



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.

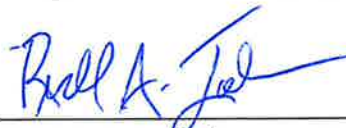
Ms. Biggs stated they will be contacting their community partners. Mr. Johnson asked if Ms. Biggs anticipates coming back for a PILOT as well. Ms. Biggs said yes.

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