

RESOLUTION NO. 32206

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A NEW COOPERATION AGREEMENT WITH THE CHATTANOOGA HOUSING AUTHORITY (CHA) TO TERMINATE AND REPLACE THE EXISTING COOPERATION AGREEMENT BETWEEN THE PARTIES DATED MARCH 18, 1968, AS AMENDED OCTOBER 24, 1968, FOR ALL EXISTING AND FUTURE CHA HOUSING PROJECTS, COUNCIL-APPROVED PILOT PROJECTS, AND MIXED-INCOME HOUSING DEVELOPMENTS DURING THE TERM OF THE ATTACHED AGREEMENT.

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BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby authorizing the Mayor to execute a new Cooperation Agreement with the Chattanooga Housing Authority (CHA) to terminate and replace the existing Cooperation Agreement between the parties dated March 18, 1968, as amended October 24, 1968, for all existing and future CHA Housing Projects, Council-approved PILOT Projects, and Mixed-Income Housing Developments during the term of the attached Agreement.

ADOPTED: August 27, 2024

/mem

**COOPERATION AGREEMENT BY AND BETWEEN THE  
CHATTANOOGA HOUSING AUTHORITY AND THE  
CITY OF CHATTANOOGA**

This Cooperation Agreement (hereinafter “Agreement”) entered into this \_\_\_\_ day of \_\_\_\_\_, 2024, by and between CHATTANOOGA HOUSING AUTHORITY (hereinafter “CHA”) and the CITY OF CHATTANOOGA, TENNESSEE (hereinafter the “City”):

In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**1. DEFINITIONS. Whenever used in the Agreement:**

- a. The term “Council-Approved PILOT Project” shall mean properties that are held in CHA ownership solely for the purpose of eligibility for the Payment in Lieu of Taxes program for affordable housing as authorized under City Ordinance No \_\_\_\_\_ or similar future legislation. The term “Council Approved PILOT Project” shall include any properties held by a non-profit instrumentality or subsidiary of CHA.
- b. The term “Housing Project” shall mean any and all residential properties, including appurtenant non-residential buildings and land at a property, in which CHA, including its designated corporate agents as provided in T.C.A. Section 13-20-104(b), has an ownership interest, and this shall extend to properties in which CHA has an ownership interest in the future, including, but not limited to affordable housing developed or redeveloped with financial assistance from the United States of America acting through the Secretary of Housing and Urban Development (hereinafter “HUD”) or through Low Income Housing Tax Credits (“LIHTC”) allocated by the Tennessee Housing Development Agency. This shall not include any Council-Approved PILOT Project.
- c. The term “For-profit Parcel” shall mean a parcel which must be subdivided from the remaining Housing Project real property because it represents any land, building, structure, or other improvements used for for-profit activities, including without limitation any office, commercial, retail or industrial use.
- d. The term “Unit” shall mean all residential dwellings included in an CHA Housing Project.
- e. The term “Mixed-Income Housing Development” shall mean any multifamily housing development that includes both rent subsidized and market rate Units. Mixed-Income Housing Developments may be CHA Housing Projects and/or Council Approved PILOT Projects.

**2. PURPOSE:**

- a. It is the intent of CHA and the City to terminate and replace the existing cooperation agreement between the parties dated March 18, 1968, as amended October 24, 1968 (together the “1968 Cooperation Agreement”), with this agreement that shall apply to all existing and future CHA Housing Projects, Council-Approved PILOT Projects and Mixed-Income Housing Developments.
- b. Any existing or ongoing Pilot programs established under the 1968 Cooperation Agreement shall henceforth be governed by the terms of this agreement.

3. **CHA shall endeavor:**

- a. to secure a contract or contracts with HUD and/or other appropriate financing agencies for loans and subsidy contracts covering a Housing Project; and
- b. to develop or acquire and manage Housing Projects. The obligations of the parties hereto shall apply to each Housing Project.

4. **PILOT PAYMENTS:**

- a. Under the constitution and statutes of the State of Tennessee, a Housing Project may be exempt from all real and personal property taxes and special assessments levied or imposed by any Taxing Body. For all Housing Projects, CHA shall make annual payments or “PILOT”s to the City in lieu of such taxes and special assessments in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to the Housing Projects.
- b. CHA will pay Eighty-three dollars (\$83.00) per Unit standard. When applied to CHA’s current inventory of 2,732 Units, this formula would create a baseline PILOT payment of \$226,756.00 for 2024. CHA and City will review this Unit standard annually to determine any necessary and reasonable adjustments to the baseline PILOT payment each year during the term of this Agreement.
- c. Each such annual PILOT shall be made after the end of the fiscal year established for a Housing Project, and shall be in an amount equal to:
  - i. Eighty-three dollars (\$83.00) per Unit. This computation shall include all Units eligible for occupancy on January 1 of the tax year. For all Units, the baseline PILOT payment shall increase annually by a percentage equal to the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) as published by the Bureau of Labor Statistics of the United States Department of Labor for the preceding calendar year provided that any such increase shall be capped at a six percent (6%) increase in CPI-U.
  - ii. The PILOT for any For-Profit Parcel shall be equal to the real-property taxes that would be due for such For-Profit Parcel if it were not owned by a housing authority. If permitted by applicable law, during the term of this Agreement, CHA shall have the option of seeking approval of Council for a different PILOT payment for a specific For-Profit Parcel.

- iii. Notwithstanding anything to the contrary in this Agreement, if a For-Profit Parcel also contains housing Units, then the PILOT due from CHA for that Parcel shall be: (A) the amount equal to the amount described in subsection (i) above, (B) minus the amount determined by (A) times the ratio determined by dividing the rentable square feet of housing Units by the total square footage of the improvements; provided that the “rentable square feet” shall mean the actual usable square footage of the housing Units plus a pro-rata share of common areas, and (C) plus eighty-three dollars (\$83.00) per housing Unit.
- d. No payment for any year shall be made to the City in excess of the amount of the real property taxes which would have been paid to the City for such year if the Housing Project were not exempt from taxation.
- e. For all Council-Approved PILOT Projects, the payment in lieu of taxes made the City pursuant to the Council-Approved PILOT Projects shall be in lieu of any annual payments pursuant to Section 4.c.

5. **TERM:**

This Agreement shall have a term of fifteen (15) years.

**[REMAINDER OF PAGE BLANK. SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF the City and CHA have respectively signed this Agreement as of the day and year first above written.

CITY OF CHATTANOOGA

CHATTANOOGA HOUSING AUTHORITY

By: \_\_\_\_\_  
[Tim Kelly], Mayor

By: \_\_\_\_\_  
Elizabeth F. McCright, Executive Director