HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD
City of Chattanooga, Tennessee
MONTHLY MEETING MINUTES

John P. Franklin, Sr. Council Building
Assembly Room
1000 Lindsay Street
Chattanooga, TN 37402
for
Monday, June 15, 2026
12:30 PM

Present Board Members: Hicks Armor (Chair); Richard Johnson (Vice-Chair); Andrea L. Smith; Jonathan Mason, Kanika Wellington-Jones, and Malcolm Harris. Absent were Hank Wells (Secretary), Brian Erwin, and Tom Hirsch.

Also present were Phillip A. Noblett (Counsel to the Board); Alex Samber (Bass Berry & Sims); Tommy Atlee (Standard Development Partners); Taylor Brooks (Adams & Reese); Joshua Haston (LDB Development); Janice Gooden (Riverside Area Community); Steve Barrett (Husch Blackwell); Joe Kelly (Chattanooga Housing Authority); and Sandra Gober (Community Development).

Chairman Armor confirmed that the meeting was properly advertised, and there is a quorum present to conduct business.

MINUTES APPROVAL FOR THE MAY 18, 2026, MONTHLY MEETING

On motion of Mr. Jonathan Mason, seconded by Mr. Malcolm Harris, the May 18, 2026, minutes for the monthly meeting were unanimously approved as written and presented. The motion carried.

PUBLIC COMMENTS

There were no public comments.

RESOLUTION

TEFRA Hearing

Standifer Gap P1, LP Bond Issuance $50 million

On motion of Mr. Johnson, seconded by Mr. Harris,

A RESOLUTION AUTHORIZING, SUBJECT TO CERTAIN CONDITIONS, THE ISSUANCE OF NOT TO EXCEED $50,000,000 MULTIFAMILY HOUSING REVENUE BONDS, IN ONE OR MORE SERIES, REGARDING STANDIFER GAP P1, LP, APPLICANT, FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN MULTIFAMILY HOUSING FACILITIES, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS. (HEB-2026-08)

Attorney Noblett asked for information about P1 and P2. They both have the same address. One is a 259-unit multifamily housing facility, and the other is 223. Both of them have the same address at 7610 Standifer Gap.

Mr. Joshua Haston is a developer with LDB Development. They are a national developer located in Louisville, Kentucky, but he is in our Tennessee Office and based in Nashville. This particular project is a multi-phase project. We are talking about the beginning phases of what we hope will be a mixed-income development in a very high opportunity community. This particular project is called a Four Percent LIHTC program and that program helps to preserve livability and attainability for folks for a long period of time. In this particular project, we are partnering with the Housing Authority to make sure we are broad-based and working with the community. We are coming to the Board early for this TEFRA and bond inducement as we work through the beginnings of the financing. We are working with HUD, THDA, and how we set this project up. We are working largely with families in this community. It is a mix of ones, twos, threes, and fours across both phases. With that, it is certainly a broad-based income. We know that housing costs across the country and also Chattanooga have seen an increase. With regard to financing, we are hoping for long-term affordability so folks can stay and prosper in the community. We are hopeful to build this community and maintain long-term affordability.

Chairman Armor said you have 259-units in this one and they are mixed-income and you talked about – explain a little about what you said that will help protect the pricing or the affordability for people. Great question. This program we use is called Low-Income Housing Tax Credits. That particular financing tool specifically the Four Percent LIHTC requires that a significant portion of the development's hard costs are financed using tax-exempt bonds and we look at the tax credit itself is primarily the equity source. Developers like Mr. Haston will apply for tax credits and bonds through THDA assuming we check the right boxes in which this case we believe that they do. We will receive those tax credits and tax-exempt bonds and package them for the bank. That bank purchases those tax credits and that action itself becomes the equity of the transaction. The bank, on paper, owns 99.99% of the deal in exchange for receiving those tax credits on an annual basis for 15 years.

Chairman Armor asked if it is income-based on affordability? Mr. Haston said yes, this particular project LDB utilizes what is called income averaging. We are looking to serve a broad range of incomes across the development and in doing so, we will be able to attract a tenant base that serves jobs in the community such as teachers, some may be working at the mall. A broad spectrum of tenants they can serve but they are all based on what income they make in terms of how they qualify. Chairman Armor asked if there are any numbers of units reserved for any income strata or is it whoever comes in the door first that qualify based on their income get a unit.

Mr. Haston said we need to be very careful how to answer this question because there is certain guidelines with how we are able to either accept or deny a qualified tenant. We vet their applications and make sure they qualify income wise. That means we are verifying their W-2's, their paystubs, all of that information to make sure we are in federal compliance. We are not discriminating based on income from that perspective as long as they qualify for the metrics. This is broad-based so with some of our partnerships with the Housing Authority we would be serving folks that are making down to $20,000 to $73,000 if it were belted in. It depends on the household size and your income, but we are not denying you as long as you fill in a certain bracket.

Chairman Armor said it is based on what the person comes to the table with as far as income and need versus reserving so many for low to moderate income. Correct. Under the program as we are income averaging the development itself needs to have an average income of 60% AMI. We are serving some of those that are made above 60% and some made below 60%. We average 60%. Chairman Armor said that is a goal. From an audit standpoint then you have to hit the 60% target overall but his, mine, and hers may be totally different as long as you can come in at that number. Also, the way it works, one-bedroom household they are going to be different than a three-bedroom household. It is all to make sure that the individual household is not paying more than 30% of their income with that specific unit at that specific AMI.

Chairman Armor asked if that becomes a dilemma or challenge. It is based upon you also having to match where you are going. You can't make too many average pieces because if you get off too far, you can end up not where you need to be at the end. Correct. After further discussion, it is a balance.

Ms. Jones said how can we measure that? We have property managers that are looking at all of the information that the applicants provide and then there are certain federal guidelines we have to adhere to. There is a lot of property management software to make sure we stick within those guidelines. We have a general idea of how many folks we can serve with different incomes, and we are building a little bit of barrens with that to make sure we are having that flexibility but also being in compliance with the federal government.

Ms. Jones said affordability was also mentioned. When you said for a long period of time, what is that number? Under the timeline with the LIHTC program, Tennessee requires a minimum 30 years of affordability. With our partnership with the Housing Authority, the intent is long-term affordability beyond that. The hope is that as these restrictions expire, we are actually reapplying and extending those restrictions further. That is the goal.

Mr. Joe Kelly (Housing Authority) spoke and said it is their intent for these units to remain affordable. Chairman Armor said that means they would not be changing the basic formula with which you start. As long as your software can keep you at the average of 60%, that is the goal for you and for them long-term. You will not be looking for some years to change that formula mix. Mr. Haston said yes, at least for the first 30 years. Chairman Armor said as the AMI changes that could help you somewhat. If it goes up then your formula gets a little breather, you are not serving the more needy, but you have to have it in the mix to keep the overall number where it is.

Mr. Haston thinks he understands what you are saying but wants to make sure the way that it is quantified, as the whole area comes up, yes, that number goes up but you are still serving at that median amount. We have seen this in Nashville for example, where the rents have skyrocketed, because a lot of folks from California moved in. But because of the restrictions, folks are making way up here, our folks are still usually making that same income. Even though we can charge higher, that is not reality of what happens because we cannot charge folks more than the 30% of their income. Even on paper we can charge more, and the market will not support that.

In Nashville, an 80% AMI on paper, he can charge like $2,000 a month. There is no way we can make that happen. It is unattainable. Chairman Armor said the issue we have gotten into here is that we have seen the AMI go up and Chairman Armor has a daughter who has now moved and has a master's degree and what she makes she could not afford the subsidized rate. What you are saying is your formula could go up and that driven by high income people, but there are still people here who cannot afford it so you saying you almost have to make it affordable for those where they are no matter what the formula is, and this happens to be it does not bring the formula down so your average may be less than 60% because of how you to have to price it to be able to rent.

Mr. Haston said this is a market-based subsidy. We can charge a higher amount, but the market and the tenant cannot afford a lot of those higher rents. Our existing property in Chattanooga serves up to 80% AMI. We are not charging that maxed rent because we know we cannot achieve it. After further discussion, affordability was discussed. This particular deal would not be possible but for the partnership with the Housing Authority. That was the same thing for our first deal on this development. At LDB, their mission and their mantra is that everybody deserves a quality of place to live. After further discussion, there is a limited amount of funding available. It takes the financing to help the construction be affordable. It would not be developable without the LIHTC program and without this other piece of financing.

Mr. Johnson said thank you for being here. Relative to Phase 1 and Phase 2, do Phase 1 and then Phase 2 is later on. Their intent is to build Phase 1, lease it out, and then come back and do Phase 2. We are a little bit on the early side to determine the timing but Mr. Haston suspects that Phase 2 will start after they have completely finished Phase 1.

Mr. Harris asked about progress with Phase 1 if the leasing is not what you are expecting and what would happen to Phase 2. We see the demand but in a great sub-market like this close to the mall and Volkswagen we foresee it a good place to build but restraints are on the market itself as we see interest rates and things like that and inflation which impact the development. Mr. Harris asked what previous issues that you are in the Chattanooga market already, what do you see that you would want to correct on this project?

Mr. Haston said they have a large portfolio. They own over 29,000 apartment units. Every year and every development they are tailoring a market and sub-market. We are looking at whether that is design, amenities, or additional security, things of that nature. Lessons learned from their first deal are what are the levels of security we are incorporating on the front end. We are having way more security cameras, a lot more programming for the residents, summer programs with children engagement, and community impact.

Mr. Johnson asked if they would have on-site administrator on a promoting basis. That is one of their top things. They always have on-site management which is part of the scale of the development. Sometimes some of these developments are much smaller and when you have those small developments they cannot afford on-site leasing and security, which is part of the reason why we have the larger scale because you have a scale to support on-site management.

Attorney Noblett said we are dealing with two $50 million bond issuances which is a significant amount of bonds. The one for Phase 1 has 259 units and multifamily housing. Any percentage of one-bedroom, two-bedrooms, how are those numbers? Mr. Haston said they are still trying to figure that out. As they are continuing their market study and construction as well as hard costs of construction. He imagines that the bulk of those are going to be twos and threes with smaller amounts of ones and fours. That is generally what they see across most portfolios as a lot of folks of young families are being priced out of markets. What they have seen in their portfolio is we are averaging 2.2 kids per apartment. Under HUD guidelines that single mom or dad might have two kids and that is the two and three-bedroom apartments based on their income.

Mr. Johnson said it is just a matter of 36 additional units, and the 259 units is how you figure? Mr. Haston said with a lot of these guidelines and timing, they are trying to backend to various numbers based on what THDA's program says today versus what it might say a couple of years from now. They are giving them some flexibility. They do not anticipate using the full $50 million at this point but we just do not know how THDA will change their guidelines. Attorney Noblett asked if any of these units are for purchase or for rental? They are all for rent.

Attorney Noblett wanted something about timing. We have it on the agenda for an issuance up to $50 million in bonds here regarding this particular location. Do you need us to pass a resolution regarding the entering into this or is this just the TEFRA hearing today? Mr. Haston said they need both the TEFRA as well as the bond inducement that are tied to the timing. The THDA has historically done a couple of different bond rounds per year. It surprised everyone in the community by changing that timeline about a month and a half before. We are trying to apply for bonds by June 30th of this year for Phase 1 and 2. Going back to timing, we need the bond inducement to lock in both of those. Mr. Haston does not expect to come back for a firm commitment to that until a later date.

Attorney Noblett said that the resolution that is first on the agenda today is actually authorizing subject to certain conditions the issuance up to $50 million worth of bonds for the purpose of financing the acquisition, construction, and equipping of this unit which is the P1 Standifer Gap. Under THDA guidelines they are trying to submit both for a conditional commitment so we can keep both of those bond inducements. There will need to be a vote on the issuance of those bonds.

Chairman Armor said you can help with the procedural part. We do not need a vote on TEFRA, but we do need it on the bond. Vote now on the bond issue and then go to two. We will not have another meeting before June 30th. There were no other questions on the TEFRA hearing P1. The TEFRA hearing was closed on P1 for the bond issue.

The motion carried. Attorney Noblett said your authority is not for us to actually give you $50 million but you can use the bond rate of this entity in order to achieve that. Wanted to make sure that was clear on the record.

ADOPTED

RESOLUTION

TEFRA Hearing

Standifer Gap P2, LP Bond Issuance $50 million

On motion of Mr. Johnson, seconded by Mr. Harris,

A RESOLUTION AUTHORIZING, SUBJECT TO CERTAIN CONDITIONS, THE ISSUANCE OF NOT TO EXCEED $50,000,000 MULTIFAMILY HOUSING REVENUE BONDS, IN ONE OR MORE SERIES, REGARDING STANDIFER GAP P2, LP, APPLICANT, FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN MULTIFAMILY HOUSING FACILITIES, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS. (HEB-2026-09)

We have a TEFRA hearing on P2. Up to $50 million but also 223 units. Is there anything different in this one at the 30,000 sq. ft. level?

Attorney Noblett said that this one will not start until you at least have substantial completion on Phase 1. As of now, that is what they are considering. What is the timing? This will take about a two-year window to construct. Two years from when we break ground. It just depends on how we get the financing. Probably come back in 2029.

After further discussion, Attorney Noblett said he has our blessing to go to the bonds. He has our blessing to go to the bonds and try to use the City's bond rate in that regard. If he does not complete the project, there will be no basis for the issuance of the bonds. Chairman Armor asked does giving him our approval on an additional $50 million, attract anybody else? Attorney Noblett said that if anybody else was going to try to build Standifer Gap unless they can get a $50 million bond arrangement at our rate, they would not do so. We are helping them tie up that property.

Mr. Haston said part of this coming to the Board for a second phase now is tied to a piece of the financing. We need to designate and assure HUD that we are trying to piece the financing to make sure we are keeping our financing.

Mr. Johnson asked if you are trying to lock in a rate. Mr. Haston said not a rate. There is a chunk of the financing that has come from HUD, so we need to show HUD that we have the okay to close. It shows he has the approval without a rate as long as he can meet the guidelines of the bond, he has our approval. Correct. This is multi-step. We had traditionally done what we call a privately placed bond transaction. It is not tying up the City's authority, it is not in any way encumbering the Board or the City, and the Board is not being held liable. It is in no way affecting the Board or your bond capacity. This is all tied to giving us the ability to apply for those bonds from THDA. Should their financial perspective change, it could affect their ability to get them even if we give approval.

After further discussion, the County was mentioned and the PILOT procedure was shown to them this past week about LIHTC.

Mr. Joe Kelly will only add for a final point on the need for the inducement now for the HUD purposes, is that HUD has accelerated a number of steps in this financing process. It is a material difference for our ability to proceed with HUD to have its approval now as opposed to some later date. It makes a difference to the viability of this project.

Attorney Noblett asked if CHA have any concerns over the numbers of units. We are talking about one-, two-, and three-bedroom units. He has some four. Mr. Kelly said that is a fantastic question. This site has been shopped by different developers for a number of years. This is not a new site for them. We have heard multiple proposals. The site is conducive to a large-scale development. We have been very sensitive to the nature of the development that goes there. It has been their belief that this needs to be mixed-income development that serves folks at 30% AMI and below all the way up to 80% AMI so that this is essentially a mix of housing for our most needy folks as well as workforce housing to create a mix that is just like the community at large. Our goal is to avoid creating a consecration of poverty which we have done numerous studies and experience has shown us is not a good outcome for our residents. The reason we are behind this project is essentially the mixed-income nature. We are okay with the size as long as we have a good income mix.

Chairman Armor asked if we have been very successful. We have talked a lot about mixed income as long as he has been on this Board. Do we have very many successes in our belt on mixed income versus the other? Mr. Kelly said mixed income is a newer tool as he says over the last decade, but our initial returns on these has been very satisfactory. So, we have actually been able to have some actual mixed income. Mr. Kelly said we absolutely can achieve the mixed income. That has not been a problem. As an example, the Westside is another mixed income. Chairman Armor said the Standard Coosa Thatcher property is the same thing. Mr. Kelly said that is their model. That is five years old now and was one of our first mixed income. Mr. Kelly said they have had good outcome. Chairman Armor said he thinks it is the right thing to do. Ms. Sandra Gober does not have anything from the City.

The TEFRA hearing closed. The motion carried.

ADOPTED

RESOLUTION NO. HEB-2026-10 (WITHDRAWN)

Standard Kensington Venture LP Bond Issuance $17.8 million

Mr. Tommy Atlee with Standard Development Partners. They were hoping to go two for two as well, but we have to withdraw this item because they could not make the terms work out with the seller for the land of this project. This item was withdrawn at Standard's request.

RESOLUTION

TEFRA Hearing

Standard Brainerd Venture LP Bond Issuance $31 million

On motion of Mr. Mason, seconded by Mr. Johnson,

A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE RELATING TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR AN AMOUNT NOT EXCEEDING $31,000,000 TO PROVIDE FINANCING TO STANDARD BRAINERD VENTURE LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 7453 E BRAINERD ROAD, CHATTANOOGA, TENNESSEE. (HEB-2026-11)

Mr. Atlee said the project is financed identically to the LDB item. In their case, they are focusing on family units. They plan to build 131 town homes and will all be rental town homes and targeted with an average AMI at 60%. They are working with the Housing Authority for part of their financing and will be part of the ownership of the project as well. The project is on East Brainerd just past Gunbarrel Road. The proximity is to a lot of employment centers as well as being an opportunity area will provide an opportunity to be a successful property to help encourage its residents to work their way out of low income and have more access to opportunity.

Mr. Atlee said they all plan to be the same size. Three bedrooms, two and a half bathrooms, and there is going to be really a bit of deviation in the square footage, but it is approximately 1,700 to 1,900 sq. ft. There will be about six units in each building. The average based rent will be about 50% AMI level. We are forecasting that to be – he will have to check the number on that. It is the median income. Guessing, the range would be somewhere from $900 to $1,500. They are also partnering with the Housing Authority for project-based vouchers for this project. There are families with an especially low income who will have income support that will help them support the rentals of these townhome units. The plan is to build multiple buildings of the same design for the purposes of creating a unified experience but also to the economy's construction costs.

Mr. Johnson asked regarding the location if it is the old elementary school as you are headed east. It is the old East Brainerd school. They are planning to apply in the June 30th application deadline for THDA and hope to hear back from them in the following three months and after that it is a manner of tying down the rest of the financing package. The target is to have a financial closing by the end of the year although we have to go through a lengthy HUD process as well. Their target is end of the year but to break ground on the project.

Mr. Johnson wanted to confirm the 22 buildings, will they all be identical? From the outside they will look the same. We may be using different materials, like siding, to differentiate buildings. They have not progressed that far in their site design. All will be furnished. Mr. Atlee thinks it is three stories.

Ms. Jones asked if they have any outreach plans for seniors, working families? Part of the progress for the HUD financing and THDA as well, there is a tenant outreach program where they partner with institutions, local stakeholders, and will be partnering with the Housing Authority and working with the City as well, local community centers, things of that nature to spread the word about the availability of these units. Rather than being marketed online, there is community outreach in place.

Mr. Mason asked if there will be on-site amenities. They will not have a pool but will have a community room, a fitness center, and business center so that people can have access to computers or printers, and things of that nature. They will have on-site property management staff as well as maintenance. The plan is to have a one centralized community space for that type of thing. Since we are targeting families as well, he thinks they have plans for a small playground and some sort of outdoor amenities. It is important for younger residents to do and keep occupied. Plenty of opportunities for kids to stay active, engaged in arts, and other academic pursuits.

Mr. Mason asked about a traffic study in the area. Do you know what sort of impact there may be that this development will have to help address that? Mr. Atlee cannot speak to the finality of the traffic study yet and thinks that is something they have been pursuing but the plan is to improve Joiner Road the property abuts and have an entrance off there to try to move residents as they exit the property away from Brainerd and make a left onto Gunbarrel. That will be a part of the process as they work with the City on the final design.

Ms. Jones asked if this development is in partnership with HUD still sticking to that 30-year, long-term affordability policy. Yes, they plan to pursue the same affordability restrictions with THDA and the Housing Authority. The intention is to keep this as a low-income serving property for the long-term.

Ms. Smith asked if there will be units for the handicapped. Mr. Atlee said they will have five percent of their units designated to be accessible for people with mobility issues and two percent for people with vision/auditory issues. This is to file the paperwork before June 30th. As part of the THDA application, they need to show evidence of the TEFRA hearing and a preliminary bond inducement resolution. The TEFRA hearing is closed.

The motion carried.

ADOPTED

RESOLUTION

One Westside Phase 3B, LP Bond Issuance $12 million

On motion of Mr. Johnson, seconded by Mr. Harris,

A RESOLUTION RATIFYING THE CHAIR'S EXECUTION OF THE 2026 MULTIFAMILY TAX-EXEMPT BOND AUTHORITY FIRM COMMITMENT LETTER WITH THE TENNESSEE HOUSING DEVELOPMENT AGENCY (THDA) REGARDING THE ONE WESTSIDE PHASE 3B, LP BOND ISSUANCE DEVELOPMENT LOCATED AT 1216 GROVE STREET, CHATTANOOGA, TN 37402, IN THE AMOUNT OF $12 MILLION. (HEB-2026-12)

This is ratifying Chairman Armor's signature giving them the exemption because they need it to get something done. They needed it before the 1st of June and that is the reason it was signed and executed on the 27th day of May. The Board is ratifying what Chairman Armor has already done. This allows them to start the bond component on Phase 3 for $12 million.

Ms. Jones said that the people are already starting to occupy already. Mr. Kelly said that since this is a CHA project, he can give an update. We have gone vertically on the Phase 1 and Phase 2. We are not at the point of occupancy yet. But we will be before Phase 3 starts because Phase 3 is our first phase where we start demo of the existing College Hill Courts. Not all but a section. We are not leasing yet, but those units will be on schedule and should be available before we start demo. Ms. Jones asked as the occupancy opens up, are you going to be able to track the returning residents? Mr. Kelly said absolutely. The current residents and returning residents are tracked constantly and are in contact with those folks. Chairman Armor said he brought that up because he heard that they had not and brought it up at the last couple of meetings. Chairman Armor is glad it was clarified. He was reassured that everybody who is in College Hill who wants to move can, but he heard differently. Mr. Kelly said that everyone who is a College Hill resident has a right to essentially return and that has been the way we have been doing it on day one. Phase 3 is the first one with demolition.

Attorney Noblett said it is on Hwy. 27 headed to I-24. It is on Hwy. 27. As you are going down Hwy. 27 right before you get to the I-24/40 on ramp, you can see it. Those are Phase 1; Phase 2 is behind those units which will be higher. A structured, parking five-story building.

The motion carried.

ADOPTED

OTHER BUSINESS-DISCUSSION

There was no other business.

After further discussion, a motion was made to adjourn the meeting by Mr. Johnson, seconded by Mr. Mason, and the meeting adjourned at 1:25 PM.

Respectfully submitted,

Hank Wells, *Secretary*

APPROVED:

Hicks Armor, *Chair*