



Legislation Text

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TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Vernon Gerth, Assistant City Administrator - Community/Economic Development
Tom Marsh, Interim Building and Neighborhood Services Director
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SUBJECT:

Consideration of Resolution 2019 - 36, A Resolution Providing A Policy For The Reimbursement Of Road Impact And Parkland Impact Fees Paid By The Franklin Housing Authority (FHA) And The Offset Of Future Road Impact And Parkland Impact Fees For The Construction Of Housing For Low Income Families By The Franklin Housing Authority (FHA). (COF No. 6617/AP # 128054) (04/23/19 WS)

Purpose

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a request from the Franklin Housing Authority (FHA) to be reimbursed for Road Impact and Parkland Impact Fees paid to obtain building permits for the Chickasaw Senior Housing project (COF #6617/AP # 128054). The proposed resolution would also authorize these fees to be offset for future developments constructed by FHA that provide housing for families whose income is at or below 80 percent of the median income level for the Greater Nashville Metropolitan Statistical Area (MSA).

Background

In conjunction with obtaining the building permit for construction of the Chickasaw Senior Community, FHA paid road impact fees of \$251,184 and parkland impact fees of \$228,582. The total of these two fees is \$479,766. The Chickasaw project is an \$11 million project to construct 48 new dwelling units for senior residents. FHA is using a variety of funding sources including grants from the THDA Housing Trust Fund and Low-Income Housing Tax Credits (LIHTC) which require maintaining rental rates in the affordable range for 15 years in accordance with U.S. Department of Housing and Urban Development (HUD) requirements.

Last summer, FHA also requested assistance from the City in the form of waiver (or offset) of Road Impact Fees and Parkland Dedication Impact Fees. At that time, FHA also requested the dedication of \$150,000 of future CDBG funds for project infrastructure (water and sewer improvements), and the establishment of a new or revised PILOT agreement be applied to the Chickasaw project. BOMA granted the use of the CDBG funds and approved the new PILOT agreement. The waiver or offset of the impact fees was denied as BOMA requested the Housing Commission to consider an incentive program that could apply to similar projects to develop

affordable housing.

The Housing Commission presented a proposed incentive program but was asked to conduct further study and return to BOMA with more information. As the broader incentive program is still being studied, FHA decided to submit a request now to be reimbursed for the fees that have already been paid. FHA requests the reimbursement in current Fiscal Year to enable them to continue with the Chickasaw project and other upcoming renovation projects.

Discussion

The Franklin Housing Authority (FHA) was incorporated as a public body by the State of Tennessee Secretary of State in 1953 with the “rights, powers, privileges and immunities conferred by the Housing Authorities Law”, which is Title 13 Chapter 20 of The Tennessee Code Annotated (TCA). This was in response to a petition from citizens of Franklin that was supported by the Board of Mayor and Aldermen. The petition stated that the Housing Authority was needed because there was a lack of safe and sanitary dwelling accommodations in the town for all inhabitants particularly for persons of low income.

Per the **Tennessee Code § 13-20-110, Conveyance, lease or agreement in aid of housing project**, “For the purpose of aiding and cooperating in the planning, construction and operation of housing projects ... any county, city, or municipality of the state may”

- **Provide and maintain parks** and sewage, water, and other facilities adjacent to or in connection with housing projects; and
- Enter into any agreements to **open, close, pave, install, or change the grade of streets**, roads, roadways, alleys, sidewalks, or other such facilities

The Code further states that, “In connection with the exercise of these powers, **any city or municipality may incur the entire expense of any such public improvement** located within its territorial boundaries without assessment against abutting property owners.”

Per section 25-401 of the City of Franklin Municipal Code, the requirement for Parkland Impact Fee and Parkland Dedication is for “assessing and collecting parkland impact fees and/or parkland dedication for new development within the City of Franklin to **assure the provision of adequate parks to serve such new development**, by requiring the developer to pay their pro rata share of the costs of new parks or expansions reasonably attributable to such new development.”

Per section 16-402 of the City of Franklin Municipal Code, the Road Impact Fee procedure is for “assessing and collecting fees of new development within the City of Franklin **in order to assure the provision of adequate arterial and collector road improvements to serve such new development**, by requiring the developer to pay the pro rata share of the costs of new road improvements or expansions reasonably attributable to such new development

The Road Impact and Parkland Impact collected by the City in conjunction with new construction are to assure provision of adequate facilities to support those developments. According to the State Housing Authorities Law, for a housing project being constructed by the FHA the City could choose to incur this entire expense itself. It is a policy decision as to how to support this work by the Housing Authority.

City staff and the Housing Commission continue to work on the incentive program that may be available to other entities that construct new housing for low income persons, but the Housing Authority does have a unique status as established by the Housing Authorities Law and the provision of housing for low income residents by FHA is for a defined public benefit.

Financial Impact

The Road Impact Fee required for the Chickasaw Senior Community Development was \$251,184 and the Parkland Impact Fee was \$228,582. FHA is requesting to be reimbursed for the entire amount of these two fees, which is \$479,766.00.

Recommendation

Staff recommends approval of Resolution 2019-36 to reimburse the Franklin Housing Authority up to \$479,766.00 in the current Fiscal Year and also authorize the offset of Road and Parkland Impact fees for future developments constructed by FHA that provide housing for families whose income is at or below 80 percent of the median income level for the Greater Nashville Metropolitan Statistical Area (MSA). As allowed by the State Housing Authorities Law, parks or street improvements to serve the Chickasaw Development and surrounding neighborhoods will be completed through the City's Capital Improvements process. Staff also recommends that any policy to offset impact fees in an effort to support the development of attainable housing in Franklin incorporate rental housing developed using the Low-Income Housing Tax Credits (LIHTC) which require maintaining rental rates in the affordable range for 15 years in accordance with U.S. Department of Housing and Urban Development (HUD) requirements.