

# Chattanooga Voluntary Incentives Program (VIP)

## Program Guidelines

### 1. Intent

The Voluntary Incentives Program for Attainable Housing (VIP) waives certain zoning and land use requirements for multi-unit developments in exchange for providing rental housing attainable to low- and moderate-income households. This voluntary program is designed to increase the overall number of attainable rental units created in Chattanooga by allowing more efficient permitting and flexible, by-right land use and zoning entitlements for qualifying developments.

### 2. Applicability

The incentives provided through this program are available to any developer that volunteers to comply with program requirements and provide a certain amount of attainable housing in perpetuity.

The incentives will apply to any development of 5 or more attached or semi-attached residential units in any zone permitting development of 5 or more residential units.

### 3. Definitions

- **Attainable Multi-Unit Housing.** For the purposes of this program “attainable multi-unit housing” means housing accommodations that are designed principally for residential use and consist of not less than 5 rental units on one site, provided that such units may not be detached, as required by Tennessee State Code, Section 13-3-601.

Attainable housing is defined as income restricted housing providing rents not to exceed one third gross monthly income for a household earning 80% Area Median Income or less. Attainable rents will be determined according to the annually updated Department of Housing and Urban Development income and rent limits for the Chattanooga-Hamilton County Metro Statistical Area.

- **Area Median Income (AMI).** The Department of Housing and Urban Development (HUD) develops income limits based on Median Family Income estimates at the Metro Statistical Area (MSA) level. The Chattanooga, TN-GA MSA contains the following areas: Catoosa County, GA; Dade County, GA; Walker County, GA; Hamilton County, TN; Marion County, TN; and Sequatchie County, TN.

- **Income restricted housing.** Housing units with rents or sales prices set according to a certain AMI level to achieve a certain “level of affordability.” Tenants of income-restricted rental units will periodically be required to provide proof of income to demonstrate they qualify for income-restricted housing.
- **Program requirement period.** Qualifying developments must remain in compliance with the program requirements for a period of 30 years, following the issuance of a certificate of occupancy.
- **Qualifying Development.** Any development of 5 or more attached or semi-attached residential units in Chattanooga City limits within a zone permitting development of 5 or more residential units that has been certified through the process outlined in Section 38-108 Certification Process.

#### 4. Qualifying Development Types

**Type 1 – Attainable Multi-Unit Housing - Medium.** Any development with 5-9 attached or semi-attached residential units. This may include townhouse developments with 5 or more units.

**Attainable Multi-Unit Housing - Large.** Any development with 10 or more attached or semi-attached residential units.

**Attainable High Opportunity Development.** Any development with 10 or more attached or semi-attached residential units that is located within 500 feet of a CARTA transit stop, AND located within an “A, B, C, or D” market as designated in the most recent Chattanooga Market Value Analysis.

#### 5. Program Requirements

To participate in the Voluntary Incentives Program for Attainable Housing, applicants will ensure that they comply with one of the following types of attainable housing criteria and maintain required attainable housing units for a minimum of 30 years.

**Type 1 – Attainable Multi-Unit - Medium (5-9 Units)** One (1) or more units must be affordable to households with incomes at or below eighty percent (80%) AMI, according to the most recently available HUD Income Limits. These terms shall be recorded on the deed for the development.

**Type 2 – Attainable Multi-Unit Housing - Large (10+ Units)**

At least ten percent (10%) of all units included on the site must be attainable to households with incomes at or below eighty percent (80%) AMI, according to the most

recently available HUD Income Limits. These terms shall be recorded on the deed for the development.

**Type 3 – Attainable High Opportunity Development (10+ Units)**

At least ten percent (10%) of all units included on the site must be attainable to households with incomes at or below eighty percent (80%) AMI, according to the most recently available HUD Income Limits. These terms shall be recorded on the deed for the development.

**6. General Requirements**

- If the number of units required in this section includes less than a whole unit, the unit number is rounded up to the nearest whole unit.
- Qualifying developments must remain in compliance with the program requirements for a period of 30 years, following the issuance of a certificate of occupancy.
- Tenants residing in attainable units shall be provided equal access to parking and other onsite amenities consistent with what is provided to other tenants.
- Income-restricted units shall be comparable to market rate units in quality, size, configuration, and location.
- Property owners shall comply with all applicable fair housing laws.
  - Prior to receiving a certificate of occupancy, applicants must provide documentation of having completed a Fair Housing Training with a nationally certified training organization.
- Program participants must verify rents and incomes through a third-party, such as a project management company, affordable housing consultant, or HUD contractor on an annual basis for the first 15 years of the program. See Annual Review and Fees for further information.

**7. Incentives**

Applicants that have been determined to meet program requirements outlined above are eligible for the following incentives:

**Type 1 Attainable Housing Incentives:** Developments that comply with the Type 1 VIP requirements above will be eligible for all of the following incentives:

- Waiver of off-street Vehicle Parking requirements in Table 12-1: Off-Street Vehicle and Bicycle Parking Requirements and waiver of Off-street Vehicle Parking in the Form Based Code, Sec. 38-741. Vehicle Parking
  - These waivers shall only apply to non-ADA, residential parking requirements

- Qualifying developments must provide at least 0.5 parking spaces for every non-ADA housing unit unless less parking is required by the base use or zone
- Thirty percent (30%) decrease of minimum lot area standards required for base zoning district

**Type 2 Attainable Housing Incentives:** Developments that comply with the Type 2 VIP requirements above will be eligible for the following incentives:

- Waiver of off-street Vehicle Parking requirements in Table 12-1: Off-Street Vehicle and Bicycle Parking Requirements and waiver of Off-street Vehicle Parking in the Form Based Code, Sec. 38-741. Vehicle Parking
  - These waivers shall only apply to non-ADA, residential parking requirements
  - Qualifying developments must provide at least 0.5 parking spaces for every non-ADA housing unit unless less parking is required by the base use or zone
- Waiver of Interior Parking Lot Landscape Requirements (Section 38-63.C - Parking Lot Landscape)
- Thirty percent (30%) decrease of minimum lot area area standards required for base zoning district

**Type 3 Attainable Housing Incentives:** Developments that comply with the Type 3 VIP requirements above will be eligible for the following incentives, including the addition of a height bonus.

- Waiver of off-street Vehicle Parking requirements in Table 12-1: Off-Street Vehicle and Bicycle Parking Requirements and waiver of Off-street Vehicle Parking in the Form Based Code, Sec. 38-741. Vehicle Parking
  - These waivers shall only apply to non-ADA, residential parking requirements
  - Qualifying developments must provide at least 0.5 parking spaces for every non-ADA housing unit unless less parking is required by the base use or zone
- Waiver of Interior Parking Lot Landscape Requirements (Section 38-63.C - Parking Lot Landscape)
- Thirty percent (30%) decrease of minimum lot area area standards required for base zoning district
- Thirty percent (30%) increase of maximum height permitted for base zoning district

## **8. Minimum Standards**

### **Parking:**

- Applicants shall provide a parking plan as part of their application.
- Applicants shall provide the required number of ADA compliant parking spaces, per Section 38-52.d Accessible Spaces Required.
- Applicants must provide at least 0.5 parking spaces for every non-ADA housing unit.
  - This standard shall not apply to permanent supportive housing developments.
  - This standard shall not apply if less parking is required by the base use or zone.
- Applicants may utilize one of the following flexible parking options in the zoning code to meet the minimum requirement of .5 non-ADA parking spaces
  - On Street Spaces, per Article 12, Section 3.C, AND/OR
  - Off-site Parking, per Article 12, Section 3.E, AND/OR
  - Collective and Shared Parking per Article 12, Section 3.F
- In the Urban Overlay Zone and Form Based Code areas, applicants may also receive one vehicle parking space credit for every two long-term bike parking spaces provided on-site for up to 25% of total required minimum parking. Long-term bicycle parking must be located in an enclosed area providing protection from weather and must be accessible to intended users.

## **9. Certification Process**

### **Per Tennessee State Code, Section 13-4-403**

- Applicants are required to provide written notice of interest for consideration under the program to the Office of Housing and Community Investment (HCI) within the Office of Economic Development and to Regional Planning Agency (RPA) staff. The City shall not compel any property owner to participate in the program.
- Upon receipt of a potential applicant's written notice of interest by the planning commission staff, a pre-application conference shall be held between the HCI and planning commission staff and the potential applicant before a complete application for housing incentives is filed. The purpose of the pre-application conference is to determine whether a potential project satisfies all of the requirements set out in the ordinance created under § 13-4-402 and program requirements.
- Upon the conclusion of the pre-application conference, the RPA staff shall either:

1. Determine the proposed project satisfies the requirements to receive housing incentives as set out in the ordinance established under § 13-4-402, and thereafter prepare a conference summary document that shall include at a minimum, (1) the parameters of the project, including the timeframe for completing the project, (2) the incentives being offered, (3) a finding that the potential project conforms to the ordinance and state law, and (4) a recommendation to the planning commission; or
  2. Determine that the proposed project does not conform to the ordinance and state law or that the property owner is no longer interested in participation in the Voluntary Incentives Program. When the proposed project is determined to not meet the requirements of the ordinance, the property owner may either request another meeting within 60 days of the pre-application conference or move forward with the proposed project without the requested incentives.
  3. Any finding referenced in subdivision (c)(1) by planning commission staff is not binding and does not create any vested property rights for the property owner.
- Upon receipt of the pre-application conference summary document, the potential applicant may submit a complete application to the planning commission for participation in the Voluntary Incentives Program. Such an application shall include a copy of the pre-application conference summary document and an attestation that the applicant is willingly participating in a voluntary program and will construct and complete the project in a manner outlined and reviewed in the pre-application conference. The applicant must submit a completed application to the planning commission within one hundred twenty (120) days of receiving the pre-application conference summary document for the completed application to be considered.
  - The municipal planning commission shall make the final decision on whether to approve the completed application at the next available public meeting after the completed application is submitted. The planning commission shall review the completed application to determine if it is compliant with the parameters of the pre-application conference summary document. If the completed application is determined to be within the parameters of the pre-application conference summary document, the completed application shall not be denied based on any provisions set out in the document. The commission may deny the application based upon any legal issue subsequently identified during the review of the completed application.
  - All multi-family facilities, buildings and structures constructed under the Voluntary Incentives Program shall be deed restricted to ensure that the attainable housing continues in perpetuity.

## 10. Annual Review and Fees

- All qualifying developments shall be deed restricted to ensure that the attainable housing requirements are maintained in perpetuity, in accordance with Tennessee State Code, Section 13-3-603(e).
- Housing and Community Investment (HCI) staff will monitor rents and incomes on an annual basis for the first 15 years of the program. After 15 years of operation, HCI will request rent and income verification periodically at a frequency of not less than every 5 years.
- Program participants must submit rent and income verification for all units contributing to eligibility for this program. The Housing and Community Investment division shall handle ongoing monitoring and compliance for affordability requirements for this program, and communications regarding compliance documentation will be provided by HCI.
  - In accordance with the [City of Chattanooga's Program Compliance Policies and Guidelines](#), documents verifying incomes and rents for attainable units must be provided through a third party, such as a project management company, affordable housing consultant, or HUD contractor.
- Properties found to be out of compliance with committed attainable rents and unit counts will be subject to a penalty fee of \$5,000 per non-compliant unit per year of noncompliance, which shall be collected and placed in the Chattanooga Affordable Housing Fund.