

CHATTANOOGA HOUSING AUTHORITY

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ELIZABETH F. MCCRIGHT
EXECUTIVE DIRECTOR

801 N. HOLTZCLAW AVENUE
CHATTANOOGA, TN 37404
TEL (423) 752-4893
FAX (423) 752-4809
TDD (423) 752-0830
www.chahousing.org

MAILING ADDRESS
P.O. BOX 1486
CHATTANOOGA, TN 37401

PROPOSED AMENDMENT TO CHATTANOOGA HOUSING AUTHORITY'S 2010 AGENCY PLAN

[Published on January 22, 2010]

Every year the Chattanooga Housing Authority ["CHA"] updates its Agency Plan that serves as a business plan for all facets of CHA operations and policy. If there is a "significant amendment and substantial deviation/modification" [hereinafter "Amendment"] to the Plan, the CHA must publish the any such proposed Amendment to the public.

The CHA hereby publishes this Amendment to the 2010 Agency Plan. The CHA will accept written comments about this Amendment through March 8, 2010. Thereafter, the CHA Board of Commissioners will convene a public hearing [at a date and time to be announced] to consider any written comments received and comments from those present at the public hearing, before making a decision regarding the proposed Amendment.

1. Background

In its Agency Plan for the past few years, the CHA has consistently indicated that it planned to take specific action with the Fairmount Apartments, a 28 unit public housing development located on Fairmount Avenue in North Chattanooga. Specifically the CHA has published its intent to demolish the 28 existing apartments at the site and build new public housing units on the site. In September 2009, pursuant to a competitive grant application funded by the American Recovery and Reinvestment Act, the Department of Housing and Urban Development awarded the CHA \$4.8 million to demolish the existing units and to build 48 new, energy efficient apartments.

Based on objections from elected officials and neighboring residents regarding the density of the development, the CHA sought approval from HUD to reduce the number of units from 48 to 36, representing a 25% reduction in the number of apartments. As part of the request, the CHA had to confirm that it would obligate all funds by the HUD-prescribed deadline of September 23, 2010. In mid-December 2009, HUD approved the CHA's request for the reduction in the number of apartments and reduced the grant funding from \$4.8 million to \$4.2 million.

On January 5, 2010, the Chattanooga City Council approved Resolution 26175, which authorized "the staff of Chattanooga-Hamilton County Regional Planning Agency to initiate a zoning change for Fairmount Avenue Apartments located on Fairmont Avenue and owned by the Chattanooga Housing Authority from R-3 residential to R-T/Z residential townhouse zero lot line zone and to declare a moratorium of 120 days on issuance of new building permits relative to the Fairmount Avenue Apartments until appropriate studies can be done to determine the need for new zoning regulations to protect the public safety and welfare."

If the City Council ultimately approves the rezoning of the Fairmount property owned by the CHA, the development of 36 energy efficient apartments funded by the stimulus grant will not be able to go forward in its current design. Given the tight obligation timeline of September 23, 2010 imposed by HUD, a redesign is unlikely and perhaps not doable. Given this contingency, the CHA hereby proposes the following Amendment to its 2010 Agency Plan.

Proposed Amendment to 2010 Agency Plan

The CHA proposes that in the event the CHA is unable and/or unwilling to demolish and build new units at the Fairmount Avenue Apartments, that it may, in the discretion of the CHA Board of Commissioners, renovate some or all of the existing 28 units at the site, using funding that is available for this purpose, in an effort to provide affordable housing opportunities to persons of low income in North Chattanooga.

Additionally, the CHA also proposes to use its Replacement Housing Factor grant funds, existing Capital Funds, and/or any other funds made available through HUD grants or other sources for demolition, new construction, and/or major rehabilitation of units at any of the CHA's public housing properties, including scattered sites, subject to approval by the CHA Board of Commissioners and HUD.