



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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**File #:** BL2023-1731, **Version:** 1

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An ordinance to amend Section 2.149.040 of the Metropolitan Code of Laws regarding the Barnes Fund for Affordable Housing.

WHEREAS, on July 6, 2021, the Metropolitan Council approved Ordinance No. BL2021-725, as amended, which required a set aside of at least 20% of Barnes Fund grants for the creation and preservation of affordable housing or capacity building for organizations that create or preserve affordable housing to be awarded to small nonprofit, provided that a sufficient number of qualified applications were received; and

WHEREAS, this set aside was a requirement for Fiscal Years 2022 and 2023, but was only an aspirational goal in Fiscal Year 2024 and after; and

WHEREAS, this set aside has been a successful tool in assisting with the growth of small nonprofits who work to provide affordable housing; and

WHEREAS, it is to the benefit of the residents of Nashville and Davidson County to make this set aside a permanent criteria for the awarding of grant funds from the Barnes Fund for Affordable Housing.

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

Section 1. That Section 2.149.040 of the Metropolitan Code of Laws is hereby amended by deleting subsection G and replacing it with the following:

G. Make recommendations to the metropolitan council regarding the awarding of grants from the Barnes Fund, including funds appropriated yearly by the metropolitan council through the operating budget ordinance, to deserving nonprofit organizations and nonprofit civic organizations, or as otherwise authorized by state law, supporting the purposes of the commission. Criteria for the awarding of such funds shall be established by the commission. The criteria shall include setting aside at least twenty percent of such grants to be used for the creation and preservation of affordable housing or capacity building for organizations that create or preserve affordable housing to be awarded to small nonprofit organizations, provided that a sufficient number of qualified applications are received. For the purposes of this subsection, "small nonprofit organizations" means nonprofit organizations with an annual operating budget of no more than four million dollars and a housing budget of no more than one million dollars. The commission shall submit a recommendation to the metropolitan council for the appropriation of funds to deserving nonprofit organizations consistent with T.C.A. § 7-3-314, as it may hereafter be amended. Once funds have been appropriated by the metropolitan council to the deserving nonprofit organization(s), the commission shall enter into a grant contract with each such organization. No such grant contract shall become effective without the approval of the metropolitan department of law and director of finance. In the event the recipient organization fails to complete its obligations under the grant contract within twenty-four months from execution, the commission shall be authorized to rescind the contract and to reclaim previously appropriated funds from the organization, subject to terms and conditions within the grant contract allowing for such.

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

### Analysis

This ordinance removes the sunset provisions from the requirement that 20% of the Barnes Fund for Affordable Housing grant funds to be set aside for small nonprofit organizations.

The Council passed Ordinance No. BL2021-725 on July 6, 2021. That ordinance requires that the criteria for awarding Barnes Fund grants established by the Housing Trust Fund Commission include setting aside at least 20% of the grant funds to be allocated to small affordable housing nonprofit organizations that have an annual operating budget of no more than \$4,000,000 and a housing budget of no more than \$1,000,000. This set aside would not apply if there are not a sufficient number of qualified small nonprofit applicants.

BL2021-725 included a provision that this 20% set aside would be in effect during Fiscal Years 2022 and 2023 and, starting in Fiscal Year 2024, the criteria would become an aspirational goal. This language was effectively a sunset provision for the set aside beginning in Fiscal Year 2024. The ordinance under consideration would remove this language and instead require the criteria include the 20% set aside.

This proposal has been approved by the Housing Trust Fund Commission.