

PILOT AGREEMENT

THIS PILOT AGREEMENT (the “**PILOT Agreement**”) is made and entered into as of the 3 day of October, 2023, by and between the METROPOLITAN DEVELOPMENT AND HOUSING AGENCY (“**MDHA**”) and Sojourn Nolensville Apartments, 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 plans to acquire land located at 4608 Nolensville 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 170 unit apartment project, known as Sojourn Nolensville Apartments, 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 (10th) Tax Year, (ii) construct 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 construction 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 construct 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 construction of the Project is completed.

(b) Commencing on January 1st 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 (10th) Tax Year, in Lieu of Tax Payments shall be as follows:

1	\$30,600
2	\$31,518
3	\$32,464
4	\$33,437
5	\$34,441
6	\$35,474
7	\$36,538
8	\$37,634
9	\$38,763
10	\$39,926

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 \$180 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 (10th) Tax Year, Owner shall provide to MDHA an annual report not later than September 1st 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 (10th) 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.

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the day and date first above written.

**METROPOLITAN DEVELOPMENT AND
HOUSING AGENCY**

Bye

Title:

Executive Director

Sojourn Nolensville Apartments, LP

By:

Title:

Manager

FILED WITH THE METROPOLITAN CLERK

Austin Kyle

Date _____

EXHIBIT A

TRACT 1

LAND in the 5th Civil District of Davidson County, Tennessee, described according to a survey by Donald W. Fortner, dated September 30, 1972, as follows:

BEGINNING at the of the north right-of-way of Nolensville Road and the east right-of-way of Taylor Road; thence in a northerly direction with a left curve having a radius of 145.72 feet, 30.69 feet to an iron pin marking the intersection of the Taylor Road right-of-way and the northerly right-of-way of Old Nolensville Road (abandoned); thence continuing with said curve 83.76 feet to an iron pin; thence with a tangent N7°00'W, 42.07 feet to an iron pin marking the beginning of a right curve with a radius of 295.00 feet, 100.33 feet to an iron pin; thence with the tangent to curve continuing along the east right-of-way of Taylor Road N12°29'30"E. 441.38 feet to an iron pin; thence S79°22'E, 153.81 feet to an iron pin in an old fence line; thence with the fence line S7°21'W, 63.07 feet to an iron pin marking the northwest corner of Parcel No. 2 described below; thence continuing S7°21'W, 127.24 feet to an iron pin marking the southwest corner of Parcel No. 2 and the northwest corner of William H. Buford's property as described in Deed Book 4020, Page 879, said Register's Office; thence continuing S7°21'W, 260 feet to an iron pin; thence S9°45'W, 284.71 feet to an iron pin in Old Nolensville Road right-of-way; thence continuing S9°45'W, 47.04 feet to an iron pin in the present right-of-way of Nolensville Road; thence N52°00'W, 198.80 feet to the point of beginning, containing 2.85 acres, more or less.

INCLUDED IN THE ABOVE DESCRIPTION BUT EXPRESSLY EXCLUDED FROM THIS TRANSACTION is that portion of land between the old north right-of-way and the present north right-of-way of Nolensville Road.

BEGINNING at an iron pin marking the northwest corner of Parcel No. 2, said point being located S7°21'W, 63.07 feet from the northeast corner of Parcel No. 1 described above; thence with a common fence line between Parcel No. 2 and the Joe Grubbs property as described in Book 4502, Page 822, said Register's Office, S81°07'E, 437.28 feet to a corner post; thence S8°03'W, 359.82 feet to an iron pin; thence S63°30'W, 51.22 feet; thence N10°38'E, 4.00 feet; thence N40°44'41", 261.00 feet to an iron pin; thence N56°04'W, 139.91 feet to an iron pin marking William H. Buford's northeast corner; thence continuing N56°04'W, 80.00 feet to an iron pin; thence N7°21'E, 127.24 feet to the point of beginning, containing 2.52 acres, more or less.

Being the same property conveyed to PARVIN VAFI AND JAMSHID SHARIFI, TRUSTEES OF THE JAMSHID AND PARVIN TRUST DATED APRIL 28, 2002, by deed from PARVIN VAFI AND JAMSHID SHARIFI, WIFE AND HUSBAND, of record in Instrument No. 20220718-0081766, dated April 28, 2022, said Register's Office.

TRACT 2

Land in the 5th Civil District of Davidson County, Tennessee, described as follows: Property lying in southern Davidson County north of Nolensville Pike and north of Haywood Lane, bounded on the south by Nolensville Pike on the west and north by

property belonging to Jamshid Sharifi, et al of record in Deed Book 9514, page 311, and on the east by the fifty foot (50.00) easement/right of way to Beverly Heights, Section 1 of record in Plat Book 2331, page 26, and more specifically described according to a survey by Galyon W. Northcutt, TN RLS #1529, 2607 Forest View Drive, Antioch, TN 37013, dated 7/29/02, as follows:

PARCEL 1

Beginning on an iron pin on the north margin of the current Nolensville Road right of way and being approximately 220.0 feet southeast of the intersection of Nolensville Road and Taylor Drive, the southwest corner of the herein described tract and the southeast corner of Sharifi Property; thence with Sharifi's line, leaving said Nolensville Road North 09 deg. 47' 33" East 36.14 feet through an PK nail set in concrete in the center of old Nolensville Pike and continuing an additional 300.00 feet to an iron pin set in the fence near the end of the wood privacy fence and the beginning of an old woven wire fence; thence continuing with Sharifi's line North 07 deg. 21' 43" West, 256.06 feet to an iron pin found at an old fence corner, the northwest corner of the herein described tract; thence South 57 deg. 15' 00" East 79.72 feet to an iron pin found in an old fence, the northeast corner of the herein described tract and the northwest corner of Tract #2 of this survey; thence South 00 deg. 55' 00" East 357.00 feet to an iron pin, thence South 24 deg. 50' 22" West, 212.00 feet to an iron pin set in the center of old Nolensville Pike and continuing an additional 40.66 feet to an iron pin set on the current north margin of Nolensville Road, the southwest corner of this tract and the southwest corner of Tract #2; thence with the north margin of Nolensville Road around a curve to the left with a radius of 3,787.98 feet a distance of 71.799 feet, with a chord bearing North 52 deg. 01' 39" West, a chord distance of 71.796 feet to an iron pin, the point of beginning an containing 1.334 acres more or less.

PARCEL 2

Beginning on an iron pin on the current north margin of Nolensville Road, the southwest corner of the therein described tract and the southeast corner of Tract #1 of this survey; thence leaving the north margin of Nolensville Road with the east lines of Tract #1 as follows: North 24 deg. 50' 22" East, 40.66 feet through an iron in set in the center of old Nolensville Road and continuing an additional 212.00 feet to an iron pin; thence North 00 deg. 55' 00" West, 357.00 feet to an iron pin found in an old woven wire fence; thence South 58 deg. 00' 32" East, 139.60 feet to an iron pin set by a 6" Elm and the end of the old woven wire fence and the beginning of an old barbed wire fence; thence South 41 deg. 30' 09" East, 261.00 feet to an iron pin set on the west margin of a 50 feet right of way into the Beverly Heights subdivision, Section 1; thence with said right of way South 61 deg. 04' 51" West, 219.55 feet to an iron pin; thence around a curve to the left with a radius of 369.13 feet, a distance of 262.42 feet, a chord bearing South 40 deg. 42' 53" West, a chord distance of 256.93 feet to an iron pin; thence South 20 deg. 20' 54" West, 34.17 feet to an iron pin on the north margin of Nolensville Road, the southeast corner of the herein described tract; thence with said margin around curve to the left with a radius of 3,787.98 feet to a distance of 25.80 feet, a chord bearing of North 51 deg. 17' 08" West, a chord distance of 25.80 feet to an iron pin, the point of beginning and containing 1.678 acres, more or less.

Being the same property conveyed to MASHA SHARIFI AND MAHNOOSH SHARIFI ,
by deed from WILLIAM HENRY BUFORD AND WIFE, ROSALYN ELAINE
BUFORD, TRUSTEES OF THE WILLIAM HENRY BUFORD AND ROSALYN
ELAINE BUFORD REVOCABLE LIVING TRUST AND INDIVIDUALLY, of record in
Instrument No. 20030414-0049567, dated April 3, 2003, said Register's Office.



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
Planning Department
Metro Office Building
800 Second Avenue South
Nashville, Tennessee 37201
615.862.7150
615.862.7209

Memo

To: MDHA
From: Metropolitan Nashville Planning Department
Date: July 3, 2023
Re: Planning Commission Recommendation for PILOT Agreement

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 BL2016-435. The memo consists of two parts.

PART I: RECOMMENDATION ON GENERAL PLAN CONSISTENCY

Project: **Sojourn Nolensville** (14712000100, 14712006700 and 14712008200), 0, 4608, 4612
Nolensville Pike
170 multi-family units
Units targeting 30% to 80% AMI

Zoning: Specific Plan-Residential 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 only one residential building type.

Policy:

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 consider 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.

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.

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 they have already been disturbed.

Project Details:

The 7.15 acre site is located on the east side of Taylor Road, northeast of the intersection of Nolensville Pike and Taylor Road. The site has limited frontage along Nolensville Pike. The surrounding properties along the Nolensville Pike corridor are zoned Commercial Services (CS) and Commercial Limited (CL) and have primarily been established with commercial land uses. The properties along Taylor Road are zoned Residential (R6) and have been developed with one and two-family residential uses in addition to several vacant properties. To the northeast of the site is multi-family development that has existed since at least 1986 and is zoned Residential (R6).

The plan includes 170 multi-family units in 7 to 8 multi-family structures throughout the site. Vehicular access to the site is proposed from Taylor Road. No vehicular access is proposed along Nolensville Pike. Along Taylor Road is a proposed 1 story amenity and office structure and one 3 story multi-family structure. The other buildings on the site are 3 story - 4 story building splits or 4 story buildings. Internal private drives and surface parking serve the site. The site plan shows new sidewalks along the Nolensville Pike and Taylor Road frontages. Landscape buffers against the existing neighborhoods and commercial corridors are shown on the site plan.

The proposal includes 38 2-bedroom units, 90 three-bedroom units and 42 four-bedroom units.

170 Units at 60% AMI

Planning Department Analysis:

There are three policies on the site. The Conservation (CO) policy is in place due to a stream buffer along the southeast portion of the site, near Nolensville Pike. This portion of the site is proposed to be undeveloped, consistent with the CO policy guidance. The Suburban Mixed Use (T3 CM) Policy is applied to the southern portion of the site with frontage along Nolensville Pike. This portion of the property remains largely undeveloped due to the environmental features and therefore is not used in the policy analysis.

The primary policy on the proposed development area of the site is Suburban Neighborhood Evolving (T3 NE). The site is located north of the Nolensville Pike Corridor and south of an existing residential neighborhood. The proposed plan includes moderate density residential development which can benefit from the access and employment opportunities along a corridor. The proposed residential development is consistent with the existing land use to the north, with more intensity.

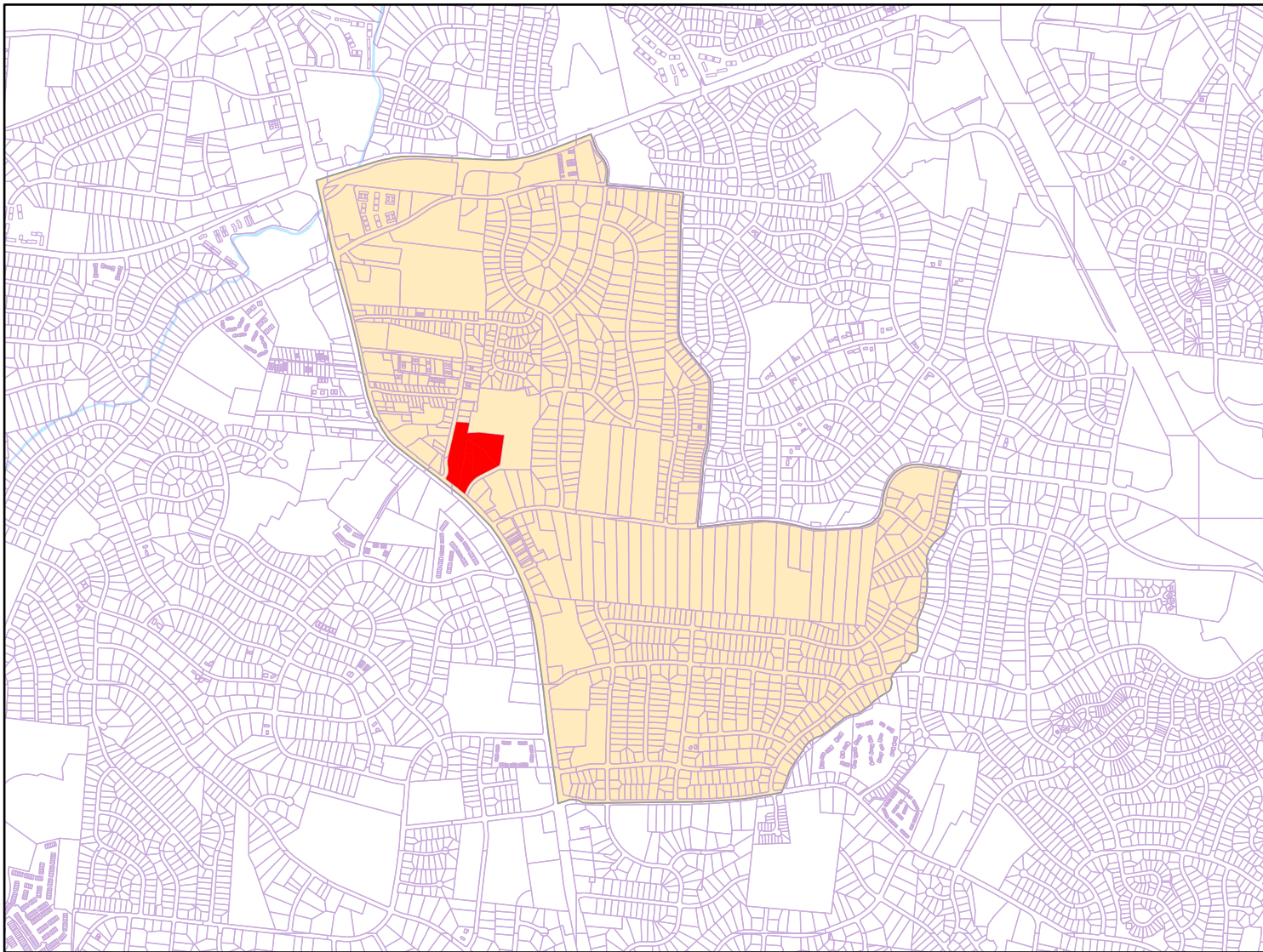
According to the T3 NE policy, allowing for higher-density residential building types placed in relation to corridors and centers adds value to neighborhoods by growing the market and demand for consumer services and the demand for transit. The proposed development increases intensity off a corridor in a building form supported by the policy.

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 47037019004



There are no LIHTC Units within the census tract, besides the Nolensville Properties.

- Parcel 14712008200 (0 Nolensville Pike)
- Parcel 14712006700 (4612 Nolensville Pike)
- Parcel 14712000100 (4608 Nolensville Pike)

Source: U.S Census Bureau |
Metro Nashville Planning | July 2023

0.25
Miles



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: _____

Project Name: _____

Location of the Project: _____

Name of the Federal
Program to which the
applicant is applying: _____

Name of
Certifying Jurisdiction: _____

Certifying Official
of the Jurisdiction
Name: _____

Title: _____

Signature: _____


Date: _____