

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL  
DEVELOPMENT BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND  
DAVIDSON COUNTY, TENNESSEE

September 19, 2017

The Board of Directors of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County (the "Board") met on Tuesday, August 8, 2017 at 10:00 a.m. in Sonny West Conference Room, Howard Office Building 700 2<sup>nd</sup> Ave South, Nashville, Tennessee 37219

Board members present were: Ginger Hausser, Richard Fulton, Cristina Allen, Nigel Hodge, Aubrey Gregory, Andrea Perry, Chris Harmon, and Carnell Scruggs.

Also present were Bob Tuke, Trauger & Tuke; Matt Wiltshire, Metro ECD; Ashford Hughes, Metro ECD; Audra Ladd, Metro ECD; Cathy West, Metro Finance; Margaret Darby, Metro Legal; Jason Bobo, Metro Legal; Jim Thiltgen, MDHA; Adriane Harris, Mayor's Office; Burkley Allen, Metro Council; Freddie O'Connell, Metro Council; John Cooper, Metro Council; Mike Hodge, NOAH; Steve V Reiter, Member of Public; Hiram Brown, Urban Housing Solutions; Anne Barnet, Central Labor Council; Jackie Sims, StandUp Nashville; Rusty Lawrence, Urban Housing Solutions; Brent Elrod, Urban Housing Solutions; Kay Bowers, New Level CDC; and Eric Alvarez, Fox17.

**Election of Officers:**

Board voted and approved new Board Officers. Madam Chair called for a motion for nomination of Chair. Richard Fulton nominated Ginger Hausser as Chair. Madam Chair relinquished Chair position for vote. The Board voted and approved Ginger Hausser for Chair position.

The next nomination was for Vice Chair. Carnell Scruggs nominated and Andrea Perry seconded Nigel Hodge as Vice Chair. Nigel Hodge was elected Vice Chair by acclamation due to no other nominations.

The next nomination was for Secretary. Andrea Perry nominated and Carnell Scruggs seconded Aubrey Gregory as Secretary. Aubrey Gregory was elected Secretary by acclamation due to no other nominations.

The last nomination was for Assistant Secretary. Richard Fulton nominated and Nigel Hodge seconded Andrea Perry as Assistant Secretary. Andrea Perry was elected Assistant Secretary by acclamation due to no other nominations.

Madam Chair noted three Board positions will go before Metro Council and be elected in September.

**Meeting Minutes:**

Madam Chair asked if there were any corrections or discussion for the July 11, 2017 meeting minutes. There being none, Mr. Scruggs made a motion to approve the meeting minutes and it was seconded by Mr. Hodge. The Board voted and approved.

## **New Business:**

### **Affordable Housing**

- **Overview of Tools Available to Metro Government**

An overview of affordable housing tools was presented by Adriane Harris with the Mayor's Office. Ms. Harris began by recognizing Urban Housing Solutions' participation as the developer for the newly built housing development funded by the Barnes Fund along with other funding sources. The new housing development is located at the corner of 26<sup>th</sup> Avenue North and Clarksville Pike, and has 23 affordable housing units.

Ms. Harris continued with a review of the Housing Nashville report released in May 2017. The purpose of the report was for Metro Council to agree on a comprehensive housing plan. One of Metro Council's goals is to address affordable housing. The report provided some insight about what the gaps were in developing affordable housing. Per the report from 2000-2015 there was an 18,000 unit gap for affordable housing in the Nashville area and the gap could increase to 31,000 units by the year 2025.

Ms. Harris explained that a cost burdened household is one that spends more than 30% of its household income on housing costs. Ms. Harris discussed other costs that impact families' housing affordability, such as transportation and utilities. Ms. Harris talked about location of affordable housing and the efforts to position them close to transportation, employment centers and mixed income communities.

Ms. Harris continued with review of the Barnes Funds. The fund was created in 2013 as a flexible funding source and is a housing trust fund. Most of the funding previously was federal funding but Mayor Barry committed \$10,000,000 per year to the fund. Currently there is \$25,000,000 to award and there are approximately 500 units under construction or preserved through the Barnes Funding. Ms. Harris briefly discussed nonprofit organizations, potential partnerships, and new opportunities in affordable housing through nonprofit groups.

Ms. Harris continued with a review of teacher housing. Metro has hired 1,000 teachers and is having issues with recruiting and retaining them due to lack of low-cost housing. Metro has partnered with the Nashville City Design Center to design a village for teacher housing. Ms. Harris stated that the city has created a website – [www.Nashvilleteacherhousing.com](http://www.Nashvilleteacherhousing.com) – where teachers to find information on developments that have bonuses or discounts for teachers.

Ms. Harris continued with a review of Housing Incentive Pilot Program ("HIPP"). The program is focused on mixed income communities and pays developers in grant form the difference between market rate and below market rate units within the project. Ms. Harris gave examples of the HIPP process. Ms. Harris commented that the HIPP was not just for new development; but that it can also be used for existing developments and the agreements are annual agreements. Various Board members asked questions about the payment process to developers. Mr. Wiltshire and Ms. Harris gave clarification on the HIPP's parameters.

Ms. Harris described PILOTs for Low Income Housing Tax Credit. The program generates the most amount of units and is governed by Metropolitan Development and Housing Agency ("MDHA"). MDHA administers numerous federally-funded programs including but not limited to public housing, rental assistant voucher program and community investments programs. Ms. Harris briefly talked about other tools such as Tax Relief Freeze programs that focuses on the elderly, Metro-owned properties, the Low Income Housing Tax Credit program managed by the Tennessee Housing Development Agency, Community Development Financial Institutions that provide lower interest loans and New Market Tax Credits.

- **Initiatives Underway in Other Cities**

Ms. Harris provided a brief overview of several types of initiatives that Boards and Commission in other cities are undertaking to support affordable housing components. In some cities the Industrial Development Board focuses exclusively on economic development, the Health Education and Facilities Board does tax exempt bonds and PILOTS for housing developments, the Housing Authority provides low income tax credits. In Chattanooga, Knoxville and Memphis, the Industrial Development Board focuses on economic development, but also has provided PILOTS or bonds for multifamily developments. Chattanooga's Health Board focuses on housing and their Industrial Board focuses on the work force.

In conversations with other cities such Austin, Texas, Ms. Harris discovered that that city is having some of the same issues as Nashville in reference to affordable housing. Austin has concentrated on GEO bonds and their Housing Trust Fund Commission in the past couple of years. Ms. Harris frequently communicates with peers in Austin on affordable housing solutions. Ms. Harris also noted that the Industrial Development Board in New Orleans focuses on economic development and tax exempt bonds for projects. Ms. Harris will continue her efforts to communicate with other cities to get methods that work best for the realization of affordable housing.

- **Challenges and Suggestions for Incentivizing Affordable Housing in Nashville**

The Board and Ms. Harris discussed challenges and suggestions for incentivizing affordable housing in Nashville. Ms. Harris focused primarily on the potential expansion of the property tax abatement program for affordable housing projects. The program could target multi-family projects that provide some component of units that would be affordable to those making 60% or below of the area median income. Board members asked Ms. Harris questions and discussed suggested expansions, developer's roles, rent structures, mix income communities and initiatives from the Mayor.

Mr. Scruggs suggested more participation from the non-profit organizations by way of development on government-owned land and expanding tools that could be used to assist developers such as payment in-lieu-of tax agreements. Mr. Scruggs suggested that the city explore the possibility of providing lower-cost land to developers who would produce workforce and affordable housing units.

- **Discussion**

Madam Chair opened the meeting to the audience for discussion. Various members of the audience joined the discussion with Ms. Harris and Board members. Burkley Allen, Metro Council asked if an inventory of Metro-owned land existed. Ms. Harris responded with there is a list of Metro-owned properties and the list determines feasibility of developing the land. Ms. Harris noted some things to consider are environmental issues and tax liens.

Ms. Perry briefly discussed a possible task force of IDB members dedicated to affordable housings. Other Board members agreed it should be discussed at future Board meetings. Freddie O'Connell, Metro Council, talked about mixed-income communities, demographics of neighborhoods and housing needs. John Cooper, Metro Council, talked about the variety of tools and effectiveness and data evaluation of tools.

Jim Thiltgen, MDHA, talked about subsidies comparable to all income levels and suggested bond issuances. Hiram Brown, Urban Housing Solutions talked about non-profits' role in affordable housing and concurred a task force with IDB to evaluate ways to close the affordable housing gap is a good place to start. Rusty Lawrence, Urban Housing Solutions, suggested PILOTs and long term property tax relief.

**Existing Business:**

**Amendment to Intergovernmental Agreement**

Ms. Darby briefly explained the Intergovernmental Agreement between Metro and IDB. Metro provides legal and administrative services from the Legal Department, Finance Department and the Mayor's Office to the Board. Ms. Darby noted the previous agreement expired and the new agreement will extend to the year 2020. Mr. Fulton made a motion to approve the agreement and Mr. Hodge seconded the motion. Madam Chair requested a copy of the agreement be sent to the Board. Ms. Darby will email a copy of the agreement to the Board. The Board voted and approved the Intergovernmental Agreement. The agreement will also go to Metro Council for approval.

**Approval of Financial Matters:**

Ms. West reported there was a June parking ticket for \$52.00. Mr. Fulton made a motion to pay the parking bill and it was seconded by Mr. Harmon. The Board voted and approved the expenditure.

**Scheduled Next Board Meeting**

The next Board meeting was scheduled for September 19, 2017.

The Board discussed options on moving meeting to the Sonny West Location when possible. Ms. West will follow up and inform the Board on possible options.

Madam Chair asked if it would be reasonable to invite the Chattanooga Industrial Develop Board to the next meeting to discuss Affordable Housing issue further from their perspective. The Board agreed. Madam Chair will follow up with Ms. Harris to see if they are available.

**Adjourn**

The meeting was adjourned at 11:59 a.m.

APPROVED, this 19th day of September, 2017

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Ginger Hausser, Chair

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Aubrey Gregory, Secretary