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July 6, 2016

Don Watt
Director, Community Programs Division
Tennessee Housing Development Agency
502 Deaderick Street, Third Floor
Nashville, TN 37243

Re: Tennessee Consolidated Plan Substantial Amendment – National Housing Trust Fund Allocation Plan

Dear Mr. Watt:

On behalf of the Tennessee Developers Council (TDC), I want to thank the Tennessee Housing Development Agency (THDA) for this opportunity to provide comments on the draft National Housing Trust Fund (NHTF) Allocation Plan. TDC recognizes the NHTF as a very limited resource and stresses the importance of quality competition criteria for such an award. Specifically, TDC expresses the following comments regarding the NHTF draft allocation plan:

1. Limit Funds to 4% Bond Deals over 9% Deals

Due to limited resources, we suggest restricting NHTF funds to 4% bond deals over 9% deals. In this manner, the NHTF can serve as a truly meaningful source of leverage whereas 9% deals are in less need of additional support.

2. Tax Credit Application:

Many states wrap their gap funding application into the tax credit application as a unified application to create efficiency. The NHTF Allocation Plan presents such an opportunity for efficiency. We therefore recommend that THDA include its NHTF application in its Qualified Allocation Plan. This would increase efficiency for both THDA and for applicants.

3. Per Deal / Per Developer Caps:

In the draft allocation plan, THDA specifies its right to limit funding to one award per county due to limited funding. In light of this limited funding, TDC proposes capping the amount of funds given to each deal and to each developer. Capping each deal ensures that at least a set minimum number of deals benefit. Capping each developer helps with creating a diverse market of developers within the state. That said, as there may not always be enough developers, the per developer cap should be higher than the per project cap for instances of one developer completing several projects. For these reasons, TDC proposes a cap of \$500,000 per deal and \$1,000,000 per developer.

4. Leveraging Any and All Funds Should Be a Preference

TDC applauds THDA's current decision to award preference to applications based on making use of other funding sources. Due to the limited resources provided by the NHTF, leveraging of funds should be considered as a factor in determining awards. Rather than exclude federal funding sources, acceptable leveraging sources should include FHA mortgages, LIHTC, tax-exempt bonds, and other various sources. Another potential alternative to encourage leveraging would be imposing a per unit maximum (i.e. only \$10,000 of NHTF funds may be used per unit).

5. Readiness to Proceed

The draft currently proposes as part of its evaluation criteria an applicant's ability to undertake eligible activities in a timely manner based on past performance in THDA funded development activities. We agree with the proposed criteria and further ask that THDC consider an application's readiness to proceed based on the proposed project.

6. Preservation

THDA outlines in its draft a preference for applications that preserve existing housing with project-based rental assistance and a preference for proposals with binding commitments of project-based vouchers to the project. THDA also states that preservation of affordable housing stock will be a consideration as it is one of the enumerated priority housing needs. TDC recognizes the need for preservation in Tennessee and would like to see a general preference for preservation of existing properties at risk of losing affordability.

Once again, TDC appreciates the opportunity to provide THDA with this feedback. We would be very happy to discuss any specifics you might have regarding these comments or other subjects of concern. Please feel free to contact me directly with any questions at 202-939-1753 or tamdur@housingonline.com.

Best Regards,

Thom Amdur
Executive Director