

CHATTANOOGA **VIP**

Voluntary Incentives Program for Attainable Housing



“Attainable Housing Incentives” Bill

SB 2496 / HB 2623

HOUSE BILL 2623
By Carr

SENATE BILL 2496
By Gardenhire

AN ACT to amend Tennessee Code Annotated, Title 13
and Title 66, relative to attainable housing.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 13, Chapter 3, is amended by adding
the following as a new part:

13-3-601.

The chief legislative body of a municipality may create a voluntary attainable
housing incentive program by ordinance, for the purpose of authorizing certain
incentives to be provided to property owners who seek to build attainable housing.

13-3-602.

An ordinance creating a voluntary attainable housing incentive program enacted
by the chief legislative body of a municipality must contain, at a minimum, the following:

- (1) A definition of attainable housing for the purposes of the program;
- (2) The types of facilities, buildings, and structures eligible for the
program;
- (3) The geographic areas of the municipality where facilities, buildings,
and structures eligible for the program may be constructed or rented;
- (4) Any special exceptions or conditional uses included in the zoning
ordinances of the municipality that apply to attainable housing projects;
- (5) Any other municipal incentives available to property owners who are
approved for participation in the program; and

Requirements

- **Limited Application:** Only for zoning districts that already allow 5+ unit multifamily development
- **Affordability Timeline:** 30 year deed restriction (*amended by HB 0863, effective 5/2/2025*)
- **Approval process:** spells out a by-right approval process with planning commission review for adherence to program guidelines

Goals of the Chattanooga VIP

Creating an Effective Tool for Attainable Housing

1. Boost the supply of attainable housing to **reduce competition and open up rental options** Chattanooga renters can afford.
2. Leverage Chattanooga's strong market with a **voluntary, market-driven tool** that rides the wave of current development, by allowing developers to a little build more in exchange for moderately priced housing.
3. Drive attainable housing development with **zero financial commitment** from the City—benefits come from added units enabled by incentives.

VIP Zoning Incentives

30% Density Bonus

To allow more units
within the same
building envelope

Reduced Parking Minimums

To allow the market to
determine parking
needs

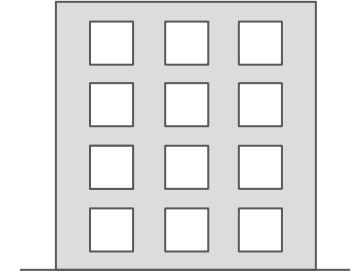
High Opportunity
Development Only

30% Height Bonus

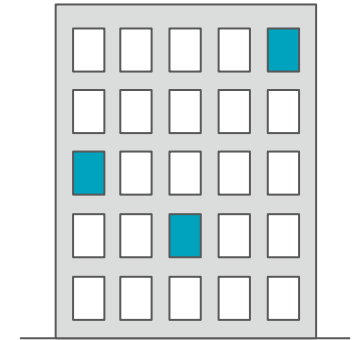
To allow more housing near
public transportation and
strong markets

IN EXCHANGE

10% of units at 80% AMI or below



Without VIP

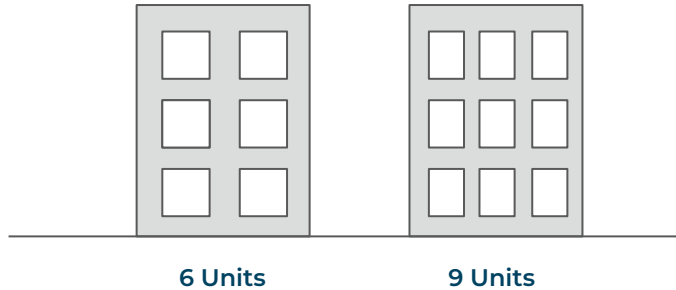


With VIP

30% Density Bonus

Allowing More Units within the Same Building

The VIP is limited to zoning districts that *already allow 5+ unit developments*



Same building envelope, more unit density

- **Maximum building size stays the same**, except on transit corridors in strong markets
- **Setback requirements stay the same** – keeps development patterns consistent
- **Gradual density increase** – bonus is scaled to existing zoning
- The VIP does not change the existing zoning district!

Parking Minimums

A Flexible, Market-Based Approach

The VIP requires a minimum of .5 spaces per unit

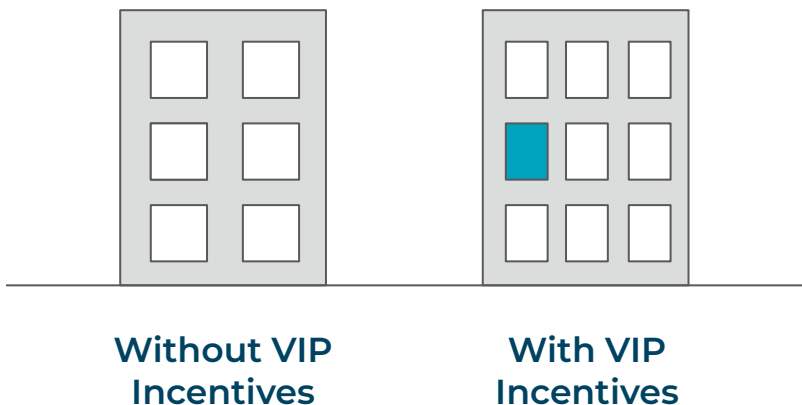
- **Removing requirements does not equal removing parking** – developers must respond to market demand.
- **Reduces construction costs** – parking can cost \$25,000 - \$65,000 per parking space!
- Gives developers **flexibility** to use more land for housing and on-site amenities.

“The one thing constraining development at our project is parking - not the height limits - not the neighbors.”

“I’m surprised by how many empty parking spots we have.”

VIP Type 1: Medium Multi-Unit Development

5-9 attached or semi-attached residential units



Chattanooga gets:

- At least 1 unit at 80% AMI and below

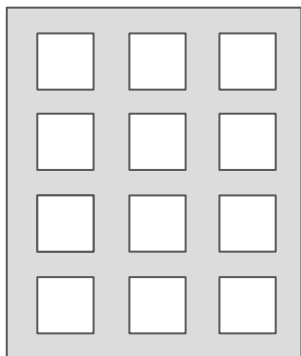
IN EXCHANGE

The Developer gets:

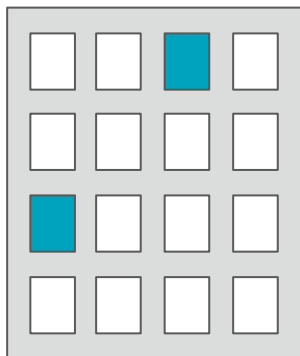
- New parking minimum of 0.5 parking spaces per unit
- 30% reduction in minimum lot size requirement

VIP Type 2: Large Multi-Unit Development

10+ attached or semi-attached residential units



Without VIP
Incentives



With VIP
Incentives

Chattanooga gets:

- 10% of units at 80% AMI and below

IN EXCHANGE

The Developer gets:

- New parking minimum of 0.5 parking spaces per unit
- No parking island requirement
- 30% reduction in minimum lot size requirement

VIP Type 3: High Opportunity Development

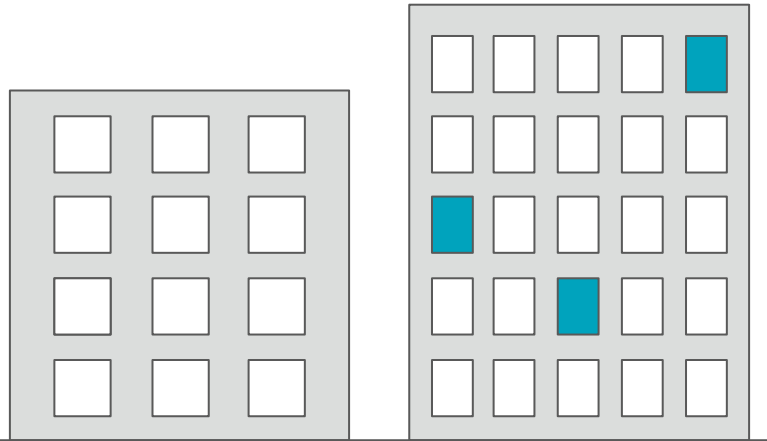
Only for Qualified Projects

**Project must meet
all requirements**
to qualify for the
additional 30% height
bonus

1. Project has **10+** attached or semi-attached residential units
2. Site has **appropriate zoning** (allows 5+ units)
3. Site is **located within 500 feet** of a CARTA stop
4. Site is located in a **strong market** according to the Market Value Analysis (A, B, C, or D)

VIP Type 3: High Opportunity Development

10+ attached or semi-attached residential units that meet requirements



Without VIP
Incentives

With VIP
Incentives

Chattanooga gets:

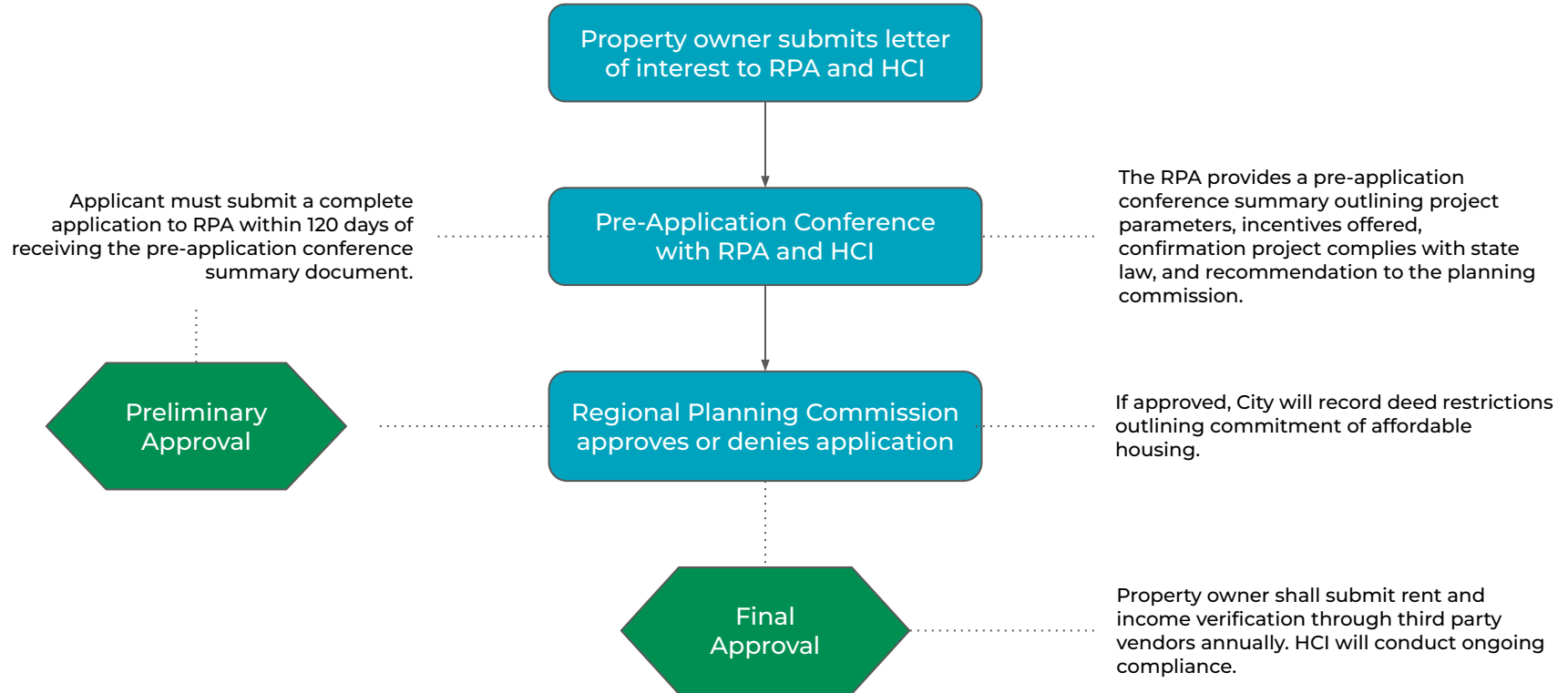
- **10% of units** at 80% AMI and below along a transit corridor

IN EXCHANGE

The Developer gets:

- New parking minimum of .5 parking spaces per unit
- No parking island requirement
- 30% reduction in minimum lot size requirement
- 30% height bonus

Application Process



VIP Program

Ensuring Accountability

Affordability Terms:

- Rent and income requirements are determined annually according to HUD guidelines.
- Applicant will submit annual rent and income verification to the City via a third party.
- All qualifying developments shall be **deed restricted for 30 years**.

Compliance Standards:

- **HCI staff will monitor rents and incomes** on an annual basis for first 15 years of program.
 - After 15 years, HCI will request rent and income verification periodically not less than every 5 years.
- **\$5,000 per unit civil penalty** per year of noncompliance will be collected.

Thank you!

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