

RESOLUTION NO. 32385

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN INTERGOVERNMENTAL HOUSING COOPERATION AGREEMENT, IN SUBSTANTIALLY THE FORM ATTACHED, TO TRANSFER TWENTY MILLION DOLLARS (\$20,000,000.00), FROM FUNDS SET ASIDE IN FY23 FOR AN AFFORDABLE HOUSING INITIATIVE TO SEED THE HOUSING PRODUCTION FUND ADMINISTERED BY INVEST CHATTANOOGA.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby authorizing the Mayor to enter into an Intergovernmental Housing Cooperation Agreement, in substantially the form attached, to transfer \$20 million, from funds set aside in FY23 for an Affordable Housing Initiative to seed the Housing Production Fund administered by Invest Chattanooga.

ADOPTED: January 21, 2025

/mem

CITY OF CHATTANOOGA
(a municipal corporation duly created and
existing under the laws of the State of
Tennessee)

and

INVEST CHATTANOOGA
(a public body corporate and politic duly created and
existing under the laws of the State of Tennessee)

INTERGOVERNMENTAL HOUSING COOPERATION AGREEMENT

Dated _____, 2024

INTERGOVERNMENTAL HOUSING COOPERATION AGREEMENT

This **INTERGOVERNMENTAL HOUSING COOPERATION AGREEMENT** (this “**Agreement**”), made and entered into on _____, 2024 (“**Effective Date**”), by and between The City of Chattanooga, a municipal corporation and politic duly created and existing under the laws of the State of Tennessee (the “**City**”), and Invest Chattanooga (“**IC**”), a non-profit corporation and related entity of the Chattanooga Housing Authority, a body politic organized under the Housing Authorities Law of the State of Tennessee (“**CHA**”).

W I T N E S S E T H:

WHEREAS, Mayor Tim Kelly (along with any successors the “**Mayor**”) has committed to creating or preserving additional affordable housing units in the city of Chattanooga (the “**City**”); and

WHEREAS, the City has determined that by developing mixed-income affordable housing on public land and ensuring that publicly held assets are positioned to address the critical need for affordable housing, the City is fulfilling its role as the primary steward of publicly owned land; and

WHEREAS, the City, CHA and IC have agreed upon a set of collaborative guidelines for the purpose of identifying, funding, and developing mixed-income housing and other public improvements (the “**Collaborative Guidelines**”) attached hereto as Exhibit A.

WHEREAS, the “**Tennessee Housing Authorities Act**” (T.C.A. § 13-20-101 *et. seq.*, the “**Housing Authorities Law**”) authorizes CHA to incorporate one or more nonprofit corporations pursuant to the “**Tennessee Nonprofit Corporation Act**” (T.C.A. § 48-51-101 *et. seq.*) as subsidiary corporations of CHA for the purpose of carrying out any of the powers of CHA and accomplishing any of the purposes of CHA, which subsidiary corporations shall be public bodies corporate and politic exercising public and essential governmental functions; and

WHEREAS, pursuant to such authorization, on August 27, 2024, at the request of the City, CHA authorized the creation of IC, to assist with the financing and construction of mixed-income housing and carry out any activities authorized under the Tennessee Nonprofit Corporation Act and the Tennessee Housing Authorities Act, provided that IC will not exercise the power of eminent domain under the Tennessee Housing Authorities Act without the prior written consent of CHA and the City; and

WHEREAS, the creation of a public corporation for the purpose of developing publicly owned land is an internationally proven model that has led to the successful deployment of public land to address the critical need for affordable housing, and ensuring the long-term public benefit of publicly held assets; and

WHEREAS, IC has been established to work alongside other public and private partners to strategically develop public land, mixed-income housing, and other neighborhood improvement efforts; and

WHEREAS, IC is not an authority, but pursuant to the Tennessee Housing Authorities Act, IC is authorized to exercise the powers of a housing authority under the Tennessee Housing Authorities Act as a subsidiary corporation of CHA, provided that IC will not exercise the power of eminent domain under Tennessee Housing Authorities Act without the prior written consent of CHA and the City; and

WHEREAS, the Tennessee Housing Authorities Act authorizes CHA, for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of any work or undertaking of IC pursuant to the Housing Authorities Law, located within the area in which it is authorized to act, to, upon such terms, with or without consideration, as it may determine, (i) do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of any work or undertaking of IC pursuant to the Housing Authorities Law, (ii) enter into agreements (which may extend over any period, notwithstanding any provision or rule of law to the contrary) with IC respecting action to be taken by CHA pursuant to any of the powers granted by the Tennessee Housing Authorities Act, (iii) and the Board of Commissioners of CHA (the “**CHA Board**” and, if required, subject to the prior approval of the United States Department of Housing and Urban Development (“**HUD**”) take such other actions to support IC’s mission to fund and develop affordable and mixed income housing in the City; and

WHEREAS, the City and CHA each own certain parcels of land, and (1) IC and (2) CHA or City as applicable will agree in writing to select certain parcels of land to be developed into mixed-income housing, including affordable housing (the “**City Land**” or “**CHA Land**” as applicable); and

WHEREAS, the City, CHA and IC anticipate that IC may also acquire, finance or develop affordable and mixed-income housing on parcels of land owned by third parties under the terms of this Agreement (the “**Additional Land**”); and

WHEREAS, the City Land, CHA Land and Additional Land may sometimes hereafter be referred to collectively as the “**Land**”); and

WHEREAS, the City and CHA as applicable desire to dispose of the City Land and/or CHA Land, as applicable, through long-term leases or conveyances, primarily for the purpose of developing mixed-income housing, including affordable housing, on the Land; and

WHEREAS, consistent with the goals and objectives of increasing affordable housing in the city of Chattanooga, upon approval by HUD if required, and the City, IC desires to work with the City to acquire and develop the Land primarily for the purpose of developing mixed-income housing, including affordable housing, on the Land; and

WHEREAS, the development of mixed-income housing, including affordable housing, on the Land will address the critical need for affordable housing in the city of Chattanooga; and

WHEREAS, IC and City desire to enter into this Agreement, setting forth the general terms and procedures that will govern the use and development of the Land; and

WHEREAS, the City, under the authority of Ordinance No. 13841, adopted by the Chattanooga City Council (“**City Council**”) on June 14, 2022 adopted the Fiscal Year 2023 budget

which included a \$33,000,000 allocation to seed an affordable housing initiative for the city of Chattanooga; and

WHEREAS, the City under the authority of Resolution _____, adopted by the Chattanooga City Council on _____ has transferred \$20,000,000 for the purpose of creating a Housing Production Fund for the construction of affordable and mixed-income housing in the City (the existing \$20,000,000 fund plus any gains and any additional sums subsequently authorized by the City are the “**Housing Production Fund**”); and

WHEREAS, IC and the City propose to enter into this Contract, under the terms of which the City will agree to transfer \$20,000,000 of the Housing Production Fund Proceeds to IC, convey City Land as agreed to between the parties and provide such other assistance, all in connection with the implementation of the Collaborative Guidelines, and in consideration therefor, IC will agree to use the Land and the proceeds of the Housing Production Fund to implement the priorities and strategies of the Collaborative Guidelines, among other things as may be approved by the City and CHA; and

WHEREAS, the execution of this Contract by the City has been authorized by Resolution No. _____ of the Chattanooga City Council adopted on _____, 2024 and approved by the Mayor on _____, 2024;

NOW, THEREFORE, in consideration of the respective covenants, representations, and agreements hereinafter contained and in furtherance of the mutual public purposes hereby sought to be achieved, IC and City agree as follows:

[REMAINDER OF PAGE BLANK]

ARTICLE I DEFINITIONS

In addition to the words and terms defined elsewhere herein, the following words and terms shall have the meanings specified below, unless the context or use indicates another or different meaning or intent:

“**Housing Production Fund**” shall have the meaning assigned to that term in the recitals to this Contract.

“**IC**” shall have the meaning assigned to that term in the preamble to this Contract, and its successors and assigns.

“**City**” shall have the meaning assigned to that term in the preamble to this Contract, and its successors and assigns.

“**CHA**” shall have the meaning assigned to that term in the preamble to this Contract, and its successors and assigns.

“**HUD**” shall have the meaning assigned to that term in the preamble to this contract, and its successors and assigns.

“**Contract**” means this Intergovernmental Housing Cooperation Agreement between the City and IC, as it may be supplemented and amended from time to time in accordance with the provisions hereof.

“**Effective Date**” shall have the meaning assigned to that term in the preamble to this Contract.

“**Housing Authorities Law**” shall have the meaning assigned to that term in the recitals to this Contract, as the same may be amended from time to time.

“**Collaborative Guidelines**” shall have the meaning assigned to that term in the recitals to this Contract)

“**Mayor**” shall have the meaning assigned to that term in the recitals to this Contract.

“**Land**” shall have the meaning assigned to that term in the recitals to this Contract.

“**City Land**” shall have the meaning assigned to that term in the recitals to this Contract.

“**CHA Land**” shall have the meaning assigned to that term in the recitals to this Contract.

“**Additional Land**” shall have the meaning assigned to that term in the recitals to this Contract.

ARTICLE II REPRESENTATIONS

Section. 2.1 Representations by IC. IC makes the following representations as the basis for the undertakings on its part herein contained:

(a) IC is authorized to enter into the transactions contemplated by this Contract and to carry out its obligations hereunder, has been duly authorized to execute and deliver this Contract, and will do or cause to be done all things necessary to preserve and keep in full force and effect its status and existence.

(b) The execution and delivery of this Contract and the performance of all covenants and agreements of IC contained in this Contract have been duly authorized by proceedings of IC adopted at public meetings duly and lawfully called and held.

(c) There is no litigation or proceeding pending, or to the knowledge of IC threatened, against IC that has or could have a material adverse effect on the right of IC to execute this Contract or the ability of IC to comply with any of its obligations under this Contract.

(d) IC hereby warrants that it is not subject to any bylaw or contractual or other limitation that in any way limits, restricts, or prevents it from entering into this Contract and performing its obligations hereunder.

Section. 2.2 Representations by City. The City makes the following representations as the basis for the undertakings on its part herein contained:

(a) The City is a municipal corporation and political subdivision duly created and validly existing under the laws of the State of Tennessee, having the power to enter into and carry out its obligations under this Contract, and, by proper action of its governing body, has authorized the execution and delivery of this Contract and the taking of any and all such actions as may be required on its part to carry out, give effect to, and consummate the transactions contemplated by this Contract, and no approval or other action by any governmental authority, agency, or other person is required in connection with the delivery and performance of this Contract by it except as shall have been obtained as of the date hereof.

(b) This Contract has been duly executed and delivered by the City and constitutes the legal, valid, and binding obligation of the City enforceable in accordance with its terms, except as enforcement may be limited by the application of equitable principles.

(c) The authorization, execution, delivery, and performance by the City of this Contract and compliance by the City with the provisions hereof do not violate the Constitution or the statutes of the State of Tennessee relating to the City or constitute a breach of or a default under, any other law, court order, administrative regulation, or legal decree, or any agreement or other instrument to which it is a party or by which it is bound.

(d) There is no litigation or proceeding pending or, to the knowledge of the City, threatened against the City that has or could have a material adverse effect on the right of the City to execute this Contract or its ability to comply with any of its obligations under this Contract.

[REMAINDER OF PAGE BLANK]

ARTICLE III TERMS OF AGREEMENT

Section. 3.1 Term. The term of this Agreement shall remain in effect from the Effective Date until terminated by any of the parties as set forth below (the “**Term**”); provided, however, that in no event shall the term of this Agreement extend for more than fifty (50) years. Provided, however, that the term of any lease, conveyance or other transfer of all or any portion of the CHA Land, City Land or Additional Land shall be subject to any requirement imposed by HUD and determined by the provisions in the applicable ground lease, deed, license, operating agreement or other conveyance instrument. Notwithstanding the Term set forth above, either party may terminate this Agreement with one hundred twenty (120) days advance written notice to the other party; provided, however, assuming such payments have been approved by the Board of Directors of IC (the “**IC Board**”), CHA Board or the City Council or included in the budget for a particular project approved by the IC Board, City Council or CHA Board, that the party exercising such right of termination for reasons other than for “cause” shall pay or provide for the payment of all reasonably documented due diligence, HUD approved pre-development expenses, and other reasonably allocable pursuit costs and expenses incurred by the other party on or before the date of notice of such termination (unless otherwise agreed, in writing, by both parties prior to the termination date). For purposes of this Agreement, the term “**cause**” shall mean a material breach of this Agreement (and any supplemental agreements or amendments hereto) by a party that remains uncured ninety (90) days after the other party notifies the party in breach in writing of such breach. Without limiting the general nature of the foregoing, for purposes of this definition “**material breach**” shall include a party’s failure to satisfy its material obligations under this Agreement.

Section. 3.2 City Land. The City hereby agrees to grant to IC an option to purchase the City Land, in a form reasonably acceptable to the City and IC. All such options to purchase shall be for ten dollars (\$10.00) (the “**Option Price**”) Upon the exercise by IC of the option to purchase the City Land, the City shall proceed with scheduling a closing to convey the City Land to IC by sale, lease, license or otherwise as determined the most prudent by the parties. IC hereby covenants and agrees that, upon such conveyance, IC shall implement the development of affordable and mixed-income housing and neighborhood improvements on the City Land pursuant to the goals of the Collaborative Guidelines. The City Land shall be used solely for the implementation of the goals of the Collaborative Guidelines, or for such other use as permitted under the Housing Authorities Law and consistent with the goals and objectives for which IC was formed.

Section. 3.3 Housing Production Fund Proceeds. Administration of Housing Production Fund. The City shall transfer the current \$20,000,000 corpus of the Housing Production Fund to an account controlled by IC for use for the sole purpose of (i) financing and construction of affordable and mixed-income housing and other public improvements within the city of Chattanooga consistent with the goals of Collaborative Guidelines; (ii) reasonable operational, administrative and professional fees consistent with operating IC. The administration of the Housing Production Fund, including any expenditures therefrom shall be subject solely to approval by the IC Board subject to the terms of this Contract and applicable law. The City may, but is not required to, at the City’s sole discretion, and on terms acceptable to the City, advance

additional funds to IC for inclusion in the Housing Production Fund.

Section. 3.4 Administrative and Operational Support. The City acknowledges and agrees that the implementation of the goals of the Collaborative Guidelines will require significant resources. The City hereby agrees to provide certain administrative and operational support services (directly or indirectly) to IC in connection with the implementation of goals of the Collaborative Guidelines. In this connection, IC acknowledges and agrees that the City shall have the absolute right and option to procure the services of third parties, employing its ordinary and customary policies and procedures in connection with the provision of administrative and operational services to IC.

[REMAINDER OF PAGE BLANK]

**ARTICLE IV
ADDITIONAL
REPRESENTATIONS OF CITY**

Section. 4.1 Further Assurances and Corrective Instruments, Recordings, and Filings. The City agrees that it will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments, certificates, and acknowledgments as may reasonably be required for carrying out the intention of or facilitating the performance of this Contract.

Section. 4.2 Confirming Documents. Each of the City and IC hereby agrees that it shall, upon request by the other party, authorize, execute, and deliver any certificates, letters, or other documents and instruments confirming each such party's respective obligations under this Contract, or the execution and delivery of this Contract.

**ARTICLE V
SPECIAL COVENANTS OF IC**

Section 5.1 Maintenance of Records. IC shall furnish any other such related and reasonable information as the City or CHA, or HUD, or the United States Department of Treasury may require, which shows funds distributed pursuant to this Agreement are being used solely for the purposes set forth in this Agreement. IC agrees to maintain documentation and records relative to this Agreement and the expenditures made with funds distributed pursuant to this Agreement as is required by law. The books, records, and documents relating to the expenditures made with funding received under this Agreement shall be maintained for the period required by the Tennessee Open Records Act and may be audited by the City, CHA, HUD, or the United States Department of Treasury upon request at any reasonable time and upon reasonable notice. Furthermore, the records shall be maintained in accordance with generally accepted accounting practices.

Section 5.2 Independent Audits and Access to Records and Audits. IC shall keep or cause to be kept accurate and complete records and books of account with respect to its activities in which proper entries are made in accordance with generally accepted accounting principles reflecting all of its financial transactions. IC shall undergo an independent audit no less frequently than annually within 90 calendar days of fiscal year end. The City shall have the right at all reasonable times to audit, examine and make extracts from the books and records of IC, insofar as necessary to ascertain compliance with this Contract, and to discuss with IC's officers, employees, agents, and accountants, IC's affairs, finances, accounts, activities, assets, liabilities, financial condition, results of operations, and financial prospects.

Section. 5.3 Additional Reporting. IC agrees that it shall undertake a mandatory review of its operations, successes, challenges and recommended program modifications after the first twelve (12) months of operations and every one (1) years thereafter within 60 days of completion of the annual independent audit referenced in section 5.2, and shall provide a comprehensive report of each review to CHAs Board of Commissioners, the Mayor, and such other public agencies that have contributed land and/or resources to IC. Such annual reports shall be in addition to the annual independent audit and shall include information related to the implementation of the Collaborative Guidelines, including, without limitation, the expenditure of

the Housing Production Fund Proceeds, the development of affordable and mixed-income housing and neighborhood improvements on the Land and other publicly owned land and assets, and such other documents and information as may be reasonably requested by the City, including (without limitation), documents demonstrating the expenditure of the Housing Production Fund Proceeds, project materials relating to development and/or redevelopment of the Land, or other related documents created or maintained in connection with IC's performance under this Contract.

Section. 5.4 IC to Maintain its Existence. IC agrees that while this Contract is in effect it shall maintain its legal existence as a Tennessee nonprofit corporation, shall not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, and shall not dissolve or otherwise dispose of all or substantially all of its assets.

Section. 5.5 Eminent Domain. IC shall not exercise the power of eminent domain under any provision of the Housing Authorities Law without the prior written consent of CHA and the City.

Section. 5.6 Funding. IC may apply for grants from any Federal and Tennessee governmental sources, provided that any such grant application must be approved in writing by CHA prior to submission to any said agency.

[REMAINDER OF PAGE BLANK]

ARTICLE VI MISCELLANEOUS

Section. 6.1 Governing Law. This Contract and the rights and obligations of the parties hereto (including third party beneficiaries) shall be governed, construed, and interpreted according to the laws of the State of Tennessee.

Section. 6.2 Entire Agreement. This Contract expresses the entire understanding and all agreements between the parties hereto. The parties agree that the Preamble and Whereas clauses are integral parts of this agreement and are incorporated herein.

Section. 6.3 Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Contract shall not affect the remaining portions of this Contract or any part thereof.

Section. 6.4 Survival of Warranties. All agreements, representations, and warranties of the parties hereunder, or made in writing by or on behalf of them in connection with the transactions contemplated hereby, shall survive the execution and delivery hereof, regardless of any investigation or other action taken by any person relying thereon.

Section. 6.5 Counterparts; Electronic Execution. This Contract may be executed in counterparts (and by different parties on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Contract by emailed pdf, or any other electronic means that reproduces an image of the actual executed signature page, shall be effective as delivery of a manually executed counterpart. The words “executed”, “signed”, “signature”, “delivery” and words of like import in this Contract shall be deemed to include electronic signatures, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery or the use of a paper-based recordkeeping system, as the case may be, and as

provided for in any applicable law, including the Tennessee Uniform Electronic Transactions Act (T.C.A. § 47-10-101 *et seq.*).

Section. 6.6 Amendments in Writing. No waiver, amendment, release, or modification of this Contract shall be established by conduct, custom, or course of dealing, but solely by an instrument in writing only executed by the parties hereto.

Section. 6.7 Notices. Except as otherwise specifically provided herein, any notices, demands, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed given when the writing is delivered in person or five days after being mailed, if mailed, by certified mail, return receipt requested, postage prepaid, to the City, CHA and IC, respectively, at the addresses shown below or at such other addresses as may be furnished by the City or IC in writing from time to time:

City:	City of Chattanooga 101 E. 11 th Street Chattanooga, Tennessee 37402 Attention: _____
with copies to:	Office of the City Attorney, City of Chattanooga 100 E. 11 th Street, Suite 200 Chattanooga, Tennessee 37402 Attention: City Attorney
IC:	Invest Chattanooga Chattanooga Housing Authority 801 N. Holtzclaw Ave. Chattanooga, Tennessee 37404 Attention: General Counsel
with copies to:	Chattanooga Housing Authority 801 N. Holtzclaw Ave. Chattanooga, Tennessee 37404 Attention: General Counsel
CHA:	Chattanooga Housing Authority 801 N. Holtzclaw Ave. Chattanooga, Tennessee 37404 Attention: Executive Director
with copies to:	Chattanooga Housing Authority 801 N. Holtzclaw Ave. Chattanooga, Tennessee, 37404 Attention: General Counsel

Section. 6.8 Limitation of Rights. Nothing in this Contract, express or implied, shall give to any person, other than the parties hereto and their successors and assigns hereunder, any benefit or any legal or equitable right, remedy, or claim under this Contract.

Section. 6.9 Responsibilities of IC. It is hereby recognized and agreed that the financial obligations of IC hereunder will be payable from those funds received by IC under this Contract, as provided herein. As provided by the Tennessee Nonprofit Corporations Act, the directors of IC shall be entitled to rely upon such information, opinions, reports, or statements, including financial statements, and other data if prepared by legal counsel, public accountants, or other persons as to matters the directors reasonably believe are within the person's professional or expert competence.

[SIGNATURES AND SEALS TO FOLLOW]

IN WITNESS WHEREOF, the City and IC have caused this Contract to be executed in their respective corporate names and attested by their duly authorized officers. all as of the day and year first above written.

THE CITY OF CHATTANOOGA

By: _____
Mayor Tim Kelly

INVEST CHATTANOOGA

By: _____
Chair

Attest:

Secretary

Exhibit A

Collaborative Guidelines

Identification of Land	The Land to be used for development will be identified and mutually agreed upon by (1) IC and (2) City or CHA as applicable.
Proposed Use of Public Land and Additional Land	The Land will be used to develop mixed-income housing (the “ Mixed Income Housing Development ”), to include affordable housing units (and solely in the case of CHA other development requirements designated by HUD in its disposition approval), led by a development team selected by IC through an RFQ/RFP process (the “ Selected Developer ”). In the case of development of Additional Land, an RFQ/RFP process is not required to determine the Selected Developer.
Community Development Plan Support	<p>IC will lead and manage the community engagement activities. The development of the Land will take into consideration the surrounding neighborhood’s assets, development plans, and the vision of community leadership.</p> <p>It is contemplated that the development of the Land will be an accretive component of a larger comprehensive plan for the surrounding neighborhood, to include commercial uses, public greenspace, the education landscape, and existing community planning efforts.</p>
Title to City Land and CHA Land; Transfer of City Land and CHA Land	It is contemplated that the City or CHA as applicable may continue to hold title to the City Land or CHA Land unless it is determined to be advantageous to transfer such Land to IC or the individual project ownership entity(ies) including, without limitation, entering into long term ground leases upon a financial closing for the development financing. In the case of CHA Land, any such transfer shall be with CHA Board approval and HUD disposition approval. Any transfer of City Land shall be consistent with City requirements in place at the time of transfer.
Site Access to City Land and CHA Land	Prior to the transfer of the City Land or CHA Land to IC, City or CHA as applicable (and in the case of CHA Land, consistent with any HUD regulations) will grant IC, and its representatives site access, as required to perform the necessary functions to prepare and issue an RFQ/RFP for the development of the site and to perform reasonable and customary due diligence and non-intrusive pre-development activities. The parties will work in good faith in respect of any necessary environmental due diligence which requires borings or other intrusive analysis.

Interim Property Management (Physical Maintenance)	Until the transfer of the CHA Land or City Land to IC, City or CHA as applicable will continue to physically maintain the site, including, but not limited to, maintenance, upkeep and security, including keeping utilities connected and operational.
Interim Property Management (HUD and Regulatory Matters)	Until the transfer of the City Land or CHA Land to IC, City or CHA as applicable will continue to maintain HUD (and any other regulatory) compliance and reporting related to the site.
Ground Lease	Upon the transfer of the Land to IC, it is anticipated IC will negotiate a ground lease (the “Ground Lease”) ownership entity with a maximum term of not to exceed ninety-nine (99) years upon the financial closing. Nothing herein restricts IC from entering into other legal structures for transferring and/or holding the land as may be most advantageous on a project by project basis, consistent with the Collaborative Goals.
Affordability Requirements of Development	<p>Subject to financial and market conditions, it is IC's duty to maximize affordability in a project and that this standard sets the minimum affordability threshold for IC investment. Projects should be underwritten to provide the maximum affordability without jeopardizing financial stability for the project.</p> <p>Unless higher levels of affordability are required by the CHA Board approval and/or HUD disposition approval, the Mixed-Income Development will endeavor to have a minimum affordability of:</p> <ul style="list-style-type: none"> ● 20% of units at or below 50% AMI, and ● 10% of units at or below 100% AMI for an affordability period to be agreed upon by CHA and IC <p>The above minimum affordability goals may be modified to ensure the financial stability of a project as determined solely by CHA and IC.</p>
RFQ/RFP Preparation and Issuance	IC will prepare and issue an RFQ/RFP for each City Land or CHA Land site. IC is not required to prepare and issue an RFQ/RFP for Additional Land sites.
Possible Combination of Parcels	For the RFQ/RFPs to be issued and the Mixed Income Development to be developed, the City Land and/or CHA Land may be combined with Additional Land consisting of parcels owned by other public or private entities and marketed via the RFQ/RFP as a single site.

<p>IC Development Activities to Include the Land and Additional Land</p>	<p>Nothing in this Agreement shall preclude IC from pursuing, evaluating, acquiring, financing and constructing affordable and mixed income housing developments on parcels owned by third parties other than the City or CHA (the Additional Land). IC may utilize the Housing Production Fund for the purchase and development of such third party owned parcels consistent with the terms of this Agreement.</p>
<p>CHA Assistance</p>	<p>Upon the request of IC but subject to any applicable requirements regarding use of HUD-funded resources, CHA will provide reasonable technical assistance in connection with IC's actions pursuant to this Agreement. CHA shall be compensated for the actual value of staff time and resources provided to IC at rates to be agreed upon between the parties.</p>
<p>IC Administration of Housing Production Fund</p>	<p>In connection with carrying out the intent of this IC is authorized to make acquisition and construction loans, make equity investments or forgivable loans, subject to the Approval of the IC Board. The IC Board shall ensure that the Housing Production Fund is administered in accordance with the intent of this Agreement and applicable law. Without limiting the ability of the IC board to administer the Housing Production Fund in a commercially reasonable manner, it is anticipated that IC may be funded by developer fees, interests from the Housing Production Fund, loan issuance fees for the Housing Production Fund, cash flow from project operations or dispositions and such other mechanisms as may be approved from time to time by the IC Board.</p>
<p>IC Lending and Underwriting Standards</p>	<p>IC shall adopt commercially reasonable lending and underwriting standards in consultation with CHA.</p>