



**Department of Economic Development  
Housing & Community Investment Division  
2026 – 2027  
Annual Action Plan (DRAFT)**

**Contents**

Executive Summary..... 1

    AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b) ..... 1

    PR-05 Lead & Responsible Agencies – 91.200(b)..... 6

    AP-10 Consultation – 91.100, 91.200(b), 91.215(l)..... 7

    AP-12 Participation – 91.105, 91.200(c) ..... 15

Expected Resources ..... 19

    AP-15 Expected Resources – 91.220(c)(1,2) ..... 19

Annual Goals and Objectives ..... 23

    Projects ..... 26

    AP-35 Projects – 91.220(d) ..... 26

    AP-38 Project Summary ..... 27

    AP-50 Geographic Distribution – 91.220(f)..... 34

Affordable Housing ..... 35

    AP-55 Affordable Housing – 91.220(g) ..... 35

    AP-60 Public Housing – 91.220(h)..... 38

    AP-75 Barriers to affordable housing – 91.220(j) ..... 44

    AP-85 Other Actions – 91.220(k) ..... 46



## Executive Summary

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

#### 1. Introduction

As an eligible participating jurisdiction (PJ), the City of Chattanooga receives grants (entitlement funds) from the U.S. Department of Housing and Urban Development (HUD) on an annual basis. These include Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME). The funds are made available to assist in developing and maintaining a viable urban community, inclusive of low- and moderate-income citizens, through providing decent housing, a suitable living environment, expanded economic opportunities, and programs that address the needs of homeless and near-homeless persons.

#### **Community Development Block Grant (CDBG)**

The primary objective of the CDBG program is to develop viable urban communities. Funds can be used for a wide array of activities, including housing rehabilitation, homeownership assistance, lead-based paint detection and removal, construction or rehabilitation of public facilities and infrastructure, removal of architectural barriers, public services, rehabilitation of commercial or industrial buildings, and loans or grants to businesses.

#### **HOME Investment Partnerships Program (HOME)**

The HOME program provides funds for improved access to affordable rental and ownership housing for low and moderate-income households. HOME funds can be used for activities that promote affordable rental housing and homeownership, including reconstruction, moderate or substantial rehabilitation, homebuyer assistance, and tenant-based rental assistance.

This report, Annual Action Plan (AP), is the second update to the City of Chattanooga's Five-Year Consolidated Plan that was completed in May 2025. The plan covers program years 2025 through 2029, 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, 2026.

Based on estimates, it is anticipated that these two programs will bring \$2,301,000 into the local area to support affordable housing, homeless services and prevention, community development programs, and other projects. The City is expected to receive \$1,541,000 in CDBG and \$760,000 in HOME. An additional \$300,000 in program income (\$200,000 from CDBG and \$100,000 from HOME projects) and \$400,000 in



CDBG-Carryover brings the total resources to approximately \$3,001,000. Details on the funding for proposed projects, activities, and programs are provided throughout this plan.

On January 5, 2026, 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) 2026-2027 as it relates to the HOME and CDBG grant programs. HCI hosted a public meeting on January 21, 2026. Information covered in the meetings included the following: anticipated funding, funding priorities, funding criteria, grant regulations, grant application process, and due dates for submissions. A draft of the AP was released for a 30-day public comment period on April 1, 2026, and a public meeting was held on April 16, 2026, to gather input. Chattanooga City Council approved the AP on \_\_\_\_\_

## **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.

### **Overview**

Through community and stakeholder input and the completion of a needs assessment and a market analysis, five priority needs and sixteen goals for the five-year Consolidated Plan period.

### **Priority Needs**

#### **1. Affordable Housing**

- Expand Inventory of Affordable Housing Affordable Housing Opportunities
- Preserve Existing Affordable Housing Units
- Expanding Access to Affordable Housing

#### **2. Public Support and Services**

- Support and Services for low-income citizens
- Support and Services for at-risk households
- Support and Services for the homeless citizens

#### **3. Non-housing Community Development**

- Public Facility and Infrastructure improvements



#### 4. Economic Development

- Reduce Poverty through expanded economic opportunity
- Job creation/retention

#### 5. Planning and Administration

- Grant and resources management

Under these priority needs, a range of goals, objectives and 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. These include:

- Increase access to and supply of affordable rental housing for the City's low- and moderate-income households.
- Increase access to affordable homeownership opportunities for City residents.
- Increase the viability for potential homeownership opportunities.
- Increase the number and types of newly constructed or renovated homes available on the affordable housing market.
- Improve the condition of housing for low-income renters and homeowners.
- Preserve existing affordable housing stock.
- Provide housing services to special needs populations, including low-barrier housing for the homeless.
- Continue to collaborate with homeless providers to supply a continuum of services.
- Support services aimed at the prevention and elimination of homelessness.
- 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.
- Improve access to information about affordable housing.
- Address zoning and other regulations that are counterintuitive to the preservation and production of affordable housing.
- Eliminate housing discrimination and bias toward affordable housing
- Address blight and disinvestment -help stabilize and restore the quality of life and housing conditions in low-income neighborhoods by alleviating danger from properties that are a threat to public health, substandard, and/or vacant.
- Convert blight to productive property



### **3. Evaluation of past performance**

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

The City of Chattanooga has a long history of successfully utilizing HUD funds, particularly the Community Development Block Grant, and HOME Investment Partnerships Program to address targeted needs in the community.

HUD conducts an annual Consolidated Plan end-of-year review of the most recent year-end performance by the City of Chattanooga and provides a report with the results for each review. Additionally, the HUD Secretary determines that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. The most recent review, received in February 2026, indicates the City of Chattanooga is in compliance with all requirements.

The City's performance has been consistent with the goals, objectives, and priorities in the City's annual plans and the five-year Consolidated Plan. Highly leveraged with local funding and resources, activities undertaken have improved housing conditions for owner-occupants and renters, created homeownership opportunities, assisted the homeless, eliminated blighting conditions, enhanced or improved services, and provided infrastructure and public facilities in lower-income neighborhoods.

For the past strategic plan, the City has been able to meet, surpass, or address many of the challenges, goals, and objectives outlined in the Consolidated Plan and Action Plan, but has been challenged with realizing the anticipated goals for increased access to affordable housing and the preservation and production of affordable housing. Like many cities nationwide, the City is challenged with finding solutions and adequate resources to address the overwhelming and growing need for safe, decent, and affordable housing. With resources shrinking, collaborative efforts are even more critical to accomplishing not only the housing-related goals but also the other goals. The City continuously works to identify additional resources to accomplish the Consolidated Plan goals as they are tied to sustainability for those who need it the most.

The City has and will continue to address this challenge using CDBG and HOME funds, along with other City initiatives such as the Payment in Lieu of Taxes (PILOT) program and the Voluntary Zoning Incentives (VIP) program. These are tools that have been available to incentivize partnerships that result in greater leveraging of resources and increased production and preservation of housing units and housing services.



#### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

HUD requires entitlement jurisdictions to provide opportunities for citizen participation in developing the Consolidated Plan. Also required by HUD, ECD staff developed the Citizen Participation Plan (CPP). The CPP gives details on how and when opportunities for citizen involvement are made available and on how notices of these opportunities and other related information are provided for the various stages of the Consolidated Plan development.

Conforming to the provisions of the Citizen Participation Plan, public input was gathered in multiple ways: public meetings, surveys, consultations with stakeholders, and service providers. Several public outreach events were held to make the public aware of the Consolidated Plan process and the value of their input. Four public forums were held at well-utilized recreation centers in LMI areas to gather the public's input on priorities for the Consolidated Plan. Two public meetings were also held to announce the results of the public input on priorities.

#### **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.

To be added.

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

To be added.

#### **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. As with prior years, for fiscal year 2026-27, Federal funding is targeted and leveraged with activities, programs, and projects that help make progress towards the goals identified in the 2025-2029 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 & Community Investment
HOME Administrator		Housing & Community Investment
ESG Administrator		Housing & 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**

Sandra Gober, Director, Housing and Community Investment Division  
 Department of Economic Development  
 101 East 11th Street, Suite 200  
 Chattanooga, TN 37402

(423) 643-7332  
 sgober@chattanooga.gov



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

### **1. Introduction**

The City of Chattanooga actively engages a diverse group of stakeholders, including agencies, organizations, and service providers, to identify local housing and community development needs. This is accomplished through established, ongoing relationships, routine meetings, special task forces, community events (such as City-sponsored conferences), and direct citizen involvement.

To inform the 2025-2029 Consolidated Plan, a consultation process was initiated in October 2024. This effort involved surveying or interviewing a diverse group of area agencies, organizations, and City departments that provide various services to Chattanooga residents.

These entities—which include public and nonprofit agencies, as well as financial and philanthropic foundations—focus on critical areas such as services for the elderly, the disabled, individuals with HIV/AIDS, those struggling with alcohol and drug addiction, and efforts related to homelessness, health, and social welfare.

The consultations, conducted through one-on-one interviews and surveys, aimed to establish current and proposed service types and levels by gathering information on each provider's focus, activities, and needs for the duration of the Consolidated Plan. In addition to these stakeholder and community consultations, various existing plans and reports were reviewed during the preparation of the Consolidated Plan to ensure that proposed goals align with these other strategic documents where applicable.

### **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 actively fosters collaboration across various networks, bringing together relevant city agencies with local governmental, private housing, health, mental health, and general service providers. This emphasis on collective impact and partnership is increasingly vital for addressing the needs of Chattanooga's low-to-moderate-income citizens, especially as many service providers face funding constraints.

Chattanooga has a long-standing tradition of forging strong public-private partnerships to tackle community housing and service challenges. Key collaborative relationships include:

- **Chattanooga Housing Authority (CHA):** The City works closely with the CHA, which is responsible for channeling federal resources to meet the housing needs of the lowest-income households in the city.



- **Public and Private Housing Providers:** Ongoing partnerships exist with both non-profit and for-profit housing providers and developers. This includes established community housing development organizations such as Chattanooga Neighborhood Enterprise, Chattanooga Community Housing Development Organization, and Habitat for Humanity of Greater Chattanooga, as well as numerous for-profit developers. These collaborations serve the general low-income population, targeted clientele, and other special needs populations.
- **Continuum of Care (CoC) Network:** Through the CoC process, the City maintains essential relationships with a range of organizations, including mental health providers, homeless shelters, service providers, and other governmental agencies dedicated to serving homeless individuals and families.

**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 of Chattanooga's Office of Homelessness and Supportive Housing (OHS) is dedicated to addressing homelessness through a dual approach: prevention and rapid re-housing. Its core services include street outreach, a rapid re-housing program, and providing emergency assistance as necessary. A comprehensive solution relies heavily on strategic collaboration. To ensure residents at risk of or experiencing homelessness receive the necessary support to achieve stability, OHS maintains close partnerships with a coalition of local organizations. Key partners include the Chattanooga Regional Homeless Coalition, the Chatt Foundation, Metropolitan Ministries, the Chattanooga Housing Authority, and various other nonprofit and faith-based groups.

The Chattanooga Regional Homeless Coalition coordinates federal Continuum of Care activities. Collaboration with the local Continuum of Care (CoC) is integral to the City's approach to addressing homelessness. City staff works actively with the Chattanooga Regional Homeless Coalition (CRHC), the regional Continuum of Care for the area, in addressing the needs of homeless persons.

Chattanooga has initiated a collaborative effort with the Chattanooga Regional Homeless Coalition to establish an Eviction Prevention Fund. The City contributed \$1 million to launch this fund, which is designed to stabilize households by intervening early to prevent imminent eviction and housing loss. This best-practice model offers both short-term, targeted financial assistance (such as rental and utility support) and necessary case management services. Designated partner agencies are responsible for managing access to the fund, which includes screening applicants and connecting them with supportive services.



The Manager of HCI and the Director of the City's Homeless Services Division serve on the CoC Board of Directors. The City has provided CDBG and general fund resources to supplement Continuum of Care initiatives.

**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**

Performance standards and funding as well as policies and procedures for the administration of HMIS had been established through discussions and consultations with the Continuum of Care. Policies and procedures are provided to Continuum of Care members for review and comment, along with surveys requesting entities to rank priorities for ESG allocations. The Homeless Coalition has managed the community's Homelessness Management Information System (HMIS), a centralized assessment system that meets HUD requirements, since 1998, and works as a mentor agency for new HMIS sites.

The Manager of HCI and the Director of the City's Homeless Services Division serve on the CoC Board of Directors.

**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	<b>Agency/Group/Organization</b>	CHATTANOOGA HOUSING AUTHORITY
	<b>Agency/Group/Organization Type</b>	PHA
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	One-on-one consultation and survey. CHA is the City's primary resource/partner providing affordable housing for very low- and low-income citizens.
2	<b>Agency/Group/Organization</b>	CHATTANOOGA NEIGHBORHOOD ENTERPRISE
	<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-Education
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing one-on-one consultation as one of the City's major stakeholders and developers of affordable housing. The organization also participated in our Con Plan survey.
3	<b>Agency/Group/Organization</b>	HABITAT FOR HUMANITY
	<b>Agency/Group/Organization Type</b>	Housing



	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing one-on-one consultation as one of the City's major stakeholders and developers of affordable housing.
4	<b>Agency/Group/Organization</b>	Chattanooga Housing Community Development Organization
	<b>Agency/Group/Organization Type</b>	Housing
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing one-on-one consultation as one of the City's major stakeholders and developers of affordable housing.
5	<b>Agency/Group/Organization</b>	Chatt Foundation
	<b>Agency/Group/Organization Type</b>	Housing Services-homeless Services-Employment
	<b>What section of the Plan was addressed by Consultation?</b>	Homelessness Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing partnership and survey participant. Provided input on addressing homelessness. Partner in improving lives of families and individuals, moving them from vulnerable situations to living stable lives.
6	<b>Agency/Group/Organization</b>	Episcopal Metropolitan Ministries
	<b>Agency/Group/Organization Type</b>	Services-homeless



	<b>What section of the Plan was addressed by Consultation?</b>	Homeless Needs - Families with children Non-Homeless Special Needs
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing partnership and survey participant. Provided input on addressing homelessness. Partner in improving the lives of families and individuals, moving them from vulnerable situations to living stable lives.
7	<b>Agency/Group/Organization</b>	HAMILTON COUNTY
	<b>Agency/Group/Organization Type</b>	Other government - County
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Public Housing Needs Homelessness Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing partnership and survey participant. Partner in improving the lives of families and individuals.
8	<b>Agency/Group/Organization</b>	CHATTANOOGA REGIONAL HOMELESS COALITION
	<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-homeless Regional organization
	<b>What section of the Plan was addressed by Consultation?</b>	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



	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing partnership and survey participant. Provided input on addressing homelessness. Partner in improving the lives of families and individuals, moving them from vulnerable situations to living stable lives
9	<b>Agency/Group/Organization</b>	AIM Center
	<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-Employment
	<b>What section of the Plan was addressed by Consultation?</b>	Non-Homeless Special Needs
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Ongoing partnership, provided input on addressing homelessness. Partner in improving lives for families and individuals, moving them from vulnerable situations to living stable lives.
10	<b>Agency/Group/Organization</b>	EPB
	<b>Agency/Group/Organization Type</b>	Services - Broadband Internet Service Providers Services - Narrowing the Digital Divide
	<b>What section of the Plan was addressed by Consultation?</b>	Anti-poverty Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	A Major City partner provides ongoing input. Utility provider that launched America's first community-wide gigabit-speed internet. Chattanooga is the state's only 100% fiber optic community-wide network. Helps bridge the Digital Divide through HCS EdConnect, which provides internet at no charge to qualifying Hamilton County Schools students and their families; the program serves more than 16,000 students who, with their families, represent nearly 28,000 Hamilton County residents.



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

**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.
Westside Evolves	Chattanooga Housing Authority	The "Westside Evolves Transformation Plan" is a comprehensive, long-term roadmap dedicated to the revitalization of Chattanooga's historic Westside neighborhood. Developed by the Chattanooga Housing Authority (CHA), the City of Chattanooga, and the Chattanooga Design Studio, the Plan seeks to create a thriving, mixed-income, and sustainable community.

**Table 3 – Other local / regional / federal planning efforts**

**Narrative (optional)**

Addressing community development, economic development, homelessness, and housing needs requires the City of Chattanooga to coordinate efforts with other entities, including Hamilton County and the State. Due to continuous planning efforts in Chattanooga, there are numerous plans and reports covering areas such as housing, transportation, education, and economic development. The creation of the Action Plan involved a rigorous process of data gathering, analysis, and review of pertinent information to guarantee the efficient and effective allocation of resources.



## **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 accordance with the Chattanooga Citizen Participation Plan (CPP), several public outreach events were held to inform the public about the Consolidated Plan process and the value of their input. Surveys were one method used to question the public on the most effective ways to get information to them about the Consolidated Plan and other HUD programs. Three public forums were held to gather the public's priorities for the Plan. Two of the meetings were held at well-utilized recreation centers in LMI areas, and one was held virtually via Google Meet. Two public meetings were held to provide an update on survey results and priorities. One was held at a recreation center in an LMI area, and the other was held virtually via Google Meet.

Additionally, regular e-mail communications were sent to stakeholders with information about upcoming meetings and opportunities for input. Information was also available on the City's webpage outlining the entirety of the Consolidated Plan planning process. The public could access information about the Plan, view the Draft Plan, learn about upcoming public meetings, take the Community Needs Assessment Survey, submit comments, and view relevant resource materials that informed the Consolidated Plan Needs Assessment and Market Analysis.

For the 2026 -2027 Action Plan, on January 5, 2026, 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) 2026-2027 as it relates to the HOME and CDBG grant programs. HCI hosted a public meeting on January 21, 2026. Information covered in the meetings included the following: anticipated funding, funding priorities, funding criteria, grant regulations, grant application process, and due dates for submissions. A draft of the AP was released for a 30-day public comment period on April 1, 2026, and a public meeting was held on April 16, 2026, to gather input. Chattanooga City Council approved the AP on \_\_\_\_\_

The Consolidated Plan, Action Plan, Citizen Participation Plan, and all appendices are made available online and at the Department of Economic Development. All comments received during the citizen participation period were considered when developing the priorities and goals for the Consolidated Plan.



### 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	9/17/2025 - CAPER meeting to provide summary of accomplishments and allow for feedback. Approximately 45 in attendance.	Comments centered around programs and resources for affordable housing. One written comment discussed the lack of funding targeted for underserved communities.	N/A	
2	Public Meeting	Non-targeted/broad community  NOFA for 2026-27 Resources	The meeting was held virtually and primarily consisted of entities interested in seeking funding. There were twenty-four in attendance.	Questions centered around examples of eligible activities.	NA	



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	<p>March 31, 2026 - publication of proposed funding and recommendations appeared in the Chattanooga, and Chattanooga Times Free Press announcing the availability of the Draft Action Plan for review, the thirty (30) day comment period and provided information on location of the public meeting on April 16, 2026.</p>			



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)
4	Public Meeting	Non-targeted/broad community	Public meeting on April 16, 2026. Information presented to citizens on proposed use of funding and activities. Number in attendance: citizens			
5	Public Meeting	Non-targeted/broad community	City Council Meeting on May 5, 2026, to present information on process and proposed use of funding for approval via resolution.			

**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 and the HOME Investment Partnerships.

For the fiscal year beginning July 1, 2026, the City anticipates receiving new allocations of \$1,541,000 in Community Development Block Grant (CDBG) funds and \$760,000 in HOME Investment Partnerships Program (HOME) funds. These will be augmented by \$100,000 in HOME-generated program income, \$200,000 in CDBG-generated program income, and \$400,000 in unexpended CDBG carryover for a total of \$3,001,000.

With the unpredictability of future funding from HUD, the amounts used for anticipated resources are based solely on the prior year's allocation and because it is difficult to project program income for the next four years, it is not included in the anticipated resources calculation beyond the first year. The City anticipates having approximately \$9,161,279 for the five years covered under the Consolidated Plan.



### 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	1,541,000.00	200,000.00	400,000.00	2,141,000.00	6,164,764.00	Expected amount for remainder of Con Plan is Year 1 times 4 minus program income
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	760,000.00	100,000.00	0.00	860,000.00	2,996,515.97	Expected amount for remainder of Con Plan is Year 1 times 4 minus program income



**Table 5 - 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**

The City of Chattanooga employs a multi-faceted approach to promote affordable housing, building upon existing efforts with CDBG and HOME funds. Key initiatives include:

- **Invest Chattanooga:** A new public enterprise established to fund housing developments that feature a blend of market-rate and dedicated affordable units. This entity will manage the \$20 million Housing Production Fund created by the City Council in 2022.
- **Revamped PILOT Program:** The updated Payment in Lieu of Taxes (PILOT) program offers better incentives for affordable housing. The rules are structured to:
  - Incentivize individual affordable units.
  - Provide greater incentives for units with lower rents.
  - Better reflect the varied market rents across different areas of the city.
  - Require qualifying developments to include rental homes priced for renters earning between 50% and 80% of the Area Median Income (AMI).
- **Voluntary Inclusionary Zoning:** Developers can receive zoning breaks if they choose to incorporate affordable units into their projects.

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. HOME funds will be matched with carry-over HOME match, donated property, and partner contributions. 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.



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

The City has established the Chattanooga Land Bank Authority with the mission to return vacant and underused properties to productive use while supporting neighborhood revitalization and housing affordability.

This initiative advances the 2023 Chattanooga Housing Action Plan, which calls for a public land disposition policy that prioritizes affordable housing and the reuse of tax-foreclosed parcels.

The Land Bank's objectives include:

- Building new affordable homes to address the City's housing crisis.
- Revitalizing neighborhoods in Chattanooga's urban core by reactivating vacant and underused parcels.
- Preserve affordability in neighborhoods that are seeing or poised to see significant investment.
- Strengthening partnerships among nonprofits, developers, and lenders to expand local housing capacity.

The outcomes of these objectives include:

- Reducing vacant and blighted properties.
- Attracting investment into neighborhoods.
- Providing quality, appealing, and affordable housing.
- Increasing homeownership.
- Creating opportunities for wealth building.
- Enhancing community engagement.
- Reducing crime

## **Discussion**

To accomplish the goals outlined in the Consolidated Plan, the City will have to rely heavily on resources and tools outside of the annual allocations as the funding is steadily decreasing. Program income was not added into the expected funding for years 2-5 as that resource is also decreasing at an unpredictable rate.



## 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/Preserve Supply of Affordable Housing	2025	2029	Affordable Housing	City-wide Activities	Increase/Preserve Supply of Affordable Housing	CDBG: \$4,573,872.00 HOME: \$3,461,081.00	Rental units constructed: 460 Household Housing Unit Rental units rehabilitated: 900 Household Housing Unit Homeowner Housing Added: 50 Household Housing Unit Homeowner Housing Rehabilitated: 425 Household Housing Unit Direct Financial Assistance to Homebuyers: 5 Households Assisted
2	Support and Services for LMI Citizens, Special Pop	2025	2029	Affordable Housing Homeless Non-Homeless Special Needs	City-wide Activities	Support and Services for LMI Citizens, Special Pop	CDBG: \$1,170,892.00	Public service activities other than Low/Moderate Income Housing Benefit: 10000 Persons Assisted



Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Non-Housing Community Development	2025	2029	Non-Housing Community Development	City-wide Activities Eligible Census Tracts	Non-Housing Community Development	CDBG: \$500,000.00	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 63867 Persons Assisted
4	Increase Economic Opportunities	2025	2029	Economic Development	City-wide Activities Eligible Census Tracts	Economic Development - Grow Businesses Workforce	CDBG: \$50,000.00	Facade treatment/business building rehabilitation: 5 Business
5	Administration and Planning	2025	2029	Administration and Planning	City-wide Activities	Administration and Planning	CDBG: \$1,561,191.00 HOME: \$384,564.00	Other: 63867 Other

**Table 6 – Goals Summary**



## Goal Descriptions

1	<b>Goal Name</b>	Increase/Preserve Supply of Affordable Housing
	<b>Goal Description</b>	Increase the availability of affordable housing opportunities through expanding inventory and improving livability.
2	<b>Goal Name</b>	Support and Services for LMI Citizens, Special Pop
	<b>Goal Description</b>	Support and services for LMI citizens, special populations, and those at risk of homelessness.
3	<b>Goal Name</b>	Non-Housing Community Development
	<b>Goal Description</b>	Public facilities improvements, infrastructure improvements, and blight elimination that complements access to affordable housing through improved and sustainable living environments.
4	<b>Goal Name</b>	Increase Economic Opportunities
	<b>Goal Description</b>	Economic development to grow small businesses
5	<b>Goal Name</b>	Administration and Planning
	<b>Goal Description</b>	To efficiently manage and maintain compliance

# Projects

## AP-35 Projects – 91.220(d)

### Introduction

The following projects will be funded for the 2026-2027 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. Support and services for low-income and special needs populations
4. Provide funding for public improvements in coordination with housing
5. Promote economic development activities

### Projects

#	Project Name
1	HCI HOME and CDBG Grants Administration
2	HCI: Affordable Housing & Community Development
3	CCHDO Roofing Program
4	Catholic Charities Facility Improvement
5	Chattanooga Neighborhood Enterprise - Homeowner Improvement Loan Program
6	Orange Grove Group Home Renovations
7	Partnership FCA - Shelter Renovation
8	Chattanooga Room In The Inn Facility Renovation
9	Chattanooga Housing Authority
10	HCI - HOME Affordable Housing Development and Preservation

**Table 7 - 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 2025-2026. 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.

Because of the current affordable housing crisis, the City of Chattanooga currently has a deficit of decent, affordable housing is labeled as a high priority by the citizens and the City. There are very few areas of service that are not directly or indirectly. Because of limited funding, the entitlement funds CDBG and HOME are leveraged to serve households below 80% AMI for services and, in most cases, 60% and below for rental housing.

## AP-38 Project Summary

### Project Summary Information

<b>1</b>	<b>Project Name</b>	HCI HOME and CDBG Grants Administration
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Increase/Preserve Supply of Affordable Housing Support and Services for LMI Citizens, Special Pop Non-Housing Community Development Increase Economic Opportunities Administration and Planning
	<b>Needs Addressed</b>	Increase/Preserve Supply of Affordable Housing Support and Services for LMI Citizens, Special Pop Non-Housing Community Development Economic Development - Grow Businesses Workforce Administration and Planning
	<b>Funding</b>	:
	<b>Description</b>	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
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	NA
	<b>Location Description</b>	With the exception of blight elimination, projects are city-wide.

	<b>Planned Activities</b>	Administering, managing, and monitoring CDBG and HOME-funded activities.
<b>2</b>	<b>Project Name</b>	HCI: Affordable Housing & Community Development
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Increase/Preserve Supply of Affordable Housing Non-Housing Community Development
	<b>Needs Addressed</b>	Increase/Preserve Supply of Affordable Housing Non-Housing Community Development
	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Funds provided for minor to substantial housing repair for homeowners, rental housing renovations, and community development activities advancing affordable housing.
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The City will make funding available through City departments, RFP processes, or direct allocations to nonprofits for affordable housing activities or community development activities that advance access to and the availability of affordable housing.
	<b>Location Description</b>	
	<b>Planned Activities</b>	The City will make funding available through City departments, RFP processes, or direct allocations to nonprofits for affordable housing activities or community development activities that advance access to and the availability of affordable housing.
<b>3</b>	<b>Project Name</b>	CCHDO Roofing Program
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Increase/Preserve Supply of Affordable Housing
	<b>Needs Addressed</b>	Increase/Preserve Supply of Affordable Housing
	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Roofing Replacement Program to assist approximately 30 LMI owner-occupied households with roof replacements.
	<b>Target Date</b>	6/30/2027

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Roofing Replacement Program – assist approximately 30 LMI owner-occupied households with roof replacements.
	<b>Location Description</b>	
	<b>Planned Activities</b>	Roofing Replacement Program – assist approximately 30 LMI owner-occupied households with roof replacements.
<b>4</b>	<b>Project Name</b>	Catholic Charities Facility Improvement
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Increase/Preserve Supply of Affordable Housing
	<b>Needs Addressed</b>	Increase/Preserve Supply of Affordable Housing
	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Facility improvement: Renovations to the HOME Place - a permanent and transitional housing facility that provides affordable housing to individuals living with HIV/AIDS.
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Approximately 40 very low-income individuals will be served annually.
	<b>Location Description</b>	2601 Citico Avenue
	<b>Planned Activities</b>	The Home Place is transitioning to a hybrid model that maintains permanent supportive housing for residents living with HIV/AIDS while expanding medical respite services. Supported by CDBG, eligible rehabilitation and repairs to five apartments assist in correcting health and safety deficiencies and strengthen the continuum of care.
<b>5</b>	<b>Project Name</b>	Chattanooga Neighborhood Enterprise - Homeowner Improvement Loan Program
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Increase/Preserve Supply of Affordable Housing
	<b>Needs Addressed</b>	Increase/Preserve Supply of Affordable Housing

	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Through its Homeowner Improvement Loan Program, the organization will assist low-income homeowners with low/no-interest home rehab loans to address critical repairs.
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Approximately 5 households will be assisted with home improvements.
	<b>Location Description</b>	
	<b>Planned Activities</b>	Through the Home Improvement Loan Program, the organization targets major rehabilitation needs exceeding \$25,000, addressing critical deficiencies such as missing or degraded windows, doors, compromised foundations, outdated electrical systems, and roofing failures that allow weather intrusion.
6	<b>Project Name</b>	Orange Grove Group Home Renovations
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Increase/Preserve Supply of Affordable Housing
	<b>Needs Addressed</b>	Increase/Preserve Supply of Affordable Housing
	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Funding will be used to assist with renovations to homes owned by Orange Grove Center and occupied by individuals with intellectual and/or developmental disabilities.
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Approximately 16 low-income individuals will benefit from the proposed activity.

	<b>Location Description</b>	Projects are located at the following addresses: 2739 Folts Drive 2745 Folts Drive 7433 Min Tom Drive
	<b>Planned Activities</b>	The activity will consist of renovations to three homes serving approximately 16 individuals. The renovations will include accessibility enhancements, safety repairs, and rehabilitation improvements.
<b>7</b>	<b>Project Name</b>	Partnership FCA - Shelter Renovation
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Non-Housing Community Development
	<b>Needs Addressed</b>	Non-Housing Community Development
	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Victim Support Services Shelter Renovation and Expansion Project.
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The renovations and improvements will allow the organization to assist approximately 232 households annually.
	<b>Location Description</b>	
	<b>Planned Activities</b>	The organization will use CDBG funding to add two Lethality Assessment Program (LAP)/crisis rooms and two shelter rooms by renovating existing unused space, as well as renovating two adjacent bathrooms for the domestic violence shelter. Former office space will be renovated to expand the LAP/crisis and shelter rooms.
<b>8</b>	<b>Project Name</b>	Chattanooga Room In The Inn Facility Renovation
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Support and Services for LMI Citizens, Special Pop Non-Housing Community Development
	<b>Needs Addressed</b>	Support and Services for LMI Citizens, Special Pop Non-Housing Community Development

	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Chattanooga Room In the Inn assists women and children experiencing homelessness to rebuild their lives by providing transitional housing and support. CDBG funding will be used for improvements to the facility. The property is a residential facility consisting of 11 resident rooms with the capacity to house up to 35 individuals at a time.
	<b>Target Date</b>	6/30/2026
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Improvements to the facility will allow the organization to continue providing shelter and services to approximately 95 households annually.
	<b>Location Description</b>	230 N. Highland Park Ave.
	<b>Planned Activities</b>	The requested funding will be used to support critical capital improvements, including roof replacement, replacement of windows, and systems with energy-efficient options.
9	<b>Project Name</b>	Chattanooga Housing Authority
	<b>Target Area</b>	Eligible Census Tracts
	<b>Goals Supported</b>	Non-Housing Community Development
	<b>Needs Addressed</b>	Non-Housing Community Development
	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Funding to support the construction of public infrastructure at Phase 3 of the One Westside neighborhood redevelopment and Choice Neighborhood Grant.
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Being part of Phase 3 of an 8-phase project, the funding assists in directly benefiting approximately 168 households, but will ultimately benefit the 2,892 individuals living in that census tract (16) and the households occupying the 1,126 affordable housing units that will be available when the project is completed.
	<b>Location Description</b>	Project address is W. 12th Street and College Hill Courts Public Housing Site, Census Tract 16.

	<b>Planned Activities</b>	Funding for infrastructure improvements will directly support housing development associated with the Choice Neighborhoods Implementation (CNI) Grant for the redevelopment of College Hill Courts, a 1940s public housing site, owned and operated by the Chattanooga Housing Authority. The proposed infrastructure work, substantially on land which is currently part of the existing College Hill Courts, will establish a new internal City street grid that improves site connectivity to 12th Street—a primary corridor linking the neighborhood to downtown Chattanooga, as well as Boynton Drive.
<b>10</b>	<b>Project Name</b>	HCI - HOME Affordable Housing Development and Preservation
	<b>Target Area</b>	City-wide Activities
	<b>Goals Supported</b>	Increase/Preserve Supply of Affordable Housing
	<b>Needs Addressed</b>	Increase/Preserve Supply of Affordable Housing
	<b>Funding</b>	CDBG: \$2,141,000.00 HOME: \$860,000.00
	<b>Description</b>	Preservation and production of affordable rental and homeowner housing.
	<b>Target Date</b>	6/30/2027
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The City offers HOME funds through an open Request for Proposals (RFP) process. These funds can be requested for projects aimed at preserving and producing affordable housing, including both rental and homeowner properties. Income restrictions apply to eligible households. Rental housing is limited to households earning at or below 60% of the Area Median Income (AMI). Homeowner housing is limited to households earning at or below 80% of the AMI. Over the next five years, the City projects to assist in the following housing activities: <ul style="list-style-type: none"> <li>• Construction of 460 rental units.</li> <li>• Renovation of 900 rental units.</li> </ul>
	<b>Location Description</b>	
	<b>Planned Activities</b>	Funding is made available for the preservation and production of rental housing and housing for homeownership, partnering with non-profit and for-profit entities selected through a competitive RFP process. The budget also includes the estimated required 15% CHDO Set-aside of approximately \$129,000 that can only be allocated to eligible Community Housing Development Organizations for eligible activities.

## **AP-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**

Funding received for Consolidated Plan projects and activities serve low- and moderate-income residents and neighborhoods within the city limits of Chattanooga. Incomes for families served under these programs/activities will not exceed 80% of the median income based on family size. Although CDBG regulations require a minimum of 70% of the funds (over a three year period), be used to benefit low/moderate income residents), 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, while 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 of Chattanooga. Because of rising housing costs in Chattanooga, to obtain affordable housing, homeless households assisted with rapid rehousing may have to be re-housed in other areas within Hamilton County.

### **Geographic Distribution**

<b>Target Area</b>	<b>Percentage of Funds</b>
City-wide Activities	100
Eligible Census Tracts	100

**Table 8 - Geographic Distribution**

### **Rationale for the priorities for allocating investments geographically**

Projects that have an area benefit are located in low-to-moderate income designated Census Tracts. At least 51% of citizens in these areas are low-to-moderate income. In regards to investments in housing activities, with the City's primary focus (for the use of CDBG and HOME) being housing and housing-related activities, the community is better served with the activities being available city-wide. This allows affordable housing opportunities to be made available 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 low-to-moderate income

**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

While Chattanooga has sustained its economic and population growth, the pace of home development dropped by approximately 80% from the 2000s to the 2010s. 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. Data indicate there were 90 affordable homes for every 100 households making <\$35K in 2021, down from 107 in 2016 and on track for 50 by 2030.

With the pace of home development dropping by approximately 80% from the 2000s through the 2010s, there were only 9,773 units added in 2010-2019 compared to 45,600 added in 2000-2009. Development picked up to meet demand after the pandemic, adding 7,149 units since 2021, but higher interest rates have hampered production levels. Chattanooga's affordable housing ecosystem is further constrained by limited public funding, state law, and a lack of regional housing development partners.

As in many cities across the nation, for Chattanooga, the dynamics and challenges affecting affordable housing are increasing and constantly and changing. The City is continuously assessing this complicated eco-system 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 are considered and in most instances, incorporated into the Consolidated Plan and/or annual Action Plans.

In August 2023, the City released the Affordable Housing Action Plan (HAP). It is a comprehensive policy and program toolkit to address Chattanooga's affordable housing challenges and to advance housing affordability goals for the City. Guided by information from the HNA and MVA the plan provides a set of actionable policy and programmatic recommendations to preserve existing affordable rental units, to expand Chattanooga's affordable housing inventory by bringing new units online, and to create new pathways to homeownership for people for whom homeownership is currently out of reach. The plan is centered on five key goals that respond to the current state of Chattanooga's housing market:

- Build the Housing Ecosystem. All housing policies necessarily involve public-private cooperation and partnership. Chattanooga can only address its housing challenges if its capacity and the capacity of its partners are at a scale equal to the challenge it faces.
- Increase the number of affordable, quality rental homes. The decline in the number of affordable rental homes must be reversed to achieve the City's vision for its housing market and to support equitable prosperity.

- Expand access to homeownership and protect existing homeowners. Until recently, Chattanooga was a city where the American Dream was accessible to households earning the median income, and it must be again to build community wealth.
- Move toward equitable housing for all Chattanooga residents. Closing racial and other inequities in Chattanooga’s housing market must be a component of all the housing policies it adopts.
- Work to make homelessness rare, brief, and non-recurring. To address homelessness, the City must create systemic change that will reduce housing instability by aligning investments in affordable housing and supportive service delivery.

<b>One Year Goals for the Number of Households to be Supported</b>	
Homeless	0
Non-Homeless	200
Special-Needs	0
Total	200

**Table 9 - One Year Goals for Affordable Housing by Support Requirement**

<b>One Year Goals for the Number of Households Supported Through</b>	
Rental Assistance	300
The Production of New Units	102
Rehab of Existing Units	265
Acquisition of Existing Units	0
Total	667

**Table 10 - One Year Goals for Affordable Housing by Support Type**

## **Discussion**

CDBG, and HOME funds will be used to address the preservation and production of affordable housing through the following efforts:

### **Affordable Homeownership Objectives**

Homeownership opportunities for low- to moderate-income families through Habitat for Humanity and the CCHDO.

HOME funds are used by the CCHDO and Habitat for homeownership development.

### **Homeowner Rehabilitation Objectives**

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

CCHDO Roof Replacement Program: Roof replacement is often the most expensive improvement made to a home. CCHDO proposes to assist approximately 25 homeowners with stabilizing their homes by providing new roofs.

Habitat for Humanity Neighborhood Development Home Repair Program: Weatherization and critical repairs will be provided to 50 LMI homeowners throughout the City.

**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)
- ECD Affordable Housing Program - This pot of HOME money is reserved for the development of affordable rental housing for LMI individuals, families, special needs, and veterans.
- Rental Property Renovation Program - Provides funds for the rehabilitation of vacant, substandard rental units for affordable rental. The program will provide 180 renovated affordable rental units to the current market.

## **AP-60 Public Housing – 91.220(h)**

### **Introduction**

CHA provides public housing opportunities and related housing services through its Low Income Public Housing Program to individuals and families of low, very low, and extremely low income in Chattanooga. The CHA also provides subsidized housing opportunities through its Housing Choice Voucher Program to individuals and families of very low and extremely low income throughout Hamilton County, TN.

CHA operates a total of 1,653 public housing units in twelve sites and administers approximately 4,305 Housing Choice Vouchers with housing and utility assistance payments approaching \$40 million annually. Inspection scores range from 84 to 97, with an overall average of 92.

Additionally, the city has approximately 737 other public housing units developed through HUD's Section 202, Section 811, and Project-based Voucher Programs.

The U.S. Department of Housing and Urban Development's (HUD's) funding for PHAs comes from two sources: the federal Operating Fund, which covers day-to-day maintenance and operations, and the federal Capital Fund, which provides resources to repair and improve public housing sites and buildings. The Capital Fund's appropriations have long lagged PHAs' accruing needs for repair and modernization. The National Association of Housing and Redevelopment Officials (NAHRO) estimated the Capital Fund would need to be funded at \$3.4 billion per year to keep up with yearly costs.

Although Congress increased funding levels for the Capital Fund in 2018 and again in 2022, the appropriations have always lagged the \$3.4 billion target. As a result, NAHRO estimated that the Capital Fund backlog was approximately \$90 billion for the nation's PHAs in 2023. As a result, the public housing inventory has been decreasing due to demolition and dispositions.

To help address the funding shortage, HUD put forth the Rental Assistance Demonstration (RAD) program, which allows PHAs to convert public housing units to long-term, project-based Section 8 contracts, which are considered a more stable source of funding. RAD also allows PHAs to improve properties by leveraging public and private debt to preserve and improve affordable housing units that could be subject to demolition without action. PHAs can apply for the RAD program through September 30, 2029.

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

CHA is currently pursuing several initiatives, including tax credit development, long-term strategic planning, unit reconfigurations and modifications, performance contracting for energy conservation methods, and a premier housing initiative.

The CHA may explore RAD opportunities at College Hill Courts, East Lake Courts, Emma Wheeler Homes,

Villages at Alton Park, and the Oaks at Camden. Additionally, if in 2025 or later, the CHA acquires the Maple Hills Apartments, it will consider converting this property to PBRA through a RAD conversion.

### **Other Capital Grant Programs**

In 2025, the CHA will apply for an Emergency Safety and Security Grant to expand its Real-Time Information Center Equipment at the Villages at Alton Park. If funded, the CHA will implement the plan in 2025 and 2026.

In July 2024, HUD awarded the CHA a \$50M Choice Neighborhoods Implementation Grant. The plan includes a focus on housing, the neighborhood, and the people. Called the One Westside Transformation Plan, it includes the planned demolition of 629 units of obsolete public housing and the creation of up to 1,783 new mixed-income housing units.

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

### **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, the ability to age in place, and a high quality of life. Organizations

from across the community participated, including the 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.

- 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.

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

The CHA is not designated as troubled.

**Discussion**

The City partners with the CHA and for-profit developers in making resources available to improve and expand the inventory of public and assisted housing. The City has heavily lobbied the State for adjustments to the Low Income Tax Credits (LIHTC) allocation process to ensure Chattanooga gets a fair share of the allocations. The LIHTC program is a valuable leveraging tool used in incentivizing developers to participate in creating public housing through RAD partnerships. AP-65 Homeless and Other Special Needs Activities – 91.220(i)

**Introduction**

In 2020, the City established the Office of Homelessness and Supportive Services (OHSH). The office was established to both prevent homelessness as well as rapidly house residents experiencing homelessness through street outreach services, community partnerships, a rapid re-housing program, and emergency services when needed.

The City's approach to ending homelessness is focusing on three main areas:

1. Helping residents experiencing homelessness find a permanent home,
2. Preventing residents from becoming homeless, and
3. Addressing the impacts of homelessness on the community.

**Helping residents experiencing homelessness find a permanent home**

The only durable solution to homelessness is a home, and the City has significantly increased its capacity over the past year to place residents experiencing homelessness in a permanent home by streamlining processes and strengthening collaborations with community partners. The City is also working to develop a new, 70+ unit permanent supportive housing complex, which is a proven best practice nationwide for helping residents who previously experienced homelessness recover, stabilize, and re-integrate into the community in a safe and controlled environment

**Preventing residents from becoming homeless**

The City is engaged in multiple initiatives that together will reduce the risk of many of these hardships, helping stop the rise in homelessness that has been occurring since the beginning of the pandemic. These include:

- An unprecedented affordable housing initiative to increase the affordable housing stock across the city
- Workforce training programs, like the recently launched Construction Career Center, are creating clear pathways to stable, good-paying jobs for those who need them most
- The Community Forward program, a partnership with Hamilton County Schools to place navigators within schools inside the city limits who can provide at-risk students and their families with connections to needed resources

### **Addressing the impacts of homelessness on the community**

The impact of the rise in homelessness in Chattanooga has been felt community-wide, beyond those in immediate crisis. And while the focus areas above are the key solutions to ending homelessness in the city for good, it will take time for some of these initiatives to create long-lasting change. To address the impacts of homelessness on the community in the short term, the City has:

- Coordinated regular meetings with downtown stakeholders, alongside Chattanooga Police Department representatives and Downtown Alliance workers, to more efficiently respond to residents experiencing homelessness who need assistance and competently address illegal behavior from troublemakers
- Added police bike and foot patrols to provide more immediate assistance to residents in business corridors while reopening public restrooms that were closed during the pandemic to allow unsheltered residents to use the bathroom indoors

### **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 OSHS will continue to partner with a variety of City departments and external agencies, in coordination with the Chattanooga Regional Homeless Coalition (CRHC) and CoC, to enhance service delivery to the public. A substantial portion of OSHS's budget of \$3M is made up of City general funds, supplemented with HUD CoC funding and Emergency Solutions Grant (ESG) from the State. OSHS will use the funding to:

- Continue the rapid re-housing program to connect residents experiencing homelessness with short-term rental assistance and services to help them obtain housing quickly, increase self-sufficiency, and remain housed.
- Provide emergency services when a housing emergency occurs in Chattanooga, i.e., when families are suddenly rendered homeless due to extended-stay hotels or multi-family housing units being damaged or closed down because of an emergency. OSHS responds in real time to

ensure displaced families do not spend a single night unsheltered.

- Continue street outreach - providing supplies such as tents, water, nonperishable food, sleeping bags, and first aid kits.
- Continue partnering and collaborating with nonprofits and faith-based organizations to comprehensively address the needs of the homeless in the community. OSHS works closely with a coalition of local partners, including CRHC, Chatt Foundation, Chattanooga Housing Authority, and others to ensure residents at risk are assisted.

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

The City, through OSHS will continue partnering and collaborating with nonprofits and faith-based organizations to comprehensively address the needs of the homeless in the community. OSHS will work closely with a coalition of local partners, including CRHC, Chatt Foundation, Chattanooga Housing Authority, and others to ensure residents at risk are assisted.

The City will continue to dedicate resources to secure stable, permanent housing for people experiencing homelessness as well as focus on opening a low-barrier shelter to eliminate obstacles for homeless individuals to access shelter and seek resources.

The City is allocating \$65,000 of CDBG funds to AIM Center to expand the existing Community Targeted Transitional Support Program. The funding will allow AIM to assist approximately 40 individuals with rental and utility assistance. Metropolitan Ministries will use \$75,000 in CDBG funds for its Human Needs Project to assist 75 households with homeless prevention services.

Additionally, the City has made \$704,700 in CDBG-CV funds available to the Chatt Foundation to assist with facility renovations at the day shelter. The facility provides public access to basic human services such as restrooms, showers, mail service, laundry service, foot care, and social services. The facility is open 365 days a year and averages approximately 450 people per day.

**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**

Stakeholders acknowledge that people experiencing chronic homelessness can be the most difficult to serve, as they are often the most vulnerable in the system. Many people experiencing chronic homelessness suffer from a mental health or substance use disorder and require more resources for

housing stability than people experiencing episodic homelessness. It takes a comprehensive, continuum network of services to assist families to remain housed.

As part of the Housing First model, the Chattanooga community also embraces Permanent Supportive Housing (PSH) interventions for those experiencing chronic homelessness. 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. With the current housing crisis, it is challenging to find affordable housing for households. Building the City's housing ecosystem includes assisting with building permanent supportive housing and through education and outreach, expanding the pool of landlords that will take vouchers.

**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.**

Chattanooga has identified two goals in its Strategic Plan to address the needs of persons who are not homeless but have other special needs. The City of Chattanooga plans to use CDBG, ESG (received from the State) and CoC funds to aid with homelessness prevention through short-term rent and utility assistance and supportive services programs to persons who are facing homelessness. Through the CoC, the City has also implemented a flexible fund to remove the financial barriers to housing for low acuity and first-time homeless households that are experiencing a housing crisis but do not need the longer-term intervention of more traditional PH projects.

Additionally, the City will be funding housing rehabilitation and emergency repair programs that work with the elderly, among other populations, to maintain their home so they can continue to reside there. As a homeowner ages, he/she is often unable to continue to provide the maintenance needed to keep the home habitable. The City's programs work with those homeowners to address pressing issues that arise, such as roof leaks, plumbing failures, or more extensive rehabilitation needed to bring a home completely up to current building code.

## **Discussion**

The City of Chattanooga is committed to ending chronic homelessness and supporting housing security for every Chattanoogaan. By comprehensively addressing the challenge of homelessness, we can guarantee housing security for every resident of Chattanooga.

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

### **Introduction:**

Section MA-10 details some factors influencing affordable housing and residential development in Chattanooga. These factors include a housing shortage, which is largely the result of a decade of underbuilding after the mortgage and financial crisis that began in 2007. In addition, higher interest rates are currently dampening Chattanooga's housing market, including the building and sale of single-family homes and the building of multifamily developments.

The housing market is not naturally producing affordable units, and we have increasingly limited land and limited developer capacity to address the rapidly expanding affordability gap in Chattanooga – especially in residential areas most at risk of displacement. Locally, the following are considered to be some key barriers to building affordable housing:

1. Decreasing availability of developable, affordable parcel: A land use model recently completed by The Chattanooga - Hamilton County Regional Planning Agency (RPA), a joint agency of the City of Chattanooga and Hamilton County, lists the following significant constraints of feasibility of housing development:

- High slope
- Conservation easements
- Reserved space (industrial, military parks, wildlife management areas)
- High-risk flood areas

In addition to these geological and legal barriers, market pressure has dramatically increased the competition for developable land, driving prices up and availability down. There is an increasing prevalence of investor-owned vacant land in “tipping point” neighborhoods, and there is considerable “boosterism” for Chattanooga on real estate investment and development platforms. In 2020, a local property management company ranked Chattanooga as the fourth best market among the nation’s biggest cities for U.S. home sales and price appreciation.

2. Capacity of local affordable housing developers and managers: There is currently insufficient developer capacity to support first-time homebuyers and create affordable units in this increasingly competitive market. A majority of new homes built to provide homeownership opportunities for low- and moderate-income households were constructed primarily by two local non-profit housing organizations. Because the City has historically had enough naturally occurring affordable housing to meet demand, nonprofit partners in the housing sector have been primarily focused on the preservation of existing housing stock. Changing market demands mean that we need new resources and tools to create affordable homes at a meaningful scale and at price points that are aligned with what low- and moderate-income residents can afford.

3. Limited regulatory tools create a reliance on subsidy for affordable housing: Land use tools can reduce

displacement, increase housing supply, and stabilize housing costs, but Tennessee places limitations on these. In 2021, Tennessee preempted cities from any “incentive that makes construction of affordable housing more economical.” State legislators also amended a 2016 law prohibiting rent control to block communities from offering voluntary incentives that would help developers lower the cost of some units, such as density bonuses or reduced parking minimums. Tenants’ rights protections, such as the right to counsel, rent control, or just cause eviction, are also illegal under state law.

**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**

**VIP**

HCI and the Chattanooga - Hamilton County Regional Planning Agency (RPA), a joint agency of the City of Chattanooga and Hamilton County, are engaged in efforts to address a number of regulatory barriers to affordable housing development. One which was recently passed is the Voluntary Incentives Program, or VIP. This is a completely voluntary new program that offers some zoning incentives in exchange for the development of new attainable housing. Chattanooga, in partnership with a state senator, championed to update state law to allow local municipalities to provide voluntary incentives for attainable housing.

Through this program, developers who agree to provide at least 10% of units with rents affordable to households at 80% AMI or below and meet all other program guidelines would be eligible to receive a 30% density bonus and reduced parking requirements.

**ADUs**

In 2022, the Chattanooga City Council voted to approve an ordinance allowing homeowners living on single-family lots to build accessory dwelling units on their property under certain conditions. Their construction will help address the City’s current deficit of more than 5,000 housing units while providing space for seniors to age in place and for multi-generational households to live together.

**Discussion:**

Changing market demands mean that we need new resources and tools to create affordable homes at a meaningful scale that are aligned with what low- and moderate-income residents can afford. The City is committed to addressing/removing barriers that hinder progress in the efforts to expand our housing ecosystem to address our housing crisis.

## **AP-85 Other Actions – 91.220(k)**

### **Introduction:**

#### **Housing Action Plan**

The Housing Needs Assessment (HNA) provided information on what the most pressing housing needs are, the Market Value Analysis (MVA) shows us where help is needed most a Housing Action Plan gives policy and programmatic recommendations on how to address those needs.

In August 2023, the City of Chattanooga released its first-ever Housing Action Plan: A comprehensive policy and program toolkit to address Chattanooga’s affordable housing challenges and to advance housing affordability goals for the City.

Guided by information from the HNA and MVA the plan provides a set of actionable policy and programmatic recommendations to preserve existing affordable rental units, to expand Chattanooga’s affordable housing inventory by bringing new units online, and to create new pathways to homeownership for people for whom homeownership is currently out of reach.

The plan is centered on five key goals that respond to the current state of Chattanooga’s housing market:

- Build the Housing Ecosystem. All housing policies necessarily involve public-private cooperation and partnership. Chattanooga can only address its housing challenges if its capacity and the capacity of its partners is at a scale equal to the challenge it faces.
- Increase the number of affordable, quality rental homes. The decline in the number of affordable rental homes must be reversed to achieve the City’s vision for its housing market and to support equitable prosperity.
- Expand access to homeownership and protect existing homeowners. Until recently, Chattanooga was a city where the American Dream was accessible to households earning the median income, and it must be again to build community wealth.
- Move toward equitable housing for all Chattanoogaans. Closing racial and other inequities in Chattanooga’s housing market must be a component of all the housing policies it adopts.
- Work to make homelessness rare, brief, and non-recurring. To address homelessness, the City must create systemic change that will reduce housing instability by aligning investments in affordable housing and supportive service delivery.

City entitlement funding, CDBG, and HOME, will be used to support the key goals outlined, principally for households with incomes 0-80% AMI, based on the funding source.

#### **Actions planned to address obstacles to meeting underserved needs**

Funding is the major obstacle in providing the services needed to focus on the vast variety of issues that prevent families from breaking out of poverty and from living in the best, most affordable housing

possible. Consolidated Plan goals cannot be achieved with CD funding alone. The City encourages conversations and collaboration between agencies in an effort to meet community needs. The funds will continue to be leveraged with local resources and programs, such as the following, to address underserved needs.

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. CDBG funding of \$65,000 will be provided to AIM Center and \$75,000 to Metropolitan Ministries to assist low-income individuals and families with services to prevent homelessness. This is just a small fraction of other resources and services that will be provided through other City departments, including the Office of Homeless and Supportive Services (OHS) and Office of Family Empowerment (OFE).

The City of Chattanooga's OHS works to both prevent homelessness as well as rapidly house residents experiencing homelessness through street outreach services, community partnerships, a rapid re-housing program, as well as provide emergency services when needed. OFE provides a range of assistance programs and support services to citizens and families in need, including case management for goal-oriented support, life skills training, coaching, and financial assistance.

### **Actions planned to foster and maintain affordable housing**

Addressing the need for affordable housing is a major priority in this city. Additional resources and new tools are being continuously explored. The City's Housing Action Plan will serve as a comprehensive policy and program toolkit to address Chattanooga's affordable housing challenges and to advance housing affordability goals for the City. Though a small portion of the resources that are needed and expected to be available for this priority, over 75 percent of available CDBG and HOME anticipated funding (minus admin) is targeted for housing. The City is addressing the leverage gap and other challenges by making incentives available to developers to encourage investments in affordable housing, including:

- Using the Land Bank Authority to assemble property strategically for development
- Payment-in-Lieu of Taxes (PILOT) program,
- Lobbying the State for changes in the QAP to increase LIHTC development opportunities in Chattanooga
- Eliminating any counter-productive codes and regulations.

### **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. HCI has a staff member licensed by the State of Tennessee and certified by the EPA to perform lead-based paint inspections and dust wipe clearance exams.

### **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. To ensure that any wave of prosperity reaches everyone in Chattanooga, the Mayor has put forth an aggressive workforce development strategy and a number of programs aimed toward increasing economic mobility.

### **Actions planned to develop institutional structure**

Chattanooga's One Chattanooga Plan describes the strategic direction, key priorities, values, and initiatives that define a vision of a community where all Chattanoogaans can thrive and prosper and the practical steps we need to take to achieve it. The plan provides annual objectives for the City of Chattanooga, with measurable metrics that define success and provide accountability to the public.

The plan outlines 7 goals and key priorities.

#### **BUILD A UNIVERSAL PATH TO EARLY LEARNING**

1. Expand access to early learning for all families
2. Integrate our early learning programs from prenatal care to kindergarten
3. Train the next generation of excellent early learning professionals
4. Partner with Hamilton County Schools to provide high-quality learning opportunities and services for families
5. Make Chattanooga an investment-ready early learning model for the nation

#### **CATALYZE ECONOMIC VITALITY IN THE BLACK COMMUNITY**

6. Increase pathways to entrepreneurship and access to capital for all
7. Create robust and accessible workforce development pathways
8. Commit to meaningful and constructive recidivism reduction
9. Advance arts, culture, and the creative economy across Chattanooga
10. Invest in historically underserved neighborhoods
11. Engage and involve the whole community in city planning and investment

#### **ENSURE AFFORDABLE HOUSING CHOICES FOR ALL CHATTANOOGANS**

12. Expand affordable housing inventory across the city
13. Diversify the range of capital options available for affordable housing development
14. Expand supportive housing resources to end chronic homelessness

15. Support both tenants and housing providers with housing security and eviction prevention resources
16. Preserve land for affordable housing in transitioning neighborhoods

#### IMPROVE LOCAL INFRASTRUCTURE & PUBLIC TRANSIT

17. Ensure timely, equitable, and responsive repairs to potholes and road failures
18. Develop a strategic capital plan that includes long-term maintenance
19. Modernize and invest in our public transit system
20. Design Chattanooga for sustainable and inclusive growth
21. Expand and connect our local parks, trails, and greenways system
22. Invest in sustainable and resilient infrastructure

#### BUILD A COMPETITIVE REGIONAL ECONOMY

23. Attract higher-paying jobs with targeted economic recruiting
24. Grow household income for all Chattanooga through workforce development and skills training
25. Ensure essential City workers are paid a living wage
26. Foster a welcoming, inclusive, and prosperous city for New Americans
27. Refine Chattanooga's competitive advantages and traded clusters vs. rival cities

#### CLOSE THE GAPS IN PUBLIC HEALTH

28. Address economic challenges in public health outcomes
29. Prevent violence in our community by addressing root causes
30. Support youth development with intentional support and opportunities
31. Destigmatize mental and emotional health, leading with City policies
32. Ensure all Chattanooga have access to fresh, healthy, and affordable food
33. Leverage and improve outdoor spaces to advance public health

#### PROVIDE RESPONSIVE AND EFFECTIVE LOCAL GOVERNMENT

34. Streamline our city processes and prioritize innovative approaches to city services
35. Increase opportunities for residents to engage local government
36. Implement practices and policies that ensure transparency and accountability
37. Invest in technology, platforms, and practices that allow Chattanooga to lead with citizen involvement and engagement
38. Advocate for local control over local issues and policies at the state and national level

### **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 its 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. The City does not receive ESG directly from HUD.

**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	125,000
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
<b>Total Program Income:</b>	<b>125,000</b>

**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.	0.00%

Annual Action Plan  
2026  
50

**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.

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 local resources and 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, sub-grantee partners: Leveraging resources are strongly encouraged by entities partnering with the City in developing housing.
  - Payment in Lieu of Taxes (PILOT) - Incentivizing private developers to build mixed-income projects. Developers apply to the City for tax relief on rental projects exceeding 10 units.
  - 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.
  - Chattanooga Land Bank Authority - through a competitive process, property is made available to non-profits and for-profits to incentivize affordable housing development
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 loans 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 a separate HOME subsidy would be provided to the new homebuyer.

### **Resale Option**

If the HOME assistance is only used as a 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 throughout the period of affordability. This includes households with incomes at or below 80% AMI paying no more than 30 percent of income for principal, 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, the entire guidelines cannot be outlined here. The guidelines are included with attachments.

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 a provision for sale or recapture as set forth in the City's Resale/Recapture guidelines.

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, as a stand-alone activity. 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)).

NA

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)).

NA

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).

NA

NA