

SUMMARY REVIEW OF AGENDA ITEMS FOR THE MDHA BOARD OF COMMISSIONERS

Feb. 9, 2021

6. PILOT Agreement – Richland Hills

Vitus Group has established a limited partnership, Richland Hills Housing Partners, LP, to acquire property located at 5800 Maudina Ave. Nashville and rehabilitate a 201-unit affordable housing complex. Richland Hills Housing Partners, LP has received a conditional commitment for 4% Low Income Housing Tax Credits (LIHTCs) from the Tennessee Housing Development Agency (THDA). The tax credits will result in an equity amount of \$16,963,169. When completed, the rehabilitated development will consist of 40 one-bedroom units, 128 two-bedroom units, and 33 three-bedroom units. 100% of the units will be subject to income and rent restrictions, the average income restriction will be no greater than 60% of area median income (AMI).

The PILOT request is being recommended for approval. It would require Developer to make a total initial payment of \$182,975 in lieu of property taxes after the project is placed in service. The PILOT would increase by 3% annually over the 10-year life of the agreement. This PILOT payment was based on review of the site's projected base year taxes, development budget, operating pro forma, and debt obligations. MDHA estimates this to be a tax abatement of approximately \$307,318 for the first year the property is placed in service. This would leave MDHA's annual abatement capacity at \$2,192,682.