



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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A resolution approving a \$19,500,000 grant agreement from The Metropolitan Government of Nashville and Davidson County to the Community Foundation of Middle Tennessee for the purpose of creating the Housing Catalyst Fund using American Rescue Plan Act (ARPA) funds from Fund No. 30216.

WHEREAS, the Affordable Housing Task Force recommended that Metro provide seed funding to initiate the creation of a fund that supports the timely acquisition of property to create and preserve affordable and workforce housing; and

WHEREAS, on December 21, 2021, the Metropolitan Council passed RS2021-1260 which approved \$20,000,000 in American Rescue Plan funds to be used for the creation of a Housing Catalyst Fund; and

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

WHEREAS, the Planning Department's Housing Division selected Forsyth Street Advisors and associated subcontractors, Nelson Community Partners and Pillars Development, through a publicly advertised, competitive procurement process that sought partners with the highest level of expertise; and

WHEREAS, Forsyth Street Advisors was hired to conduct a market analysis in order to determine the best structure for a sustainable housing fund and assist in the creation of a fund that maximizes Metro's investment by partnering with a tax exempt entity; and

WHEREAS, it is the intent of Metro to commit the remaining \$19,500,000 to seed the Housing Catalyst Fund, a loan fund dedicated to the creation and preservation of affordable and workforce housing in Davidson County; and

WHEREAS, the Housing Catalyst Fund will enable mission developers to be more competitive in the race to preserve existing regulated and unregulated affordable housing and to accelerate the creation of high-impact affordable housing; and

WHEREAS, the Fund will make loans to affordable housing projects, which will be repaid over time, allowing for the Fund to revolve Metro's capital to other affordable housing projects, and generate income for the Fund allowing it to generate income to support itself; and

WHEREAS, the need for income for the Fund will be balanced against the intent to provide capital for affordable housing projects at terms not otherwise available in the market; and

WHEREAS, the partnering with the Community Foundation provides a unique opportunity for the Fund to attract philanthropic funds, including program-related investments that could help to further leverage Metro's investments; and

WHEREAS, Section 7-3-314 of the Tennessee Code Annotated states that metropolitan forms of government may provide financial assistance to a nonprofit organization in accordance with the guidelines of the Metropolitan Government; and

WHEREAS, Section 5.04.070 of the Metropolitan Code of Laws provides that the Metropolitan Council may by resolution appropriate funds for the financial aid of nonprofit organizations; 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. There is hereby appropriated \$19,500,000 from Fund No. 30216 to fund a grant to the Community Foundation of Middle Tennessee for the purpose of creating the Housing Catalyst Fund to support the creation and preservation of affordable and workforce housing in Davidson County, as further described in Exhibit 1, attached hereto.

SECTION 2. The Metropolitan Government is hereby authorized to enter into a grant contract with the Community Foundation of Middle Tennessee in substantially similar form as attached hereto Exhibit 2, for the amount provided herein.

SECTION 3. The Metropolitan Council accepts this resolution as a recommendation of the Affordable Housing Task Force and the COVID-19 Financial Oversight Committee.

SECTION 4. This resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

#### Analysis

This resolution approves a grant from the Metropolitan Government to the Community Foundation of Middle Tennessee ("CFMT") for the purpose of creating the Housing Catalyst Fund using American Rescue Plan Act ("ARPA") funds from Fund No. 30216.

On December 21, 2021, the Council appropriated \$40,200,000 in ARPA funds through Resolution No. RS2021-1260. Of this, \$20,000,000 was to be used for the creation of a Housing Catalyst Fund. The Housing Division of the Planning Department conducted a publicly advertised, competitive procurement process and selected Forsyth Street Advisors and associated subcontractors Nelson Community Partners and Pillars Development to conduct a market analysis to determine the best structure for a sustainable housing fund and to assist in the creation of a fund that maximizes Metro's investment.

The remaining \$19,500,000 in funding will be granted to the CFMT to establish and provide for the administration of the Housing Catalyst Fund. This resolution approves a grant contract between Metro and CFMT. Pursuant to the terms of the contract, CMFT will establish and provide for the administration of the Housing Catalyst Fund to support the creation and preservation of affordable and workforce housing by providing low-cost capital as loans for development in Metropolitan Nashville. The term of the grant begins upon execution and will extend until the Catalyst Fund is established and in operation, but in no event more than 24 months. CFMT will be required to continue to comply with the provisions of the grant contract for as long as it continues to operate the Housing Catalyst Fund.

Details about the Housing Catalyst Fund program can be found in Exhibit 1 to the resolution, which is also incorporated into the grant contract.