

## **PILOT AGREEMENT**

THIS PILOT AGREEMENT (the “**PILOT Agreement**”) is made and entered into as of the 31<sup>st</sup> day of March, 2025, by and between the METROPOLITAN DEVELOPMENT AND HOUSING AGENCY (“**MDHA**”) and Artist Lofts, LP (the “**Owner**”).

### **WITNESSETH:**

WHEREAS, MDHA is a public body and a body corporate and politic organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §13-20-101, et seq., (the “**Act**”);

WHEREAS, §13-20-104(f) of the Act provides that a metropolitan government may delegate to a housing authority the authority to negotiate and accept in lieu of ad valorem taxes (“**In Lieu of Tax Payments**”) from a party that operates a low income housing tax credit (“**LIHTC**”) property, as such term is defined in the Act (a “**LIHTC Property**”) on property leased by such party from a housing authority;

WHEREAS, MDHA is the housing authority, as defined in the Act, for the Metropolitan Government of Nashville and Davidson County, Tennessee (the “**Metropolitan Government**”);

WHEREAS, by Ordinance No. BL2015-1281 as amended by Ordinance No. BL2016-334 (collectively, the “**PILOT Ordinance**”), the Metropolitan Government (i) authorized MDHA to negotiate and accept In Lieu of Tax Payments from lessees of LIHTC Property owned by MDHA, and (ii) approved MDHA’s program for determining qualifications and eligibility for such In Lieu of Tax Payments (the “**PILOT Program**”);

WHEREAS, Owner has acquired land located at 3539 Dickerson Pike, and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the “**Project Site**”);

WHEREAS, Owner intends to construct a 251 unit apartment project, known as Artist Lofts, on the Project Site and operate it as a LIHTC Property (the “**Project**”);

WHEREAS, MDHA is authorized by law and has deemed it necessary and desirable to acquire the Project Site for the purpose of facilitating the Project in accordance with the PILOT Program, the PILOT Ordinance and the Act;

WHEREAS, the Board of Commissioners of MDHA approved MDHA’s purchase of the Project Site and authorized the Executive Director of MDHA to take all actions on behalf of MDHA to undertake the following:

- (A) acquire the Project Site;
- (B) enter into a lease with Owner pursuant to which Owner will (i) lease the Project Site and the Project from MDHA with MDHA having the right to cause Owner to purchase the Project Site and the Project from MDHA upon expiration of the tenth (10<sup>th</sup>) Tax Year, (ii) rehabilitate the Project on the Project Site, and (iii) by recorded agreement, commit to operate the Project as a LIHTC Property in accordance with the requirements of the Internal Revenue Code and the Tennessee Housing Development Agency ("THDA") for a minimum period of fifteen (15) years after the Project is complete (the "**Project Lease**");
- (C) enter into this PILOT Agreement;
- (D) submit this PILOT Agreement to the Metropolitan Planning Commission to obtain a recommendation of approval or disapproval, as envisioned by the PILOT Ordinance;
- (E) submit this PILOT Agreement to the Metropolitan Council of the Metropolitan Government (the "**Metropolitan Council**") for approval as required by the PILOT Ordinance; and
- (F) take such other action and execute such other documents as the Executive Director deems necessary or desirable to facilitate rehabilitation of the Project and the transactions described above consistent with this PILOT Agreement, the Act, the Project Lease, the Metropolitan Ordinance and the PILOT Program (including MDHA's application and policies and procedures related thereto).

WHEREAS, MDHA intends to acquire the Project Site from Owner and will concurrently enter into the Project Lease; and

WHEREAS, Owner has agreed to make In Lieu of Tax Payments with respect to the Project as described herein.

NOW, THEREFORE, for and in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto, and as an inducement to Owner to rehabilitate the Project and operate the Project as LIHTC Property, MDHA and Owner agree as follows:

1. With respect to Project Site and the real property component of the Project, Owner shall make In Lieu of Tax payments to MDHA who will then remit the payment to the Metropolitan Government, as follows:

(a) The In Lieu of Tax Payments shall be equal to the Applicable Ad Valorem Taxes, as defined below, through and including the calendar year in which the rehabilitation of the Project is completed.

(b) Commencing on January 1<sup>st</sup> of the calendar year following the year in which the Project is placed into service (“**Tax Year 1**”) and each tax year subsequent to the Tax Year 1 (Tax Year 1 and each subsequent tax year being referred to herein as a “**Tax Year**”) through the tenth (10<sup>th</sup>) Tax Year, in Lieu of Tax Payments shall be as follows:

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1	\$13,805
2	\$14,219
3	\$14,646
4	\$15,085
5	\$15,538
6	\$16,004
7	\$16,484
8	\$16,978
9	\$17,488
10	\$18,012

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Subject to Section 1(e) below, the In Lieu of Tax Payments shall be fixed and shall not fluctuate with the amount of the assessment for the Project Site or the Project or the tax rate in effect for any Tax Year. The amount of the In Lieu of Tax Payments is approximately equal to \$55 per unit within the Project, with a three percent (3%) annual increase. In Lieu of Tax Payments for each Tax Year shall be paid when due but in any event not later than the date on which the Applicable Ad Valorem Taxes would become delinquent.

(c) After the tenth Tax Year, this Agreement shall expire and Owner shall pay 100% of the Applicable Ad Valorem Taxes.

(d) The term “**Applicable Ad Valorem Taxes**” shall mean any real property ad valorem taxes that, but for ownership of the Project Site and the Project by MDHA, would have been due and payable to the Metropolitan Government pursuant to Tenn. Code Ann. § 67-5-102 with respect to the Project Site and the Project.

(e) Notwithstanding anything contained herein to the contrary, if THDA or the IRS determines that the Project is not in compliance with LIHTC requirements and is therefore not operated as a LIHTC Property at any time during a Tax Year, and Owner has failed to cure such default within any specified cure period, Owner shall pay 100% of the Applicable Ad Valorem Taxes with respect to such Tax Year.

(f) Notwithstanding anything contained herein to the contrary,

Owner shall pay 100% of the Applicable Ad Valorem Taxes for the periods before Tax Year 1 and after Tax Year 10, if the Project Lease is in effect during such periods.

2. Commencing in Tax Year 1 and in each Tax Year subsequent through the (10<sup>th</sup>) Tax Year, Owner shall provide to MDHA an annual report not later than September 1<sup>st</sup> of each Tax Year containing the following information:

- (a) The value of the Project, as estimated by the Owner;
- (b) The date and remaining term of the Project Lease;
- (c) The amount of In Lieu of Tax Payments payable in such Tax Year;
- (d) The date in which the Project is scheduled to return to the regular tax rolls and be eligible to pay 100% of the Applicable Ad Valorem Taxes following the tenth (10<sup>th</sup>) Tax Year;
- (e) A calculation of the Applicable Ad Valorem Taxes for such Tax Year that, but for ownership of the Project Site and the Project by MDHA, would have been due and payable to the Metropolitan Government pursuant to Tenn. Code Ann. § 67-5-102 with respect to the Project Site and the Project;
- (f) A copy of the Owner's most recent Annual Certification as submitted to THDA, certifying compliance with LIHTC requirements; and
- (g) A copy of any monitoring or compliance reports provided by THDA to the Owner during such Tax Year.

3. Commencing with Tax Year 1 and each Tax Year thereafter, Owner shall pay to MDHA a monitoring and reporting fee to be set by MDHA but not to exceed five percent (5%) of the amount In Lieu of Tax Payment due with respect to such Tax Year (the "Annual MDHA Fee"). The Annual MDHA Fee shall be paid not later than fifteenth (15) day of such Tax Year. Unpaid amounts shall bear interest at the rate of four percent (4%) in excess of the average prime rate of interest published from time to time by the Federal Reserve or similar commonly accepted reporting organization if the Federal Reserve ceased to publish such information. Owner's failure to pay the Annual MDHA Fee within thirty (30) days after written notice from MDHA shall constitute a default under this PILOT Agreement in which event Owner shall pay 100% of the Applicable Tax Rate for such Tax Year instead of the In Lieu of Tax Payment set forth above.

4. Owner's payment of the In Lieu of Tax Payments shall satisfy the requirement in Tenn. Code Ann. § 67-5-206(a) that MDHA pay the Metropolitan Government for services, improvements or facilities furnished by the Metropolitan Government for the benefit of the Project.

5. This PILOT Agreement may not be assigned to any party other than the assignee of the lessee's interest under the PILOT Lease pursuant to an assignment that is made in accordance with the PILOT Lease, including MDHA consent requirements, if any, specified therein. Each permitted assignee shall assume Owner's obligations under this PILOT Agreement concurrent with the assignment of the PILOT Lease.

6. This PILOT Agreement shall be construed in accordance with the laws of the State of Tennessee, and if any one or more of the provisions of this PILOT Agreement shall be held invalid, illegal or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, legality or unenforceability shall not affect any other provision hereof, but this PILOT Agreement shall be construed the same as if such invalid, illegal or unenforceable provision had never been contained herein. This PILOT Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.

7. This PILOT Agreement is subject to and conditioned upon (i) approval of this PILOT Agreement by the Metropolitan Council as required by the PILOT Ordinance, (ii) Owner's satisfaction of all conditions and requirements imposed by MDHA in connection this PILOT Agreement or the transaction contemplated herein, (iii) MDHA taking title to the Property and entering into a mutually acceptable Project Lease, and (iv) THDA's approval of the Project and allocation of low income housing tax credits, to the extent such approval or allocation has not been received as of the date of this PILOT Agreement.

8. MDHA shall remit all In Lieu of Tax Payments received in connection with the Project and/or the Project Lease to the Metropolitan Government within fifteen (15) days of receipt.

Signed by: Troy D. White

By: \_\_\_\_\_

Artist Lofts, LP

By: Erin Kelly

Title: CEO

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Austin Kyle

Date \_\_\_\_\_

## EXHIBIT A

Being a tract of land lying in the 8<sup>th</sup> Council District of Davidson County, Nashville, Tennessee, and being proposed Lot 1 of Artist Lofts Final Plat (not recorded). Said proposed Lot 1 being bounded on the west by the proposed eastern Right of Way (ROW) of Dickerson Pike (U.S. Highway 41, U.S. Highway 31W and State Route 11), bounded on the north by Amy Shonting as recorded in Instrument Number 20051212-0149218 Register's Office of Davidson County, Tennessee (RODC), bounded on the east by proposed Lot 4 of said Artist Lofts Final Plat and by a remaining portion of 3539 Dickerson Pike, LLC as recorded in Instrument Number 20220706-0077911, and bounded on the south by proposed Lots 3 and 2 of said Artist Lofts Final Plat. Said proposed Lot 1 being more particularly described as follows:


POINT OF COMMENCEMENT being a found iron rod with cap lying on said eastern ROW of Dickerson Pike, being ±70 feet northeast of the center line intersection of said Dickerson Pike and Barnett Drive, and being the southwest corner of said Amy Shonting; thence leaving said existing ROW of Dickerson Pike and with said proposed eastern ROW of said Dickerson Pike South 85°34'57" East 14.23 feet to the true and actual POINT OF BEGINNING; thence leaving said proposed ROW of Dickerson Pike and with the common line of said Shonting South 85°34'57" East 392.89 feet to a point; thence with the common line of said proposed Lot 4 with the following: South 05°06'47" West 265.81 feet to a point; thence with a curve to the left having an arc length of 20.76 feet, a central angle of 103°26'08", a radius of 11.50 feet, and having a chord bearing and distance of South 46°36'17" East 18.05 feet to a point; thence with a curve to the right having an arc length of 46.31 feet, a central angle of 08°21'25", a radius of 317.50 feet, and having a chord bearing and distance of North 85°51'22" East 46.27 feet to a point; thence South 89°57'56" East 24.65 feet to a point; thence with a curve to the left having an arc length of 104.79 feet, a central angle of 27°36'14", a radius of 217.50 feet, and having a chord bearing and distance of North 76°13'57" East 103.78 feet to a point; thence North 62°25'51" East 92.51 feet to a point; thence with the common line of said remaining portion of 3539 Dickerson Pike, LLC South 46°44'21" East 26.47 feet to a point; thence with the common line of said proposed Lot 3 with the following: South 62°25'51" West 101.20 feet to a point; thence with a curve to the right having an arc length of 116.83 feet, a central angle of 27°36'14", a radius of 242.50 feet, and having a chord bearing and distance of South 76°13'57" West 115.70 feet to a point; thence North 89°57'56" West 24.65 feet to a point; thence with a curve to the left having an arc length of 52.19 feet, a central angle of 10°13'21", a radius of 292.50 feet, and having a chord bearing and distance of South 84°55'24" West 52.12 feet to a point; thence South 05°44'42" West 1.00 feet to a point; thence with the common line of said proposed Lot 2 with the following: with a curve to the left having an arc length of 23.64 feet, a central angle of 04°37'23", a radius of 293.00 feet, and having a chord bearing and distance of South 76°28'03" West 23.64 feet to a point; thence South 74°09'21" West 4.83 feet to a point; thence with a curve to the left having an arc length of 63.49 feet, a central angle of 12°21'07", a radius of 294.50 feet, and having a chord bearing and distance of South 67°58'48" West 63.37 feet to a point; thence with a curve to the left having an arc length of 82.24 feet, a central angle of 15°59'57", a radius of 294.50 feet, and having a chord bearing and distance of South 53°48'16" West 81.97 feet to a point; thence South 45°48'18" West 4.58 feet to a point; thence with a curve to the right having an arc length of 121.65 feet, a central angle of 44°15'16", a radius of 157.50 feet, and having a chord bearing and distance of South 67°55'56" West 118.65 feet to a point; thence North 89°56'26" West 55.60 feet to a point lying on said proposed eastern ROW of Dickerson Pike; thence with said proposed ROW of Dickerson Pike with the following: with a curve to the right having an arc length of 150.61 feet, a central angle of 00°16'50", a radius of 30,754.62 feet, and having a chord bearing and distance of North 06°53'05" West 150.61 feet to a point; thence North 06°33'35" West 313.93 feet to the point of beginning.

Tract contains 147,288 square feet or 3.38 acres.

Bearings based on Tennessee State Plane Coordinate System.

**Certification of Consistency  
with the Consolidated Plan****U.S. Department of Housing  
and Urban Development**

I certify that the proposed activities/projects in the application are consistent with the jurisdiction's current, approved Consolidated Plan.  
(Type or clearly print the following information:)

Applicant Name: Artist Lofts, LPProject Name: Artist LoftsLocation of the Project: 3539 Dickerson Pike  
Nashville, TN 37207Name of the Federal  
Program to which the  
applicant is applying: 4% LIHTCName of  
Certifying Jurisdiction: MDHACertifying Official  
of the Jurisdiction  
Name: Emel AlexanderTitle: Deputy Chief Operating OfficerSignature: Date: 3/27/2025



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# Memo

**To:** MDHA  
**From:** Metropolitan Nashville Planning Department  
**Date:** February 18, 2025  
**Re:** Planning Commission Recommendation for PILOT Agreement

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This memo fulfills the Planning Commission obligations as outlined in the MDHA Housing Tax Credit PILOT Program General Program Description which was attached as Exhibit A to BL2025-XXX. The memo consists of two parts; the staff recommendation and a map

## **PART I: RECOMMENDATION ON GENERAL PLAN CONSISTENCY**

**Project:** Artist Lofts, LP (05000006600, 05000006500, 05000006700,  
05000007000, 05000006900, 3539 Dickson Pike)  
260 multi-family units  
Units targeting 60% of the Area Median Income (AMI)

**Zoning:** Specific Plan-Mixed Use (SP-MU) is a zoning district category that provides for additional flexibility of design, including the relationship of streets to buildings, to provide the ability to implement the specific details of the General Plan. This Specific Plan includes residential uses in addition to office and/or commercial uses.

Specific Plan – Mixed Residential (SP-MR) is a zoning district category that provides for additional flexibility of design, including the relationship of streets to buildings, to provide the ability to implement the specific details of the General Plan. This Specific Plan includes a mixture of housing types

## **Policy:**

### **PARKWOOD – UNION HILL COMMUNITY PLAN**

T3 Suburban Mixed Use Corridor (T3 CM) is intended to enhance suburban mixed use corridors by encouraging a greater mix of higher density residential and mixed use development along the corridor. T3 CM areas are located along pedestrian friendly, prominent arterial-boulevard and collector-avenue corridors that are served by multiple modes of transportation and are designed and operated to enable safe, attractive, and comfortable access and travel for all users. T3 CM areas provide high access management and are served by highly connected street networks, sidewalks, and existing or planned mass transit.

T3 Suburban Neighborhood Evolving (T3 NE) is intended to create and enhance suburban residential neighborhoods with more housing choices, improved pedestrian, bicycle and vehicular connectivity, and moderate density development patterns with moderate setbacks and spacing between buildings. T3 NE policy may be applied either to undeveloped or substantially under-developed “greenfield” areas or to developed areas where redevelopment and infill produce a different character that includes increased housing diversity and connectivity. Successful infill and redevelopment in existing neighborhoods needs to take into account considerations such as timing and some elements of the existing developed character, such as the street network, block structure, and proximity to centers and corridors. T3 NE areas are developed with creative thinking in environmentally sensitive building and site development techniques to balance the increased growth and density with its impact on area streams and rivers.

Conservation (CO) is intended to preserve environmentally sensitive land features through protection and remediation. CO policy applies in all Transect Categories except T1 Natural, T5 Center, and T6 Downtown. CO policy identifies land with sensitive environmental features including, but not limited to, steep slopes, floodway/floodplains, rare or special plant or animal habitats, wetlands, and unstable or problem soils. The guidance for preserving or enhancing these features varies with what Transect they are in and whether or not they have already been disturbed.

#### **Project Details:**

The site is part of a Specific Plan project of approximately 37 acres allowing up to 525 multi-family units and 22,000 square feet of non-residential. This plan is for a portion of the Specific Plan. It is approximately 7.52 acres located on the east side of Dickerson Pike. The overall project calls for a mixed residential development. This proposal is located in Zone A of Specific Plan 2022SP-077-002. The SP allows for 278 units in Zone A. The proposed plan includes a 7-story apartment complex that wraps around a parking garage and a WeGo transit center located in front. To the south, there is another 7-story apartment complex with a pedestrian bridge connecting the two buildings. Additionally, a daycare center is situated on the southern side of the property. Surface-level parking is available to the south of the southern 7-story building, as well as additional parking behind the daycare center.

Furthermore, 25 townhomes are planned for the eastern side of the development, which will transition the site to align with the less dense developments outlined in the remainder of the Specific Plan. The Plan includes a daycare and WeGo transit center, which is consistent with the goals of the policy.

#### **Planning Department Analysis:**

The plan is consistent with the proposed T3 CM, T3 NE, and CO policies.

##### *Consistency with Suburban Mixed Use Corridor Policy*

The T3 CM is intended to enhance suburban mixed use corridors by encouraging a greater mix of higher density residential. The mixed use development along the corridor are also served by multiple modes of transportation. These areas provide high access management and are served by highly connected street networks, sidewalks, and existing or planned mass transit. Along with a mix of land uses, T3 CM policy areas are characterized by buildings built to the back of the sidewalk, parking behind or beside buildings, and highly connected street networks. Appropriate building types include low and medium-rise townhouses, flats, and mixed use buildings. Building heights are generally limited to one to three stories; however, additional height may be warranted at major intersections in limited situations. Proximity to other policy areas, proximity to transit, the use of building setbacks, and site topography are factors that may be considered when allowing height greater than three stories. The proposed building exceeds the three-story max height, however the site is

located north of a major intersection and has incorporated a building stepback with a depth of 40 feet to allow for the seven story building to blend in better with the surrounding development.

*Consistency with Suburban Neighborhood Evolving Policy*

The T3 NE policy is intended to create and enhance suburban residential neighborhoods with more housing choices, improved pedestrian, bicycle, and vehicular connectivity, and moderate density development patterns with moderate setbacks and spacing between buildings. The plan calls for a mixed-use residential development that would provide additional density and housing options as well as improved pedestrian, bicycle, and vehicular connections within the neighborhood and a WeGo transit center. Building heights are generally limited to one to three stories with heights of up to four stories possible in certain locations. The proposed plan shows a max height of the buildings within the T3 NE policy area to be limited to 45 feet in 3 stories.

The plan and architectural standards are consistent with the expanded suburban nature of the CM and NE policies. The plan enhances the pedestrian realm by placing parking away from the proposed local streets within the site. Pedestrian and vehicular connectivity will be improved through the sidewalks, public streets and WeGo transit center as shown within the plan, which meets the connectivity goals stated in the T3 NE and CM policies.

*Consistency with Conservation Policy*

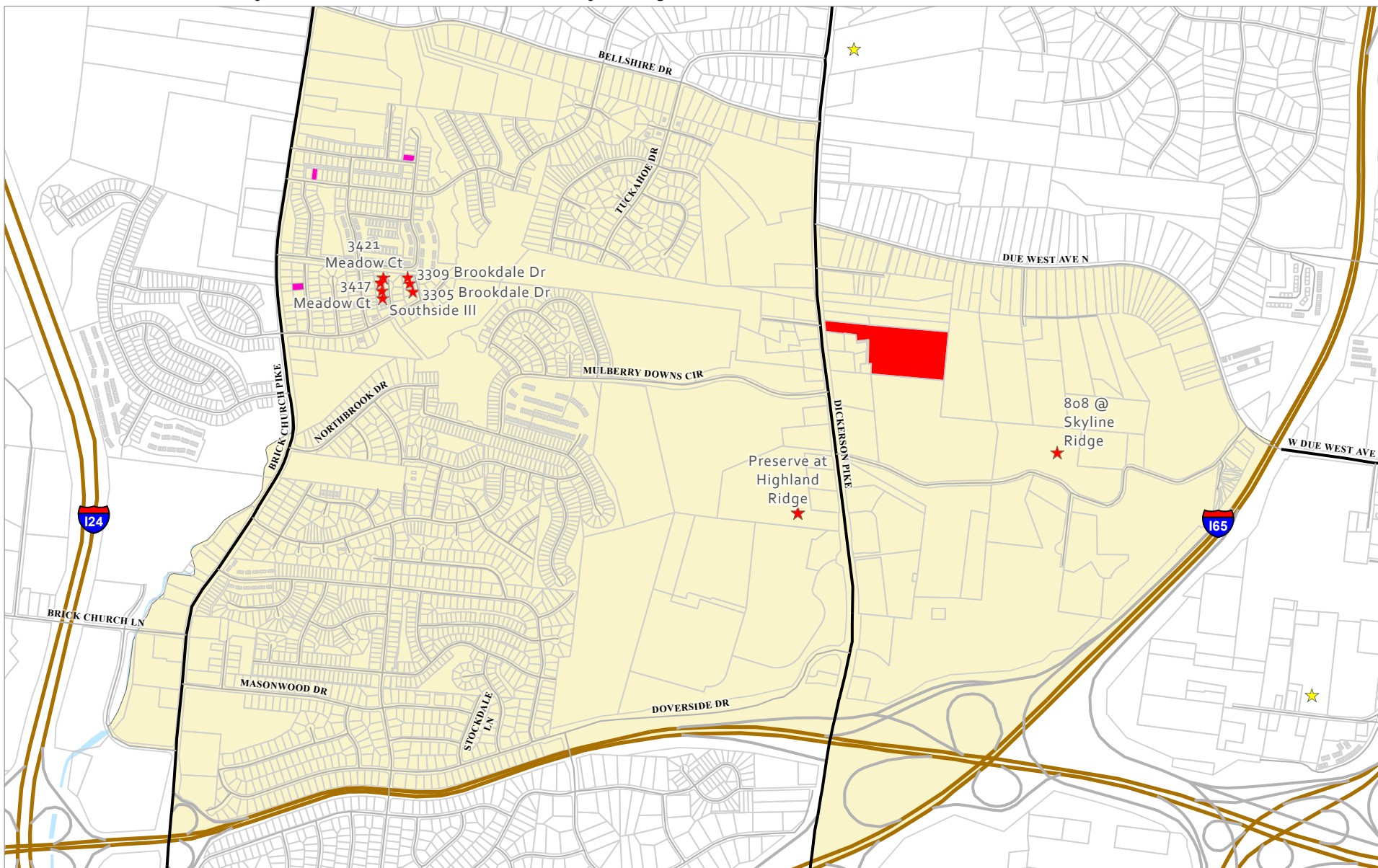
The CO policy is intended to preserve environmentally sensitive land features through protection and remediation. CO policy applies to the floodplain/stream buffers and the areas of steep slope on the property in excess of 25%. Multiple areas of steep slopes in the southern half and rear northern portion of the project will be graded, but the overall disturbance will be minimal.

**Planning Determination:** The proposed development is consistent with the NashvilleNext adopted general plan and the Community Character Policies.

**PART II: LIST OF FEDERALLY SUBSIDIZED MULTI-FAMILY PROPERTIES WITHIN THE CENSUS TRACT**

See attached map.

# Federally Subsidized Multi-Family Projects within Census Tract 47037010903



- ★ Federal Affordable Housing Units
- MDHA
- 3539 Dickerson Pike(05000006500)
- ★ Other Federal Affordable Housing Units
- Tract 47037010903

Total Units	Development Name
178	808 @ Skyline Ridge
261	Preserve at Highland Ridge
2	3305 Brookdale Dr
2	3309 Brookdale Dr
2	3313 Brookdale Dr

Total Units	Development Name
2	3417 Meadow Ct
2	3421 Meadow Ct
2	Southside IV
3	Southside III



Source :  
U.S Census Bureau &  
Nashville Planning  
March 2025

