



SUMMARY REVIEW OF AGENDA ITEMS FOR THE MDHA BOARD OF COMMISSIONERS

May 14, 2024

5a. Increasing the Payment in Lieu of Taxes (PILOT) Cap.

In 2015, The Metropolitan Council authorized MDHA to negotiate and enter into Payment in Lieu of Tax (PILOT) Agreements with private real estate developers that provide affordable housing through THDA's Low Income Housing Tax Credit (LIHTC) program. The current program rules allow MDHA to facilitate new property tax abatements of up to \$2.5 million each year. Since the PILOT program was founded, the Federal Government has dramatically expanded its use of the LIHTC program, which has resulted in increased demand for LIHTC development in Nashville.

Over the last four calendar years, MDHA has effectively been operating at full abatement capacity. There is concern that MDHA's annual abatement capacity of \$2.5 million will not be able to support the future demand in affordable housing development through the LIHTC program. Existing market dynamics and assessment guidelines create an environment where LIHTC developments would not be feasible in Davidson County if they did not receive a PILOT.

Staff is requesting that the Board of Commissioners approve an increase of MDHA's annual PILOT abatement capacity from \$2.5 million to \$5 million and authorize the Executive Director to take the necessary steps, including submission to the Metropolitan Council, and authorize the Executive Director to execute all necessary documents for implementing this change.

5b. Debt & Equity Closing for Park Point East.

Park Point East is the next new residential construction of the Cayce Place Transformation. It is an approximately \$95.7 million development which will contain 203 Low-Income Housing Tax Credit units (115 with Project-Based Rental Assistance, and 88 unsubsidized). Wells Fargo and RBC Community Investments are the financing partners for this transaction. The Finance and Development Committee recommended full Board approval of the debt and tax-credit equity closing for Park Point East at its May 2024 meeting. To facilitate the transaction, MDHA will enter into guaranty and development agreements with the development partnership, as well as a Ground Lease, and provide an Agency Loan.

6a. Agency Safety and Health Plan.

As required by Public Chapter 561 of the General Assembly of the State of Tennessee, Metropolitan Development and Housing Agency must maintain an effective occupational safety and health program for its employees. The established program has been updated to provide a safe and healthful place and condition of employment and the Board is being requested to approve the resolution.