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MEMORANDUM

TO: Persons Interested in the Low-Income Housing Tax Credit Program
Persons Interested in the Multifamily Tax-Exempt Bond Authority Program

FROM: Multifamily Development Division

DATE: June 18, 2013

SUBJECT: Preliminary Proposed Changes for the Low-Income Housing Tax Credit
2014 Qualified Allocation Plan and the Multifamily Tax-Exempt Bond
Authority 2014 Program Description

The following document lists the preliminary proposed changes for the Low-Income Housing Tax Credit 2014 Qualified Allocation Plan (the "2014 QAP") and the Multifamily Tax-Exempt Bond Authority 2014 Program Description (the "2014 PD"). The preliminary proposed changes include changes suggested by members of THDA's Board of Directors, changes suggested by the public, and changes suggested by THDA staff.

The preliminary proposed changes in the following document may be accepted, rejected, or modified in any respect. Changes or modifications not currently reflected in the following document may also be made. By posting these preliminary proposed changes, no representations are being made about any item that may be included, excluded, or modified in the preparation and approval of the final 2014 QAP or the final 2014 PD.



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Preliminary Proposed Changes
2014 QAP and 2014 PD

For Consideration Regarding 2014 PD

- 1) Permit “bundled” transactions involving one bond issuance and multiple developments
- 2) Modify methodology for calculating allowable developer fee to optimize the amount of equity generated
- 3) Conforming changes to make PD and QAP consistent

For Consideration Regarding 2014 QAP

- 1) Substantially shorten goals and objectives
- 2) Lengthen time period for submitting permanent financing documentation following recordation of the deed of trust from 15 to 25 business days
- 3) Eliminate completeness and correctness points
 - a) If completeness and correctness points are retained, allow **all** issues to be addressed in a “48-hour email”
- 4) Eliminate the “strikes” review
- 5) Set rural county cap at same amount as development cap
- 6) Lower aggregate QCT ceiling to 25%
- 7) Modify PHA Set-Aside to be compatible with successor(s) to HOPE VI
- 8) Clarify whether existing income/rent restrictions must apply to all units in development for eligibility for preservation set-aside
- 9) Clarify 1 or 2 Statements of Application & Certification
- 10) Clarify our policy on manager’s units
- 11) Clarify that “Initial Application” includes the Initial Application, plus all Attachments, Exhibits, and required supporting documentation
- 12) Specify that all submitted documentation is the responsibility of the applicant
- 13) Provide incentive for owners to include developments in TNHousingSearch.org

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- 14) Third Party Reports
 - a) Substantially reduce the amount of reading involved in reviewing market studies, appraisals, and physical needs assessments by only requiring a 4-6 page executive summary completed by a third party provider (not the applicant)
 - b) Specify that all rehabilitation work included in development costs must be completed by required PIS date
 - c) Prohibit the practice of a market study being prepared by an analyst **not on** our list and “endorsed” by an analyst **on** our list (i.e. subcontracting market studies)
- 15) Add requirement to selection criterion for households with children specifying that some percentage of the low-income units must have 3 or more bedrooms [perhaps broaden this to state that selection criterion must be relevant to type of housing proposed in order for points to be awarded]
- 16) Incorporate local support into tie-breaker
- 17) Offer points for attending Governor’s Housing Summit
- 18) Clarify that 100% elderly developments can’t have points for marketing to households with children [perhaps broaden this to state that selection criterion must be relevant to type of housing proposed in order for points to be awarded]
- 19) Property Control
 - a) Specify that legal descriptions for level 1 and level 2 property control must match
 - b) Require land area (i.e., total acreage) to be included in legal descriptions
 - c) Specify that a legal description which matches level 1 property control is required for level 2 property control
 - d) Eliminate the attorney’s opinion option for level 2 property control
 - e) Specify that title commitments must be no more than 30 days old
 - f) Require purchase price to be fixed and clearly stated
- 20) Implement location-based rental housing needs score(s)
 - a) Incorporate federal data (e.g. census, CHAS, etc.)
 - b) Incorporate THDA data (e.g. occupancy data from PC and prior allocations)
 - c) Eliminate “essential services” and points related thereto and blend into rental housing needs score(s)