

Metropolitan Development and Housing Agency

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James E. Harbison
Executive Director

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January 7, 2016

VIA U.S. FIRST CLASS MAIL

VIA ELECTRONIC MAIL TRANSMISSION TO: Mike.Jameson@nashville.gov

Mike Jameson
Director, Metropolitan Council Office
One Public Square, Suite 204
Post Office Box 196300
Nashville, Tennessee 37219

RE: Request for Legal Opinion –MDHA Use of Proceeds from Sales in One Redevelopment District to Fund Projects in Other Districts

Dear Director Jameson:

The Metropolitan Development and Housing Agency (MDHA) is a public body and a body corporate and politic organized under Tennessee's Housing Authorities Law, Tenn. Code Ann. § 13-20-101 *et seq.* Under the general powers listed under § 13-20-104(a), Subparagraphs (18) and (19) grant MDHA the authority to own real property, as well as to sell or transfer property to "any person, firm, corporation, municipality, city, or government[.]" Subparagraph (22) grants MDHA the legal authority to "borrow money . . . and secure the same by pledges of its revenues . . ." § 13-20-104(c) states that MDHA "may do all things necessary and convenient to carry out the purposes and provisions of [the Housing Authorities Law]."

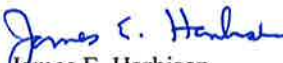
Part 2 of the Housing Authorities Law (T.C.A. §§ 13-20-201 – 217) specifically addresses MDHA's powers with respect to redevelopment in connection with a redevelopment project, redevelopment plan, or urban renewal plan. T.C.A. § 13-20-202(a)(3) grants MDHA the authority to "acquire real property . . . where the condition[s] . . . prevent a proper development of the property and where the acquisition of the area by the authority is necessary to carry out a redevelopment plan or urban renewal plan[.]"

Tax increment revenues, which are different from land sales proceeds, are generally restricted to use within that redevelopment district, unless the Metropolitan Council has specifically authorized their use in another district. Whether such land sales proceeds originate from property sold within a redevelopment district (or from anywhere else in Metropolitan Nashville and Davidson County), their reuse is not subject to any legal restrictions relating to the place of origin. The only restriction on the future use of land sale proceeds might originate from federal program requirements relating to the funds used to acquire the land. For example, the proceeds of land purchased with Community Development Block Grant (CDBG) funds would be subject to CDBG program requirements.

As a public body and body corporate and politic incorporated, under Tennessee's Housing Authorities Law, MDHA may utilize proceeds from land sales in the public interest, exclusive of location.

If you have any questions, please feel free to contact me.

Sincerely,


James E. Harbison
Executive Director

cc: Joseph Woodson, Mayor's Liaison to the Metropolitan Council
James L. Thiltgen, Deputy Executive Director
Tremecca D. Doss, General Counsel
Joe Cain, Director of Urban Development