

2019 HOUSING CONNECTIONS REPORT

THE STATE OF HOUSING AND
RECOMMENDATIONS FOR A WAY FORWARD



DEAR MAYOR BERKE,

Over the last several months, dozens of committed Chattanoogaans have shared their time, energy, and knowledge in pursuit of answers to an important question: how will we be able to make room for everyone in our growing city?

There may not be a more important issue in our city right now, or a more timely moment to be having this conversation.

In the last ten years, federal funds that the City of Chattanooga has utilized for housing has fallen by millions of dollars. In the exact same time period, the population of Chattanooga has grown by almost 7%. We're actually the fastest growing city in Tennessee -- we're even growing faster than Nashville. There are 180,000 people living in our city now. Their family situations, jobs, aspirations, and needs are all very different.

What they have in common is a need for housing. When you put a roof over somebody's head, you're also putting a foundation under their feet that lets them build lives of security, prosperity, and dignity. We have a responsibility to work with our partners throughout the community -- developers, foundations, activists, planners, and policymakers -- to create the connections that will lead to more options for more people in our city to find the housing they need. Housing options for working families are a particularly urgent need, as are housing types beyond traditional single-family detached homes.

The Housing Connections Conferences that we held last fall evolved into seven teams working on distinct parts of this problem. While the members of these teams worked independently, it comes as no surprise that some of the recommendations they reached have a lot in common. We need to utilize Chattanooga's growth to find more consistent resources for developing affordable housing. We need to balance the 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.

This report echoes and supports the outstanding work of the Chattanooga Interagency Council on Homelessness (CICH) and their new Homelessness Action Plan and the city's own Neighborhood Reinvestment Fund, as well as our non-government partners like CNE, the Chattanooga Housing Authority, Habitat For Humanity, and many others.

Working together, we can find room for everyone in our city. Thank you for the opportunity to work on this and share these recommendations.

Sincerely,

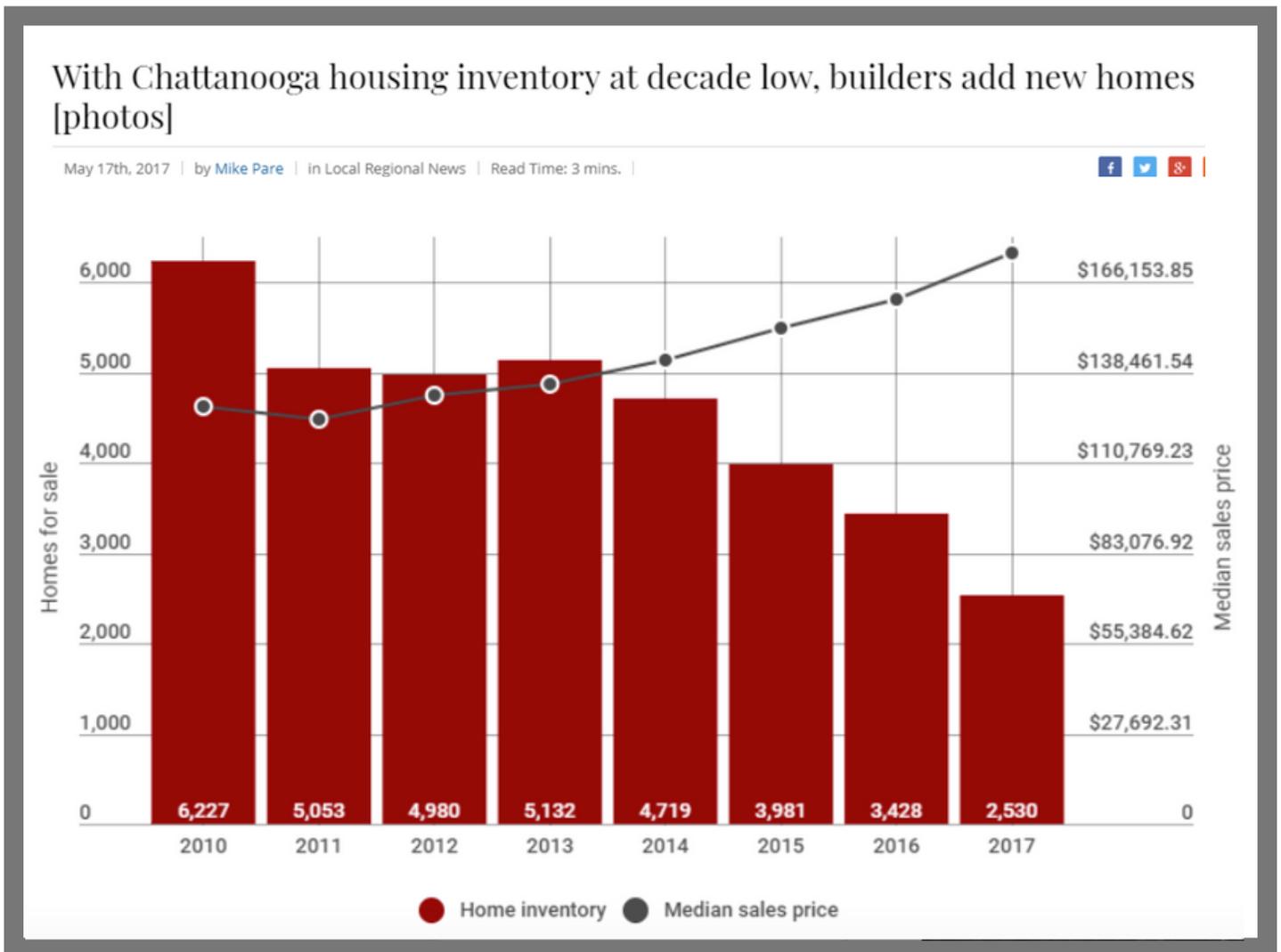
Donna C. Williams, Administrator of Economic & Community Development
John Bridger, Executive Director of the Chattanooga-Hamilton County Regional Planning Agency

April 2019

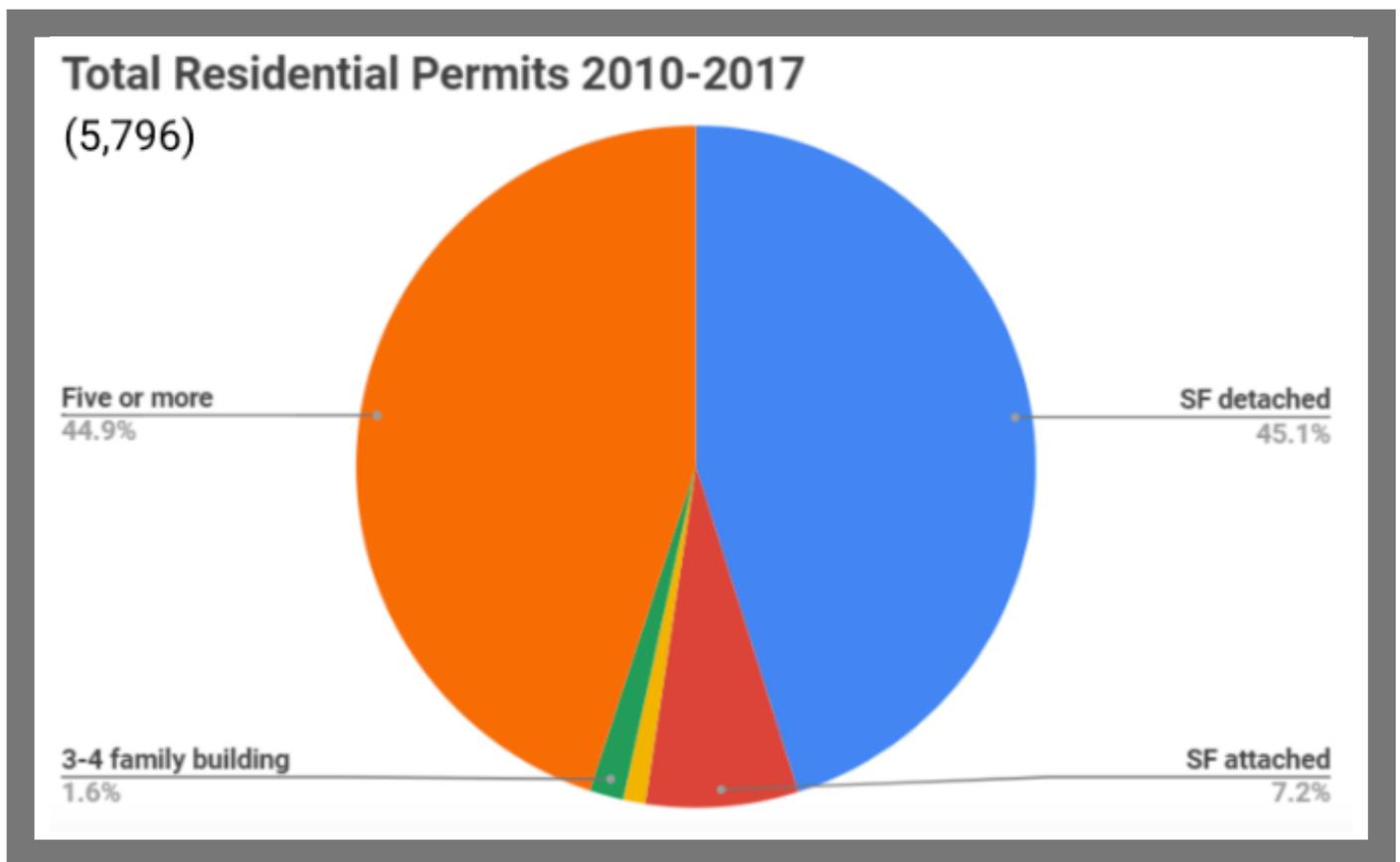
THE STATE OF HOUSING

The need for a collective, city-wide strategy to address housing is given extra urgency by a set of market realities and conditions that constrain supply for housing units at a time when demand is highest.

This 2017 story from the Chattanooga Times Free Press summarizes the situation pretty well -- while housing prices have increased steadily every year since we exited the recession, available inventory of homes keeps dropping. The twin factors of dwindling supply and upward pricing pressure makes housing harder to reach for lower-earning families.

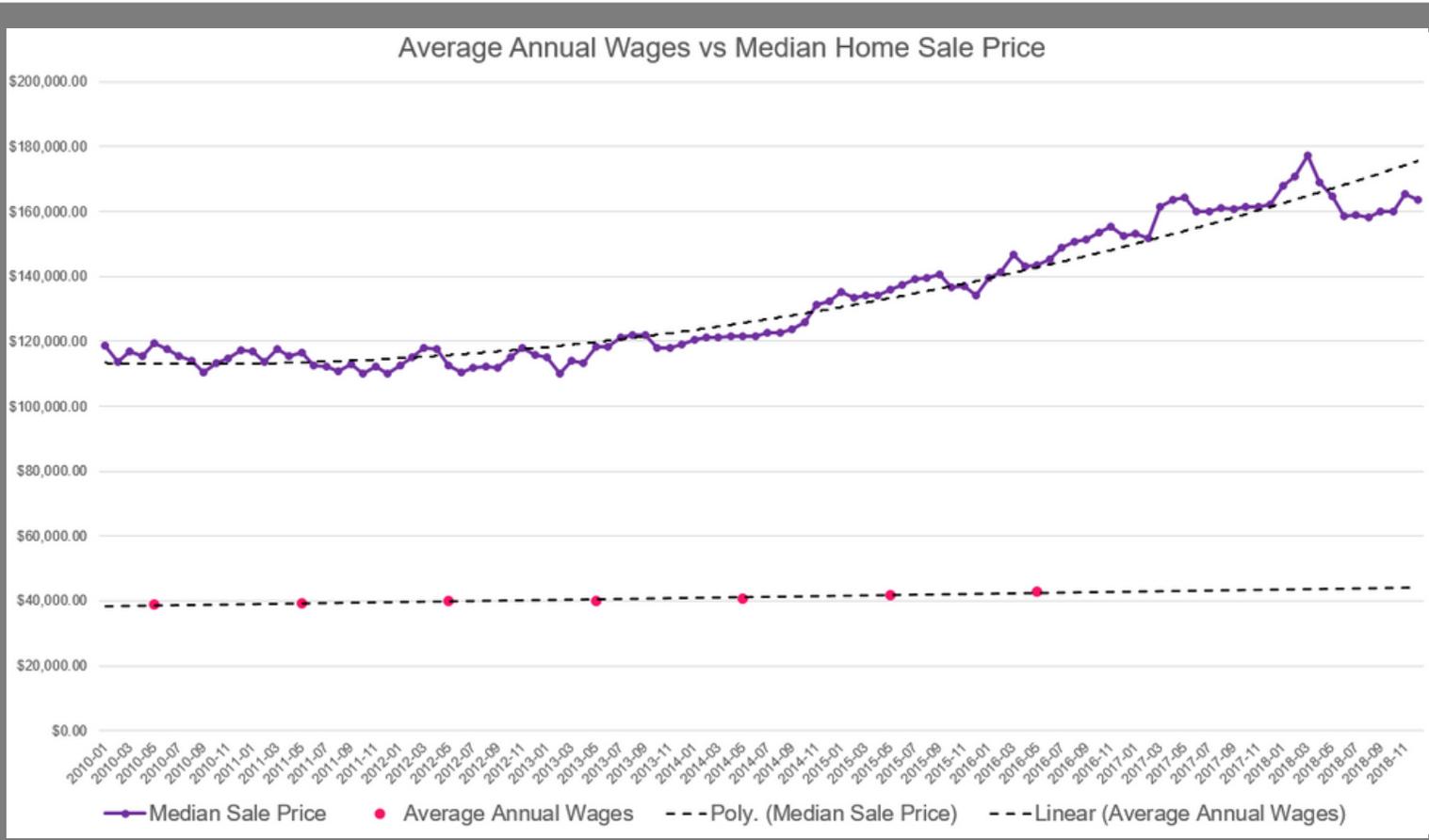


Chattanooga is fortunate to be considered one of the most dynamic and attractive communities in the country, with a vibrant economy and highly desirable quality of life. Our population is growing faster (by percentage) than any city in the state of Tennessee. But all of these new Chattanoogaans have to live somewhere -- and that puts even more pressure on land owners, builders, and regulators. Different family types want different housing types, and most of our construction delivers either single family (SF) detached homes or large apartment buildings. Smaller projects such as townhomes or quadplexes, make up less than 10% of the residential permits that were pulled by developers between 2010 and 2017.



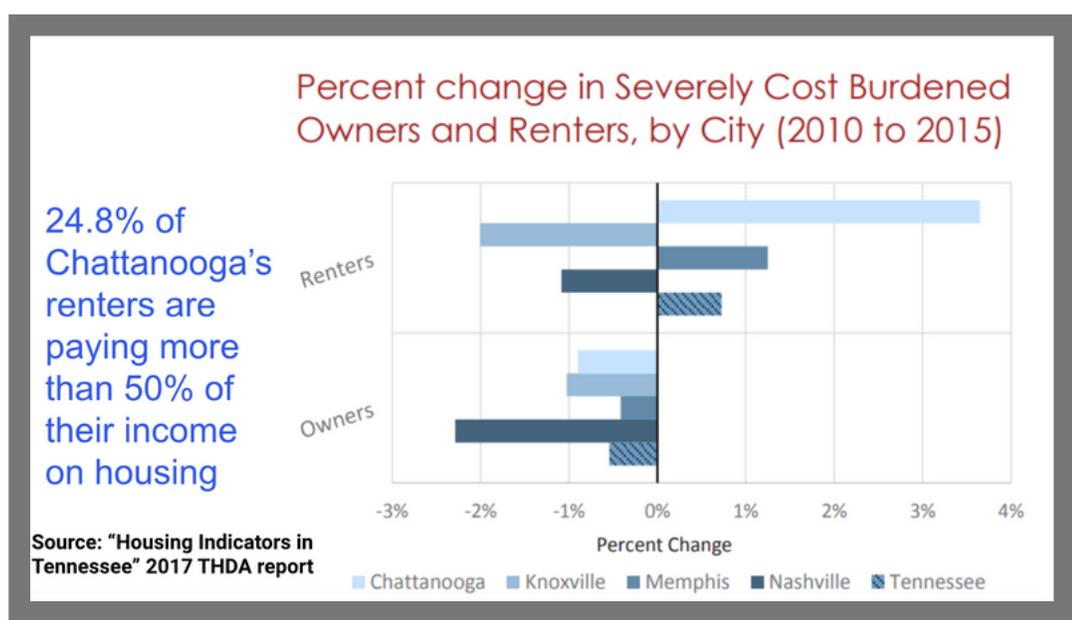
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Meanwhile, Chattanooga's wages are struggling to keep pace with median home sale prices, as the graphic below vividly illustrates.



More Chattanooga's are feeling more squeezed, with more of them experiencing severe cost burdens for their housing. This applies to both renters and homeowners.

This cycle prevents families from attaining the economic stability and opportunity that secure, affordable housing provides.



TEAM ONE: EXPAND AFFORDABLE HOUSING SUPPLY

CHALLENGES



FUNDING



LACK OF INCENTIVES TO BUILD AFFORDABLE HOUSING



COMMUNICATION

Team one focused on addressing challenges in creating more affordable housing such as securing dedicated funding for the city's Affordable Housing Trust Fund, lack of affordable housing incentives for developers, and the need for more consistent communication between the City and stakeholders about affordable housing opportunities.

RECOMMENDATIONS

IMPROVE FUNDING

- Develop sources of funding for the Affordable Housing Trust Fund such as creative taxing structures or a loan fund for developers and landlords.
- Develop better relationships with lenders and appraisers. Inform these stakeholders of the benefits in partnering with the city and investing in distressed neighborhoods.
- Improve relationships with agencies that work in the housing sector.

ADJUST INCENTIVES

- Create incentives for developers and landlords to build and rent affordable units.
- Consider fee waivers, expedited permitting, more flexible zoning or low-interest renovation loans to developers willing to build affordable housing units.

IMPROVE COMMUNICATION

- Improve education with lenders appraisers, developers, investors and residents to create opportunities for investment in affordable housing.
- Monitor and continually inform and update the public about housing market.
- Improve communication between the City and neighborhood associations to expand understanding of future housing needs.

MEMBERS

John Brennan
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TEAM TWO: LOW-BARRIER HOUSING FOR HOMELESS

CHALLENGES



CRIMINAL BACKGROUND



LACK OF CONSISTENT INCOME



PAST DEBT

People experiencing homelessness face many barriers in their efforts to move into housing. Criminal history, prior criminal convictions, lack of a consistent income, and past debt from utility companies and public housing authorities can make their journey into housing next to impossible. Even with rental assistance, supportive services, and available affordable units, the history and circumstances of people experiencing homelessness causes many landlords to refuse renting to them. The city can build upon recommendations in the Chattanooga Interagency Council on Homelessness' plan to change local policies and create programs that will considerably lower these barriers and decrease homelessness overall.

RECOMMENDATIONS

RE-ENTRY ASSISTANCE

- Build upon the success of felon-friendly job fairs with felon-friendly housing fairs.
- Hire a housing navigator with a specialty in expunging criminal charges.

MITIGATION FOR INCOSISTENT INCOME

- Create an association of landlords who rent to people experiencing homelessness to advocate, coordinate, and communicate to homelessness stakeholders and serve as a point of contact for assistance access.
- Consider a landlord mitigation fund to cover unpaid rent or damages up to a certain period of time.
- Consider an umbrella liability policy that covers landlords who rent to people experiencing homelessness.
- Partner with the Office of Workforce Development to connect people exiting homelessness with workforce resources and jobs.
- Draft lease addendums outlining provisions of supportive services and job support that a client will receive once housed.

DEBT MANAGEMENT

- Create a "homeless preference" program with local utilities for people experiencing homelessness or offer community service hours as a way to pay off debt.
- Implement a flexible housing fund that would help with utility debt, rent deposits, and temporary rent assistance.
- Advocate to change Chattanooga Housing Authority policy for debt management and legal fees.

MEMBERS

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TEAM THREE: FUNDING FOR AFFORDABLE HOUSING

CHALLENGES



**NO DEDICATED
FUNDING SOURCE**



**LACK OF
COMPETITIVENESS**



LACK OF ENTITIES

To adequately preserve and expand affordable housing in Chattanooga, sufficient funds need to be allocated to address the issue. Bolstering the Affordable Housing Fund is a key priority and team three echoes team one by naming it our top recommendation. The city can further assist local projects by facilitating communication between state government and local stakeholders to increase the likelihood of winning grants for affordable housing projects. To best combat the unique affordable housing challenges in Chattanooga, the city should consider creatively employing city assets like the Land Bank Authority and examining the feasibility of other mechanisms that have been successful in peer cities.

RECOMMENDATIONS

IDENTIFY DEDICATED FUNDING SOURCE

- Identify dedicated funding for the City's Affordable Housing Trust Fund.
- Consider instituting fees such as a title transfer fee, short-term vacation rental fee, or impact fee to support the Affordable Housing Trust Fund.
- Consider altering Tax-Increment Financing (TIF) requirements from entities receiving city funding.

IMPROVE STATE SUPPORT FOR LOCAL PROJECTS

- Increase competitiveness for state financial support by increasing transparency and communication about potential projects.
- Schedule and institutionalize regular local workshops with THDA for continuing education and information about ongoing programs.

STRENGTHEN LOCAL ENTITIES

- Consider a feasibility study for initiating a community land trust in Chattanooga.
- Consider using the Land Bank Authority to incentivize developers to build affordable housing.

MEMBERS

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TEAM FOUR: INCREASE AND DIVERSIFY HOUSING TYPES

CHALLENGES



**LACK OF POLITICAL
WILL AND AWARENESS**



**SINGLE USE ZONING
LIMITING HOUSING
OPTIONS**



**ZONING STANDARDS
RESTRICTING HOUSING
DEVELOPMENT**

Team four recognizes that solving our affordable housing crisis relies on a firm understanding of the economic realities in Chattanooga and across our region. Since the recession, housing prices and cost of living have risen while wages have remained stagnant. This unfortunate reality is creating barriers to homeownership and demand for increased housing options for Chattanooga residents. An outreach campaign to educate our community on affordable housing needs will lead to a firmer understanding of the issue and need for updating zoning standards to meet the demand for housing.

RECOMMENDATIONS

INCREASE COMMUNITY AWARENESS AND POLITICAL WILL

- Initiate a community education and outreach campaign to convey affordable housing information.
- Synthesize information from the RPA Housing study, the Housing Connections conference, and other resources into a citizen-friendly housing information guide.

CREATE NEW RESIDENTIAL ZONING

- Develop a new urban residential zone that allows for 1-4 dwelling units per lot by right, subject to appropriate urban development standards. This new zone would serve as a baseline residential zone (as opposed to current R-1) for urban neighborhoods.

MODIFY EXISTING RESIDENTIAL ZONING

- For suburban areas, consider modifying the current R-1 to at least allow Accessory Dwelling Units (ADU).

MEMBERS

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Wayne Williams

TEAM FIVE: IMPROVE ACCESS TO INFORMATION ABOUT AFFORDABLE HOUSING

CHALLENGES

LACK OF INFORMATION AND EDUCATION

INACCESSIBLE AFFORDABLE HOUSING MEETINGS

LACK OF OUTREACH AND MARKETING

Disseminating information to citizens and stakeholders about affordable housing programs, initiatives and opportunities is essential to ensuring all residents have access to safe, affordable housing. Although many organizations and agencies distribute some information about housing, there is no central resource on which the community can rely. Team five recommends a central, online resource with updated and accurate information for landlords, renters, home buyers and homeowners. The city and its partners should continue to ensure that future meetings and opportunities include a wide representation of our community, and they should assist in fostering a coalition of informed community advocates.

RECOMMENDATIONS

LACK OF INFORMATION AND EDUCATION

- Establish a central website hosted by the city for residents to access up-to-date and accurate information about available affordable housing. Information from this website should be transferred to pamphlets and disseminated around Chattanooga.
- The city should strongly consider a contract with third-party entities to develop technology solutions that create transparency within local housing market, such as OneAppOregon.

MAKE MEETINGS MORE ACCESSIBLE

- All future meetings and discussions about affordable housing should be scheduled outside traditional working hours so that more residents are able to participate in creating policy solutions. These meetings should also be flexible enough to allow parents of young children to attend with them.

LACK OF OUTREACH AND MARKETING

- The city should assist in forming, fostering and encouraging an affordable housing advocacy coalition. Members of the coalition should attend meetings, educate elected officials and participate in housing initiatives and programs.

MEMBERS

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TEAM SIX: ELIMINATE HOUSING DISCRIMINATION AND BIAS TOWARD AFFORDABLE HOUSING

CHALLENGES



There is a lack of clarity among the general public and elected officials regarding the legal definitions of "affordable" housing and scope and scale of the housing deficit. This may lead to bias against renters and those wishing to develop affordable housing. Team six recommends a campaign focused on telling the local stories of wages and housing to help educate our community, and the creation of a new City Council committee focused on affordable housing issues.

RECOMMENDATIONS

DISCOURAGE AFFORDABLE HOUSING BIAS

- Combine the Chattanooga Neighborhood Enterprise Housing 101 guide and Chattanooga Organized for Action's pamphlet on the intersection of the economy and housing into a concise presentation for City and County elected leaders and staff. This presentation should be made available to community organizations, neighborhood associations and other interested groups. The City should partner with presenting organizations to help distribute materials.

ADVANCE UNDERSTANDING OF ECONOMIC LANDSCAPE

- Develop an affordable housing storytelling campaign centered on residents impacted by displacement and housing insecurity to help humanize and amplify the stories of cost-burdened families. This campaign should be led by the community and supported by the City of Chattanooga.

ENGAGE POLICYMAKERS

- Create a City affordable housing policy committee which would fall under the same framework as existing City Council committees. This committee should identify housing barriers and develop community-based policy recommendations to address them.

MEMBERS

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Patsy "Pat" Radel
Austin Sauerbrei
Dewayne Stephens

TEAM SEVEN: ADDRESS BLIGHT AND DISINVESTMENT

CHALLENGES

● **HIGH
CONSTRUCTION COSTS**

● **VACANT AND
ABANDONED HOUSES**

Team seven believes our neighborhoods deserve investment to grow and sustainably thrive, while also maintaining their unique character. Focusing city resources to support homeowners with repair and renovation assistance will help preserve housing stock and encourage continued investment. Additionally, by investing in an owner-occupied duplex program, the city can help create homeowners who will invest and revitalize their neighborhoods.

RECOMMENDATIONS

REPAIR & RENOVATE EXISTING HOUSING STOCK

- Land acquisition costs and other development expenses are among the factors that make new construction expensive for developers - and therefore for renters and buyers. Increased focus on the repair and renovation of existing housing stock rather than on the construction of new properties.

CONVERT BLIGHT TO PRODUCTIVE PROPERTY

- Institute a City owner-occupied duplex program. This program allows developers to acquire and renovate duplexes which are sold to owners who live on one side and rent out the other side to a low-to-moderate income household.
- Ensure proper zoning is in place for the owner-occupied duplex program to succeed.

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