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Voluntary Attainable Housing Incentives Approved By Chattanooga City Council

BY PARIS VINNETT JANUARY 22, 2025 6:00 AM

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The Chattanooga City Council has voted to make Chattanooga the first city in Tennessee to offer Voluntary Attainable Housing Incentives, zoning relief for housing developments that provide ten percent of units priced at 80% Area Median Income or below.

This program follows a change in state law spearheaded by Sen. Todd Gardenhire to allow local governments to provide voluntary procedural, zoning, and land use incentives in exchange for attainable housing. Chattanooga led this effort, convening a statewide coalition to overturn the preemption.

“These incentives will encourage the development of housing attainable to working Chattanoogans at no cost to taxpayers, working alongside our historic zoning reform, new affordable housing PILOT policies and upcoming revolving loan fund to get more housing built that working people can afford,” said Mayor Tim Kelly. “I’m proud that Chattanooga is the first city in Tennessee to take advantage of the new law passed by Senator Todd Gardenhire making this possible, and I want to thank Megan Miles of our housing policy team for leading this effort.”

In exchange for developing housing units priced for Chattanoogans making 80% Area Median Income or below, developers could get these incentives:

- **30% Density Bonus:** Allows developers to have more units within the same building.
- **Reduced Parking Minimums:** Lowers the minimum number of parking spots the developer must include in a project.
- **30% Height Bonus in designated areas:** Allows buildings in designated high opportunity neighborhoods near public transit to be 30% taller than in the base zoning code.

“These incentives allow developers some additional flexibility in their building design and the opportunity to add additional units – which we capture as a public value in the form of attainable units that would not otherwise exist,” said Chattanooga Director of Housing Policy Megan Miles. “This is an opportunity to boost the supply of attainable housing with a voluntary, market-driven tool that requires no financial commitment from the City.”

In Chattanooga, a two-person household earning 80% of the Area Median Income has an annual income of \$56,000. That is approximately the salary of a teacher, or the combined salaries of a school bus driver and a childcare worker.

The Voluntary Incentives Program will take effect this spring. More information about the program can be found on the City’s [affordable housing programs page](#).

To watch a presentation from Chattanooga Director of Housing Policy on these voluntary incentives, [click here](#).

by Paris Vinnett

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