



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2021-1260, **Version:** 2

A resolution appropriating \$40,200,000.00 in American Rescue Plan Act funds from Fund #30216 to supplement The Barnes Fund, to establish a Catalyst Fund for affordable housing purchases, and to create a centralized database of subsidized housing.

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 expended or obligated on or before December 31, 2024; and,

WHEREAS, the Committee recognizes that creating and sustaining affordable housing is a critical priority for the city; and,

WHEREAS the Committee recognizes that the negative financial effects of the COVID-19 pandemic have emphasized the need to create additional affordable housing opportunities; and,

WHEREAS, the Director of Housing Programs of the Mayor's Office ("the Mayor's Office") has proposed a Catalyst Fund to allow affordable housing developers to compete against market rate developers in speed and offer structure to preserve affordable housing, which is described in Exhibit A; and,

WHEREAS, the Mayor's Office has also proposed development of a software program that identifies every subsidized housing unit in the county by allowing access to providers of those units and allows residents to submit applications to multiple units through the program, which is described in Exhibit A; and,

WHEREAS, the Mayor's Office, as also recommended by the Affordable Housing Task Force, has recommended that additional funds be allocated to The Barnes Fund to build additional affordable housing, which is described in Exhibit A; 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 ~~\$20,200,000.00~~ \$40,200,000.00 from the Covid-19 American Rescue Plan Fund #30216 is hereby appropriated to the Mayor's Office to be used in described in Exhibit A.

Section 3. This resolution shall take effect from and after its final passage, the welfare of the public requiring it.

ARP Funding Requests - Affordable Housing Catalyst

Fund: \$20M requested

Challenge: The housing market nationally and locally remains extremely competitive and state law prevents us from providing expanded tenant protections. Timely, strategic housing preservation is a crucial aspect of housing stability, especially for residents who are especially exposed to economic pressures. The Catalyst Fund allows developers to compete against market rate developers in speed and offer structure to preserve affordable housing. Additionally, when proposed investments are announced, proactive acquisitions can be made to develop affordable housing near assets.

Solution: Metro provides \$20M in funding. This will launch an RFP to recruit an experienced partner that will manage the fund and pursue additional investors to the Fund. By being housing outside Metro, the Fund can move quickly to acquire land. Metro will preset deal terms and guidelines for qualifying deals. For example, housing along transit access could be prioritized.

Additional Benefits: Provides an avenue for recruiting national partners, both corporate and philanthropic, to invest in Nashville's affordable housing market.

Examples:

[New Generation Fund in Los Angeles <https://www.newgenerationfund.com/>](https://www.newgenerationfund.com/): this fund offers discounted financing options for flexible acquisition, predevelopment and rehab for affordable housing creation and preservation. California does not have discounted debt options through CITC.

[Denver Regional TOD Fund <https://www.enterprisecommunity.org/financing-and-development/community-loan-fund/denver-regional-tod-fund>](https://www.enterprisecommunity.org/financing-and-development/community-loan-fund/denver-regional-tod-fund): this fund offers debt financing for acquisition of land or operating properties near public transit in the Denver Metro area. Colorado does not have access to discounted debt options through CITC.

Centralized Housing Platform: \$200,000 requested

Challenge: Residents seeking affordable housing must call 15-20 providers to see if a unit is available. Then, they complete separate affordability certification documents for every provider. Different properties have different requirements based on their funding source or impact focus. The burden on our residents is too great. This investment centralizes units to increase transparency, efficiency, and choice for residents.

Solution: \$200,000 will pay for licensing, technical assistance, and onboarding to bring every subsidized housing unit in the county onto a central, transparent, accessible platform.

Structure: Going forward, all Metro subsidized contracts will require providers to maintain real-time

availability of listings and to utilize the centralized platform. Dr. White is enthusiastic about bringing all MDHA properties and units onto the platform. Technical assistance will be provided to insure successful, thorough onboarding to support our providers in making this adjustment. Market testing has been conducted with housing providers to inform an eventual contract.

The Barnes Fund: \$20M Requested

Challenge: Nonprofit developers have multiple projects in the pipeline and the only bottleneck to increasing affordable housing supply is funding. The Barnes Fund is an efficient, effective funding tool for affordable housing development. An additional funding round will be invested in developments that are ready to proceed but only need equity to help unlock bank loans. On average, each Metro dollar into the Barnes Fund leverages an additional \$7 in private, philanthropic or state/federal funding. This housing is affordable for 30 years which provides essential stability for Nashvillians.

Solution: \$20M will provide an additional round of funding that can be launched early 2022. The current round is open, and awards will be finalized before the end of the year. These equity grants provide an invaluable source of funding to support nonprofit housing developers as they create and preserve units throughout the county.

Structure: All Barnes awards are made after an open and competitive application and review process. The final contracts are structured on a reimbursement basis. Work is completed, inspected by a third party and reviewed by staff before funds are disbursed. This monitoring is invaluable to not only ensure strong stewardship of public funds but also to allow us to work closely with our grantees to navigate any challenges that may arise in the development process.