

AGENDA
SPECIAL MONTHLY MEETING OF
THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD
OF THE CITY OF CHATTANOOGA, TENNESSEE

Monday, December 12, 2022 @ 12:30 PM

1. Call to Order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Approval of the Minutes for the October 17, 2022, meeting.
4. Recognition of Persons Wishing to Address the Board and Procedures.
5. A RESOLUTION AUTHORIZING THE CHAIR OR VICE CHAIR TO EXECUTE A SIXTEEN (16') FOOT POWER AND COMMUNICATIONS EASEMENT WITH THE ELECTRIC POWER BOARD RELATING TO THE MAI BELL 2 PILOT PROPERTY LOCATED AT UNION AVENUE AND S. HAWTHORNE STREET ON TAX MAP PARCEL NO. 146J-P-010, TO INSTALL, MAINTAIN, REPAIR, REBUILD, OPERATE, AND INSPECT THE UNDERGROUND ELECTRICAL DISTRIBUTION SYSTEM. **(HEB2022-09)**
6. Other Business.
 - **Informational Purposes** re: Affordable Housing Application changes previously requested and approved by HEB resolutions (HEB-2021-02) and (HEB-2022-05).
 - **Informational Purposes** re: Notice of Determination (Alexzandria Gray) – Mount Auburn (1400 Chestnut) PILOT
7. Adjournment.



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD
City of Chattanooga, Tennessee
MONTHLY MEETING MINUTES
John P. Franklin City Council Building
Council Assembly Room
1000 Lindsay Street
Chattanooga, TN 37402
for
October 17, 2022
12:30 p.m.

Present were Board Members: Hicks Armor (Chair), Gregg T. Gentry (Vice-Chair), Richard Johnson (Secretary), Alexa LeBoeuf, Johnika Everhart, and Andrea L. Smith.

Also present were Kathryn McDonald (Assistant City Attorney); Sandra Gober (Community Development); and Brent Goldberg (Chief Financial Officer).

Mr. Armor called the meeting to order, confirmed the meeting advertisement, and established that a quorum was present to conduct business.



ELECTION OF BOARD OFFICERS

Hicks Armor, Chair
Gregg Gentry, Vice-Chair
Richard Johnson, Secretary

After further discussion, a motion was made by Mr. Johnson, seconded by Ms. Smith, that all officers be re-elected to keep in continuity, and the motion carried. A reminder will be made next year for any new officers who would like to rotate.



MINUTES APPROVAL FOR THE JUNE 27, 2022, MEETING

On motion of Mr. Gentry, seconded by Ms. LeBoeuf, the minutes of the June 27, 2022, meeting were unanimously approved as submitted.



PUBLIC COMMENTS

There was no one from the public wishing to comment.

On motion of Mr. Gentry, seconded by Mr. Johnson,

A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE AN AMENDMENT TO FUNDING LOAN AGREEMENT RELATING TO THE TWENTY MILLION DOLLAR (\$20,000,000.00) MULTIFAMILY MORTGAGE REVENUE NOTE FOR PATTEN TOWERS APARTMENT PROJECT SERIES 2019 WITH CITIBANK, N.A., AS FUNDING LENDER. **(HEB2022-08)**

Ms. McDonald stated this is an amendment to the Funding Loan Agreement between Citibank and the HEB. Pursuant to the terms of that certain Funding Loan Agreement dated June 1, 2019, the Governmental Lender issued its promissory note in the maximum principal amount of \$20 million. The proceeds of the Governmental Lender are used to fund a loan with the total principal amount of \$20 million for Patten Affordable Towers, LP, a Tennessee Limited Liability Partnership pursuant to that certain Borrower Loan Agreement dated of June 1, 2019, by and between the Governmental Lender and the Borrower for the purposes described therein. The Funding Lender is now holder of the Governmental Lender Note and is funding the Lender under the original Funding Loan Agreement. The Funding Lender and Governmental Lender have agreed to make certain changes to the original Funding Loan Agreement.

On the second page, it states an amendment to Article 1, Section 1.1 the definition of approved Transferee in its entirety and replacing it with the following:

“Approved Transferee” means (1) a “qualified institutional buyer” (“QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”), that is (2) a financial institution or commercial bank having the capital and surplus of \$5 billion or more, an affiliate of the Funding Lender, (3) a trust or custodial agreement established by the Funding Lender or one of its affiliates or any state or local government or agency or entity which is a political subdivision of a federal, state, or local governmental entity (a “Governmental Entity”), in each case (i) the beneficial interests in which will be owned only by QIBs or “the beneficial interests in which will be rated in the “BBB” category or higher without regard to modifier or (4) the equivalent investment grade category) by at least one nationally recognized rating agency or a governmental entity.

Mr. Gentry asked if the City wants to repackage and reposition the loan so that they can have more access to invest and open their portfolio? Ms. McDonald stated it is redefining certain terms of the agreement. Mr. Armor asked is it the recommendation based on the City Attorney's Office's review that it is appropriate for the Board to approve. Ms. McDonald stated she believes so.

Ms. Gober stated that this is restructuring and refinancing and that is really typical with the projects. There is nothing out of the ordinary. Mr. Gentry asked if there is a downside. Mr. Armor gave his opinion. It would not have gotten this far if a \$20 million – the project has been done. When it is refinanced or repackaged and going by the word transferring, is that it is going to be repackaged or moved and assume that how it is being moved and to whom has been vetted by someone more familiar with the details than the Board is. That is an assumption.

Mr. Armor asked if there was a timeliness on this item. Mr. Armor's gut says we are okay. The Board reviewed the documents more closely. After further discussion, Mr. Gentry stated that he thinks everyone generally understands what needs to be done. Mr. Gentry made a motion that the Board approves what has been submitted before the Board today contingent on Mr. Armor speaking with Mr. Noblett to confirm it is as if we believe we are understanding the transaction correctly, and if Mr. Armor confirms with Mr. Noblett, then the approval stands. If it is something different than what he thinks the Board are all understanding, then it would not move forward, seconded Mr. Johnson.

After further discussion, Ms. Everhart stated that the only other thing she would want confirmed with Mr. Noblett is how it will impact the people who are getting affordable housing. It says that it will reduce costs and would like a confirmation. The Board would want the impact on the rates of the persons affected in Patten Towers from a financial standpoint. Mr. Gentry stated if it was going to increase the rates for Patten residents, then the Board would not likely approve.

ADOPTED WITH CONTINGENCY - October 17, 2022

**A RESOLUTION AUTHORIZING THE APPROVAL TO
UTILIZE THE AMENDED APPLICATION GUIDELINES AS
COMPLETE FOR THE AFFORDABLE HOUSING FUND (AHF).
(HEB2022-09)**

There was a motion for discussion by Ms. LeBouef, seconded by Ms. Everhart, wherein Ms. LeBouef had some questions because she really liked seeing the guidelines when it last came before the Board. There was a question of how does this all link back to the Mayor's vision under One Chattanooga and thus the affordable housing goals. Ms. LeBouef liked seeing that and the activities were related. Ms. LeBouef had some questions following that. Ms. LeBouef did not see any language on clawbacks for instance if somebody does not adhere to the years of the affordability allocated under certain conditions, assuming it is a loan grant, but was not sure what those were.

Ms. Gober stated the HUD restrictive covenant on the property is if the developer or owner does not adhere to the requirements, then the funding has to be repaid. If the purpose is to use these funds to acquire property, we also put the restrictive covenant in place. A few years ago, we utilized the affordable housing fund allocated to Habitat for them to purchase 15 vacant lots and at closing they placed a restrictive covenant on the properties to ensure that when they were ready to construct on the property that the house was constructed and sold to a low-income family. That is part of the operational part of the program is the requirement and the manner in which we ensure that the entity does adhere to what they are required to do.

Ms. LeBouef asked what determines the affordability terms per amount? We were not restricting the amount to pull from the Affordable Housing Fund and then the breakdown was up to \$15,000 to \$40,000 and above \$40,000. Those seemed pretty covenant restriction terms for very low amounts of money actually required to pull off an affordable housing project. What determines those amounts with those years? Is that a bigger institution than this Board determining that?

Ms. Gober stated it is following the HOME Program, the federally funded HOME grant. Much of this is built upon the federal requirements. It is not as restrictive as federal guidelines for restrictions but a good bit we sort of follow some of the guidelines used in the Affordable Housing Fund assisted with federal dollars.

Mr. Armor stated that he is trying to piggyback on her question. When looking at the targeted households, it is between 80% and 120% of the AMI. Ms. Gober stated that was one of the major changes under the previous guidelines for rental property the household income was 60% and one of the changes was to raise that to 80%. For homeownership it was 80% and new guidelines raised it to 120%. Ms. Gober stated it broadens the number of families that can be assisted. The median income that we use as guidelines for the City of Chattanooga – the challenge is that it is the area median income and does include the SMA and also included would be our affluent Lookout Mountain and some of the other counties and being able to increase that up to 80% does assist workforce families to be able to be assisted under the program.

Mr. Armor stated because of the income of certain areas affecting it by going to 80% makes it broader. Ms. Gober stated yes.

Ms. LeBouef asked how is the rubric in the e-bound scoring intended to be brought to the Board? There was a sketched-out rubric, but the rubric did not align with the criteria that had been put in the overview.

Ms. Gober stated she did not know how we wanted to get into this which is why she did the guidelines and the outlines. The guidelines, based on that, is how we will score and evaluate the project. That scoring and rubric will change or could change based on adjustments to the program if we are reviewing a project. It looks like maybe we need to go back and score certain items higher or lower. Ms. Gober did not know if we needed to put that much detail into this overall project information. We have scoring mechanisms and criteria for everything we do and do go back occasionally and make sure we are scoring on the proper points.

Ms. LeBouef stated that would be helpful for the Board if looking at the use of funds which now are not limited and can be significant for such a desperate and high need in our community, and how are we able to distinguish what is going to have the highest impact, greatest alignment with the Mayor's vision. Having a rubric that the Board can access is clearly broken down so we are responsible to that larger question would be super helpful. Those criteria developed are so accurate and perfectly needed, and this would help this body to see that. Mr. Armor thinks it is essential to know what the goals are and how they achieve it, would give the Board a great comfort factor.

Ms. Everhart stated that when the Board last looked at how they do affordable housing and had to have a certain number that were under affordable housing for five years and there were percentages. Ms. Everhart needs clarification. Is this the same thing the Board is looking at now? Mr. Armor thinks that his define of rubric to cast the net wider, the Board is struggling with what it was, what it is, and how – if you tell me we are going from two to four. Ms. Everhart stated the Board needs similarities and differences.

Mr. Armor questioned whether this item come at another time, the Board needs to understand – the Board is struggling with what the current guidelines are, what they are going to which pertains to the measurement. The Board is very committed to low or moderate housing, the financing of it, and the Board is struggling with their responsibility to do that without understanding exactly what they are trying to tell us. Mr. Armor feels a lot more comfortable if the Board knew what the changes were and how they are applicable. There is nothing wrong with changes to the measurement, but the Board needs to understand as the body approving it, what it is, and now what they are going to, and what the objectives are by what they are trying to achieve.

The Board would like an explanation of exactly what they are talking about. What changes they are making, what is the objective of those changes, and how is it going to benefit the people in the program or the organizations that are going to be providing the housing structures. Ms. LeBouef wants to understand if the Board gets brought something, and Organization A gets a 70, and Organization B gets a 50, what does that mean? How does that actually inform who is being served, how this was being assessed. Ms. LeBoeuf needs to know when they get a score, what that is being assessed against and how it is serving this One Chattanooga Vision, their objectives in providing affordable housing, is it a 70 because 20 units were provided, or is it a 70 because it met 30% AMI?

Mr. Armor stated they used to have a set AMI, a set number – “x” to give it. If the minimum was 60% or 80%, if we went to 100%, then it made it tougher on the developer, but it gave more affordable housing units which was the objective. Mr. Armor stated that knowing the Administration, Mr. Armor is convinced that they want to make it more accessible and affordable, but if you ask how they are doing that or what this measurement is, he cannot explain it. Speaking for Mr. Armor as one of six today, Mr. Armor would like to have a clearer idea of what it was we are going to, and why we are doing it. Mr. Armor does not think they are trying to back up. Mr. Armor is not sure if they are communicating to the Board exactly the effect of this and what the change is so the Board understands what they are doing.

Ms. Everhart stated as always, she is going to be concerned about the impacted person. It is helpful not to diminish anything. The Board just does not know. The Board would like to see it. Mr. Armor stated it is a one in ten that they are trying to diminish it, but given that, we are a public board. Mr. Armor would like to be more knowledgeable before he casts his vote, and he is only speaking for one person.

Mr. Armor stated for a procedural perspective, we have a motion and second on the floor to approve the resolution. We either need to by Robert's Rules of Order amend it or vote it down, and then instruct him to do something or make another motion. We have to deal with the motion and second on the floor to approve the resolution which would amend the guidelines or not amend it. We can amend it and vote on the amendment. We can make an amendment to delay the discussion. The Board could table it. They could table it to the next meeting provided they bring back the documentation.

Mr. Gentry recommended that we could see if it moves forward with a vote, and if it dies, it dies. Just call for a vote. The yes moves this forward, and no says, we are not moving it forward. The motion unanimously failed.

Ms. Everhart made a motion that the Board bring this item back at the next board meeting once more documentation is provided to the Board with details on how communities are impacted. Also, with details of what the changes that are being made. Mr. Armor stated if the Board could look at the proposed changes and what the effect of those changes are, we will have two pieces: (1) what are the changes to the guidelines; and (2) the effect of those changes on the populations, the rubric.

Mr. Gentry asked when this comes forth, Mr. Gentry would appreciate clarity and simplicity, a redline version of before or after the objective, and the objective would also have the explanation if 70% or 60%. Very straightforward and a lot of clarity, so they can understand. Ms. Smith seconded the motion, and the motion carried.

MOTION FAILED/REVIEW NEXT MEETING

There being no further business, the meeting adjourned at 1:10 p.m.

Respectfully submitted,

Richard A. Johnson, Secretary

APPROVED:

Hicks Armor, Chair

RESOLUTION

A RESOLUTION AUTHORIZING THE CHAIR OR VICE CHAIR TO EXECUTE A SIXTEEN (16') FOOT POWER AND COMMUNICATIONS EASEMENT WITH THE ELECTRIC POWER BOARD RELATING TO THE MAI BELL 2 PILOT PROPERTY LOCATED AT UNION AVENUE AND S. HAWTHORNE STREET ON TAX MAP PARCEL NO. 146J-P-010, TO INSTALL, MAINTAIN, REPAIR, REBUILD, OPERATE, AND INSPECT THE UNDERGROUND ELECTRICAL DISTRIBUTION SYSTEM.

NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby authorizing the Chair or Vice Chair to execute a 16' foot power and communications Easement with the Electric Power Board relating to the Mai Bell 2 PILOT property located at Union Avenue and S. Hawthorne Street on Tax Map Parcel No. 146J-P-010, to install, maintain, repair, rebuild, operate, and inspect the underground electrical distribution system.

ADOPTED: December 12, 2022

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD FOR THE CITY OF
CHATTANOOGA, TENNESSEE

Hicks Armor, *Chair*

ATTEST:

Richard Johnson, *Secretary*

HEB-2022-09

Owner and PREPARED BY EPB
P. O. Box 182255, CHATTANOOGA, TN 37422-7255
Tax Map Parcel No. 146J-P-010
Send Tax Bill to: Exempt Agency

Rev. 11-19-87
STATE OF TENNESSEE
COUNTY OF HAMILTON

E A S E M E N T

W.O. 12204123

KNOW ALL MEN BY THESE PRESENTS, That the undersigned, **The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee**, hereinafter called Grantor, for and in consideration of the sum of \$1.00 paid by the **Electric Power Board of Chattanooga ("EPB")**, acting for and on behalf of the City of Chattanooga, Tennessee, receipt of which is hereby acknowledged, and other considerations, do grant, sell and convey unto the City of Chattanooga, Tennessee, its successors and assigns, the perpetual right, privilege and easement to enter and to install, maintain, repair, rebuild, operate and inspect the underground electrical distribution system consisting of riser poles, duct lines, handholes, manholes, cable, wire, transformer pads, transformers, switches, fuses and other appurtenances (herein called installations), for the general underground transmission and distribution of electric current and communications, together with reasonable rights of ingress and egress thereto as EPB may from time to time require upon and across the property owned by the Grantor, located in Hamilton County, Tennessee, and more particularly described as follows to-wit:

A tract of land lying north of Union Street in Chattanooga, Tennessee, and being the property described by deed of record in Deed Book 12720, Page 579, in the Register's Office of Hamilton County, Tennessee, and more particularly described as Lot Nine (9), Revised Plat, Highland Park Addition No. One (1), as shown by plat of record in Plat Book 116, Page 80, in the Register's Office of Hamilton County, Tennessee.

The new easement shall be as shown on Exhibit A (EPB's Drawing No. 101226), which is incorporated herein by reference and made a part hereof.

This is not a conveyance of the fee in said land, but only the rights, privileges and easements herein set forth. This conveyance covers the underground electrical system as actually installed even though it may be at a reasonable variance with the plan attached hereto. The Grantor may continue to use the property in any way or for any purpose that will not interfere with the safe and reasonable operation and maintenance of the installations to be made by EPB upon or across the said land. However, the Grantor, his successors and assigns may not, without written consent from EPB, erect or allow to be erected any type building, sign, or other structure within limits of the easement, or within 8 feet of the centerline of EPB's facilities. This does not preclude the Grantor from construction of paved parking, curbs, sidewalks, or landscaping within these limits, other than locations for pad mounted transformers, switchgear, transclosure, or similar above grade installations, and except for the surrounding area within ten feet for which the construction of curbs, sidewalks, and landscaping is prohibited, except as specified by EPB, for the purpose of maintaining working clearances for operations, maintenance, inspections, or safety functions.

Should the Grantor require relocation of the said installations because of the future developments, they may be moved to a mutually satisfactory location at the Grantor's expense, provided that EPB reasonably determines that such relocation is sound and feasible from an engineering viewpoint, and with a recordable instrument describing said relocation.

EPB agrees that in the exercise of the rights and privileges of this easement, it will not interfere unnecessarily or unreasonably with the normal flow of traffic on the premises of the Grantor and will replace any surface disturbed by it. However, EPB reserves the right to place or replace any of the said installations at any time it may desire.

The Grantor agrees that the sum paid shall cover all reasonable damages to the fee property incident to the initial entry and construction of said installations, and said sum is in full satisfaction and settlement of all claims for damages incident thereto.

The Easement includes the right of EPB or its assignee to place underground cable and/or conduit within the easement for the purpose of communications, with appurtenances necessary for its operation.

IN WITNESS WHEREOF, I have hereunto signed my name, this the _____ day of _____, 2022.

**The Health, Educational and Housing
Facility Board of the City of Chattanooga, Tennessee**

By: _____

Title: _____

STATE OF _____

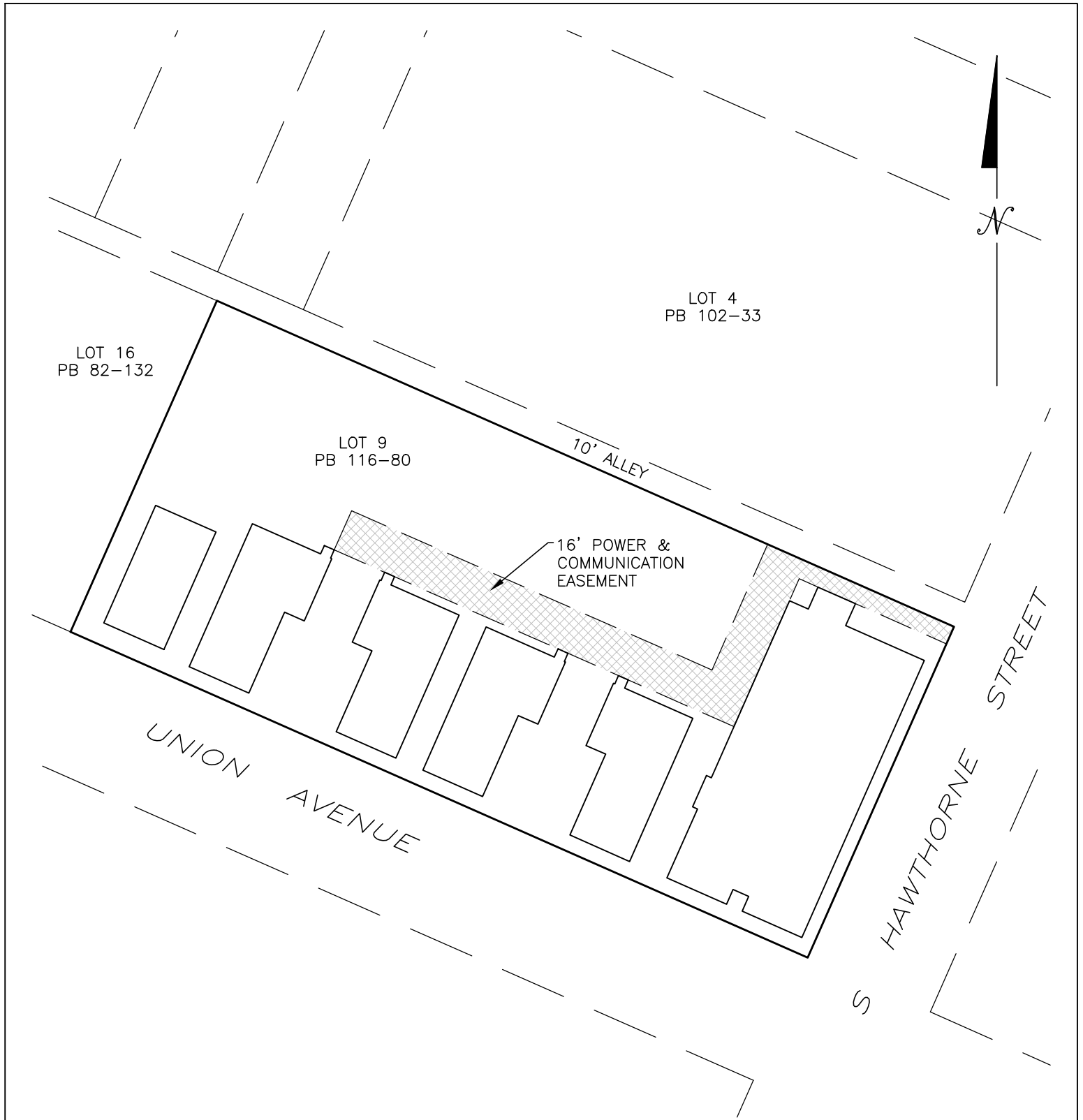
COUNTY OF _____

Before me, _____, a Notary Public in and for the State and County aforesaid, personally appeared _____, with whom I am personally acquainted and who, upon oath, acknowledged himself/herself to be _____ of _____, the within named bargainer, and that he/she as such _____, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself/herself as _____.

WITNESS my hand and seal at office in _____ County, _____, the _____ day of _____, 2022.

Notary Public

My commission expires: _____



Notes

1. This is not a survey and no survey is implied. Electrical facilities shown are for representational purposes only and locations are approximate. Be advised that some information on this map may be inaccurate.
2. This is a preliminary design plan. Actual installations may be at a reasonable variance from the electrical facilities proposed hereon.
3. Do not rely on this map to determine underground power line locations. Call before you dig! In Tennessee call 800-351-1111 or in Georgia call 770-623-4332 for on-site marking of underground utilities.

				EXHIBIT A		CITY OF CHATTANOOGA, TN ELECTRIC POWER BOARD ENGINEERING DIVISION	
				16' POWER & COMMUNICATION EASEMENT			
				MAI BELL 2			
NO.	DATE	BY	REVISION	SCALE:	NTS		
APPROVED.				DATE 10-20-2022	DRAWN BY CP	CHK BY CP	DWG NO. 101226
							1 OF 1 SHEETS

INFORMATION CONCERNING AFFORDABLE HOUSING
APPLICATION CHANGES PREVIOUSLY REQUESTED AND
APPROVED BY HEB RESOLUTIONS

- The updated Program Overview and new application forms provide more information to city Economic Development staff and is structured to allow various types of eligible Affordable Housing funding requests.
- The prior application used by Economic Development was not structured to receive and adequately vet different types of applications for construction, programs, and services allowed for funding approval of Affordable Housing projects funded by federal, state, and local funds. This previous application was structured to provide information for construction/development projects. It really did not accommodate the funding requests for the feasibility studies.
- These application changes have been made based on previous HEB resolutions in 2021-02 and 2022-05 which are attached. City staff will come to the HEB for changes to the program - eligible uses, changes in populations to be served, areas of focus, income limits, etc. in the future as it has done in the past.
- The current levels of AMI have been amended to include different income levels of jobs/occupations in Chattanooga taken from recent Labor Statistics.
- These statistics of rental and homeownership housing affordability show that households at 100% AMI cannot afford to purchase a home, thus increasing the AMI limits to 120% of benefits for working-class households, not rich workers.

RESOLUTION

A RESOLUTION AUTHORIZING THE ADMINISTRATOR FOR THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO AMEND THE GUIDELINES FOR THE AFFORDABLE HOUSING FUND TO ALLOW UP TO FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) TO BE UTILIZED FOR RENT, MORTGAGE, AND UTILITY ASSISTANCE FOR LOW-TO-MODERATE INCOME HOUSEHOLDS IMPACTED BY COVID-19, CONTINGENT UPON CITY COUNCIL APPROVAL.

NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby authorizing the Administrator for the Department of Economic and Community Development to amend the guidelines for the Affordable Housing Fund to allow up to \$500,000.00 to be utilized for rent, mortgage, and utility assistance for low-to-moderate income households impacted by COVID-19, contingent upon City Council approval.

ADOPTED: January 27, 2021

HEALTH, EDUCATIONAL AND HOUSING FACILITY
BOARD OF THE CITY OF CHATTANOOGA


Hicks Armor (Jan 27, 2021 16:17 EST)

Hicks Armor, *Chair*

ATTEST:


Amanda Jelks (Jan 27, 2021 16:22 EST)

Amanda Jelks, *Secretary*

(HEB2021-02)

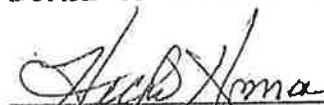
RESOLUTION

A RESOLUTION ALLOCATING FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) FROM THE AFFORDABLE HOUSING FUND TO CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. (CNE) AS LEVERAGE IN THE PRODUCTION OF A 24-UNIT APARTMENT BUILDING APPROVING FIVE (5) INCOME-RESTRICTED UNITS AVAILABLE TO HOUSEHOLDS WITH INCOMES THAT ARE AT, OR BELOW, SIXTY (60%) PERCENT OF THE AREA MEDIAN INCOME (AMI), AS DEFINED BY U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD), AND THAT THE CITY HAS RECOMMENDED FIVE (5) ADDITIONAL RENTAL UNITS TO BE MADE AVAILABLE TO HOUSEHOLDS WITH INCOMES THAT ARE AT, OR BELOW EIGHTY (80%) PERCENT AMI, AND CNE HAS IN GOOD FAITH AGREED TO DO SO. THE PROPERTY IS LOCATED AT 621 E. MARTIN LUTHER KING BLVD., CHATTANOOGA, TN 37403.


NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby allocating \$500,000.00 from the Affordable Housing Fund to Chattanooga Neighborhood Enterprise, Inc. (CNE) as leverage in the production of a 24-unit apartment building approving five (5) income-restricted units available to households with incomes that are at, or below, 60% of the Area Median Income (AMI), as defined by U.S. Department of Housing and Urban Development (HUD), and that the City has recommended five (5) additional rental units to be made available to households with incomes that are at, or below 80% AMI, and CNE has in good faith agreed to do so. The property is located at 621 E. Martin Luther King Blvd., Chattanooga, TN 37403.

ADOPTED: May 16, 2022

HEALTH, EDUCATIONAL AND HOUSING FACILITY
BOARD OF THE CITY OF CHATTANOOGA


Hicks Armor, Chair

ATTEST:


Richard Johnson, Secretary

HEB-2022-05

8. Information: AMI Relative to Affordability

What is Area Median Income “AMI” and why does it matter?

All affordable housing programs require a set number or percentage of income-restricted housing to be provided along with the market-rate (unrestricted) housing. Income-restricted housing commonly uses Area Median Income (AMI) to determine whether a household is considered low income and therefore eligible to obtain a restricted unit. The U.S. Department of Housing and Urban Development (HUD) uses AMI thresholds, adjusted by household size, to set the income thresholds households cannot exceed to be eligible for income-restricted affordable housing. This allows income-restricted housing programs to determine eligibility using income levels that make sense for a geographic area. Instead of thinking about AMI as a table of numbers, it’s important to understand that these categories represent people with jobs working in a range of professions. The table below represents occupations for many people in the workforce and their associated income levels by AMI.

Rental Housing

Income Limits (2-person household)		Occupation/Annual Income	2022 Max Rents (1Bdrm, 1-2 person household)
AMI%	2022 Income		
31-50%	\$30,100	Telemarketers (\$26,990) Nursing Assistants (\$29,170) Recreation Workers (\$29,260) Cashiers (\$22,880) Pharmacy Aides (\$27,030) Substitute Teachers, Aides (\$23,190) Fast Food Cooks(\$21,980) Dishwashers (\$24,240) Janitors (\$25,890) Maids-Housekeeping (\$22,890) Home Health Care Aide (\$24,960)	Chattanooga’s Median Rent \$1,219.00* HUD Fair Market Rent \$742.00 30% Affordability No Utilities \$753.000 30% Affordability With Utilities \$603.00
51-60%	\$36,120	Preschool Teachers (\$33,260) Firefighters (\$36,030) Probation Officers (\$34,990) Human Service Assistants (\$35,770) Library Technicians (\$32,500) Broadcast Announcers (\$35,950) Phlebotomists (\$34,240) Security Guards (\$31,650)	Chattanooga’s Median Rent \$1,219.00 HUD Fair Market Rent \$742.00 30% Affordability No Utilities \$903.00 30% Affordability With Utilities \$753.00
61-80%	\$48,150	Carpenters (\$42,760) Correctional Officers (\$37,800) Tax Preparers (\$40,590) Marriage/family Therapists (\$40,220) Clergy (\$44,190) Substance Abuse, mental health counselors (\$43,250) Chemical Technicians (\$47,120) Social Worker (\$59,250) Real Estate Sales Agent (\$43,410)	Chattanooga’s Median Rent \$1,219.00 HUD Fair Market Rent \$742.00 30% Affordability No Utilities \$1,204.00 30% Affordability With Utilities \$1,054.00
81-100%	\$60,200	Chefs and Head Cooks (\$56,530) Graphic Designers (\$49,910) Truck Drivers (\$40,540) Radiologist (\$52,340) Mail Carriers (\$52,670) Electricians (\$51,700)	Chattanooga’s Median Rent \$1,219.00 HUD Fair Market Rent \$742.00 30% Affordability No Utilities \$1,505.00 30% Affordability With Utilities \$1,355.00

101 – 120%	\$72,200	Dental Hygienists (\$66,310) Insurance Sales Agent (\$70,680) Real Estate Broker (\$66,670) Market research analyst (\$65,930) Accountant, Auditors(\$70,510)	Chattanooga's Median Rent \$1,219.00 HUD Fair Market Rent \$742.00 30% Affordability No Utilities \$1,850.00 30% Affordability With Utilities \$1,655.00
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* <https://www.zumper.com/rent-research/chattanooga-tn> 10.29.2022

U.S. Bureau of Labor Statistics - May 2021 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates Chattanooga, TN-GA

Homeowner Housing - Median Sales Price Chattanooga – September 2022: \$306,625

Scenario 1:

What is the annual income required to afford a median priced home?

5% down = financing \$291,294

4.5% interest, 30 year mortgage

Monthly Housing Cost: mortgage only \$1,475.00 + PMI, Taxes and insurance of \$375.00 = **\$1,850.00**

Annual income needed: \$74,000

Scenario 2:

What is the maximum home price a household of two with an annual income of \$60,200 (100% AMI) can afford?

4.5% interest, 30 year mortgage with PMI, Taxes & Interest

Maximum for housing: \$1,505.00 (30% of monthly income)

350.00 (Less: PMI, Interest, Taxes)

\$1,155.00 Available for mortgage

Max can afford: \$227,952

Scenario 3:

What is the maximum home price a household of two with an annual income of \$48,150 (80% AMI) can afford?

4.5% interest, 30 year mortgage with PMI, Taxes & Interest

Maximum for housing: \$1,204.00 (30% of monthly income)

300.00 (Less: PMI, Interest, Taxes)

\$904.00 Available to mortgage

Max can afford: \$178,414

Chattanooga, TN-GA MSA Income Limits 2022

Household Category	Household Size							
	1	2	3	4	5	6	7	8
30% of Median Family Income	\$15,800	\$18,050	\$20,300	\$22,550	\$24,400	\$26,200	\$28,000	\$29,800
50% of Median Family Income (Very Low Income)	\$26,350	\$30,100	\$33,850	\$37,600	\$40,650	\$43,650	\$46,650	\$49,650
60% of Median Family Income	\$31,620	\$36,120	\$40,620	\$45,120	\$48,780	\$52,380	\$55,980	\$59,580
80% of Median Family Income (Low Income)	\$42,150	\$48,150	\$54,150	\$60,150	\$65,000	\$69,800	\$74,600	\$79,400
100% of Median Family Income	\$52,700	\$60,200	\$67,700	\$75,200	\$81,300	\$87,300	\$93,300	\$99,300
120% of Median Family Income	\$63,150	\$72,200	\$81,200	\$90,250	\$97,450	\$104,700	\$111,900	\$119,100

Chattanooga, TN-GA MSA Income Limits 2022/Maximum Housing Affordability (30% of Income, w/o utility allowance)

Household Category	Household Size							
	1	2	3	4	5	6	7	8
30% of Median Family Income	\$395	\$451	\$508	\$564	\$610	\$655	\$700	\$745
50% of Median Family Income (Very Low Income)	\$559	\$753	\$846	\$940	\$1,016	\$1,091	\$1,166	\$1,241
60% of Median Family Income	\$791	\$903	\$1,016	\$1,128	\$1,220	\$1,310	\$1,400	\$1,490
80% of Median Family Income (Low Income)	\$1,054	\$1,204	\$1,354	\$1,504	\$1,625	\$1,745	\$1,865	\$1,985
100% of Median Family Income	\$1,318	\$1,505	\$1,693	\$1,880	\$2,033	\$2,183	\$2,333	\$2,483
120% of Median Family Income	\$1,579	\$1,805	\$2,030	\$2,256	\$2,436	\$2,618	\$2,798	\$2,978

Chattanooga, TN-GA MSA Income Limits 2022/Maximum Housing Affordability (30% of Income, with utility allowance)

Household Category	Household Size							
	1	2	3	4	5	6	7	8
30% of Median Family Income	\$245	\$301	\$358	\$414	\$460	\$505	\$550	\$595
50% of Median Family Income (Very Low Income)	\$509	\$603	\$696	\$790	\$866	\$941	\$1,016	\$1,091
60% of Median Family Income	\$641	\$753	\$866	\$978	\$1,070	\$1,160	\$1,250	\$1,340
80% of Median Family Income (Low Income)	\$904	\$1,054	\$1,204	\$1,354	\$1,475	\$1,595	\$1,715	\$1,835
100% of Median Family Income	\$1,168	\$1,355	\$1,543	\$1,730	\$1,883	\$2,033	\$2,183	\$2,333
120% of Median Family Income	\$1,429	\$1,655	\$1,880	\$2,106	\$2,286	\$2,468	\$2,648	\$2,828

Median Family Income

\$75,200



**TENNESSEE HUMAN RIGHTS COMMISSION
CENTRAL OFFICE
WILLIAM R. SNODGRASS TENNESSEE TOWER
312 ROSA L PARKS AVENUE, 23RD FLOOR
NASHVILLE, TN 37243-1102
(615) 741-5825 FAX (615) 253-1886
Toll-Free: 1-800-251-3589 Toll-Free Spanish: 1-866-856-1252
www.tn.gov/humanrights**

Alexzandria Gray
4535 Reaney Lane
Owings Mills, MD 21117

COMPLAINANT

vs.

Bluestone Property Management, LLC
Brad Galinson, Registered Agent
8546 Prestine Loop
Cordova, TN 38018-4277

Jennifer McCoy, Esq.
The Law Office of Jennifer McCoy
P.O. Box 140450
Nashville, TN 37214
Respondents' Representative

RESPONDENTS

Kaitlyn Blasingim
Ashley Taylor
c/o Bluestone Property Management, LLC
8546 Prestine Loop
Cordova, TN 38018

The Health Educational and Housing
Facility Board
Phillip A Noblett, Registered Agent
100 E 11th Street, Suite 200
Chattanooga, TN 37402-4288

THRC #21-020 HUD# 04-21-4853-8

NOTICE OF DETERMINATION

This letter serves as official notice to all parties that the Commission has concluded its investigation and has reached the following determination: Examination of the evidence indicates that there is no reasonable cause to believe that the Respondents have engaged in a discriminatory practice. Therefore, the complaint in this matter is dismissed.

If the Complainant wishes to pursue this matter further, she can:

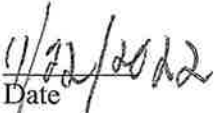
1. File a written request for reconsideration with Ms. Muriel M. Nolen, Executive Director, THRC, 312 Rosa L. Parks Avenue, 23rd Floor, Nashville, TN 37243-1102. The request must specifically state the grounds on which it is based and be filed within thirty (30) days of the receipt of this notice; OR
2. File a private action in the state court system, Chancery or Circuit Court within thirty (30) days of the receipt of this notice, appealing the determination; OR

3. If a federal law was involved, then you may file a private action in federal court. You have two (2) years from the time of the alleged discriminatory practice to file a federal claim. This two (2) year period does not include any time during which there was an administrative proceeding by a federal agency.

On Behalf of the Commission,



Muriel M. Nolen, Executive Director


Date

Determination of No Reasonable Cause

Case Name: Alexzandria Gray v. Bluestone Property Management, LLC, Kaitlyn Blasingim, Ashley Taylor, and The Health, Educational and Housing Facility Board

Case Number: THRC# 21-020 HUD# 04-21-5853-8

I. JURISDICTION

Complainant, Alexzandria Gray, alleges she has been injured by discriminatory acts taken by the Respondents Bluestone Property Management, LLC, Kaitlyn Blasingim, Ashley Taylor, The Health, Educational and Housing Facility Board in violation of the Fair Housing Act and the Tennessee Human Rights Act (“the Acts”). Complainant alleges Respondents collectively discriminated against her by providing her with less favorable terms and conditions related to rental on the basis of her race (African American), in violation of the Acts.

The most recent act is alleged to have occurred on January 30, 2021, and the complaint was timely filed on February 1, 2021, and amended on July 25, 2022. Complainant inquired about renting a unit located at 1400 Chestnut Street in Chattanooga, Tennessee 37402. The subject property is titled in the name of the Health, Educational and Housing Facility Board through the PILOT program and managed by Bluestone Property Management, LLC, through its Community Manager Respondent Ashley Taylor and Leasing Agent Respondent Kaitlyn Blasingim.

The subject property is a multi-family structure and is not exempt under the Fair Housing Act (sections 803 and 807) or the Tennessee Human Rights Act (section 4-21-602). If proven, the allegations would constitute a violation of Sections 804(a)-(b) of Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Act of 1988 and a violation of the Tennessee Human Rights Sections 4-21-601(a)(1)-(2).

The Respondents do not receive federal funding.

II. COMPLAINANT’S ALLEGATIONS

Complainant alleged the following in summary: Complainant contacted Respondents by phone on January 27, 2021 and spoke with Respondent Blasingim about coming by the property for a tour to view the property. Complainant states Respondent was pleasant over the phone and invited her to come by the property. Respondent Blasingim made an appointment for January 30, 2021, at 11:00 a.m. Complainant arrived for her appointment at approximately 11:12 a.m.

When the Complainant arrived, Respondent Blasingim stated she did not know if she could conduct a tour of the property as she was booked with another showing at 11:30 a.m. When Complainant informed her that she was interested in a two-bedroom unit, Respondent Blasingim told her she did not have any two-bedroom

units available to show; however, Respondent Blasingim ultimately did show her a two-bedroom unit. Complainant stated that Respondent Blasingim's demeanor changed from being friendly on the phone to being rude during the showing. Complainant alleges Respondent Blasingim was cold and only giving short answers to questions. After the showing, Respondent Blasingim did not invite her into the office, or ask if she was interested in renting nor inquired when the Complainant was interested in moving. Complainant and her grandmother were parked near the front of the office until 11:30am and did not see anyone come to the office.

Complainant wrote a review about the property and received a telephone call from Respondent Taylor the following day. Complainant states she told the Respondent she felt she was being discriminated against because of her race. Complainant alleges Respondent Taylor told her that she was wrong to feel that way.

Complainant alleges Respondents collectively discriminated against her by providing her with less favorable terms and conditions related to rental on the basis of her race, African American, in violation of the Acts.

III. RESPONDENTS' DEFENSES

The Respondents denied discriminating against the Complainant on the basis of her race and assert the following in summary: Respondents deny the Complainant's allegations and assert it was an issue of timing and nothing more. Respondent Blasingim was the only leasing consultant on the property on January 30, 2021. Complainant's appointment to tour the property was scheduled to begin at 11:00 a.m. However, the Complainant arrived at 11:17 a.m. Respondent had another showing scheduled for 11:30 a.m. Respondent explained to the Complainant that she would not be able to provide her a full tour. Respondent offered to reschedule her appointment so she could give her the full tour, but Complainant declined the offer.

Respondent Blasingim accommodated the Complainant to the best of her ability in the time remaining by showing the Complainant the two-bedroom unit she requested to tour. Upon completing the tour of the apartment, Respondent offered again to reschedule Complainant's appointment, so that she could have the opportunity to tour the entire community. Respondent asserts Complainant stated she did not need to see the entire community and refused to schedule a follow-up appointment.

After the visit, the Complainant posted a Google review about her dissatisfaction with the service she received. Upon learning of the review, Respondent Taylor contacted the Complainant by phone and once again offered to schedule a follow-up tour. The Complainant refused the offer.

Respondents assert the issue at hand was simply one of timing; the Complainant arrived late to her appointment, and due to time constraints, Respondent Blasingim was unable to provide a full tour.

IV. FACTS AND ANALYSIS

Complainant provided an email sent on February 1, 2021, to the Respondents discussing her tour of the property. A review of this email indicates she felt Respondent Blasingim was rude to her, did not offer any information and when the showing was over, she did not invite her to come back to the office to discuss the property. Complainant stated in her email that she believes she had been racially discriminated against because she is African American. Complainant does acknowledge talking to Respondent Taylor after posting a negative review; however, she felt the purpose of the call was to defend Respondent Blasingim's actions.

Evidence collected include a master tenant list of one hundred ninety-seven (197) residents with move-in dates. A review of this list shows twelve tenants moved to the property in January of 2021.

Also included was an Applicant show list that included information confirming the date of first contact with an applicant, prospective move in date, agent involved, date of showing and notes entered as to outcome of contact.

This printout listed the Complainant's first contact was on January 28, 2021, and a showing date of January 30, 2021. It also listed a move in date of September 15, 2021. Notes from Respondent Blasingim state "*Toured 2bed/2bath 1155 square feet. She seems to show interest in the larger 2 bedroom, and I suggested a second tour to come back to view it.*"

Respondents submitted a unit vacancy list as of January 30, 2021. The list had three units vacant, unrented and were ready units. Two units were one bedroom, and one unit was two bedrooms.

Terms and Conditions

To establish that Respondents treated Complainant differently because of her race, Complaint must show the following:

1. Complainant is a member of a protected class;
2. Complainant inquired about or applied for a dwelling from the Respondent
3. Respondent imposed certain terms and conditions on the Complainant; and
4. Respondent provided more favorable terms or conditions to other persons outside of Complainant's protected class.

Complainant identifies as an African American. Race is a protected class under the Acts. Thus, the first element is met. It is uncontested that Complainant made a telephone call on January 28, 2021, to inquire about renting from the Respondents and scheduled an appointment for a tour on January 30, 2021, at 11:00am to view the property. Thus, the second element is met.

The Complainant alleged that Respondent Blasingim did not provide her with an adequate tour of the property when the Complainant arrived on January 30, 2021. The Complainant alleged Respondent Blasingim was hostile when she arrived at the property; moreover, the Complainant alleged Respondent Blasingim was rude to her due to the Complainant's race.

It is uncontested that the Complainant and her grandmother arrived at Respondent's property after the scheduled 11:00 a.m. appointment time. The Complainant alleged she arrived at 11:12am while the Respondents assert the Complainant did not arrive until 11:17am. Thus, it is uncontested the Complainant did not arrive on time. Respondent Blasingim advised the Complainant when she arrived that she could not conduct a full tour of the property due to having another appointment at 11:30 a.m.

The investigation indicates Respondent Blasingim checked to see if there were any other times available that day but reported she was booked as she was the only staff member in the office that day. It is Complainant's statement that she told Respondent she did not need to see all the amenities but wanted to tour a two-bedroom unit. The Complainant statement is that Respondent told her they did not have a two-bedroom unit to view; however, Respondent took them to view a two-bedroom unit.

It is the testimony of the Complainant that when she talked to Respondent Blasingim over the phone to make the appointment, she was warm and friendly; however, when she arrived on the property and met Respondent Blasingim face to face, her behavior toward the Complainant changed as she was rude, quiet, and gave only short answers to their questions.

The investigation shows that on or around February 1, 2021, the Complainant sent an email to Respondent Bluestone Property Management and posted a negative review on Google about her recent experience with her scheduled showing. It is Respondent Taylor's testimony she spoke with Respondent Blasingim prior to calling the Complainant and Respondent Blasingim was confused about the review as the Complainant shared no indication of dissatisfaction at the appointment.

It is undisputed Respondent Taylor contacted the Complainant by telephone on or around February 1, 2021. A telephone log submitted confirms that a call was placed to the Complainant on the above date.

Respondent Taylor asserts in their telephone conversation, Complainant informed her that she believed she was discriminated against by Respondent Blasingim because of her race. It is Respondent Taylor's testimony that she apologized for Complainant's experience with regards to her community tour. Complainant states Respondent Taylor told her she had reviewed the footage from their camera and while it had no audio, she didn't see any animosity displayed. Respondent Taylor offered to schedule another appointment, so that she could have enough time to have the complete tour, but the Complainant declined and indicated she was not interested in renting from them.

According to Respondent Taylor's testimony, the racial composition of the subject property is as follows: Caucasian representation is 60%, African American representation is 30% and Other is 10%. Included in this investigation was a review of the 2021 United States Census for Hamilton County which indicated the demographic makeup for the population in this county is as follows: 75% are Caucasian, 19% are African American and 15% are Others.

In this case, a similarly situated would be a potential tenant who arrived at her scheduled appointment received poor customer service. To establish this element, the investigation would have to show that a non-African potential tenant arrived for their tour received good customer service. This Investigator reached out to nineteen (19) potential tenants who viewed the property. Seven (7) agreed to be interviewed and of the seven interviewed six were Caucasian and one was Pacific Island. The investigation found these witnesses felt they were treated professionally by the staff when viewing the property. The investigation found that four (4) of those interviewed rented from the property and all stated they did not witness staff treating some races different from others. The investigation did not find sufficient evidence to suggest the Respondents discriminated against Complainant because of her race.

The investigation was unable to substantiate Respondents committed acts of discrimination. While the parties do not agree as to what time the Complainant arrived for her tour, the investigation does suggest the Complainant arrived late for her appointment. The investigation did not find sufficient evidence to suggest that the Respondents treated Complainant differently because of her race. Rather, the investigation found sufficient evidence that the Respondents attempted to reschedule another time for a tour of the property so the Complainant could have the opportunity to tour the entire community.

V. CONCLUSION

Based on the foregoing evidence, there is no reasonable cause to believe that the Respondents committed acts of discrimination as alleged based on the Complainant's race in violation of Sections 804(a)-(b) of Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Act of 1988 and a violation of the Tennessee Human Rights Sections 4-21-601(a)(1)-(2).

The determination only addresses the violations of the Fair Housing Act and the Tennessee Human Rights Act as alleged in the complaint and does not address any potential violations of any other provisions of the law. A determination of no reasonable cause is limited to the facts developed in a specific investigation and is not a determination of compliance with Fair Housing Act and Tennessee Human Rights Act requirements.

VI. ADDITIONAL INFORMATION

Notwithstanding this determination by THRC, under the Tennessee Human Rights Act, within 30 days of the receipt of the Notice of Determination, the Complainant may file a written request for reconsideration with the Commission or a private action in state court (Chancery or Circuit) appealing this decision.

Under the federal Fair Housing Act, the Complainant may file a civil action in an appropriate federal district court or state court within two years after the occurrence or termination of the alleged discriminatory housing practice. The computation of this two-year period does not include the time during which this administrative proceeding was pending. In addition, upon the application of either party to such civil action, the court may appoint an attorney, or may authorize the commencement of or continuation of the civil action without the payment of fees, costs, or security, if the court determines that such party is financially unable to bear the costs of the lawsuit.

Muriel M. Nolen
Muriel M. Nolen, Executive Director

11/22/2022
Date

A copy of the final investigative report can be obtained from:

Tennessee Human Rights Commission
ATTN: FIR Request
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, 23rd Floor
Nashville, TN 37243-1102
FAX: 615-253-1886