



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD

**City of Chattanooga, Tennessee
MONTHLY MEETING MINUTES**

John P. Franklin, Sr. Council Building

J.B. Collins Conference Room

1000 Lindsay Street

Chattanooga, TN 37402

for

Monday, February 17, 2025

12:35 PM

Present were Board Members: Hicks Armor (Chair); Richard Johnson (Vice-Chair); Hank Wells (Secretary); Johnika Everhart; Andrea L. Smith; and Brian Erwin. Absent was Malcolm Harris.

Also present were Phillip A. Noblett (Counsel to the Board); Tommy Atlee (Standard Communities); Hanneke van Deursen; Steve Barrett (Husch Blackwell); Janice Gooden; Mike Pare (Times-Free Press); Richard Beeland (Economic Development); Weston Porter (Finance); and Mark Mamantov (Bass Berry & Sims).



Chairman Hicks 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 27, 2025,
MONTHLY MEETING**

On motion of Mr. Johnson, seconded by Ms. Smith, the January 27, 2025, minutes for the monthly meeting were unanimously approved as written.



TEFRA Hearing – Standard Runyan Venture LP
Preliminary Bond Inducement - \$38 million

On motion of Mr. Wells, seconded by Ms. Everhart,

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 THIRTY-EIGHT MILLION DOLLARS (\$38,000,000.00) TO PROVIDE FINANCING TO STANDARD RUNYAN VENTURE LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 819 RUNYAN DRIVE, CHATTANOOGA, TENNESSEE. (HEB-2025-05)

Attorney Phil Noblett explained what a TEFRA is. TEFRA is an acronym by the federal government for the Tax Equity and Fiscal Responsibility Act of 1982 which allows certain tax requirements and considerations for tax advantaged bonds that might be issued by the governmental agency. The TEFRA notice is required to be published in the paper at least seven (7) days before a TEFRA hearing in a newspaper of general circulation. Which has been confirmed. That notice went out seven (7) days before for this to occur. We will have an opportunity to hear from the Standard Runyan Venture or Mr. Mark Mamantov regarding this bond issuance and they will tell you a little about how this process will go and the opportunity for the public if they have any questions to bring those during this meeting.

The Board will approve this after hearing the entire presentation and after the community has an opportunity to hear. This is only involved in the issuance of bonds. This is not a PILOT or TIF but for the issuance of bonds which are \$38 million.

Mr. Mamantov spoke at this point. Standard Communities has over 27,000 apartment units in 22 states. This is a preliminary resolution but this is not asking for approval of the bond documents. We come twice because what they do to make these projects financeable is they seek low income housing tax credits from the State of Tennessee. The State of Tennessee requires the local issuer to do two things before you can apply. You have to hold a TEFRA hearing and adopt a preliminary bond resolution. This is a senior project. A lot of the projects are family oriented and this is for senior citizens and disabled persons. It is at the foot of Signal Mountain where Chattanooga is sort of sticks out there along next to Red Bank between Signal Mountain and Red Bank.

Mr. Tommy Atlee spoke and said that this project is for 200 units and is going to be approximately 80% one-bedroom units and 20% two-bedroom units. It is going to be restricted to seniors and people with disabilities. The age restriction is 62 years and older and the reason that they are conceiving a project of this style is in conversations with the City, they have learned that

Chattanooga has one and two-bedroom units and affordable housing options for older people. They are trying to tailor something that meets the City's needs and are located in an area that is zoned for affordable housing already and will be able to be constructed relatively quickly. If they receive the tax credit allocation from the state, they hope to begin construction in the fourth quarter of this year and deliver a completed project at the end of 2027 which maybe sounds like far away but in construction it is pretty quick.

The affordability for this project is 60% AMI restricted which means that people making 60% of the AMI will be eligible and the way that they get on the list as they apply with the management on site and if they can demonstrate that they meet the income requirements then they will be shown units. The project is expected to have standard modern amenities that you would see in any newly built apartment. Modern appliances, flooring, countertops, things of that nature. A nice quality product. On-site management team with a leasing agent and manager to make sure the property is maintained and kept well. Amenities such as a clubhouse, fitness room, outdoor picnic areas to encourage socialization, fitness activity. It is well-located near grocery stores like Aldi, Food City, and Walmart off of Signal Mountain Road.

Attorney Noblett said there is some extended stay type place right along Mountain Creek B by Runyan Road. Is this adjacent to the one already existing? There is an assisted living center and the plot of land is behind that. They would share a driveway with the assisted living center. There is a creek there that gets high sometimes. They have had their civil engineer look at it and plan to design the building so they are on the southeastern portion of the property and make sure there are no issues with flooding.

After further discussion, HUD classifies these centers as if you are restricting it you cannot discriminate against people with disabilities. To account for the fact that we will have an older population there will probably be people with disabilities who will have an on-site service coordinator who will be able to help people register for Medicare, Medicaid, and coordinates in-home living assistance and other social supports as needed to make sure they have access to the resources available to them.

If you are 45 and have a disability, you are eligible. They operate a lot of these places and the majority of the people are over 62 years old. It is possible that a person with disability is under 62 would qualify.

Mr. Johnson asked a question about the on-site coordinator and it would be free to the tenants. The square footage of the one-bedrooms is approximately 700 sq. ft. and the two-bedrooms are going to be approximately 900 sq. ft. There are four levels with elevator assistance for seniors. They will provide ADA compliant units.

Mr. Erwin asked about the acquisition of the property. What is the status on that and do they currently own the property or is there a letter of intent to purchase? They have signed a purchase agreement with the owner and have site control. We will close once we receive entitlements and allocation from the state. Secondly, 60% of AMI will be the requirement for occupancy. Will that be through a private leasing office or partner with a local organization to oversee that? They have a long term partnership with a management company called Apartment

Management Consultants. They will contemplate using that group as management agent. They operate properties in Nashville that are tailored towards affordable loan components and have experience in Tennessee complying with all of the local and state regulations.

After further discussion, it is a 200 unit project with 160 one-bedrooms and 40 two-bedrooms. They do not have a certain percentage dedicated. Every unit will be designed that if someone is disabled, they can rent that unit. All of the units are going to be built so that you can wheel a wheelchair. Mr. Mamantov said that if you take Section 8 vouchers of this type, a lot of the people are going to make 20% of income. If you take Section 8 vouchers in a senior living complex, you have to accept disabled folks of all ages. If 100% of the people apply and are disabled, it is a timing thing. You cannot discriminate. If the first 200 people apply are all disabled, they all could be disabled. After further discussion, all seniors and disabled are eligible. It is a first come first served basis for applications. They have an affordable housing marketing plan to get the word out when the property opens up for leasing to let people eligible know these units are available.

After further discussion, compliance and parking were discussed. They will have ADA stalls. Other criteria are showing proof of income, if you are disabled, you need to have proof of disability from a doctor, and if applying for Section 8, you need to provide the Section 8 voucher. Part of the Fair Housing Marketing Plan that HUD has them fill out it accounts for what meets different demographics and if it determines there is need for a certain demographics. They will account for that. This is state and federal funds. They are monitoring closely the effects of Washington. The tax credit program is for the Tax Code and less subject to budgetary cuts because the Tax Code is a little bit more resilient on the Tax Credit Fund. They are pretty confident that it will continue.

After further discussion, it is part of federal law regarding demographics. Marketing was discussed. They comply with all Fair Housing laws and there is no discrimination based on race or ethnicity. Mr. Mamantov spoke about restrictive covenants and marketing. Education on availability was discussed. Demographics were discussed.

Mr. Atlee said they are national in scope in management. The agency is national in scope as well. They work locally with the state and county governments in terms of trying to make sure they are meeting their needs in terms of providing housing for the people they think need most acutely. Mr. Johnson said hopefully the word will go out to the communities.

Mr. Mamantov said they need the tax allocation to get this project. That is why they are here this month because the state opens it up in March, and they are getting overwhelmed with requests statewide because everyone is worried about the issue of whether low income housing tax credits are going to survive another round of tax reform. Mr. Mamantov is hopeful that the LIHTC program will continue. This is the preliminary opportunity to be in the race in March to get allocation for this project. We would then be coming back to the Board to approve the bond issue and also a PILOT.

Ms. Smith asked to come in and apply for one of these apartments, only one person can come, you cannot have a person come in to represent a group and apply? You have to come one in at a time. It is on an individual basis. Otherwise, they would be discriminating against one group over another. They have to supply their own income figures and detailed information about assets. Some people do not have much income but sometimes have assets. Ms. Smith will have a sufficient answer for her constituents.

Attorney Noblett said that this is a preliminary bond resolution but one of things that is involved in addition to what you have read on the caption, you would be finding today that this would improve the quality and availability of housing for the general welfare of the City which is what you will be voting on. The Chair or Vice-Chair is authorized to execute a letter included in the resolution that authorizes taking further action necessary to allow the bond financing and conduct any public hearings later on. This is the first step in the preliminary phase. It is asking for a letter and acceptance of proposal by Standard Runyan. If the Board approves this today, you will be authorizing the Chair to do so. Mr. Mamantov said there will probably be two more votes asked for by the Board if this project proceeds.

Ms. Janice Gooden did not have any questions about the project but a lot of really good questions were asked, but Ms. Gooden did not get the company's name and Mr. Atlee's last name. The company is Standard Communities.

The motion carried.

ADOPTED

OTHER BUSINESS-DISCUSSION

FYI – Certified Letter re: Tivoli Theatre/Maclellan PILOT property:

Wayne Cropp is asking us on behalf of the HEB in connection with the letter giving us notification that there is a remediation of part of the property. The reason is because this is subject to a PILOT on a portion of that property that is involved with the Tivoli Foundation. They are giving us notification that there are properties in the downtown city that are subject to Brownfield Remediation. Whenever that goes on, there may be foundry sand, metals, all sorts of things in the ground since the City of Chattanooga has been here since 1839 and there has been a whole lot of development going on in those areas.

The folks at TDEC want to let us know that there is a voluntary party in this case, which is this group, the Tivoli Foundation, that is involved and that we own this property because of the PILOT during the term and they have the responsibility during the lease. They are letting the Board know that they have determined that there have been past commercial or industrial activities there that there may be soil, gas, groundwater, water quality samples that need to be taken and that because we are the owner, we would potentially have some responsibility.

We also in our lease put all that responsibility off on the leaseholder, which is the Tivoli Foundation. They have complied with what Mr. Keith has told them to do and that is the reason for the letter. You will probably be seeing more of these with the development going on for manufacturing areas here in the City. No action is needed. It may have some effect on housing development as you are going into areas that have been manufacturing. There may be some limitations on how the housing goes in those areas.



After further discussion, Mr. Johnson made a motion to adjourn the meeting, seconded by Ms. Everhart, and the meeting adjourned at 1:15 PM.

Respectfully submitted,



Hank Wells, Secretary

APPROVED:



Hicks Armor, Chair