

CHATTANOOGA HOUSING PILOT PROGRAM

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1. Projects should be on a timeline to begin construction within 2 years of the date the incentive is granted.
2. The project must be a high impact project located within the City of Chattanooga. High impact projects are catalytic and are essential to the economic viability of a neighborhood or community.
3. A high impact project's development cost, including acquisition, construction and soft costs, will exceed \$5 million dollars. If the project is deemed to be a high impact project, it will then be reviewed to determine the necessity of subsidy to the overall portfolio.
4. The incentive must be essential to the portfolio of the project. The review committee will determine the importance of the incentive to the project portfolio and whether the project could not move forward as presented but for the granting of the incentive. They will do so through an examination of land cost, area prevailing rents, extraneous development costs, and other factors that may be relevant to the project. If the subsidy is material to the project then the committee will move forward by reviewing the scope of the project.
5. Determine if the value of the building renovations, site improvements or new construction is equal to or greater than sixty percent (60%) of the total project costs including property acquisition, hard and soft costs. Assuming the scope of the project meets the 60% threshold, the committee will then review the project to ensure it meets the 50% baseline affordability requirements.
6. All projects must reserve at least 50% of the units for affordable housing ("affordable housing" defined as people moving into those units would earn 80% or less of the area's median income). If the project meets this criteria then the committee will weigh the neighborhood context of the project.
7. Determine if the project meets the design characteristics of the neighborhood in which it is located. This shall include architectural design, proposed building materials, building type or use, and other traits material to the maintain consistency in the character of the area.
8. If the project meets these 8 considerations, the committee will then review the scorecard to determine the level of subsidy available to the project through the following process:
 - a. Determine years achieved from the PRIMARY QUALIFICATION column on the next page depending on the major use of the property. A project may only qualify in this section once.
 - b. Determine years achieved from the SECONDARY QUALIFICATION column on the next page depending on other uses to be part of the project. A project may have up to three secondary qualifications
 - c. Determine whether the projects meet one of the PRIORITY AREAS. A project may have up to three Priority Areas.
 - d. Add years together to determine total term of tax freeze. All subsidies will be capped at 10 years for new construction and 14 years for rehab projects.
 - e. All school taxes will be paid as assessed each year.
9. The committee will then submit the recommended tax freeze to the HEB and the City Council for their consideration. If the Council approves it, then it will be presented to the County Commission for their approval/rejection.

ALL PROJECTS ARE CAPPED AT 10 YEARS FOR NEW CONSTRUCTION & 14 YEARS FOR REHAB PROJECTS

PRIMARY QUALIFICATION

AFFORDABLE UNITS	YEARS
20 - 50	4
50 - 75	5
75 +	6

SECONDARY QUALIFICATION

	YEARS
50% or more of the Project dwelling units are reserved for persons at 60% AMI or less	6 years
Historic	2 years
Rehabilitation	2 years

PRIORITY AREAS (2 YEAR EACH)

Verification for each PRIORITY AREA must be submitted annually.

Transit Connectivity:

The project must be located within 1/2 mile of an existing, and/or planned and funded, commuter rail, light rail, or subway station, or be located within 1/4 of a mile of one or more stops for two or more public or campus bus lines usable by building occupants. This will help ensure important connectivity to job center, workforce development opportunities, and basic necessities.

Environmental:

If the building is certified as an environmentally friendly project through LEED, Greenlight, or another certification program, it will qualify for an additional year.

DBE/WBE Participation:

This optional priority area is to encourage DBE/WBE participation in the construction of new affordable units. By utilization DBE/WBE contractors on the project, developers may qualify for 1 additional year of PILOT incentive.

Workforce/Upward Mobility:

By making an upward mobility program available but not required for building tenants, developers may qualify for an extra year of incentive. This may be provided through a nonprofit partnership or by staff within the management group. It must be provided free of charge to the residents in order to qualify under the priority area.

Primary Qualification:	
Secondary Qualification:	
Priority Area:	
TOTAL YEARS	