

further permits, in accordance with the Indenture, the disbursement of such monies into other funds, accounts, or to persons, including, without limitation, the Metropolitan Government; and,

WHEREAS, the Metropolitan Government and Convention Center Authority entered into that certain Memorandum of Understanding, dated November 13, 2019 (the "Agreement"), that provides that the Convention Center Authority shall make annual payments to the Metropolitan Government from the Surplus Revenue Fund that equal the ad valorem property taxes that would be paid on a privately-owned property that is similar to that of the Music City Center (such payments, the "In Lieu of Tax Payments"); and,

WHEREAS, the In Lieu of Tax Payments were first made in Tax Year 2019, and are to be paid for each succeeding tax year in the same manner and at the same time as ad valorem property taxes for so long as the Convention Center Authority receives the pledged Metropolitan Government revenues and is able to pay its operating expenses and contractual obligations; and,

WHEREAS, accessing affordable and workforce housing is a primary concern of the citizens of Nashville and Davidson County, as it continues to be a major barrier to economic progress for many individuals in Nashville; and,

WHEREAS, increasing the supply of affordable and workforce housing supports economic growth and is an important tool in reducing poverty in Davidson County; and,

WHEREAS, dedicated funding of the Metropolitan Government is needed to address Nashville's affordable housing crisis; and,

WHEREAS, the Metropolitan Government desires that the annual In Lieu of Tax Payments received pursuant to the Agreement be dedicated solely to and made available for funding affordable and workforce housing initiatives in Nashville and Davidson County, including serving as an additional funding stream for the Barnes Fund for Affordable Housing.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Chapter 5.04 of the Metropolitan Code of Laws be amended to add 5.04.160, effective July 1, 2023, as follows:

5.04.160 - Music City Center PILOTs funding affordable and workforce housing.

A. Revenues received by the metropolitan government from The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County for its payments in lieu of ad valorem property taxes for the Music City Center shall be deposited into a separate fund and shall be used solely for the purposes of funding affordable and workforce housing initiatives within the boundaries of the metropolitan government, consisting of the following:

- i. the Barnes Fund for Affordable Housing;
- ii. the Housing Incentive Pilot Program (or subsequent iterations thereof), with annual appropriations limited to five hundred thousand dollars (\$500,000) in any fiscal year; and
- iii. other initiatives addressing affordable and workforce housing may be added only as amended by Resolution and included in an annual operating budget as approved by the metropolitan council.

B. "Affordable housing" and "workforce housing" shall be mean housing as defined in T.C.A. § 5-9-113. For the purpose of this Chapter, the payments in lieu of ad valorem property taxes for the Music City Center shall be utilized for rental housing initiatives benefitting households with incomes at or below 60% of the area median income (with the exception of the Housing Incentive Pilot Program or subsequent iteration which may benefit renter households with incomes at or below 80% of the AML), and to homeownership

initiatives benefitting households with incomes at or below 80% of the AMI.

C. In conjunction with the preparation of the annual operating budget, in the fifth year following the effective date of this section, and every succeeding five-year period thereafter, the metropolitan finance department and the metropolitan planning department shall review the amount of the anticipated payment in lieu of ad valorem taxes for the Music City Center against affordable and workforce housing needs in Metropolitan Nashville and Davidson County. To the extent that the payment exceeds the funding needs for affordable housing and workforce housing initiatives, such departments shall notify and make a recommendation to the metropolitan council regarding the expenditure of such surplus funds.

D. This section shall not be construed as limiting the funding of affordable and workforce housing initiatives to the annual in lieu of ad valorem tax payment for the Music City Center or limiting the metropolitan council's authority to appropriate additional funds through the annual operating budget or capital spending plan to address the city's affordable and workforce housing needs.

Section 2. That this ordinance shall take effect from and after its passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance, as substituted, amends the Metropolitan Code of Laws to require any payments in lieu of taxes made by the Convention Center Authority ("CCA") to be utilized for affordable and workforce housing initiatives. In November 2019, the Metropolitan Government and the CCA entered into a memorandum of understanding whereby CCA agrees to make annual payments to the Metropolitan Government from the CCA's surplus revenue fund that equal the ad valorem property taxes that would be paid on privately-owned property similar to that of the Music City Center. The payments are to continue for so long as the CCA receives the pledged funds and is able to otherwise by its operating expenses and contractual obligations.

The ordinance under consideration creates a new section of the Metropolitan Code of Laws which would require that any such payment will be deposited into a separate fund and, subject to annual appropriations, would be used solely for the funding of affordable and workforce housing initiatives within the boundaries of the Metropolitan Government. This would include funding of the Barnes Fund for Affordable Housing, the Housing Incentive Pilot Program (with an annual limitation of \$500,000 in any fiscal year), and other initiatives addressing affordable and workforce housing as added by resolution.

In addition, this ordinance requires that the Department of Finance review the amount of anticipated payment in lieu of ad valorem taxes for the Music City Center against the affordable and workforce housing needs in Nashville and Davidson County every five years. If the payment exceeds the needs for affordable and workforce housing initiatives, the Finance and Planning Departments would be required to notify and make recommendations to the Council regarding the expenditure of these funds.