



## Frequently Asked Questions for PILOTs

### What Construction Type is eligible for the program?

<b>Criteria</b>	<b>HEHFB Pilot</b>
<b>Location</b>	<b>Activity</b>
Central Business	Not Targeted
Within Parkway	Priority for Targeted Areas
City Wide	Priority for Targeted Areas
<b>Low to Moderate (LMB) Income Families</b>	<p>20% of the units shall be occupied by individuals or families of low or moderate income, except that the percentage of median gross income which qualifies as low or moderate income shall not be more than 50% or less of the median gross income ; or</p> <p>40% of the units shall be occupied by individuals or families of low or moderate income, except that the percentage of median gross income which qualifies as low or moderate income shall not be more than 60% or less of the median gross income.</p>
<b>Maximum Rents shall not be more than 30% of Gross Income</b>	
<b>Development Size</b>	at least 24 units
<b>Minimum Project Cost</b>	New Const. = \$1,000,000 Acquisition/Rehab = \$750,000
<b>Minimum Rehab Investment</b>	at least 50% and at least \$250,000
<b>Maximum Length of Freeze</b>	10 years for regular PILOT; 20 years for MHA
<b>City Component</b>	Freeze
<b>County Component</b>	Freeze
<b>Renter Impact Analysis</b>	Monitoring and Compliance Required (Benefit Pass-Through)
<b>Other Note</b>	* The annual allocation limit for the program is

\$50,000,000 of Total Project Cost.

**Are PILOTs for Bond Deals Only?**

No, although priority is given to bond financed projects any type of sound financing is acceptable.

**What fees are involved?**

**Application fee:**

There is a non-refundable application fee, per project calculated on the following basis:

\* \$3,000 for all Projects with total project costs of less than \$5,000,000;

\* \$4,000 for all Projects with total project costs of \$5,000,000-\$10,000,000;

\* \$5,000 for all Projects with total project costs greater than \$10,000,000.

Application fee is due and payable upon submission of the application.

**Reservation fee:**

A non-refundable reservation fee equal to .25% (25 basis points) of the Board's closing fee (1% of the total project costs) is due and payable with sixty (60) days of PILOT approval by the Board. This fee will be credited against the Board's closing fee.

**Closing fee:**

For PILOTs of ten (10) years or less, closing fees will include one percent (1%) of the total Project cost, plus applicable attorney fees and filing fees. PILOT fees are assessed and due at closing.

**Extension fee:**

The Applicant will have up to six (6) months from the time of approval by the Board to close the PILOT transaction. If the transaction has not closed within that time, the Project will be allowed a one time, automatic six (6) month extension, upon payment of an extension fee equal to the original application fee. Said fee will be due and payable before any extension is granted. The extension fee shall not be credited against the closing fee.

**Transfer fee:**

Each PILOT transfer must be approved by the Board after consideration of a PILOT Transfer Application submitted by the potential transferee. The transfer fee is one-half of the original application fee, plus applicable Board expenses including reasonable attorney fees. The transfer fee shall be submitted with the PILOT Transfer Application.

**Annual fees**

Annual fees include annual PILOT payments to the City and County taxing authorities.

**What are the Board's priorities for Approval?**

Timely submittal of a PILOT application is required to initiate the process. All applicants are required to attend a mandatory pre-submittal conference with a designated representative of the Board wherein the applicant will be further apprised of the PILOT review process, PILOT policies, and basic eligibility requirements. The applicant must also set forth the expected benefits to the tenants of the project as a result of PILOT benefits, including an analysis of the monetary amount anticipated to be utilized for the administration of tenant based programs, using the analysis of the tax amounts saved with the PILOT in place and without PILOT approval.

Initial review of the application will be done by the PILOT Committee and staff. Upon review and recommendation by the PILOT Committee, final approval shall be determined by the Board of Directors.

Board approval will be weighted on the above PILOT Qualifications. In addition, the Board will consider the following, listed in order of priority:

1. The location of the Project in a Target Area, as is defined by the City from time to time;
2. Tracing of tenant benefits;
3. Type of financing, with preference given to PILOTs submitted with tax-exempt bond financing to be issued by the Board;
4. Community impact;

## **What is the Application Process?**

### **Application Process**

#### **Pre-Submittal Conference**

A mandatory meeting with the HEHFB Executive Director shall be held prior to submission of a PILOT application. This meeting is to acquaint all parties with the scope of the Project and any related issues. This meeting also serves to familiarize the Applicant with the overall submittal and review process as well as overall PILOT policies and basic eligibility requirements. The Board reserves the right to reject applications when this requirement has not been met.

#### **Submittal of Application**

An outline of the PILOT application follows in this package. The official application must be assembled based on this outline. Fifteen copies of the application must be submitted prior to the application deadline. APPLICATIONS WILL ONLY BE ACCEPTED DURING AN ACTIVE PILOT ROUND.

#### **Board Review and Approval**

The Health, Educational and Housing Facility Board of Directors (“the Board”) generally meets on the first Wednesday of each month at 12 Noon. Meetings are held at the Office of The Board located at 65 Union Avenue, Suite 1120, Memphis, Tennessee 38103. Per resolution of the Board, a Board PILOT Committee (the “PILOT Committee”) has been established to review, with the staff, and make recommendation to the Board for PILOT application approvals and ongoing monitoring and compliance. Each applicant’s project will be publicly reviewed by the Board after staff evaluation and review and recommendation by the PILOT Committee. Each applicant will be allowed to make its presentation to the Board to emphasize the merits of its application. Thereafter, the Board will deliberate on all applications and render its decision(s) on all applications at one time.

## **Closing**

If the Project is approved by the Board, the Board's General Counsel will prepare and distribute PILOT documents and will arrange a PILOT closing meeting at which time regulatory and compliance agreements will be executed and all required documents will be filed with the City and Shelby County taxing authorities, and all necessary documents will be duly recorded with the Shelby County Register of Deeds.

## **When are the PILOT Rounds?**

These rounds usually are opened in March, as an effort to allow coordination with Tennessee Housing Development Agency program rounds. Interested parties can be put on a "Notice List" by request. See contact page.

## **What are the Target Areas?**

Target areas will be designated by the board upon direction provided by the City of Memphis.

## **How to get an application?**

Applications are available at the Developer Link of the Memphis HEHF website.