

8 Steps to Creating a Public Development Agency

The Path to Invest Chattanooga

Where We Started

- Mayor Kelly set aside an unprecedented \$33 million for affordable housing in the FY 2023 budget, which included **\$20 million for a revolving loan fund**.
- We studied current practices and they fell short of the Mayor's vision
- We went back to the drawing board to figure out how to **maximize the impact** of the City's capital
- Atlanta had just launched **AUD**
- We engaged CPE to help us structure our **Housing Production Fund** and establish **Invest Chattanooga**

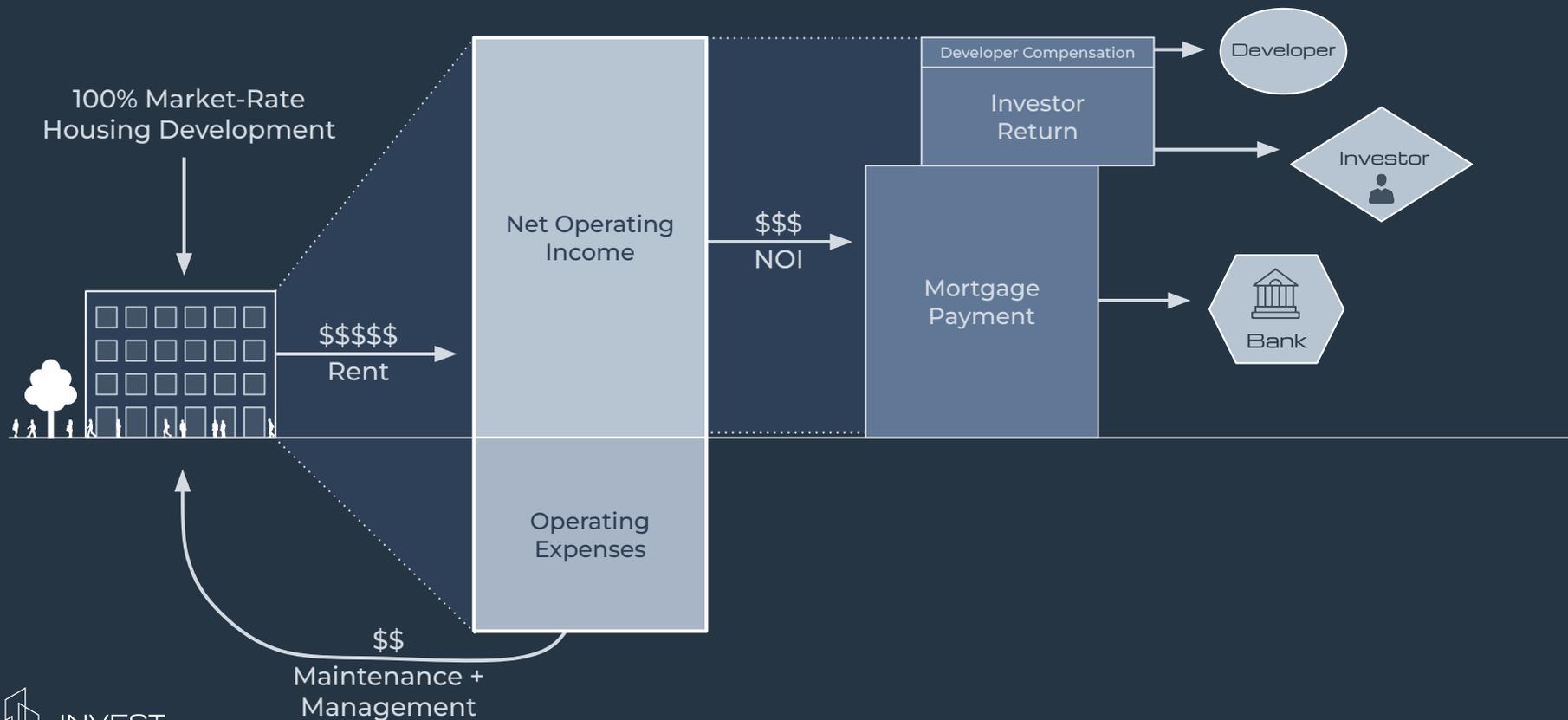
How Invest Chattanooga
could take a project from

Fully Market Rate

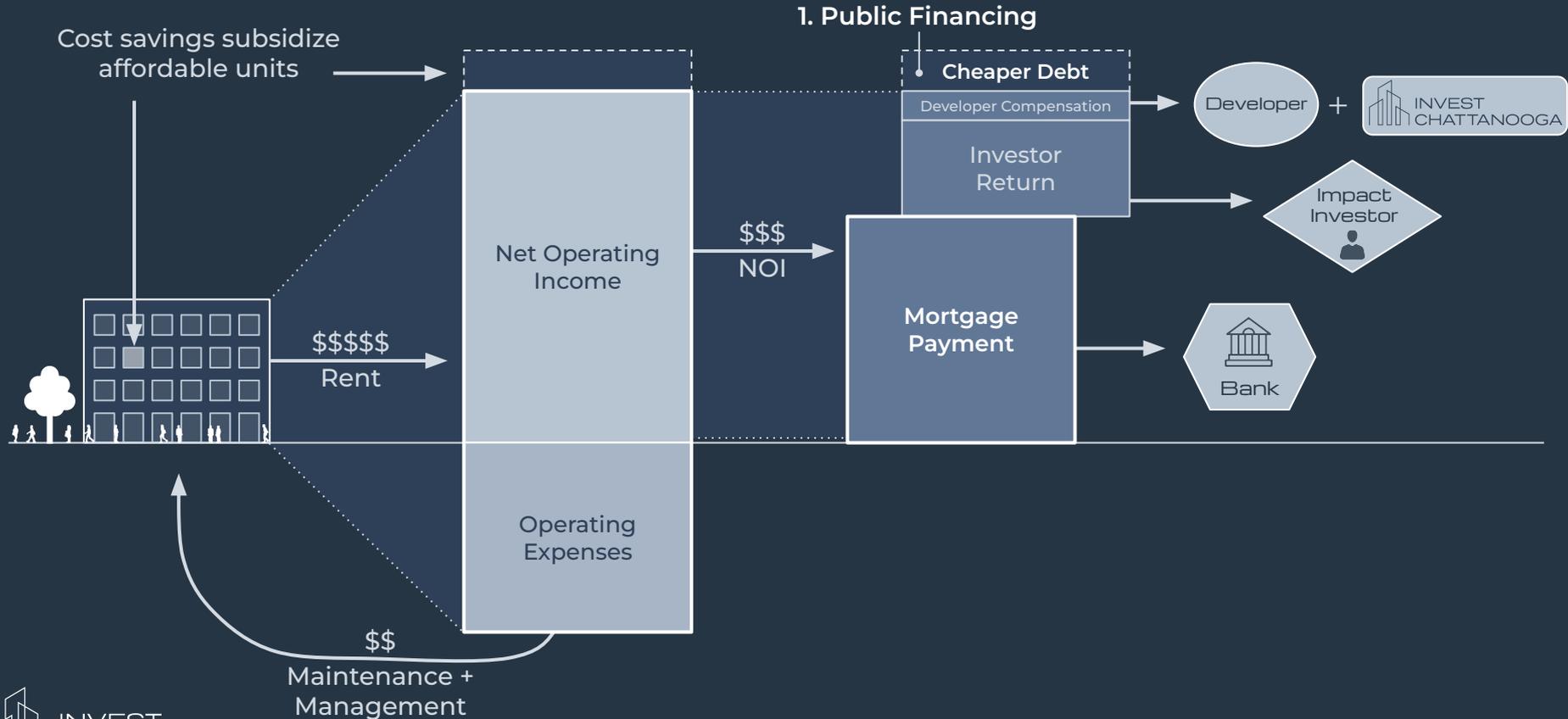
to

Mixed-Income

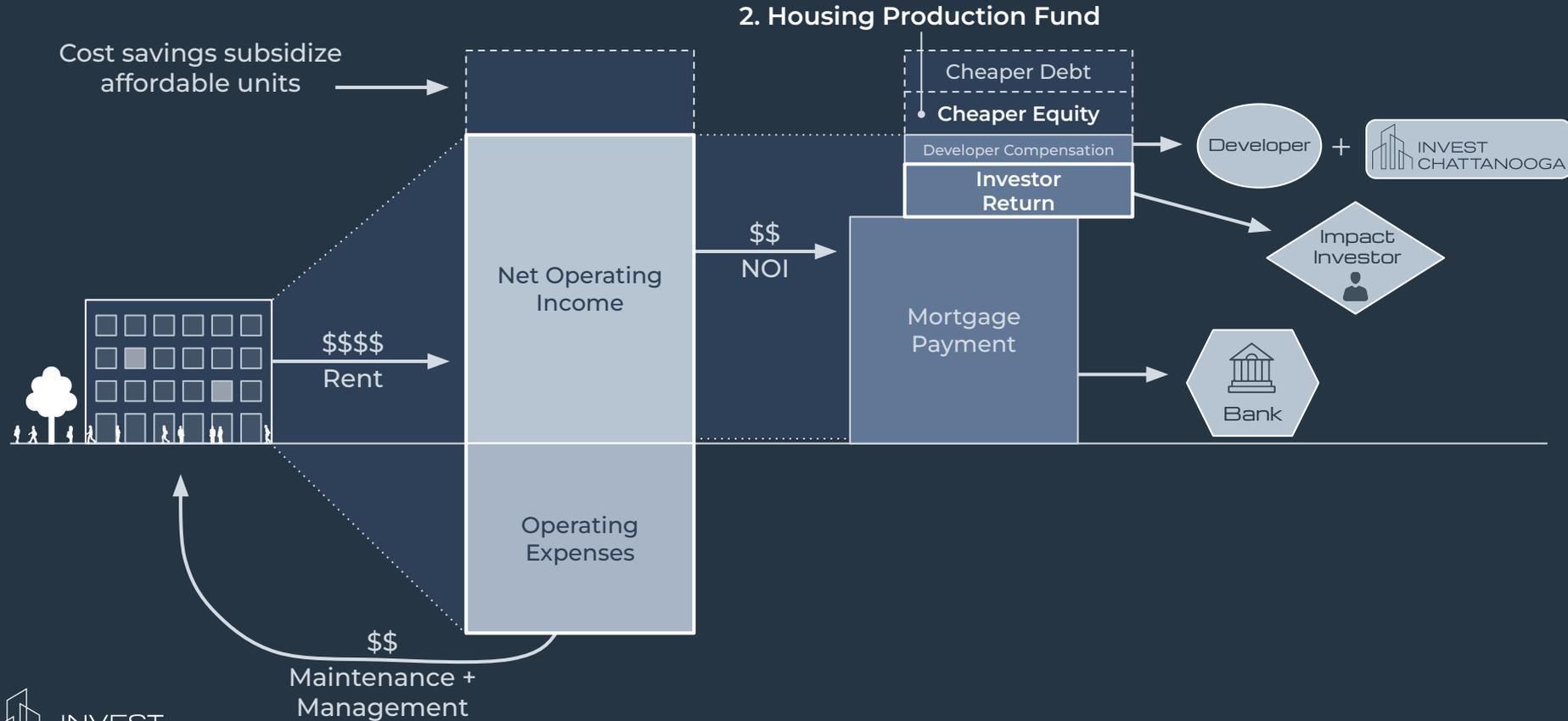
From Market Rate to Mixed-Income



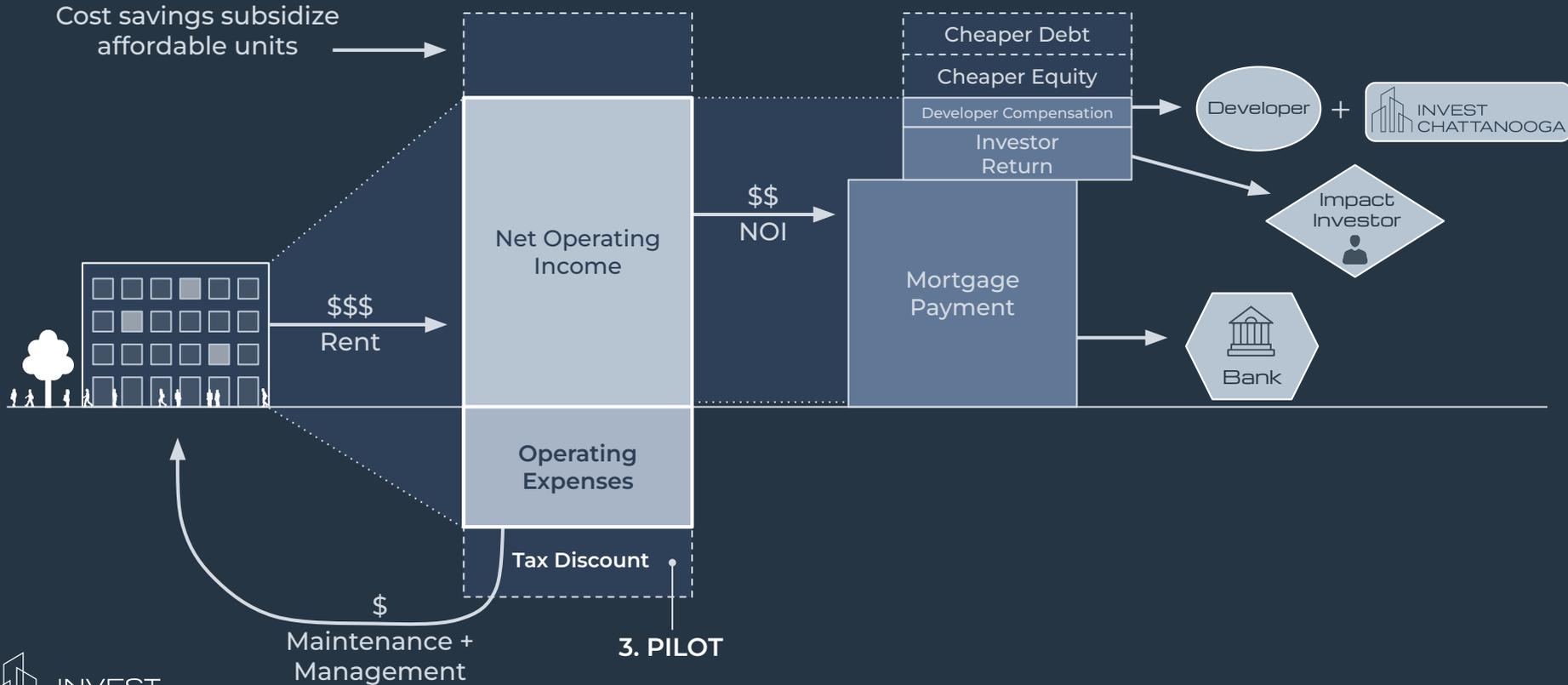
From Market Rate to Mixed-Income



From Market Rate to Mixed-Income



From Market Rate to Mixed-Income



Why This Approach Worked for Us

- **Permanent Affordability**
- **An Evergreen Housing Fund**
 - The City's one-time ARPA-era investment had no recurring revenue source.
 - To ensure lasting impact, the fund had to be evergreen, not just gap financing.
- **Strengthening Chattanooga's Housing Ecosystem**
 - With few nonprofit housing developers, no public redevelopment authority, and state pre-emption on inclusionary zoning, Chattanooga's ecosystem is limited.
 - Leverages the development capacity of our private sector.
 - Invest Chattanooga builds long-term public capacity to catalyze mixed-income housing.
- **Local Control**
 - Not reliant on Federal Funds (more important now than ever)
- **A Platform for Local Philanthropy**
 - Chattanooga's strong philanthropic network is expanding beyond traditional grantmaking to impact investing, moving capital from Wall Street to Main Street.

How We Launched Invest Chattanooga

Step 1: Identify the Parent Organization

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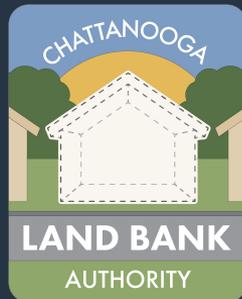
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**Chattanooga
Housing
Authority**



**Industrial Development
Board**



**Health, Educational and
Housing Facility Board**



	City	IDB	Land Bank	HEB	CHA	River City
Legal Authority						
Bonding	No	Yes	No	Yes	Yes	No
Lending	Yes	Yes	Yes	Yes	Yes	No
Priority Bid - Land Ownership	No	No	No	No	No	No
PILOT	Yes by council approval	Yes CHA and project level by council	No			
Multifamily Acquisition	No	No	Not yet	Yes	No	No
Multifamily Ownership	No	No	Not yet	Yes	Yes	Yes
Programmatic Experience						
Staff Capacity	Yes	No	No	No	Yes	No
HUD Funds	Yes	No	No	No	Yes	No
Land Stewardship	Yes	Yes	Yes	Yes	Yes	Yes
Commercial Development	Yes	Yes	No	Yes	No	Yes
Capacity/Urban Planning	Yes	No	No	No	Yes	Yes
PILOTs	Yes	Yes	Yes	Yes	Yes	No

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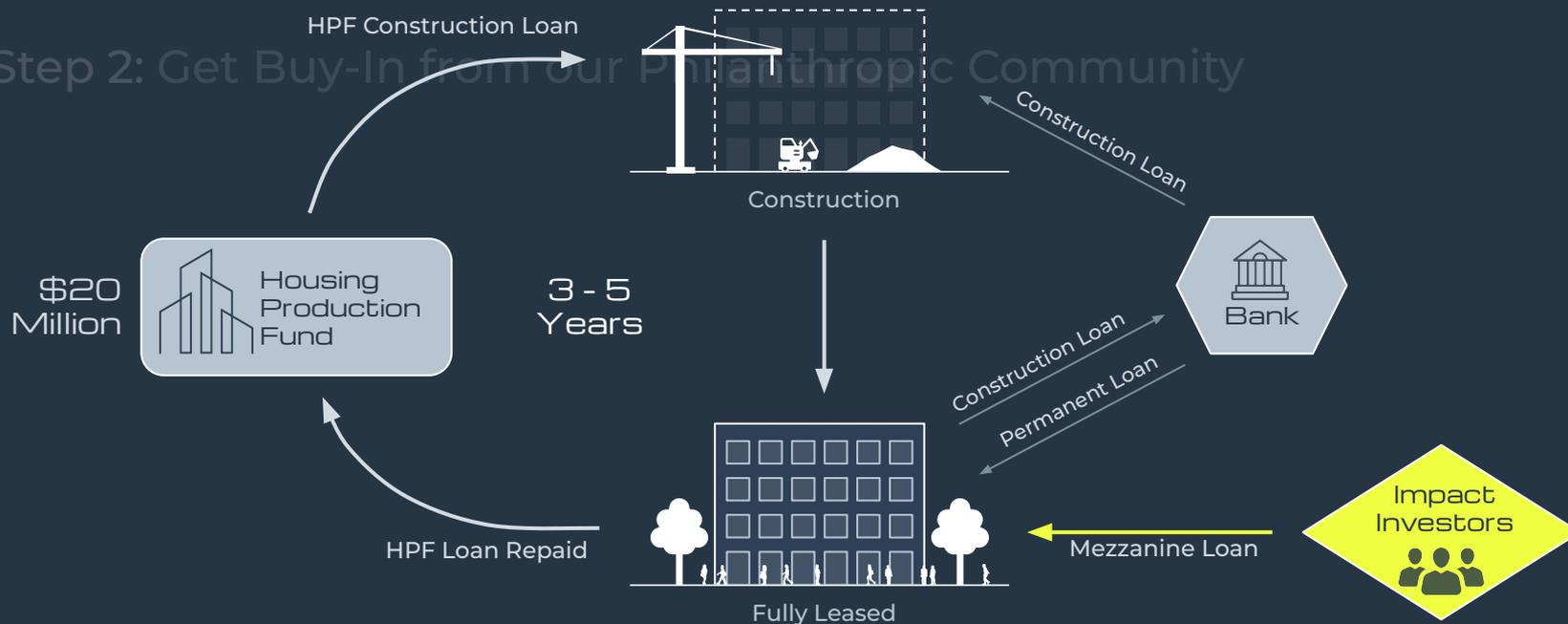
Step 1: Identify the Parent Organization

Step 2: Get Buy-In from our Philanthropic Community

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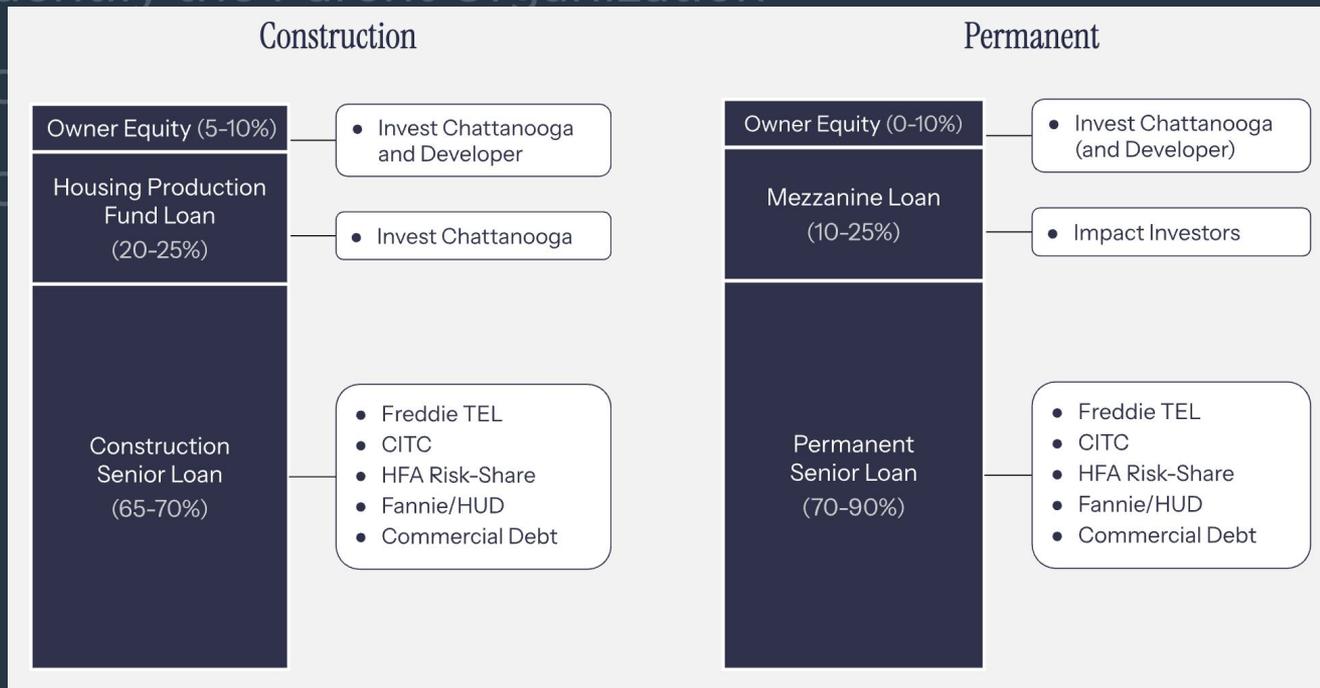
Step 3: Create a Menu of Financing Options

How We Launched Invest Chattanooga

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Step 2: Get Buy-In from our Philanthropic Community

Step 3: Create a Menu of Financing Options

Step 4: Establish the Subsidiary

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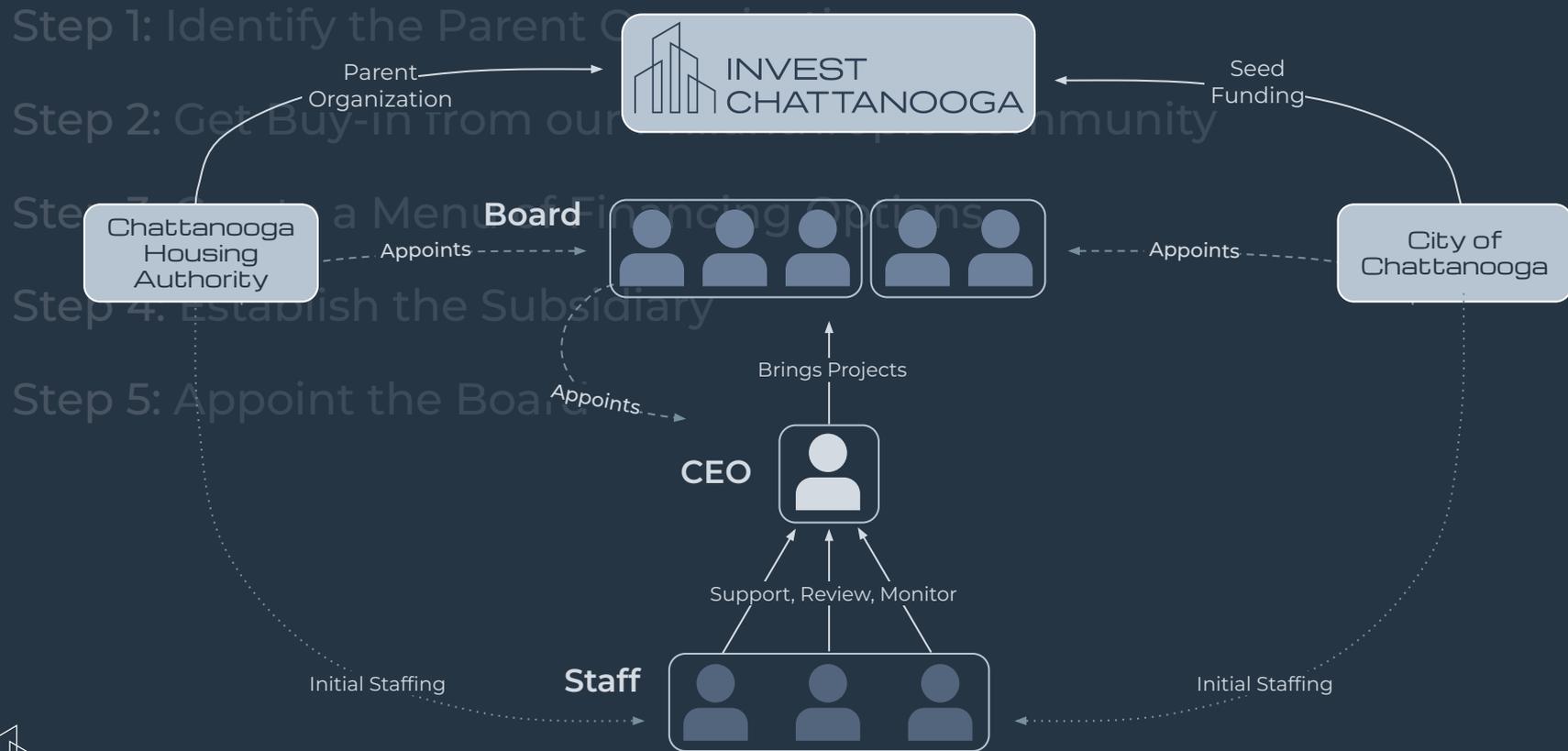
Step 2: Get Buy-In from our Philanthropic Community

Step 3: Create a Menu of Financing Options

Step 4: Establish the Subsidiary

Step 5: Appoint the Board

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Step 1: Identify the Parent Organization

Step 2: Get Buy-In from our Philanthropic Community

Step 3: Create a Menu of Financing Options

Step 4: Establish the Subsidiary

Step 5: Appoint the Board

Step 6: Transfer the Housing Production Fund

How We Launched Invest Chattanooga



Contact:
mayorpress@chattanooga.gov

FOR IMMEDIATE RELEASE

'Invest Chattanooga' to Catalyze Affordable Housing Development with \$20 Million Housing Production Fund

If approved by City Council, Invest Chattanooga will use the fund to offer low-interest construction loans on shovel-ready projects that guarantee affordable housing units

Chattanooga, Tenn. (December 5, 2024) - Today the City of Chattanooga announced its plan to launch Invest Chattanooga, a new public enterprise created to fund housing developments with a mix of market-rate and dedicated affordable units. If approved by City Council, Invest Chattanooga will administer the \$20 million Housing Production Fund City Council created in 2022.

Invest Chattanooga will offer loans to cover up to 25% of a project's construction costs at a low interest rate, replacing the need for expensive private equity. The high returns required by most equity investors can be the difference between a housing development being built or sitting untouched for years. In exchange for this favorable financing, 30% of units at the selected development must be dedicated affordable units.

"The national housing crisis is the biggest issue facing Chattanoogaans today, and we have to use every resource and option available to us to make housing more affordable," said Chattanooga Mayor Tim Kelly. "Our team has done a great job identifying and addressing the gaps in how housing development is financed, allowing us to use a one-time investment to make positive change for decades to come. We are one of only a handful of communities who have successfully stood up a fund of this nature and are proud to be leading the country in affordable housing solutions."

After projects are built, Invest Chattanooga's loan will be replaced with capital from impact investment partners, so Invest Chattanooga's proceeds can be reinvested in new projects. This



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Step 2: Get Buy-In from our Philanthropic Community

Step 3: Create a Menu of Financing Options

Step 4: Establish the Subsidiary

Step 5: Appoint the Board

Step 6: Transfer the Housing Production Fund

Step 7: Hire a CEO

How We Launched Invest Chattanooga

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Step 2: Get

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Step 4: Est

Step 5: App

Step 6: Tra

Step 7: Find



Contact: mayorpress@chattanooga.gov

FOR IMMEDIATE RELEASE

Matt Bedsole Named CEO of Invest Chattanooga

CHATTANOOGA, Tenn. (Friday, June 20, 2025) – Invest Chattanooga is proud to announce that Matt Bedsole has accepted the role of President and Chief Executive Officer.

[Invest Chattanooga](#) was launched by the city to help with housing affordability, creating new pathways for public-private partnerships in mixed-income housing. Over 20 years, it is anticipated that Invest Chattanooga's \$20 million fund will lead to the development of \$400 million worth of mixed-income housing.

Bedsole brings deep experience in structuring complex public-private partnerships, securing capital from diverse sources and maximizing social returns through efficient operations. He is an expert at creating permanently affordable housing that does not rely on traditional federal subsidies.

"Creating more housing options for every resident is what Invest Chattanooga is all about," said **Mayor Tim Kelly**. "Matt Bedsole is an inspired builder of bold public-private initiatives. We are thrilled to have him on board to lead this effort."

Bedsole most recently helped position Atlanta as a hub for housing impact investment, repositioning over \$100 million in public land for housing and



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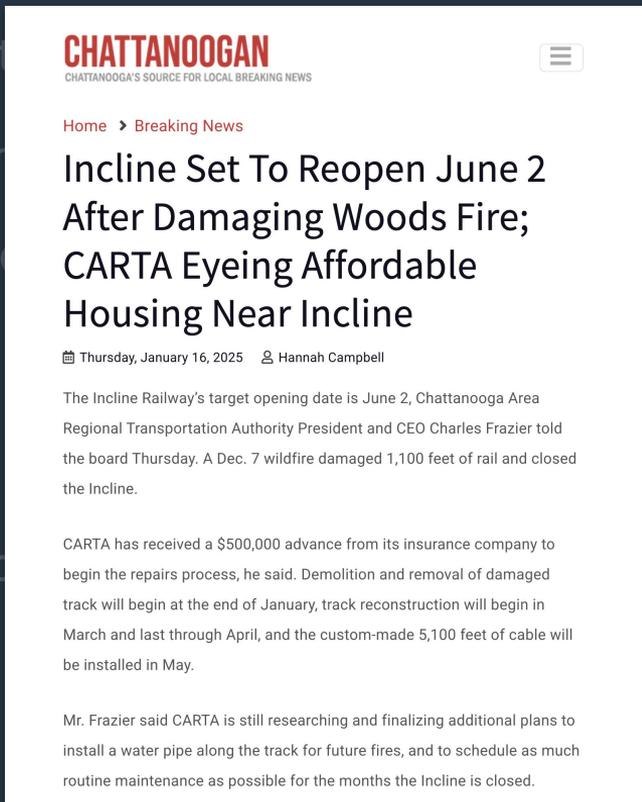
Step 5: Appoint the Board

Step 6: Transfer the Housing Production Fund

Step 7: Find a CEO

Step 8: Find Deals

How We Launched Invest Chattanooga



Thank you!

Questions?