

# **SUMMARY REVIEW OF AGENDA ITEMS FOR THE MDHA BOARD OF COMMISSIONERS**

**Feb. 11, 2020**

## **EXECUTIVE (HARBISON & CHOPPIN)**

### **8. Tax Increment Refinancing Proposal**

In consultation with the Mayor's Office and the Metro Finance Director, MDHA initiated a process to explore the refinancing of ten outstanding Tax Increment Financing loans across four Redevelopment Districts. In total, 11 financial institutions were contacted regarding refinancing, and five proposals were received.

Regions Bank provided the best proposal for refinancing. Ultimate approval of this proposal will also require approval from the Tennessee Comptroller's Office, and Metro Council, which are anticipated in the next few weeks. Board approval at a subsequent meeting is also required for the final negotiated, agreed-upon terms. This Board authorization is required at this time to allow MDHA to seek approval from certain government agencies as preconditions to completing Bank negotiations and final loan documents and terms.

## **URBAN DEVELOPMENT (HARBISON & CAIN)**

### **10. Approval of the EGC Trinity, L.P. PILOT Agreement.**

Elmington Capital has established a limited partnership, EGC Trinity, LP, to acquire property located at 2300 Old Matthews Road and develop a 210-unit affordable housing complex. EGC Trinity, 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 \$16,353,290. When completed, the proposed development will consist of 101 one-bedroom units, 70 two-bedroom units, and 39 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).

Staff is recommending approval of a PILOT having an initial payment of \$11,760 in lieu of property taxes after the project is placed in service. After year 3, the PILOT would increase by 3% annually over the remaining 10-year life of the agreement. This PILOT payment was based on a review of the site's projected base year taxes as well as the project's development budget, operating pro forma, and debt obligations. MDHA estimates this to be a tax abatement of

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approximately \$354,918 for the first year the property is placed in service. The current uses of the site generate \$1,443 in annual property tax. If approved, this would leave MDHA's annual abatement capacity at \$1,824,653.

### **11. Approval of the WCO Hobson, L.P. PILOT Agreement.**

Elmington Capital and Woodbine Community Organization have established a limited partnership, WCO Hobson, LP, to acquire property located at the northwest corner of Hobson Pike and Murfreesboro Pike and develop a 324-unit affordable housing complex. WCO Hobson, 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 \$19,698,364. When completed, the proposed development will consist of 88 one-bedroom units, 120 two-bedroom units, 88 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 having an initial payment of \$18,368 in lieu of property taxes after the project is placed in service. The PILOT would increase by 3% annually over the remaining 10-year life of the agreement. This PILOT payment was based on a review of the site's projected base year taxes as well as the project's development budget, operating pro forma, and debt obligations. MDHA estimates this to be a tax abatement of approximately \$569,163 for the first year the property is placed in service. The current uses of the site generate \$5,878 in annual property tax. If approved, this would leave MDHA's annual abatement capacity at \$1,255,266.