



**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

**COMMITTEE ASSIGNMENTS**

Chairman Bankston indicated the upcoming agenda items would be considered as follows:

- The Trustee's Monthly and Excess Fee Reports for September 2016 would be submitted for the record.
- The Juvenile Court Clerk's Reports for July and August 2016 would be submitted for the record.
- Resolution No. 1116-1 was the usual County Clerk item regarding notaries, etc. This required no committee assignment.
- Resolution No. 1116-4 was not used.
- Resolution Nos. 1116-5 through 1116-13 were assigned to the Finance Committee, chaired by Commissioner Boyd.
- Resolution Nos. 1116-2 and 1116-3 were heard by a Committee of the Whole.

Chairman Bankston stated that Resolution Nos. 1116-2 and 1116-3 would now be heard by a Committee of the Whole.

0:54 **COMMITTEE OF THE WHOLE – RESOLUTION NO. 1116-2**

Todd Leamon, Administrator of Public Works and County Engineer, spoke regarding this item, which increases the contract with Thomas Brothers Construction Company, Inc. in an amount not to exceed \$124,618.54 for the intersection improvements at East Brainerd Road and Ooltewah Ringgold Road. He explained that the increase is to cover changes in the original project scope required by the Tennessee

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

Department of Transportation (TDOT), and to close out the County's contract with Thomas Brothers Construction Company.

In response to Commissioner Graham's question, Mr. Leamon confirmed that all costs will be reimbursed by TDOT per Agreement No. 080076, which the County approved on June 18, 2009 (*Resolution No. 608-31*).

2:40 **COMMITTEE OF THE WHOLE – RESOLUTION NO. 1116-3**

This Resolution makes certain findings relating to the ECG Chestnut, L.P. project, delegates certain authority to the Health, Education and Housing Facility Board of the City of Chattanooga, Tennessee, and authorizes the County Mayor to enter into and execute an agreement for payments in lieu of ad valorem taxes (PILOT). Attorney Taylor introduced Joe Conner and Louann Smith, Attorneys with Baker Donelson, who represent the Elmington Capital Group in regards to their application for the PILOT agreement. He stated that John Shepard, VP of Multifamily Acquisitions, prepared a brief presentation to detail the facts of the project for Commissioners. It was noted that Hunter Nelson, Partner, and Steven Simmons, SVP, were also present on behalf of the Elmington Capital Group. A copy of the presentation was filed with the Clerk's office.

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

Mr. Shepard explained that Elmington Capital is headquartered in Nashville and owns approximately \$500 million in commercial and multifamily assets. The group has developed approximately 1,000 apartment complexes since 2013, including Ridgemont and River City North in Chattanooga. It was noted that a majority of the complexes have been affordable and workforce housing.

Mr. Shepard stated that the proposed development, known as Chestnut Flats, will be located at 2108 Chestnut Street in Downtown Chattanooga, which is currently a vacant lot. The complex will contain approximately 174 units, comprised of one and two bedroom apartments. Mr. Shepard reported that 100% of the units will be restricted to residents that make up to or below 60% of the average median income (AMI) with rent averaging between \$600 – \$750. Mr. Shepard pointed out the disproportion between the number of affordable housing units needed per year, and the number provided. He also highlighted the fiscal and economic impacts the \$20+ million investment will have, including 100+ jobs, permit fees, increased tax value of surrounding properties, and approximately \$1 million for schools and public services.

Mr. Shepard spoke about the verification and accountability process for potential tenants. He stated that the federal tax credits issued by the Tennessee Housing Development Agency to develop the property come with strict compliance standards including yearly audits. Potential tenants must provide employer attestations, paystubs,

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

social security award letters, tax returns, and bank statements for income verification.

He added that Elmington has six full-time compliance employees. Mr. Shepard reported that the PILOT is for a ten-year term, as well as a two-year construction period and a five-year gradual increase to market property taxes. In-lieu payments on real property equal to 2016 taxes will be paid throughout the term of the PILOT, as well as 100% of the school portion of property taxes. It was noted that the school portion will be based on the improved property assessment.

18:15

In response to Commissioner Mackey's questions, Mr. Shepard stated that the apartments will be built to Class A standards, which incorporate contemporary design and construction standards. He added that the project would not be possible without the proposed PILOT terms. Mr. Shepard stated that the City of Chattanooga approved the project.

In response to Commissioner Mackey's question, Mr. Shepard reported that a two-bedroom apartment in the complex would be approximately 1000 square feet, which is market standard. He echoed his earlier statement that 100% of the units will be restricted to residents making up to or below 60% of AMI.

23:03

In response to Commissioner Boyd's question, Mayor Coppinger stated that his office has spent a lot of time with the Elmington Capital Group, and noted that they are

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

a reputable organization. He explained that Hamilton County is in need of affordable housing, and his staff agrees that these projects are not possible without a PILOT agreement. He reminded the Commission that County schools will receive approximately \$1 million from this project. Mayor Coppinger voiced his support for affordable housing.

27:34

In response to Commissioner Boyd's question, Mr. Shepard reported that the group is relying on the Low-Income Housing Tax Credit (LIHTC) program to develop the property, which is a very successful public-private partnership in which the federal government issues tax credits that are allocated by the states for housing development programs that meet certain standards. It was noted that tax-exempt bonds will be used to finance the debt. Commissioner Boyd questioned the need for a PILOT in addition to the federal tax credits. Mr. Shepard stated that the design of the LIHTC program does not allow it to work on its own without the additional incentive of a PILOT or similar local financing commitment. He added that the process does allow local government to have more control over the project.

In response to Commissioner Boyd's question, Mr. Shepard confirmed that the development will have on-site parking. Commissioner Boyd spoke about past PILOT agreements the County has entered into and stated that in comparison this project

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

appears to meet all criteria for affordable housing. He noted his concern about the length of the PILOT, but stated that he would be supporting this item next week.

36:16

In response to Commissioner Fairbanks questions, Mr. Shepard confirmed that in-lieu payments on real property equal to 2016 taxes will be paid throughout the term of the PILOT. The abatement is for the increased portion of the property taxes that does not go to County schools. Mr. Shepard added that some of the types of jobs created will be construction related and retail positions. He also stated that if a tenant qualifies for housing based on their current income, and while living in the unit their income rises above the 60% of AVI mark, the tenant will not be required to move out.

Mayor Coppinger responded to Commissioner Fairbanks comments. He emphasized the need for affordable housing in Hamilton County. He stated that his office is confident that this project would not be possible without a PILOT agreement.

In response to Commissioner Field's question, Attorney Louann Smith with Baker Donelson stated that the primary purpose of the Health, Education, and Housing Facility Board of the City of Chattanooga is to provide decent housing of the citizens of the State of Tennessee.

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

44:48            Commissioner Mackey requested that Helen Burns Sharp be permitted to address the Commission. Mrs. Sharp who resides at 129 Walnut Street voiced approval of this particular PILOT agreement. She stated the PILOT meets the demand for affordable housing in the Downtown Chattanooga area, and stated that the market is not going to meet that demand on its own. She emphasized the importance of having a mixed income base in the area. She added that a PILOT program is necessary for Low Income Housing Tax Credits work.

                  Commissioner Mackey thanked Ms. Sharp for her comments. He stated that government with citizen involvement is the best type of government. He also acknowledged Franklin McCallie who was present for the meeting.

                  In response to Commissioner Smedley's question, Mr. Nelson reported that the turnover rate on units is around 15-20%. He added that seniors living on fixed incomes make up a large demographic of the tenants.

48:10            In response to Commissioner Graham's question, Mr. Shepard stated that rent includes water and sewer, but not electricity. He added that a portion of the development will be four floors, which is consistent with the new form based zoning code.



**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

Commissioner Graham stated that he will not be supporting this item next week. He added that River City established a goal of approximately 2,100 affordable housing units in Downtown Chattanooga, and that the goal has been met. He explained that the 17-year terms of the agreement could cause the County to miss an opportunity for a development that does not need a PILOT agreement.

53:40

Commissioner Mackey questioned why one would not support affordable housing in Downtown Chattanooga.

54:15

Commissioner Boyd stated that building the development larger and without the PILOT incentive would be counteractive to meeting market demand for affordable housing. He reported that he looked through a local apartment guide and could not find a two-bedroom apartment in Downtown Chattanooga for under \$1,000. He added that his daughter would qualify for this affordable housing development.

Chairman Bankston thanked Mr. Shepard for his presentation. He asked that the representatives from Elmington Capital come to next week's meeting to answer any additional questions Commissioners might have.

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

Commissioner Boyd, Chairman of the Finance Committee, stated that the Finance Committee would meet in the Commission Room immediately following the Agenda Session.

**ANNOUNCEMENTS**

Chairman Bankston asked for announcements from members of the Commission.

57:51 Commissioner Graham thanked all of the volunteers that came out to paint at the Lookout Valley Recreation Center last weekend. He reported that the project is nearly complete.

58:31 Commissioner Boyd recognized Tennessee State Representative Richard Floyd and Ed Gravitt in the audience. He thanked them for attending today's meeting.

58:55 Commissioner Fairbanks reminded members of the Commission and audience that early voting is taking place in Hamilton County now until November 3<sup>rd</sup>. He encouraged everyone to get out and vote.

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

59:24 Mayor Coppinger announced that a meeting of the Hamilton County Retirees Other Post-Employment Benefits Trust Board will take place on November 9<sup>th</sup> at 1:30 PM in the Mayor's conference room, located in Room 106 at the Courthouse. He encouraged members of the public to attend.

1:00:16 Chairman Bankston announced that former District 3 Commissioner and newly elected Assessor of Property Marty Haynes was in the audience at today's meeting.

**DELEGATIONS**

Chairman Bankston asked for delegations on matters other than zoning. There were none.

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
OCTOBER 26, 2016**

Being no further business, Chairman Bankston declared the meeting adjourned until Wednesday, November 2<sup>nd</sup> at 9:30 AM.

Respectfully submitted:



---

William F. (Bill) Knowles, County Clerk

Approved:

11-16-16  
Date

W.F.K.  
Clerk's Initials