



Tennessee Housing Development Agency

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

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 Credits 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 Credits** 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 Credits necessary to make a development financially feasible and viable throughout the credit period;
- D. Encourage Nonprofit entities to develop rental housing for low-income households;





- E. Encourage fair distribution of Housing Credits among counties and developers; and
- F. Allocate Housing Credits 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 application, including Initial Applications or documents submitted in connection with Housing Credits 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 the feasibility or viability of any proposed development.

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 Credits reserved or allocated under this QAP or the monitoring of properties that receive Housing Credits.

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 Credits 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 Credits, or any other matter connected with Housing Credits, 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 Credits 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 applications or in connection with Housing Credits reserved, allocated or monitored for compliance under this QAP or otherwise made by an applicant or other person connected in any way with Housing Credits 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 Credits, 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 Credits 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.

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Section 2: Definitions

20/50 Federal Election - The 20/50 federal election is a minimum set-aside that may be elected by an applicant for Housing Credits 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 Federal Election - The 40/60 federal election is a minimum set-aside that may be elected by an applicant for Housing Credits 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% Income Averaging Federal Election - The 60% income averaging federal election is a minimum set-aside that may be elected by an applicant for Housing Credits. 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.

42(m) Letter - A letter issued by THDA to successful applicants for 4% Housing Credits

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. Adaptive Reuse/Conversion will be evaluated and reviewed as New Construction developments.

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% in eligible basis for a building in order to improve the financial feasibility of the building in a difficult to develop area.

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 Credits 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 Credits that will not be placed in service in the same year.





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 proposed or 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.

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:

- A target area with clearly defined geographic boundaries.
- A defined role for the lead and/or convening organization that will coordinate all other partners efforts and monitor plan progress.
- A steering committee or coalition that is representative of the community and is charged with guiding the process.
- 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.
- Public meetings and surveys to identify the citizen and business’ vision for the neighborhood/target area.
- Minimum elements the plan should address include Housing, Education, Infrastructure and Economic Development.
- Defined outcomes and objectives based both on data and community outreach. Outcomes should be realistic and responsive to the interests of the community.
- A set of strategies to achieve the outcomes.
- A proposed timeline for implementation of strategies.
- Proposed funding for implementation.
- Continued evaluation of progress, allowing periodic assessment of what is working, what is not and where adjustments are needed.
- Approval of the plan from the appropriate local entity

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 Credits. The compliance period begins with the first taxable year of the credit period.

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

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.

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; General Contractor; Architect, Officers, Directors and Stockholders of the Property Management Company and Consultant(s).

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.

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

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 is disposed of 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 or:

1. The date specified by THDA in the agreement; and
2. The date 15 years after the close of the compliance period

Existing Multifamily Housing - a multifamily development that will create new or preserve affordable housing units that are rent and income restricted.

Federally Assisted Building - A federally assisted building is any building that is substantially assisted, financed or operated under laws in effect the date of enactment of the Code.

Federally Subsidized - A building that is financed with a below market federal loan or with a loan for which the interest income earned by the holder of the loan is exempt from tax under Section 103 of the Code.

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





Firm 42(m) Letter- A letter issued by THDA to applicants seeking 4% Housing Credits 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 - Hard Costs - 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 Credits THDA may allocate in a given year.

HUD – The federal Department of Housing and Urban Development.

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

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.

Method A - The Eligible Basis method for calculation of an amount of Housing Credit. This calculation is derived from the totals of the acquisition eligible basis and the rehabilitation or new construction eligible basis entered into THOMAS on the Total Development Cost page. The amount of Housing Credits allocated to a successful applicant is the lesser of the amount of Housing Credit calculated by Method A or Method B.

Method B - The Gap method for calculation of an amount of Housing Credit. This calculation is derived from the total of the actual cost entered into THOMAS on the Total Development Cost page. The amount of Housing Credits allocated to a successful applicant is the lesser of the amount of Housing Credit calculated by Method A or Method B.

Modifications – Changes to location buildings, units, square footage, scoring items, etc. which determine eligibility for an allocation of housing credits.

PHA – Public Housing Authority created under Tennessee Code Annotated Section .

Placed in Service Application – See Final Application

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

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 (OCT) - 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 10 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 Credits may be made available in the competitive Housing Credit allocation process.

Rural – Counties identified as rural in the New Construction County Needs Scores; on the [THOMAS documents page](#)





Scattered Site Development - A Housing Credit development located on multiple sites that will use one common plan of financing.

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.

Soft Costs - Soft Costs - Costs which include expenses indirectly related to construction of a building but not directly related to construction materials and construction labor such as; construction permits and fees, architect’s and accounting charges, engineering costs, etc.

Supportive Service - Supportive service is 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.

THOMAS Documents Page - A [webpage](#) that will provide necessary forms, templates, guidance, calendar, and links that are utilized through any application submission cycles.

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

THOMAS User Manual - THDA provided document that gives guidance on the registration and application submission cycles in the THOMAS System.

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: State Allocation Limits

THDA will only allocate Housing Credits 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 Credits when THDA determines that the proposed development is not financially feasible or does not need Housing Credits. THDA may also reserve or allocate an amount of Housing Credits 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 Housing Credit Ceiling

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

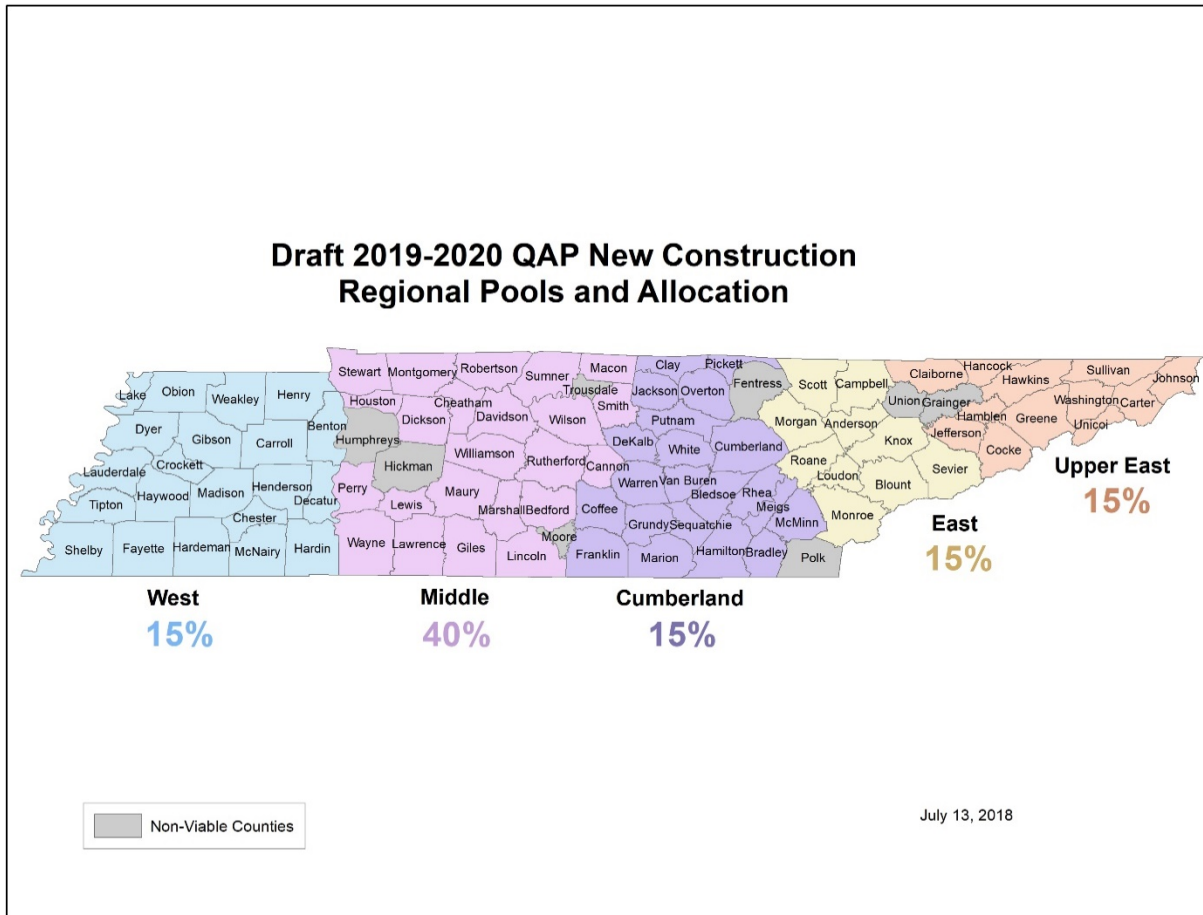
B. Set-Asides and Available Housing Credit Amounts

1. Nonprofit Set-Aside- No less than ten percent (10%) of the annual Housing Credit Ceiling will be allocated to qualified Nonprofit applicants. THDA reserves the right to make allocations of Housing Credits to qualified Nonprofit 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 Credits outside of the PHA Set-Aside. The annual amount of Housing Credit available for 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 Credits annually. The amount of Housing Credit available to the successful innovation round Initial Application shall not exceed the amount of Housing Credits available under the per development cap for the type of construction proposed in the innovation round Initial Application. THDA, in its sole discretion, may elect not to award Housing Credits to any Innovation Round Application.
4. PHA Set-Aside - No more than twenty percent (20%) 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 - Existing Multifamily Housing-No more than twenty-five percent (25%) of the annual Housing Credit Ceiling will be allocated to developments that include rehabilitation of existing multifamily housing or adaptive reuse/conversion of pre-existing building.
6. New Construction - At least fifty-five percent (55%) of the annual Housing Credit Ceiling will be allocated to developments involving new construction using the regional pool methodology described below.

C. Regional Pools

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





D. Incremental Development/ Phase II Development

An 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 II Developments by nature because a Phase II Development relies on the Phase I Development's lease up status. A Phase I Development's construction must be complete and rent up must be substantially completed, meaning at least 50% of the units have been leased, prior to applying for a Phase II 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 Credits 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 application is requesting an Incremental Development or a Phase II Development.

E. Housing Credit Limits for New Construction

Applications proposing developments involving new construction shall not be eligible for Housing Credits that exceed the following limits:

County Area	Per Development Cap	Per County Cap
Urban	\$1,300,000	1
Suburban	\$1,100,000	1
Rural	\$900,000	1

No more than one development proposing new construction shall receive an allocation of Housing Credits in each county. Allocations to developments involving CNI will count against this per county limit.

In making limit determinations, THDA will consider 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 might clarify whether Initial Applications reflect a single development or multiple developments.

F. Total Development Cost Limit

Number of Bedrooms	Rural	Suburban	Urban
1	\$126,000	\$141,000	\$158,000
2	\$164,000	\$178,000	\$193,000
3	\$215,000	\$233,000	\$252,000
4	\$268,000	\$290,000	\$314,000
5	\$302,000	\$327,000	\$354,000

G. Limits by Developer or Related Parties

1. The maximum amount of Housing Credits 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.

H. Limit on Developer Fees and Consultant Fees

1. The combined total of developer and consultant fees which may be included in the determination of the amount of Housing Credits for a particular development cannot exceed





fifteen percent (15%) of that portion of THDA determined eligible basis attributable to acquisition (before the addition of the developer and consultant fees), and cannot exceed fifteen percent (15%) of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the developer and consultant fees). Construction Advisory or Construction Supervision fees listed separately from the maximum allowed Contractor Fees will be considered as a Consultant Fee.

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

I. 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 fourteen percent (14%) of total site work costs, plus cost of accessory buildings plus either new building hard costs or rehabilitation hard costs, as determined by THDA, broken down as follows:

Fee Description	Fee Amount
Contractor Profit	<=6%
Contract Overhead	<=2%
Contractor General Requirements (including payment and performance bonds)	<=6%
Total Contractor Fees	<=14%

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 Credits for a particular development, cannot exceed fifteen percent (15%) of THDA determined eligible basis on that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed twenty-five percent (25%) of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).





Section 4: THOMAS and Submission of Application

A. Applications

1. All applications involving Housing Credits, 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.
 - a) 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

Supporting documents required as part of an Initial Application or subsequent application must be uploaded into THOMAS as specified in the THOMAS User Manual.

The THOMAS Documents page will contain Forms and Templates for required third party reports.

THDA will not accept cost certifications, market studies, physical needs assessments and appraisals prepared by parties THDA has determined are not independent from other members of the development team or Related Parties.

C. Calendar of Events

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

A calendar will also be published on the [THOMAS Documents](#) page

Dates	LIHC 2019
Thursday, November 1, 2018	2019 Innovation Proposals Due
Monday, December 03, 2018	2019 Innovation Finalists Notified
Thursday, December 06, 2018	Initial Application Registration in THOMAS Opens FY 2019
Wednesday, January 02, 2019	Initial Application Cycle Opens FY 2019
Tuesday, March 05, 2019	Initial Application Cycle Ends FY 2019

Section 5 Fees





A. Effective Date

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

B. Wiring instructions-All fees should be in the form of an electronic wire.

Bank: US Bank
ABA: 064000059
BNF: THDA Clearing Account
BNF A/C: 151203673398
BNF ADDRESS:
502 Deaderick Street,
Andrew Jackson Bldg., 3rd Floor
Nashville, TN 37243

OBI: Housing Credit/Bond Application Fees + TN ID Number(s) Applicants may send one wire to cover multiple applications as applicants should 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 Chart

The following fees shall apply.

Fee Type	Calculated Amount		Due
Application Fee	1-4 Units	\$395	When Initial Application is submitted
	5-50 Units	\$1595	
	51-100 Units	\$2,210	
	101+ Units	\$40 per Unit	
Reservation Fee	6.25% of the total annual Housing Credit amount approved by THDA.		When Reservation Notice is accepted
42(m) Letter Fee	6.25% of the total annual amount of noncompetitive Housing Credit amount requested by applicant		When request is made
Modification Fee	Equal to the greater of \$750 or 6.25% of the Total Housing Credits in the Reservation Notice		When request is made
8609 Amendment Fee	\$50 per form. \$250 minimum		When request is made
Monitoring Fee	\$600 per Low Income Unit		When Final Application is submitted
Re-inspection Fee	\$200 a unit		When request is made
Late Fee for Compliance Forms	\$100 per month		When request is made
Deadline Extension Fee	1-5 Days	\$500	When request is made
	6+ Days	\$200 per day	
	Maximum Fee	\$6000	





Utility Company Estimate Methodology	\$10.00 per unit for the administrative review	When request is made
Energy Consumption Model Methodology	\$250 for the administrative review	When request is made
Agency Estimate	\$150 for the administrative review	When request is made

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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 completed construction of a recently allocated Housing Credit development, a good track record in the development and on-going operations of the property, and the capacity to sustain the property in the ever changing regulatory and rental market. Applications shall be ineligible for Housing Credits under this QAP when Development Teams or individual members identified in the application have incurred and failed to cure one major SAE since January 1, 2014 or any other event listed in B below as of the date of the application.

A. 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 complaints 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 Credits 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 Housing Credits; or
7. A development which received Housing Credits being placed in “No Further Monitoring” status by THDA.

B. Other Ineligibility, Eligibility Thresholds

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;
 - 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. Any individual involved in the application who is currently participating in the Qualified Contract Process for another Housing Credit development in Tennessee. This is applicable during and prior to the expiration of the one year term.





3. If any of the following are true regarding 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 Credits after December 31, 2011:
 - a) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development with a first allocation of Housing Credits in Tennessee, but for which THDA has not issued an IRS Form(s) 8609; or
 - b) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development with an accepted Reservation Notice, but for which a Carryover Allocation Agreement was not obtained; or
 - c) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development with a fully executed Carryover Allocation Agreement, but for which IRS Form(s) 8609 were not obtained; or
 - d) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development for which THDA issued IRS Form(s) 8609, but the Housing Credit development failed to meet the minimum set-aside for low-income tenants as specified in the Land Use Restrictive Covenants by the end of the first year of the Credit Period; or
 - e) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development that THDA determined to be in violation of the requirements of the applicable QAP regarding developer or related party issues; or
 - f) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development that involved a “broker” who does not remain involved in the Initial Application through the closing of permanent financing for the Housing Credit development; or
 - g) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development that does not meet the requirements of the applicable QAP regarding submission of permanent financing documentation to THDA; or
 - h) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any pre-2019 Housing Credit development as a consultant, but who is a (i) signatory of construction financing, permanent financing or equity syndications documents or (ii) provides a guaranty in connection with construction financing, permanent financing or equity syndication; or
 - i) An individual previously or currently involved with a developer, development entity, owner, ownership entity, or Related Parties in any Multifamily Tax Exempt Bond Authority Application that received an allocation of bond authority but failed to meet the established deadline for issuance and sale of the tax-exempt bonds. Voluntary withdrawal of a Multifamily Tax Exempt Bond Authority Application in accordance with all applicable program requirements will not cause ineligibility; or
 - j) 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 the Multifamily Programs Division in Tennessee shall be determined by Multifamily Programs staff. Any individual prohibited due to a Major SAE may appeal the 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 (TCC) Board.

D. Minor SAEs

Minor SAEs are defined as events, which individually, will not compromise an individual's participation in programs administered by the Multifamily Programs Division in Tennessee. Minor SAEs indicate administrative 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 on-going operations of Housing Credit developments.

As Minor SAEs are incurred, Multifamily Programs staff will notify the Development Team. 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. Requesting a Housing Credit Allocation Exchange from the initial allocation year to a subsequent year;
2. Requesting any deadline extension;
3. Requesting any development modification;
4. Demonstrating a pattern of repeated UPCS findings;
5. Failing to maintain a positive history of payment to subcontractors during the development of any Housing Credit development;
6. Having significant unpaid receivables;
7. Defaulting on loan payments or having arrearages of at least three months on any loan for a Housing Credit development;
8. 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;
9. Failing to maintain and operate amenities and services throughout the credit, compliance and extended use periods;
10. Failing to fulfill commitments made in any application, including without limitation, the Initial Application (except for changes approved by THDA, in its sole discretion);
11. Failing to correct outstanding noncompliance issues within the applicable correction period;
12. Failing to convert construction loan financing to permanent loan financing within 6 months of THDA issuance of IRS Form 8609; unless THDA has been advised of the delay and agreed to the change.
13. Making changes to the Housing Credit development ownership entity without THDA approval.





Section 7: Nonprofit Set-Aside

To be eligible for Housing Credits 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 qualified, a non-profit organization must meet ALL of the following:

- 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, 2016.
- B. The organization must, prior to the reservation of Housing Credits: (i) own all of the general partnership interests of the ownership entity of the development; or (ii) own, alone or with other non-profits who meet all of the requirements of this Section, one hundred percent (100%) of the stock of a corporate ownership entity of the development; or (iii) own, alone or with other non-profits who meet all of the requirements of this Section, one hundred percent (100%) of the stock, 100% of the partnership interests, or 100% 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 nonprofit organization must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the extended use period.
- D. 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. (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 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 for Non-Profit is the Sole General Partner or Sole Managing Member of the Development Owner or for Non-





Profit(s) 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.

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Section 8: Choice Neighborhoods Implementation Grant Allocation

To be eligible for Housing Credits when an 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 Credits.
- C. CNI developments will count against New Construction County Cap in the county where the CNI development is proposed.
- D. The total Housing Credit amount available for CNI developments cannot exceed \$1,700,000.
- E. Proposed CNI developments involving new construction may be located in a QCT.
- F. CNI developments that receive Housing Credits may also receive a Basis Boost.
- G. An CNI Initial Application must choose to compete in the PHA Set-Aside or for a New Construction Allocation or for an Existing Housing Allocation.

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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](#).

To participate in the 2019 Innovation Round, applicants must submit an Innovation Round Proposal by November 1, 2018. Information on the 2020 Innovation Round deadlines are found in Section 4 of this QAP. Proposals are accepted by email at Innovation@thda.org.

The Innovation Round Proposal must meet all of the following requirements:

- A. Contain no more than 5 single-sided, single spaced pages (including all attachments and exhibits, if any) describing each of the following:
 1. Clearly identify the uniqueness and innovative nature of the development concept (i.e. among other things, has a development of this type been done before, does this proposal recommend a method of construction or financing not previously used, will this housing serve a group or population currently unserved, and how this proposal will result in a development that is different from “regular” Housing Credit developments);
 2. How the proposed development addresses an unmet need of the population to be served, services provided, or geographic location;
 3. How the proposed development contributes to THDA's [Strategic Plan](#);
 4. The reasonableness of the proposed development's scope in addressing an unmet need;
 5. The proposed sources and uses of funds for the proposed development;
 6. The extent to which the proposed development would be at a competitive or financial disadvantage relative to developments considered in the regular competitive round;
 7. The demonstrated capacity of the applicant and the development team to complete the proposed development;
 8. Certification of compliance with all applicable requirements of Section 42 and this QAP; and
 9. The contact information for the applicant, the proposed development name, the number of units and bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT).
- B. The 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 application in the regular competitive round.
- C. 2019 Innovation Round Applicants, if any, will be notified by **December 3, 2018** and invited to submit a full Initial Application by the competitive deadline specified in Section 4.
- D. A successful Innovation Round Initial Application may be eligible for a Basis Boost.
- E. **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.**





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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. 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 Form of Letter from PHA Executive Director Regarding the Rental Assistance Demonstration (RAD) Program which will be found on the [THOMAS Documents](#) page.
 5. To be considered for the PHA RAD preference a copy of the Commitment to enter Housing Assistance Payments (CHAP) must be submitted.
 6. To be considered for PHA RAD with CRP preference a copy of the Concerted Community Revitalization Plan must be submitted.
- C. Initial Applications proposing new construction allocations and include RAD will not count against the applicable New Construction County Cap. All other Initial Applications proposing new construction will count against the applicable New Construction County Cap.
- D. Initial Applications under the PHA Set-Aside proposing new construction may be located in a QCT.
- E. Initial Applications in the PHA Set-Aside may be eligible for a Basis Boost.
- F. 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 acquisition and/or solely rehabilitation of existing multifamily housing. Income and rent restrictions through programs such as the Low-Income Housing Credit, Multifamily Tax-Exempt Bonds, or programs administered by USDA or HUD are not required. Following rehabilitation, 100% of the units must be subject to income and rent restrictions.

- A. All applications proposing acquisition and/or rehabilitation of an Existing Multifamily Housing development must submit an eligible application and meet the following:
- B. A \$1,000,000 per development cap.
- C. County caps do not apply.
- D. A development may be located in a QCT.
- E. A preference will be given to applications proposing a development in a QCT covered by a CRP, taking into account score and other limits in this QAP.
- F. Applications proposing developments located in a rural Urbanicity may be eligible for a Basis Boost.

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Section 12: New Construction Regional Pool

To be eligible for the New 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 caps and limits.

- A. A New Construction Allocation is limited to per development caps found in Section 3 of this QAP
- B. A maximum of one Initial Application per county proposing new construction may receive Housing Credits.
- C. An Initial Application proposing new construction cannot be located in a QCT unless the Initial Application receives Housing Credits 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.

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Section 13: Threshold and Minimum Construction Requirements

A. Threshold Requirements

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

1. The Initial Application must obtain a minimum score of 75 points as confirmed by THDA.
2. The Initial Application must 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. The initial Application must determine the minimum set-aside test as described in Section 42 (g) (1).
 - a) 20-50 test, when 20% or more of the residential units are both rent and income restricted by individuals or households whose income is no greater than 50% of the area median income,
 - b) 40-60 test, when 40% or more of the residential units are both rent and income restricted by individuals or households whose income is no greater than 60% of the area median income, or
 - c) 60% income averaging test, when 40% or more of the residential units are both rent and income restricted by individuals or households whose incomes do not exceed the imputed income limitation designated in this Initial Application and the average of the imputed income limitations designated do not exceed 60% of the area median income. The designated imputed income limitations are restricted to 10% increments as follows: 20%, 30%, 40%, 50%, 60%, 70% and 80%. Guidance on 60% Income Averaging can be found on the THOMAS Documents page.(PREVIOUSLY ALLOCATED BUILDINGS ARE INELIGIBLE FOR THIS TEST.)
4. The Initial Application must evidence property control where the proposed development will be located. Forms of acceptable property control documentation are included in the THOMAS User Manual.
5. The Initial Application must provide a Market Study performed by an independent third party. Market Study Guidelines are included on the THOMAS Documents page.
6. The Initial Application must provide an Appraisal of the land and building performed by an independent third party. Appraisal Guidelines are included on the THOMAS Documents page.
7. 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](#).
8. The Initial Application must 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 kitchen appliances and fixtures must be installed as follows:
 1. New ENERGY STAR rated frost free refrigerator, with ice maker that is a minimum of 14 cubic feet.
 2. All faucets must be EPA “Watersense” rated Electronic programmable temperature control thermostats in all units
- c) All light fixtures in units and common areas must be fitted with ENERGY STAR rated light bulbs, compact fluorescent or LED.
- d) Heating and Cooling:
 1. 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.
 2. For buildings with six stories or more, all PTAC systems must be rated between 9.6 and 12.0 EER.
- e) Electronic programmable temperature control thermostats in all units.
- f) 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.
- g) Replace all windows with double glazed, insulated energy efficient windows in all units.
- h) Attic insulation must meet R-30 minimum value.

B. Minimum Construction Requirements for New Construction Developments

1. Initial Applications that propose new construction must meet the following:
 - a) Compliance with all Threshold Requirements.
 - b) Current zoning and other local land use regulations must permit the development as proposed. 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.
2. All newly constructed single family units, duplexes, triplexes, and townhomes 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.
3. All retention and/or detention ponds must be fenced.
4. Development sign at the entrance(s) to the complex including the Fair Housing Logo.
5. Roofing materials must be anti-fungal with a minimum 25-year warranty.





C. **Minimum Construction Requirements for Rehabilitation of Existing Multifamily Housing**

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 buildings or the 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 this 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 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. Replace all existing damaged exterior wooden stair systems. Damaged wood stair systems must be replaced in their entirety with new steel or concrete stair systems.
11. Replace all exteriors that are 90% or more vinyl having an estimated useful life of 15 years or less, with brick/stone veneer, stucco or fiber cement and/or hardiplank.

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Section 14: Initial Application Scoring

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 **75 points** which will be confirmed during the scoring review process.

A. Project Location and Need: up to 20 points

1. Applications proposing developments located in counties with the greatest rental housing need (County Need Score) [THOMAS documents page](#): up to 20 points
2. For PHA applications proposing RAD ONLY in the PHA Set Aside; if the site is wholly located within a QCT that contributes to a CRP: **10 points**

B. Development Characteristics and Populations Served: up to 15 points

1. Applications proposing developments located in counties with the greatest rental housing

Choose one:

- a) Energy Star: **9 points**

ENERGY STAR rated HVAC systems in all units, 15 SEER minimum; and ENERGY STAR refrigerator with ice maker, 18 cubic foot minimum; and Install overhead light fixture connected to a wall switch in the living room and all overhead light fixtures 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: **7 points**
Developments fully certified as compliant with Enterprise Green Community requirements. Certification documentation will be required prior to issuing the IRS Form 8609.

2. Applications serving households with incomes no higher than forty percent (40%) of the area median income with rents maintained at or below the 40% of area median income maximums (Units occupied by households with Section 8 Housing Choice Vouchers count toward this requirement). **Only applicants with minimum set-aside elections of 40% @ 60% or 20% @ 50% are eligible for these points. PHA applications are ineligible for these points:** **10 points**

<u>Percent of units</u>	<u>Points</u>
At least 5%	4 points
At least 10%	6 points
At least 15%	8 points
At least 20%	10 points





3. Applications providing a residency preference:

5 points

Choose 1:

- a) Residency Preference for Households with Children: (A minimum of 20% of the units in the development, rounded up to the nearest whole unit, must have 3 or more bedrooms.) The development must include a playground with permanent playground equipment of commercial quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment and at least 1 of the following on-site amenities:
1. Appropriately sized, dedicated space with appropriate furniture and fixtures for and agreements with providers of after-school tutoring or homework help programs; or
 2. Provide in the community room or computer room a minimum of 1 computer per 50 total units or part of 50 units updated computer systems, manufactured within the last 12 months, to include new computers, new printers, and a new scanner. The computers must be equipped with high speed Internet service. It is expected that printer cartridges, computer supplies and ongoing maintenance of the computers and systems will be furnished; or
 3. Ball court, separate from all parking areas, incorporating permanent fixtures and a minimum of 1,600 square feet of concrete or paved surface.

OR

- b) Residency Preference for Households with Special Housing Needs
The development must include an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of services relevant to special housing needs residents and at least 1 of the following on-site amenities:
1. Provide in the community room or computer room a minimum of 1 computer per 50 total units or part of 50 units updated computer systems, manufactured within the last 12 months, to include new computers, new printers, and a new scanner. The computers must be equipped with high speed Internet service. It is expected that printer cartridges, computer supplies and ongoing maintenance of the computers and systems will be furnished; or
 2. Exercise facility for appropriate group activity for special housing needs residents (space must be at least 900 square feet, if indoor); or
 3. Gazebo (must be covered and have bench seating; must be permanently affixed and constructed in place; be ADA complaint, accessible and contain a minimum of 100 sq. feet) in an appropriate location accessible to all residents [**This option not available to applicants claiming points under Construction below**]; or
 4. Covered picnic shelter (must have a table and bench seating and must be ADA compliant an accessible) in appropriate location easily accessible to all residents.





C. Construction:

up to 20 points

1. Exterior:

Choose 1:

- a. Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **4 points**
OR
- b. Brick/stone veneer or stucco minimum 50% and remaining exterior fiber cement and/or hardiplank: **3 points**
OR
- c. Brick/stone veneer or stucco minimum 40% and remaining exterior fiber cement and/or hardiplank: **2 points**
2. Roof shingles must be architectural style anti-fungal and warranted for a minimum of 30 years:: **3 points**
3. Hookups for standard size washers/dryers in all units (hookups for stackable washer/dryers to not count): **3 points**
4. Gazebo (must be covered and have bench seating; must be permanently affixed and constructed in place; be ADA complaint, accessible and contain a minimum of 100 sq. feet) or covered picnic shelter (must have a table and bench seating and must be ADA compliant an accessible) in appropriate location. **[This option not available to applicants claiming points under Development Characteristics and Populations Served above]: 3 points**
5. 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**
6. All units pre-wired, with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network: **3 points**
7. 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: **6 points**
8. All units must have a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove: **3 points**
9. A camera video security system with at least 1 camera monitoring all of the following areas: front of buildings, back of buildings, community room, computer room, rental office, all site entrance/exit roadways, and parking areas: **3 points**





- 10. Walking trails, minimum 4 feet wide, paved and continuous. Trail should be a minimum 1250 linear feet. At a minimum, install 1 permanently anchored weather resistant bench with a back at the mid-point of the trail. Sidewalks are not considered walking trails: **3 points**
- 11. Perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not allowed: **3 points**
- 12. Pergola (must have bench seating; must be permanently affixed and constructed in place; be ADA complaint, accessible and contain a minimum of 14ft. x 14ft.) in appropriate location. **3 points**
- 13. Veranda (must have a roof and be attached to the side of a building, partly enclosed by railing) which must be 10 feet wide and the length of the attached side of the building with permanent and sufficient seating for 10% of the units at the development and available for resident use year round. **3 points**

D. Deferral of the Qualified Contract Process or Eventual Tenant Ownership: up to 10 points

- 1. Applications waiving or deferring the ability to participate in the QCP as specified in Section 42(h)(6)(I) can receive points in this section. The Restrictive Covenant Agreement will contain provisions ensuring enforcement of this provision.

<u>Number of Years to Waive or Defer</u>	<u>Points</u>
Waiving the ability to participate in the QCP	10
Deferring participation until 25 years after placing in service	7
Deferring participation until 20 years after placing in service	4

OR

- 2. Applications 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. The owner must provide to THDA a detailed plan at the time of Initial Application, 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 the closing costs to purchase the unit. The plan will be required to be updated and submitted to THDA again for approval in year 13 of the compliance period. The Restrictive Covenant Agreement will contain provisions ensuring enforcement of this provision. **7 points**

E. Public Housing Priority: 5 points

Applicants proposing 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. Initial applications with proposed developments in the counties listed on the Public Housing wait list are eligible for these points.

F. 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](#)

G. Recapitalization Waiver: up to 10 points

Applicants can defer the point at which the development may request a subsequent allocation of Housing Credits. Additional points are based on the number of years from the original allocation year. Applicants claiming these points will be required to submit annual financial statements to THDA after year 15 to ensure the development is providing adequate resources for maintenance and operating expenses during the extended use period.

<u>Percent of</u>	<u>Points</u>
At least 18 years from Original Allocation	1 points
At least 22 years from Original Allocation	4 points
At least 26 years from Original Allocation	7 points
At least 30 years from Original Allocation	10 points

H. Development Team Characteristics: up to 15 points

1. Development Team 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 application **MUST** have been allocated Housing Credits previously in Tennessee. The applicant must identify the most recent Tennessee Housing Credit allocation received. Applications proposing a developer with NO Housing Credit Allocations in Tennessee are ineligible for these points. **PHAs are eligible for five points.**

<u>Year of last Tennessee Housing Credit Allocation</u>	<u>Points</u>
2014-2018	5 points
2013 or before	1 points

AND

2. Development Team Track Record: up to 10 points

To reward proven Tennessee development team experience, individuals associated with the development team will be awarded for their track record. Minor SAEs will be attributed to all individuals associated with the proposed development team. The effective date of the enforcement of minor SAEs against the development team is January 1, 2019.





<u>Cumulative Minor SAEs</u>	<u>Points</u>
70+	0 points
50 to 69	5 points
20 to 49	7 points
0 to 19	10 points

Applications proposing: Rehabilitation of Existing Multifamily Housing 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 **75 points** which will be confirmed during the scoring review process.

I. Project Location and Needs

up to **20 points**

1. An application proposing a development and project site wholly located within a HUD-defined QCT and covered by a CRP: **10 points**
2. An 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 in the proposed development will be confirmed by THDA in their 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, etc: **up to 4 points**

<u>Year Last Building Placed in Service</u>	<u>Points</u>
After to 2003	0
2003 - 1996	1
1995 - 1992	2
1991 - 1989	4
1988 and before	3

3. An application will be eligible for points based on the three year average occupancy rate of the proposed development. This three year average occupancy rate must be determined using both the occupied residential units which were charged rent as of December 1 during each of the previous three years and the number of the total residential units determined at the last placed in service date for all of the buildings in the development period this information must be certified by a CPA who will confirm occupancy and rent information using the development's previous three year December rent rolls and the total number of residential units determined at the last placed in service date for all building in the development. The three year average occupancy rate should be rounded up to the nearest whole percentage point: **up to 3 points**

<u>Three year average occupancy rate</u>	<u>Points</u>
Less than 70%	<u>0</u>
71% to 75%	1
76% to 80%	<u>1.5</u>
81% to 85%	2.5
86% to 90%	<u>3</u>
91% and above	2





4. An application proposing “per door” rehabilitation hard costs in excess of the \$25,000 minimum will be eligible for scoring points: **up to 3 points**

<u>“Per Door” Rehabilitation Amount</u>	<u>Points</u>
\$26,001 to \$30,000	2
\$30,001 to \$35,000	3
\$35,001 to \$40,000	1
\$40,001 and above	0.5

J. Development Characteristics and Populations Served: up to 15 points

4. Applications proposing developments located in counties with the greatest rental housing

Choose one:

- c) Energy Star: **9 points**
 ENERGY STAR rated HVAC systems in all units, 15 SEER minimum; and ENERGY STAR refrigerator with ice maker, 18 cubic foot minimum; and Install overhead light fixture connected to a wall switch in the living room and all overhead light fixtures 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

- d) Enterprise Green Community Certification: **7 points**
 Developments fully certified as compliant with Enterprise Green Community requirements. Certification documentation will be required prior to issuing the IRS Form 8609.

5. Applications serving households with incomes no higher than forty percent (40%) of the area median income with rents maintained at or below the 40% of area median income maximums (Units occupied by households with Section 8 Housing Choice Vouchers count toward this requirement). **Only applicants with minimum set-aside elections of 40% @ 60% or 20% @ 50% are eligible for these points. PHA applications are ineligible for these points:** **10 points**

<u>Percent of units</u>	<u>Points</u>
At least 5%	4 points
At least 10%	6 points
At least 15%	8 points
At least 20%	10 points





6. Applications providing a residency preference: 5 points

Choose 1:

- c) Residency Preference for Households with Children: (A minimum of 20% of the units in the development, rounded up to the nearest whole unit, must have 3 or more bedrooms.) The development must include a playground with permanent playground equipment of commercial quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment and at least 1 of the following on-site amenities:
 - 4. Appropriately sized, dedicated space with appropriate furniture and fixtures for and agreements with providers of after-school tutoring or homework help programs; or
 - 5. Provide in the community room or computer room a minimum of 1 computer per 50 total units or part of 50 units updated computer systems, manufactured within the last 12 months, to include new computers, new printers, and a new scanner. The computers must be equipped with high speed Internet service. It is expected that printer cartridges, computer supplies and ongoing maintenance of the computers and systems will be furnished; or
 - 6. Ball court, separate from all parking areas, incorporating permanent fixtures and a minimum of 1,600 square feet of concrete or paved surface.

OR

- d) Residency Preference for Households with Special Housing Needs
The development must include an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of services relevant to special housing needs residents and at least 1 of the following on-site amenities:
 - 2. Provide in the community room or computer room a minimum of 1 computer per 50 total units or part of 50 units updated computer systems, manufactured within the last 12 months, to include new computers, new printers, and a new scanner. The computers must be equipped with high speed Internet service. It is expected that printer cartridges, computer supplies and ongoing maintenance of the computers and systems will be furnished; or
 - 2. Exercise facility for appropriate group activity for special housing needs residents (space must be at least 900 square feet, if indoor); or
 - 3. Gazebo (must be covered and have bench seating; must be permanently affixed and constructed in place; be ADA complaint, accessible and contain a minimum of 100 sq. feet) in an appropriate location accessible to all residents [**This option not available to applicants claiming points under Construction below**]; or
 - 4. Covered picnic shelter (must have a table and bench seating and must be ADA compliant an accessible) in appropriate location easily accessible to all residents.

K. Construction:

up to 20points

14. Exterior:

Choose 1:

- d. Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **4 points**

40





OR

- e. Brick/stone veneer or stucco minimum 50% and remaining exterior fiber cement and/or hardiplank: **3 points**
OR
- f. Brick/stone veneer or stucco minimum 40% and remaining exterior fiber cement and/or hardiplank: **2 points**
15. Roof shingles must be architectural style anti-fungal and warranted for a minimum of 30 years:: **3 points**
16. Hookups for standard size washers/dryers in all units (hookups for stackable washer/dryers to not count): **3 points**
17. Gazebo (must be covered and have bench seating; must be permanently affixed and constructed in place; be ADA complaint, accessible and contain a minimum of 100 sq. feet) or covered picnic shelter (must have a table and bench seating and must be ADA compliant an accessible) in appropriate location. [**This option not available to applicants claiming points under Development Characteristics and Populations Served above**]: **3 points**
18. 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**
19. All units pre-wired, with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network: **3 points**
20. 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: **6 points**
21. All units must have a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove: **3 points**
22. A camera video security system with at least 1 camera monitoring all of the following areas: front of buildings, back of buildings, community room, computer room, rental office, all site entrance/exit roadways, and parking areas: **3 points**
23. Walking trails, minimum 4 feet wide, paved and continuous. Trail should be a minimum 1250 linear feet. At a minimum, install 1 permanently anchored weather resistant bench with a back at the mid-point of the trail. Sidewalks are not considered walking trails: **3 points**
24. Perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not allowed: **3 points**





- 25. Pergola (must have bench seating; must be permanently affixed and constructed in place; be ADA complaint, accessible and contain a minimum of 14ft. x 14ft.) in appropriate location. **3 points**
- 26. Veranda (must have a roof and be attached to the side of a building, partly enclosed by railing) which must be 10 feet wide and the length of the attached side of the building with permanent and sufficient seating for 10% of the units at the development and available for resident use year round. **3 points**

L. Deferral of the Qualified Contract Process or Eventual Tenant Ownership: up to 10 points

- 2. Applications waiving or deferring the ability to participate in the QCP as specified in Section 42(h)(6)(I) can receive points in this section. The Restrictive Covenant Agreement will contain provisions ensuring enforcement of this provision.

<u>Number of Years to Waive or Defer</u>	<u>Points</u>
Waiving the ability to participate in the QCP	10
Deferring participation until 25 years after placing in service	7
Deferring participation until 20 years after placing in service	4

OR

- 2. Applications 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. The owner must provide to THDA a detailed plan at the time of Initial Application, 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 the closing costs to purchase the unit. The plan will be required to be updated and submitted to THDA again for approval in year 13 of the compliance period. The Restrictive Covenant Agreement will contain provisions ensuring enforcement of this provision. **7 points**

M. Public Housing Priority:

5 points

Applicants proposing 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. Initial applications with proposed developments in the counties listed on the Public Housing wait list are eligible for these points.

N. 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](#)





O. Recapitalization Waiver:

up to 10 points

Applicants can defer the point at which the development may request a subsequent allocation of Housing Credits. Additional points are based on the number of years from the original allocation year. Applicants claiming these points will be required to submit annual financial statements to THDA after year 15 to ensure the development is providing adequate resources for maintenance and operating expenses during the extended use period.

<u>Percent of</u>	<u>Points</u>
At least 18 years from Original Allocation	1 points
At least 22 years from Original Allocation	4 points
At least 26 years from Original Allocation	7 points
At least 30 years from Original Allocation	10 points

P. Development Team Characteristics:

up to 15 points

1. Development Team 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 application **MUST** have been allocated Housing Credits previously in Tennessee. The applicant must identify the most recent Tennessee Housing Credit allocation received. Applications proposing a developer with **NO** Housing Credit Allocations in Tennessee are ineligible for these points. **PHAs are eligible for five points.**

<u>Year of last Tennessee Housing Credit Allocation</u>	<u>Points</u>
2014-2018	5 points
2013 or before	1 points

AND

2. Development Team Track Record:

up to 10 points

To reward proven Tennessee development team experience, individuals associated with the development team will be awarded for their track record. Minor SAEs will be attributed to all individuals associated with the proposed development team. The effective date of the enforcement of minor SAEs against the development team is January 1, 2019.

<u>Cumulative Minor SAEs</u>	<u>Points</u>
70+	0 points
50 to 69	5 points
20 to 49	7 points
0 to 19	10 points





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 their Initial Application 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 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. At no time during the process may applicants submit additional items for the purpose of increasing the scores in a particular scoring category if the THDA assigned score 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.
4. THDA will also notify applicants 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 (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 This notice to applicants from THDA is referred to herein as the “Cure Notice”.
5. **No rankings or scoring summaries with respect to Initial Applications received by THDA will be available until all cure periods have expired and the review process is complete.**

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. The cure provisions of this **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, **in THOMAS** a request for review. This request for review must be submitted in accordance with the Review Notice. The Request for Review Appeal Process will be detailed in 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 TCC of the Board of Directors of THDA will meet in regular or special session in 2019, 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 Review Process regardless of whether the applicant or a representative thereof are present at the Review Meeting.
4. The TCC 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. **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.**
5. 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.
6. 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. The THDA Board of Directors will not consider requests to review decisions of the TCC. All decisions of the TCC 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/Final Ranking Process

Housing Credits will be allocated as stated in Section 3 of this QAP in the following order:

1. Nonprofit Set-Aside -at least 10% of annual allocation of housing credits available
 - a) Highest ranking new construction type development will be allocated.
 - b) Highest ranking existing housing type development will be allocated.
 - c) In the event that the minimum 10% is not met then the next highest ranking new construction type development will be allocated.
 - d) Housing Credits remaining in the Non-Profit Set-Aside after all qualified Non-Profit Initial Applications have received reservations of Housing Credits cannot be reserved to other Initial Applications.
2. Grant Allocation
 - a) The allocation is up to \$1,700,000 annual housing credits
 - b) Highest Ranking qualified application will be allocated.
 - c) Will count against New Construction County Cap, if new construction type of development.
 - d) Will not be considered in any other pools or set asides.
3. Innovation Round Allocation
 - a) If new construction the annual allocation amount will be equal to or less than the development cap by county type (urban, suburban, or rural).
 - b) If existing construction the annual allocation will be equal to or less than \$1,300,000 annual housing credits.
 - c) Applications proposing developments located in QCTs will be permitted.
 - d) Will be determined by the Innovation Selection Committee.
 - e) This allocation is discretionary.
4. PHA Set-Aside- a maximum of 20% of annual allocation of housing credits available
 - a) Highest Ranking qualified application will be allocated.
 - b) Will not be considered in any other pools or set asides.
 - c) Applications proposing RAD will not count against the county cap for New Construction.
 - d) Applications proposing developments located in QCTs will be permitted.
 - e) Applications proposing developments with CRPs in QCTs will be given preference.
 - f) THDA will award as many highest ranking qualified developments up to the amount set aside for qualified PHA developments.
 - g) In the event that a full allocation cannot be made to the next highest ranking allocation then unallocated credits will be utilized by New Construction Allocations.
5. Existing Multifamily Housing Allocations- a maximum of 25% of annual allocation of housing credits available
 - a) Highest Ranking qualified application.
 - b) Will not be considered in any other pools or set-asides.
 - c) Applications proposing developments located in QCTs will be permitted.
 - d) Preference for QCT with a CRP
 - e) Developer and Related Party Caps will apply.
 - f) THDA will award as many highest ranking qualified deal up to the amount set aside for qualified Existing Housing developments.
 - g) In the event that the a full allocation cannot be made to the next highest ranking allocation then unallocated credits will be utilized by New Construction Allocations
6. New Construction Allocations- a minimum of 55% of annual allocation of housing credits available
 - a) Highest Ranking qualified application in each regional pool will be allocated:





1. Upper East
 2. East
 3. Cumberland
 4. Middle
 5. West
- b) County caps is limited to one allocation per county
 - c) Development Caps will apply
 - d) Any unallocated housing credits left over in any of the 5 pools will be utilized in the General Pool for New Construction Allocations.
7. General Pool Unallocated Credits
- a) Only available to New Construction Allocations.
 - b) General Pool is the amount of any unallocated Housing Credits from the set asides and regional pools all above that is yet to be allocated.
 - c) County Caps will apply
 - d) Development Caps will apply
 - e) Developer and Related Party Caps will apply.
 - f) The next highest Ranking New Construction application(s) will be funded.

F. Tie Breaker

In the event of a scoring tie between two or more Initial Applications at the cutoff for receipt of a Reservation Notice:

1. The county within the region that has not had a recent allocation within the last five years will be given priority.
2. Measurement to active Housing Credit developments will be given priority, as determined by market study PMA locations in THDA's sole discretion.
3. The Initial Application requesting the least amount of Housing per low income unit will be given priority.

If the Housing Credits remaining are likely to exceed one percent (1%) of the total Housing Credits available for reservation, any remaining Housing Credits **may** be offered as a partial reservation to the next highest ranking eligible Initial Application proposing new construction, taking into account all applicable priorities, caps, and limits, until the Housing Credits are accepted. Acceptance of a partial reservation according to this provision would not classify a development as an "existing" application in subsequent years, but any limitation on Housing Credits per development in subsequent years would apply to any such partial reservation.

G. Preliminary Ranking Notification to Applicants

All applicants that have been earmarked for an annual allocation of Housing Credits in the applicable funding year will be listed on the Preliminary Ranking List that will be available at www.thda.org. This ranking is not confirmation of a reservation of Housing Credits.

If, following the allocation of Tax Credits to a proposed development, the local jurisdiction in which the proposed development is located takes action that THDA, in its sole discretion, determines to be for the primary purpose of preventing the proposed development from satisfying applicable program requirements, THDA may lower the amount of Tax Credits available to that jurisdiction in future Low-Income Housing Tax Credit 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.





H. Reservation Letter Process

1. Each successful applicant that is listed on the Preliminary Allocation Ranking will receive an initial reservation of Housing Credits (the Reservation Notice).
2. The [THOMAS User Manual](#) will specify details regarding the Reservation Process.
3. In the determination of the initial amount of Housing Credits in the Reservation Notice, THDA will use the costs, incomes an expenses submitted in the Initial Application, as determined reasonable by THDA.
4. The final amount of Housing Credits 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 Credits 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. This means that the Housing Credits 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 Credits 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 credits made available through a Reservation Notice may be voluntarily returned. Any such return means Housing Credits are not available for the development referenced in the Reservation Notice.
3. Any Housing Credits recaptured either by cancellation of a Reservation Notice will be reserved to the fullest extend practical to other qualified Initial Applications for Housing Credits as provided in this QAP.





Section 16: Carryover Allocation Process

A. Qualifying for a Carryover Allocation

A development with a Reservation Notice that will not place in service by December 31 of the applicable allocation year may be eligible for a carryover allocation of Housing Credits (“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 a minimum of ten percent (10%) of the reasonably expected basis in the development by the date specified in the Carryover Allocation Agreement.

B. THOMAS Submission of Additional Information and Documentation

1. A qualified applicant will 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 which will need 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 into THOMAS.
4. To complete the Carryover Allocation requirements, the owner must submit the Cost Certification for the Ten Percent (10%) Test in THOMAS no later than the date specified in the Carryover Allocation Agreement.
5. To complete the Carryover Allocation requirements, the owner must submit a copy of the recorded warranty deed showing ownership by the ownership entity identified in the Initial Application, 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, or a copy of a PILOT agreement showing ownership by the ownership entity identified in the Initial Application in THOMAS by the date specified in the Carryover Allocation Agreement.

C. Low Income Housing Credits Available

The amount of Housing Credits 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.**

D. Status Reports

Any development with a Carryover Allocation may be asked to provide status reports outlining progress toward completion by dates, in form and substance specified by THDA in the Carryover Allocation Application.

E. Recapture of Housing Credits 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 Credits may be recaptured by THDA if the conditions related to each deadline have not been met. Upon cancellation, the Housing Credits referred to in the Carryover Allocation Agreement are not available for the development specified in the Carryover Allocation Agreement.





2. Housing Credits allocated through a Carryover Allocation Agreement may be voluntarily returned by the development Ownership Entity. Upon return, the Housing Credits referred to in the Carryover Allocation Agreement are not available for the development specified in the Carryover Allocation Agreement.
3. Any Low Income Housing Credits recaptured either by cancellation of a Carryover Allocation Agreement or by voluntary return by the ownership entity will be made available as follows:
 - a) Any Housing Credits returned before October 1, 2019, will be reserved to other qualified 2019 Initial Applications for Housing Credits as provided in this QAP;
 - b) Any Housing Credits returned on or after October 1, 2019 will be reserved pursuant to the 2020 competitive allocation cycle.
 - c) Any Housing Credits returned before October 1, 2020, will be reserved to other qualified 2020 Initial Applications for Housing Credits as provided in this QAP;
 - d) Any Housing Credits returned on or after October 1, 2020 will be reserved pursuant to the 2021 competitive allocation cycle.

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Section 17: Construction Review Process

THDA mission is to create safe, sound, and affordable housing for Tennesseans. To achieve this mission, Multifamily Programs staff ensures developments allocated Housing Credits are constructed and/or rehabilitated as outlined in the QAP and ensures the development provides applicable scoring point items represented in the Initial Application.

The Multifamily Programs Division will conduct a preconstruction meeting with the ownership entity, developer, architect, and general contractor when the equity syndication and construction financing has closed. The architectural drawings and specifications, as approved by the syndicator and lender, must be submitted into THOMAS before scheduling the preconstruction meeting. If the development proposes rehabilitation of existing multifamily housing or an adaptive reuse development, the scope of work must also be submitted in THOMAS before scheduling the preconstruction meeting. **Note: THDA does not approve architectural drawings or specifications.**

The purpose of the preconstruction meeting is to outline basic responsibilities and duties of the various parties throughout the construction phase. Before developers with no previous Multifamily Programs experience to construct or rehabilitate, a full preconstruction meeting **must** take place. Developers with previous Multifamily Programs experience may request a limited preconstruction meeting. THDA reserves the right to conduct a full or limited preconstruction meeting. **Note: Preconstruction meeting scheduling should not delay construction progress. THDA prefers to schedule the meeting immediately after the equity syndication and construction financing has closed.**

After the preconstruction meeting has been conducted, quarterly construction reporting and periodic site visits will begin. The following required documents must 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 this information)
- C. Construction Schedule with anticipated benchmarks

During the construction phase, the Multifamily Programs will inspect the work progress and conduct site inspections, ensuring the development complies with all THDA requirements utilizing monthly and quarterly reporting submitted in THOMAS. Developments will be required to submit monthly executed draw documents. Developments will be required to submit quarterly construction progress reports. Developments shall submit updated construction schedule and scope of work, promptly if applicable. Once the development has completed 100% of construction, including all threshold requirements in the QAP and scoring points items from the Initial Application, a final inspection will be conducted. The final inspection will ensure THDA requirements have been met and the development meets the Uniform Physical Condition Standards (UPCS).

Before the final physical inspection is scheduled, the following must be submitted in THOMAS:

- A. Certificate of Substantial Completion issued by the architect,
- B. Certificate of Occupancy for each building (if not required, applicable local official must submit a letter verifying this information), and
- C. Final Draw Report.





Section 18: Final or Placed in Service Process

- A. After all units in a development are placed in service, the Final Application can be submitted through THOMAS. The [THOMAS User Manual](#) contains more information on the Final Application requirements and documents. THDA will make a final allocation of Housing Credits in accordance of Section 42 m and will issue IRS Form(s) 8609 after review of the Final Application and supporting required documents are completed. **The allocation may be less than, but will not be more than, the amount reserved in the Reservation Notice or allocated in the Carryover Allocation Agreement. THDA reserves the right to make downward adjustments in the final amount of Housing Credits based on the information submitted and Section 42 requirements.**
- B. 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.
- C. **To demonstrate compliance, the following shall be required following completion of construction:**
1. Architect's certificate regarding compliance with applicable building codes.
 2. Architect's certification regarding compliance with all federal accessibility requirements including without limitation, ADA and Fair Housing Act requirements.
 3. Architect's certification regarding compliance with UPCS.
 4. Compliance with all state requirements upon completion of completion of work certified by the architect.
 5. Other certifications as required by THDA.





Section 19: Compliance and Stabilization

Compliance monitoring procedures and requirements apply to all buildings placed in service in Tennessee that have received Housing Credits allocated under Section 42 include, but are not limited to, the following:

- A. Owners must certify each year 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, 20/50, or Income Averaging) 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. This includes 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 property 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 applicant 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 Credits 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;
 16. 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.
- B. THDA will review all Owner's Annual Certifications of Compliance for compliance with Section 42, relevant regulations and the applicable QAP. THDA will also conduct yearly on-site inspections of no less than 33% of developments receiving Housing Credits.
1. For the selected developments, THDA will review at least 20% 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% 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.
- C. 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.
- D. 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.
- E. 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.
- F. Owners shall have a seventy-two (72) hour period 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.
- G. 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.





- H. THDA has the right to inspect any low-income development 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 Section 42 requirements. Owner shall promptly deliver copies of household certifications and supporting documentation as may be required by THDA.
- I. 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.
- J. THDA shall be entitled to amend the compliance monitoring provisions of this QAP and its Housing Credit Program as required by applicable federal statutes or regulations or from time-to-time. 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.
- K. Any development receiving an allocation of Housing Credits 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](#).
- L. Owners and managers shall attend THDA provided training as follows:
 - 1. Owners and the management entity shall attend owner's compliance training sessions provided by THDA within the 12 months prior to the issuance of the IRS Form 8609, the final allocating document. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the owner may meet this requirement.
 - 2. 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.
- M. 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.
- N. Owners shall submit Owner's Annual Certification of Compliance and required household data via THDA's online system.
- O. 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.





- P. 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 Multifamily Programs staff after closing to attend owner's compliance training. **These requirements do not apply when a development is sold following the completion of the qualified contract process when THDA has not identified a purchaser.**
- Q. 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.
- R. 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.

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Section 20: Developments to be financed with Tax-Exempt Bonds

This section will be completed when the Multifamily Tax-Exempt Bond Authority Program Description is drafted for approval.

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Section 21: Miscellaneous Provisions

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Section 22: Adoption and Approval by the Governor

As provided in Executive Order No. ##, dated DATE (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 Tax 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

Date

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