



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2024-392, **Version:** 1

An ordinance amending BL 2016-334, which authorized the Metropolitan Development and Housing Agency to negotiate and accept payments in lieu of ad valorem taxes from its leases operating low income housing tax credit properties pursuant to Tennessee Code Annotated 13-20-104 and revise the annual amount of abatement authorized for the program.

WHEREAS, Tennessee Code Annotated 12-20-104 (the "Act") provides that the Metropolitan Council may delegate to the Metropolitan Development and Housing Agency ("MDHA") to negotiate and accept payments in lieu of ad valorem taxes from the housing authority's leases of low income housing tax credit ("LIHTC") property; and

WHEREAS, the Metropolitan Council authorized MDHA to negotiate and enter into Payment in Lieu of Tax (PILOT) Agreements with private real estate developers through BL 2015-1281 and amended by BL 2016-334 and BL 2016-435; and

WHEREAS, the program has created or preserved more than 9,000 affordable units through this program, and

WHEREAS, the Council authorized an annual maximum abatement of \$2,500,000 for the program; and

WHEREAS, a review of the program from the Tax Incentive and Abatement Study and Formulating Committee of the Metropolitan Council acknowledged the impact of this program on producing and preserving affordable housing in Nashville and has recommended an increase to the annual abatement capacity available to MDHA's LIHTC PILOT program; and

WHEREAS, the Federal Government has expanded its use and funding of the LIHTC program which has resulted in more dollars being allocated to Tennessee; and

WHEREAS, MDHA has effectively been operating at full abatement capacity for the past four years.

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

Section 1. The text of Section 2 of Ordinance No. BL2016-334, as amended, is amended by deleting the section in its entirety and replacing it with the following:

Section 2. That the Metropolitan Council hereby delegates to MDHA the authority to negotiate and accept payments in lieu of tax from its leases operating LIHTC properties pursuant to the Act and in accordance with the PILOT program. Subject to the terms of the PILOT program and other applicable law, MDHA shall have the authority to negotiate up to \$5,000,000 in additional PILOT agreements per calendar year.

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

Analysis

This ordinance amends Ordinance No. BL2016-334, which authorized Metropolitan Development and Housing Agency (“MDHA”) to negotiate and enter into Payment in Lieu of Tax (“PILOT”) Agreements with private real estate developers.

This ordinance originally delegated authority from the Metropolitan Council to MDHA to negotiate and accept up to \$2,500,000 in abatements from payments in lieu of taxes from its leases operating low income housing tax credit (“LIHTC”) per calendar year.

The amendment under consideration would expand the total annual abatement amount of amount of PILOTs from \$2,500,000 to \$5,000,000. This follows a recommendation from the Tax Incentive and Abatement Study and Formulating Committee of the Metropolitan Council, which acknowledged the impact of this program on producing and preserving affordable housing in Nashville. The federal government has expanded the use and funding of the LITHC program, which led to more funding being allocated to Tennessee.

Any PILOT agreement would continue to be subject to the terms of the PILOT program and Tennessee Code Annotated section 13-20-104.