



SUMMARY REVIEW OF AGENDA ITEMS FOR THE MDHA BOARD OF COMMISSIONERS

Oct. 11, 2022

7a. PILOT Agreement – McCrory Lane.

HV Land Co, LP has applied for a PILOT for a proposed 251-unit affordable housing development at 8101 McCrory Lane. HV Land Co, LP has received an allocation of 4% Low Income Housing Tax Credits (LIHTCs) from the Tennessee Housing Development Agency (THDA). The tax credits will result in an equity amount of \$36,305,538. When completed, the development will consist of 100 one-bedroom units, 82 two-bedroom units, and 69 three-bedroom units. The project will offer rents well below 60% AMI for a portion of the units, and all other units will be capped at no greater than 60% AMI (project may use income averaging).

Staff is recommending approval of a PILOT that would have an initial payment of \$37,650 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 \$525,513 for the first year the property is placed in service. This would leave MDHA's annual abatement capacity at \$851,206.

7b. Resolution Approving the Equity Closing for Cherry Oak Apartments.

At its March meeting, this Board approved the overall financing and structuring of 96-unit mixed income Cherry Oak Apartments, which includes a Low Income Housing Tax Credit partnership-owned Affordable Condo and an MDHA-owned Market Rate Condo. The Finance & Audit and Development Committees recommended full Board approval of the tax-credit equity portion of the closing. Redstone Equity is the limited partner of the tax-credit partnership Boscobel IV, L.P. and will be making an equity investment as set forth in a partnership agreement. To facilitate the transaction, MDHA will enter into guaranty and development agreements with the partnership as well as amendments to the Condo Declaration, Ground Lease, and Memorandum of Lease for Cherry Oak Apartments.

8. “Driver’s Safety” Matching Grant Program through Public Entity Partners

MDHA is committed to the safety and well-being of its employees, and all efforts shall be made to provide a safe and hazard-free workplace. MDHA holds automobile liability coverage with Public Entity Partners and is eligible to seek reimbursement of half of its costs (up to \$4,000 through a matching grant program) by offering driver's safety training to its employees. Board approval is requested to apply for this grant.