Tennessee Housing Development Agency

404 James Robertson Parkway, Suite 1200
Nashville, Tennessee 37243-0900
615/815-2200

Ted R. Fellman
Executive Director

Writer's Phone Number:
615-815-2200
Writer's Fax Number:
615-564-2700

M E M O R A N D U M

TO: All Interested Parties

FROM: Multifamily Development Division

SUBJECT: Developer Forum for 2013 Programs

DATE: June 7, 2012

The following materials were prepared for the May 21, 2012 meeting of the Tax Credit Committee of the THDA Board of Directors concerning the 2013 Low-Income Housing Tax Credit Qualified Allocation Plan (the "2013 QAP").

These materials are provided for your reference with regard to the Developer Forum to be held on June 13, 2012.

Please note that changes discussed in these materials may be accepted, rejected, or modified in any respect. Changes or modifications not currently reflected in these materials may also be made. By posting these materials, no representations are being made about any item that may be included, excluded, or modified in the preparation and approval of the final 2013 QAP.

For more information on the Developer Forum, see the THDA web site at:
http://tn-tennesseehda.civicplus.com/archives/36/2012%20DEVELOPER%20FORUMS.pdf)

If you have questions, please contact:

Ed Yandell, Director of Multifamily Development
615/815-2142 or eyandell@thda.org

Or

Judith Smith, Assistant Director of Multifamily Development
615/815-2143 or jsmith@thda.org

THDA is an equal opportunity, equal access, affirmative action employer.
Telecommunication Device for the Deaf (615) 532-2894

Tennessee Housing Development Agency

404 James Robertson Parkway, Suite 1200
Nashville, Tennessee 37243-0900
615/815-2200

Ted R. Fellman
Executive Director

Writer's Phone Number:
615-815-2142
Writer's Fax Number:
615-564-2700
Writer's E-mail Address:
eyandell@thda.org

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Director of Multifamily Development

Judith Smith
Assistant Director of Multifamily Development

SUBJECT: Materials for May 21, 2012 Tax Credit Committee Meeting

DATE: May 11, 2012

As you know, we are undertaking the process of making substantial improvements and revisions to the Low-Income Housing Tax Credit Qualified Allocation Plan for 2013 (the "2013 QAP"). The 2013 QAP is the document that will reflect the eligibility requirements, scoring criteria, and overall process for the 2013 competitive tax credit round. As the tax credit program is highly competitive, the contents of the QAP are extremely important in the ongoing administration of the program.

The following materials are included with this memo to facilitate discussions on May 21:

1) Update/proposal regarding each of the following strategic areas:
    a. Stratification of scoring system
    b. Prior performance of development team
    c. Energy efficient design
    d. Income targeting
    e. Community characteristics/need
    f. Cure process
    g. Supportive services
    h. Preservation Set-Aside

We wish to gratefully acknowledge the assistance of Michael Blade, Assistant General Counsel for Multifamily Development, Donna Duarte, Senior Liaison for Multifamily Programs, and Mick Nelson, Policy Analyst, in the preparation of these materials.

Please let us know if you have questions.

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program
2013 Qualified Allocation Plan
Areas of Strategic Focus
May 21, 2012

STRATIFICATION OF SCORING SYSTEM

The process of choosing developments to receive an allocation of Tax Credit is extremely competitive. In a typical year, the ratio of demand to supply is 2.25:1.

For the 2013 QAP, staff's intent is to restructure the scoring system such that a large number of scoring ties will be much less likely. These modifications to the scoring system will also focus more closely on the types of developments we wish to encourage.

In addition, the current QAP incorporates a tie-breaker based on the lowest tax credit requested per square foot of heated, low-income, residential floor space (including common areas). In the past, the tiebreaker has played an important role in determining which applications receive a reservation of tax credits. Re-structuring the scoring system may result in fewer ties, but some consideration still will need to be given to an appropriate tie breaker.

Additional Information:

1) Please see attached comparison of 2009-2012 scoring and draft of criteria for 2013 scoring.
2) Current QAP requirements regarding Fair Housing Act compliance include "visitability" criteria for multifamily dwellings. These features make the units more accessible to visitors with disabilities.
    a. Language will be added to the 2013 QAP to address visitability for newly constructed single family units, duplexes, triplexes, and townhomes since these types of units are currently exempt.
    b. Single family units, duplexes, triplexes, and townhomes undergoing rehabilitation will be exempt.
3) Staff is researching how other states incorporate one or more tiebreakers into their QAP.

COMPARISON OF TAX CREDIT SCORING: 2009 THROUGH 2012

MAY BE CHOSEN COLLECTIVELY
NEW CRITERION

CONTENT OF SECTION	SCORING 2009 MAX SCORE	SCORING 2009 ITEM SCORE	SCORING 2009 % OF MAX	SCORING 2010 MAX SCORE	SCORING 2010 ITEM SCORE	SCORING 2010 % OF MAX	SCORING 2011 MAX SCORE	SCORING 2011 ITEM SCORE	SCORING 2011 % OF MAX	SCORING 2012 MAX SCORE	SCORING 2012 ITEM SCORE	SCORING 2012 % OF MAX
DEVELOPMENT LOCATION AND HOUSING NEEDS	55		20.3%	55		20.3%	27		14.9%	27		14.9%
HOUSING NEEDS IN COUNTY	50		18.5%	50		18.5%	0		0.0%	0		0.0%
MARKET STUDY	0		0.0%	0		0.0%	22		12.2%	22		12.2%
PROXIMITY TO AMMENITIES	0		0.0%	0		0.0%	10		5.5%	10		5.5%
FULL SERVICE GROCERY		0	0.0%		0	0.0%		1	0.6%		1	0.6%
FULL SERVICE RESTAURANT OR RETAIL CENTER		0	0.0%		0	0.0%		1	0.6%		1	0.6%
PUBLIC TRANSPORTATION		0	0.0%		0	0.0%		1	0.6%		1	0.6%
FULL SERVICE BANK OR CREDIT UNION		0	0.0%		0	0.0%		1	0.6%		1	0.6%
PUBLIC OR PRIVATE NON-PROFIT EDUCATIONAL INSTITUTION		0	0.0%		0	0.0%		1	0.6%		1	0.6%
DOCTOR'S OFFICE		0	0.0%		0	0.0%		1	0.6%		1	0.6%
PUBLIC RECREATION OR COMMUNITY CENTER		0	0.0%		0	0.0%		1	0.6%		1	0.6%
LIBRARY		0	0.0%		0	0.0%		1	0.6%		1	0.6%
PUBLIC PARK		0	0.0%		0	0.0%		1	0.6%		1	0.6%
POLICE OR SHERIFF STATION		0	0.0%		0	0.0%		1	0.6%		1	0.6%
FIRE STATION		0	0.0%		0	0.0%		1	0.6%		1	0.6%
CONVENIENCE STORE/GAS STATION		0	0.0%		0	0.0%		1	0.6%		1	0.6%
OVERALL AFFORDABLE HOUSING OCCUPANCY	0		0.0%	0		0.0%	7		3.9%	7		3.9%
94%		0	0.0%		0	0.0%		1	0.6%		1	0.6%
95%		0	0.0%		0	0.0%		2	1.1%		2	1.1%
96%		0	0.0%		0	0.0%		3	1.7%		3	1.7%
97%		0	0.0%		0	0.0%		4	2.2%		4	2.2%
98%		0	0.0%		0	0.0%		5	2.8%		5	2.8%
99%		0	0.0%		0	0.0%		6	3.3%		6	3.3%
100%		0	0.0%		0	0.0%		7	3.9%		7	3.9%
MINIMUM 93% OCCPANCY BY 12 MONTHS FROM COMPLETION	0		0.0%	0		0.0%	5		2.8%	5		2.8%
IN IDENTIFIED AREA OF AFFORDABLE HOUSING NEED	5		1.8%	5		1.8%	5		2.8%	5		2.8%
NON-QCT COVERED BY CRP		5	1.8%		5	1.8%		5	2.8%		5	2.8%
QCT COVERED BY CRP		1	0.4%		1	0.4%		1	0.6%		1	0.6%
DEVELOPMENT CHARACTERISTICS	45		16.6%	45		16.6%	45		24.9%	45		24.9%
NEW CONSTRUCTION	40		14.8%	40		14.8%	40		22.1%	40		22.1%
ZONING ALREADY IN PLACE		5	1.8%		5	1.8%		5	2.8%		5	2.8%
ENERGY EFFICIENT DESIGN/CONSTRUCTION		10	3.7%		10	3.7%		10	5.5%		10	5.5%
15-YEAR MAINTENANCE FREE EXTERIOR		10	3.7%		10	3.7%		10	5.5%		10	5.5%
65% BRICK/STONE/CEMENT FIBER EXTERIOR		15	5.5%		15	5.5%		15	8.3%		15	8.3%
REHABILITATION	37			37			47		26.0%	47		26.0%
SYSTEM REPLACEMENT	35		12.9%	35		12.9%	40		22.1%	40		22.1%
1 SYSTEM		10	3.7%		10	3.7%		0	0.0%		0	0.0%
2 SYSTEMS		25	9.2%		25	9.2%		0	0.0%		0	0.0%
3+ SYSTEMS		35	12.9%		35	12.9%		0	0.0%		0	0.0%
HARD COST AS % OF TDC	35			35			0		0.0%	0		0.0%
30% TO 40%		15	5.5%		15	5.5%		0	0.0%		0	0.0%
41% TO 50%		25	9.2%		25	9.2%		0	0.0%		0	0.0%
> 50%		35	12.9%		35	12.9%		0	0.0%		0	0.0%
EXISTING HOUSING AS PART OF A CRP	1		0.4%	1		0.4%	1		0.6%	1		0.6%
HISTORIC NATURE	1		0.4%	1		0.4%	1		0.6%	1		0.6%
ENERGY STAR ITEMS	5		1.8%	5		1.8%	5		2.8%	5		2.8%
DISHWASHER		1	0.4%		1	0.4%		1	0.6%		1	0.6%
DOORS		1	0.4%		1	0.4%		1	0.6%		1	0.6%
HVAC		1	0.4%		1	0.4%		1	0.6%		1	0.6%
REFRIGERATORS		1	0.4%		1	0.4%		1	0.6%		1	0.6%
WINDOWS		1	0.4%		1	0.4%		1	0.6%		1	0.6%
SPONSOR CHARACTERISTICS	70		25.8%	70		25.8%	47		26.0%	47		26.0%
EXPERIENCE WITH TAX CREDITS	50		18.5%	50		18.5%	44		24.3%	44		24.3%
NO FAILURE TO PROGRESS FROM RESERVATION TO CARYOVER		10	3.7%		10	3.7%		4	2.2%		4	2.2%
NO FAILURE TO PROGRESS FROM CARYOVER TO FINAL		15	5.5%		15	5.5%		13	7.2%		13	7.2%
NO FAILURE TO MET MINIMUM LOW-INCOME SET-ASIDE		25	9.2%		25	9.2%		23	12.7%		23	12.7%
HOPE VI FUNDS AS % OF TOTAL FINANCING	20		7.4%	20		7.4%	3		1.7%	3		1.7%
5% TO 9%		5	1.8%		5	1.8%		1	0.6%		1	0.6%
10% TO 19%		10	3.7%		10	3.7%		2	1.1%		2	1.1%
20% AND ABOVE		20	7.4%		20	7.4%		3	1.7%		3	1.7%
SPECIAL HOUSING NEEDS	15		5.5%	15		5.5%	0		0.0%	0		0.0%
DESIGNED FOR LARGE FAMILIES	5		1.8%	5		1.8%	0		0.0%	0		0.0%
8% to 10%		3	1.1%		3	1.1%		0	0.0%		0	0.0%
ABOVE 10%		5	1.8%		5	1.8%		0	0.0%		0	0.0%
DESIGNED FOR SRO (AT LEAST 50%)	5		1.8%	5		1.8%	0		0.0%	0		0.0%
DESIGNED, BUILT, AND OCCUPIED BY ELDERLY	5		1.8%	5		1.8%	0		0.0%	0		0.0%
GREATER OF 1 UNIT OR 5% OF UNITS ACCESSABLE TO DISABLED	10		3.7%	10		3.7%	0		0.0%	0		0.0%
LOWEST INCOME PREFERENCE	40		14.8%	40		14.8%	27		14.9%	27		14.9%
EXTENDED USE PREFERENCE/EVENTUAL TENANT OWNERSHIP	20		7.4%	20		7.4%	13		7.2%	13		7.2%
EXTENDED USE	20		7.4%	20		7.4%	13		7.2%	13		7.2%
AT LEAST 3 YEARS		10	3.7%		10	3.7%		3	1.7%		3	1.7%
AT LEAST 4 YEARS		15	5.5%		15	5.5%		8	4.4%		8	4.4%
AT LEAST 5 YEARS		20	7.4%		20	7.4%		13	7.2%		13	7.2%
EVENTUAL TENENT OWNERSHIP	5		1.8%	5		1.8%	2		1.1%	2		1.1%
PUBLIC HOUSING PRIOROTY	10		3.7%	10		3.7%	10		5.5%	10		5.5%
AFFIRMATIVELY FURTHERING FAIR HOUSING	0		0.0%	3		1.1%	3		1.7%	3		1.7%
TENNESSEE GROWTH POLICY ACT	14		5.2%	13		4.8%	9		5.0%	9		5.0%

	2009	2010	2011	2012
MAXIMUM SCORE POSSIBLE	269	271	181	181
MINIMUM SCORE REQUIRED	117	119	80	80
MINIMUM AS PERCENT OF MAXIMUM	43.5%	43.9%	44.2%	44.2%

TAX CREDIT SCORING: PROPOSED 2013 CRITERIA

MAY BE CHOSEN COLLECTIVELY
NEW CRITERION

SCORING 2013
[DRAFT]

CONTENT OF SECTION	MAX SCORE	ITEM SCORE
DEVELOPMENT LOCATION AND HOUSING NEEDS	X	
HOUSING NEEDS IN COUNTY	0	
MARKET STUDY	0	
PROXIMITY TO ESSENTIAL SERVICES	X	
FULL SERVICE GROCERY		X
FULL SERVICE RESTAURANT OR RETAIL CENTER		X
PUBLIC TRANSPORTATION		X
FULL SERVICE BANK OR CREDIT UNION		X
DOCTOR'S OFFICE, DENTIST'S OFFICE, OR CLINIC		X
PUBLIC RECREATION OR COMMUNITY CENTER		X
LIBRARY		X
PUBLIC PARK		X
U.S. POST OFFICE		X
POLICE OR SHERIFF STATION		X
FIRE STATION		X
CONVENIENCE STORE WITH GAS STATION		X
CHURCH OR PLACE OF WORSHIP		X
PHARMACY OR DRUG STORE		X
STAND ALONE SHOPPING STORE		X
PUBLIC SCHOOL		X
OVERALL AFFORDABLE HOUSING OCCUPANCY	0	
94%		0
95%		0
96%		0
97%		0
98%		0
99%		0
100%		0
MINIMUM 93% OCCPANCY BY 12 MONTHS FROM COMPLETION	0	
IN IDENTIFIED AREA OF AFFORDABLE HOUSING NEED	X	
NON-QCT COVERED BY CRP	X	
QCT COVERED BY CRP	X	
DEVELOPMENT CHARACTERISTICS	X	
NEW CONSTRUCTION	X	
ZONING ALREADY IN PLACE		X
ENERGY EFFICIENT DESIGN/CONSTRUCTION		X
15-YEAR MAINTENANCE FREE EXTERIOR		X
65% BRICK/STONE/CEMENT FIBER EXTERIOR		X
REHABILITATION	X	
MAJOR REHABILITATION		X
MODERATE REHABILITATION		X
LIMITED REHABILITATION		X
EXISTING HOUSING AS PART OF A CRP		X
HISTORIC NATURE	X	
ENERGY EFFICIENCY	X	
ELECTRICAL		X
WATER CONSERVATION		X
HVAC		X
APPLIANCES		X
BUILDING CONSTRUCTION		X
SPONSOR CHARACTERISTICS	X	
EXPERIENCE WITH TAX CREDITS	X	
NO FAILURE TO PROGRESS FROM RESERVATION TO CARYOVER		X
NO FAILURE TO PROGRESS FROM CARYOVER TO FINAL		X
NO FAILURE TO MET MINIMUM LOW-INCOME SET-ASIDE		X
ACCURACY AND COMPLETENESS OF INITIAL APPLICATION	X	
INITIAL APPLICATION COMPLETE - NO ISSUES		X
INITIAL APPLICATION COMPLETE - ISSUES RESOLVED *PRIOR TO* CURE PERIOD		X
INITIAL APPLICATION COMPLETE - ISSUES RESOLVED *DURING* CURE PERIOD		X
HOPE VI FUNDS AS % OF TOTAL FINANCING	X	
5% TO 9%		X
10% TO 19%		X
20% AND ABOVE		X
SPECIAL HOUSING NEEDS	X	
DESIGNED FOR LARGE FAMILIES	0	
8% to 10%		0
ABOVE 10%		0
DESIGNED FOR SRO (AT LEAST 50%)	X	
DESIGNED, BUILT, AND OCCUPIED BY ELDERLY	X	
GREATER OF 1 UNIT OR 5% OF UNITS ACCESSABLE TO DISABLED	X	
AFFIRMATIVELY MARKETING TO HOUSEHOLDS WITH CHILDREN	X	
LOWEST INCOME PREFERENCE [OPTION A]	X	
≥10% OF UNITS AT 50% INCOMES AND RENTS		X
≥15% OF UNITS AT 50% INCOMES AND RENTS		X
≥20% OF UNITS AT 50% INCOMES AND RENTS		X
LOWEST INCOME PREFERENCE [OPTION B]	X	
≥10% OF UNITS AT 50% INCOMES AND RENTS		X
EXTENDED USE PREFERENCE/EVENTUAL TENANT OWNERSHIP	X	
EXTENDED USE	X	
AT LEAST 3 YEARS		X
AT LEAST 4 YEARS		X
AT LEAST 5 YEARS		X
EVENTUAL TENENT OWNERSHIP	X	
PUBLIC HOUSING PRIOROTY	X	
AFFIRMATIVELY FURTHERING FAIR HOUSING	X	
TENNESSEE GROWTH POLICY ACT	X	

MAXIMUM SCORE POSSIBLE	X
MINIMUM SCORE REQUIRED	X
MINIMUM AS PERCENT OF MAXIMUM	X

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program

2013 Qualified Allocation Plan

Areas of Strategic Focus

May 21, 2012

PRIOR PERFORMANCE OF DEVELOPMENT TEAM / CERTIFICATION OF PROPERTY MANAGER

The development team, and, later in the development process, the property management company, are essential to the long-term success of the development as affordable, compliant, rental housing.

The current QAP offers "Sponsor Characteristics" points to developers/owners that satisfy 3 criteria with respect to their Tax Credit developments in Tennessee: (a) have not accepted a Reservation Notice then failed to qualify for a Carryover Allocation Agreement [8 points (4.419%) of 181 available overall)]; (b) have not qualified for a Carryover Allocation Agreement then failed to qualify for IRS Form(s) 8609 [13 points (7.182%) of 181 available overall)]; and (c) have not failed to satisfy the minimum set-aside for low-income tenants [23 points (12.707%) of 181 available overall)].

The "look-back period" for these criteria is 1 year, meaning that events more than 1 year in the past will not have a negative impact on the current application's score. The current QAP is silent with regard to the property management company.

For the 2013 QAP, we propose to broaden the scope of our review of the prior performance of the developer/owner.

Additional information:

1) Institute a debarment period of 5 years (instead of 10 years as originally suggested).
2) Include a review of whether individuals involved in the developer/owner entity of the current application are currently debarred by THDA due to being involved in another development that experienced any of the events on the attached list.
3) Events as described above would result in the individuals involved in the developer/owner entity of the current application being prohibited from participating in the program for a period of 5 years beginning with the year in which the event occurs.
4) Penalties would <u>not</u> be retroactive.
5) Create a process by which individuals facing debarment may request a review of the circumstances by an ad hoc committee consisting of 1 THDA Board member and the Executive Director of THDA.
6) Please see attached draft property management company certification materials.

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program

May 21, 2012

PRIOR PERFORMANCE OF DEVELOPMENT TEAM

Proposed events that would result in 5-year debarment:

1) General Partner/Managing Member/Sole Stockholder entity that has been removed from the ownership entity of a previous development due to poor performance/malfeasance. Staff will communicate with other parties involved in the development (e.g. lender and syndicator) to determine the circumstances surrounding the removal.
2) Uncured event of default under the Section 1602 or Tax Credit Assistance Program.
3) Fair Housing Act violations involving a finding of discrimination by an adverse final decision from a federal court or a judgment enforcing the terms of a consent decree.
4) Foreclosure involving loss of units to the affordable housing stock or failure to notify THDA of foreclosure (including a deed in lieu of foreclosure transaction).
5) Claiming Tax Credits by submitting falsified IRS Form(s) 8609 to the IRS.
6) Misrepresentation of eligibility items.
7) Failure to fulfill commitments made in the Initial Application for points.

Tennessee Housing Development Agency
Leading Tennessee Home
...for 35 years!

Ted R. Fellman, Executive Director
Tennessee Housing Development Agency
404 James Robertson Parkway, Suite 1200
Nashville, Tennessee 37243-0900
www.thda.org

DRAFT

Certified Property Management Company/Agent Program

History:
In March 2012, THDA introduced a process for evaluating the ongoing compliance performance of owners and management agents to the Tax Credit Committee to be implemented in the 2013 QAP.
The goal of this process is to require that all developments receiving an allocation of tax credit through THDA must be managed by a THDA-certified management company. . This process focuses on the operation of housing credit properties as they are reviewed during the Program Compliance inspection process.

Goal:
It has been documented by Program Compliance that a property that is operated in a poor manner can have a negative impact on our mission to lead Tennessee home by creating safe, sound, affordable housing opportunities. In our continuing effort to meet our mission, we will focus on the quality of management operations to ensure the most proficient and competent professional management companies/agents in the industry manage properties in the THDA portfolio.

Description:
To work towards our goal, we are introducing the THDA Certified Property Management Company/Agent Program. The process for becoming a THDA Certified Property Management Company/Agent will be initiated by an interested management company. This will include the completion of an application that will address a number of items relative to the management agent, its principals, the company's operations, the qualifications of its management staff, and agent's performance in managing multifamily properties. THDA staff will review the application and make recommendations for approval, or disapproval, to the Director of Program Compliance.

Once a management company/agent is approved as a THDA Certified Property Management Company/Agent, this designation will be valid for a three-year period. In order to be considered for another three-year certification, an updated certification application will need to be submitted to THDA for approval. This will allow the agent to submit any new information that may be relevant and give THDA the opportunity to review any changes, as well as evaluate the agent's performance over the past three years. During the three-year period, should any issues arise that could adversely impact the agent's ability to be re-certified, THDA will document these issues and notify the agent that failure to address these issues in a manner acceptable to THDA could jeopardize their ability to be re-certified.

Although this program is being introduced for the 2013 QAP, this will become a requirement for all current management companies/agents conducting business in the State of Tennessee with THDA. All properties in the LIHC portfolio must have a Certified Property Management Company/Agent.

Reasons for rejection:

Below are examples of reasons a management company/agent may be rejected:

- Management Company/Agent is not registered in the State of TN to do business
- Management Company/Agent has not attended THDA Compliance Training within the last 2 years
- Pattern of 8823s
- Has been removed from a property for misappropriation of funds within the last 5 years
- Has had, or has been removed from a property for Fair Housing violations, excluding initial construction of the property within the last 5 years

Please note that the list above is not all inclusive. THDA reserves the right to reject an application based on facts and circumstances for that specific management company/agent.

Documentation:

Once a management company/agent has been approved by THDA staff, the agent will receive a certificate from Program Compliance indicating the agent's name, the date the certificate was issued, and the expiration date. **It will be the agent's responsibility to ensure that the certification is updated and renewed in 3 years**.

THDA will post a list of the approved management companies/agents date of approval and the expiration date on the THDA website.

DRAFT

Ted R. Fellman, Executive Director
Tennessee Housing Development Agency
404 James Robertson Parkway, Suite 1200
Nashville, Tennessee 37243-0900
www.thda.org

DRAFT

Certified Property Management Company/Agent Application

Name of Management Company/Agent:
President or General Partner: ______________________
Chief Financial Officer: ______________________
Chief Operating Officer: ______________________
All other Officers, Directors, or Partners: ______________________

Street Address: ______________________
City: ______________________
State: ______________________
Zip: ______________________
Telephone Number: ______________________
Fax Number: ______________________
Website/Email contact: ______________________

1. Indicate the organizational structure of the management Company/Agent:

   ☐ Limited Liability Company ☐ Limited Partnership

   ☐ Sole Partnership ☐ General Partnership

   ☐ Corporation

2. Is the organization domiciled in Tennessee and in good standing: ☐ Yes ☐ No
   If YES, provide a copy of registered certificate.

   If NO, is the organization domiciled in another state in good standing and authorized to do business in Tennessee: ☐ Yes ☐ No
   If YES, provide a copy of registered certificate.

3. List all Property Management firms that the above officers/principals, owners have and/or have had an ownership interest or management role in during the past 5 years.

   ____

4. Is an officer or a principal in the firm a licensed Real Estate Broker in the State of Tennessee?

   ☐ Yes ☐ No

   If YES, list names, brokers' licenses, and expiration dates:
   ____

   If NO, please explain:
   ____

5. Does the Property Management firm have fidelity coverage? ☐ Yes ☐ No
   If YES, provide evidence of fidelity coverage and the amount of coverage:
   ____

6. List all industry related professional organizations of which the Management company/agent is a member:

   Please list other:____
   Please list all activities attended in the last twelve months:
   ____

7. Does the Management company/agent provide annual compliance training for its regional and site staff?
   ☐ Yes ☐ No

   This should include documented training from a third party firm or THDA. Please provide the type of training, dates, and individuals who attended:

Type:	Individuals that attended:	Dates:

8. If the Management company/agent currently manages Federal Low Income Housing Credit communities in Tennessee or elsewhere: ☐ N/A
   a. Have there been any uncorrected 8823s that have not been resolved? ☐ Yes ☐ No

   b. Have there been any patterns of corrected 8823s? ☐ Yes ☐ No

   If YES to either of these, please explain. **(THDA staff will verify)**
   ____

9. Is the Management company/agent currently, or has it been within the past 5 years, involved in litigation with the exception of routine resident occupancy matters, such as rent collection?

   ☐ Yes ☐ No

   If YES, please describe:____

10. Fair Housing: Has the Management company/agent or any of its present personnel ever been involved in a governmental or judicial action concerning a violation of "Fair Housing" laws?

    ☐ Yes ☐ No

    If YES, please provide details:____

11. Does the Management company/agent maintain a Policy and Procedures Manual covering all aspects of the management of the properties in compliance with Internal Revenue Code §1.42-5?

    ☐ Yes ☐ No

    THDA reserves the right to review this during the course of periodic visits to the properties or Management Agent's Office.

12. Please furnish THDA with:
    a. **An organizational chart of the Management company/agent showing all officers and key management personnel.**
    b. **A brief resume of all key management personnel to include years of experience, educational background, and any currently active professional designations such as the HCCP, SHCM, and CPM designations.**
    c. **The number of years that the Management company/agent has been active in the management of multifamily apartment communities and a list of all multifamily communities currently managed by the Management Company/Agent to include location, number of units, and type of property (e.g. conventional, assisted, tax credits). Please place an * next to all properties that received funding under the ARRA legislation (TCAP and 1602).**

I CERTIFY THAT THE INFORMATION CONTAINED HERIN IS ACCURATE AND COMPLETE:

____

Signature (Officer/Principal) Title Date

DRAFT

TENNESSEE HOUSING DEVELOPMENT AGENCY
Low-Income Housing Tax Credit Program
2013 Qualified Allocation Plan
Areas of Strategic Focus
May 21, 2012

ENERGY EFFICIENCY

The current QAP addresses energy efficiency by awarding applicants a maximum of 5 points for utilizing ENERGY STAR or equivalent appliances and building materials. Appliances identified include dishwashers, refrigerators, and HVAC units. Building materials are limited to exterior doors and windows. All units are required to be compliant with the appliances and materials. Incentivizing energy efficiency in this manner does not maximize energy efficiency since the construction/appliance items addressed in the QAP would be difficult if not impossible to avoid currently.

THDA has been considering the development of a two-tiered approach to rewarding energy efficiencies in housing credit design and rehabilitation with the desired outcome to utilize both in the 2013 QAP.

The first approach, which is currently included in our QAP, continues to reward points to development characteristics that include at a minimum meeting the standards of the 2009 International Building Code and utilizing ENERGY STAR or equivalent complaint items in all units.

THDA has reviewed information from other building resources and is proposing for consideration the following cost effective energy efficiencies including rewarding with additional points based on the level of usage. The maximum points would be determined by the developer's ability to incorporate items from the list below however, a maximum number of points would be determined.

<u>Electrical - Light Retrofits:</u>
1. All light fixtures in units and common areas to be initially fitted with Energy Star rated light bulbs, compact fluorescent or LED.
2. If ceiling fans are provided, the fan must be an Energy Star rated ceiling fan with light fixture and must connect to wall switches.

<u>Water Conservation – Plumbing:</u>
1. Use of at least of one (1) high efficiency toilet or dual flush per unit.
2. All faucets, shower heads, and toilets must be EPA "Watersense" rated.

<u>HVAC Upgrades:</u>
1. HVAC systems, including the air handler and line sets, must be rated at 14 SEER and properly sized for the units.
2. Energy Star rated unit temperature control thermostats.

<u>Energy Efficient Appliances:</u>
1. Energy Star rated Frost free Refrigerator/Freezer in all units.
2. Energy Star rated Dishwashers in all units.
3. All other appliances provided in the unit including in unit washers and dryers; must be Energy Star rated.

<u>Building Construction:</u>
1. Use of low or zero V.O.C. (Volatile Organic Compounds) interior paints.
2. Use of double glazed, insulated energy efficient windows.
3. Attic insulation must meet R-30 minimum value.
4. Doors can be metal-clad wood, fiberglass or hollow metal construction but must have a minimum R-11 rating.

The second approach for consideration was the implementation of the utility allowance methodologies allowed under Section 1-42.10 as revised in 2008. THDA continues to research the cost and appropriateness of developing an energy consumption model that can be used by engineers in conjunction with new construction applications to determine property specific utility allowances taking into account specific construction materials and methodologies, unit configurations, and equipment choices. For properties that have previously been in service for more than 12 months, THDA's Research and Planning Division is testing a model that will use building consumption data to produce a utility estimate. This testing will take a little more than a year to complete, which will not allow it to be included in the 2013 QAP. At this time, THDA would request continued consideration of these approaches for implementation in future QAPs.

THDA requests your agreement with this proposal to reward energy efficiency in the 2013 QAP.

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program
2013 Qualified Allocation Plan
Areas of Strategic Focus
May 21, 2012

INCOME TARGETING

In order to be eligible for Tax Credit, a development must make an irrevocable federal election to either (a) have at least 20% of the units income and rent restricted for households earning no more than 50% of area median income (the "20/50 test"), or (b) have at least 40% of the units income and rent restricted for households earning no more than 60% of area median income (the "40/60 test). Section 42 requires that developments choosing the 20/50 test must have all income and rent restricted (i.e. non-market rate) units in the development set aside for households earning no more than 50% of area median income.

Section 42(m)(1)(B)(ii)(I) requires that a QAP must include a preference for developments serving the lowest income tenants. The current QAP offers "all or nothing" points for developments that elect the 40/60 test and also commit to have at least 10% of the units set aside for households earning no more than 50% of area median income. This criterion carries 27 (14.917%) out of a maximum 181 points available overall.

The staff proposal for the 2013 QAP is as follows:

1) OPTION "A"
   A three-tiered criterion as follows:
   - Maximum points for developments with at least 20% of the units at incomes and rents based on 50% AMI
   - Intermediate points for developments with at least 15% of the units at incomes and rents based on 50% AMI
   - Lowest points for developments with at least 10% of the units at incomes and rents based on 50% AMI
2) OPTION "B"
   A two-tiered criterion as follows:
   - Points for developments with at least 10% of the units at incomes and rents based on 50% AMI
   - Additional Tax Credit [see attached example] for developments with more than 10% of the units at incomes and rents based on 50% AMI
3) The points could only be claimed if staff verifies, based on the information in the Initial Application, that the proposed development can maintain a debt service coverage ratio of at least 1.10 throughout the first 15 years.
4) Add clarifying language that units occupied by income-qualified households with Section 8 Housing Choice Vouchers <u>will</u> <u>be</u> <u>allowed</u> to count toward the requirements of the criterion.
5) Add clarifying language that the number of units needed to claim the points will be rounded up to the next whole number (e.g. 20% of 77 units is 15.4 units which would be rounded up to 16 units).

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program

2013 Qualified Allocation Plan

Areas of Strategic Focus

May 21, 2012

MARKET STUDY PROCESS/POLICY

A clear and concise market study is critical to the development and long-term success of low-income rental housing.

The current QAP has a well-developed market study process however, experience during the 2011 allocation round indicated that modifications were needed to clarify THDA expectations. During 2011, points were awarded to applicants with amenities located within a particular distance of the proposed property. Additionally, points were awarded to applicants that could ensure market absorption within a 12 months period. Assigning points in this manner negatively impacted the scoring and cure process.

For the 2013 QAP, we are proposing the following modifications to the market study process:

1) Removing points assigned to items in the market study. The points would be assigned to a self-certification prepared by the developers that identifies the proximity of certain neighborhood characteristics and services. (see attached matrix)
2) Preparing an internal procedures manual for market study review; identifying when to utilize and request a third party market study and identifying a process to reject an incomplete, incorrect or poor quality market study.
3) Establishing a written process to maintain the list of preferred market study analysts. This process would include adding analysts to the market study list. The process to remove analysts that provide incomplete, incorrect or poor quality market studies would be defined.
4) Sourcing common terminology used in market studies for market analyst compliance. The market study format is being reviewed. THDA feels strongly that the market analysts should comply with the formatting requests identified in the QAP, so that all market studies contain the same basic, critical information.
5) Setting deadlines for commissioning market studies. Instituting a commissioned by date would allow THDA to obtain information on market studies being prepared for THDA's review in the upcoming funding round. Then THDA could share this information with all market analysts so that their studies would take into account other proposed applications.

NEIGHBORHOOD CHARACTERISTICS

For urban counties as specified in Exhibit 1: The distance will be determined using www.Walkscore.com. To claim points, please print out the walk score distance and provide it as supporting documentation for each characteristic claimed.

For rural counties as specified in Exhibit 1: The distance will be determined using www.maps.Google.com. To claim points, derive the distance by taking the measurement from the point closest to the site entrance to the point closest to the neighborhood characteristic entrance. Please print out the Google map distance and provide it as supporting documentation for each characteristic claimed.

Neighborhood Characteristic Defined	**Distance**		**Points**
Maximum Points Available: 15 points	**Urban**	**Rural**	
Full service grocery must be open and available to the general public and operate during regular business hours, its major retail function selling a full range of groceries including meats, produce, dairy products and household supplies, *e.g. Kroger, Publix, Jitney Jungle, Food City, Bi-Lo, Wal-Mart Super Center, Super Kmart, Super Target, Trader Joe's, The Fresh Market, Ingle's Market, IGA, Stop and Shop, Food Lion, Save-A-Lot, Harris Teeter, Whole Foods, Piggly Wiggly, Lowes Foods, etc.* (if the grocery contains a full service bank, 1 point may be claimed for each)	**1 mile**	**2 miles**	**1**
Pharmacy or Drug Store must be open and available to the general public and operate during regular business hours, its major retail function selling a full range of medical, health or prescription supplies, *such as CVS, Walgreens, Rite Aid, HealthSaver, etc.*	**1 mile**	**2 miles**	**1**
Full service restaurant and /or retail center	**2 miles**	**4 miles**	**1**
Stand-alone shopping stores which must be open and available to the general public and operate during regular business hours, its major retail function selling a full range of sundries, *such as Big Lot's, Dollar General, Dollar Tree, Everything's a Dollar, Family Dollar, Kmart, Roses, Target, Walmart, etc.*	**2 miles**	**4 miles**	**1**
Public transportation access *(e.g. bus stop or passenger train station)*	**½ mile**	**1 mile**	**1**
Full service bank or credit union *(ATMs do not qualify)*	**1 mile**	**2 miles**	**1**
Health Care Facilities including: Doctor's offices, *(general practitioners, not specialized practices),* **State or County Health Clinics, Walk-in or Urgent Care Clinics** *(that does not require a prior appointment),* **Emergency Clinics or Hospitals** *(facilities must not be exclusive)*	**2 miles**	**4 miles**	**1**
Public community centers that offer a broad spectrum of services suited to the diverse needs and interests of persons in the surrounding neighborhood *(e.g. senior centers, city/county recreation center)*	**2 miles**	**4 miles**	**1**

<u>Public Library</u> *(a facility that is part of a city, county, state or regional public library system or cooperative that maintains materials available for the general public to borrow at no cost)*	**1 mile**	**2 miles**	**1**
<u>Public park</u> *(an outdoor public location listed and maintained by a local government department),* **<u>playground or recreational area or gymnasium.</u>** *(They must be open to the general public and available to the targeted tenant populations with no admission fee required. Locations that are not intended for the general public such as locally maintained dog parks, skate parks and golf courses will not be considered public parks. Playgrounds at churches, schools, or in other neighborhoods, and private gyms will not be eligible to receive points.)*	**2 miles**	**4 miles**	**1**
<u>U. S. Post Office</u>	**2 miles**	**4 miles**	**1**
<u>Convenience store with gas station</u>	**1 mile**	**2 miles**	**1**
<u>Churches or places of worship</u> *(Must operate as not for profit organizations).*	**1 mile**	**2 miles**	**1**
<u>Police Station or Sheriff Offices</u>	**5 miles**	**10 miles**	**1**
<u>Fire Stations</u> *(including Volunteer Fire Stations)*	**5 miles**	**10 miles**	**1**

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program
2013 Qualified Allocation Plan
Areas of Strategic Focus
May 21, 2012

LEVERAGING

Staff is recommending that this issue be deferred for further study.

As internal discussions regarding the operationalizing of this criterion developed, a number of issues arose including, among others, what types of contribution should be counted as leverage, how to verify that a firm commitment for the contribution is in place, how to handle situations in which the contribution is not made notwithstanding the commitment, and the current scarceness of resources available at the local level.

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program
2013 Qualified Allocation Plan
Areas of Strategic Focus
May 21, 2012

EXPEDITING THE REVIEW PROCESS

At present, the deadline for Tax Credit applications is typically early March, and the preliminary ranking of those applications that shows which ones are likely to receive an allocation is typically released in July or August. A significant portion of the intervening time, typically 6 to 7 weeks, is devoted to the cure and review process. In the cure and review process, applicants are formally notified of any deficiencies staff have identified with their application, and then applicants have a period of time in which to submit materials to “cure” those deficiencies. If there are uncured deficiencies remaining, the applicant may request that the Tax Credit Committee review the matter and grant relief.

Shortening the cure and review process would allow the preliminary ranking to be posted sooner and give applicants the benefit of being able to move forward, both with physical construction and financing, earlier. Shortening the cure and review process would also reward applications submitted with no or very minimal deficiencies.

Additional information:

1) Setting the deadline for submission of applications in early February would potentially allow the ranking to be posted as early as the beginning of June.
2) Staff proposes implementing a process in which Initial Applications are first reviewed for overall completeness. Initial Applications that are deemed substantially incomplete would be disqualified. This would assure that the applications undergoing a full review would be of high quality and thereby help shorten the overall review time.
3) Please see attached list of “major”, “medium”, and “minor” deficiencies.
4) Major deficiencies would count as 3 “strikes”, medium deficiencies would count as 2 “strikes”, and minor deficiencies would count as 1 “strike”.
5) Initial Applications that have 7 or more “strikes” would be considered substantially incomplete.
6) Staff proposes to create a process in which applicants facing disqualification due to incompleteness may request a review of the circumstances by an ad hoc committee consisting of 1 THDA Board member and the Executive Director of THDA. The ad hoc committee reviews would take place as soon as possible after the submission of the Initial Application so that any Initial Application that is granted relief could be fully reviewed in a timely manner.
7) Staff is also proposing a 3-tiered scoring criterion to award points to Initial Applications based on degree of completeness and accuracy. The top tier (most points) would be for Initial Applications that are complete and have no issues requiring clarification or correction. The middle tier would be for Initial Applications that are complete and fully address all issues requiring clarification or correction prior to the issuance of a Cure Notice. The bottom tier (least points) would be for Initial Applications that are complete and fully address all issues requiring clarification or correction prior to the conclusion of the cure period.

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program

May 21, 2012

REVIEW PROCESS

MAJOR

Application & Certification missing entirely
Attachments 4 and 5 missing entirely or not identifying individual people
Property Control (both levels) missing
Appraisal, Market Study and/or PNA missing or incomplete
Zoning letter missing
Checklist missing

MEDIUM

Application & Certification with missing pages
Attachments 4 and 5 identifying people but missing entities
Property Control (one level missing) or incomplete or incorrect (i.e. legal description doesn't match)
Any other Attachment missing or not completed

MINOR

Application & Certification with signature or notary block incomplete or incorrect
Application & Certification with Question 1 not completed properly
Property Control not signed by proper parties (buyer or seller)
Attachment 20 signature incorrect
Attachment 21 signature block incorrect
Attachment 23 not signed by proper city/county official
Question 5 of the application missing answers to any question marked "yes"
Any Attachment with multiple pages missing

TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit Program
2013 Qualified Allocation Plan
Areas of Strategic Focus
May 21, 2012

SUPPORTIVE SERVICES

The current QAP requires a comprehensive supportive service plan to be included in the application for proposed developments seeking to qualify for the Special Housing Needs Set-Aside by serving homeless households.

Section 42(m)(1)(C)(vii) requires a selection criterion to address "tenants with children". This requirement is currently satisfied by allowing proposed developments to qualify for the Special Housing Needs Set-Aside by having at least 35% of the units with 3 or more bedrooms.

Prior to the creation of the Special Housing Needs Set-Aside for 2011, the 2010 QAP offered either 3 points (1.107%) or 5 points (1.845%) out of 271 as follows:

> Developments with units designed and built for large families, (i.e., three or more bedrooms). Certification in the form of **Attachment 30** will be required following the issuance of the Reservation Notice and prior to issuing the IRS Form 8609.

Percent of Units	Points
8%-10%	***3 points***
above 10%	***5 points***

Virtually all proposed developments claimed 5 points under this criterion.

The staff proposal for 2013 is as follows:

1) Require that in order to qualify for the Special Housing Needs Set-Aside, the Initial Application must include verification of agreements with service providers for on-site services, throughout the compliance period, such as staff support for the elderly, individuals with mental health issues, developmental, or other social needs, as applicable.
2) Replace the "families with children" category in the Special Housing Needs Set-Aside with a scoring criterion.
3) The scoring criterion would require the Initial Application to include an Affirmative Marketing Plan for households with children.
4) To further satisfy the requirements of §42(m)(1)(C)(vii), on-site amenities such as a ball court, playground, and/or tot lot, a computer room with free internet access, or an after-school tutoring/homework help program could be required in order for points to be awarded.

TENNESSEE HOUSING DEVELOPMENT AGENCY
Low-Income Housing Tax Credit Program
2013 Qualified Allocation Plan
Areas of Strategic Focus
May 21, 2012

PRESERVATION SET-ASIDE

A preservation set-aside is essential to protect the occupancy rates of existing LIHTC properties and provide tax credits to encourage the preservation of the existing LIHTC housing stock.

In the past, THDA has included a set-aside for rehabilitation developments in its Qualified Allocation Plan (QAP), however, such a set-aside as always been such a small percentage of the entire program that only a small number of developments (sometimes as few as 1) could take advantage of the a set-aside.

Under the current QAP, new construction developments dominate the competitive application process. This result is predictable given the fact that many of the point categories are more easily achieved when the developer can hand pick a site. This ability to select a site gives new construction a distinct advantage in the competitive process; therefore, in order to achieve the goal enunciated in the memorandum, THDA believes it is time to have a significant Preservation Set-Aside included in the 2013 QAP.

In an effort to protect occupancy rates of existing LIHTC properties and promote preservation of current LIHTC properties, THDA proposes a larger Preservation Set-Aside for the 2013 QAP, which would not only prevent new construction developments from cannibalizing the occupants of the older LIHTC developments currently in the marketplace, but also promote preservation of developments in need of a capital infusion.

There are many developments statewide that are in dire need of rehabilitation, and many of those same developments have a low occupancy rate due to the condition of the units. It is staff's belief that the LIHTC program resources can be best utilized by incentivizing our development partners to rehabilitate many of these older developments.

Additional information:

1) The Preservation Set-Aside may be sized in several different ways:
    a. A percentage of the available credit
        i. Assuming overall availability of $14.5 million and a per development cap of $1.1 million, each approximately 8% would be enough for 1 development requesting the full $1.1 million.
    b. A certain number of qualified Initial Applications
        i. The highest ranking (insert number) eligible Initial Applications qualified for the Preservation Set-Aside will receive a Reservation Notice.
        ii. This could be further broken down for rural/urban (e.g. issue Reservation Notices to the top 3 rural and top 3 urban).
2) Eligibility for the set-aside may be determined in several different ways, depending on:
    a. Level of rehabilitation proposed (e.g. Only Initial Applications proposing substantial or moderate rehabilitation are eligible for the set-aside).
    b. Whether the development was most recently in service as affordable housing (e.g. developments not currently income and rent restricted would be ineligible for the set-aside).
    c. Most recent placed-in-service date (e.g. developments placed in service as affordable rental housing less that (insert number) years ago are ineligible for the set-aside).
3) The Preservation Set-Aside would represent both a set-aside and a cap for developments proposing preservation.