











New Housing PILOT Program

Bringing Everyone to the Table

Chattanooga's Housing Needs

56%
Chattanooga
Renters

44%
Chattanoogans
Overall

	Annual Household Income	Associated Jobs
< 40% AMI	\$25,480	 Childcare Worker  Waiter
50% AMI	\$31,850	 Grocery Store Worker  Substitute Teacher
60% AMI	\$38,220	 School Bus Driver  Hairdresser
70% AMI	\$44,590	 Clergy  Highway Maintenance
80% AMI	\$50,960	 Teacher  Firefighter

AMI levels and corresponding household incomes from HUD 2023 (Metropolitan Statistical Area)

Income based on 2-person household, **AMI thresholds vary by household size**

Mean wages based on U.S. Bureau of Labor Statistics May 2022 Occupational Employment and Wage Estimates (Chattanooga, TN-GA)

What is a PILOT?

A **PILOT** is a:

Payment In Lieu Of Taxes

A property's tax bill
is **reduced** with a

Tax Abatement

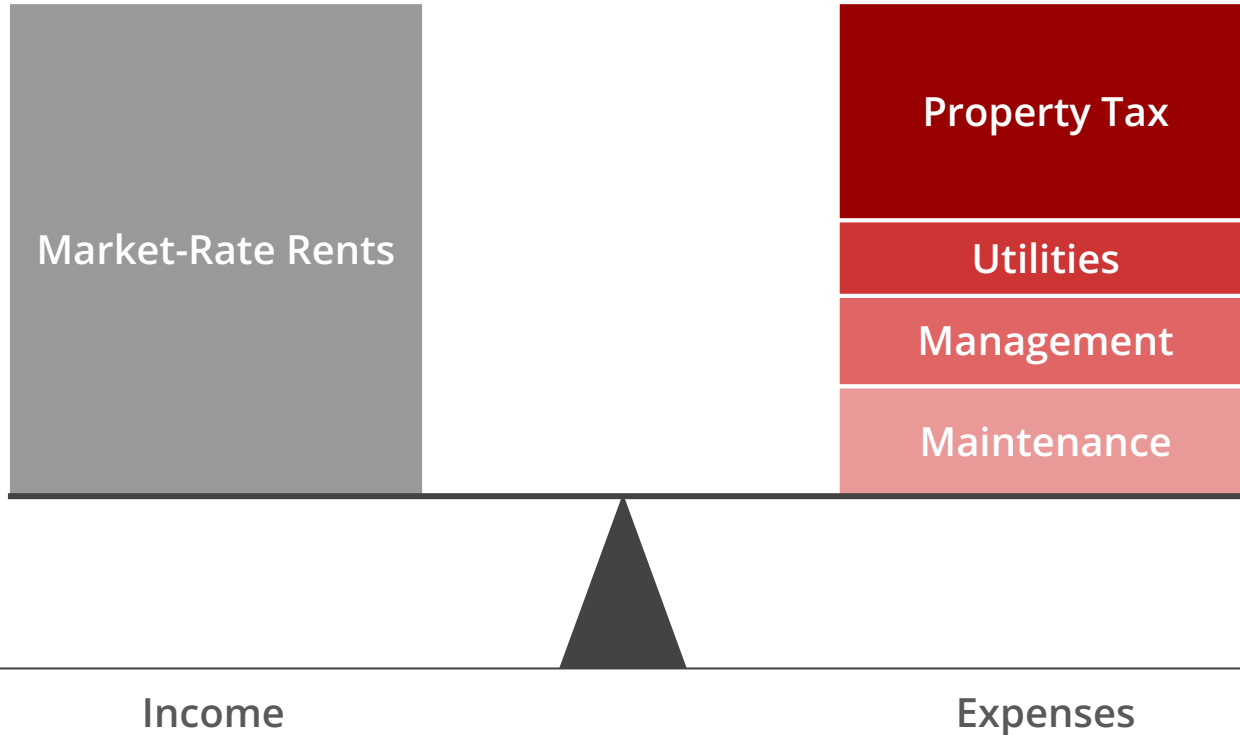
The remaining taxes
owed constitute the

Payment in Lieu of Taxes

Tax Bill	
City Taxes	\$
County Taxes	\$
+ School Taxes	\$
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Taxes Owed	\$\$\$
- Tax Abatement	\$\$
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PILOT	\$

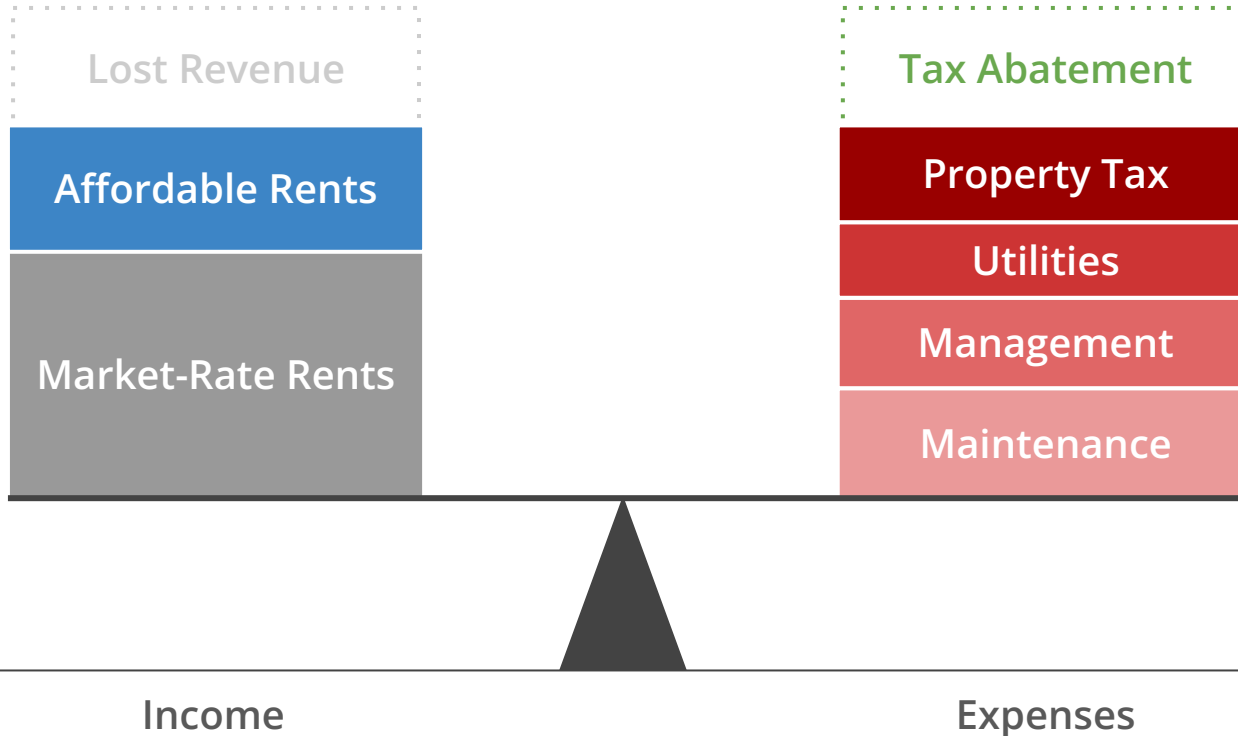
PILOT's Role in Affordable Housing

Operating Cash Flow



PILOT's Role in Affordable Housing

Operating Cash Flow



An Affordable Housing PILOT grants

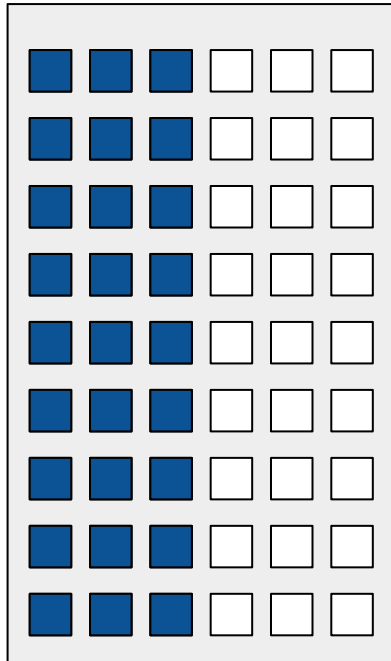
Tax Abatement in exchange for

affordable units

Current PILOT Framework

One-Size-Fits-All Is Not Working

120 units
Half at 80% AMI



Feasibility Analysis

Affordable Rent

- Market Rent

Monthly Rent Loss

x (12 months)

x (affordable units)

Annual Rent Loss

+ Tax Abatement

Net Impact

Northshore

\$1,434

- \$1,911

-\$477

x (12 months)

x (60 units)

-\$343,440

+ \$260,000

-\$83,440

Brainerd

\$1,434

- \$1,521

-\$87

x (12 months)

x (60 units)

-\$62,640

+ \$260,000

\$197,360

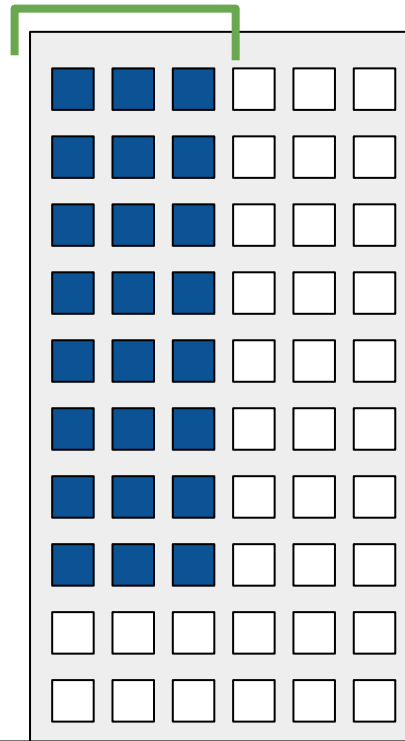
Tax Abatement: \$260,000

Instead of All-or-Nothing, what if the
Tax Abatement is directly tied to
the **affordable housing units**
being provided?

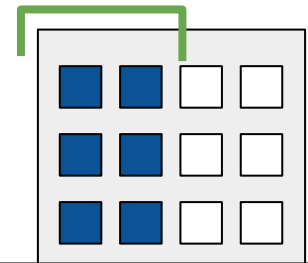
A Flexible, Per Unit Approach

- Creates an incentive for any new development to become **mixed-income**
- Gives developers more **flexibility** to choose affordability level
- Ensures the tax abatement is **directly tied** to the affordable units provided

24-Unit
Abatement



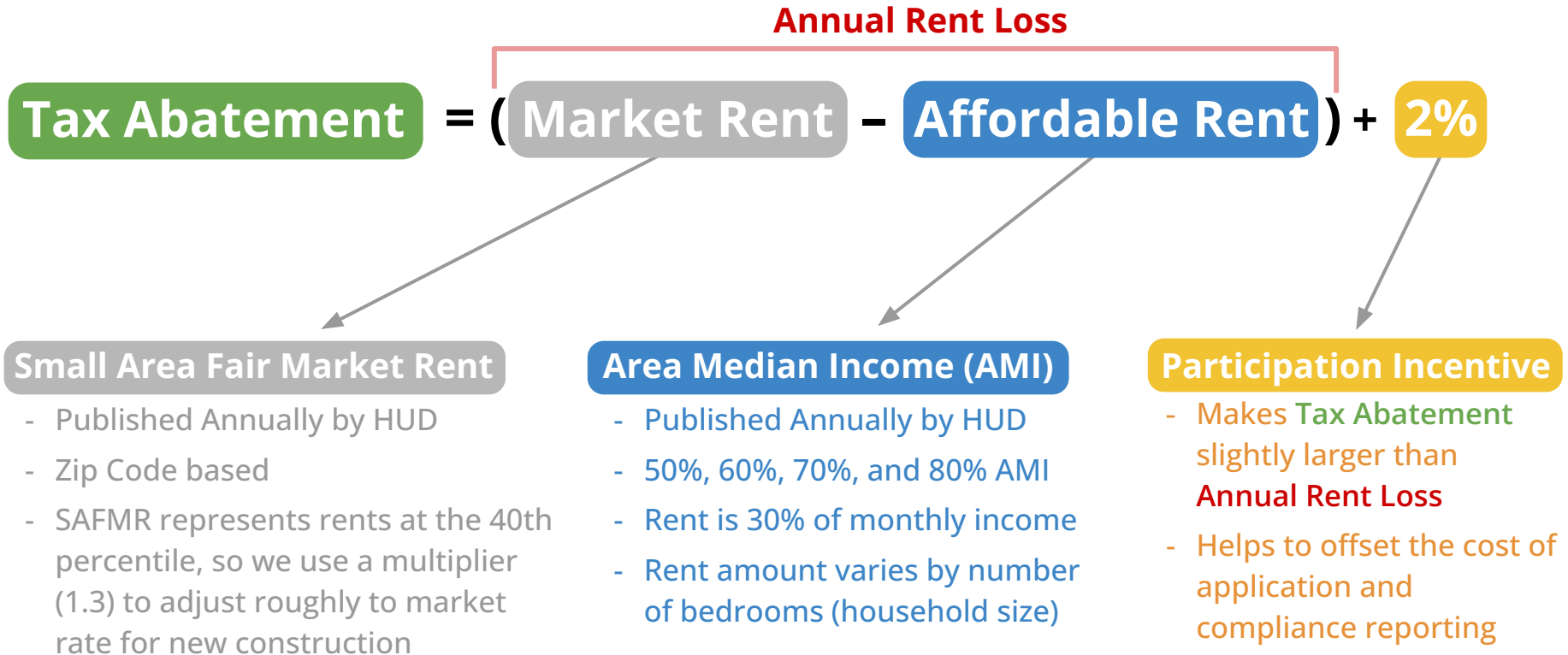
6-Unit
Abatement



New Framework
Per-Unit Abatement

New PILOT Framework

A Per-Unit Abatement



New PILOT Framework

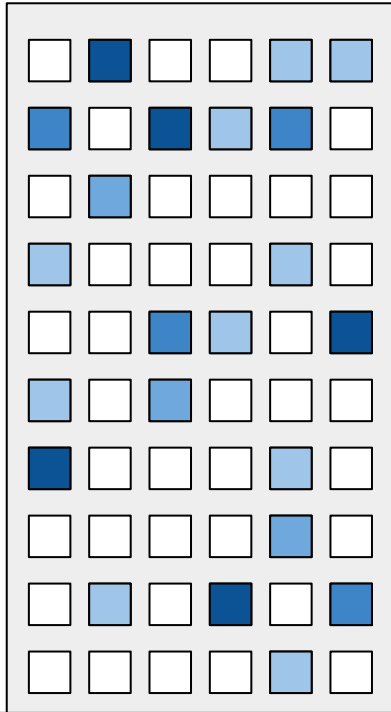
Tax Abatement Schedule

Zip Code	
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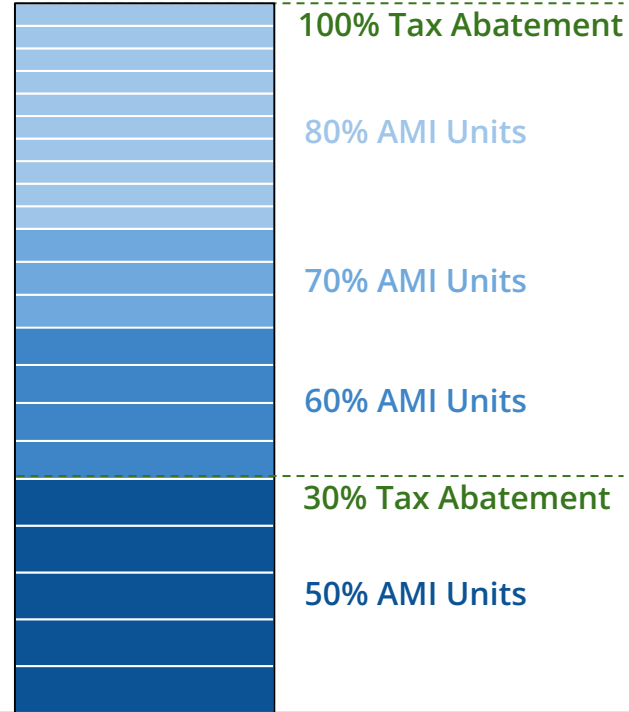
	0 BR	1 BR	2 BR	3 BR	4 BR
50% AMI	●●●●	●●●●	●●●●●	●●●●●●	●●●●●●●
60% AMI	●●●	●●●	●●●●	●●●●●	●●●●●
70% AMI	●●	●●	●●●	●●●●	●●●●
80% AMI	●	●	●●	●●●	●●●

New PILOT Framework

Stacking Together Tax Abatement



Mixed-Income Development



Tax Abatement

New PILOT Program

Programmatic Elements

	Program Requirements
Abatement Amount	Abatement is based on assessed value of the improvements , but Hamilton County School Taxes shall not be abated
Project Location	Proposed projects shall be in the City of Chattanooga
Eligible Project Types	New construction or renovation (with substantial capital improvement)
Project Scale	The proposed project shall have a minimum of 10 housing units
Unit Quality	Affordable units shall be of the same quality as market-rate units
Affordability Period	All committed units shall remain affordable for the 15 year PILOT term.
PILOT Term	Projects return to full taxation after year 15. Projects eligible for 1 PILOT renewal request.
Program Limits	This program shall be effective for 10 years

New PILOT Program

Ensuring Accountability

Affordability Terms:

- Property managers must submit **income and rent verification** to the City annually
- If out of compliance, property **returns to full taxation**

Habitability Standards:

- The City may conduct **interior inspections** in years 5,10, 12, and 14 of the PILOT term and/or in response to tenant complaints
- If code violations are not remedied within 6 months, property **returns to full taxation**
- **\$5,000 per unit fine** will be collected

Conclusions

1. The PILOT is a **critical tool** to meet our affordable housing goals
2. Our current PILOT framework **fails to incentivize** mixed-income development
3. A new PILOT framework will **give all developers the incentive** to provide affordable housing units, while **fairly calculating tax abatement**

Questions?