

FAQ: City of Chattanooga Affordable Housing Programs Compliance

General Information

Q: What housing programs do these guidelines apply to?

A: These guidelines apply to the City of Chattanooga Affordable Housing programs, specifically the Affordable Housing PILOT and the Voluntary Incentives Program (VIP).

Q: What are the guidelines for participants utilizing HUD subsidies or Low-Income Housing Tax Credits (LIHTC)?

A: Developers participating in the City of Chattanooga's affordability incentive programs who also utilize HUD subsidies, HUD loans, or LIHTC must comply with the standards and requirements enforced by HUD as detailed in their contracts for these programs. Wherever there is inconsistency between requirements of layered federal affordable housing subsidies, the more restrictive regulations shall apply.

Rent and Income Requirements

Q: How are rent and income requirements for City of Chattanooga affordable housing programs determined?

A: Rent and income requirements are based on HUD's rent and income guidelines, which are updated annually in the spring. The City's Community and Housing Investments Division staff will interpret these guidelines and post qualifying rents and income thresholds on their websites as soon as possible each time they are updated. Program participants should refer to this website for the most current information.

Rent and Income Verification

Q: How often must program participants verify tenant income and affordable rents for the Affordable Housing PILOT and Voluntary Incentives Programs?

A: No later than February 1 of each year, all active program participants must submit a compliance report provided by a third party, such as a project management company, affordable housing consultant, or HUD contractor, verifying the project complies with the committed rents and qualifying tenant incomes indicated in the program contract.

Maintaining Affordability and Rent Adjustments

Q: Can program participants increase rents during program compliance period?

A: Landlords may choose to increase rents for qualifying units, but at no time should rents exceed the limits set by annual HUD rents for corresponding AMI levels committed and recorded in the program application and/or contract.

Q: Can program participants change the number of affordable units provided during the compliance period?

A: The number of affordable units and their bedroom sizes must match what was recorded in the program application and/or contract for the entire affordability period of the program. Landlords may choose to increase rents for qualifying units, but at no time should rents exceed the limits set by annual HUD rents for corresponding AMI levels committed and recorded in the program application and/or contract.

Tenant Income Eligibility

Q: What income levels are eligible for City of Chattanooga housing programs?

A: Housing programs offer incentives for units affordable to households with incomes between 50% and 80% of the AMI. Eligibility for income-restricted units is determined based on the total gross household income at the time of application. Tenants can choose to live in units for higher income brackets but will not be eligible for units with rents set for lower AMI levels.

Q: Are there occupancy recommendations for affordable housing units?

A: While HUD allows "doubling up" in certain circumstances, the City recommends providing one bedroom per family member for eligible tenants. Tenants can lease any unit priced according to their AMI bracket regardless of bedroom size, but decisions about occupancy are flexible for tenants and landlords.

Q: What happens if a tenant's income exceeds the AMI limits during the lease term?

A: If a tenant's gross household income exceeds 160% of the HUD AMI standard for the year their lease began, they no longer qualify for the affordable unit. The landlord may choose to increase the rent beyond the restricted amount when the lease term expires. The next available unit must then be replaced with a comparable unit of the same bedroom count to remain compliant with the program.

Tenant Lease Requirements

Q: What must be included in a lease for a City of Chattanooga affordable housing program?

A: The lease must include:

- Notification that the rent is based on the City's Affordable Housing PILOT / Voluntary Incentives Program.
- A statement that eligibility for rent restrictions is based on income at the time of lease signing and that periodic income verification is required.
- Information on how tenants may become ineligible if their income exceeds the HUD AMI standard by more than 160%.
- Commitment to giving at least 60 days advance written notice for any rent increase, including the new rent amount, effective date, reasons for the change, and the opportunity to discuss the change with the landlord.
- Documentation of the lease's expiration date for the PILOT lease and program requirements.
- **Please refer to program guidelines for guidance on lease provisions that are prohibited.**

For additional details, visit the City of Chattanooga Office of Community and Housing Investments website.