

EXHIBIT A

Metropolitan Government of Nashville and Davidson County

Health and Educational Facilities Board

Payment in Lieu of Tax (PILOT) Program for Mixed-Income Housing

GENERAL PROGRAM DESCRIPTION

Purpose: To incentivize mixed-income housing that is affordable to households with incomes at 50% or 75% or less of the area median income for the Nashville-Davidson MSA in multifamily properties that otherwise would not have any income-restricted units.

Program Overview: Based on the percentage of income-restricted units made available, the Metropolitan Government offers a tiered program whereby a percent of property taxes is abated for a specified number of years.

Each year, the Metropolitan Housing Division will publish income and rent guidelines for income-restricted units.

Program Parameters:

- Property must be in Nashville-Davidson County.
- At least 60% of the units must not be income restricted and the project must demonstrate a range of rents.
- Cannot be combined with other PILOT programs, LIHTC, or any other local subsidy.
- Term for income-restricted units is 15 years. Can apply for renewal for a second 15-year term.
- Tax abatement steps down 20% in years 11-15.
- Requires new construction or significant capital improvement resulting in increased property assessment value (tax abatement must never be greater than the tax liability at time of application).
- Abatement applies only to residential portion of the development.
- All units must be built and maintained to uniform standards in both construction and operations. Income-restricted units must be comparable to unrestricted units.
- Must comply with fair housing laws and must develop an affirmative marketing plan.
- Must list units on the Metropolitan Housing Division's resident portal.
- Abatement percentage based on post-construction/improvement tax liability.

Program Cap: Total annual abatement amount cannot exceed \$3 million annually.

Program Tiers:

- **Level 1**
 - 1a: properties in which the average income for 20% of units is 50% or below the AMI;
OR
 - 1b: properties in which the average income for 40% of units is 75% or below the AMI
 - 70% abatement on all units
 - 80% abatement for developments in the UZO
 - Application fee: \$2,000 per project
 - Initiation fee: 75 basis points of year 1 PILOT payment
 - Annual monitoring and reporting fee: up to 3% of the annual PILOT payment
 - Developer pays all legal fees

- **Level 2** – properties in which the average income for 10% of units is 50% or below the AMI AND the average income limit for 15% of units is 75% or below the AMI (exclusive of the units meeting the 50% AMI test)
 - 65% abatement on all units
 - Application fee: \$3,000 per project
 - Initiation fee: 75 basis points of year 1 PILOT payment
 - Annual monitoring and reporting fee: up to 4% of the annual PILOT payment
 - Developer pays all legal fees

- **Level 3** - properties in which the average income for 30% of units is 75% of below the AMI
 - 60% abatement on all units
 - Application fee: \$4,000 per project
 - Initiation fee: 75 basis points of year 1 PILOT payment
 - Annual monitoring and reporting fee: up to 5% of the annual PILOT payment
 - Developer pays all legal fees

Implementation and Oversight

The Metropolitan Housing Division will assist the HEFB with the implementation and oversight of the Mixed-Income PILOT Program and will work with the HEFB to establish policies and procedures and appropriate enforcement mechanisms. The Metropolitan Housing Division may contract with a third party for administrative services and operational support, such as income-verification, compliance reviews, reporting, legal services, and market analyses. Administrative and operational costs are supported by fees collected through the Program. Fees for legal services will be born by the applicant developer in addition to the administrative and operational fees.