

RESOLUTION NO. 32021

A RESOLUTION TO APPROVE A PROGRAM TO SUPPORT AFFORDABLE HOUSING DEVELOPMENT THROUGH THE USE OF AGREEMENTS FOR PAYMENTS IN LIEU OF AD VALOREM TAXES (PILOT).

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**WHEREAS**, pursuant to Tennessee Code Annotated, Section 48-101-312(b), The Health, Educational and Housing Facility Board of the City of Chattanooga (the “HEB”), a public instrumentality of the City of Chattanooga (the “City”), has the authority to negotiate and accept payments in lieu of ad valorem taxes (“PILOTS”) from lessees of the HEB; and

**WHEREAS**, cost of building market rate rental housing does not naturally produce homes affordable to low and moderate income residents; and

**WHEREAS**, the Chattanooga Housing Action Plan (August 2023) projected that 7,500 rental units for households with incomes at or below \$35,000 annually are needed to meet the current demand and future growth, and the number of renters who are cost burdened is growing; and

**WHEREAS**, the City wishes to incentivize the creation of mixed income housing in Chattanooga to meet the growing demand for affordable rental housing; and

**WHEREAS**, the Department of Economic Development of the City has presented to the City Council of the City a program under which developers of affordable housing would receive property tax reductions through the use of PILOTS that is commensurate with the number of affordable housing units created to by the developer; and

**WHEREAS**, this type of program was recommended as part of the Housing Action Plan; and

**WHEREAS**, this program, known as the Payment in Lieu of Tax (PILOT) Program for Affordable Housing (the “Program”), has been presented to the City Council for approval;

**WHEREAS**, the approval of the Program would provide guidance to developers of affordable housing as to what type of incentive a developer may receive for developing affordable housing units; and

**WHEREAS**, each incentive to be offered pursuant to the Program that would permit payments in lieu of taxes would be presented to City Council for approval and a delegation resolution to the HEB before such incentive is provided.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

1. The City Council does hereby find that the development of affordable housing units is in the best interests of the City and that the Program will promote the development of affordable housing in the City.

2. The City Council does hereby approve the Program in the form presented to City Council and instructs the Department of Economic Development to receive applications for incentives consistent with the Program and shall report on the program annually to the City Council.

3. This Resolution shall be effective for ten (10) years from its passage, unless amended and terminated by City Council prior to such termination date, and at the end of such ten-year period, the Program shall terminate and be of no further force or effect, unless extended by action of this Council.

4. City Council hereby suspends and amends Resolution No. 28783, adopted September 20, 2016, pursuant to which City Council previously approved policies relating to the

use of payments in lieu of taxes to incentivize the development of affordable housing. All further use of Payment in Lieu of Taxes to incentivize affordable housing shall be in compliance with this resolution.

5. This Resolution shall not be deemed to revoke or otherwise affect the statutory authorization of the Mayor to request the HEB to enter into agreements with respect to payments in lieu of taxes with respect to residential rental projects that are supported by federal tax credits for affordable housing.

ADOPTED: March 26, 2024

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