



## Legislation Text

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**File #:** 19-0251, **Version:** 1

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**DATE:** August 13, 2019

**TO:** Board of Mayor and Aldermen

**FROM:** Eric Stuckey, City Administrator  
Vernon Gerth, Assistant City Administrator - Community/Economic Development  
Tom Marsh, Director Building and Neighborhood Services  
Kathleen Sauseda, Housing Development Coordinator

**SUBJECT:**

Consideration of Contract Number 2019-0258 a Cooperation Agreement between the City of Franklin and the Franklin Housing Authority for Payment in Lieu of Taxes (PILOT) for projects renovated using Low Income Housing Tax Credits. (WS 08/27/19; BOMA 9/10/19; Return to 11/12/19 BOMA for inclusion of complete contract)

**Purpose**

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a proposed agreement with the Franklin Housing Authority (FHA) to adjust the rate of the PILOT for the Spring ST and Johnson Circle project to match the PILOT in place for the Reddick Street and Chickasaw projects. The new agreement can be amended in the future to include other Housing Authority properties that are renovated or constructed using Low Income Housing Tax Credits (LIHTC).

**Background**

In September 2018, the Board approved Contract Number 2018-0193, a Cooperation Agreement between the City of Franklin and the Franklin Housing Authority (FHA) for Payment in Lieu of Taxes (PILOT) applicable to the project known as the Chickasaw Senior Community. Previously, the City and FHA had approved an agreement to adjust the PILOT applicable to the projects known as Senior Residence at Redick Street and Redick Street Apartments. The adjustments to the PILOT were made, in part, to assist FHA in qualification for the LIHTC program that was used to fund the renovations and new construction. For each project the PILOT was adjusted to \$50 per unit per year.

FHA is now preparing to renovate 64 dwelling units at the Spring Street and Johnson Circle site. This project will also be funded in part using the LIHTC program. This contract will adjust the PILOT for this project to match the PILOT for Senior Residence at Redick Street, the Redick Street Apartments, and the Chickasaw Senior Community.

A separate Cooperation Agreement originally adopted in 1967 is still in effect and covers the FHA sites that

have not yet been renovated. As any of those sites are renovated using LIHTC funding this agreement will be amended to include them.

**Financial Impact**

The annual Payment in Lieu of Taxes (PILOT) shall be the lesser of: (i) ten percent (10%) of the shelter rent charged by the Owner; and (ii) fifty dollars (\$50.00) per unit per year. The Spring Street and Johnson Circle renovation project includes 64 units. At \$50 per unit the annual PILOT will be \$3,250.

**Recommendation**

Staff recommends approval of Contract Number 2019-0258, a Cooperation Agreement between the City of Franklin and the Franklin Housing Authority for Payment in Lieu of Taxes (PILOT) for projects renovated using Low Income Housing Tax Credits.