MEMORANDUM

TO: All Interested Parties
FROM: Multifamily Programs Division
SUBJECT: Summary of January 29, 2019 Tax Credit Committee Meeting
DATE: February 5, 2019

The 2019-2020 Low-Income Housing Credit Qualified Allocation Plan (the “2019-2020 QAP”) has been amended as follows:

1. The Initial Application submission deadline has been moved to June 4, 2019.
2. The tie-breaker language in Section 15-F has been replaced with the following:

F. Tie Breaker
   1. In the event of a scoring tie between two or more Initial Applications in a regional pool at the cutoff for receipt of a Reservation Notice, the tie shall be broken as follows:
      a) In the case of a tie between proposals in different counties, priority will be given to the development in the county within the region that has not had a Housing Credit allocation within the last five years.
      b) If the tie is not broken by Section 15-F-1-a of this QAP, priority will be given to the development that is furthest away from the nearest active Housing Credit development (regardless of County), as measured by distance between the center of the proposed development and the street address of the nearest existing Housing Credit development as determined by THDA, in its sole discretion.
      c) If the tie is not broken by Section 15-F-1-a or Section 15-F-1-b of this QAP, then priority will be given to the development in the Initial Application requesting the least amount of Housing Credits per low income unit.
   2. In the event of a scoring tie between two or more Initial Applications proposing rehabilitation of existing multifamily housing, the tie shall be broken as follows:
      a) Priority will be given to the proposed development requesting the least Housing Credit per Housing Credit unit.
3. A new Section 22 has been added as follows:

**Section 22: Relief for 2017 and 2018 Allocations**

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

A. 2017 Competitive Housing Credit allocation recipients, 2018 Competitive Housing Credit allocation recipients, and 2018 Noncompetitive Housing Credit Firm 42(m) Letter recipients that closed a bond issue in 2018 prior to December 31, 2018 may elect to return 2017 or 2018 Housing Credits and receive, potentially, a larger 2019 Housing Credit allocation (“Housing Credit Exchange Allocations”), subject to each of the following:

1. The maximum aggregate Housing Credit allocated to Housing Credit Exchange Allocations is limited to the sum of:
   a) The amount of 2017 Housing Credit returned; plus
   b) The amount of 2018 Housing Credit returned; plus
   c) $3 million (annual) of 2019 Housing Credit.

2. The Housing Credit amount, if any, for each Housing Credit Exchange Allocation will be determined by THDA, in its sole discretion, and **shall not exceed the lesser of:**
   a) A **10.0% increase** in the original allocation amount; or
   b) An **increase of $100,000 in annual Housing Credit** to the original allocation amount.

3. Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
   a) Developments intending to seek approval for a Housing Credit Exchange Allocation must so notify THDA in writing **no later than February 12, 2019.** Notification must be sent **via email to TNAllocation@thda.org.**
   b) The THOMAS and HCMS application window for Housing Credit Exchange Allocations will be **February 15, 2019 through February 22, 2019.**
   c) Scoring selections and threshold requirements from the 2017 QAP or the 2018 QAP, as applicable, will be enforced, otherwise the 2019-2020 QAP will apply.
   d) Upon request, Income Averaging may be allowed for developments that originally received an allocation under the 2018 QAP, subject to THDA approval.
   e) The ability to request the Qualified Contract Process for the particular development is permanently waived.
   f) The Placed-In-SERVICE deadline for Housing Credit Exchange Allocations will be:
      i) **December 31, 2020** for developments that originally received and allocation under the 2018 QAP; or
      ii) **December 31, 2019** for developments that originally received and allocation under the 2017 QAP.
      (iii) Failure to meet the applicable deadline will be a Major Significant Adverse Event under Section 6-A of this QAP.
   g) The Syndication transaction closing deadline for Housing Credit Exchange Allocations will be:
      i) **July 1, 2019** for developments previously allowed to exchange Housing Credit and participating in the THDA Community Investment Tax Credit program and involving a non-profit organization that is organized under the laws of Tennessee, is based in Tennessee, and meets the requirements of Section 7 of this QAP.; or
      ii) **September 16, 2019** for all other developments.
   h) An additional monitoring fee of **$1,200 per Housing Credit unit** will be required for Housing Credit Exchange Allocations **that THDA approves for income averaging.**
   i) The amount, if any, of Housing Credit for developments previously allowed to exchange Housing Credit will not exceed the original allocation amount. The following developments are excluded from this prohibition:
      i) Developments involving Rental Assistance Demonstration and a Public Housing Authority (as described in Section 10 of this QAP); and
      ii) Developments participating in the THDA Community Investment Tax Credit program and involving a non-profit organization that is organized under the laws of Tennessee, is based in Tennessee, and meets the requirements of Section 7 of this QAP.
   j) Housing Credit Exchange Allocation developments will not be permitted to increase developer or consultant fees.

4. Other provisions applicable to Housing Credit Exchange Allocations:
   a) Returned Housing Credit will not increase 2019-2020 set-asides or pools (except Non-Profit Set-Aside).
   b) Housing Credit Exchange Allocations will not count against county, developer, regional pool, or other caps in the 2019-2020 QAP.
   c) Housing Credit Exchange Allocations **will not be** a Significant Adverse Event **provided that the development has not previously been approved for an exchange.**
   d) If the Housing Credit Exchange Allocation represents the second (or greater) exchange of Housing Credit for the development, the Housing Credit Exchange Allocation **will count** as an event causing ineligibility under Section 6-B of this QAP. The following developments are excluded from this prohibition:
      i) Developments involving Rental Assistance Demonstration and a Public Housing Authority (as described in Section 10 of this QAP).

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4. The maximum allocations for the **2019-2020 New Construction Regional Pools** described in Section 3-C have been modified to reflect a maximum allocation of two (2) developments in the “Middle” New Construction Regional Pool and one (1) development each in the “West”, “Cumberland”, “East”, and “Upper East” New Construction Regional Pools.

The **Low-Income Housing Tax Credit 2018 Qualified Allocation Plan** (the “2018 QAP”) has been amended as follows:

1. A new Part XVIII has been added as follows:

   **Part XVIII: Income Averaging**

   A. 2018 Competitive Low-Income Housing Tax Credit allocation recipients and 2018 Noncompetitive Low-Income Housing Tax Credit Firm 42(m) Letter recipients that do not request a **2018 Exchange Allocation pursuant to Section 22 of the 2019-2020 QAP** may request approval for income averaging (“2018 LIHTC Income Averaging Request”) subject to all of the following:

   1. 2018 LIHTC Income Averaging Requests must be approved in writing by THDA. Such approval may be granted or withheld by THDA, in its sole discretion.
   2. If a 2018 LIHTC Income Averaging Request is approved, the ability to request consideration under the Qualified Contract Process for the particular development is permanently waived.
   3. An additional monitoring fee of $1,200 per LIHTC unit will be required for approved 2018 LIHTC Income Averaging Requests.

The updated 2019-2020 QAP will be posted to the THDA web page at THDA.org in the near future. If you have questions, please contact Felita Hamilton, Allocations Manager, at FHamilton@THDA.org or 615-815-2145.