THDA for information and/or documentation by the prescribed deadline in the written request or review notice.
2. The **curable** Minor SAE(s) in this Section 6-D-2 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending **the later of** five years later, or when the Minor SAE is cured. The **incurable** Minor SAE(s) in this Section 6-D-2



may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending five years later.

- a. Requesting a Housing Credit Allocation Exchange from the initial allocation year to a subsequent year;
- b. Demonstrating a pattern of repeated UPCS findings;
- c. Failing to fulfill commitments made in any application, including without limitation those for scoring points in the Initial Application (except for changes approved by THDA, in its sole discretion);
- d. Failing to correct outstanding noncompliance issues within the applicable correction period;
- e. Misrepresentation of any item in an application, as determined by THDA in its sole discretion.



Section 7: Non-Profit Set-Aside

To be eligible for Housing Credit from the Non-Profit Set-Aside, an Initial Application must contain information satisfactory to THDA demonstrating that the development proposed in the Initial Application involves a Qualified Non-Profit organization. To be a Qualified Non-Profit Organization, ALL of the following requirements must be met:

- A. The organization must be a *bona fide* non-profit organization, as evidenced by the following:
 - 1. The organization must be an IRS 501(c)(3) or 501(c)(4) entity;
 - 2. The organization must be organized and existing in the State of Tennessee or if organized and existing in another state, must be qualified to do business in Tennessee;
 - 3. The organization must: (i) not be formed by one or more individuals or for-profit entities for the principal purpose of being included in the Non-Profit Set-Aside; (ii) not be controlled by a for-profit organization; and (iii) not have any staff member, officer or member of the board of directors who will materially participate, directly or indirectly, in the proposed development as or through a for-profit entity; and
 - 4. The organization must be engaged in the business of developing **AND** building low-income rental housing in Tennessee and must have been so engaged at all times since January 1, 2018.

- B. The organization must, prior to the reservation of Housing Credit: (i) own all of the general partnership interests of the ownership entity of the development; or (ii) own, alone or with other Qualified Non-Profit Organizations that meet all of the requirements of this Section, 100 percent of the stock of a corporate ownership entity of the development; or (iii) own, alone or with other Qualified Non-Profit Organizations that meet all of the requirements of this Section, 100 percent of the stock, 100 percent of the partnership interests, or 100 percent of the membership interests of an entity that is the sole general partner or sole managing member of the ownership entity of the development proposed in the Initial Application;

- C. The Qualified Non-Profit organization must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the extended-use period.

- D. To demonstrate eligibility, ALL of the following must be submitted in THOMAS as part of the Initial Application, or:
 - 1. A copy of the IRS determination letter clearly stating the organization's status as an IRS 501(c)(3) or 501(c)(4) entity; and
 - 2. Certificate of Existence
 - a. If organized and existing under the laws of the State of Tennessee, a certificate of existence from the Tennessee Secretary of State's Office dated not more than thirty (30) days prior to the date of the Initial Application.
 - b. If organized and existing under the laws of another state, a certificate of existence from the secretary of state of the state in which the organization was organized and is existing, together with other documentation from such secretary of state indicating that the organization is in good standing under such laws and a certificate of authorization from the Tennessee Secretary of State indicating that the organization is qualified to do business in Tennessee, all dated not more than thirty (30) days prior to the date of the Initial Application; and
 - 3. A Certificate Regarding Qualification for the Non-Profit Set Aside is located on the THOMAS Documents Page.



Section 8: CNI Grants

To be eligible for Housing Credit when an Initial Application involves a CNI Grant, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA and has entered into a CNI Grant agreement with HUD.

- A. To be considered 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 development's 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 A Form of Letter from PHA Executive Director Regarding the Choice Neighborhoods Initiative (CNI) Implementation Grant which will be found on the [THOMAS Documents Page](#).
- B. Only one CNI development per county may receive Housing Credit.
- C. Proposed CNI developments involving new construction may be located in a QCT.
- D. CNI developments that receive Housing Credit may also receive a Basis Boost.



Section 9: Innovation Round

The Innovation Round is an opportunity for applicants to propose unique development approaches that address unmet housing needs including; hard to serve populations, distinctive design and construction concepts, underserved regional or geographical areas, etc.; without being competitively disadvantaged in the regular competitive allocation round. Innovation Round applicants must propose a financially feasible development and include a Development Team with the capacity, experience and performance to complete the proposal. THDA prefers proposals which contribute to THDA's [Strategic Plan](#).

- A. To participate in the 2020 Innovation Round, applicants must submit an Innovation Round Proposal by November 11, 2019. Information on the 2020 Innovation Round deadlines is found in Section 4 of this QAP. Proposals are accepted by email at Innovation@thda.org.
- B. An Innovation Round Proposal must adhere to one of the following themes:
 1. Adaptive Reuse/Conversion or a combination of Adaptive Reuse/Conversion and New Construction within an incorporated municipality in a Rural county; or
 2. Development designed and built to offer Supportive Services to populations with Special Housing Needs. The Supportive Services must not be mandated or a condition of housing the individual.
- C. An Innovation Round Proposal may exceed the Total Development Cost Limits specified in Table 3-2 in Section 3-F by up to 10.0 percent.
- D. The Innovation Round Proposal must meet all of the following requirements:
 1. Contain no more than 5 single-sided, single spaced pages (including all attachments and exhibits, if any) describing each of the following:
 - a. Clearly identify the chosen theme and the uniqueness and innovative nature of the development concept (i.e. among other things, has a development of this type been done before both nationally and in Tennessee, does this proposal recommend a method of construction or financing not previously used, will this housing serve a group or population currently underserved, does the proposal demonstrate unique partnerships to finance, build or provide the proposed housing and accompanying service options, and how this proposal will result in a development that is different from "regular" Housing Credit developments);
 - b. Innovation Round Proposals choosing the theme in Section 9-B-1 above must include documentation satisfactory to THDA, in its sole discretion, that the structure(s) to undergo Adaptive Reuse/Conversion are structurally sound and suitable for the proposed development;
 - c. Innovation Round Proposals choosing the theme in Section 9-B-2 above and which will provide housing to Persons with Disabilities must include documentation satisfactory to THDA, in its sole discretion, that the housing meets the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014: <https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>. The documentation must demonstrate that the proposed housing meets certain qualifications, including:
 - (i) The setting is integrated and supports full access to the greater community;
 - (ii) Is selected by the individual from among setting options;



- (iii) Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
 - (iv) Optimizes autonomy and independence in making life choices; and
 - (v) Facilitates choice regarding services and who provides them.
 - (vi) Additionally, for provider owned or controlled residential settings, the following additional requirements apply:
 - A. The individual has a lease or other legally enforceable agreement providing similar protections;
 - B. The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
 - C. The individual controls his/her own schedule, including access to food at any time;
 - D. The individual can have visitors at any time; and,
 - E. The setting is physically accessible.
 - d. How the proposed development addresses an unmet need of the population to be served, services provided, or geographic location;
 - e. How the proposed development contributes to THDA's [Strategic Plan](#);
 - f. The reasonableness of the proposed development's scope in addressing an unmet need;
 - g. The proposed sources and uses of funds for the proposed development;
 - h. The extent to which the proposed development would be at a competitive or financial disadvantage relative to developments considered in the regular competitive round;
 - i. The demonstrated capacity of the applicant and the development team to complete the proposed development;
 - j. Certification of compliance with all applicable requirements of Section 42 and this QAP; and
 - k. 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).
- E. The Innovation First Round Evaluation team will score each Innovation Round proposal for financial feasibility, extent of uniqueness and/or innovation, and compliance with all applicable requirements of Section 42, and this QAP. No more than three (3) Innovation Round Proposals may be selected to submit a full Initial Application for consideration in the Innovation Second Round Evaluation. The Innovation First Round Evaluation team may select fewer than three Innovation Round Proposals or no Innovation Round Proposals. Applicants submitting Innovation Round proposals that are not selected will not be considered further. Applicants submitting Innovation Round proposals that are not selected to submit a full Initial Application in the Innovation Round may submit a full Initial Application in the regular competitive round.
- F. 2020 Innovation Round Applicants, if any, will be notified by December 11, 2019 and invited to submit a full Initial Application by the competitive deadline specified in Section 4. Documentation in the form and with the substance specified by THDA must be uploaded into THOMAS.
- G. A successful Innovation Round Initial Application may be eligible for a Basis Boost.
- H. The selection of Innovation Round Applicants and a successful Innovation Round application, if any, shall not be appealable to the THDA Tax Credit Committee or the THDA Board of Directors.**



Section 10: PHA Set-Aside

To be eligible for the PHA Set-Aside, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA.

- A. To be considered a qualified PHA, the following requirements must be met in connection with an Initial Application:
 - 1. The PHA must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the extended use period; and
 - 2. The PHA must be acting solely within the geographic area of its jurisdiction; and
 - 3. The PHA must submit A Certificate Regarding Qualification for the Public Housing Set Aside for Public Housing is the Sole General Partner or Sole Managing Member of the Development Owner or for Public Formed a Corporation to be Sole General Partner or Sole Managing Member of the Development Owner which will be found on the [THOMAS Documents](#) Page
- B. Awards from the PHA Set-Aside shall be made in the following order:
 - 1. Initial Applications which propose utilizing RAD in connection with developments located in a CRP, taking into account score and other limits in this QAP.
 - 2. Initial Applications which propose utilizing RAD, but the proposed development is located outside a CRP, taking into account score and other limits in this QAP.
 - 3. Initial Applications which propose developments that are to be owned and operated by a PHA, but do not involve RAD and are not located in a CRP, taking into account score and other limits in this QAP.
 - 4. To be considered for the PHA RAD preference, the PHA must submit the Form of Letter from PHA Executive Director Regarding the Rental Assistance Demonstration (RAD) Program (found on the [THOMAS Documents](#) Page).
 - 5. To be considered for the PHA RAD preference, the PHA must submit a copy of the Commitment to enter Housing Assistance Payments (CHAP).
 - 6. To be considered for PHA RAD with CRP preference, the PHA must submit a copy of the Concerted Community Revitalization Plan.
- C. Initial Applications proposing new construction allocations and include RAD will not count against the applicable New Construction County Limit in Section 3-E.
- D. Initial Applications under the PHA Set-Aside proposing new construction may be located in a QCT.
- E. Initial Applications under the PHA Set-Aside are subject to the limits in Table 3-1 in Section 3-E or the limit specified in Section 11-A-1, as applicable.
- F. Initial Applications in the PHA Set-Aside may be eligible for a Basis Boost.
- G. An Initial Application must elect to compete in either the PHA Set-Aside or the New Construction Regional Pool or for an Existing Multifamily Housing Allocation. No cross counting allowed.



Section 11: Existing Multifamily Housing Allocations

To be eligible for an Existing Multifamily Housing Allocation, the Initial Application must propose rehabilitation (with or without acquisition) of existing multifamily housing. Income and rent restrictions through programs such as the Housing Credit program, Multifamily Tax-Exempt Bond Authority Program, or programs administered by USDA or HUD are not required. Following rehabilitation, 100 percent of the units must be subject to income and rent restrictions.

- A. All Initial Applications proposing acquisition and/or rehabilitation of an Existing Multifamily Housing development must submit an eligible Initial Application and meet the following:
 - 1. County Limits do not apply; and
 - 2. A development may be located in a QCT; and
 - 3. A preference will be given to Initial Applications proposing a development in a QCT covered by a CRP, taking into account score and other limits in this QAP.
 - 4. Applications proposing developments located in a Rural Urbanicity may be eligible for a Basis Boost.



Section 12: New Construction Regional Pool Allocations

To be eligible for the New Construction Regional Pool, an Initial Application must propose new construction of multifamily housing, meet all requirements in this QAP for an eligible applications, and be subject to all applicable limits.

- A. A new construction Initial Application receiving Housing Credit from a Regional Pool is limited to the number of developments shown on Map 3-1 in Section 3-C.
- B. New Construction Regional Pool allocations are limited to 1 per county. Allocations to developments involving RAD will not count against this per county limit.
- C. An Initial Application proposing new construction in a QCT is ineligible, unless the Initial Application is for Housing Credit under CNI, the Innovation Round, or the PHA Set-Aside.
- D. An Initial Application proposing new construction located in a Rural Urbanicity may be eligible for a Basis Boost.



Section 13: Threshold and Minimum Construction and Rehabilitation Requirements

A. Threshold Requirements

To be eligible, Initial Applications for new construction or rehabilitation (with or without acquisition) must meet all of the following requirements:

1. Contain a minimum score as specified in Section 14 of this QAP, as determined by THDA.
2. Propose an eligible development that meets ALL of the following:
 - a. Be a qualified low-income housing development, containing qualified low-income buildings and low-income units.
 - b. Comply with the Fair Housing Act, as applicable.
 - c. Comply with the Fair Housing Act design and construction requirements for units that are considered “covered multifamily dwellings” designed and constructed “for first occupancy” after March 13, 1991, using one of HUD’s recognized safe harbors.
 - d. Comply with the Americans with Disabilities Act (ADA), as applicable,
 - e. Comply with all applicable local building codes or State adopted building codes in the absence of local building codes.
3. Contain a minimum set-aside test election as described in Section 42(g)(1). A different election may not be made when an Initial Application proposes rehabilitation of a development that previously received Housing Credit.
 - a. The 20/50 Test; or
 - b. The 40/60 Test; or
 - c. The 60 Percent Income Averaging Test.
4. Acceptable property control for the property on which the proposed development will be located. Forms of acceptable property control documentation are included in the THOMAS User Manual.
5. Acceptable Market Study performed by an independent third party. Market Study Guidelines are included on the THOMAS Documents Page.
6. Acceptable Appraisal of the land and building performed by an independent third party. Appraisal Guidelines are included on the THOMAS Documents Page.
7. Contain a Statement of Application and Certification in the form and with the content approved by THDA as shown on the Template provided in THOMAS. Guidelines are included on the THOMAS Documents Page.
8. Contain a Certificate Regarding Eligibility for Low-Income Housing Credit in the form and with the content approved by THDA as shown on the Template provided in THOMAS. Guidelines are included on the THOMAS Documents Page.
9. Contain a Certificate Regarding Acquisition Housing Credit (if Acquisition Housing Credit is requested) in the form and with the content approved by THDA as shown on the Template provided in THOMAS. Guidelines are included on the THOMAS Documents Page.
10. Contain all required Disclosure Forms in the form and with the content approved by THDA as shown on the Template provided in THOMAS. Guidelines are included on the THOMAS Documents Page.
11. Demonstrate that all units in the proposed development shall include all of the following energy efficiency features:
 - a. All units must have at least one high efficiency or dual flush toilet and all faucets, shower heads and toilets EPA “Watersense” rated.
 - b. New ENERGY STAR rated frost free refrigerator (14 cubic foot minimum) with ice maker,.



- c. All faucets must be EPA “Watersense” rated.
- d. All light fixtures in units and common areas must be fitted with ENERGY STAR rated light bulbs, compact fluorescent or LED.
- e. HVAC systems, including the air handler and line sets, must be rated at 14 SEER and properly sized for the units in all buildings with fewer than six stories.
- f. For buildings with six stories or more, all PTAC systems must be rated between 9.6 and 12.0 EER.
- g. Electronic programmable temperature control thermostats.
- h. All entry doors must be metal-clad wood, fiberglass, or hollow metal construction exterior doors that are insulated, paneled and have a peephole with a minimum R-11 rating in all units. If the entry door is the only natural light for the units, the glass door must have a U-Factor rating in accordance with the applicable state adopted International Energy Conservation Code (IECC) and is comparable to the R-11 rating.
- i. Replace all windows with double glazed, insulated energy efficient windows.
- j. Attic insulation must meet R-30 minimum value.

B. New Construction Minimum Construction Requirements

Initial Applications that propose new construction must meet the following:

- 1. Compliance with all Threshold Requirements
- 2. Current zoning and other local land use regulations must permit the proposed development. Written documentation is required from the appropriate local governmental authority demonstrating that current zoning and other local land use regulations permit the development as proposed or that no such regulations currently apply to the proposed development.
- 3. All newly constructed single family units, duplexes, and triplexes, must meet the following Visitability requirements:
 - a. Easy Access with a step-free entrance of not more than ½ inch from a driveway, sidewalk or other firm surface into the main floor of the home, and;
 - b. Easy Passage throughout the home with an exterior door that provides a minimum of 32 inches of clear passage (36 inches is preferable) from the step free entrance. All interior passage doorways on the main floor also provide a minimum of 32 inches of clear passage, and;
 - c. Easy Use with a main floor that includes a kitchen, some entertainment area, at least one bedroom and one full bathroom. The full bathroom will provide at least 30 inches by 48 inches of maneuvering space that allows easy access to the sink commode and shower or tub.
- 4. All retention and/or detention ponds must be fenced.
- 5. Development sign at the entrance(s) to the complex including the Fair Housing Logo.
- 6. Roofing materials must be anti-fungal with a minimum 25-year warranty.

C. Existing Multifamily Housing Minimum Rehabilitation Requirements

The Initial Application must provide a Physical Needs Assessment of the proposed rehabilitation activities performed by an independent third party. Physical Needs Assessment Guidelines are included on the THOMAS Documents Page. Initial Applications that propose rehabilitation must present a scope of work that meets the following:

- 1. Compliance with all Threshold Requirements.
- 2. Minimum rehabilitation costs equal to the greater of the per door costs in the Physical Needs Assessment or \$25,000.



3. The replacement of any component of the building or site with a Remaining Useful Life, as specified in the Fannie Mae Expected Useful Life Table, which is incorporated in this QAP by reference.
4. Corrective actions for all deficiencies noted in the Physical Needs Assessment.
5. Substantially the same scope of work in all units including painting of the entire unit (all rooms and ceilings), flooring consistent throughout the development, and matching cabinetry within each unit.
6. If roofs are to be replaced, roofing materials must be anti-fungal with a minimum 25-year warranty.
7. Replace and install new water supply fixtures and valves.
8. Replace all window blinds and exterior window screens.
9. Replace all damaged and worn interior doors, jams, frames, and hardware.
10. For developments with existing exterior wooden stair systems, the existing exterior wooden stair systems must be replaced in their entirety with new steel or concrete exterior stair systems unless the Physical Needs Assessment clearly states that the existing exterior wooden stair systems have a remaining useful life of at least 10 years.
11. Replace all exteriors that are 90 percent vinyl with an estimated useful life of 15 years or less, as shown in the Physical Needs Assessment, with brick/stone veneer, stucco or fiber cement and/or hardiplank.

D. Multifamily Tax-Exempt Bond Authority and Noncompetitive Housing Credit Rehabilitation Requirements

Initial Applications proposing rehabilitation of Existing Multifamily Housing must present a scope of work that meets the following:

1. Compliance with all Threshold Requirements.
2. The replacement of any component of the building or site with a Remaining Useful Life of less than 15 years, as specified in the Fannie Mae Expected Useful Life Table, which is incorporated in this QAP by reference.
3. Substantially the same scope of work in all units including painting of the entire unit (all rooms and ceilings), flooring consistent throughout development, and matching cabinetry within each unit.
4. If roofs are to be replaced, roofing materials must be anti-fungal with a minimum 25-year warranty.
5. For developments with existing exterior wooden stair systems, the existing exterior wooden stair systems must be replaced in their entirety with new steel or concrete exterior stair systems unless the Physical Needs Assessment clearly states that the existing exterior wooden stair systems have a remaining useful life of at least 10 years.
6. Replace all exteriors that are 90% vinyl with an estimated useful life of 15 years or less, as shown in the Physical Needs Assessment, with brick/stone veneer, stucco or fiber cement and/or hardiplank.



Section 14: Initial Application Scoring

A. Applications Proposing New Construction Only:

The scoring criteria in this section is not intended to allow an applicant to claim the maximum 100 points. An eligible Initial Application must provide a minimum score of **70 points** which will be confirmed during the scoring review process.

1. Project Location:

up to 20 points

Applications proposing developments located in counties with the greatest rental housing need (County Need Score) THOMAS Documents Page:

up to 20 points

2. Meeting Housing Needs:

up to 5 points

a. Applications proposing a minimum set-aside federal election of 40 percent at 60 percent will serve a percentage of households with incomes no higher than 50 percent of the area median income with rents maintained at or below the 50 percent area median income maximums or applications proposing a minimum set-aside federal election of 20 percent at 50 percent will serve a percentage of households with incomes no higher than 40 percent of the area median income with rents maintained at or below the 40 percent area median income maximums. Units occupied by households with a Section 8 Housing Choice Voucher count towards this requirement. Applications proposing the 60 Percent Income Averaging Test are ineligible for these points.

up to 5 points

Table 14-1: Units Restricted to Serve Lower Income Populations	
Percentage of Units Restricted	Points Available
Federal election of 20 percent at 50 percent serving 40 percent households	
At least 5 percent	1
At least 10 percent	2
At least 15 percent	4
At least 20 percent	5
Federal election of 40 percent at 60 percent serving 50 percent households	
At least 5 percent	1
At least 10 percent	2
At least 15 percent	4
At least 20 percent	5

b. For Initial Applications proposing the 60 Percent Income Averaging Test

up to 5 points

- (i) A statement from permanent lenders and equity providers (at Final Application) acknowledging the 60 Percent Income Averaging Test for the proposed combinations of unit sizes at percentage income limits.

2.5 points



- (ii) A market study (at Initial Application and updated at Final Application, if necessary) showing current and adequate demand for all proposed combinations of unit sizes at percentage income limits. **2.5 points**

3. Development Characteristics:

up to 15 points

All facilities provided in this Section must be compliant with the federal Americans with Disabilities Act (“ADA Compliant”) The facility must adhere to the Fair Housing Act requirements that all public and common areas be readily accessible to and useable by persons with disabilities.

a. Exterior materials: Choose 1

- (i) Brick/stone veneer or stucco, minimum 60 percent and remaining exterior fiber cement and/or hardiplank: **4 points**

OR

- (ii) Brick/stone veneer or stucco minimum 50 percent and remaining exterior fiber cement and/or hardiplank: **3 points**

OR

- (iii) Brick/stone veneer or stucco minimum 40 percent and remaining exterior fiber cement and/or hardiplank: **2 points**

b. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**

- c. Installation of hookups for standard size washers/dryers in all units (hookups for stackable washer/dryers to not count): **3 points**

- d. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage. This option not available to applicants claiming points under Serving Resident Populations with Special Housing Needs.: **2 points**

- e. Provide a minimum 1200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1200 square foot minimum: **6 points**

- f. All units pre-wired, with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network: **2 points**

- g. All units pre-wired, with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **3 points**

- h. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**

- i. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer room, rental office, all site entrance/exit roadways and parking areas: **2 points**



- j. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points: **2 points**
 - k. Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points: **2 points**
 - l. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage. This option not available to applicants claiming points under Serving Resident Populations with Special Housing Needs.: **2 points**
 - m. Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage. This option not available to applicants claiming points under Serving Resident Populations with Special Housing Needs.: **2 points**
 - n. Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating and in an appropriate location available to all residents for year round usage: **2 points**
- 4. Sponsor Characteristics:** **up to 7 points**
- Development Team Tennessee Housing Credit Allocations: **up to 2 points**
- a. To reward recent Tennessee development team experience, developers associated with the development team listed in THOMAS for this Initial Application **MUST** have been allocated Housing Credit previously in Tennessee as evidenced by THDA’s issuance of IRS Form(s) 8609 for that development. The applicant must identify the most recent Tennessee Housing Credit allocation received. PHAs are eligible for two points.

Table 14-2: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2015-2019	2
2014 and before	1
No Tennessee Experience	0

AND



- b. **Development Team Track Record:** ***up to 5 points***
 To reward proven Tennessee Development Team experience, individuals associated with the Development Team will be awarded points as shown in Table 14-3 below. Minor SAEs will be attributed to all individuals associated with the proposed Development Team. Minor SAEs will be considered beginning January 1, 2019.

Table 14-3: Development Team Track Record	
Cumulative Minor SAEs	Points Available
70+	0
50 to 69	1
20 to 49	2.5
0 to 19	5

- 5. Serving Resident Populations with Special Housing Needs:** ***5 points***
- Proposed developments which select these points will provide a residency preference for households with Special Housing Needs. All facilities must be ADA Compliant. The development shall meet all Fair Housing Act requirements that all public and common areas be readily accessible to and usable by persons with disabilities. A development shall contain dedicated space with appropriate furniture and fixtures for, and agreements with, providers of Supportive Services relevant to Special Housing Needs residents and at least one (1) of the following on-site amenities:
- a. Construct and/or rehabilitate an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor; or
 - b. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage; or
 - c. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage; or
 - d. Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage; or
 - e. Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating, be ADA Compliant and in an appropriate location available to all residents for year round usage; or
 - f. Provide in the proposed development's community room or computer room updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners manufactured within the most recent 12 months as of the placed in service date. The computers should be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand will be furnished by the development owner. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.



- g. Points may not be taken for Serving Resident Populations with Special Housing Needs and Serving Resident Populations with Children. Applicants must choose whether to select points for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both.

6. Public Housing Waiting List: **3 points**

Proposed developments which will give priority to persons/households on current Public Housing waiting lists. This priority should be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application to ensure compliance. Proposed developments in the counties listed on the Public Housing wait list are eligible for these points.

7. Serving Resident Populations with Children: **5 points**

Proposed developments which select these points will provide a residency preference to households with children and must construct and/or rehabilitate the number of three (3) bedroom units which equal or exceed a minimum of 20 percent of the total units in the development rounded up to the nearest whole unit.

The proposed development must include (i) a playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND (ii) at least one (1) of the following on-site amenities:

- a. Construct and/or rehabilitate an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends; or
- b. Construct and/or rehabilitate a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures and a minimum of 1,600 square feet of concrete, artificial grass or paved surface, whichever is appropriate for the sport and is separate from all parking areas. The field or court must be available to all residents for year round use; or
- c. Provide in the proposed development's community room or computer room updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners manufactured within the most recent 12 months as of the placed in service date. The computers should be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand will be furnished by the development owner. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- d. Points may not be taken for Serving Resident Populations with Children and Serving Resident Populations with Special Housing Needs. Applicants must choose whether to select points for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both.

8. Development Intended for Eventual Resident Ownership: **3 points**

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the fifteen-year Housing Credit Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide



sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be required to be updated and re-submitted to THDA at the end of year 13 of the Compliance Period. The LURA will contain provisions ensuring enforcement of this provision. **Points taken in this area will be ineligible for points in Section 14-A-12 and Section 14-A-13.**

9. Energy Efficiency: **10 points**

Applications proposing the following development energy efficiency characteristics:

a. ENERGY STAR: **10 points**

At placed in service, all of the following Energy Star requirements will be met: ENERGY STAR rated HVAC systems in all units, 15 SEER minimum; and ENERGY STAR refrigerator with ice maker, 19 cubic foot minimum; and overhead light fixture connected to a wall switch in the living room and all overhead light fixtures in other rooms connected to a wall switch in the same room; and all light fixtures fitted with ENERGY STAR light bulbs; and ENERGY STAR rated windows in all units; and all toilets high efficiency or dual flush.

OR

b. Enterprise Green Community Certification: **10 points**

An Enterprise Green Community Certification for the development is obtained. The development shall be fully certified as compliant with Enterprise Green Community requirements. The Post-Build Enterprise Green Community Certification or evidence of application submission for the Post-Build Enterprise Green Community Certification to Enterprise Green must be submitted to THDA at the time of Final Application. If the Post-Build Enterprise Green Certification is not submitted with the Final Application, the Post-Build Enterprise Green Certification shall be submitted to THDA no later than six (6) months after submission of the Final Application to Enterprise Green.

10. Historic Nature of the Development: **2 points**

The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation Housing Credit. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction.

11. Tennessee Growth Policy Act: **5 points**

Initial Applications with proposed developments located completely and wholly in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations.



12. Deferral of the Qualified Contract Process:

up to 10 points

Applications waiving or deferring the ability to participate in the QCP. The LURA will contain provisions ensuring enforcement of this provision. **Not eligible for these points if points are taken in Section 14-A-8.** *up to 10 points*

Table 14-4: Deferral of the Qualified Contract Process	
Years to Waive or Defer After Placing in Service	Points Available
20	4
25	7
Waving the ability to participate in the QCP	10

13. Extended Recapitalization Waiver:

up to 10 points

Applicants may defer the point when the development may request a recapitalization through a subsequent allocation of Housing Credit under the competitive or noncompetitive process. Points are based on the number of years from the date the last building in the development placed in service. Applicants claiming these points shall submit audited annual financial statements to THDA for year 15 of the Credit Period and for each year thereafter within six (6) months of the close of the fiscal year for the development. **Not eligible for these points if points are taken in Section 14-A-8.**

Table 14-5: Earliest Year When New Housing Credit May be Requested	
Year Placed in Service	Points Available
17	2
18	4
19	8
20	10



B. Applications Proposing Rehabilitation of Existing Multifamily Housing:

The scoring criteria in this section is not intended to allow an applicant to claim the maximum 100 points. An eligible Initial Application must provide a minimum score of **60 points** which will be confirmed during the scoring review process.

1. Project Location:

5 points

An Initial Application proposing a development and project site wholly located within a HUD-defined QCT.

2. Meeting Housing Needs:

up to 10 points

- a. An Initial Application will be eligible for points based on the number of years since the date of the most recent placed in service event for the last building placed in service in the proposed development. The most recent placed in service date for the last building placed in service will be confirmed by THDA, in its sole discretion, based on documentation submitted with the Initial Application such as; Certificates of Occupancy, prior THDA Building by Building Verification forms, IRS Form 8609(s), etc. *up to 4 points*

Year Last Building Placed in Service	Points Available
After 2003	0
2003 - 1996	1
1995 - 1992	2
1991 - 1989	4
Before 1989	3



- b. An Initial Application will be eligible for points based on the three (3) year average physical occupancy rate of the proposed development. This three (3) year average physical occupancy rate shall be determined using both the occupied residential rental units which were charged rent as of December 1 during each of the previous three (3) years and the number of the total residential rental units determine at the last placed in service date for all the buildings in the development. Information must be certified by a CPA who shall confirm occupancy and rent information using December rent rolls for the prior three (3) years and the total number of residential rental units determined at the last placed in service date for all buildings in the development. The three (3) average physical occupancy rate should be rounded up to the nearest whole percentage point. **up to 3 points**

Table 14-8: Physical Occupancy for Previous Three (3) Years	
3 Year Average Physical Occupancy Rate	Points Available
Less than 70 percent	0
71 percent to 75 percent	1
76 percent to 80 percent	1.5
81 percent to 85 percent	2.5
86 percent to 90 percent	3
91 percent and above	2

- c. An Initial Application proposing “per door” rehabilitation hard costs in excess of the \$25,000 minimum will be eligible for points **up to 3 points**

Table 14-9: Proposed Rehabilitation Hard Costs per Unit	
“Per Door” Rehabilitation Amount	Points Available
Less than \$26,000	0
\$26,000 to \$30,000	2
\$30,001 to \$35,000	3
\$35,001 to \$40,000	1
\$40,001 and above	.05

3. Development Characteristics:

up to 15 points

All facilities to be provided for points in this Section shall be ADA Compliant. Facilities shall meet Fair Housing Act requirements that all public and common areas be readily accessible to and useable by persons with disabilities.

- a. Existing multifamily housing development which proposes rehabilitation in an area covered by a CRP. **5 points**
- b. Exterior materials: Choose 1
- (i) Brick/stone veneer or stucco, minimum 60 percent and remaining exterior fiber cement and/or hardiplank: **4 points**



OR

- (ii) Brick/stone veneer or stucco minimum 50 percent and remaining exterior fiber cement and/or hardiplank: **3 points**

OR

- (iii) Brick/stone veneer or stucco minimum 40 percent and remaining exterior fiber cement and/or hardiplank: **2 points**

- c. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**
- d. Installation of hookups for standard size washers/dryers in all units (hookups for stackable washer/dryers do not count): **3 points**
- e. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage This option not available to applicants claiming points under Serving Resident Populations with Special Housing Needs.: **2 points**
- f. Provide a minimum 1200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1200 square foot minimum: **6 points**
- g. All units pre-wired, with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network: **2 points**
- h. All units pre-wired, with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **3 points**
- i. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**
- j. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer room, rental office, all site entrance/exit roadways and parking areas: **2 points**
- k. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points.: **2 points**



- l. Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points: **2 points**
 - m. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage. This option not available to applicants claiming points under Serving Resident Populations with Special Housing Needs.: **2 points**
 - n. Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage. This option not available to applicants claiming points under Serving Resident Populations with Special Housing Needs.: **2 points**
 - o. Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating and in an appropriate location available to all residents for year round usage. **2 points**
- 4. Sponsor Characteristics: up to 10 points**
- a. Development Team Tennessee Housing Credit Allocations: **up to 5 points**
To reward recent Tennessee Development Team experience, developers associated with the development team listed in THOMAS for this Initial Application MUST have been allocated Housing Credit previously in Tennessee as evidenced by THDA's issuance of IRS Form(s) 8609 for that development. The applicant must identify the most recent Tennessee Housing Credit allocation received. PHAs are eligible for five points.

Table 14-10: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2015-2019	5
2014 and before	3
No Tennessee Experience	0

AND



- b. **Development Team Track Record:** *up to 5 points*
 To reward proven Tennessee Development Team experience, individuals associated with the Development Team will be awarded points as shown in Table 14-11. Minor SAEs will be attributed to all individuals associated with the proposed Development Team. Minor SAEs will be recorded beginning January 1, 2019.

Table 14-11: Development Team Track Record	
Cumulative Minor SAEs	Points Available
70+	0
50 to 69	1
20 to 49	2.5
0 to 19	5

- 5. Serving Resident Populations with Special Housing Needs:** *5 points*
- Proposed developments which select these points shall provide a residency preference for households with Special Housing Needs. All facilities shall be ADA Compliant. The development shall meet all Fair Housing Act requirements that all public and common areas be readily accessible to and usable by persons with disabilities. A development shall contain dedicated space with appropriate furniture and fixtures for, and agreements with, providers of Supportive Services relevant to Special Housing Needs residents and at least one (1) of the following on-site amenities.
- Construct and/or rehabilitate an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor; and or
 - Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage; or
 - Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage; or
 - Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage; or
 - Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating and in an appropriate location available to all residents for year round usage; or
 - Provide in the proposed development's community room or computer room updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners manufactured within the most recent 12 months as of the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand will be furnished by the development owner. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.



- g. Points may not be taken for Serving Resident Populations with Special Housing Needs and Serving Resident Populations with Children. Applicants must choose whether to select points for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both.

6. Public Housing Waiting List:

5 points

Proposed developments which will give priority to persons/households on current Public Housing waiting lists. This priority should be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application to ensure compliance. Proposed developments in the counties listed on the Public Housing wait list are eligible for these points.

7. Serving Resident Populations with Children:

5 points

Proposed developments which select these points will provide a residency preference to households with children and must construct and/or rehabilitate the number of three (3) bedroom units which equal or exceed a minimum of 20 percent of the total units in the development rounded up to the nearest whole unit.

The proposed development must include (i) a playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND (ii) at least one (1) of the following on-site amenities:

- a. Construct and/or rehabilitate an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends; or
- b. Construct and/or rehabilitate a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures and a minimum of 1,600 square feet of concrete, artificial grass or paved surface, whichever is appropriate for the sport and is separate from all parking areas. The field or court must be available to all residents for year round use; or
- c. Provide in the proposed development's community room or computer room updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners manufactured within the most recent 12 months as of the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand will be furnished by the development owner. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- d. Points may not be taken for Serving Resident Populations with Children and Serving Resident Populations with Special Housing Needs. Applicants must choose whether to select points for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both.

8. Development Intended for Eventual Resident Ownership:

5 points

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the fifteen-year Housing Credit Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide



sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be required to be updated and re-submitted to THDA at the end of year 13 of the Compliance Period. **Points taken in this area will be ineligible for points in areas Y. Deferral of the Qualified Contract Process and Z. Extended Recapitalization Waiver.**

9. Energy Efficiency: **10 points**

Applications proposing the following development energy efficiency characteristics

a. ENERGY STAR: **10 points**

At placed in service, all of the following Energy Star requirements will be met: ENERGY STAR rated HVAC systems in all units, 15 SEER minimum; and ENERGY STAR refrigerator with ice maker, 19 cubic foot minimum; and overhead light fixture connected to a wall switch in the living room and all overhead light fixtures in other rooms connected to a wall switch in the same room; and all light fixtures fitted with ENERGY STAR light bulbs; and ENERGY STAR rated windows in all units; and all toilets high efficiency or dual flush.

OR

b. Enterprise Green Community Certification: **10 points**

An Enterprise Green Community Certification for the development is obtained. The development shall be fully certified as compliant with Enterprise Green Community requirements. The Post-Build Enterprise Green Community Certification or evidence of application submission for the Post-Build Enterprise Green Community Certification to Enterprise Green must be submitted to THDA at the time of Final Application. If the Post-Build Enterprise Green Certification is not submitted with the Final Application, the Post-Build Enterprise Green Certification shall be submitted to THDA no later than six (6) months after submission of the Final Application to Enterprise Green.

10. Historic Nature of the Development: **5 points**

The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation housing credit. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction and are not eligible for the points in this Section 14-B-10.

11. Tennessee Growth Policy Act: **5 points**

Initial Applications with proposed developments located completely and wholly in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations



12. Deferral of the Qualified Contract Process:

up to 10 points

Applications waiving or deferring the ability to participate in the QCP as specified in Section 42 (h)(6)(I). The LURA will contain provisions ensuring enforcement of this provision. **Not eligible for these points if points are taken in Section 14-B-8 (Developments Intended for Eventual Resident Ownership).**

Table 14-12: Deferral of the Qualified Contract Process	
Years to Waive or Defer After Placing in Service	Points Available
20	4
25	7
Waving the ability to participate in the QCP	10

13. Extended Recapitalization Waiver:

up to 10 points

Applicants may defer the point when the development may request a recapitalization through a subsequent allocation of Housing Credit under the competitive or noncompetitive process. Points are based on the number of years from the date the last building in the development placed in service. Applicants claiming these points shall submit audited annual financial statements to THDA for year 15 of the Credit Period and for each year thereafter within six (6) months of the close of the fiscal year for the development. **Not eligible for these points if points are taken in area Section 14-B-8 (Developments Intended for Eventual Resident Ownership).**

Table 14-13: Earliest Year When Recapitalization May be Requested	
Year Placed in Service	Points Available
17	2
18	4
19	8
20	10



Section 15: Initial Application Eligibility and Scoring Review

A. Initial Application Review Process

1. THDA will notify each applicant when the eligibility determination and scoring of all Initial Applications is complete. THDA will send this notice to the contact person at the address specified in the Initial Application. Failure to receive any notice specified in this QAP will not extend deadlines or modify requirements. All applicants shall immediately notify THDA at thomas@thda.org, of changes in the name and/or address of the contact or alternate person specified in the Initial Application. Such notification by the applicant will not be deemed to be an amendment to the Initial Application.
2. If THDA determines that an Initial Application meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the applicant in the Initial Application, then no further action by the applicant or THDA will be taken. Applicants shall not submit additional items for the purpose of increasing the score in a particular scoring category if the THDA assigned score for the Initial Application is the same as or higher than the score assigned by the applicant in the Initial Application. The provisions of the Cure Period do not apply.
3. If THDA determines that an Initial Application does not meet one or more of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is less than the score assigned by the applicant in the Initial Application, THDA will notify the applicant. This notice to applicants from THDA is referred to herein as the “Cure Notice”.
4. THDA will provide a Cure Notice if THDA determines that (i) any two or more developments proposed in two or more Initial Applications constitute a single development for purposes of applying the development limit; or (ii) developers or related parties reflected in two or more Initial Applications constitute a single entity for purposes of applying the developer or related party limitation

B. Cure Period

1. Applicants receiving a Cure Notice may, in compliance with the requirements of this QAP, correct erroneous items, supply missing or incomplete items and/or may clarify any inconsistencies related to the specific items identified by THDA during the cure period which shall begin on the date of the Cure Notice and shall end at the time and date specified in the Cure Notice. The Cure Notice shall specify the means and methods identified issues may be remedied. Applicants may not submit additional items for the purpose of increasing the score in a particular scoring category where the THDA assigned score is the same as or higher than the score assigned by the applicant in the Initial Application.
2. If additional documentation to address items specified in the Cure Notice is not submitted in accordance with the requirements contained in the Cure Notice, then the determination as to eligibility and scoring made by THDA is determinative. The review process described below is not available to applicants who do not submit additional documentation, **in THOMAS**, in accordance with the Cure Notice (including, without limitation, the time deadlines specified therein.).
3. These cure provisions **do not apply** to Initial Applications that are not submitted in accordance with the Initial Application submission requirements of this QAP.
4. THDA will review all documentation submitted in accordance with the Cure Notice for each relevant Initial Application. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the applicant in the Initial



- Application, then no further action by the applicant or THDA will be taken. The provisions of the Review Process will not apply.
5. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, still does not meet any one of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is still less than the score assigned by the applicant in the Initial Application, THDA will notify the applicant of the determination (the “Review Notice”). The Review Notice will specify the time period within which a request for review may be made.

C. Review Appeal Process

1. Applicants who receive a Review Notice may submit a request for review. This request for review must be submitted in THOMAS in accordance with the Review Notice and the [THOMAS User Manual](#). If no written request for review is submitted, no review will occur and the THDA determination prior to the issuance of the Review Notice will be final.
2. No additional documentation may be submitted in connection with this request for review. No information submitted after the expiration of the relevant cure period specified in the Cure Notice for an Initial Application will be considered. Requests for review that were not submitted in accordance with the Review Notice will not be considered.
3. The Tax Credit Committee of the THDA Board of Directors will meet in regular or special session in 2020 to evaluate the Initial Application, documentation submitted during the cure period, the Review Notice, the request for review and THDA staff analysis thereof (the “Review Meeting”). The Tax Credit Committee will consider only documentation submitted in compliance with the Cure Notice regardless of whether the applicant or a representative thereof is present at the Review Meeting.
4. The Tax Credit Committee will consider whether documentation submitted as a result of the Cure Notice, taking into account the THDA staff analysis, is sufficient to meet the requirements of this QAP or is otherwise consistent with the spirit and intent of this QAP.
5. **Any contact with THDA Executive Director, any member of the TCC or any member of the THDA Board by any person or entity on behalf of any Initial Application between the date of the Review Notice and the date of the Review Meeting will be grounds for dismissal of the review request.**
6. Applicants or representatives may contact THDA Multifamily Programs staff regarding procedural matters only between the date of the Review Notice and the date of the Review Meeting, which contact will not constitute grounds for dismissal of a review request. Applicants or representatives may, but are not required to, appear at the Review Meeting. Notice of the decision of the TCC will be provided to the applicant.
7. The final score for all Initial Applications will be determined after the Review Meeting. By adoption of this QAP, the THDA Board of Directors specifically delegates full authority to the Tax Credit Committee to make the determinations required in this Section. The THDA Board of Directors will not consider requests to review decisions of the Tax Credit Committee. All decisions of the Tax Credit Committee are final. No matters with respect to eligibility or scoring under will be considered after the adjournment of the Review Meeting.

D. Final Scoring

After the completion of the cure period and completion of the review process, the final score for each Initial Application will be determined by THDA. The Final Notice process will be found in the [THOMAS User Manual](#).



E. Application of Various Limits and Final Ranking Process

Following the final scoring of each Initial Application, THDA will make reservations of Housing Credit based on the final score, the amount of Housing Credit determined by THDA to be appropriate, and the application of all priorities, and limits contained in this QAP, including as specified below, in the following order:

1. Nonprofit Set-Aside
 - a. Eligible Initial Applications as described in Section 7 of this QAP.
 - b. Highest ranking eligible Initial Application proposing new construction.
 - c. Highest ranking eligible Initial Application proposing rehabilitation of existing housing.
 - d. The next highest ranking eligible Initial Application proposing new construction, if needed to reserve the full amount of the Nonprofit Set-Aside. If there are not enough Housing Credit remaining in the Nonprofit Set-Aside to reserve the full amount requested by this eligible Initial Application, additional Housing Credit will be added to this set-aside to make a full reservation.
 - e. Reservations made from this set-aside will count against the limits for Existing Multifamily Housing or New Construction Regional Pools, as applicable.
2. CNI Grants
 - a. Eligible Initial Applications as described in Section 8 of this QAP.
 - b. Highest ranking eligible Initial Application, regardless of development type.
 - c. THDA will continue down the ranking of eligible Initial Applications in this set-aside until the last full reservation can be made. In the event that a full reservation cannot be made to the next highest ranking Initial Application, then remaining Housing Credit will be transferred to the New Construction Regional Pool.
 - d. Reservations made from this set-aside will count against the limits for Existing Multifamily Housing or New Construction Regional Pools, as applicable.
3. Innovation Round
 - a. Eligible Initial Applications as described in Section 9 of this QAP.
 - b. Eligible Initial Application(s), if any, to receive a reservation will be determined at the discretion of the Innovation Selection Committee.
 - c. Reservations made from this set-aside will not count against the limits for Existing Multifamily Housing or New Construction Regional Pools, as applicable.
4. PHA Set-Aside
 - a. Eligible Initial Applications as described in Section 10-B of this QAP.
 - b. THDA will continue down the ranking of eligible Initial Applications in this set-aside until the last full reservation can be made. In the event that a full reservation cannot be made to the next highest ranking Initial Application, then remaining Housing Credit will be transferred to the New Construction Regional Pool.
 - c. Reservations made from this set-aside to proposed developments involving RAD will not count against the limits for New Construction Regional Pools or Existing Multifamily Housing.
5. Existing Multifamily Housing
 - a. Eligible Initial Applications as described in Section 11 of this QAP.
 - b. Highest Ranking eligible Initial Application.
 - c. THDA will continue down the ranking of eligible Initial Applications for Existing Multifamily Housing until the last full reservation can be made. In the event that a full reservation cannot be made to the next highest ranking eligible Initial Application, then remaining Housing Credit will be transferred to the New Construction Regional Pool.



6. New Construction Regional Pool and all remaining New Construction
 - a. Eligible Initial Applications will be ranked in descending order. THDA will proceed down the ranking of eligible Initial Applications for the New Construction Regional Pools, making Reservations to fill the New Construction Regional Pools as specified in Map 3-1 in Section 3-C, until the last full reservation can be made in each of the New Construction Regional Pools.
 - b. New Construction Regional Pool allocations are limited to 1 per county. Allocations to developments involving RAD will not count against this per county limit.
 - c. A new construction allocation from the general pool is subject to the applicable limits in Section 3 of this QAP.
 - d. The next highest ranking New Construction Initial Application(s) will be funded from a general pool which includes the balances of any unallocated Housing Credit from prior set-asides, rounds and pools.
 - e. If the Housing Credit remaining are likely to exceed 1 percent of the total Housing Credit available for reservation, any remaining Housing Credit **may** be offered as a partial reservation to the next highest ranking eligible Initial Application proposing new construction, taking into account all applicable priorities and limits, until the Housing Credit is accepted. Acceptance of a partial reservation according to this provision would not classify a development as an “existing” Initial Application in subsequent years, but any limitation on Housing Credit per development in subsequent years would apply to any such partial reservation.

F. Tie Breaker

1. In the event of a scoring tie between two or more Initial Applications in a regional pool at the cutoff for receipt of a Reservation Notice, the tie shall be broken as follows:
 - a. In the case of a tie between proposals in different counties, priority will be given to the development in the county within the region that has not had a Housing Credit allocation within the last five years.
 - b. If the tie is not broken by Section 15-F-1-a of this QAP, priority will be given to the development that is furthest away from the nearest active Housing Credit development (regardless of County), as measured by distance between the center of the proposed development and the street address of the nearest existing Housing Credit development as determined by THDA, in its sole discretion.
 - c. If the tie is not broken by Section 15-F-1-a or Section 15-F-1-b of this QAP, then priority will be given to the development in the Initial Application requesting the least amount of Housing Credit per low income unit.
2. In the event of a scoring tie between two or more Initial Applications proposing rehabilitation of existing multifamily housing, the tie shall be broken as follows:
 - a. Priority will be given to the proposed development requesting the least Housing Credit per Housing Credit unit.

G. Preliminary Ranking List

All applicants that have been earmarked for an annual allocation of Housing Credit in the applicable funding year will be listed on the Preliminary Ranking List that will be available at www.thda.org. This ranking is a preliminary confirmation of a reservation of Housing Credit.

H. Reservation Letter Process

1. THDA will notify each successful applicant of an initial reservation of Housing Credit (the Reservation Notice).
2. The [THOMAS User Manual](#) will specify details regarding the Reservation Process.



3. In determining the initial amount of Housing Credit in the Reservation Notice, THDA will use the costs, incomes, and expenses submitted in the Initial Application, as determined reasonable by THDA.
4. The final amount of Housing Credit allocated to each successful applicant may be less than, but not be more than, the amount requested in the Initial Application, the amount specified in the Reservation Notice or the amount that will be reflected in the Carryover Allocation Agreement. Allocations will be determined in connection with a Carryover Allocation Application and in connection with an evaluation at the time the development is placed in service, in accordance with Section 42(m)(2) and this QAP.

I. Recapture of Housing Credit During Reservation Period

1. THDA will cancel a Reservation Notice for failure to fully satisfy conditions imposed in connection with the Reservation Notice and for failure to provide satisfactory information or documentation required by the Reservation Notice by the deadlines specified in the Reservation Notice. When so cancelled, the Housing Credit referred to in the Reservation Notice are not available for the development specified in the Reservation Notice and will be made available to other qualified developments. Deadlines specified in the Reservation Notice are the dates upon which Housing Credit are deemed recaptured by THDA unless the conditions related to each deadline have been met on or before such deadline or unless an extension has been granted.
2. Housing Credit made available through a Reservation Notice may be voluntarily returned. Any such return means Housing Credit is not available for the development referenced in the Reservation Notice.
3. Any Housing Credit recaptured either by cancellation of a Reservation Notice or voluntarily returned will be reserved to the fullest extent practical to other qualified Initial Applications for Housing Credit as provided in this QAP.



Section 16: Carryover Allocation Process

A. Qualifying for a Carryover Allocation

An applicant with a Reservation Notice for a development that will not place in service by December 31 of the year in which the Reservation Notice was issued may be eligible for a Carryover Allocation of Housing Credit (“Carryover Allocation”). In order to qualify for a Carryover Allocation, the ownership entity identified in the Initial Application must have ownership of the property identified in the Initial Application and must have incurred costs of at least 10 percent of the reasonably expected basis in the development by the date specified in the Carryover Allocation Agreement.

B. THOMAS Carryover Allocation Application Submission Requirements

1. To obtain a Carryover Allocation Agreement, an Initial Application with a Reservation Notice for a development that will not place in service by December 31 of the year in which the Reservation Notice was issued must submit a completed Carryover Allocation Application in THOMAS by the date specified by THDA. The THOMAS User Manual will specify the required information and any additional documentation to be submitted.
2. The owner must execute a Carryover Allocation Agreement and return the executed Carryover Allocation Agreement to THDA no later than the date specified in the Carryover Allocation Agreement.
3. The owner must submit Equity Syndication Closing and Construction Closing, if applicable, documentation.
4. The owner must submit the Cost Certification for the 10 Percent Test in THOMAS no later than the date specified in the Carryover Allocation Agreement.
5. If the recorded warranty deed showing ownership by the ownership entity identified in the Initial Application, or a fully executed 50-year ground lease (subject to the provisions of this QAP) showing the ownership entity as identified in the Initial Application as the lessee the is available, the owner must submit a copy of recorded warranty deed or ground lease, as applicable.
6. If a PILOT agreement is available, the owner must submit a copy of the PILOT agreement should be submitted.

C. Carryover Allocation Application Review Process

During the review of the Carryover Allocation Application THDA will issue Evaluation Notices that may request additional documentation and/or information for purposes of clarification of eligibility, scoring and financial feasibility. Evaluation notices will be issued in the following manner.

Table 16-1: Schedule of Evaluation Notices and Deadlines	
Review Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

THDA may not issue a Carryover Allocation Agreement for failure to fully satisfy conditions contained in Evaluation Notices issued in connection with the Carryover Allocation Application. Deadlines specified in the Final Evaluation Notice are the dates upon which Housing Credit may



be recaptured by THDA if the conditions related to the deadline have not been met. Upon notification, the Housing Credit referred to in the Reservation Notice are not available for the development and will be made available to other qualified developments.

D. Housing Credit Available

The amount of Housing Credit to be allocated by a Carryover Allocation Agreement will be determined by THDA in connection with an evaluation at the time a Carryover Allocation is requested and in accordance with Section 42(m)(2). This amount may be less than, but will not be more than, the Housing Credit amount in the Reservation Notice.

E. Status Reports

Any owner with a Carryover Allocation may be asked to provide status reports outlining progress towards completion by dates, in form and substance specified by THDA in the Carryover Allocation Application or in Evaluation Notices.

F. Recapture of Housing Credit During Carryover Period

1. THDA will cancel a Carryover Allocation Agreement for failure to fully satisfy conditions imposed in connection with the Carryover Allocation. Deadlines specified in the Carryover Allocation Agreement are the dates upon which Housing Credit may be recaptured by THDA if the conditions related to each deadline have not been met. Upon cancellation, the Housing Credit referred to in the Carryover Allocation Agreement are not available for the development specified in the Carryover Allocation Agreement.
2. Housing Credit allocated through a Carryover Allocation Agreement may be voluntarily returned by the owner. Upon return, the Housing Credit referred to in the Carryover Allocation Agreement are not available for the development specified in the Carryover Allocation Agreement.
3. Any Housing Credit recaptured either by cancellation of a Carryover Allocation Agreement or by voluntary return by the owner will be made available as follows;
 - a. Any Housing Credit returned before October 1, 2020 will reserve to other qualified 2020 Initial Applications for Housing Credit as provided in this QAP.
 - b. Any Housing Credit returned on or after October 1, 2020 will be reserved for the 2020 competitive allocation cycle.
 - c. Any Housing Credit returned on or after March 1, 2020 through September 30, 2020 will be reserved to other qualified 2020 Initial Applications for Housing Credit as provided in this QAP.
 - d. Any Housing Credit returned on or after October 1, 2020 will be reserved for the 2021 competitive allocation cycle.



Section 17: Construction Review Process

A. Construction Overview

THDA will conduct a preconstruction meeting with the ownership entity, developer, architect, and general contractor after the equity syndication and construction financing has closed. Documentation in the form and with the substance specified by THDA must be uploaded into THOMAS. Guidance may be found on the THOMAS Documents Page. The architectural drawings and specifications, as approved by the syndicator and lender, shall be submitted into THOMAS within five (5) days after the closing. If rehabilitation of existing multifamily housing or adaptive reuse is proposed, the scope of work must also be submitted in THOMAS within five (5) days after the closing. The scheduling of the preconstruction meeting shall not take place until the information is submitted to THDA using THOMAS. **THDA does not approve architectural drawings or specifications.**

B. Preconstruction Meeting

The purpose of the preconstruction meeting is to outline basic responsibilities and duties of the various parties throughout the construction process.

1. For developers with no previous Housing Credit program experience, a full preconstruction meeting must take place.
2. Developers with previous Housing Credit program experience may request a limited preconstruction meeting.
3. THDA shall determine, in its sole discretion, whether the preconstruction meeting will be full or limited.

Preconstruction meeting scheduling should not delay construction progress.

C. Construction Inspections and Reporting

After the preconstruction meeting has been conducted, construction reporting and periodic site visits shall begin.

1. The following required documents shall be submitted in THOMAS prior to construction site visits:
 - a. Executed Notice to Proceed
 - b. Building Permits (if not required, the applicable local official must submit a letter verifying that building permits are not required).
 - c. Construction Schedule with anticipated benchmarks
2. During the construction process, THDA will inspect the work progress monthly, or as otherwise determined by THDA to be necessary, and conduct periodic site inspections for compliance with THDA requirements based on the Percentage of Construction Complete as reported in THOMAS.
3. Monthly executed draw packages and quarterly construction progress reports are required and shall be submitted in THOMAS.



4. Updated construction schedule and scope of work shall be submitted based on the Schedule of Evaluation Notices and Deadlines if requested by THDA:

Table 17-1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

D. Completion of Construction Documentation

To demonstrate compliance, the following shall be required in THOMAS following completion of construction and before the final construction inspection is scheduled:

1. Architect Certification regarding:
 - a. Compliance with applicable building codes; and
 - b. Compliance with all federal accessibility requirements including without limitation, ADA and Fair Housing Act requirement; and
 - c. Compliance with UPCS, and
 - d. Compliance with all state requirements upon completion of work.
2. Certificate of Substantial Completion issued by the architect; and
3. Certificate of Occupancy for each building (if not required, applicable local official must submit a letter verifying this information), and
4. Final Draw Package.

E. Final Construction Inspection

Once construction is 100 percent complete, all documents have been submitted in THOMAS, and all threshold requirements in the QAP and items selected for points in the Initial Application are complete, a final construction inspection shall be conducted to determine compliance with THDA requirements and UPCS.



Section 18: Final or Placed in Service Process

A. Timeframes for Final Application Submission

After all units in a development are placed in service, the completion of construction documentation shall be submitted into THOMAS. THDA will then schedule the final construction inspection referenced in Section 17-E.

B. THOMAS Final Application Submission Requirements

Following notice from THDA regarding a satisfactory final construction inspection, a Final Application may be submitted through THOMAS. THDA maintains an open cycle for the submission of Final Applications in THOMAS. The Final Application must be entered into THOMAS with required supporting documents. The THOMAS User Manual contains more information on the Final Application requirements and documents.

C. Final Application Review Process

During the review of the Final Application, THDA will issue Evaluation Notices that may request additional documentation and/or information for purposes of clarification of eligibility, scoring and financial feasibility. Review notices will be issued in the following manner.

Table 18-1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

THDA may not issue IRS Form(s) 8609 if all conditions contained in Evaluation Notices are not fully satisfied. The deadline specified in the final Evaluation Notice is the date upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline are not met. Upon notification, the Housing Credit referred to in the Carryover Allocation Agreement are not available for the development and will be made available to other qualified developments.

D. Final Allocation of Housing Credit

THDA will make a final allocation of Housing Credit and will issue IRS Form(s) 8609 after satisfactory review of the Final Application and supporting documents are completed. **The amount of Housing Credit allocated to a development at placed in service may be less than, but will not be more than, the amount reserved in the Reservation Notice or the amount allocated in the Carryover Allocation Agreement. THDA reserves the right to make downward adjustments to the final amount of Housing Credit allocated based on the information submitted and Section 42 requirements.**

E. Submission of Permanent Financing Documents and Post-Build Enterprise Green Community Certification

1. THDA must receive a copy of the promissory note and recorded deed of trust for permanent financing of the development in THOMAS within sixty (60) days of the date of recording of the deed of trust. Failure to provide such documentation shall be deemed an event of noncompliance. THDA reserves the right to issue revised IRS Form(s) 8609 following receipt



of the promissory note and recorded deed of trust if the terms of the promissory note and/or deed of trust vary from the terms specified in the Final Application.

2. THDA must receive a copy of the Post-Build Enterprise Green Community Certification, if not submitted at the time of Final Application. Failure to provide such documentation shall be deemed a failure to fulfill a commitment in the Initial Application for scoring points and Minor SAEs may be attributed to all individuals on the Development Team.



Section 19: Compliance and Development Stabilization Process

The following compliance monitoring procedures and requirements apply to all buildings placed in service in Tennessee:

- A. Owners shall certify each year, no later than a deadline established by THDA, of the Compliance Period and the extended use period (“Owner’s Annual Certification of Compliance”), under penalty of perjury that, for all times during the prior calendar year:
1. The development meets the minimum election set-aside requirements of the appropriately selected test (i.e. 40/60 Test, 20/50 Test, or 60 Percent Income Averaging Test) consistent with the irrevocable election made at the time of the Initial Application under the relevant QAP;
 2. There was no change in the applicable fraction of any building in the development or that there was a change and a description, satisfactory to THDA, of that change;
 3. The owner has an annual Household Income Certification (HIC) from each low-income household and documentation to support that certification at initial occupancy and subsequent years during the compliance and extended use periods;
 4. Proper approval for the applicable utility allowances used to determine rent as outlined in §1.42-10 and THDA policy.
 5. All units in the development were for use by the general public;
 6. There were no findings of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619 for the development;
 7. Each building in the development is suitable for occupancy, taking into account UPCS standard and local health, safety, and building codes (or other habitability standards) and the state or local government unit responsible for making local, health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the development;
 8. There has been no change in the eligible basis of any building in the development or, if there was a change, the nature of the change;
 9. All resident facilities included in the eligible basis of any building in the development, such as a swimming pool, other recreational facilities, and parking areas, were provided on a comparable basis, without charge, to all residents of the development;
 10. If a low-income unit became vacant during the year, reasonable attempts were made to rent that unit or the next available unit of comparable or smaller size to households having a qualifying income before any units in the development were rented to households not having a qualifying income and while the unit was vacant, no units of comparable or smaller size were rented to households not having a qualifying income;
 11. If the income of households of a low-income unit in the development increased above the applicable income limit, the next available unit of a comparable or smaller size was rented to residents having a qualifying income;
 12. An extended low-income housing commitment was in effect, including that an owner cannot refuse to lease a unit in the property to an applicant because the applicants holds a voucher under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f;
 13. All low-income units in the development were used on a non-transient basis, except for transitional housing for the homeless or single-room occupant units rented on a month-by-month basis;
 14. If the owner received Housing Credit from the Non-Profit Set-Aside, the “qualified non-profit organization” materially participated (regular, continuous and substantial on-site involvement) in the on-going operation of the development;
 15. All requirements associated with items for which points were taken at the time of Initial Application were met; and



- B. If the owner cannot certify to one or more of the above items, a detailed explanation of the situation must be provided to THDA with the Owner's Annual Certification of Compliance.
- C. THDA will review all Owner's Annual Certifications of Compliance for compliance with Section 42, relevant regulations, the Initial Application, and the applicable QAP. THDA will also conduct yearly on-site inspections of no less than 33 percent of developments receiving Housing Credit.
 - 1. For the selected developments, THDA will review at least 20 percent of the resident files for compliance with applicable occupancy and rent restrictions.
 - 2. For the selected developments, THDA will conduct physical inspections of at least 20 percent of the units to evaluate suitability for occupancy, taking into account UPCS and local, health, safety, and building codes (or other habitability standards).
 - 3. As a part of the on-site inspection, a review will be conducted of the owner's marketing efforts to attract special needs populations and Section 8 applicants as outlined in the extended low-income housing commitment.
- D. THDA shall provide prompt written notice to an owner if any of the following occur:
 - 1. THDA does not receive the Owner's Annual Certification of Compliance;
 - 2. THDA does not receive or is not permitted to inspect household income certifications, supporting documentation or rent records;
 - 3. THDA discovers by inspection, review or in some other manner that the development is not in compliance with Section 42, the relevant regulations, or the applicable QAP.
- E. Owners shall pay fees, as determined by THDA, to cover the administrative expenses of monitoring compliance and other expenses incurred in carrying out its duties as the Housing Credit Agency, including but not limited to, reasonable fees for legal and professional services.
- F. Owners shall have a ninety (90) day period to provide missing documentation or to correct noncompliance (the "Correction Period"). The Correction Period begins on the date THDA sends written notice to the owner specifying the missing documentation or the noncompliance via regular mail or via e-mailed to the address specified for the Owner or Owner's contact in the files held by THDA. The Correction Period may be extended up to an additional 90 days for a total Correction Period not to exceed six (6) months upon a showing of good cause by the owner, all as determined by THDA in its sole discretion. Notwithstanding the foregoing, THDA will not grant extensions for items that are immediate health and safety issues.
- G. Owners shall have seventy-two (72) hours to provide missing documentation or to correct noncompliance with regard to immediate health and safety issues (the "Health and Safety Correction Period"). The Health and Safety Correction Period begins at the time THDA notifies the owner specifying the missing documentation or the noncompliance via on-site letter, via telephone, or via e-mail to the telephone number or to the address specified for the Owner or Owner's contact in the files held by THDA.
- H. THDA shall file an IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the Internal Revenue Service to show an owner's noncompliance or failure to certify compliance no later than 45 days after the end of the Correction Period and no earlier than the end of the Correction Period, whether or not the noncompliance or failure to certify compliance is corrected.
- I. THDA has the right to inspect any development with Housing Credit at any time during the Compliance Period and the extended use period, including, but not limited to, on-site inspections



and review of all records relating to compliance with, without limitation, Section 42 requirements, Treasury Regulations, the applicable QAP, and the LURA. Owner shall promptly deliver copies of household certifications and supporting documentation as may be required by THDA.

- J. Owners are responsible for complying or ensuring compliance of the development they own with Section 42, relevant regulations and the applicable QAP throughout the Compliance Period and the extended use period. THDA's obligation to monitor compliance with Section 42, relevant regulations and the applicable QAP does not make THDA or the State of Tennessee liable for an owner's noncompliance.
- K. THDA may amend any part of this QAP following public notice and approval by the THDA Board of Directors. Such amendment is expressly permitted by this QAP, and the making of such amendment will not require further public hearings. THDA, in accordance with Section 42, may impose additional requirements in order to fulfill the objectives of its housing initiatives.
- L. Any development receiving an allocation of Housing Credit must be managed, during the Compliance Period and the extended use period, by a management company/agent that has a current, valid, certification from the [THDA Certified Property Manager/Agent Program](#).
- M. Owners and managers shall attend THDA provided training as follows:
 - 1. For developments involving **new construction**, owners and the management entity shall send attendees to the owner's compliance training sessions provided by THDA within the 12 months prior to the issuance of the IRS Form 8609. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the owner may meet this requirement.
 - 2. For developments involving **rehabilitation**, owners and the management entity shall send attendees to the owner's compliance training sessions provided by THDA prior to the placed in service date for the development. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the owner may meet this requirement.
 - 3. Property managers and staff shall attend manager's compliance training sessions provided by THDA in accordance with the requirements for the THDA Certified Property Manager/Agent Program.
- N. Owners shall maintain records for each qualified low income building in the development for each year of the Compliance Period and the extended use period sufficient to meet the requirements of 26 C.F.R. Section 1.42-5(b). All first year files shall be maintained as paper records and shall be maintained within Tennessee until THDA conducts the first inspection of the development. Thereafter, files may be maintained in electronic format. Any household records or other records maintained in an electronic format shall be accessible to THDA at THDA's request.
- O. Owners shall submit Owner's Annual Certification of Compliance and required household data via THOMAS or THDA's online system.
- P. Owners shall submit, not less than annually during the Compliance Period and the extended use period, information concerning the race, ethnicity, family composition, age, income, use of rental assistance under Section 8(o) of the United States Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of households residing in the development in a form and with substance as THDA may require.
- Q. In the event of a sale, transfer, or exchange of a development or any change with respect to the general partner/managing member of the ownership entity (including, without limitation, sale of



any or all general partner interests, removal of any general partner, or admission of any general partner), the owner shall notify THDA in writing at least 30 days prior to the closing of such a transaction and shall provide information about the proposed new owner or proposed new general partner/managing member of the ownership entity as THDA may request. THDA may require the proposed new owner or proposed new general partner/managing member of the ownership entity to meet with THDA staff after closing and to attend owner's compliance training. **These requirements do not apply when a development is sold following the completion of the QCP when THDA has not identified a purchaser.**

- R. THDA shall carry out its monitoring responsibilities in accordance with Section 42, relevant regulations, the applicable QAP and applications submitted thereunder. THDA will also rely on guidance from the IRS via the "Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition", Revenue Procedures, Revenue Rulings and other similar guidance, all as modified from time to time.
- S. All monitoring and compliance activities referenced are required for the Compliance Period and the extended use period, whether specifically stated or not. All monitoring and compliance activities referenced are required for all developments subject to compliance monitoring.



Section 20: Noncompetitive Housing Credit Allocated to Developments Financed with Tax Exempt Bonds

A. Allocation Requirements

Developments financed with tax-exempt bonds issued as a result of an award of MTBA may be eligible for allocations of Noncompetitive Housing Credit outside of the competitive process described in this QAP. These developments must meet the following conditions:

1. Applicants applying for Noncompetitive Housing Credit and MTBA must demonstrate that a minimum of 50 percent of the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA remain outstanding as of the placed in service date for the development. On that date, the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA must meet the requirements of Section 42(h)(4) of the Code. Either bond counsel or a certified public accountant licensed in Tennessee must certify to THDA that this financing requirement is met.
2. Applicants applying for MTBA in THOMAS are deemed to be simultaneously applying for Noncompetitive Housing Credit in THOMAS. THDA will determine the amount of Noncompetitive Housing Credit to be allocated and will issue a Firm 42(m) Letter or a Conditional 42(m) Letter. In determining the initial amount of Noncompetitive Housing Credit to be reserved, THDA will use the costs, incomes and expenses submitted in the Initial Application as determined to be reasonable by THDA. Allocations are subject to Section 42(m)(2) of the Code and this QAP. Any allocation of Noncompetitive Housing Credit will not count against the limits on Housing Credit by county, developer and related parties as specified in Section 3 of this QAP.
3. Applicants applying for MTBA and Noncompetitive Housing Credit are subject to the requirements in the 2020 MTBA Program Description and in this Section 20 of this QAP.
4. In addition, applicants applying for MTBA and Noncompetitive Housing Credit are subject to all applicable requirements of this QAP as determined by THDA, including, without limitation, determinations of eligibility as described in Section 1 of this QAP, fees described in Section 5 of this QAP, the construction review process requirements found in Section 17 of this QAP, the compliance requirements found in Section 19 of this QAP, and the application procedures found in Sections 4, 17, and 18 of this QAP.
5. If an Initial Application for Competitive Housing Credit and an application for MTBA and Noncompetitive Housing Credit for the same development is submitted, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section [XX] of the 2020 MTBA Program Description.

B. Development Limits

The maximum amount of annual Noncompetitive Housing Credit that may be allocated to a single development is three million dollars (\$3,000,000). In making this determination, THDA will consider the physical location of the development; the relationships among owners, developers, management agents, and other Development Team members; the structure of financing; and any other information which might clarify whether applications reflect a single development or multiple developments.

An applicant may submit a written request for an exception to the maximum Noncompetitive Housing Credit limit. The written request must include sufficient supporting documentation and information to substantiate the additional Noncompetitive Housing Credit as determined by THDA, in its sole discretion. Only one (1) written request for an exception to the maximum Noncompetitive Housing Credit limit per application may be submitted. If an exception to the amount of MTBA that may be awarded is also needed, then both exceptions must be included in one request. Multiple requests will not be considered.



C. Total Development Cost Limits

Total Development Cost limits will be applied to all proposed developments requesting Noncompetitive Housing Credits at the time of Initial Application. The cost of issuance and any deferred portion of the developer fee over 15 percent will be excluded from these costs.

Development Type	1 BR	2 BR	3 BR	4 BR	5 BR
Urban					
Single Family - Duplex	\$213,000	\$255,000	\$304,000	\$357,000	\$391,000
Townhome	\$190,000	\$230,000	\$281,000	\$334,000	\$367,000
Garden Style	\$172,000	\$218,000	\$287,000	\$355,000	\$400,000
Tower	\$180,000	\$231,000	\$308,000	\$385,000	\$437,000
Suburban					
Single Family - Duplex	\$203,000	\$243,000	\$290,000	\$341,000	\$373,000
Townhome	\$181,000	\$219,000	\$268,000	\$318,000	\$350,000
Garden Style	\$164,000	\$208,000	\$273,000	\$338,000	\$381,000
Tower	\$172,000	\$221,000	\$294,000	\$368,000	\$417,000
Rural					
Single Family - Duplex	\$194,000	\$232,000	\$276,000	\$325,000	\$356,000
Townhome	\$172,000	\$209,000	\$256,000	\$304,000	\$334,000
Garden Style	\$157,000	\$198,000	\$261,000	\$323,000	\$363,000
Tower	\$164,000	\$211,000	\$281,000	\$351,000	\$397,000

D. Noncompetitive Housing Credit Threshold Requirements

- a. Developments requesting Noncompetitive Housing Credits must satisfy the applicable requirements of Section 13 of this QAP with the following exceptions:
 - i. Section 13-A-1; and
 - ii. Section 13-A-12.

E. Noncompetitive Housing Credit Scoring

The scoring criteria in this Section 20 is not intended to allow an applicant to claim the maximum 100 points. An Initial Application must contain a minimum score of **60 points** to be eligible for MTBA and Noncompetitive Housing Credit. The score will be confirmed by THDA, in its sole discretion, during the Initial Application review process.

1. Project Location:

up to 10 points

- a. Proposed developments located wholly and completely in a QCT or DDA as designated by HUD. *5 points*
- b. Proposed developments located wholly and completely in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations. *5 points*

2. Meeting Housing Needs:

up to 10 points

Choose One:

- a. Proposed new construction multifamily housing developments or proposed adaptive reuse/conversions of buildings which are not currently used for housing to multifamily housing developments; *10 points*
 - i. OR



- b. Proposed rehabilitation of existing multifamily housing developments which are not currently income and rent restricted; or *10 points*
OR
 - c. Proposed preservation of existing multifamily housing developments which are currently income and rent restricted. *10 points*
- 3. Development Characteristics:** *up to 25 points*
- a. Rehabilitation of an existing multifamily housing development in an area covered by a CRP. *5 points*
 - b. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit. *5 points*
 - c. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer room, rental office, all site entrance/exit roadways and parking areas. *5 points*
 - d. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points. *5 points*
 - e. Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points. *5 points*
 - f. Construction and/or rehabilitation of development signs, including the Fair Housing Logo, at all entrances to the development site. *5 points*
 - g. Use of anti-fungal roofing materials with a minimum 30 year warranty. *5 points*
 - h. Rehabilitation of an existing multifamily housing development that includes **complete replacement** of existing exterior wooden stair systems (regardless of remaining useful life) with new steel or concrete stair systems. *5 points*
- 4. Sponsor Characteristics:** *up to 10 points*
- a. No member of the Development Team is currently subject to a Major SAE defined in Section [XX] of the 2020 MTBA Program Description. *5 points*
 - b. One member of the Development Team has closed, issued and sold MTBA for one (1) development in Tennessee since January 1, 2015. *5 points*
- 5. Serving Resident Populations with Special Housing Needs:** *15 points*
- Proposed developments which select these points shall provide a residency preference for households with Special Housing Needs. All facilities shall be ADA Compliant. The development shall meet all Fair Housing Act requirements that all public and common areas be readily accessible to and usable by persons with disabilities. A development shall contain dedicated space with appropriate furniture and fixtures for, and agreements with, providers of Supportive Services relevant to Special Housing Needs residents and at least one (1) of the following on-site amenities.
- a. Construct and/or rehabilitate an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor; and or
 - b. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage; or



- c. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage; or
- d. Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage; or
- e. Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating and in an appropriate location available to all residents for year round usage; or
- f. Provide, in the proposed development's community room or computer room, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners manufactured within the most recent 12 months as of the placed in service date. The computers should be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand will be furnished by the development owner. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.

Points may not be taken for Serving Resident Populations with Special Housing Needs and Serving Resident Populations with Children. Applicants must choose whether to select points for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both.

6. Public Housing Waiting Lists:

5 points

Proposed developments which will give priority to persons/households on current Public Housing waiting lists. This priority should be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application to ensure compliance. Proposed developments in the counties listed on the Public Housing wait list are eligible for these points.

7. Serving Resident Populations with Children:

15 points

Proposed developments which select these points will provide a residency preference to households with children and must construct and/or rehabilitate the number of three (3) bedroom units which equal or exceed a minimum of 20 percent of the total units in the development rounded up to the nearest whole unit.

The proposed development must include (i) a playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND (ii) at least one (1) of the following on-site amenities:

- a. Construct and/or rehabilitate an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends; or
- b. Construct and/or rehabilitate a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures and a minimum of 1,600 square feet of concrete, artificial grass or paved surface, whichever is appropriate for the



sport and is separate from all parking areas. The field or court must be available to all residents for year round use; or

- c. Provide in the proposed development’s community room or computer room updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners manufactured within the most recent 12 months as of the placed in service date. The computers should be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand will be furnished by the development owner. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.

Points may not be taken for Serving Resident Populations with Children and Serving Resident Populations with Special Housing Needs. Applicants must choose whether to select points for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both.

8. Development Intended for Eventual Resident Ownership or Extended Recapitalization Period: *up to 10 points*

- a. Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the fifteen-year Housing Credit Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be required to be updated and re-submitted to THDA at the end of year 13 of the Compliance Period.

5 points

OR

- b. Applicants may defer the point when the development may request a recapitalization through a subsequent allocation of Housing Credit under the competitive or noncompetitive process. Points are based on the number of years from the date the last building in the development placed in service. Applicants claiming these points shall submit audited annual financial statements to THDA for year 15 of the Credit Period and for each year thereafter within six (6) months of the close of the fiscal year for the development.

up to 10 points

Table 20-2: Earliest Year When New Housing Credit May be Requested	
Years Since Placed in Service	Points Available
17	2
18	4
19	8
20	10

9. Energy Efficiency:

10 points

Choose one:

- a. At placed in service, the development will include ENERGY STAR rated HVAC systems in all units (15 SEER minimum); ENERGY STAR refrigerator (19 cubic foot minimum)with ice maker; overhead light fixture connected to a wall switch in the living room and all overhead light fixtures in other rooms connected to a wall switch in the same



room; all light fixtures fitted with ENERGY STAR light bulbs; ENERGY STAR rated windows in all units; and all toilets high efficiency or dual flush.

10 points

OR

- b. An Enterprise Green Community Certification for the development is obtained. The development shall be fully certified as compliant with Enterprise Green Community requirements. The Post-Build Enterprise Green Community Certification or evidence of application submission for the Post-Build Enterprise Green Community Certification to Enterprise Green must be submitted to THDA at the time of Final Application. If the Post-Build Enterprise Green Certification is not submitted with the Final Application, the Post-Build Enterprise Green Certification shall be submitted to THDA no later than six (6) months after submission of the Final Application to Enterprise Green. Certification documentation will be required prior to any partial refund of the Incentive Fee as described in Section [XX] of the 2020 MTBA Program Description. *10 points*

10. Historic Nature of the Development:

5 points

The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation credits. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction.

F. Initial Application Eligibility and Scoring Review

In connection with evaluation of Initial Applications, THDA will issue Evaluation Notices, as needed, to request additional documentation and/or information for purposes of clarifying eligibility, scoring and financial feasibility. Evaluation notices will be issued in the following manner:

Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

Applications with uncured deficiencies may be removed from consideration under both the MTBA Program Description and for an allocation of Noncompetitive Housing Credits if the deficiencies have remained uncured after the Final Evaluation Notice has been issued. Applicants may resubmit an application for a commitment of MTBA and an allocation of Noncompetitive Housing Credits at a later date, but must pay a resubmission fee as described in Section [XX] of the 2020 MTBA Program Description. A resubmitted application will be considered a new application under the MTBA Program Description and this Section 20.

G. Capitalized Terms

All capitalized terms used in this Section 20 shall have the meaning ascribed to them in this Section 20 or in Section 2 of this QAP or in the 2020 MTBA Program Description.



Section 21: Adoption and Approval by the Governor

As provided in Executive Order No. 73, dated October 31, 2018 (the "Executive Order"), I, Bill Haslam, the Governor of the State of Tennessee, do hereby designate the Tennessee Housing Development Agency to be the housing credit agency for this State and, by my execution of this Qualified Allocation Plan, I hereby adopt this Qualified Allocation Plan as my plan for the distribution and administration of Housing Credits in the State of Tennessee, in conformance with Section 42 of the Internal Revenue Code of 1986, as amended and the Executive Order. As also provided in the Executive Order, this Qualified Allocation Plan shall be incorporated, by this reference, into and encompassed by the Executive Order as if set forth in the Executive Order verbatim.



Bill Haslam, Governor

12/17/2018

Date



Section 22: Adoption and Approval by the Governor

As provided in Executive Order No. 73, dated October 31, 2018 (the "Executive Order"), I, Bill Lee, the Governor of the State of Tennessee, do hereby designate the Tennessee Housing Development Agency (THDA) to be the housing credit agency for this State and, by my execution of this Qualified Allocation Plan, I hereby adopt this Qualified Allocation Plan, with amendments approved by the THDA Board of Directors on September 24, 2019, as my plan for the distribution and administration of Tax Credit in the State of Tennessee, in conformance with Section 42 of the Internal Revenue Code of 1986, as amended and the Executive Order. As also provided in the Executive Order, this Qualified Allocation Plan shall be incorporated, by this reference, into and encompassed by the Executive Order as if set forth in the Executive Order verbatim.


Bill Lee, Governor

10/29/2019
Date



Section 23: Relief for 2017 and 2018 Allocations

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

- A. 2017 Competitive Housing Credit allocation recipients, 2018 Competitive Housing Credit allocation recipients, and 2018 Noncompetitive Housing Credit Firm 42(m) Letter recipients that closed a bond issue in 2018 prior to December 31, 2018 may elect to return 2017 or 2018 Housing Credit and receive, potentially, a larger 2019 Housing Credit allocation (“Housing Credit Exchange Allocations”), subject to each of the following:
1. The maximum **aggregate** Housing Credit allocated to Housing Credit Exchange Allocations is limited to the sum of:
 - a. The amount of 2017 Housing Credit returned; plus
 - b. The amount of 2018 Housing Credit returned; plus
 - c. \$3 million (annual) of 2019 Housing Credit.
 2. The Housing Credit amount, if any, **for each** Housing Credit Exchange Allocation will be determined by THDA, in its sole discretion, and **shall not exceed the lesser of**:
 - a. A **10.0 percent increase** in the original allocation amount; or
 - b. An **increase of \$100,000 in annual Housing Credit** to the original allocation amount.
 3. Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
 - a. Developments intending to seek approval for a Housing Credit Exchange Allocation must so **notify THDA in writing no later than February 12, 2019**. Notification must be sent **via email** to TNAllocation@thda.org.
 - b. The THOMAS and HCMS application window for Housing Credit Exchange Allocations will be **February 15, 2019 through February 22, 2019**.
 - c. Scoring selections and threshold requirements from the 2017 QAP or the 2018 QAP, as applicable, will be enforced, otherwise the 2019-2020 QAP will apply.
 - d. Upon request, the 60 Percent Income Averaging Test may be allowed for developments that originally received an allocation under the 2018 QAP, subject to THDA approval.
 - e. The ability to request the Qualified Contract Process for the particular development is permanently waived.
 - f. The Placed-In-Service deadline for Housing Credit Exchange Allocations will be:
 - (i) **December 31, 2021** for developments that originally received an allocation under the 2018 QAP; or
 - (ii) **December 31, 2021** for developments that originally received an allocation under the 2017 QAP.
 - (iii) Failure to meet or requesting and extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 6-A of this QAP.
 - g. The Syndication transaction closing deadline for Housing Credit Exchange Allocations will be:
 - (i) **July 1, 2019** for developments previously allowed to exchange Housing Credit **and** participating in the THDA Community Investment Tax Credit program **and** involving a non-profit organization that is organized under the laws of Tennessee, is based in Tennessee, and meets the requirements of Section 7 of this QAP.
 - (ii) Failure to meet this deadline **will be** a Major Significant Adverse Event under Section 6-A of this QAP.
 - h. An additional monitoring fee of **\$600 per Housing Credit unit** (for a total of \$1,200 per Housing Credit Unit) will be required for Housing Credit Exchange Allocations *that THDA approves for the 60 Percent Income Averaging Test*.



- i. The amount, if any, of Housing Credit for developments previously allowed to exchange Housing Credit will not exceed the original allocation amount. The following developments are excluded from this prohibition:
 - (i) Developments involving Rental Assistance Demonstration **and** a Public Housing Authority (as described in Section 10 of this QAP); and
 - (ii) Developments participating in the THDA Community Investment Tax Credit program **and** involving a non-profit organization that is organized under the laws of Tennessee, is based in Tennessee, and meets the requirements of Section 7 of this QAP.
 - j. Housing Credit Exchange Allocation developments will not be permitted to increase developer or consultant fees.
4. Other provisions applicable to Housing Credit Exchange Allocations:
- a. Returned Housing Credit will not increase 2019-2020 set-asides or pools (except the Non-Profit Set-Aside).
 - b. Housing Credit Exchange Allocations will not count against county, developer, regional pool, or other limits in the 2019-2020 QAP.
 - c. Housing Credit Exchange Allocations **will not be** a Significant Adverse Event *provided that the development has not previously been approved for an exchange*.
 - d. If the Housing Credit Exchange Allocation represents the second (or greater) exchange of Housing Credit for the development, the Housing Credit Exchange Allocation **will count** as an event causing ineligibility under Section 6-B of this QAP. The following developments are excluded from this prohibition:
 - (i) Developments involving Rental Assistance Demonstration and a Public Housing Authority (as described in Section 10 of this QAP).

