

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

Monday, August 21, 2023 @ 12:30 PM

1. Call to Order.
2. Election of Officers (Chair/Vice-Chair/Secretary)
3. Confirmation of Meeting Advertisement and Quorum Present.
4. Approval of the Minutes for the February 20, 2023, monthly meeting.
5. Recognition of Persons Wishing to Address the Board.
6. A resolution ratifying the Chair's execution of a Written Consent dated May 25, 2023, to (i) the transfer of managing member in the owner from Pennrose GP, LLC to the Chattanooga Housing Authority; and (ii) the change of property manager from Pennrose Management Company to the Chattanooga Housing Authority regarding the multifamily housing revenue bonds (Maple Hills Apartments Project), Series 2011. **(HEB2023-05)**
7. A resolution ratifying the Chair's execution on a 2023 Multifamily Tax-Exempt Bond Authority Firm Commitment Letter dated August 7, 2023, with the Tennessee Housing Development Agency regarding Espero Chattanooga, LP Development located at 1815 East Main Street, Chattanooga, TN 37404. **(HEB2023-06)**
8. A resolution ratifying the Chair's execution on a 2023 Multifamily Tax-Exempt Bond Authority Firm Commitment Letter dated June 21, 2023, with the Tennessee Housing Development Agency and ratifying the Chair's execution on a MTBA Borrower Issuer Certification dated August 10, 2023, regarding DGA Shallowford Pointe Development located at 6402 Shallowford Road, Chattanooga, TN 37421. **(HEB2023-07)**
9. Project Update on the DGA Shallowford Pointe Development.
10. Presentation of PILOT report by Sandra Gober.
11. Other Business.
12. Adjournment.



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD
City of Chattanooga, Tennessee
MONTHLY MEETING MINUTES
John P. Franklin, Sr. Council Building
Assembly Room
1000 Lindsay Street
Chattanooga, TN 37402
for
February 20, 2023
12:40 p.m.

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

Also present were Phillip A. Noblett (Counsel to the Board); Craig Cobb, Jordana Nelson, and Rob Talbott (DGA Residential); Betsy McCright and Joe Kelly (Chattanooga Housing Authority); Anna Protano-Biggs and Donna Maddox (AIM Center); Thomas E. Smith; Vickie Haley (CFO); Steve Barrett (Husch Blackwell LLP); Jermaine Freeman and Kim Narramore (Economic Development); Sandra Gober (Community Development); Jay Moneyhun (Bass Berry & Sims); Mike Pare (Times-Free Press); and John Wilson (The Chattanooga).

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



MINUTES APPROVAL FOR THE JANUARY 23, 2023, MEETING

On motion of Mr. Gentry, seconded by Mr. Johnson, the minutes of the January 23, 2023, meeting were unanimously approved as submitted.



PUBLIC COMMENTS

There was no one from the public wishing to comment.



TEFRA HEARING

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

A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE RELATING TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR AN AMOUNT NOT EXCEEDING TWENTY MILLION DOLLARS (\$20,000,000.00) TO PROVIDE FINANCING TO DGA SHALLOWFORD LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF AN APPROXIMATELY 96-UNIT HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 6402 SHALLOWFORD ROAD, CHATTANOOGA, TENNESSEE. **(HEB2023-03)**

Mr. Jay Moneyhun (Bass Berry & Sims) is serving as bond counsel. The sponsors are the Chattanooga Housing Authority (CHA), Mr. Joe Kelly who represents CHA, and DGA Residential. The purpose of this preliminary inducement resolution is for the issuance of bonds for this Board to show preliminary support and adopt a resolution which is a requirement for this project to be able to apply for bond allocation to THDA. If approved by THDA, it is awarded allocation for bonds, then they would be able to move forward with the project and come back to this Board for a final bond resolution. This Board has done this for a number of projects, and Mr. Moneyhun can certainly answer any questions about the bond or tax side of this. If you have questions specifically about the project, the CHA or DGA representatives can answer any project specific questions.

Mr. Armor asked a question regarding low to moderate income housing, six of the 96 units, how many are going to be low to moderate? Mr. Moneyhun stated that as a requirement for this tax-exempt bond you have two (2) options. The first option is that 40% of the units have to be restricted and only rented to people who are 60% or below AMI. The second option is at least 20% of the units have to be rented to residents who are at or below 50% of the AMI. DGA Residential commented that they will do the 100% at the 40/60. All 96 units will be rented to low income folks. The bond requirement will be 40/60. Mr. Armor stated traditionally we have raised that up.

Mr. Gentry asked regarding the 96 units, how many are one, two, three bedrooms, can you give the layout? DGA Residential stated it would be 48 two-bedrooms and 48 three-bedrooms. Ms. Smith asked about handicap accessible? DGA Residential stated that 5% would be fully handicapped accessible, that would be five units at the property and another 2% would be sight and hearing impaired, those would not overlap, those would be two separate units.

Mr. Gentry asked about common areas for the families that might be residing. DGA Residential stated that there will be a clubhouse community building, will have a leasing office, and a playground. There will be a computer workstation to provide high-speed internet access. Some other open space for other events and non-profits to come in and to provide services. Mr. Johnson asked if this is vacant land or is there demolition? There is nothing on the land right now. It is vacant land. Ms. Smith asked about parking spots available for the tenants? Yes, there will be parking requirements with the City. Ms. Everhart asked what is the lower income – is this the state standard, what is this based upon, with the rent requirement? It is based on Chattanooga’s AMI and is something that is put out federally. The calculation is what 60% is. It is really based on Chattanooga’s individual AMI. It is local.

Mr. Gentry asked when would this come back before the Board? Mr. Moneyhun stated that in order to apply with THDA, they are going to try to submit March 17th which is when the application window closes. They find out if they get awarded at the end of April. DGA Residential stated that currently THDA says early May, the first week of May, some time in May. Approximately closing would be sometime in the fall. Mr. Armor asked if they see themselves applying for a PILOT? The answer was yes.

Mr. Noblett asked how long is the term of the bond? Mr. Moneyhun stated they would know when they come back before the Board. Typically, these types of projects are short-term bonds. The bonds have to stay outstanding until the project is placed in the service in order to qualify for the low income housing tax credit. At least the term of the bonds are usually four years and then if you do long-term tax-exempt financing, sometimes you see up to 20-30 years. We would know more about the details of the structure once we come back with the time.

Mr. Noblett stated that by state law it would be required to be low to moderate income housing until the bonds are paid off? Mr. Moneyhun stated correct. DGA Residential stated that there will be a Land Use Restrictive Covenant (LURC) for use restrictions. Even if the bonds are on short-term, there will be a 30-year use restriction to keep the affordability in place minimum for 30 years.

Mr. Johnson asked if they had experience in these types of projects? Mr. Moneyhun stated yes, their firm has served as bond counsel for these sorts of projects for many years. Last year they did 18 deals in Tennessee that were financing affordable housing projects.

Mr. Armor asked Mr. Moneyhun if he represents DGA. Mr. Moneyhun stated correct. What is your experience with this type of project? DGA Residential stated they have been doing affordable housing projects since 2010. Currently, DGA Residential has about 1,200 units and been awarded three tax credit allocation bond awards in Tennessee in the last two years. They have worked with Bass Berry for a long time. Counsel reminded everyone that this is a TEFRA hearing if anyone has questions. Mr. Johnson asked if they have done previous bond issuances like this? The response was yes. The motion carried.

ADOPTED-February 20, 2023

TEFRA HEARING

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

A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE RELATING TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR AN AMOUNT NOT EXCEEDING TWELVE MILLION DOLLARS (\$12,000,000.00) TO PROVIDE FINANCING TO ESPERO CHATTANOOGA, LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF AN APPROXIMATELY 60-UNIT HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 1815 E. MAIN STREET, CHATTANOOGA, TENNESSEE. **(HEB2023-04)**

Mr. Moneyhun stated this is very similar. They are serving as bond counsel for this project also. The Chattanooga Housing Authority is involved and also the AIM Center and the Vicino Group. Mr. Kelly represents the Chattanooga Housing Authority, and Tom Smith represents the AIM Center. We are at the same stage here which would be an inducement resolution and asking for the Board to hold a TEFRA hearing. They are planning to apply with THDA.

Ms. Anna Protano-Biggs (AIM Center) stated that this is a joint project, and they partner with Vicino and the Chattanooga Housing Authority. AIM Center has been working with the community for 34 years serving those most impacted by serious mental illness. They serve anyone over the age of 18 with a mental illness and offer employment, education, housing, socialization, and wellness opportunities. A strong part of their mission is permanent support for affordable housing. Espero's commitment is to build a community of hope. This project will create a 60-unit housing complex on Main Street for those living with serious mental illness. A minimum of 15 units will be set aside for chronically homeless. All applicants will be at or below 60% of AMI set by HUD.

They have partnerships with the City of Chattanooga, Chattanooga Housing Authority, and the Vicino Group and have entered into a Donation Agreement with the City on the land on Main Street. The Vicino Group for more than a decade has been a national developer experienced in affordable housing, supportive housing, and permanent affordable housing. They welcome the expertise that they bring to the project. AIM will be providing property management and support training through the Chattanooga Housing Authority at a 60 project-based vouchers from CHA as well. AIM will provide supportive services to residents for wellness and socialization. They are already doing that in 76 units here in the City.

They have already received support dollars for the supportive housing from the Tennessee Department of Mental Health and Substance Abuse Services. They have full support for the project from the National Housing Trust Fund, Federal Home Loan Bank of Cincinnati, and the Creative Homes Initiative from the Department of Mental Health Abuse Services. The City of Chattanooga offered funding and THDA.

Mr. Gentry asked, out of the 60 units, how many are one, two, three bedrooms and also common space. Ms. Biggs stated that they will have eight, two-bedroom units, and the remaining will be one-bedroom. We will have some common community space. They will follow all of the requirements with regard to parking, 70 spaces for parking. Ms. Smith asked about handicapped or disability. Ms. Biggs stated it will be serious mental illness and other disabilities as well. They have 76 units running now. It varies in different places. Mr. Armor asked if Espero is the name of this project. Ms. Biggs stated yes.

Mr. Gentry asked if Ms. Biggs will be back before this Board in April timeframe also? Ms. Biggs stated yes, they are following the same timeframe. The AIM Center is 34 years old. Mr. Armor stated that he thinks as a father who has a son who is autistic, housing is a difficult task, and he applauds them for what the AIM Center has done for the past years in serving this community. This is a great thing. Housing and supportive services are very difficult and hard to find.

Ms. Everhart thinks her question is regarding people with mental health disabilities, if there is going to be an onsite person with regard to issues that are critical needs or moments arising, is there going to be a dedicated person that is onsite that lives onsite that can help with those needs. Ms. Biggs stated there will be property management onsite. AIM Center is part of the crisis continuum, and they support a lot of people and work with community partners with regard to crisis situations. They will be bringing their expertise.

Ms. Biggs stated that they are encouraging all of their residents to come onsite to the AIM Center, Monday through Friday. They do regular socials at the AIM Center and open for every holiday. That is an important part for recognizing that many apartments do not have the same support, and they offer that AIM family and ability to celebrate important holidays. They do a lot of things in the clubhouse, have opportunities to share with all residents with regards to supportive employment, education, and financial classes. The Chattanooga Housing Authority has a commitment for 60 vouchers. Ms. Smith questioned if there will be someone onsite or will they be responsive to the tenants just like any other housing? They will support.

Mr. Gentry stated that this facility is for 60 units. He would suspect that we have much more need in our community on his part. Ms. Biggs said absolutely, there is significant need in our community, but these 60 units will go a long way towards supporting that. Mr. Armor stated that 15 are for homeless. They are dedicated to homeless. Mr. Armor asked that is not transitional that is trying to move. That is permanent supportive housing.

Ms. Everhart stated that we are excited and this sounds good. Ms. Everhart usually has a lot more questions but is happy to hear about the work we are doing. Ms. Everhart stated that so many people do not know how to calm and de-escalate a situation and her concern is when you have a lot of people and have mental health issues, we do not want, sometimes it takes crisis a long time to get out. The police do not necessarily know how to de-escalate a situation. They do not know how to work with those needs. That is why it is important for her to know, can we have someone onsite, can that be a priority so we are not losing lives or having any unnecessary traumas to exacerbate the situation to have it resolved onsite.

Mr. Armor thinks that they have 24 hour programming that is always there. It is not like a project where you are only providing low to moderate housing. They are providing more services. It is supportive housing and much more than our normal projects and is what the AIM Center has done. Mr. Armor has a son. It is a different level of support than some of our other units.

Ms. Biggs stated they will be contacting their community partners. Mr. Johnson asked if Ms. Biggs anticipates coming back for a PILOT as well. Ms. Biggs said yes.

Mr. Noblett stated that one reason they are coming to this body is because we have statutory authority under Tennessee Code Ann. § 48-101-301 to deal with certain types of projects. In this case, the project is a housing facility, and the Board has the ability to allow them to do certain things on their operations and help fund them for multifamily residential units, assembly halls, dining and food service, there are a number of things, parking and maintenance facilities included within the multifamily housing units. This body also has the ability to make sure that the bonds are issued for the entity and to provide Payments In Lieu of Ad Valorem Taxes during that term by holding the property in title to make sure that they do what they say they are going to do during the term. They are using the HEB bond rating, which is a good bond rating and financing rates. The motion carried.

ADOPTED-February 20, 2023

There being no further business to come before the Board, the meeting adjourned at 1:05 p.m.

Respectfully submitted,

Richard A. Johnson, Secretary

APPROVED:

Hicks Armor, Chair

RESOLUTION

A RESOLUTION RATIFYING THE CHAIR’S EXECUTION OF A WRITTEN CONSENT DATED MAY 25, 2023, TO (I) THE TRANSFER OF MANAGING MEMBER IN THE OWNER FROM PENNROSE GP, LLC TO THE CHATTANOOGA HOUSING AUTHORITY; AND (II) THE CHANGE OF PROPERTY MANAGER FROM PENNROSE MANAGEMENT COMPANY TO THE CHATTANOOGA HOUSING AUTHORITY REGARDING THE MULTIFAMILY HOUSING REVENUE BONDS (MAPLE HILLS APARTMENTS PROJECT), SERIES 2011.

NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby ratifying the Chair’s execution of a Written Consent dated May 25, 2023, to (i) the transfer of managing member in the owner from Pennrose GP, LLC to the Chattanooga Housing Authority; and (ii) the change of property manager from Pennrose Management Company to the Chattanooga Housing Authority regarding the multifamily housing revenue bonds (Maple Hills Apartments Project), Series 2011.

ADOPTED: August 21, 2023

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

_____, *Chair*

ATTEST:

_____, *Secretary*

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

Hicks Armor, Chair
Gregg T. Gentry, Vice-Chair
Richard Johnson, Secretary
Johnika Everhart, Member
Andrea L. Smith, Member
Brian Erwin, Member

Phillip A. Noblett, Counsel

May 25, 2023

Mr. Richard K. Barnhart
Steiner Redevelopment LLC
230 Wyoming Avenue
Kingston, PA 18704

Re: Consent to Managing Member Transfer
Project Name: Maple Hills Apartments (the “**Project**”)
Owner: Steiner Redevelopment LLC (the “**Owner**”)

Dear Mr. Barnhart:

The Health, Educational and Housing Facility Board of the City of Chattanooga is the Bond Issuer (the “**Issuer**”) of Multifamily Housing Revenue Bonds (Maple Hills Apartments Project), Series 2011 which was used to finance the Project in 2011. Pursuant to that certain Land Use Restriction Agreement in connection with the Project, the Issuer’s consent is required for any transfer within the Owner. Therefore, please allow this letter to serve as evidence of the Issuer’s written consent to (i) the transfer of Managing Member in the Owner from Pennrose GP, LLC to the Chattanooga Housing Authority and (ii) the change of Property Manager from Pennrose Management Company to Chattanooga Housing Authority.

Sincerely,



Hicks Armor, Chair
Health, Educational and Housing Facility Board of
the City of Chattanooga

HA/mem

RESOLUTION

A RESOLUTION RATIFYING THE CHAIR'S EXECUTION ON A 2023 MULTIFAMILY TAX-EXEMPT BOND AUTHORITY FIRM COMMITMENT LETTER DATED AUGUST 7, 2023, WITH THE TENNESSEE HOUSING DEVELOPMENT AGENCY REGARDING ESPERO CHATTANOOGA, LP DEVELOPMENT LOCATED AT 1815 EAST MAIN STREET, CHATTANOOGA, TN 37404.

NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby ratifying the Chair's execution on a 2023 Multifamily Tax-Exempt Bond Authority Firm Commitment Letter dated August 7, 2023, with the Tennessee Housing Development Agency regarding Espero Chattanooga, LP Development located at 1815 East Main Street, Chattanooga, TN 37404.

ADOPTED: August 21, 2023

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

, *Chair*

ATTEST:

, *Secretary*



Tennessee Housing Development Agency

502 Deaderick St, Third Floor
Andrew Jackson Building
Nashville, Tennessee 37243
615-815-2200

Ralph M. Perrey
Executive Director

Writer's Fax Number:
615-564-2790

2023 MULTIFAMILY TAX-EXEMPT BOND AUTHORITY FIRM COMMITMENT LETTER

Attention: Hicks Armor
The Health, Educational and Housing Facility Board
of the City of Chattanooga
1000 Lindsay St.
Chattanooga, TN 37402

Issuer: The Health, Educational and Housing Facility Board of the
City of Chattanooga ("Issuer")

Principal Amount of Multifamily Tax-Exempt Bond Authority ("MTBA"):
\$10,700,000

Borrower: Espero Chattanooga, LP ("Owner")

Development: 23-229: Espero Chattanooga ("Development")
1815 East Main St.
Chattanooga, TN 37404
Hamilton County

1. The Development is more specifically described in that certain MTBA Application dated March 13, 2023 (“MTBA Application”)
2. THDA hereby commits 2023 MTBA to Issuer above solely for the purpose of issuance and sale of tax-exempt mortgage revenue bonds (“Bonds”) to finance the Development as described in the MTBA Application. This 2023 MTBA Commitment Letter (“Commitment Letter”) is conditioned upon each of the following:
 - a. **A reduction in project Total Development Cost to no more than 20% over the applicable limit included in the THDA 2023 Qualified Allocation Plan;**
 - b. Satisfaction of and compliance with all applicable requirements of the Internal Revenue Code, Treasury Regulations, and the THDA 2023 MTBA Program Description;
 - c. The truth and accuracy of the information provided and representations made in the MTBA Application;
 - d. Owner must remit a \$160,500 Firm Commitment Letter Fee by wire in accordance with the MTBA PD by **August 8, 2023**. Failure to remit this fee will result in a cancellation of the commitment;
 - e. Owner must remit the \$32,100 Incentive Fee by wire in accordance with the MTBA PD by **August 1, 2023**. Failure to remit this fee will result in a cancellation of the commitment;
 - f. Receipt by THDA, **no later than August 8, 2023**, of this Commitment Letter with original signatures of persons authorized to execute documents on behalf of the Issuer and the Owner in the THOMAS system;
 - g. Receipt by THDA, **no later than November 22, 2023**, of Bond Counsel verification in a form and with substance satisfactory to THDA, in its sole discretion, that the Bonds using the MTBA have been issued and sold, and that the sale has closed in the THOMAS system. Closing in escrow or any other form of contingent closing is not permitted;
 - h. Receipt by THDA, **no later than November 22, 2023**, of the Elected Local Approval of the Bond Issuance must be submitted in the THOMAS system.
 - i. Receipt by THDA, **no later than November 22, 2023**, of the Owner’s Affirmatively Furthering Fair Housing Marketing Plan
3. Failure to fully satisfy any of these conditions, as determined by THDA, in its sole discretion, will cause this Commitment Letter to be void and the MTBA committed hereunder shall be deemed to be recaptured by THDA.
4. This Commitment Letter is not approval of the Development for allocations from any other programs, such as, without limitation, the Low Income Housing Credit Program. The Low Income Housing Credit Program requires a separate application to be submitted to THDA in accordance with, without limitation, Section 21 of the Low Income Housing Credit 2023 Qualified Allocation Plan (the “2023 QAP”). THDA will conduct an eligibility and scoring review in conjunction with any such application. THDA retains the authority to determine eligibility for, and the amount of, any Low Income Housing Credits to be allocated to any development pursuant to the 2023 QAP.
5. This Commitment Letter is not a representation, warranty, guaranty, advice, or suggestion as to the feasibility or viability of the Development, and may not be relied on as such by the Issuer, Owner,

developer, investor, tenant, lender, syndicator, or any other persons.

6. This Commitment Letter is only for the Development as described in the MTBA Application. Any changes or modifications made prior to closing the sale of the Bonds using the MTBA are subject to approval by THDA, in its sole discretion.

7. MTBA allocated pursuant to this Commitment Letter must be used to provide financing for the Development such that, as of the rehabilitation or new construction placed in service date, a minimum of fifty percent (50.0%) of the amount of MTBA closed and sold remains outstanding and such amount of bonds outstanding otherwise meets the requirements of Section 42(h)(4).

8. The issue price of the bonds may not exceed the allocation. The bonds must be sold at an issue price (including any premiums) that does not exceed the allocation.

[SIGNATURE PAGES START ON NEXT PAGE]

TENNESSEE HOUSING DEVELOPMENT AGENCY SIGNATURE PAGE

BY: 


C. Eric Alexander, Director of Development

Executed this 27th day of July, 2023.

ISSUER AND BORROWER SIGNATURE PAGE

Accepted by Issuer:

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

BY: 
Hicks Armor

Executed this 7th day of AUGUST, 2023.

Accepted by Borrower(s):

BY: _____
Espero Chattanooga, LP

Executed this _____ day of _____, 2023.

RESOLUTION

A RESOLUTION RATIFYING THE CHAIR'S EXECUTION ON A 2023 MULTIFAMILY TAX-EXEMPT BOND AUTHORITY FIRM COMMITMENT LETTER DATED JUNE 21, 2023, WITH THE TENNESSEE HOUSING DEVELOPMENT AGENCY AND RATIFYING THE CHAIR'S EXECUTION ON A MTBA BORROWER ISSUER CERTIFICATION DATED AUGUST 10, 2023, REGARDING DGA SHALLOWFORD POINTE DEVELOPMENT LOCATED AT 6402 SHALLOWFORD ROAD, CHATTANOOGA, TN 37421.

NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby ratifying the Chair's execution on a 2023 Multifamily Tax-Exempt Bond Authority Firm Commitment Letter dated June 21, 2023, with the Tennessee Housing Development Agency and ratifying the Chair's execution on a MTBA Borrower Issuer Certification dated August 10, 2023, regarding DGA Shallowford Pointe Development located at 6402 Shallowford Road, Chattanooga, TN 37421.

ADOPTED: August 21, 2023

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

_____, *Chair*

ATTEST:

_____, *Secretary*

HEB2023-07



Tennessee Housing Development Agency

502 Deaderick St, Third Floor
Andrew Jackson Building
Nashville, Tennessee 37243
615-815-2200

Ralph M. Perrey
Executive Director

Writer's Fax Number:
615-564-2790

2023 MULTIFAMILY TAX-EXEMPT BOND AUTHORITY FIRM COMMITMENT LETTER

Attention: Hicks Armor
The Health, Educational and Housing Facility Board of the City of
Chattanooga, Tennessee
1000 Lindsay Street, Chattanooga, TN 37402

Issuer: The Health, Educational and Housing Facility Board of the City of
Chattanooga, Tennessee ("Issuer")

Principal Amount of Multifamily Tax-Exempt Bond Authority ("MTBA"):
\$14,835,000.00

Borrower: DGA Shallowford LP ("Owner")

Development: TN23-216: Shallowford Pointe ("Development")
6402 Shallowford Road, Chattanooga, TN 37421

Hamilton County

1. The Development is more specifically described in that certain MTBA Application dated March 10, 2023 ("MTBA Application")
2. THDA hereby commits 2023 MTBA to Issuer above solely for the purpose of issuance and sale of tax-exempt mortgage revenue bonds ("Bonds") to finance the Development as described in the MTBA Application. This 2023 MTBA Commitment Letter ("Commitment Letter") is conditioned upon each of the following:
 - a. Satisfaction of and compliance with all applicable requirements of the Internal Revenue Code, Treasury Regulations, and the THDA 2023 MTBA Program Description;

- b. The truth and accuracy of the information provided and representations made in the MTBA Application;
- c. Owner must remit the \$222,525 Commitment Letter Fee by wire in accordance with the MTBA PD by June 30, 2023. Failure to remit this fee will result in a cancellation of the commitment;
- d. Owner must remit the \$44,505 Incentive Fee by wire in accordance with the MTBA PD by June 30, 2023. Failure to remit this fee will result in a cancellation of the commitment;
- e. Receipt by THDA, **no later than June 30, 2023**, of this Commitment Letter with original signatures of persons authorized to execute documents on behalf of the Issuer and the Owner in the THOMAS system;
- f. Receipt by THDA, **no later than October 16, 2023**, of Bond Counsel verification in a form and with substance satisfactory to THDA, in its sole discretion, that the Bonds using the MTBA have been issued and sold, and that the sale has closed in the THOMAS system. Closing in escrow or any other form of contingent closing is not permitted;
- g. Receipt by THDA, **no later than October 16, 2023**, of the Elected Local Approval of the Bond Issuance must be submitted in the THOMAS system.
- h. Receipt by THDA, **no later than October 16, 2023**, of the Owner's Affirmatively Furthering Fair Housing Marketing Plan.

3. Failure to fully satisfy any of these conditions, as determined by THDA, in its sole discretion, will cause this Commitment Letter to be void and the MTBA committed hereunder shall be deemed to be recaptured by THDA.

4. This Commitment Letter is not approval of the Development for allocations from any other programs, such as, without limitation, the Low Income Housing Credit Program. The Low Income Housing Credit Program requires a separate application to be submitted to THDA in accordance with, without limitation, Section 20 of the Low Income Housing Credit 2023 Qualified Allocation Plan (the "2023 QAP"). THDA will conduct an eligibility and scoring review in conjunction with any such application. THDA retains the authority to determine eligibility for, and the amount of, any Low Income Housing Credits to be allocated to any development pursuant to the 2023 QAP.

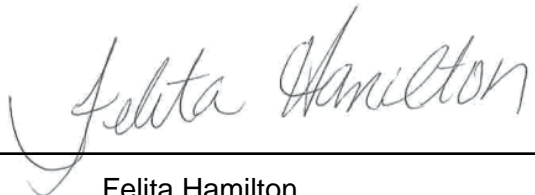
5. This Commitment Letter is not a representation, warranty, guaranty, advice, or suggestion as to the feasibility or viability of the Development, and may not be relied on as such by the Issuer, Owner, developer, investor, tenant, lender, syndicator, or any other persons.

6. This Commitment Letter is only for the Development as described in the MTBA Application. Any changes or modifications made prior to closing the sale of the Bonds using the MTBA are subject to approval by THDA, in its sole discretion.

7. MTBA allocated pursuant to this Commitment Letter must be used to provide financing for the Development such that, as of the rehabilitation or new construction placed in service date, a minimum of fifty percent (50.0%) of the amount of MTBA closed and sold remains outstanding and such amount of bonds outstanding otherwise meets the requirements of Section 42(h)(4).

8. The issue price of the bonds may not exceed the allocation. The bonds must be sold at an issue price (including any premiums) that does not exceed the allocation.

TENNESSEE HOUSING DEVELOPMENT AGENCY SIGNATURE PAGE

BY: 

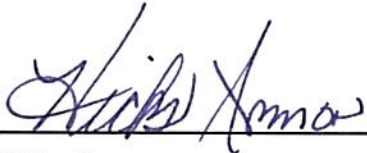
Felita Hamilton
Program Allocation Manager

Executed this 16th day of June, 2023.

ISSUER AND BORROWER SIGNATURE PAGE

Accepted by Issuer:

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

BY: 
Hicks Armor

Executed this 21ST day of JUNE, 2023.

Accepted by Borrower(s):

BY: _____
DGA Shallowford Developer LLC
DGA Residential, LLC
Craig Cobb, Officer

Executed this _____ day of _____, 2023.

MTBA Borrower Issuer Certification

The information contained in the Application for Multifamily Tax-Exempt Bond Authority and related Attachments, is, to the best of our knowledge, true and accurate.

I acknowledge that Tennessee Code Annotated, Section 13-23-133, makes it a Class E felony for any person to knowingly make, utter or publish a false statement of substance for the purpose of influencing THDA to allow participation in any of its programs, including the Multifamily Tax-Exempt Bond Authority Program. I further acknowledge that the statements contained in this Application, all relevant Attachments, and this Statement are statements of substance made for the purpose of influencing THDA to allocate Multifamily Tax-Exempt Bond Authority to the Application of which this Statement is a part.

Borrower:

BY: _____

Authorized Signature

Name (please print or type)

Title

Date

Issuer:

BY: *Hicks*
Hicks Armor (Aug 10, 2023 08:46 EDT)

Authorized Signature

Hicks Armor

Name (please print or type)

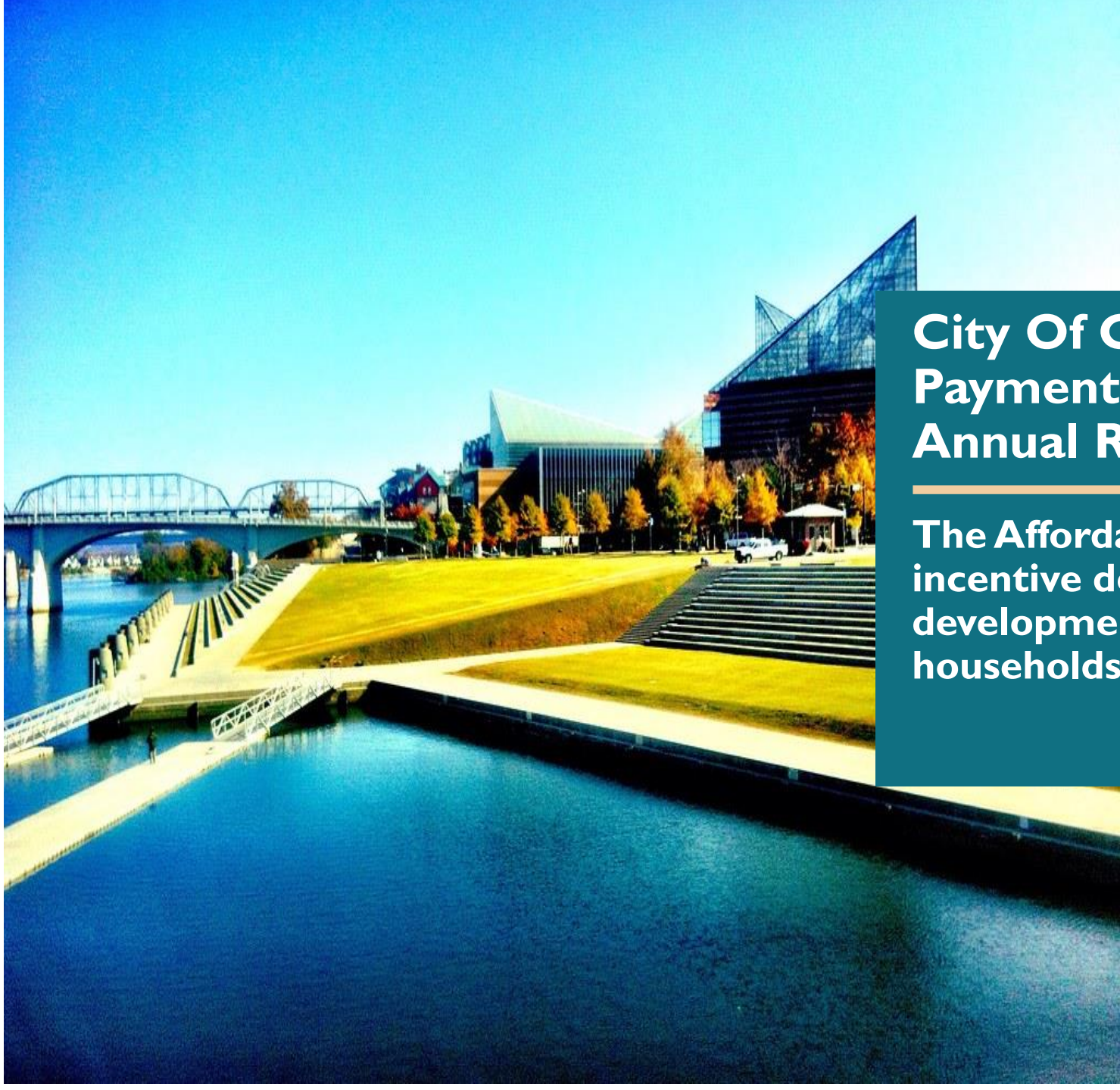
Chair

Title

August 10, 2023

Date

NOTE: The Authorized Signor for the Issuer must be listed in the Contacts section in THOMAS.



City Of Chattanooga: Payment In Lieu of Taxes (PILOT) Annual Report to HEB

The Affordable Housing PILOT Program is a financial incentive designed to encourage multi-family rental development for low-to-moderate income households.

August 21, 2023

SUMMARY OF PILOT PROJECTS



	Development	Developer	Property Address	30% AMI	50% AMI	60% AMI	80% AMI	Market Rate	Total Units	Estimated Investment	Start Year	End Year
1	Campbell Hills/ Battery Heights	Alco Properties, Inc	3401 Campbell Street	70		18	54	0	142	\$17,000,000	2022	2036
2	Bayberry	Alco Properties, Inc	2300 Windsor Street	134		29	0	0	163	\$13,000,000	2018	2032
3	Chestnut Flats	Elimington/ECG Chestnut Group, LLC	2108 Chestnut Street	87		112	0	0	199	\$22,000,000	2019	2033
4	Patten Towers	Elimington Capital	1 East 11th Street	0		221	0	0	221	\$34,000,000	2020	2044
5	Ridgeway Apartments	Vitus Group	1230 Poplar Street	0		120	0	0	120	\$16,000,000	2019	2033
6	Jaycee Towers	Wishrock Group/Chattanooga Housing Authority	500 W. MLK BLVD.	0		105	70	0	175	\$16,000,000	2018	2058
7	Reserve at Mtn. Pass	LDG Development	4905 Central Avenue	60		120	60	0	240	\$52,000,000	2024	2040
8	Market City Center	The Simpson Organization (TSO)8	728 Market Street	0		0	25	100	125	\$28,000,000	2017	2031
9	1400 Chestnut	Mount Auburn, LLC	1400 Chestnut Street	0		0	40	160	200	\$23,000,000	2017	2030
10	MacLellan Building	Heritage-MacLellan Apts, LLC	721 Broad Street	0		0	18	72	90	\$10,500,000	2016	2034
11	Vue On 5th	Walk2Campus	500 Lindsay Street	0		0	13	51	64	\$7,500,000	2016	2030
12	Mai Bell II	Chattanooga Neighborhood Enterprise/CNE	1715 Union Avenue	0	2	7	26	12	47	\$5,700,000	2023	2032
	*Under construction			351	2	732	306	395	1786	\$244,700,000		
				20%	0.1%	41%	17%	22%	100%			



RESOLUTION: #28783

Fifty (50) percent of total units of the PILOT development must be affordable to households with incomes no greater than 80% of the Area Median Income (AMI) and located within Chattanooga City limits

Adopted: September 20, 2016



Mai Bell II

- Information:
- Address: 1715 Union Avenue
- Developer: Chattanooga Neighborhood Enterprise, Inc.
- Development Status: ***Under construction – expected completion October, 2023. Completion delayed by supply chain issues.***

\$5.7M	47	26	2/2021	6/2021	12/2022	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Construction Start	Construction Complete (Target)	2022-2031 + HOME – 20 Yrs.

Reserve at Mountain Pass



Information:

- Address: 4905 Central Ave
- Developer: LDG Development
- Development Status: ***Under Construction – Clubhouse and first 36 units to come on line August 2023 with expected completion December 2023***

\$52M	240	240	2/2021	6/2022	Spring 2023	December 2023	PILOT Period
Investment	Total	PILOT	HEB	Construction	First Building	Construction	2024 - 2040



Battery Heights Apartments now Campbell Ridge Apartments Information:

- Addresses: 3401 Campbell Street
- Developer: Alco Properties, Inc.
- Development Status: **Renovations completed June 2023, name changed to Campbell Ridge Apartments**
- Compliance Status: **Compliant, per THDA/LIHTC**

Filing

\$5.5 M	142	142	12/2020	9/2021	October 2022	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Renovation Start	Renovation Complete (Target)	2022 - 2035



Bayberry Apartments

Information:

- Addresses: 2300 Windsor Street, 2330 Wilson Street, 1101 Arlington Avenue
- Developer: Alco Properties, Inc.
- Development Status: Completed Renovation
- Compliance Status: **Compliant, per THDA/LIHTC Filing**

\$12.2 M	163	163	10/2017	1/2017	12/2017	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Renovation Start	Renovation Complete	2018-2032

Chestnut Flats



Information:

- Address: 2108 Chestnut Street
- Developer: Elmington Chestnut Group, LP
2019 transferred to Mount Auburn
March 2022 transferred to Starwood Realty
- Development Status: Completed New Construction
- Compliance Status: **Compliant, per 2023 Annual THDA/LIHTC Filing**

\$22 M	199	199	10/2016	6/2021	October 2019	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Construction Start	Construction Complete	2019 - 2033



Patten Towers

Information:

- Address: 1 East 11th Street
- Developer: Elmington/Patten Affordable Partners, LP
- Development Status: Renovation Complete
- Compliance Status: **Compliant per 2023 THDA/LIHTC Filing**

\$34 M	240	240	12/2018	2/2019	March 2021	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Renovation Start	Renovation Complete	2020 - 2044
					Extended by March 2021 fire	

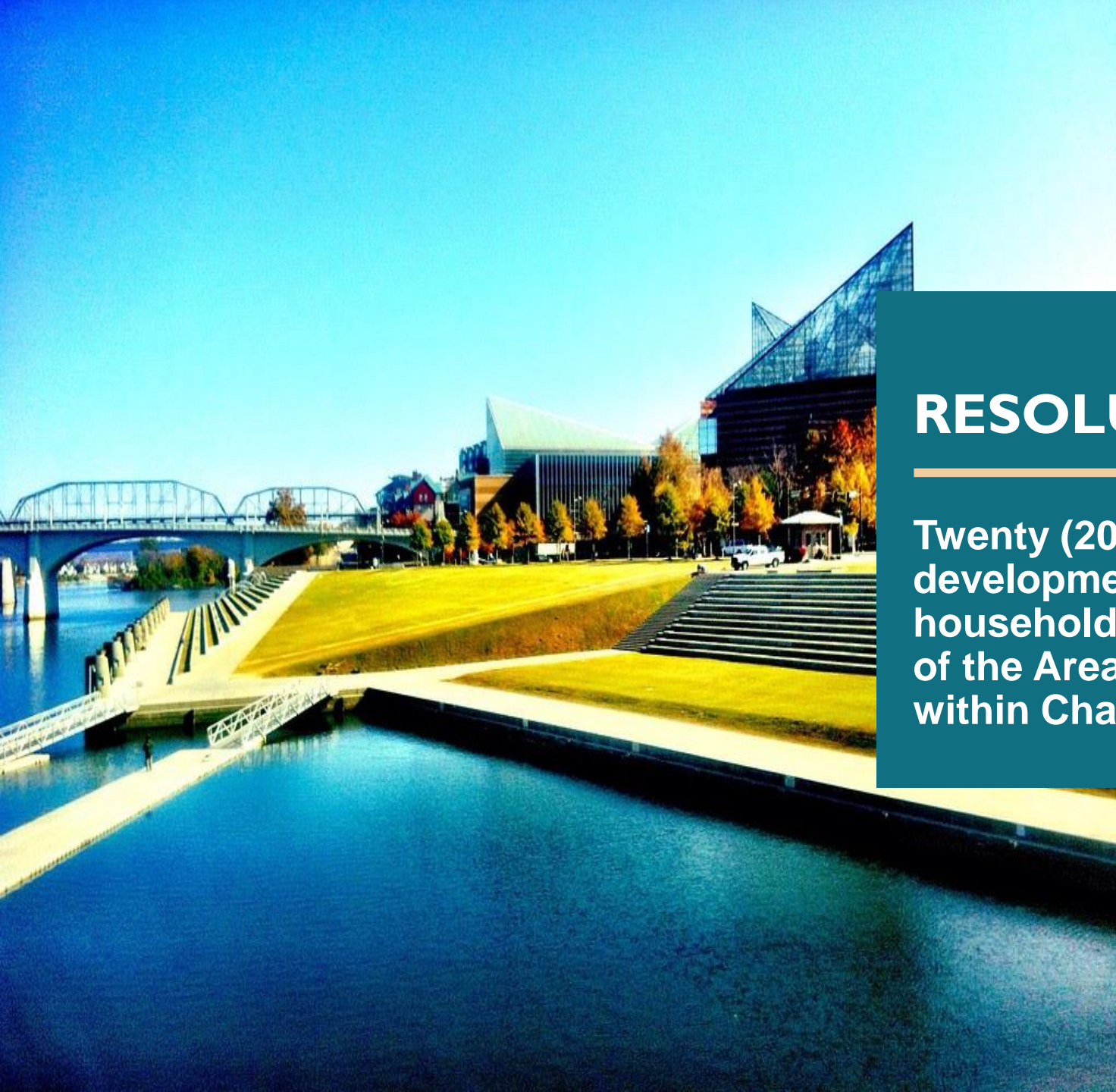


Ridgeway Apartments

Information:

- Address: 1230 Poplar Street
- Developer: VITUS Group
- Development Status: Completed Renovation
- Compliance Status: **Compliant per 2023 THDA/LIHTC Filing**

\$16 M	120	120	9/2018	12/2018	12/2019	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Renovation Start	Renovation Complete	2019 - 2033



RESOLUTION: #27968

Twenty (20) percent of total units of the PILOT development must be affordable to households with incomes no greater than 80% of the Area Median Income (AMI) and located within Chattanooga City limits

Adopted: August 5, 2014



Market City Center

Information:

- Address: 728 Market Street
- Developer: The Simpson Organization
- Development Status: Completed New Construction
- Compliance Status: **Compliant, per review of annual report**

\$28 M	125	25	7/2015	9/2015	9/2017	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Construction Start	Construction Complete	2017 - 2031



1400 Chestnut

Information:

- Address: 1400 Chestnut Street
- Developer: Mount Auburn
- Development Status: Completed New Construction
- Compliance Status: **Compliant, per HCI staff review July 2023**

\$25 M	200	40	4/2015	11/2016	8/2019	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Construction Start	Construction Complete	2017 - 2030



Maclellan Building

Information:

- Address: 721 Broad Street
- Developer: Heritage-Maclellan
- Status: Completed Renovation
- Compliance Status: **Compliant, per HCI staff review August 7, 2023**

\$10 M	89	18	4/2015	6/2015	7/2017	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Renovation Start	Renovation Complete	2016 - 2034



Vue On 5th

Information:

- Address: 500 Lindsey Street
- Developer: Walk2Campus
- Development Status: Completed New Construction
- Compliance Status: **Compliant with 11 units, 2 over income, per HCl staff review July 2023.**

\$7 M	64	13	2/2015	6/2015	9/2019	PILOT Period
Investment	Total Units	PILOT Units	HEB Approval	Renovations Start	Renovations Complete	2016 - 2030



* Passenger Flats

Information:

- Address: 1351 Passenger Street
- Developer: Choo-Choo Partners, LP
- Status: Completed Renovation
- Compliance Review: February 2018

Updates:

- * PILOT terminated on project by developer in 2018 due to their desire to have an all market-rate property

2015

Start Year

\$4M

Investment

97

Total Units

20

PILOT Units

2018

End Year



RESOLUTION: #23253

PILOT project must be located within downtown footprint

Adopted: January 8, 2002



PILOT Projects: RESOLUTION: #23253, Adopted 2002

Information:

- Bread Factory Lofts
 - 1615 Cowart Street
 - End Year: 2018
- MK
 - 1419 Market Street
 - End Year: 2021
- St. John's Apartments
 - 1280 Market Street
 - End Year: 2020
- UTC 2
 - 615 Lindsay Street
 - End Year: 2024
- UTC 3
 - 863 McCallie Avenue
 - End Year: 2024
- Walnut Commons
 - 212 Walnut Street
 - End Year: 2025
- Frazier Place
 - 330 Frazier Avenue
 - End Year: 2018



Jaycee Towers

Information:

- Address: 500 West M.L.K Boulevard
- Developer: Wishrock Group/ PILOT via State of TN
- PHA Statue
- Development Status: Completed Renovation
- Compliance Status: Project through the Chattanooga Housing Authority (CHA)

2017

Start Year

\$16M

Investment

175

Total Units

175

PILOT Units

2057

End Year



City Of Chattanooga: Affordable Housing Fund

The Chattanooga Affordable Housing Fund (CAHF) leverages Federal, State, and private dollars to incentivize expanded availability of and access to affordable rental and homeownership for households in Chattanooga, earning up to 120% of area median income (AMI).

Funding is made available for:

- Creating or preserving affordable rental units and housing for homeownership
- Increasing access to homeownership through collaborative homebuyer programs,
- Providing resources to assist vulnerable households in accessing and or retaining housing
- Leveraging funding by working with for-profit and nonprofit entities - home builders, Realtors, foundations, financial institutions, etc., and
- Exploring various tools to achieve the desired outcomes, including but not limited to: policy changes, providing access to resources to assist with wealth building and retention, reducing, and eliminating barriers to producing/preserving/ or accessing affordable housing.

City Of Chattanooga Affordable Housing Fund (CAHF) Funded Activities



APPLICANT	Amount	PROJECT	PURPOSE	APPROVAL DATE	STATUS
Chattanooga Housing Authority	\$400,000	Emerald Village Renovation	Preserve 44 units of affordable housing	8/28/2019	Complete 2020
Habitat for Humanity	\$196,546	Sites for Development of Homeowner Housing	Acquisition of 15 lots in Village at Alton Park	8/28/2019	Acquisitions complete 9 homes constructed
CALEB	\$25,000	Study	Exploring potential for community land trusts	1/22/2020	Complete
Adamson Developers	\$240,000	Affordable Rental Development	Construction of 12 rental units in E. Chattanooga	5/6/2022	Project stalled, funding rescinded
Chattanooga Neighborhood Ent.	\$55,000	Study	Housing Affordability Analysis	6/27/2022	Complete
Chattanooga Neighborhood Ent.	\$500,000	Affordable Rental Development	Construction of 24 units at 621 E. ML King	5/6/2022	Under construction
Total	\$1,416,546				

Thank You

**Department of Economic Development
Housing & Community Investment Division**

