

# CITY HOUSING STUDY DRAFT RECOMMENDATION IDEAS

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## PRINCIPLES

- 1) Strategy needs to be place-based (considering an urban vs. suburban context) and informed by anticipated changing lifestyle needs in those places.
- 2) Strategies should reflect the connection between housing, schools, transportation, employment, public health, and recreation that shape our quality of life.
- 3) Strategies should address the needs of the entire housing spectrum (incomes and housing types).
- 4) Strategies should take into consideration the entire housing delivery system in meeting those needs.
- 5) Strategies should target private, public and public-private opportunities to achieve housing objectives.
- 6) Benchmarks should be established to track progress in meeting housing strategy objectives.

## SUBURBAN STRATEGY

### Key Findings

- Suburban areas within the City limits, while more attractive to market rate developers, have limited remaining large developable sites for suburban housing development.
- While the current suburban lifestyle and development pattern emphasizes separation of neighborhoods from retail/employment centers/office, and separation of housing types (apartments, townhomes, single family), lifestyles are changing in two key groups:
  - Baby Boomers/Seniors – most want to age in place (stay in their homes) but will need to modify their homes to accommodate personal safety/mobility; they are also more likely to form multi-generational homes; they will need closer support services (health/daily shopping), and they will need some form of transportation support; long-term growing need for assisted living centers within their community
  - Generation Y – some will continue to seek suburban locations but will need affordable rentals/first time homes in close proximity to shopping, restaurants to support their “urban lifestyle” needs
- Infill development proposals that incorporate moderate to higher density housing types (townhouses, quads, duplexes) within established neighborhoods have been more controversial and challenging to implement. Resident focus group feedback has indicated concerns about traffic and lack of compatibility with the existing neighborhood character.

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## Proposed Actions

- 1) Make appropriate changes to the zoning/building codes to accommodate single accessory apartment units.
- 2) Identify areas for moderate/high density development in close proximity to major activity centers and connected to existing transit service
- 3) Create a guide for developing moderate density projects (small lots/townhouses/2-3 unit dwellings) in established suburban neighborhoods. The guide should offer key elements in the site planning and architectural design of homes that are compatible with the established character of existing neighborhoods.
- 4) Develop an appropriate public review process for moderate density infill rezoning requests within established neighborhoods that requires early meetings with residents prior to formal application, site maps to show how the proposed development incorporates the existing site features and surrounding development, and elevation drawings to show how the project complements the existing architectural character of the area.
- 5) Consider establishing a land bank for blighted/vacant commercial centers, particularly along transit corridors, with the objective of preparing them for redevelopment into mixed use/live-work spaces. Develop an appropriate basket of density bonuses, tax incentives, development fee reductions, and public infrastructure improvements to encourage redevelopment of these sites.

## URBAN STRATEGY

### Key Observations

- Urban areas have the potential to offer the urban lifestyle sought by Gen Y and aging boomers seeking a lifestyle change, particularly in/near areas such as downtown, MLK, and Southside that provide a variety of living, working, shopping and recreating opportunities.
- The addition of more high density housing, particularly in/near downtown, is a critical component to attracting more retail and other attractions to the downtown area
- Urban areas have a number of vacant properties that could be developed for housing, however they are encumbered by the following conditions:
  - they are scattered, making it challenging to assemble into a critical mass
  - they can be encumbered by brownfield liabilities, outdated infrastructure or other costs that make it challenging to redevelop without assistance
  - there are a limited number of locations that have healthy markets to entice private investment

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- Not all urban neighborhoods are the same; each neighborhood has a unique mix of housing types. Some neighborhoods have struggled with proliferation of duplexes, which has fostered a resistance to moderate density.
- Urban areas generally have better access to support services than suburban areas and better connections with public transit, making them more suitable for affordable housing.
- Some urban locations, while having a good street grid, lack the quality pedestrian environment (streetscape/destination activities) needed for an attractive urban lifestyle.
- Perceptions about crime and low quality schools can be significant deterrents to forming healthy housing markets.

## **Proposed Actions**

- 1) Establish a policy for urban neighborhoods that defines the desired mix of housing types as a guide to inform future housing development. This would help identify appropriate housing strategies for each neighborhood.
- 2) Implement a targeted neighborhood revitalization strategy that engages public, private and philanthropic sectors to establish healthy markets in neighborhoods that are close to the tipping point. This strategy should build on the framework provided by the Community Impact Program and the Vacant Property/Strategy Study prepared for the Neighborhood Services Department. Each neighborhood project should seek an appropriate mix of market rate and affordable rental and home owner units.
- 3) Partner with the real estate community to develop a marketing/communications tool for first-time homebuyers to increase awareness of entry home-buying opportunities in targeted neighborhoods.
- 4) Develop a portfolio of moderate density housing types that complement the architectural character of urban neighborhoods. Offer the portfolio as a resource for developers in building moderate density projects (small lots/townhouses/2-3 unit dwellings) in established urban neighborhoods.
- 5) Develop an appropriate public review process for developing moderate density infill sites within established urban neighborhoods that requires early meetings with residents prior to formal application, site maps to show how the proposed development incorporates the existing site features and surrounding development, and elevation drawings to show how the project complements the existing architectural character of the area
- 6) Reduce number of highly visible blighted structures. Allocate more resources to increase the capacity of Neighborhood Services to remove structures that have a destabilizing influence on neighborhoods.
- 7) Formalize an urban land banking and redevelopment program that assembles distressed properties and incorporates financial incentives for their redevelopment.
- 8) Target locations for higher density, mixed income housing along established key public transit corridors and in close proximity to downtown. Within these areas, offer density bonuses and

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appropriate financial incentives such as tax increment financing/PILOT/and public -infrastructure improvements for projects that incorporate affordable housing and other desired public objectives (parks, transit facilities, etc..).

- 9) Continue to support efforts to improve safety via the City's Gang Task force initiative.
- 10) Seek an opportunity to partner with Hamilton County Schools to create more targeted urban school improvement projects similar to Battle Academy, Brown Academy and Normal Park Museum Magnet.
- 11) Recruit major urban employers to provide incentives for their employees to live/rent in nearby neighborhoods, as a leveraging tool to support neighborhood revitalization efforts.

## AFFORDABLE HOUSING

### Key Observations

- There is a growing need for affordable housing among low and moderate income households in both rentals and owner-occupied units.
- Gen Y, the largest demographic group, will need both affordable rentals and reasonably priced first time homes.
- Some development requirements and fees, e.g., permitting, sewer tap, infrastructure repairs, contribute to the cost of housing.
- Land acquisition/preparation costs make it challenging to provide affordable housing products
- Urban neighborhoods and inner ring suburbs that are in early revitalization stages could offer affordable opportunities for first-time homebuyers and renters.
- There is a resistance to affordable housing in established neighborhoods, particularly housing for low-income households.
- There are a significant number of existing homes in urban areas that are low priced, but need substantial rehab.
- There are very few locally based affordable rental housing builders/managers, particularly on any large scale.
- Current Tennessee state law prohibits local regulations that amount to controlling the rent charged for housing.

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## Proposed Action

- 1) Establish a baseline and set specific targets (two-year or five-year) for the number of affordable housing units within the City for moderate income and low income households. Include transportation costs.
- 2) Propose a definition of “affordable and livable housing” for low and moderate income households,
- 3) Adopt a policy that supports affordable housing throughout the City and endorses a mixed-income approach that promotes a variety of housing products for new development receiving local public assistance.
- 4) Establish an Affordable Housing Trust to provide financing assistance to public, private, or non-profit housing providers at a discount in return for incorporating affordable housing into their projects.
- 5) Establish a home rehab fund to incentivize first time homebuyers to purchase and renovate homes in targeted communities.
- 6) Consider amending City codes to allow single apartments within houses in targeted R-1 zoned areas as a way to reduce homeownership costs.
- 7) Introduce a portfolio of incentives such as fee reductions and density bonuses for housing developments that include affordable units. Projects over a certain size that do not incorporate affordable housing would pay a fee into a housing trust fund that would support affordable housing efforts.
- 8) Develop local public and non-profit capacity to build and manage affordable rental housing

## ELIMINATE REGULATORY BARRIERS TO URBAN INFILL AND AFFORDABILITY

### Key Observations

- Most of the remaining undeveloped sites in Chattanooga are small (less than 20 acres) and have environmental constraints (steep slopes or floodplain)
- Current zoning standards/code requirements limit the ability of developers to mix housing types to build more compactly on the site and avoid impacting environmental features.

### Proposed Actions

- 1) Offer reduced fees, streamlined review, and density bonuses for projects that incorporate affordable housing in targeted areas.
- 2) Review subdivision code and street standards to eliminate site engineering requirements that unnecessarily impact cost of housing and the “footprint” of disturbed site area (street widths, turn-around design, grading, minimum lot size, swales vs. curb).
- 3) Update zoning codes to allow more diversity in range of housing types and lot sizes.
- 4) Set up a vacant lot “clearing house” database to connect developers with sites and provide a menu of incentives available.
- 5) Develop an infill development loan fund/public capital institution to provide construction loan capital to developers for projects incorporating affordable housing when private capital is not available.

HOUSING DELIVERY SYSTEM

