

SUMMARY REVIEW OF AGENDA ITEMS FOR THE MDHA BOARD OF COMMISSIONERS

March 9, 2021

6a. PILOT Agreement – Chippington I & II

Chip III, LP has acquired properties located at 94 Berkeley Drive and 1310 Coreland Drive and plans to rehabilitate a 425-unit affordable housing complex called Chippington Towers. Chip III, LP has applied 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 \$28,807,855. When completed, the rehabilitated development will consist of a total of 425 units split between the two towers. Both towers have existing Section 8 HAP contracts that will cover 418 of the 425 apartment units on site. 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).

Staff is recommending approval of a PILOT that would have an initial payment of \$300,000 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 \$606,243 for the first year the property is placed in service. This would leave MDHA's annual abatement capacity at \$1,586,439.

6b. PILOT Agreement – Poplar Bend

ECG McCrory, LP plans to acquire property located at 0 Newsome Station Rd. and develop a 329-unit affordable housing complex called Poplar Bend. ECG McCrory, 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 \$26,997,300. When completed, the rehabilitated development will consist of 70 one-bedroom units, 133 two-bedroom units, 98 three-bedroom units, and 28 four-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).

Staff is recommending approval of a PILOT that would require Developer to make a total initial payment of \$23,899 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 \$572,278 for the first year the property is

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placed in service. This would leave MDHA's annual abatement capacity at \$1,014,161.

6c. Contract for electronic locks for MDHA Properties

Approval will be requested to enter in to an Agreement with Eye in the Sky, LLC for a term of up to five (5) years with a cap of \$2,000,000 to install, program, and license all electronic door hardware and software associated with MDHA's LenelS2 Enterprise system and related Schlage (Allegion) hardware for all agency properties.