

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

This report is the fifth and final update to the City of Chattanooga's Five-Year Consolidated Plan that was completed in May 2020. The plan covered program years 2020 through 2024, and its development involved extensive community engagement via public meetings and surveys to ascertain community needs, various consultations with public and private entities, as well as research on market conditions, housing needs, etc. The purpose of this report is to discuss emerging community development needs and describe how the City proposes to utilize U.S. Department of Housing and Urban Development (HUD) funds to assist in meeting those needs. Furthermore, it provides information on the activities that will be undertaken using federal and local resources in the program year beginning July 1, 2024.

Each year, the City of Chattanooga receives funding from two federal grant programs — the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships Program (HOME). Based on estimates, it is anticipated that these two programs will bring \$2,463,186 into the local area to support affordable housing, homeless services and prevention, community development programs, and other projects. The City is expected to receive \$1,548,118 in CDBG and \$915,068 in HOME. An additional \$689,268 in program income (\$371,107 from CDBG and \$318,161 from HOME projects) brings the total resources to approximately \$3,152,454. Details on the funding with proposed projects, activities, and programs are provided throughout this plan. A summary can be found under ATTACHMENT 1. In addition, public and private funding resources are always leveraged with the federal dollars allocated to meet community needs outlined in the Action Plan. Furthermore, HOME-funded activities require a minimum twenty-five percent (25%) match, and the City strongly encourages leveraging from partners receiving CDBG funds for projects. Some projects and activities involve a Request for Proposals (RFP) process to select qualified non-profit or for-profit partners.

On January 10, 2024, under the City of Chattanooga's Department of Economic Development, the Housing and Community Investment Division (HCI) announced a Notice of Funding Availability (NOFA) for fiscal year (FY) 2024-2025 as it relates to the HOME and CDBG grant programs. HCI hosted two public meetings, one held in-person on January 25, 2024, and one held virtually on January 29, 2024. Information covered in the meetings included the following: anticipated funding, funding priorities, funding criteria, grant regulations, grant application process, and due dates for submissions. The meetings also provided opportunities for the public to make suggestions on the FY 2024-2025 Action Plan (AP). A draft of the AP was released for a 30-day public comment period on March 24, 2024, and a public meeting was held on April 10, 2024, to gather input. Chattanooga City Council approved the AP on May 9, 2024.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The Consolidated Plan includes detailed goals by which performance and achievement of outcomes are measured annually and throughout the five-year period. Based on community-wide input and results gathered from local reports and plans, the following objectives were identified to address housing, community development, economic development, and social needs using anticipated federal and local resources:

- Increase the supply of affordable rental housing and housing for homeownership available to the City's low- to moderate-income (LMI) households,
- Preserve existing affordable housing stock,
- Provide housing and services to special needs populations,
- Improve/increase opportunities for citizens to access/retain affordable housing,
- Support neighborhood stabilization and development through public improvements in strategic coordination with housing activities, and
- Promote economic development activities in the City.

Under the broad objectives, outcomes were formulated to address needs identified for homelessness, housing, non-housing community development, barriers to affordable housing, lead-based paint hazards, special needs, and economic development which include:

- Increase access to and supply of affordable rental housing for the City's low to moderate-income households,
- Preserve existing affordable housing stock,
- Provide housing and services to special needs populations,
- Increase access to affordable homeownership opportunities for City residents,
- Continue to collaborate with homeless providers to supply a continuum of services,
- Support services aimed at the prevention and elimination of homelessness,
- Increase the viability of potential homeownership opportunities,
- Provide funding for public/facility improvements, strategically coordinated with housing and community revitalization activities,
- Promote economic development activities by supporting businesses and individuals engaged in economic development activities,
- Increase the number of newly constructed homes available on the affordable housing market.
- Improve the condition of housing for low-income renters and homeowners, and
- Help stabilize and restore the quality of life and housing conditions in low-income neighborhoods by alleviating substandard/vacant properties that pose a threat to public health.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

HUD's Community Planning and Development (CPD) programs are intended to help develop viable communities by providing decent housing, a suitable living environment, and expanding economic opportunities for LMI persons. The rationale used in determining community needs as well as prioritizing outcomes and resources, comes not only from the Consolidated Plan process, but also from data gathered by various entities throughout the city and county. The City of Chattanooga has a long history of successfully managing programs and activities funded by HUD. This is primarily due to intentional planning for efficiency and effectiveness. Furthermore, entitlement funds have always been targeted towards addressing priority issues in the areas of housing and community development. The City focuses on activities/programs/projects that can deliver the greatest benefit to the intended recipients.

For the 2022-2023 program year, funds were allocated to activities that support priority needs identified in the Consolidated Plan. Some activities were carried out by partner organizations and others through City departments. Activities undertaken improved housing conditions for homeowner-occupants and renters, created homeownership opportunities, assisted the homeless, eliminated blighted conditions, enhanced or improved public services, and provided improved infrastructure plus public facilities in lower-income neighborhoods. The following is a summary of the activities undertaken during FY 2022-2023:

Thirty-nine (39) homeowners received assistance in preserving their homes through programs operated by the City and partner entities such as Habitat for Humanity, Chattanooga Community Housing Organization (CCHDO), City of Chattanooga Public Works, and Chattanooga Neighborhood Enterprise (CNE). Thirty-four (34) of those units were subsidized with CDBG, and five were funded with non-federal resources.

Nine households received down payment assistance through CNE, one using HOME funds. In addition, five new affordable rental housing units were added through construction with HOME.

Forty-seven (47) affordable rental units were preserved through rehabilitation with CDBG funds. An additional 142 units were added through rehabilitation using a Payment in Lieu of Taxes (PILOT) Program. Three homeowner units were added to the local inventory through Habitat for Humanity with HOME funds.

As Chattanooga continues to recover from the long-term impacts of the COVID-19 pandemic, CDBG Coronavirus Aid, Relief, and Economic Security (CARES) Act/CDBG-CV funds have been utilized to support an internal program called Rapid Rental Repair. The program has been instrumental in assisting property owners with making needed repairs to get their vacant units back on the market for rental to

LMI tenants who might otherwise have no other affordable housing options available to them. Forty-four rental units were preserved with these funds. In addition, the City's HOME Investment Partnerships American Rescue Plan Program/HOME-ARP funds, in the amount of \$840,691, have been used to provide more than 135 individuals with emergency shelter, services to prevent homelessness, and re-housing assistance for those experiencing homelessness. Furthermore, Tennessee Housing Development Agency's Emergency Solutions Grant (ESG) CARES Act/ESG-CV funds totaling \$161,250, were used to assist homeless individuals with rental assistance to obtain permanent housing. City of Chattanooga general funds totaling \$XXX,XXX were also allocated to support organizations that provide these vital services. Using a combination of funding sources, the City's Office of Homelessness and Supportive Housing (OHS) provided 1,206 clients with rent and utility assistance.

Over 8,000 citizens received public service assistance from various social service partners and other City departments. One entity of note, the Chatt Foundation (formerly known as the Chattanooga Community Kitchen), served approximately 142,289 meals in the 2022-2023 fiscal year.

Since entitlement funding is greatly limited, the City has addressed the need to preserve and produce affordable housing through partnerships with for-profit and non-profit entities. In addition, the City has established a Payment in Lieu of Taxes (PILOT) Program to leverage HOME and CDBG funds and to incentivize partnerships with private developers. 142 rental units were added using the PILOT. This program combined with the use of an "open/ongoing" Requests for Proposals process for HOME and CDBG housing activities, has resulted in the production/preservation of more units, while ensuring the commitment and expenditure of HOME funds in a timely manner.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The purpose of the Citizen Participation Process is to give the community opportunities to provide input on the planning and implementation of community development activities. Every effort is made to persuade citizens to attend and participate in public meetings. The City's outreach efforts include publishing advertisements in the local newspaper of circulation, posting notices on the City's website, sending out emails using a distribution list, as well as placing flyers in high-visibility places like recreation centers and the public library. Updates to the Consolidated Plan and community input can be found under Attachment 2. Notices and mailings for the FY 2024-2025 Notice of Funding Availability are available in Attachment 1.

In the past, changes were made to the City's Citizens Participation Plan to address potential health concerns related to in-person meetings due to the COVID-19 pandemic. Most of the meetings were held virtually using a web-based meeting platform such as Zoom. Since 2022, in-person meetings have resumed, as concerns related to the pandemic have gradually eased over time. For the FY 2024-2025 application/allocation process, citizens and prospective applicants were invited to attend at least one of

two workshops held in-person on January 25, 2024, and virtually on January 29, 2024. Information was provided on anticipated funding availability, funding priorities, and related requirements.

The Citizens Advisory Committee assists in reviewing requests and recommendations for funding annually. Members of this committee made up of residents from various parts of the community, are appointed by the Mayor and City Council. The Committee receives training on HCI programs and is kept abreast of community development-related matters. Committee members were scheduled to meet on March 22, 2023, to review applications for funding and to provide input. However, due to scheduling conflicts and time constraints, this meeting did not take place. Instead, the Committee was briefed on funding recommendations.

A presentation was made to City Council members, in a public forum, on April 30, 2024. Council members and attendees were made aware of the recommendations for funding, and of the public meeting that occurred on April 11, 2024, where citizens had the opportunity to receive information on the process and make comments. Those in attendance also received information on the process and timeline for submitting the Action Plan to HUD. The public meeting was attended by [X NUMBER] citizens.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

There were several questions related to an amendment of the CDBG-CV funds, fair market rents, and general timing of funds and projects. A summary of comments from the April 11, 2024, public meeting may be found at the end of Attachment 2.

6. Summary of comments or views not accepted and the reasons for not accepting them

Not applicable – Any and all comments or views were accepted.

7. Summary

The City of Chattanooga is committed to addressing the needs of its residents and utilizes federal funds to deliver the greatest benefit to the community. Federal funding is targeted and leveraged with activities, programs, and projects that help make progress towards the goals identified in the 2020-2024 Consolidated Plan. As always, public input is an essential part of the planning process. The City has developed a plan to maximize citizen participation by taking advantage of its partnerships with various community organizations, gathering input from consultants, and engaging with the general public.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator		Housing and Community Investment
HOME Administrator		Housing and Community Investment
ESG Administrator		Housing and Community Investment

Table 1 – Responsible Agencies

Narrative (optional)

Housing and Community Investment (HCI), a division of the City’s Department of Economic Development, is responsible for all aspects of administering the entitlement grants, including the required consolidated planning and reporting. HCI is also responsible for ensuring adherence to all requirements related to infusing the funding into the community, monitoring for compliance/outcomes, and reporting to HUD and the general public. Furthermore, the division manages all processes related to the preparation and submittal of Annual Action Plans, Consolidated Annual Performance Evaluation Reports (CAPERs), and the Five-Year Consolidated Plan.

Consolidated Plan Public Contact Information

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AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

1. Introduction

Consultations for the 2020-2024 Consolidated Plan began in December 2019. The purpose was to ascertain priority needs in the community, assess available plans/resources, and determine how to best utilize the information to establish and address goals for the plan’s implementation. A wide range of entities, including healthcare organizations, social services agencies, financial institutions, and philanthropic foundations, were interviewed to help ascertain local housing and community development needs. The consultations were achieved through established relationships, public meetings, special task forces, and by partnering with stakeholders who seek to actively involve other Chattanooga residents. In particular, public and non-profit agencies whose missions included services to the elderly or disabled, those living with HIV/AIDS, those with active addictions, and those experiencing homelessness were involved in the planning process. Data collection methods included one-on-one interviews and surveys.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

The City of Chattanooga partners with the Chattanooga Housing Authority (CHA) to address the housing needs of Chattanooga’s lowest-earning households with federal funds from HUD. Through the Continuum of Care process, the City maintains relationships with mental health providers, homeless services providers, and other governmental agencies with specific responsibilities for assisting homeless individuals and families. The City also facilitates/participates in a variety of other coalitions that seek to address other issues that relate to housing and community service needs.

In the development of the 2020-2024 Consolidated Plan, HCI relied on valuable information from outside entities gathered from the following reports: Regional Planning Agency (RPA)’s Area 3 Plan; RPA’s People, Places, Paths Report (2018 internal report); CARTA ReDesign: Planning for the Future “Transit Choices Report;” Chattanooga Housing Authority’s Five-Year Agency Plan; 2040 Regional Transportation Plan; Chattanooga Neighborhood Enterprise’s Strategic Plan; and City of Chattanooga’s 2019 Housing Connections Report (a collaborative effort between city departments and other agencies).

The City’s division called Neighborhood Services, from the department formerly known as Economic and Community Development, held two Housing Connections Conferences in 2018. The conferences brought together representatives from all aspects of housing to convene and discuss issues related to affordable housing in Chattanooga. The conference hosted representatives from the homeless services community, real estate, development, non-profit, and financial arenas, as well as community activists and representatives of the general community. This resulted in the 2019 Housing Connections Report.

Moreover, the City has built strong relationships with a number of housing providers, including the local community housing development organization (CHDO), to increase the inventory of units in conjunction with providing social services. Through subrecipient and developer partnerships, these agencies address the needs of their own targeted clientele, in addition to those of special needs populations, and the low-income communities in general.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The City also works closely with the Chattanooga Regional Homeless Coalition (CRHC), the regional Continuum of Care for the area, in addressing the needs of homeless persons. CDBG funds provide resources to supplement Continuum of Care (CoC) initiatives, and City general funds are used for the coordinated entry referral process and organization operations. Through a partnership with the CRHC using referrals, the City's OSH assists people experiencing homelessness who are not veterans. OSH was initially established to address homelessness among veterans but has since expanded to serve different types of individuals.

Ending homelessness in Chattanooga has been a focus over the last few years. In the spring of 2018, the City of Chattanooga tasked Chattanooga's Interagency Council on Homelessness (CICH) with creating a community plan to reduce homelessness in the area. In order to develop a plan that accelerated the community's progress towards reducing homelessness, a comprehensive analysis on the current state of homelessness in Chattanooga was needed to identify gaps, needs, and input into how the Chattanooga community could improve its approach to reducing homelessness. The resulting 2018 Chattanooga Community Action Plan was developed using informant interviews, planning sessions with stakeholders, public meetings, and secondary data analysis.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City of Chattanooga is no longer receiving ESG as an Entitlement. ESG funding is received from the State of Tennessee through the Tennessee Housing Development Agency. However, performance standards and funding for the administration of the Homelessness Management Information System (HMIS) have been established through discussions and consultations with the CoC. Policies and procedures are provided to CoC members for review and comments. The CRHC has managed the operation and administration of the community's HMIS since 1998 and works as a mentor agency for new HMIS users.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	CHATTANOOGA HOUSING AUTHORITY
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	One-on-one consultation, "Housing Summit" participant. CHA is City's primary resource/partner providing affordable housing for very low- and low-income citizens.
2	Agency/Group/Organization	CHATTANOOGA NEIGHBORHOOD ENTERPRISE
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	On-going one-on-one consultation as one of the City's major stakeholders and developers of affordable housing, and "Housing Summit" participant.

3	Agency/Group/Organization	HABITAT FOR HUMANITY
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey and "Housing Summit" participant provided input on capacity and wherewithal to partner with City in increasing affordable housing inventory.
4	Agency/Group/Organization	Chattanooga Community Housing Development Organization
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey and "Housing Summit" participant provided input on capacity and wherewithal to partner with City in increasing affordable housing inventory.
5	Agency/Group/Organization	Helen Ross McNabb Center
	Agency/Group/Organization Type	Housing Services - Housing Services-Persons with Disabilities Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Needs - Veterans

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	One-on-one consultation and site visit. Organization provided input on capacity and wherewithal to partner with City in increasing affordable housing inventory.
6	Agency/Group/Organization	SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY
	Agency/Group/Organization Type	Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Needs - Veterans
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Homeless Veterans Task Force, Survey and "Housing Summit" participant, provided input on capacity and wherewithal to partner with City in increasing affordable housing inventory and services to homeless and homeless veterans.
7	Agency/Group/Organization	ORANGE GROVE TRAINING CENTER
	Agency/Group/Organization Type	Services-Persons with Disabilities Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	One-on-one consultation - assessment of services for citizens with developmental disabilities and coordination of educational and employment training.

8	Agency/Group/Organization	PARTNERSHIP FOR FAMILIES, CHILDREN AND ADULTS
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Education Services-Employment Service-Fair Housing Services - Victims
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey - provided input on capacity and wherewithal to partner with City in improving lives and families and individuals, moving them from vulnerable situations to living stable lives.

9	Agency/Group/Organization	UNITED WAY OF GREATER CHATTANOOGA
	Agency/Group/Organization Type	Services-Children Services-Education Regional organization
	What section of the Plan was addressed by Consultation?	Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey - provided input on services and goals and intended focus of resources.
10	Agency/Group/Organization	Southeast Tennessee Development District
	Agency/Group/Organization Type	Regional organization Community Development Financial Institution
	What section of the Plan was addressed by Consultation?	Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Ongoing interaction, survey and quarterly reports to establish coordinated strategy for addressing improved economic opportunities for L/M citizens.
11	Agency/Group/Organization	Council for Alcohol and Drug Abuse Services (CADAS)
	Agency/Group/Organization Type	Housing Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homelessness Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey - Coordination of homeless services.
12	Agency/Group/Organization	Chatt Foundation formerly known as Chattanooga Community Kitchen
	Agency/Group/Organization Type	Services - Housing Services-homeless Services-Employment
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey - Coordinate homeless services
13	Agency/Group/Organization	Family Promise of Greater Chattanooga, Inc.
	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey - To coordinate homeless services

14	Agency/Group/Organization	City of Chattanooga Office of Equity and Community Engagement
	Agency/Group/Organization Type	Services-Employment Service-Fair Housing Grantee Department
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey - This agency manages supplier diversity and bringing economic opportunities to DBEs.
15	Agency/Group/Organization	AIM Center, Inc.
	Agency/Group/Organization Type	Services-Persons with Disabilities Services-homeless Services-Health Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Families with children
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Survey and one-on-one discussions. Organization provides consumer-driven psychiatric rehabilitation services that enhance the recovery in the living, working, learning, and social environments and is a critical partner in addressing the needs of persons with mental illness. The consultation provided information that assists in anticipating future needs and focusing resources.
16	Agency/Group/Organization	Pennrose Properties
	Agency/Group/Organization Type	Housing

	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	"Housing Summit" participant provided input on capacity and wherewithal to partner with City in increasing affordable housing inventory.

Identify any Agency Types not consulted and provide rationale for not consulting

N/A

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Chattanooga Regional Homeless Coalition	The Chattanooga Homeless Coalition coordinates the application process for various organizations and the City to receive funding for the community. A consolidated application is submitted, which includes a single Continuum of Care application and requests from local nonprofit homeless service providers and the City. The goals of the Strategic Plan are coordinated with those of the Continuum of Care Program to promote community-wide commitment to the goal of ending homelessness.
PHA 5-Year Plan	Chattanooga Housing Authority	The 5-Year Plan addresses specific planning, inventory, maintenance and needs of the housing authority and the community which plays a major role in the local coordinated efforts in addressing the local housing needs outlined in the Strategic Plan.
2030 Comprehensive Plan	Regional Planning Agency	The Comprehensive Plan provides a local regional strategy to focus on neighborhoods and centers, and revise the codes and laws that govern development, including housing and community development in L/M neighborhoods.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
2040 Regional Transportation Plan	Regional Planning Agency	The plan provides proposed transportation projects that are planned through 2040 in disadvantaged areas.
City of Chattanooga 2019 Housing Connections Report	City of Chattanooga, ECD	Plan provides housing needs, goals, and strategies that are incorporated in the Strategic Plan.
Bridging the Gap - Affordable Housing & Workforce	National Resource Network	Consider recommendations in the report to help secure housing and employment for those in our community who struggle to achieve both.
Area 3 Plan	Regional Planning Agency	Study to determine the direction of development for Area three, representing the area from the river to the ridge.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

Fortunately, there are a variety of plans and reports written about all aspects of the Chattanooga community — from housing and transportation to education and economic development. The planning process entailed gathering data, analyzing and reviewing relevant information, and condensing the findings into a standardized report. All of the data used was developed within the last five years or so. As needed, additional data has been added to fill in any gaps.

AP-12 Participation – 91.105, 91.200(c)

**1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting**

In preparation of the FY 2024—2025 Action Plan, City staff reviewed all applications and prepared funding recommendations. These recommendations were presented to the City Council in a public forum and in a public meeting. Announcements of the public meeting were posted in the City's local newspaper and on the City's website. A draft of the Action Plan was posted on the City's website for review by anyone interested. The process also provided for a 30-day comment period.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	Non-targeted/broad community	Presentation to City Council at the 3:00 PM session on March 19, 2024. Meeting is open to the public.	No comments were received	N/A	
2	Public Meeting	Non-targeted/broad community	Public meeting on April 10, 2023. Information presented to citizens. Number in attendance: nine citizens	Summary of comments is located in attachments	N/A	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Newspaper Ad	Non-targeted/broad community	March 27, 2024 - publication of proposed funding and recommendations appeared in Chattanooga Times Free Press for thirty (30) day comment period and provided information on location of the public meeting.	No comments received	N/A	
4	Public Meeting	Non-targeted/broad community	City Council Meeting on April 30, 2024, to pass Resolution.	No comments were received	N/A	
5	Internet Outreach	Non-English Speaking - Specify other language: Spanish Non-targeted/broad community	Local online news outlets advertised the Mayor's press release on January 31, 2023.	No comments were received	N/A	
6	Fliers	Non-targeted/broad community	Fliers were posted throughout City Hall	None	N/A	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
7	Copy of Action Plan Posted	Non-targeted/broad community	A copy of the Draft Action Plan was available on the City's website.	None	N/A	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

The City of Chattanooga receives funding from two federal grant programs, the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships Program (HOME). It is anticipated that these two grant programs combined will bring \$2,463,186 into the city to support affordable housing, homeless services, and community development programs and projects. The City will receive \$1,548,118 in CDBG and \$915,068 in HOME. An additional \$689,268 in program income (\$371,107 from CDBG and \$318,161 from HOME projects) brings the total resources to \$3,152,454. Over the last few years, the City has received a decrease in total allocations. With the unpredictability of future funding from HUD, the amounts used for anticipated resources are based solely on the prior year's allocation.

For the CDBG and HOME programs, program income and carryover funds (funds left unspent from previous years) help to offset the allocation reductions to some degree. However, it is expected that any benefit from those funds will be short-lived. Program income will diminish as reductions in HUD allocations result in a reduction of the number of possible new loans that can generate additional program income. A detailed breakdown of administrative budgets and CHDO set-aside is located under Action Plan Attachment 1.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	1,548,118	371,107	0	1,919,225	1,919,225	2024-2025 is final year of Con Plan
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	915,068	318,161	0	1,233,229	1,233,229	2024-2025 is final year of Con Plan

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	0	0	0	0	0	We do not receive ESG funds directly from HUD as a formula allocation

Table 1 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

As the City of Chattanooga is not qualifying as an Entitlement for the Emergency Solutions Grant (ESG) in 2023, the City will receive **\$134,375** in ESG funds from the State of Tennessee through Tennessee Housing Development Agency (THDA).

The required match for HOME funds will be addressed through carry-over HOME match, donated property, and partner contributions. This requirement is outlined in the subrecipient agreement. Housing activities are expected to be heavily leveraged with developer resources like Low-Income Housing Tax Credits, local PILOT projects, Chattanooga Affordable Housing Fund, and foundation funding. In March 2024, the City proposed a revised PILOT program that will allow the City to incentivize individual affordable housing units, offer incentives for units with lower

rents than currently allowed, and better reflect the difference in rents in different areas of the city.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan.

The City expects to utilize a number of critical tools in addressing affordable housing, including the City’s Affordable Housing Fund and the PILOT program. The City will strategically utilize the Affordable Housing Fund, in conjunction with other initiatives, for the purpose of developing/preserving affordable housing in an impactful way. In March 2024, the City entered into a Memorandum of Understanding with the Chattanooga Land Bank Authority to return City-owned tax-foreclosed parcels to use by transferring eligible parcels to the Land Bank, removing legal and regulatory barriers to development, and donating them to third-party developers for the construction of affordable housing. The City has set an initial target of conveying 50 parcels for affordable housing development through this process. This program will: (1) Reduce vacant and blighted properties, (2) Attract investment to neighborhoods, (3) Provide quality affordable housing with appealing design, (4) Increase homeownership, (5) Create wealth-building opportunities, (6) Increase community engagement, and (7) Reduce crime. The City also allows nonprofit entities to request City-owned, back-tax properties for the development of affordable housing.

Discussion

As funding is steadily decreasing and could be totally eliminated, the City will have to rely heavily on resources and tools outside of the above allocation to accomplish the goals outlined in the Consolidated Plan.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase Affordable Housing Opportunities	2020	2024	Affordable Housing	City-wide Activities	Increase/Preserve Supply of Affordable Housing Non-Homeless Services	CDBG: \$737,466 HOME: \$1,082,100	Rental units constructed: 80 Household Housing Unit Rental units rehabilitated: 100 Household Housing Unit Homeowner Housing Added: 10 Household Housing Unit Homeowner Housing Rehabilitated: 50 Household Housing Unit Direct Financial Assistance to Homebuyers: 5 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Blight, Infrastructure & Public Facilities	2020	2024	Non-Housing Community Development	Eligible Census Tracts	Non-Housing Community Development	CDBG: \$322,300	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 32 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 3 Households Assisted
3	Services and Housing for Homeless and At-Risk	2020	2024	Homeless	City-wide Activities	Services and Housing for Homeless and At-risk	CDBG:	Tenant-based rental assistance/Rapid Rehousing: Homelessness Prevention:
4	Increase Economic Opportunities	2020	2024	Non-Housing Community Development	City-wide Activities	Economic Development	CDBG: \$317,000	Jobs created/retained: 36 Jobs Businesses assisted: 9 Businesses Assisted
5	General Public Services	2020	2024	Public Services	City-wide Activities			
6	Administration and Planning	2020	2024	Admin	City-wide Activities	Administration and Planning	CDBG: \$368,698 HOME: \$120,480	Other: 63000 Other

Table 2 – Goals Summary

Goal Descriptions

1	Goal Name	Increase Affordable Housing Opportunities
	Goal Description	Rental acquisition and rehabilitation, new construction of rental and homeowner, homeowner rehab, homeowner downpayment assistance, homebuyer/renter outreach/education, lead-based paint hazards, code enforcement, Fair Housing.
2	Goal Name	Blight, Infrastructure & Public Facilities
	Goal Description	Blight elimination, and public facility improvements and infrastructure activities in strategic coordination with community development/housing development.
3	Goal Name	Services and Housing for Homeless and At-risk
	Goal Description	Activities to serve the homeless
4	Goal Name	Increase Economic Opportunities
	Goal Description	Through Section 108 Loan, assist with job creation/retention, and business/individual development/expansion
5	Goal Name	General Public Services
	Goal Description	Assist households and individuals with housing connections and stabilization services, tenant-based rental assistance/rapid rehousing, homebuyer education, homebuyer counseling, and Fair Housing education and activities
6	Goal Name	Administration and Planning
	Goal Description	Grant oversight and management

Projects

AP-35 Projects – 91.220(d)

Introduction

The following projects will be funded for the 2024-2025 program year to achieve Consolidated Plan goals. Projects align with the following priorities:

1. Increase the supply of affordable housing
2. Preserve existing housing stock
3. Housing and services for special needs populations
4. Increase affordable housing opportunities
5. Provide funding for public improvements in coordination with housing
6. Promote economic development activities

Projects

#	Project Name
1	HCI Administration CDBG and HOME
2	HCI CDBG Affordable Housing Development and Preservation
3	CCHDO Roofing Project
4	Chattanooga Neighborhood Enterprise Homeowner Rehab Program
5	Chattanooga Neighborhood Enterprise Homebuyer Education and Financial Counseling
6	Family Promise Rapid Rehousing/Overnight Shelter Services
7	Project Return Housing Rehab
8	Salvation Army Rapid Rehousing and Case Management Services
9	HCI HOME Affordable Housing Development and Preservation
10	CHDO Set-Aside

Table 3 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The distribution of funds for this fiscal year is based upon priorities developed in the Consolidated Plan process for Fiscal Year 2024-2025. Allocations are approved based on a competitive solicitation of proposals from non-profit organizations, which include social services agencies and affordable housing developers that are committed to preventing homelessness, serving the homeless, improving communities, promoting economic development opportunities, or providing housing and services to low- to moderate-income households.

Funding is allocated to entities carrying out eligible activities/projects/programs identified in the Consolidated Plan as a high priority. Requests are reviewed and evaluated on a number of criteria such

as eligibility, organizational capacity, leveraging ability, income level of citizens being served, number of citizens being served, and the service area. All activities/projects/programs are within a low/moderate-income census tract or are programs that serve low/moderate-income citizens, all within the city limits of Chattanooga.

AP-38 Project Summary

Project Summary Information

1	Project Name	HCI Administration CDBG and HOME
	Target Area	City-wide Activities
	Goals Supported	Administration and Planning
	Needs Addressed	Administration and Planning
	Funding	CDBG: \$383,845, HOME: \$123,322.90
	Description	To cover general expenses related to administering, managing, and monitoring CDBG funded projects/programs/activities. Up to 20% of the CDBG HUD allocation plus 20% of program income generated from CDBG funded activities may be used to cover general grant administration costs. For HOME, up to 15% of the new allocation plus 15% of program income may be used for eligible grant administration.
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the	

	proposed activities	
	Location Description	With the exception of blight elimination, projects are city-wide
	Planned Activities	Administering, managing, and monitoring CDBG and HOME funded activities
2	Project Name	HCI CDBG Affordable Housing Development and Preservation
	Target Area	City-wide Activities
	Goals Supported	Increase Affordable Housing Opportunities
	Needs Addressed	Increase/Preserve Supply of Affordable Housing
	Funding	
	Description	Funds provided for minor and substantial housing repair for homeowners and rental housing renovations. Funding may also be allocated for tenant-based rental assistance.
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	

	Location Description	This program is available on a city-wide basis
	Planned Activities	Funding will be made available through an RFP process for the following activities: homeowner rehab, rental housing rehab, and TBRA
3	Project Name	CCHDO Roofing Project
	Target Area	City-wide Activities
	Goals Supported	Increase Affordable Housing Opportunities
	Needs Addressed	Increase/Preserve Supply of Affordable Housing
	Funding	CDBG: \$300,000
	Description	Funds for the repair and replacement of roofs for qualified LMI homeowners
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	Twenty-eight LMI homeowners will receive roof replacements
	Location Description	City-wide

	Planned Activities	Assist approximately 28 homeowners with housing stabilization/preservation through roof repair/replacement
4	Project Name	Chattanooga Neighborhood Enterprise Homeowner Rehab Program
	Target Area	City-wide Activities
	Goals Supported	Increase Affordable Housing Opportunities
	Needs Addressed	Increase/Preserve Supply of Affordable Housing
	Funding	CDBG: \$500,000
	Description	Providing zero-interest to low-interest housing renovation loans to low- and moderate-income homeowners requiring resources to preserve their homes by addressing health and safety issues
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	Assist approximately nine low- and moderate-income homeowners with home renovation loans
	Location Description	City-wide

	Planned Activities	Substantial home rehabilitation for qualified homeowners, possibly subsidized with a grant for lead abatement
5	Project Name	Chattanooga Neighborhood Enterprise Homebuyer Education and Financial Counseling
	Target Area	City-wide Activities
	Goals Supported	
	Needs Addressed	
	Funding	
	Description	
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	City-wide
Planned Activities		

6	Project Name	Family Promise Rapid Rehousing/Overnight Shelter Program
	Target Area	City-wide Activities
	Goals Supported	Services and Housing for Homeless and At-risk
	Needs Addressed	Services and Housing for Homeless and At-risk
	Funding	CDBG: \$65,000
	Description	Case management, shelter case management, and rapid rehousing services for homeless and near-homeless individuals to assist in securing stable housing
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 720 homeless and near homeless individuals
	Location Description	City-wide
Planned Activities	Case management and rapid rehousing services for homeless and near-homeless individuals	
7	Project Name	Project Return Housing Rehab

	Target Area	City-wide Activities
	Goals Supported	Increase Affordable Housing Opportunities
	Needs Addressed	Increase/Preserve Supply of Affordable Housing
	Funding	CDBG: \$
	Description	Funds to renovate four affordable housing units to rent to formerly incarcerated individuals at below market rents
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	Four formerly incarcerated individuals
	Location Description	City-wide
	Planned Activities	Acquisition and renovation of four housing units that will be rented at an affordable price to formerly incarcerated individuals
8	Project Name	Salvation Army Rapid Rehousing and Case Management Services
	Target Area	City-wide Activities

	Goals Supported	Services and Housing for Homeless and At-risk
	Needs Addressed	Services and Housing for Homeless and At-risk
	Funding	CDBG: \$150,000
	Description	Payments to help families and individuals obtain or retain housing to prevent homelessness
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 400 homeless and near homeless individuals
	Location Description	City-wide
	Planned Activities	Provide rapid rehousing and rental and utility assistance to help homeless and near-homeless families and individuals obtain or retain housing to prevent homelessness
9	Project Name	HCI HOME Affordable Housing Development and Preservation
	Target Area	City-wide Activities
	Goals Supported	Increase Affordable Housing Opportunities

	Needs Addressed	Increase/Preserve Supply of Affordable Housing
	Funding	HOME: \$972,645.90
	Description	Preservation and production of affordable rental and homeowner housing
	Target Date	8/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	Funds to provide for the construction of 15 rental units and 10 homeowner units, and the rehabilitation of 5 rental units
	Location Description	City-wide
	Planned Activities	Construction and rehabilitation of rental and homeowner units
10	Project Name	CHDO Set-Aside
	Target Area	City-wide Activities
	Goals Supported	Increase Affordable Housing Opportunities
	Needs Addressed	Increase/Preserve Supply of Affordable Housing

Funding	HOME: \$137,260.20
Description	Required CHDO set-aside to fund qualified CHDO development projects
Target Date	8/31/2025
Estimate the number and type of families that will benefit from the proposed activities	Construction of one homeownership unit for LMI purchase
Location Description	City-wide
Planned Activities	Construction of one homeownership unit for LMI purchase

P-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

For Consolidated Plan projects and activities, funding received serves low- and moderate-income residents and neighborhoods within the city limits of Chattanooga. The current median income for a family of four in Chattanooga is \$96,200. Incomes for families served under these programs/activities do not exceed \$63,700 (80% of the median income for a family of four). Although CDBG regulations require a minimum of 70% of the funds be used to benefit low/moderate-income residents, over a three-year period, past reporting has shown that for the City of Chattanooga, 100% of expenditures met this requirement.

Housing, economic development, and public service activities are provided city-wide; public facility improvements, infrastructure improvements, and some economic development activities are limited to low-income census tracts. Individuals/families facing homelessness live or originate from within the city limits. To obtain affordable housing, homeless households being assisted with rapid-rehousing may have to be re-housed in other areas within Hamilton County because of rising housing costs in Chattanooga.

Geographic Distribution

Target Area	Percentage of Funds
City-wide Activities	100
Eligible Census Tracts	100

Table 4 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Projects that have an area benefit are located in low- to moderate-income (LMI) designated census tracts. At least 51% of citizens in these areas have low- to moderate-income. In regard to housing activities for the use of CDBG and HOME, with the City's primary focus being housing and

housing-related activities, the community is better served with the activities being made available city-wide. This opens up affordable housing opportunities throughout the city, giving low-income citizens more options in determining where they want to live. This also helps with minimizing racial concentrations and concentrations of poverty. All households receiving assistance are LMI clientele.

Discussion

The City of Chattanooga's target area is the entire city. Therefore, the distribution of funds is projected to be city-wide. A great percentage of available funding is targeted for the production and preservation of affordable housing activities. Typically, housing activities are not restricted by census tract. If future requirements deem it necessary, strategic target areas may be identified later.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

For Chattanooga, as is the case for many cities across the nation, the dynamics and challenges affecting affordable housing are increasing and constantly changing. The City is continuously assessing this complicated ecosystem to identify resources and align them creatively for efficiency, effectiveness, and community impact. Nearly every two years, a local study is done related to affordable housing. Results from these studies are taken into consideration and, in most instances, incorporated into the Consolidated Plan and/or Annual Action Plans.

The combination of growth and the slowdown in housing development, along with inflation, high interest rates, and COVID-related supply chain issues, has exerted significant pressure on the housing market. Median home prices increased by 36% between 2020 and 2022. Currently, there is a \$30,000 gap between what median income families can afford and the median sales price, meaning that the majority of households earning 100% AMI and below are shut out of homeownership. Historically, middle class families have made up a large share of the City's homeowners, but as new, higher-income households buy up limited housing stock and low- and moderate-income households struggle to enter the housing market, that ratio is changing. There was a 23% decline in owner-occupied households earning less than \$100,000 per year between 2011 and 2021 while the number of owner occupied households earning more than \$100,000 nearly doubled in the same period. As home values soar, Chattanooga needs more resources to ensure low- and moderate- income residents can access stable housing and wealth building opportunities.

Chattanooga also needs more resources to keep pace with the demand for stable, quality housing that is affordable for renters, and low-income renters in particular. Households that are not able to afford homeownership at the higher home prices are now competing for rental homes, driving up competition and rents. Affordable rental housing for Chattanooga residents has become more limited in recent years, with a 30% increase in median rents since 2020, compared to just a 13% increase in median renter income. Census data reveals a 45% increase in cost-burdened renters city-wide between 2017 and 2021, and an analysis by HR&A Advisors using Zillow data showed that the median renter in Chattanooga needed an additional \$570 per month to afford median rent in 2022. Approximately 29% of renter households earn \$35,000 or less (about 60% AMI for a 2 person household), and these low income renters are especially vulnerable to present and future market shifts. The dramatic rise in rents translated to 1 in 4 affordable rental homes, or approximately 7,000 total units, becoming unaffordable to a household earning \$35k between 2016 and 2021. There is currently a gap of 1,800 units affordable to renters earning \$35,000 annually, and the HR&A Housing Needs Assessment estimates that Chattanooga will have a shortage of 7,300 units affordable to this group of renters by 2030.

Mayor Tim Kelly’s vision for housing through the One Chattanooga Plan lists the following goals for housing:

- Expand affordable housing inventory across the city
- Diversify the range of capital options available for affordable housing development
- Expand supportive housing resources to end chronic homelessness
- Support both tenants and housing providers with housing security and eviction prevention resources
- Preserve land for affordable housing in transitioning neighborhoods

One Year Goals for the Number of Households to be Supported	
Homeless	2,000
Non-Homeless	62,000
Special-Needs	8
Total	64,008

Table 6 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	30
The Production of New Units	90
Rehab of Existing Units	150
Acquisition of Existing Units	0
Total	270

Table 7 - One Year Goals for Affordable Housing by Support Type

Discussion

In August 2023, the City released its first Housing Action Plan (HAP), a strategic framework to be used by City staff, elected officials, and the community to guide affordable housing policies and investments over the next five years. The HAP outlines strategies to build the housing ecosystem, increase the number of affordable, quality rental homes, expand access to homeownership and protect existing homeowners, make homelessness rare, brief, and non-recurring, and move towards equitable housing for all Chattanooga residents.

Many of the strategies in the HAP are already underway or complete. In 2023, the City initiated the following activities to identify and address barriers to affordable housing:

- Completed Housing Needs Assessment to identify the City's most pressing housing needs
- Completed Housing Action Plan to inform and guide housing policy and strategic investment
- Completed a Market Value Analysis to help public officials and private actors more precisely target housing intervention strategies
- Redesigned and launched a new Down Payment Assistance (DPA) program using American Rescue Plan Act (ARPA) and City General Funds
- Launched Affordable Housing Fairs in our most challenged neighborhoods to promote new housing tools and provide information to community members about affordable housing options
- Developed of a new public land disposition policy to leverage the city-owned inventory, including tax foreclosed parcels
- Reformed its Payment-in-Lieu-of-Taxes (PILOT) program to provide additional support for smaller-scale affordable housing development
- Procuring a manager for the City's Revolving Loan Fund, which will provide expanded access to capital to current and emerging housing developers, seeded with a \$20 million investment from the City's general funds
- Leveraging investments with our Affordable Housing Trust Fund to fill funding gaps and make investments in affordable housing programs
- Launching a new homeowner rehab program to preserve aging housing stock
- Supporting the Chattanooga Housing Authority Choice Neighborhood Initiative (CNI) application with matching fund commitment and dedicated CDBG allocations.
- Solicited HUD technical assistance to develop more efficient procedures and enhance staff capacity to achieve the goals of the Housing Action Plan

In addition to these efforts, CDBG and HOME funds will be leveraged to address the preservation and production of affordable housing through the following efforts:

Affordable Homeownership Objectives

HOME funds are used by the CCHDO and Habitat for Humanity for construction of affordable homeownership units for low- to moderate-income families.

Homeowner Rehabilitation Objectives

Leveraging CDBG funds, the following activities are proposed to assist in efforts to preserve affordable homeowner housing:

- CCHDO Roof Replacement Program: CCHDO proposes to assist approximately 28 homeowners with stabilizing their homes by providing new roofs.

- Home Repair Programs (CNE) – 9 LMI homeowners, primarily elderly and the disabled, will be assisted with home repairs.

Affordable Rental Objectives

The City will use CDBG and HOME as leverage, gap financing and incentives to engage in the following initiatives:

- Payment-in-Lieu-of Taxes (PILOT)
- Project Return's PROh program will create four new affordable rental units for formerly incarcerated individuals
- Rental Property Renovation Program - Provides funds for rehabilitation of vacant, substandard rental units for affordable rental. The program will provide 10 renovated affordable rental units to the current market.

Affordable Housing Fund

In April 2022, Mayor Kelly announced a \$100 million affordable housing initiative over the next five years, with \$33 million being invested within the first year. The purpose of this initiative is to utilize City funds, HUD funds, and private investment, in addition to policy changes in many areas, in an effort to make significant impact in the shortage of affordable housing in Chattanooga. This investment is to be in addition to the City's annual HUD allocations.

AP-60 Public Housing – 91.220(h)

Introduction

This has been a period of great transition in the affordable housing industry. HUD has urged housing authorities to convert traditional public housing properties to the Rental Assistance Demonstration Program (RAD), enabling housing authorities to assume debt on the value of the property's land and buildings, which is prohibited in the traditional public housing setting. Additionally, the Low-Income Housing Tax Credit Program administered by the Tennessee Housing Development Agency has become increasingly important as public housing properties age and renovation are needed to preserve the affordable units long into the future. The following information provides an overview of the available affordable housing associated with the CHA.

Actions planned during the next year to address the needs to public housing

The CHA received no new voucher allocations in 2023. The CHA will continue to pursue all opportunities to increase the number of vouchers in CHA's allocation going forward.

The Low Income Public Housing program (LIPH) will continue its work to reduce vacancies which have accumulated during the pandemic, utilizing site staff, temporary staff, and outside contracting of unit turns. The LIPH sites will continue its work to normalize maintenance operations, work order, and preventative maintenance backlogs which were negatively affected by work restrictions during the pandemic. Difficulty in hiring staff continues to challenge day-to-day operations.

The CHA plans to exercise the option to buy Tax Credit Properties as their tax compliance periods come to an end. In 2022, CHA completed the RAD conversion for the Fairmont Apartments and Boynton Terrace Apartments.

CHA increased choices for participants in HCVP through the continuation of the Small Area Fair Market Rent Program, which provides voucher payment standards by zip codes throughout the City.

CHA plans to work with the City of Chattanooga to develop a plan for the demolition/disposition of College Hill Courts in phases over the next few years. This work is expected to be accomplished in conjunction with the redevelopment of the West Side.

CHA will apply to renew its Commitment to Enter into Housing Assistance Payments (CHAP) for the use of the Rental Assistance Demonstration (RAD) conversion program for the high-rise Gateway Towers. The conversion will be to Project Based Rental Assistance (PBRA). CHA also applied for new CHAPs for the conversion of Fairmount Apartments and Greenwood Terrace Apartments. The conversion will be to Project Based Rental Assistance (PBRA).

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Promote Self-Sufficiency and Asset Development of Families

- The CHA has provided supportive services to residents to enhance employability and increase financial

independence through its Family Self-Sufficiency, Upward Mobility, and ROSS Programs. The CHA has partnered with organizations that can provide these types of services to CHA residents including Chattanooga State Community College, Tennessee College of Applied Technology, American Jobs Center, Operation Hope, Chattanooga Neighborhood Enterprises, Mental Health Cooperative, and Orange Grove Center.

- The CHA has provided supportive services to elderly and disabled residents that allow for independence, ability to age in place, and high quality of life. The Resident Engagement Department organized a Senior June Jam for 518 Senior households. Organizations from across the community participated including, Council for Alcohol and Drug Abuse Services, the AIM Center, Humana Health Insurance for Medicare participants, CHI Memorial Hospital, Erlanger Hospital (fall prevention), Better Fi (predatory lending counseling), Boynton Terrace and Gateway Tower Resident Councils and others. In addition to these educational offerings, food trucks provided lunch to the sound of a saxophonist; tai chi lessons, karaoke, board games, and farm produce giveaways were featured.
- The CHA has partnered with the Alexian Brothers to provide a bus to transport seniors and disabled families to local grocery stores, Walmart, and Dollar General. The bus makes two trips daily, Monday through Friday. CHA's Resident Commissioner, Jeff McClendon is the esteemed driver of the bus

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

N/A

Discussion

Choice Neighborhoods Implementation Grant Application

CHA will submit a Choice Neighborhood Implementation Grant application that will include College Hill Courts in FY2024 or subsequent years.

Mixed Finance Modernization or Development

CHA plans to develop a CHA-owned undeveloped 3-acre tract of land on Highway 58 in Chattanooga, TN. Additionally, CHA plans to develop a CHA-owned undeveloped 22-acre tract at the Cromwell Hills Apartments in Chattanooga, TN. The plan for both parcels will be to build new affordable housing using a combination of Low Income Housing Tax Credits, Project-Based Vouchers and other 3rd party debt sources.

Demolition and/or Disposition

CHA has been working with partners and other stakeholders to implement the Westside Evolves Master Plan, which includes City-owned vacant land as well acquisition of land from other entities for the replacement of affordable housing. CHA intends to submit a Section 18 application for College Hill

Courts in 2023 as well as a Section 18 application for Gateway Tower in 2023.

Disposition and Acquisition of Property

The CHA plans to investigate the acquisition of parcels of land within the City of Chattanooga for the development of additional affordable housing units. There may be land disposition of parking lots at Boynton Terrace Apartments and Dogwood Manor for future development of affordable housing under the Westside Evolves Master Plan.

For the last 15 years, CHA has entered into several low-income Housing Tax Credit (LIHTC) deals with Pennrose Development Company. At the end of the 15-year tax credit compliance periods, the tax benefits to the investors have been exhausted and CHA may exercise its rights of first refusal to acquire the properties from the investors. In 2023, the CHA may exercise its purchase options for the Villages at Alton Park (275 units), the Maple Hills Apartments (48 units), and Oaks at Camden (57 units). There is some deferred maintenance at each of these properties that CHA plans to undertake in 2023 and beyond. CHA will also consider these sites for RAD conversions in the year 2023 and beyond.

CHA plans to work with EJP Consulting Group, the City of Chattanooga, and the Chattanooga Design Studio to develop a plan for the demolition/disposition of College Hill Courts and Gateway Tower in phases over the next few years. This work is expected to be accomplished in conjunction with the redevelopment of the Westside District. The process has involved resident input at all stages and includes a relocation plan for residents in all phases to ensure that appropriate off-site housing or vouchers are available before relocation and/or demolition. The CHA will work with EJP Consulting Group to facilitate resident communication, to engage stakeholders and urban planners, as well as real estate developers to develop a comprehensive plan in preparation for new construction. The CHA has engaged the services of Columbia Residential from Atlanta as a Master Development. A Master Developer Agreement (MDA) is expected to be completed in 2023. Bedroom size for the new development is currently under discussion.

CHA owns and operates Gateway Tower located within the Westside District footprint. CHA has been forced to take several of the units at Gateway Tower offline due to water leaks. CHA hired a consultant to perform a structural analysis of the tower to determine the reasons for the leaks and to recommend options for remediation. The consultant concluded that the leaks were caused when the structure twisted and lifted during periods of heavy rain and wind. The solutions presented to remediate the leaks are not cost-effective and are not guaranteed to address the issues. Therefore, in 2024 or later, the CHA may submit a Section 18 Demolition/Disposition application for this property. As noted earlier, in 2022 or later the CHA may also pursue Rental Assistance Demonstration opportunities at Gateway Tower, as well as a Choice Neighborhoods Implementation Grant. This work will be performed as part of the Master Development Plan for the Westside District.

In 2022, CHA applied for a Commitment to Enter into Housing Assistance Payments (CHAP) to effect a

RAD conversion of Greenwood Terrace Apartments. CHA has converted the property to Project-Based Rental Assistance (PBRA)

Project-Based Vouchers

The CHA may use its allocation of project-based vouchers to engage in new construction and/or renovation of its portfolio to facilitate the transition of the CHA's older public housing sites into affordable housing developments which better meet the requirements of today's marketplace and the available affordable housing resources. Additionally, in 2024 the CHA will partner with private developers to build new affordable housing, using LIHTC funds and project- based vouchers.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

In the spring of 2018, the City of Chattanooga tasked CICH with creating a community plan to reduce homelessness in the community. A comprehensive analysis of the current state of homelessness in Chattanooga was conducted to identify gaps, needs, and input into how the Chattanooga community could improve its approach to reducing homelessness. Through key informant interviews, planning sessions with key stakeholders, a public meeting, and secondary data analysis, the 2018 Homeless Action Plan was developed. Recommendations are as follows:

1. Improve coordination among the organizations that serve people experiencing homelessness.
2. Enhance case management services.
3. Establish emergency shelter options.
4. Expanding rapid re-housing capacity.
5. Expand permanent supportive housing capacity.

To meet the plan's goals, the community embraces a Housing First model that provides people experiencing homelessness with permanent housing and case management services before addressing the other root causes of their homelessness. As part of the Housing First model, the Chattanooga community embraces permanent supportive housing (PSH) interventions for the chronically homeless. The United States Department of Housing and Urban Development (HUD) defines chronic homelessness as a person with a disabling condition who experiences continual homelessness for at least one year or four periods of homelessness within three years. PSH program recipients usually have a diagnosed disability, including serious mental illness or disabling drug addiction. Deploying a Housing First model and investing in PSH can help people experiencing chronic homelessness and disabling conditions access and maintain housing over time.

In the past, ESG funds have been used to assist area agencies in addressing the needs of homeless residents and those facing homelessness. Since receiving THDA ESG funds, the City has held them internally in the Office of Homeless and Supportive Housing to run a rapid re-housing program. In addition to ESG funds, they also use HOME ARP funds to run a TBRA program.

In 2023, homelessness in Chattanooga and its surrounding region fell 49%.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City partners with CoC member agencies, utilizing CDBG and City general funds to address goals and actions for reducing and ending homelessness. All funded agencies are required to participate in HMIS. All work collaboratively on intake and referrals across the continuum to provide services. In Hamilton County, the CoC's most populated county and only urban center, outreach is conducted daily. Outreach

workers from HHS, SSVF, HUD/VASH, CABHI, PATH, Coordinated Entry and several other providers meet twice monthly to coordinate outreach and referrals. In the counties that do not have dedicated outreach, the CoC's Coordinated Entry worker maintains regular local governments, sheriff's offices, EMT/Crisis response, churches and other organizations that may engage with the homeless population and ensures that they know how to contact the CES for assistance. All outreach workers are trained to connect individuals and families with services.

The City of Chattanooga was not eligible for ESG funds this year and applied for ESG funds through THDA to maintain the ESG funding to our homeless providers. CDBG and ESG COVID funds, in addition to City general funds, were provided for homeless prevention and rapid rehousing.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City, through general funds, is making funding available to Partnership for Families, Children, and Adults, which provides emergency shelter for domestic violence victims and homeless families. The Community Kitchen also provides emergency shelter, subsidized by City general funds, during the cold months to assist the homeless with getting off the streets during the dangerous winter temperatures. Family Promise and Room in the Inn also provide emergency shelter for incoming clients. Youth and Family Development will provide rapid re-housing assistance to those who are newly homeless. Hamilton County Health Department will provide financial assistance for housing for clients accessing services through the Health Department's programs.

The CoC strategy to increase PH Placement and Retention is to ensure, through training and program monitoring, that case managers and program directors are implementing data proven PH best practices including; Housing First, Trauma-Informed Care, Motivational Interviewing, and Harm Reduction. Ensuring that program directors understand the importance of Low/No Barriers to program entry as well as case management and staffing best practices. The Chattanooga Regional Homeless Coalition is responsible for oversight of this strategy.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The Coordinated Entry System's By-Name-List utilizes weekly HMIS reports and case conferencing to identify returns to homelessness. The CoC will reduce returns to homelessness through more advanced training of PH case managers in recognized best practices including Housing First, Trauma Informed Care, Motivational Interviewing, and Harm Reduction. The CoC will also work with providers to ensure that appropriately intensive follow-up case management occurs after PH/placement program exit including ensuring that all mainstream resources the participant is eligible for have been secured and

the participant is able to effectively access those resources. The Chattanooga Regional Homeless Coalition is responsible for oversight of the strategy to reduce returns to homelessness. Many agencies funded by the City have self-sufficiency plans that are required of their clients while they are living at the shelter. They are committed to continuing this practice and strive to keep the length of shelter stays to a minimum while having the clients continually progress through their programs and toward their self-sufficiency goals. Stays can be longer if a client needs more assistance or time. These plans can include obtaining a GED, getting into college to Community College, obtaining employment and saving for permanent housing. Room in the Inn is also equipped with transitional housing that clients can move to before becoming ready to completely move to permanent housing, to maximize success.

Length of time homeless is one of many risk factors measured by the common assessment tool which informs the priority of service. While our coordinated entry system is currently focusing on veterans, it expanded to the total homeless population in 2018. While the case conferencing does not address populations other than veterans, organizations have been trained and instructed on how to use the VI-SPDAT score to prioritize individuals. By targeting the chronically homeless individuals identified through the PIT and referring them to permanent housing providers, the CoC has reduced, for three consecutive years, the number of individuals and families who report being homeless for more than one year. The CoC holds meetings with local agencies to research best practices and formulate a coordinated plan to address homeless youth in the CoC. Also, a workgroup has been formed to complete an application for participation in the Youth Homeless Demonstration Program.

The primary domestic housing and shelter provider in the CoC is Partnership for Families, Children, and Adults (PFCA). PFCA fully participates in the CoC planning and governance process. PFCA maintains client records in a database separate from HMIS to protect client identity. PFCA provides anonymous demographic data for HMIS and PIT count purposes. PFCA operates a secure emergency shelter and transitional housing program for domestic violence victims. Other homeless service agencies within the CoC remain well informed about the PHCA referral process through both PHCA's community outreach as well as CoC provided information. PHCA several resources for obtaining and maintaining permanent housing for program participants. These include Homeless Preference Sec. 8 vouchers, dedicated Housing First public housing units, and ESG assistance.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The City has a rental housing program that will provide funding to renovate/develop rental housing for special need individuals, veterans, and other target populations.

Several CoC programs focus on job search skills and providing job search assistance. Additionally, all CoC

programs are connected with several non-CoC programs that focus on job training and placement. These include several Supportive Employment programs as well as programs focused on job placement for homeless or underemployed veterans. The Educational Opportunities Center conducts regular outreach and training sessions with CoC program staff to help homeless individuals further their education offering programs from GED through College graduation.

The CoC has an active SOAR program for connecting homeless individuals and families with Social Security benefits. The SOAR coordinators provide regular training throughout the CoC. Other mainstream resources make presentations at the monthly membership meeting to keep staff informed of changes, eligibility criteria, and access. Several HHS funded organizations and local governments have Certified Application Counselors to assist with access to the ACA health insurance marketplace as well as assisting clients with benefit utilization. SNAP representatives are in the homeless day shelter each week to assist with food stamp issues. The Chattanooga Regional Homeless Coalition is responsible for overseeing this strategy.

The CoC has not yet implemented strategies focused on expanding resources for youth homelessness. The CoC Governing Council is forming a workgroup to address this issue.

Discussion

- The City of Chattanooga was not eligible for ESG funds this year and has applied and was awarded ESG funds through THDA to maintain the ESG funding to our homeless providers.
- COVID funds and City general funds were provided for homeless prevention and rapid rehousing.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

The development of affordable housing in the Chattanooga community is impacted by the limited amount of federal, state, and local dollars to purchase the land and build affordable housing units. Each year, the amount of CDBG and HOME funds have decreased. The non-profit housing developers do not have the financial resources to construct housing without other incentives that would allow these entities to profit from the creation of such units in order to reinvest more dollars into the construction or renovation of units.

Chattanooga seeks to improve communities by increasing the availability of affordable housing in neighborhoods throughout the City. This effort involves builders, realtors, developers, housing agencies and citizens in the creation of a variety of housing opportunities. This approach has proven to make for better neighborhoods and serves as a means of removal of barriers to the creation of affordable housing alternatives.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Over the next year, **\$1,054,427** in CDBG funds will be used to fund provide affordable housing through development and/or stabilization through rehabilitation. These programs include:

\$300,000 CCHDO Roofing Repair

\$400,000 CNE Homeowner Rehabilitation Program

\$119,594 Housing Preservation & Production Program

\$150,000 Good Neighbors Whiteside Faith Manor renovation

Over the next year, **\$1,245,314** in HOME funds will be used to fund provide affordable housing through development and homebuyer assistance. These programs include:

Funds Agency Project

\$1,107,614 ECD Rental Housing Program

\$ 137,700 ECD Mandatory CHDO set aside

Discussion:

In 2023, the City of Chattanooga commissioned a Housing Action Plan. The plan was prepared by HR&A Advisors, experts in the field of housing and economic development. This plan is the result of more than six months of research and years of discussions and planning. It is the culmination of an intensive market

analysis and housing needs assessment that took a comprehensive inventory of our current situation (full plan attached in appendix). Recommendations included:

1. Build the housing ecosystem
2. Increase the number of quality, affordable rental homes
3. Expand access to homeownership and support existing homeowners
4. Make homelessness brief, rare, and non-recurring
5. Move towards equitable housing for all Chattanoogaans

The City of Chattanooga must leverage both subsidy tools and land use tools to address its housing challenges. Under land use, there are few land use tools suitable for use in Chattanooga because Tennessee state law places significant limitations on these. For example, state law has prohibited local governments from adopting voluntary inclusionary housing options such as density bonuses to encourage affordable and workforce housing construction. In addition, using tenants' rights protections to protect current occupants will not be feasible affordable housing tools in Chattanooga (e.g., right to counsel, rent control, or just cause eviction) because these types of laws and regulations are preempted by the state. Therefore, the City relies predominantly upon investing public subsidies to create and preserve affordable homes. The Housing Action Plan outlines recommendations to guide the City's use of affordable housing tools.

As a result of all the data and input, the following impediments were identified:

Impediment 1: Minorities are more likely to be economically disadvantaged and live in areas where they have less access to economic opportunities.

Impediment 2: Minority children and children with English language barriers live in areas that limit access to a quality education.

Impediment 3: Low-income persons with disabilities, minorities, and people with English language barriers have disproportionately fewer housing choices.

Impediment 4: Neighborhoods with a high concentration of minorities and poverty are not neighborhoods of choice, with higher rates of blight and crime, and less access to jobs, public transportation, and neighborhood services.

Impediment 5: Fair Housing education and advocacy are not widespread.

Additionally, the team notes a lack of consensus among partners on different definitions of 'affordable housing,' the limited capacity of affordable housing developers, and the extremely limited federal subsidies the City has to deploy.

AP-85 Other Actions – 91.220(k)

Introduction:

The City currently provides a variety of services to residents of Chattanooga, - some funded by CDBG, and HOME, coupled with private, State, and City funding - bringing additional assets to bear on these problems. This section concerns other actions to address obstacles to meeting underserved needs; fostering and maintaining affordable housing; lead based paint hazards; reducing the number of poverty level families; the development of institutional structure; and the enhancement of coordination between public and private housing and social service agencies.

Actions planned to address obstacles to meeting underserved needs

The distribution of funds for this fiscal year is based upon priorities developed in the Consolidated Plan process for Fiscal Years 2019-2024. Allocations are approved based on a competitive solicitation of proposals from non-profit organizations, including social services agencies and affordable housing developers that are committed to providing housing and services to low to moderate-income households, to prevent homelessness, to serve the homeless, to improve communities and to provide economic development opportunities.

Funding is allocated to entities carrying out eligible activities/projects/programs identified in the Consolidated Plan as a high priority. Requests are reviewed and evaluated on a number of criteria such as eligibility, organizational capacity, leveraging ability, number, and income of citizens being served, and are being served. All activities/projects/programs are within a low/moderate-income census tract or are programs that serve low/moderate-income citizens, all within the city limits of Chattanooga.

The City of Chattanooga currently has a deficit in decent, affordable rental housing. The city is inundated with substandard rental properties and blighted abandoned homes. Affordable rental housing has also been labeled as a high priority by the citizens.

The competitive housing market reduces the incentive for slumlords to improve rental properties. They can rent the unit even if it is not up to code. Affordable rental housing has been labeled as a high priority by the citizens. Many "affordable" units are occupied by individuals who are not necessarily income-challenged thus reducing the number of units affordable to low-income households. To combat these challenges the City incorporates incentives into housing programs to encourage the improvement/development/preservation of affordable housing.

Actions planned to foster and maintain affordable housing

Addressing the need for affordable housing is a major priority in this city. Additional resources are being sought after and new tools explored to increase funding and eliminate the barriers. Over 75 percent of anticipated funding is targeted directly for housing.

CDBG, ESG and HOME are expected to only cover a small percentage of the cost to address affordable housing needs. The City is addressing the leverage gap and other challenges through partnering with

developers using LIHTC funding, making incentives available to developers to encourage investments in affordable housing, using the PILOT program, and eliminating any counter-productive codes. Most importantly the City will continue to collaborate with residents and community stakeholders to seek out solutions to eliminate barriers that are counterproductive to efforts that foster and maintain affordable housing.

Actions planned to reduce lead-based paint hazards

The City of Chattanooga went into compliance with the Lead-Based Paint regulations in 2002. The City will continue to implement the HUD regulations for the elimination of lead-based paint hazards. The City ensures that all of the affordable housing providers/developers using federal funds comply with HUD's Lead-Safe Housing Regulations and lead hazard evaluation and reduction activities are included in all housing and improvement programs.

Actions planned to reduce the number of poverty-level families

The City will continue its efforts in conjunction with the Homeless Coalition Continuum of Care, other service providers and the Housing Authority of Chattanooga to reduce the number of poverty-level families through the development of services needed to assist those families with educational opportunities, job growth, and life skills training through the various social service agencies operating in the city.

Actions planned to develop institutional structure

The Housing and Community Investment staff will continue to manage HUD Entitlement funds. The staff will attend training, as required, to maintain competency in areas of responsibility, including Title VI, Fair Housing, and EEO.

The Chattanooga Performance Dashboard (ChattaData) serves as a platform to measure progress towards established goals, through a more streamlined government than ever before. This system provides an overview of the City's overarching policy objectives, provide data on how objectives are being met, and empowers private sector partners, public sector leaders, and all Chattanoogaans to track and help make choices that lead to safer streets, smarter students, stronger neighborhoods, a growing economy, and sounder government.

The City is strengthening its Section 3 requirements to increase the number of Section 3 businesses that are hired by the City. In partnership with the Office of Multicultural Affairs and Purchasing Department, the City plans to develop criteria for Section 3 business preferences, Section 3 training and education, and assisting local businesses with verifying and obtaining Section 3 business status to increase their chances of obtaining City contracts.

Actions planned to enhance coordination between public and private housing and social

service agencies

Collaboration and coordinating efforts are some things the City takes pride in. These efforts have allowed the City to make great strides in developing systems to better serve the citizens. The City will continue to coordinate planning activities with private housing and social service agencies, including participation in Homeless Coalition meetings and development of the Continuum of Care. City staff will also continue participation in other coalitions and study groups as the opportunity arises.

Discussion:

The actions are primarily the continuation of what the City is currently doing in the various areas. No major obstacles in the institutional structure have been identified that need to be addressed. The City is also satisfied with its efforts to coordinate with private housing and social service agencies.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

The following provides details on program specific requirements for each of the two entitlement programs, Community Development Block Grant and HOME Investment Partnership.

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	267,034
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	267,034

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00%

**HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)**

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

HOME funding is a critical resource utilized in the City's efforts to address preservation and production of affordable housing. HOME funds are utilized for both the preservation and production of homeowner housing and rental housing. The City makes funding available through an open Request for Proposal (RFP) process. Three to four times during the year the City opens the process to accept applications from non-profit and for-profit entities. The City is making \$1,245,314 in HOME funds available for the production and preservation of affordable housing under the 2024-2025 Action Plan. A copy of the RFP can be found in Attachment 2.

The City continues to apply for resources in support of the implementation of its community development programs. In addition to HOME and CDBG funds, the City relies on other federal and state resources for leveraging. The following are other grants currently received or represent applications for funding currently under consideration:

- Private, non-profit, for-profit, subgrantee partners: Leveraging resources are strongly encouraged by entities partnering with the City in developing housing.
- Payment in Lieu of Taxes (PILOT) - Developers apply to the City for tax relief on rental projects exceeding \$5 Million and agree to lease a minimum of 50% of the units to low-income households for a specified number of years, based on assistance.
- Chattanooga Affordable Housing Fund - \$1 Million in general funds have been made available to capitalize an affordable housing fund, with the expectation that the same will be done each year hereafter. The resources in the fund will be made available to subsidize the production and preservation of affordable housing.
- Low-Income Housing Tax Credits - Private developers are encouraged to apply for state allocations of tax credit equity for affordable housing development and the proceeds from the syndication of tax credits will be used to leverage multifamily rental development projects.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Recapture Option

When HOME funds are used as a direct subsidy, recapture provisions must be used. If the HOME recipient sells the property within the affordability period, the direct HOME subsidy must be recaptured. The sale of the HOME assisted property, (through direct subsidy), during the affordability period triggers repayment (recapture) of the direct HOME subsidy in full, except in instances where a forgivable loan is used to finance the HOME assistance to the homebuyer, and the HOME balance is reduced by an equal amount annually during the period of affordability, in which case, the unreduced balance must be recaptured. If the net proceeds are not sufficient to recapture

the full HOME investment plus enable the homeowner to recover the amount of the homeowner's down-payment and any capital improvement investment made by the owner since purchase, the net proceeds will be divided proportionally. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs.

A subsequent income-eligible homebuyer may be permitted to assume existing loan and affordability restrictions under the recapture provision. However, an eligible homebuyer can only assume the existing loan and affordability obligations if no additional HOME assistance is provided to the subsequent homebuyer. In cases in which the subsequent homebuyer needs HOME assistance in excess of the balance of the original HOME loan, the HOME subsidy (the direct subsidy as described in § 92.254) to the original homebuyer would be recaptured and separate HOME subsidy would be provided to the new homebuyer.

Resale Option

If the HOME assistance is only used as development subsidy, the assisted housing is designated as an affordable unit and resale requirements are applicable and must be incorporated as part of a covenant deed running with the land and in a HOME agreement with the homebuyer. A development subsidy is the difference between the cost to develop housing and the market price. The homebuyer must retain the property as a principal residence and the housing must remain affordable to a reasonable range of low-income homebuyers through the period of affordability. This includes households with incomes at or below 80% AMI paying no more than 30 percent of income for principle, interest, property taxes, and insurance. If the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing must then be made available for subsequent purchase only to a HOME eligible buyer that qualifies as a low-income family and who will use the property as their principal residence. Due to size, additional information is available in the City of Chattanooga Resale and Recapture Policy under Action Plan Attachment 5.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Subrecipients will be required to enforce compliance with affordability restrictions by imposing deed restrictions and covenants running with the land or other similar mechanisms. The affordability requirements for projects qualifying as affordable rental housing in accordance with 24 CFR 92.252 must be enforced by default provisions or deed of trust restrictions. When the Subrecipient provides homeownership assistance, contracts must include provision for sale or recapture as set forth in the City's Resale/Recapture guidelines. Due to size, additional information is available in the City of Chattanooga Resale and Recapture Policy under Action Plan Attachment 5.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that

will be used under 24 CFR 92.206(b), are as follows:

The written policy for refinancing existing debt is outlined in the Resale/Recapture Policy. HOME funds may be used to refinance existing debt on single-family, owner-occupied properties in connection with HOME-funded rehabilitation. The refinancing must be necessary to reduce the owner's overall housing costs and make the housing more affordable. Refinancing for the purpose of taking out equity is not permitted. HOME may also be used to refinance existing debt on multi-family projects being rehabilitated with HOME funds if refinancing is necessary to permit or continue long-term affordability. In addition, rehabilitation must be the primary activity (e.g. the majority of HOME funds going to rehabilitation).

Currently, the City has no plans to employ the option of refinancing existing debt on single-family or multi-family projects using HOME funds. Although eligible, due to the limited amount of available funding, the City of Chattanooga will not permit HOME funds to be used to refinance existing debt on single-family, owner-occupied units nor on multi-family rental projects. Should this policy be revised in the future, the City will adopt refinancing guidelines and state them in the Consolidated Plan, as they are consistent with the HOME regulations.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).
6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).
7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

**Emergency Solutions Grant (ESG)
Reference 91.220(l)(4)**

1. Include written standards for providing ESG assistance (may include as attachment)

The City of Chattanooga was not eligible for ESG funds this year and will be applying for ESG funds through THDA to maintain the ESG funding to our homeless providers.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Congress has directed HUD to improve the collection of data on the extent of homelessness locally and nationally. Communities must collect an array of data including an unduplicated count of homeless persons, analyze their patterns of the use of the McKinney-Vento and other assistance, including information on how they enter and exit the homelessness assistance system and assess the effectiveness of that assistance. Through the Federal Register Notice, the Emergency Solutions Grants Program and Community Development Block Grants were made a part of this mandate. Therefore, all proposed projects/organizations must provide written certification of their participation in the Coordinated Entry System (CES) and HMIS.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

The City of Chattanooga expects to receive approximately \$125,000 for the FY 2024-2025 Emergency Solutions Grant (ESG) Program. These funds are typically awarded to community-based, nonprofit organizations providing emergency shelter and related services to the homeless, through a competitive application process that correlates with the City's priorities.

PRIORITIES

To meet the City's goals in addressing homelessness, the community embraces a Housing First model that provides people experiencing homelessness with permanent housing and case management services before addressing the other root causes of their homelessness. As part of the Housing First model, the Chattanooga community embraces permanent supportive housing (PSH) interventions for the chronically homeless. Thus, ESG funds are being allocated for direct costs for rapid rehousing and prevention.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

The City is afforded the opportunity to consult with homeless or formerly homeless in its role as a

participating member of the CoC. The City consults the CoC plan regarding priorities for ESG funding. The City also requires non-profits participating in the ESG program to have homeless representatives on their boards of directors providing opportunities for input and policy setting.

5. Describe performance standards for evaluating ESG.

HUD has implemented a mandated system of reporting performance measurements in a precise and timely manner. All recipients funded under this proposal must provide needed data to the City of Chattanooga in order to be reimbursed for eligible expenses. All of the activities funded must identify one of the three performance measurements overarching objectives: 1) creating suitable living environment (In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment); 2) providing decent affordable housing (This objective focuses on housing programs where the purpose is to meet individual family or community needs and not programs where housing is an element of a larger effort); 3) creating economic opportunities (This objective applies to the types of activities related to economic development, commercial revitalization, or job creation).

There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, will produce nine possible outcome/objective statements within which to categorize grant activities, as follows:

Availability/Accessibility. This outcome category applies to activities that make services, infrastructure, housing, or shelter available or accessible to low-and-moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low-and-moderate-income people.

Affordability. This outcome category applies to activities that provide affordability in a variety of ways in the lives of low-and-moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or daycare.

Sustainability: Promoting Livable or Viable Communities. This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefits to persons or low-and moderate-income people or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

The City strives to meet all program specific requirements as detailed in the enabling legislation and program guidelines. City staff works with subgrantees to ensure that these requirements are met and oversees internal operations towards the same goal. To ensure the timely commitment and expenditure of HOME funds, the City uses an open Request for Proposals (RFP) process through which applications/proposals are accepted several times during the year. This allows the City to allocate funding to projects/activities that are "shovel ready" and minimizes instances of stalled projects tying up funds. The City's process for soliciting and funding HOME applications can be found in HOME RFP and

HOME Announcement attachments on the City's website. The City posts all RFP's in the local newspaper, on the website and in The Neighborist, the Department's newsletter. The RFP information can be found under Attachment 5 and at: <https://chattanooga.gov/economic-development/home-application>