



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2022-1696, **Version:** 2

A resolution appropriating \$25,000,000 in American Rescue Plan Act funds from Fund #30216 to the Metropolitan Development and Housing Agency to provide low-cost loans to developers for the addition of deeply affordable housing units, with loan proceeds to be used to address affordable housing and homeless services.

WHEREAS, on June 15, 2021, the Metropolitan Council passed Resolution RS2021-966, a resolution which accepted grant funds for local government support from the Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021 ("ARP Funds") from the U.S. Department of the Treasury to The Metropolitan Government of Nashville and Davidson County, which was subsequently signed into law by Mayor John Cooper on June 16, 2021; and,

WHEREAS, Resolution RS2021-966 established a COVID-19 Financial Oversight Committee (the "Committee") whose role is to collect, consider, and recommend appropriate uses of the ARP Funds as designated by the Metropolitan Council disbursement plan. The Committee will submit its reports and recommendations to the Mayor, the Director of Finance, and the Metropolitan Council not later than June 30, 2025; and,

WHEREAS, there are federal requirements for use of ARP Funds that require that these funds be obligated on or before December 31, 2024 and expended by December 31, 2026; and,

WHEREAS, the Committee recognizes that the creation of permanent supportive housing for households with income 0-30% AMI is a critical need in Davidson County - a need that has been further emphasized through the negative financial effects of the COVID-19 pandemic; and,

WHEREAS, the Metropolitan Development and Housing Agency (MDHA) has developed a Deeply Affordable Housing Gap Financing program (AHGF) dedicated to the creation of new units for permanent supportive housing with affordability periods between 20 and 35 years, as described in detail in Exhibits A and B; and,

WHEREAS, units will be filled through the Coordinated Entry process and matched with the appropriate case management provider; and,

WHEREAS, program income generated from these loans will be dedicated to housing and/or services for citizens experiencing homelessness; and,

WHEREAS, it is to the benefit of the citizens of The Metropolitan Government of Nashville and Davidson County that this resolution be approved.

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

Section 1. The Metropolitan Council accepts this resolution as a recommendation of the COVID-19 Financial Oversight Committee.

Section 2. That \$ 25,000,000 from the Covid-19 American Rescue Plan Fund #30216 is hereby appropriated to MDHA for the purposes outlined in Exhibit A.

Section 3. As a condition of receiving this appropriation, the AHGF program developed by MDHA must include the following:

- The AHGF program shall be a loan program and shall not provide grants. The program may issue up to \$5,000,000 in forgivable loans over the term of the program;
- MDHA may receive a 5% administrative fee calculated based upon each individual underwritten loan. MDHA may utilize up to 20% of the total anticipated administrative fee to cover initial administrative costs to establish the program upon documentation to the Metropolitan Department of Finance of the actual costs incurred by MDHA related to the AHGF program;
- In order to receive a loan, the applicant must provide documentation demonstrating that the units will be referred through the Coordinated Entry process;
- MDHA shall submit monthly reports to the Council detailing the total amount of funds distributed through the AHGF program, the recipients of the loans, the number of units that will be made available from each loan, the number of individuals served, the demographics of the individuals served by each project funded through the program, the average length of time in housing, income and non-cash benefits; the number of developers receiving awards pursuant to this program, the percentage of the funds allocated, and the percentage of the funds spent;
- MDHA will also submit the Consolidated Annual Performance Evaluation Report to the Metropolitan Council;
- Any units created as part of the AHGF program will have a minimum affordability period of 20 years. Any unit created using a forgivable loan issued by the AHGF program must have a minimum affordability period of 30 years;
- Any un-obligated funds left in the AHGF program as of December 31, 2023, shall be transferred to the Barnes Fund for Affordable Housing;
- Applications to the AHGF program must be considered and approved by an application review committee. The application review committee must include, at a minimum, a representative of the Metropolitan Department of Finance and a member of the Metropolitan Council; and
- A finalized program for implementation of the AHGF program shall be developed by MDHA and must be approved by the Metropolitan Department of Finance. This program must include, at a minimum, the terms detailed in the "AHGF Program Q and A" in Exhibit A, as modified by the above conditions in this Section 3.

Section 4. This resolution shall take effect from and after its final passage, the welfare of the public requiring it.

Analysis

This resolution appropriates \$25,000,000 in American Rescue Plan Act ("ARPA") funds from Fund #30216 to the Metropolitan Development and Housing Agency ("MDHA"). MDHA has developed a Deeply Affordable Housing Gap Financing program ("AHGF") dedicated to the creation of new units for permanent supportive housing with affordability periods between 20 and 35 years. Units will be filled through the Coordinated Entry process and matched with the appropriate case management provider. The income generated from this program will be dedicated to housing and/or services for citizens experiencing homelessness.

MDHA requested \$25,000,000 for the AHGF. The COVID-19 Financial Oversight Committee has recommended this request be funded through ARPA funds.

Fiscal Note: This \$25,000,000 appropriation, along with the appropriations per Resolution No. RS2022-1697, Resolution No. RS2022-1698, and Resolution No. RS2022-1699 would be the 27th, 28th, 29th and 30th resolutions appropriating from the American Recovery Plan Act (ARP) Fund for a cumulative total of \$160,508,686. The total grant award is \$259,810,600. The first half of this amount was received in July 2021 and the second half was received in July 2022.