

# Metropolitan Development and Housing Agency

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December 15, 2020

Vice Mayor Shulman  
Members of the Metropolitan Council  
Metropolitan Courthouse  
1 Public Square, Suite 205  
Nashville, TN 37201

Dear Vice Mayor and Members of Council:

The Metropolitan Development and Housing Agency is submitting its report to the Metropolitan Council regarding the Tax Increment Financing Study and Formulating Committee Report dated May 7, 2019. This report has been prepared in conjunction with the Department of Finance and the Planning Department.

Council Ordinance BL 2019-1644 required the update at this time. Responses to several of the recommendations will be supplemented with feedback from the public. It is anticipated that meeting restrictions due to the pandemic will ease in the spring at which time MDHA will begin public meetings. MDHA will continue to update and add additional information to its website concerning Tax Increment Financing and promote public awareness of the program to developers and property owners in the redevelopment districts.

A link to this report and its attachment can be found at <http://www.nashville-mdha.org/tif-review-committee/>

Sincerely,



Joseph B Cain  
Director of Urban Development

Cc: Tax Increment Review Committee Members  
Kevin Crumbo  
Lucy Kempf  
Saul Solomon

## Recommendation #1

**Create a single portal for information regarding this study group's work, including an interactive map with information on redevelopment districts and TIF projects.**

- COMPLETED
- An interactive map has been created in cooperation with the Metro Planning Department accessible from the MDHA website as a layer to the GIS mapping system.
- GIS map highlights the parcels which have received TIF and include a link to a description of the project, original loan amount, projected loan maturity date, the redevelopment district, DBE participation, and public benefit received from the project (affordable housing, historic preservation, public open space, etc.).
- Link to interactive map:  
<https://nashville.maps.arcgis.com/apps/webappviewer/index.html?id=aab98ef9070148c7b7e57890d84e886>
- Link to all work:  
<http://www.nashville-mdha.org/tif-projects/>

## Recommendation #2

**Work with key stakeholders and community groups to hold periodic "TIF 101" education to increase understanding of how TIF is used and to diversify the pool of applicants to achieve greater representativeness of the community.**

- COMPLETED/ON HOLD DUE TO PANDEMIC
- A TIF 101 presentation is available on the MDHA website discussing what is tax increment financing and how it may be available from application to project completion. Meetings will be held with property owners, potential TIF applicants and the general public with meetings taking place in a different redevelopment district each quarter.
- Link to presentation:  
<http://www.nashville-mdha.org/wp-content/uploads/2020/12/TIF-Application-Approval-and-Admin-Processes.pdf>
- Unfortunately, due to COVID-19 and the restrictions of in person meetings, MDHA has not begun community meetings. We anticipate beginning meetings within 30 days of entering Phase IV at which time a video will be made available.
- We will monitor the effectiveness of these materials and continue to evaluate and post additional content to provide additional transparency and accountability moving forward.

### **Recommendation #3**

**MDHA to post on-line all board agendas, full board materials and minutes related to TIF activities.**

- COMPLETED
- All board materials, including those related to TIF.
- Link to the materials:  
<http://www.nashville-mdha.org/public-documents/>
- Also available are links to past meetings and agendas.

### **Recommendation #4**

**Improve the format of TIF reporting and add diversified business enterprise goals and participation rates for TIF projects.**

- COMPLETED:
- A new format was utilized in the 2020 TIF report posted on line:  
<http://www.nashville-mdha.org/tax-increment-financing/>
- The link to amount of diversified business enterprise goals is available here:  
<http://www.nashville-mdha.org/wp-content/uploads/2020/12/TIF-DBE-Info-2020.pdf>
- This format will continue to be improved upon as new projects are completed.
- We will monitor the effectiveness of these materials and continue to evaluate and post additional content to provide additional transparency and accountability moving forward.

## **Recommendation #5**

**Utilizing the model of the Metro Human Relations Commission's Affordable Housing Booklets, create similar resources to explain how TIF works and make them available.**

- COMPLETED
- The TIF presentation is available on line:  
<http://www.nashville-mdha.org/wp-content/uploads/2020/12/TIF-Application-Approval-and-Admin-Processes.pdf>
- When feedback from in person TIF 101 education classes (recommendation 2) are received, the information will be updated to include the priorities for TIF by district as per recommendation 12.
- We will monitor the effectiveness of these materials and continue to evaluate and post additional content to provide additional transparency and accountability moving forward.

## **Recommendation #6**

**In the absence of a well-resourced and fully staffed Metro Department of Economic and Community Development, designate the Mayor's Office of Economic and Community Development to receive all applications for all economic incentives rather than having multiple points of entry.**

- PENDING
- The current position of ECD director is vacant.
- This recommendation will be addressed when the position is filled.

## **Recommendation #7**

**Explore ways to lower barriers of entry for smaller TIF loans with form transaction documents and lower cost of borrowing. Subject to further analysis, examples may include the possibility of a governmental entity acting as a guarantor and/or establishing a program to reduce the transaction costs for smaller TIF loans.**

- UNDERWAY
- MDHA and Metro Finance are continuing with their analysis.
- MDHA has identified the following barriers of entry for smaller TIF loans:
  - Complexity/Knowledge of TIF program
  - Legal costs
  - Developer Guaranty
  - Each lender has their own forms
- Multiple stakeholders are being consulted on specific recommendations to determine the best path forward.
- Potential remedies to address the above barriers:
  - Could possibly identify “preferred lender” for which documents can be standardized if preferred lender is used
  - Create draft legal documents
  - Potential MDHA controlled-TIF loan loss account
  - Self-funded TIF loans
- Coordination with the new ECD director will be required before finalizing and implementing specific activities.

## **Recommendation #8**

**Evaluate the possibility of developing a tool or program that would reduce or eliminate barriers in redevelopment districts where TIF is rarely considered and/or with smaller projects.**

- UNDERWAY
- Improve outreach through TIF 101 - Recommendation #2
- Have TIF Information dispersed through Mayor’s ECD Office (One-Stop Shop)
- Create an online tool that allows developers to input their project’s financial details before applying for a TIF loan (Self-Score); tool could indicate whether or not project is a good fit for TIF with disclaimer that application needs to be reviewed by staff for a final decision.
- Project plan is beginning implementation and will be completed this fiscal year.

### **Recommendation #9**

**After sufficient experience with the Do Better Bill, as amended (Ordinance BL2017-983), determine application to TIF projects**

- COMPLETED
- MDHA had required specific benefits from developers that receive TIF financing and has incorporated some of the requirements of the Bill into all new development agreements.
- Benefits may include affordable housing, infrastructure, transit improvements, parks, etc. All agreements include provisions requiring the use of Diversified Business Enterprises in addition to final reporting of how those goals were met.
- The MDHA Board of Commissioners has identified DBE as a priority area for MDHA. Key Performance Indicators will be reported regularly to the Board for all new TIF projects.

### **Recommendation #10**

**The Metro Council and MDHA should amend redevelopment plans to establish 75% as the standard percent of total tax increment to be used for TIF loans subject to written criteria to be developed by MDHA for increasing or decreasing the percentage for a particular loan**

- COMPLETED
- Metropolitan Ordinance BL 2019-1645
- <https://www.nashville.gov/metroclerk/files/1908/BL2019-1645.pdf>

### **Recommendation #11**

**MDHA and Metro Finance should create a methodology to complete a fiscal impact analysis for individual TIF loans exceeding an agreed upon threshold. The Committee suggests three million dollars.**

- UNDERWAY
- MDHA and Metro Finance are reviewing a tiered system that will be used to review all requests for TIF.
- MDHA and Metro Finance will consult with Planning Department to include them at the appropriate review level as we finalize the recommendations for the tiered review system.
- A third party review will be completed in the third quarter of 2021 determining the effectiveness of TIF in the redevelopment districts. As part of the scope of the work, a model will be prepared for evaluating new TIF request.
- Coordination with the new ECD director will be required before finalizing and implementing.

## **Recommendation #12**

**The Metro Council and MDHA should amend redevelopment district plans to require a periodic assessment of the impact and goals of each district, and to require that the Council and MDHA agree in order for new TIF loans to continue being made in the district after the assessment. The amendment should allow the periodic assessment to be requested by the Council or MDHA any time after 7 years, but require that it must take place at least every 10 years.**

- UNDERWAY
- METRO Council approved ordinance BL 302+-1645 (<https://www.nashville.gov/metroclerk/files/1908/BL2019-1645.pdf>) to require MDHA to complete periodic assessments on the redevelopment districts.
- MDHA will be conducting a third party analysis of benefits of TIF backed projects to the redevelopment districts
- Review redevelopment plans in eight-year increments from date of creation
- Unfortunately, due to Covid 19 and the restrictions of in person meetings, MDHA has not begun community meetings. We anticipate beginning meetings within 30 days of entering Phase IV.
- To date, Internal review is completed for:
  - Phillips Jackson
  - Jefferson Street
  - Arts Center
- The conclusions of the third party review will be incorporated into the final assessments and be shared with Council by December 21, 2021

## **Recommendation #13**

**The Metro Council and MDHA should amend redevelopment district plans to allow either the Council or MDHA to propose plan amendments, subject to the approval of the other.**

- COMPLETED
- Council Ordinance BL 2019-1645  
<https://www.nashville.gov/Metro-Clerk/Legislative/Ordinances/Details/64e8883b-1580-48e0-903b-f7dceeacd124/2015-2019/BL2019-1645.aspx>

#### **Recommendation #14**

##### **Metro and MDHA should create a consensus methodology for the creation of a district**

- UNDERWAY
- New districts will include the Metro Planning department and their recommendations of any zone changes or land use policy changes during development.
- The methodology will account for neighborhood variations among the redevelopment districts
- Locations of districts will be influenced by:
  - areas of greatest need; and
  - areas of high priority for the city
  - We are assessing the feasibility of establishing a policy framework to guide our approach. This would potentially include goals such as for transportation investment, open space, affordable housing and coordinated infrastructure investment.
- Coordination with the new ECD director will be required before finalizing and implementing.

#### **Recommendation #15**

##### **Metro and MDHA should work together to improve and streamline the design review process**

- COMPLETED
- MDHA and Planning Department collaborate on the review of all projects to be presented to the DRC.
- The downtown code is under review for update and any new review processes will be implemented at that time. Revisions to update design guidelines and process of both MDHA and MPC will be further taken at that time.

#### **Recommendation #16**

##### **The committee should request that the IDB review the committee's work and evaluate TIF collaboration opportunities**

- UNDERWAY
- The previous ECD director made the Board aware of the recommendations of the TIF review Committee when completed.
- A copy of this report will be sent to the Chair of the IDB.
- These responses will be shared with the new ECD director when the position is filled to determine any specific action items.