



Executive Summary

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). Emergency Solutions Grant (ESG) funds are received from the State of Tennessee through Tennessee Housing Development Agency (THDA). 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 Partnership Program (HOME)

The HOME program provides funds for improved accesses 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.

Emergency Solutions Grant (ESG)

A grant program designed to provide essential social services to homeless individuals, to help prevent homelessness, help improve the quality of existing emergency shelters for the homeless, to make available additional shelters, and to meet the costs of operating shelters. Due to shifts in population thresholds related to the American Community Survey (ACS) data, the City is not eligible as a participating jurisdiction (PJ) for ESG. Because of this the City cannot receive a direct allocation of ESG funding from HUD for program year 2020 – 2021, and possibly for several years beyond. The grant is incorporated in the Plan's resources and associated goals because the City can receive ESG funding from the State. The State's recipient of ESG funds, THDA, has included Chattanooga in its list of cities eligible for a set-aside portion of their allocation. Historically, when this has occurred, THDA has, at minimum, endeavored to provide the same level of funding the City would have received from HUD.

Purpose of the Consolidated Plan

HUD requires that participating jurisdictions (PJ) receiving federal entitlement funds complete a Consolidated Plan every three to five years that describes the PJ's affordable housing and community development priorities and multiyear goals, based on a needs assessment and market conditions analysis. The purpose of this Consolidated Plan is to provide guidance for decisions regarding the use of these federal funds.

The Consolidated Plan is carried out through annual Action Plans, which provide a concise summary of actions, activities, and the specific federal and non-federal resources that will be used each year to address priority needs and specific goals identified by the Consolidated Plan.

The City of Chattanooga Five-Year Consolidated Plan consolidates into a single document the planning and application requirements for receipt of the entitlement funds over the five years, and an Action Plan for the first year of the Plan. The City of Chattanooga Department of Economic and Community Development (ECD) is the lead agency responsible for the development and implementation of this Plan.

This Plan consists of a five-year strategic plan outlining the proposed use of the funds, with goals and objectives for fiscal years (program years) 2020 – 2024 and the Annual Action Plan for FY 2020 – 2021. Sections in the Plan cover housing and homeless needs, analysis of the housing market, Analysis of Impediments, the 5-year strategy to address community needs, expected resources, a 1-year Action Plan, and accompanying documentation outlining citizen participation and public comments.

The Plan builds on the City’s previous Consolidated Plan issued in 2015 and other local plans and initiatives that support the five-year objectives. As required by regulations, the strategies and projects outlined in this plan are intended to benefit low and moderate-income residents, improve neighborhoods with high concentrations of low and moderate income residents and thus positively impact the city as a whole. Strategies will coordinate with other federal and state grant programs and local initiatives to meet the objectives outlined in the Plan.

Resources

The following chart shows historic funding and the anticipated funding expected to be available to address needs identified in the Plan. It should be noted that entitlement funding allocations vary from year to year, thus the estimated five-year allocation is solely based on the allocation for the first Program Year.

FUNDING HISTORY AND FUNDING AVAILABLE FOR FISCAL YEARS 2020 - 2024					
CON PLAN YEARS	CDBG	HOME	ESG	TOTAL	% CHANGE
2001 – 2004	\$12,330,000	\$6,541,861	\$438,413	\$19,310,274	-
2005 – 2009	\$9,557,826	\$5,820,413	\$419,711	\$15,797,950	18.2% ↓
2010 – 2014	\$8,506,999	\$4,478,595	\$508,703	\$13,494,297	14.6% ↓
2015 - 2019	\$8,175,650	\$3,675,037	\$733,102	\$12,581,789	6.8% ↓
2020 – 2024 (Estimates)	\$7,981,200	\$4,236,180	\$802,500	\$13,019,880	-
2020 - 2021	\$1,596,240	\$847,236	\$160,500	\$2,603,976	-

It is not expected that the Entitlement Funds alone will be sufficient to address the proposed goals presented in the Plan. As funding from HUD continues to decline the City will have to rely more and more on local resources and partners to achieve the goals and objectives in the Plan.

In the most recent years, with general fund dollars, the City has supported many initiatives that align with objectives outlined in the previous Consolidated Plan. Examples include:

- the Chattanooga Affordable Housing Fund and the Payment in Lieu of Taxes (PILOT) programs to provide additional resource for the preservation and production of affordable housing;
- the Homeless Services Division and the Chattanooga Interagency Council on Homelessness to plan, coordinate, and accelerate the city's response to ending homelessness;
- the Office of Family Empowerment to empower families toward self-sufficiency;
- the Career Preparation Center and Chattanooga Dream to assist with developing employment tools and skills needed for job growth and economic mobility; and
- the Growing Small Business Incentive Grant, Innovation Grant, and Renewing Chattanooga Grant - all to encourage economic development through business creation or expansion.

It is expected that local resources will continue to be made available for such initiatives because they are based on addressing needs articulated in other City and local plans.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

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

Priority Needs

- Affordable Housing
 - Expand Affordable Housing Opportunities
 - Preserve Existing Affordable Housing Units
- Non-housing Community Development
 - Blight Elimination
 - Public Facility and Infrastructure Improvements
- Homeless Services

- Housing/Services for the Homeless/At-risk
- Non-Homeless Services
 - Public Services
- Economic Development
 - Reduce Poverty/Expand Economic Opportunity
- Planning and Administration

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 and services to special needs populations, including low-barrier housing for 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

These goals are supported by the following associated objectives and performance goals. Priority needs are described in detail in Section SP-25 of this plan and the goals, including expected outcomes, are described in Section SP-45.

The analytical parts of the document draw from the 2019-2020 Community Surveys and updated CHAS data provided by HUD. Other data sources include the United States Census and information gathered locally: including, *The 2019 Housing Connections Report – Recommendations for a Way Forward*, the 2018 Homelessness Action Plan, data from public input processes, and surveys of citizens and service providers used to assist in prioritizing needs.

Five Year Goals for FYs 2020 - 2024			
Goal	Period	Funding	Outcome - Indicator
Increase Affordable Housing Opportunities – <i>Creation/preservation of affordable housing including new construction, rehabilitation, down payment assistance, rental assistance, and education.</i>	2020 - 2024	CDBG \$3,090,550 HOME \$3,307,534	50 Homeowner units added 400 Rental units constructed/developed 500 Rental units renovated/preserved 250 Homeowner units renovated 25 Households assisted with home purchase
Provide Public Services <i>Housing and housing related services for extremely low- to moderate income households</i>	2020 - 2024	CDBG \$250,000	10,000 Assisted with housing connection and stabilization services, tenant-based rental assistance/rapid re-housing, homebuyer education counseling, and Fair Housing education
Provide Services and Housing for Homeless	2020 - 2024	ESG \$681,785	Assist with tenant-based rental assistance/rapid-re-housing, provide assistance through

			overnight shelters, and assist with providing services to prevent homelessness
Increase Employment Opportunities	2020 - 2024	CDBG \$1,700,000	Jobs created/retained:180 Jobs Businesses assisted: 45 Businesses Assisted
Community Dev: Public Facilities & Infrastructure Blight Elimination	2020 - 2024	CDBG: \$1,000,000 \$500,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 63,867 Persons Assisted
Grant Administration	2020 - 2024	CDBG \$1,635,100 HOME \$367,500 ESG \$51,316	Effective and efficient implementation of CDBG, ESG, and HOME funding requires adequate resources for program planning and administration

3. Barriers to affordable housing

Preservation and Production

As growth inevitably occurs, new development has the potential to bring about positive change and improvements for neglected neighborhoods. However, an unintended outcome of this change may be the loss of character and cultural resources, along with rapidly rising property values. These negative aspects may evolve into displacement and demolitions.

In the final months of 2019, dozens of committed Chattanoogaans invested time, energy, and knowledge in sessions at the Housing Connections Conferences, and weeks thereafter, to help answer an important question: how will we be able to make room for everyone in our growing city? From the conferences came seven teams of dedicated citizens committed to helping to find solutions.

From their efforts came ***The 2019 Housing Connections Report – Recommendations for a Way Forward***. The report outlines critical housing gaps and potential new strategies and tools to address the City’s affordable housing barriers and challenges. These are encompassed under the following:

1. Expand Affordable Housing Supply
2. Low-Barrier Housing for the Homeless
3. Dedicated Funding for Affordable Housing
4. Increase and Diversify Housing Types
5. Improve Access to Information about Affordable Housing
6. Eliminate Housing Discrimination and Bias Toward Affordable Housing
7. Address Blight and Disinvestment

While the members of these teams worked independently, it came as no surprise that many of the recommendations they reached had a lot in common. We need to utilize Chattanooga’s growth to find more consistent resources for developing housing. We need to balance need for more density and different housing types with our neighborhoods’ distinctive character. And we need to work across sectors and siloes to collaborate in new ways.

City of Chattanooga Analysis of Impediment to Fair Housing Choice

In conjunction with the Consolidated Plan, every five years, the City of Chattanooga is required to conduct an Analysis of Impediments to Fair Housing Choice, or AI. The AI analyses the barriers to fair housing choice, including intentional actions, and unintended consequences of public and private market forces that limit housing opportunities for individuals and families based on protected classes.

Public and stakeholder input came in various forms, including qualitative and quantitative surveys, anecdotal conversations, public meetings, and focus groups conducted over the past couple of years. Countless meetings supplied information from the public and stakeholders, including Area 3 Planning meetings, CARTA Redesign meetings, and Community Development meetings. In addition, input came from the City’s Fair Housing Conference, where 125 people were in attendance, and discussions with several of the City’s housing partners and advocacy groups, including, LaPaz, Southeast Tennessee Development District, and the Chattanooga Homeless Services Program.

Through the data and input, the following impediments were identified:

Impediment 1: Minorities are more likely to be economically disadvantaged and live in areas where they have less access to economic opportunities.

Impediment 2: Minority children and children with English language barriers live in areas that limit access to a quality education.

Impediment 3: Low income persons with disabilities, minorities, and people with English language barriers have disproportionately fewer housing choices.

Impediment 4: Neighborhoods with a high concentration of minorities and poverty are not neighborhoods of choice, with higher rates of blight and crime, and less access to jobs, public transportation, and neighborhood services.

Impediment 5: Fair Housing education and advocacy are not widespread.

4. Summary of funding recommendations for FY 20-21

Agency	Recommended Funding	Fund	Project
CD Administration	\$394,300	CDBG	To cover general expenses related to administrating, managing, and monitoring CDBG funded projects/programs/activities.
CD Administration	\$133,823	HOME	To cover general expenses related to administrating, managing, and monitoring HOME funded projects/programs/activities.
Community Development - Section 108 Debt Service	\$336,000	CDBG	Section 108 loan debt service retirement.
Dept. of Economic and Community Development	\$400,306	CDBG	Housing Assistance and Preservation
Chattanooga Community Housing Development Org.	\$250,000	CDBG	Roofing Program
Chattanooga Neighborhood Enterprise	\$250,000	CDBG	Home Rehab Loan Program
Family Promise	\$25,000	CDBG	Homeless Stabilization Case Management
Habitat for Humanity	\$75,000	CDBG	Neighborhood Development Home Repair Program
Dept. of Economic and Community Development	\$1,077,328	HOME	Affordable Housing Preservation and Production
Catholic Charities	\$10,950	CDBG	The Home Place Roof Replacement
Chattanooga-Hamilton County Health Department	\$30,000	CDBG	Emergency Assistance Program
Community Housing Development Org Set Aside	\$127,085	HOME	Required Set Aside for Affordable Housing Development

5. Evaluation of past performance

The City of Chattanooga has a long history in successfully utilizing HUD funds, particularly the Community Development Block Grant, HOME Investment Partnership Program, and the Emergency Solutions Grant, 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 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 December 20, 2019, 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 Consolidate 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 nation-wide, the City is challenged with finding solutions and adequate resources to address the overwhelming and growing need for safe, decent affordable housing.

With resources shrinking, collaborative efforts are even more critical to accomplishing not only the housing-related goals, but the other goals also. 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 Chattanooga Affordable Housing Fund and the Payment in Lieu of Taxes (PILOT) 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.

The following table summarizes goals and outcomes as of June 30, 2019. Details of past performance can be found in the City's Consolidated Annual Performance and Evaluation Reports (CAPERs).

Community Development Goals	2015 - 2019 5 – Year Goals	Annual Goals	Progress Years 1 – 3	Progress Year 4 (2018-19)	Progress To Date Total	Achievement (Shortfall)
Preservation of Homeowner Units	1305	261	365	145	510	(795)
Production of Homeowner Units	50	10	29	1	30	(20)
Preservation of Affordable Rental	190	38	484	122	606	416
Production of Affordable Rental	1107	221	94	241	335	(772)
Homebuyer Assistance	100	20	20	3	23	(77)
Jobs	180	36	106	0	106	(74)
Businesses	45	9	15	0	15	(30)

6. Summary of citizen participation process and consultation process

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 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 services providers. Several public outreach events were held to make the public aware of the Consolidated Plan process and the value of their input. Four Consolidated Plan 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.

A community survey was distributed in various community and organizational meetings, placed in agencies' offices, distributed at public events with target populations, and posted on the City's website.

Public notices were published in the area's newspaper of general circulation - Chattanooga Times Free Press and in the Chattanooga News Chronicle, an area newspaper targeting the

African American community. Several articles discussing the Plan and process appeared in Chattanooga Times Free Press and other community papers. Notices were also widely distributed through the City’s social media mediums. All of the dates, as well as details on additional public outreach efforts are outlined in the Plan.

7. Summary of funding recommendations for FY 20-21

Agency	Recommended Funding	Fund	Project
CD Administration	\$394,300	CDBG	To cover general expenses related to administrating, managing, and monitoring CDBG funded projects/programs/activities.
CD Administration	\$133,823	HOME	To cover general expenses related to administrating, managing, and monitoring HOME funded projects/programs/activities.
Community Development - Section 108 Debt Service	\$336,000	CDBG	Section 108 loan debt service retirement.
Dept. of Economic and Community Development	\$400,306	CDBG	Housing Assistance and Preservation
Chattanooga Community Housing Development Org.	\$250,000	CDBG	Roofing Program
Chattanooga Neighborhood Enterprise	\$250,000	CDBG	Home Rehab Loan Program
Family Promise	\$25,000	CDBG	Homeless Stabilization Case Management
Habitat for Humanity	\$75,000	CDBG	Neighborhood Development Home Repair Program
Dept. of Economic and Community Development	\$1,077,328	HOME	Affordable Housing Preservation and Production
Catholic Charities	\$10,950	CDBG	The Home Place Roof Replacement
Chattanooga-Hamilton County Health Department	\$30,000	CDBG	Emergency Assistance Program
Community Housing Development Org Set Aside	\$127,085	HOME	Required Set Aside for Affordable Housing Development

8. Summary of public comments

Comments received were from public meetings and surveys. Comments received included: concerns about the need for affordable housing for elderly, low to average income, and the homeless, eliminating blight by fixing up or demolishing boarded up property, helping people remain in their homes, addressing slumlords and requiring upkeep of rental units, increasing incomes, improved sidewalks, streets and lighting, safety in neighborhoods, and general questions about how individuals could qualify for funded programs. Over 200 Consolidated Plan Surveys returned and over 60 citizens participated in a priority-setting game, at various locations.

9. Summary of comments or views not accepted and the reasons for not accepting them

All comments were considered.

10. Summary

This document was developed through a process that included a significant community engagement component, (made up of focus groups, workshops, and a public review period) along with extensive community data supplied by HUD, and local studies and plans. During the timeframe in which public meetings were being held and surveys were being solicited for the Consolidated Plan, other City-directed input meetings and surveys were being conducted. This includes input for the Analysis of Impediment to Fair Housing (AI), community input meetings for the Historic River-to-Ridge Area Plan, and public engagement sessions for the City's Budgeting for Outcomes (BFO) budget process.

Supplementing the data with other various sources of input from the community allowed the City to develop a plan that allocates the corresponding resources in the most efficient, effective, and impactful manner, ensuring the funds will be targeted to activities/programs/projects that can deliver the greatest benefit to the community.