

**Chattanooga Forward
Mayor's Housing Task Force
July 2014 Report**

Recommendations for Addressing Housing Needs

Task Force Charge: Investigate housing needs in Chattanooga, identify innovative ideas/programs to address those needs and create action plans to make a real impact for our City.

Introduction: The description of the Mayor's Housing Task Force (HTF) on the City's website includes the following statement: "Housing plays a critical role in ensuring a high quality of life for Chattanooga residents." To ensure a high quality of life, our citizens need to have a livable, safe and affordable place to live. In its early meetings, the HTF selected Affordable Housing as its primary area of focus.

The work of the HTF has been informed by the Chattanooga Housing Study 2013; this study was conducted by the Chattanooga-Hamilton County Regional Planning Agency (RPA). As well, several presentations were made on research and information gathering performed by the City of Chattanooga staff members from the Department of Economic & Community Development and the City Attorney's Office.

The generally accepted definition of affordability is for a household to pay no more than 30% of its annual income for housing. Families who pay more than 30% are considered to be housing burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

According to the 2013 Chattanooga Housing Study, "The Great Recession has significantly impacted the financial capacity of households to obtain affordable housing." And it has impacted low-income households to a much greater extent. The study further states that almost every extremely low-income family (\$20K or less annual income) is housing burdened, no matter whether they own or rent or where they live. And Chattanooga has a deficit of over 4,000 affordable rental units for those households with incomes below \$20K.

A May 1, 2014 article in the *Chattanooga Times Free Press* reported that Chattanooga ranks seventh in the country for the fastest-growing rents for the period 2007 - 2012, according to a senior analyst at NerdWallet (www.NerdWallet.com). Rents had risen 25% during that time.

The lack of affordable housing units poses a significant hardship for low-income families preventing them from meeting their other basic needs, such as nutrition and healthcare, or saving for their future and that of their families. It is a major impediment to ensuring a high quality of life.

Issues: (1) Demand exceeds supply for affordable housing for low and moderate income families; (2) Existing tools do not come close to addressing this demand; (3) Public perception of affordable housing is not in line with the generally accepted definition

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Strategies/Tools:

1. Establish an **Affordable Housing Trust** to provide financing assistance to public, private, or non-profit housing providers at a discount in return for incorporating affordable housing into their projects.
2. Consider replacing the City's current zoning codes in select areas with a **Form-based Code** which, in part, could allow a wider variety of real property uses.
3. Establish a **Land Bank Authority (LBA)** to aid in the process of encouraging the production of affordable housing and other economic development in a thoughtful, but expedient way.
4. Restrict the current **Payment in Lieu of Taxes (PILOT)** incentive program to developers with projects that reserve at least 20% of the units for tenants or homeowners with income levels that do not exceed 80% of the Area Median Income (AMI) as annually defined by US Department of Housing and Urban Development HUD.
5. Establish a **Rental Registry** requiring landlords within the city limits to register and maintain their rental property to defined standards.

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