

## Appendix 1: Proposed QAP Revisions

### **Part VII (A)(2)(b)(i) PHA Set-Aside: PHA Ownership Interest**

- (i) The PHA must, prior to the reservation of Tax Credits: (1) be the **sole** general partner or the **sole** managing member of the ownership entity of the development; or (2) own, alone or with qualified non-profits (as described in Part VII--A--2--a) or other qualified PHAs who meet all the requirements of this QAP, one hundred percent (100%) of the stock of a corporate ownership entity of the development; or (3) own, alone or with qualified non-profits (as described in Part VII--A--2--a) or other qualified PHAs who meet all the requirements of this QAP, 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;

### **Part VII (A)(3)(a) Non-Compliance**

- a. To be eligible, **as determined by THDA in its sole discretion**, individuals involved (either directly or indirectly) with the developer or the ownership entity (whether formed or to be formed) identified in the Initial Application must not have any involvement (either directly or indirectly) with the developer or the ownership entity of any prior Tax Credit development which has an uncured event of noncompliance under (i) Section 42; (ii) the restrictive covenants recorded in connection with such development or (iii) an IRS form 8823. Ineligibility due to noncompliance shall be in effect for the calendar year in which the non-compliance was identified and for the following calendar year. **THDA, in its sole discretion, may waive ineligibility on a case-by-case if the Agency deems that the noncompliance event was a result of an unavoidable circumstance in the process of being cured (e.g. lost units as a result of a natural disaster, fire, etc...) and not the result of negligence or other bad acts.**

### **Part VII (A)(4)(d)(vi) Misrepresentation**

- (vi) Misrepresentation of **eligibility any** items, as determined by THDA in its sole discretion, in the Initial Application, Carryover Application, or Final Application, as determined by THDA in its sole discretion; or

### **Part VII (B)(3)(c) and Part VII (B)(3)(d) Developer Experience**

#### c. Tennessee Developer Experience

- (i) For purposes of this Part VII-B-3-c, a Tennessee Qualifying Development (a “Tennessee Qualifying Development”) is a development that satisfies ALL of the following criteria:
  - (A) The development was the subject of an allocation of Tax Credits from THDA, **or is subject to affordability and/or other income-restricted requirements due to involvement in programs administered by USDA, HUD, and/or other multifamily housing subsidy programs**; and
  - (B) All buildings in the development were placed in service after **December 31, 1999** **December 31, 2004**; and

- (C) No buildings in the development have an uncured event of noncompliance under Section 42, the restrictive covenants recorded in connection with the development, or an outstanding IRS Form 8823; and
  - (D) The development is not in a “no further monitoring” status with the THDA Compliance Monitoring Division; and
  - (E) If the development received an allocation of Tax Credits under the 2014 QAP and received points under Part VIII-B-3-c of the 2014 QAP, the Qualifying Person/Entity for purposes of the 2014 development must still be involved in the developer entity for the 2014 development.
- (ii) For purposes of this Part VII-B-3-c, a Tennessee Qualifying Person/Entity (a “Tennessee Qualifying Person/Entity”) must be associated with a Tennessee Qualifying Development as follows:
- (A) The Tennessee Qualifying Person/Entity must be the Developer entity as reflected on **Attachment 5** of the Final Application for the Tennessee Qualifying Development (“**Attachment 5**”), provided that there has been substantial continuity at the ownership or senior management level since **Attachment 5** was submitted; or
  - (B) Tennessee Qualifying Person/Entity must be any individual listed on **Attachment 5**, and **must be an individual with substantial transaction-related experience within the LIHTC program in Tennessee.**
- (iii) For purposes of this Part VII-B-3-c, a Tennessee Qualifying Person/Entity as described in Part VII-B-3-c-(ii) above must be listed on the relevant version of **Attachment 17** for the Developer entity reflected in the 2015 Initial Application (the “2015 Developer”).
- (iv) Points will be awarded, as reflected below, based on a Tennessee Qualifying Person/Entity being listed on **Attachment 17** for the 2015 Developer and on the number of Tennessee Qualifying Developments for which the Tennessee Qualifying Person/Entity was listed on the relevant **Attachment 5: Maximum XX Points**
- |       |                                   |        |
|-------|-----------------------------------|--------|
|       | Number of Qualifying Developments | Points |
| (i)   | 1                                 | XX     |
| (ii)  | 2                                 | XX     |
| (iii) | 3 or more                         | XX     |
- (v) The Qualifying Person/Entity must remain involved the 2015 Developer until the final building in the development proposed in the 2015 Initial Application is placed in service.
- (vi) **Applicants that qualify for Tennessee Developer Experience points MAY NOT qualify for Out-of-State Developer Experience points as defined in Part VII (B)(3)(d).**
- NOTE: The proposed language immediately above in Part VII (B)(3)(d) (vi) is not a consensus opinion of TDC. As indicated in the letter, some TDC members are NOT in support of this proposed change.*

d. Out-of-State Developer Experience

- (i) For purposes of this Part VII-B-3-d, an Out-of-State Qualifying Development (an “Out-of-State Qualifying Development”) is a development that satisfies ALL of the following criteria:
  - (A) The development was the subject of an allocation of Tax Credits; and
  - (B) All buildings in the development were placed in service after December 31, 1999; and
  - (C) No buildings in the development have an uncured event of noncompliance under Section 42, the restrictive covenants recorded in connection with the development, or an outstanding IRS Form 8823; and
  - (D) The Initial Application must include an **Attachment 14: Verification of Out-of-State Developer Experience** completed by the allocating agency.

- (ii) For purposes of this Part VII-B-3-d, an Out-of-State Qualifying Person/Entity (an “Out-of-State Qualifying Person/Entity”) must be associated with an Out-of-State Qualifying Development as follows:
  - (A) The Out-of-State Qualifying Person/Entity for the Out-of-State Qualifying Development must be the Developer entity, provided that there has been substantial continuity at the ownership or senior management level since placed in service; or
  - (B) Out-of-State Qualifying Person/Entity any individual involved in the Developer entity.
- (iii) Points will be awarded, as reflected below, based on an Out-of-State Qualifying Person/Entity being listed on **Attachment 17** for the 2015 Developer and on the number of **Out-of-State Qualifying Developments for which the Out-of-State Qualifying Person/Entity was listed on the relevant Attachment [XX]: low-income units in the Out-of-State Qualifying Developments associated, as described in Part VII-B-3-d (ii) above, with the 2015 Initial Application** **Maximum XX Points**
  - Number of Qualifying Developments Points
    - (i) 1 XX
    - (ii) 2 XX
    - (iii) 3 or more XX
  - Number of Low-Income Units Points
    - ~~(iv) 1-100 XX~~
    - ~~(v) 101-200 XX~~
    - ~~(vi) 201 or more XX~~
- (iv) Applicants that qualify for Out-of-State Developer Experience points MAY NOT qualify for Tennessee Developer Experience points as defined in Part VII (B)(3)(d)
 

*NOTE: The proposed language immediately above in Part VII (B)(3)(d)(iv) is not a consensus opinion of TDC. As indicated in the attached letter, some TDC members are NOT in support of this proposed change.*

**Part VIII (E)(5)(b) Rural Set-Aside**

- b. After the Rural Set-Aside is completely reserved, other qualified applications for new construction developments proposed for counties listed as “Rural” in Exhibit 1 that have not received a reservation **will be included and considered, along with other applications, not receive further consideration for 2015 Tax Credits in any other set-aside or** in the general pool, as applicable ~~unless necessary to satisfy the requirements of Part VIII-E-6-b.~~