Compliance FAQ:
City of Chattanooga Affordable and Attainable Housing Programs

General

What housing programs do these guidelines apply to?

The City of Chattanooga Affordable and Attainable Housing programs
- Affordable Housing PILOT
- Voluntary Incentives Program for Attainable Housing (VIP)

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

If you participate in the City's programs and your project also uses HUD subsidies or LIHTC, you must follow all requirements outlined in your federal program agreements. When the City's rules and the federal program rules differ, you are required to follow the stricter standard.

Rent and Income Requirements

How are rent and income requirements determined?

The City of Chattanooga bases rent and income requirements on HUD's guidelines, which are updated each spring. Once HUD releases the new numbers, the City's Community and Housing Investments Division reviews them and posts the updated rent limits and income thresholds on its website. Program participants should always check the City's website for the most current information.

How often must tenant income and rents be verified?

Each year, by February 1, every active program participant must submit a compliance report. This report must come from a qualified third party—such as a property management company, affordable housing consultant, or HUD contractor—and must confirm that the project is meeting the rent limits and tenant income requirements outlined in the project's contract.

Can rents be increased during the program compliance period?

Yes, landlords may increase rents for income-restricted units, but rents cannot exceed the limits set by HUD for the corresponding AMI levels specified in the program application.

Can the number of affordable units or their level of affordability be changed during the compliance period?

No. The number of affordable units, their level of affordability and their bedroom sizes must remain the same as specified in the program application for the entire affordability period.

Tenant Eligibility

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

Units are designed for households with incomes between 50% and 80% of the Area Median Income (AMI). Eligibility is based on total gross household income at the time of application. Tenants may occupy units for higher income levels but are not eligible for units with rents set for lower AMI brackets.

Are there occupancy recommendations for affordable housing units?

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.

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

If a tenant's gross household income goes above 140% of the income limit for the year their lease began, they are no longer eligible for the income-restricted unit. When the lease term ends, the landlord may raise the rent above the restricted level. To stay in compliance, the next available unit must be replaced with a comparable income-restricted unit of the same bedroom count.

Lease Requirements

What must be included in a lease for an affordable unit?

Leases must contain the following:

- **Rent determination:** The lease must state that rent is set according to the City of Chattanooga's PILOT Program or Zoning Incentives Program, and that allowable rent will be updated annually based on HUD's Area Median Income (AMI).
- **Income verification:** The lease must explain that a tenant's gross household income at lease signing determines eligibility, and that tenants will need to periodically verify income to confirm continued eligibility.
- **Income-based eligibility:** The lease must state that tenants become ineligible to remain if their gross household income exceeds 140% of the income limit for their unit.

- **Notice of rent changes:** The lease must guarantee at least 60 days' written notice before any rent increase. The notice must include the new rent amount, the effective date, the reason for the change, and a statement of the tenant's right to meet with the landlord to discuss it.
- **Program expiration:** The lease must state the month and year when the affordability requirements expire. Owners are also required to give all income-restricted tenants written notice at least 12 months prior to expiration.

What cannot be included in a lease for an affordable unit?

Certain lease clauses are not allowed. Specifically, leases may not include:

1. **Agreement to be Sued:** Tenants cannot be asked to waive their legal rights by agreeing to be sued, admit guilt, or consent to judgment.
2. **Treatment of Property:** Tenants' belongings cannot be taken, held, or sold without notice and a court decision (except abandoned property after move-out, as permitted by state law).
3. **Excusing Owner from Responsibility:** Owners cannot be released from liability for their own actions or negligence.
4. **Waiver of Notice:** Tenants must not be required to waive their right to notice before legal action.
5. **Waiver of Legal Proceedings:** Evictions must follow a civil court proceeding and decision.
6. **Waiver of Right to Appeal:** Tenants cannot be required to give up their right to appeal a court decision.
7. **Mandatory Payment of Legal Costs:** Tenants cannot be required to pay attorney's fees or legal costs if they win in court (they may only be required to pay if they lose).
8. **Termination of Tenancy:** Leases cannot allow termination or non-renewal except for serious or repeated lease violations, violation of law, completion of a transitional housing program, or other good cause. In all cases, tenants must receive at least 30 days' written notice explaining the grounds.

For additional details, check the program guidelines for each program on the City of Chattanooga website.