



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

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

Also present were Phillip A. Noblett (Counsel to the Board); Kim Narramore (Economic Development); Sandra Gober (Community Development); Don Walker; and Vickie Haley (Interim City Finance Officer).

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



MINUTES APPROVAL FOR THE OCTOBER 17, 2022, MEETING

On motion of Ms. LeBouef, seconded by Ms. Everhart, the minutes of the October 17, 2022, meeting were unanimously approved as submitted.



PUBLIC COMMENTS

There was no one from the public wishing to comment.



On motion of Mr. Johnson, seconded by Ms. Smith,

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)

There was no one from the Electric Power Board present to speak on this resolution. Attorney Noblett stated this is a standard easement. We have reviewed the document, and it is simply a power and communication easement shown on the attached map and that the Board is aware that any time there is a PILOT that is involved, we need to make sure they do what they are supposed to do with the PILOT.

The motion carried.

ADOPTED-December 12, 2022

OTHER BUSINESS

- **Informational Purposes** re: Affordable Housing Application changes previously requested and approved by HEB resolutions (HEB-2021-02) and (HEB-2022-05).

Mr. Noblett was not present at the last meeting, and the minutes contain issues of the HOME Program and affordable housing. We determined that there was not a need for a resolution, but there was a need for some understanding simply of what is going on. Attached to this agenda packet is a five-bullet item containing that information. Two different resolutions have been included in the packet. There was an updated overview and new application form. The Board has dealt with this on two other occasions. Attorney Noblett wants to make sure the Board understands how the Affordable Housing Program works.

Ms. Gober stated that in 2019, the City Council and Mayor Berke established the Affordable Housing Fund which was capitalized with \$1 million with a promise that they would provide \$1 million every year up to five years. The Affordable Housing Fund was established, and we are in the fifth year. The fund would have technically been capitalized at \$5 million. We have funded other projects out of the funds. When the fund was established, Donna Williams and Ms. Gober created the policies, guidelines, and procedures for applicants to apply for the funds. Since the establishment of the fund, the HEB is the conduit through which we receive approval and vetting of the applications to provide transparency for the use and distribution of the funding. After the program was established, there have been a couple of requests from Community Development to change the use of the funding. Initially, the funding was established for the

preservation and production of affordable housing, and it was really targeting the development, bricks, work construction, renovation of the projects. The Board approved funding to CALEB for the feasibility study. We provided funding to Habitat for the acquisition of some property.

During COVID, the Board approved the use of some of the funds for rent, utility or mortgage assistance for families affected by COVID. With the changes, the current guidelines did not accommodate those changes so what Ms. Gober's attempt was to just amend the guidelines to incorporate the approved changes that have taken place and also not just to accommodate and incorporate those changes, but also to redesign the format for clarity and expand the information that we make available for interested applicants. We designed applications that tie into what kind of request is being made and each application contains detailed information on the expectations of the applicant's requirements. If we were doing any project associated that is tied to land to ensure that the project adheres to the requirements, we do have a Land Use Restrictive Covenant on the property during that period that they agree to do whatever it is that they are supposed to do. The guidelines and application were established and tweaked for clarity and to glean the information that we need to properly vet the application but also to clearly convey the information and expectations to anyone that is applying for the funding. We resulted in formulated guidelines but three different applications detailing information associated with the type of project that would be funded.

Attorney Noblett stated that the one pager is that Area Median Income (AMI) levels have been amended based upon the review they have looked at. Because of the AMI from the Department of Labor Statistics changing, they found the rental and homeownership affordability is less available than 100%. They have increased the AMI limits for benefits for working class folks up to 120% on this amount for those folks to be able to take advantage of affordable housing. That is an important portion of this for the Board to be made aware of.

Ms. Gober stated the language used in the AMI was a lot of HUD backed or created lingo, and we were trying to convey that to the average person. This is a point of reference to help the Board see and appreciate the changes that were made and why they were made to expand the range of projects and households that can be served utilizing the funding. The information is local and outlines what it costs to rent a unit in Chattanooga. If we are looking at what HUD allows versus what the established 30% and what a family could afford, the funding is made available to assist with the cost for families into housing through development or access to housing.

Attorney Noblett asked why Chattanooga was so high? Ms. Gober stated Chattanooga is a hot market. It is a very attractive market, and the developers know that our competition is utilizing these funds to maintain some affordability. Ms. Gober stated there were examples from the Department of Labor. Ms. Gober stated they look at and evaluate whether or not a household is eligible to receive or occupy a unit that we put money into. These are the maximums for the household.

Ms. LeBouef asked if Ms. Gober could explain the width versus no utilities. Ms. Gober stated that when they are managing projects that have federal funds and talking about the maximum rent you can charge for a unit, that max which is \$742, you have to deduct utilities. We reduce that by even \$100 or so. We are talking about if someone goes out and they are wanting to rent a unit that has been supported with federal money, if it is a one-bedroom, the most that they can charge is \$642 in rent. Where we come into play is that we are utilizing the dollars to help the development of the project so that the developer does not have to borrow as much debt which keeps the operating costs down so they can afford to rent. We will utilize some of the funding if a family is only making enough to pay to be able to afford \$300 or \$400, we can make funding available to cover the gap.

When we are dealing with low to moderate income folks that are making requests for a PILOT, would those folks be eligible for this type of affordable housing? The Mayor and Administration is probably going to come back to the Board to ask for some changes relative to the PILOT. Currently, when assistance is provided to the projects under the PILOT, at least 50% of those units have to be income restricted. There is discussion regarding that and a lot of it is again we are in a hot market and trying to utilize these funds to compete in that market and competing with developers. We need to incentivize to take this money and build out the units and keep them restricted for a certain period of time. Attorney Noblett stated that will require a resolution.

- **Informational Purposes re: Notice of Determination (Alexzandria Gray) – Mount Auburn (1400 Chestnut) PILOT**

Attorney Noblett stated that Ms. Gray is from Maryland who filed a complaint with the Tennessee Human Rights Commission regarding the operation of one of the units that is subject to a PILOT. This was 1400 Chestnut Street. It is titled in the name of the HEB through the PILOT program and currently managed by Bluestone Property Management, LLC.

Ms. Gray was apparently saying that she was attempting to view the property and go on a tour over the property, and she thought she was basically being blown off by the Bluestone people and not given a fair opportunity. She apparently asserted and wrote a review about the property on-line and gave them a bad rating on review, and the people called her back from Bluestone. She said she did not get enough of a chance to view the property but showed up apparently late for the interview time. They had another meeting at 11:30 and gave her a partial review of one and two-bedroom units in the apartment complex. She asserted that it was in violation of her race and said they were acting improperly towards her.

The THRC did a pretty good review and interviewed the lady, folks at Bluestone that were renting this, and also did a review of other people who were renting there to see if they thought that it was discrimination. They reached out to 19 potential tenants in connection with this matter, and seven of them agreed to be interviewed. They said they did not think there was any staff treating races differently from others in connection with that review. The investigation did not find sufficient evidence to suggest that they discriminated against the plaintiff because of race. They said she filed this action, but their conclusion was that there was no reasonable cause to believe they engaged in acts of discrimination. They have closed the file but as they usually do in

these matters, they give an opportunity for someone to be able to file a request for reconsideration or to file a private action in state court appealing the decision. Normally, once a Notice of Determination is written, they have a 30-day requirement to file. We have not received anything since November 22nd. It is now December 10th.

The other provision under the Fair Housing Act a complainant may file a civil action in federal or state court within two years after the occurrence of the alleged discriminatory housing practice. There is a lengthy time period of filing a discrimination type case. If anything arises, the Board may want to talk to the 1400 Chestnut group. At this point in time, the investigator determined that there was no violation, and we will see where they are going. This is one where they were renting out short term rentals. We had to file suit against them to stop that, and they agreed to stop.

Ms. Everhart stated that the people they used were seven Caucasian and one Pacific Islander. It is an African American person that is saying they are being discriminated against. Ms. Everhart is not sure how that helps, but that is the data they used. Attorney Noblett stated they were calling 19 folks. Ms. Everhart stated how do you really know that this is the case when you do not have the actual. You not using any black people. You talking to all different races. Ms. Everhart thinks she was just late and mad and wanted to make accommodations. Ms. Everhart is just making the comment that the people that they interviewed were not the people being complained about. That data is null and void because they said there were no race issues, but they had seven Caucasian people and only one Pacific Islander. Ms. Everhart guesses that one Pacific Islander was the person that did not say they had a race issue they are referring to. That is all they had. That is the only different race that they had. That is an interesting note.

Attorney Noblett stated he was not sure who the 19 were they tried to contact initially and how many of those folks were willing to respond. It was interesting to Attorney Noblett as well in the numbers as to the percentages. They are not basing them based upon the percentages in the City. They are basing them on the percentages in the County of race population. The numbers that were met at that location African American and Caucasian were definitely within the limits of the County. Ms. Everhart stated it was 60% Caucasian, 15% African American, and 10% Other. It might have been 63% and could be off of the numbers.

Attorney Noblett stated it was 60% Caucasian representation and 30% African American. The percentages of 75% in County, 19% African American in County, and 15% Others. Ms. Everhart stated she was just late, and this is silly. She was mad because they did not make an accommodation. Their biggest defense is that they did not have anybody else working that says it was just one lady working. It is like she had somebody that could make the accommodation. She told her she was late and really don't have time to do it and then I can reschedule.

After further discussion and there being no further business, the meeting adjourned at 1:00 p.m.

Respectfully submitted,



Richard A. Johnson, Secretary

APPROVED:



Hicks Armor, Chair