

From Chicago to Chattanooga: Building Affordable Housing Without Traditional Subsidies

Housing Matters Conference

October 2025



Our Speakers

Hanneke van Deursen

*Director of Housing Finance
City of Chattanooga*



Edwin Ortiz-Reyes

*Director of Policy, Planning, and Legislative Affairs
Chicago Department of Housing*



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

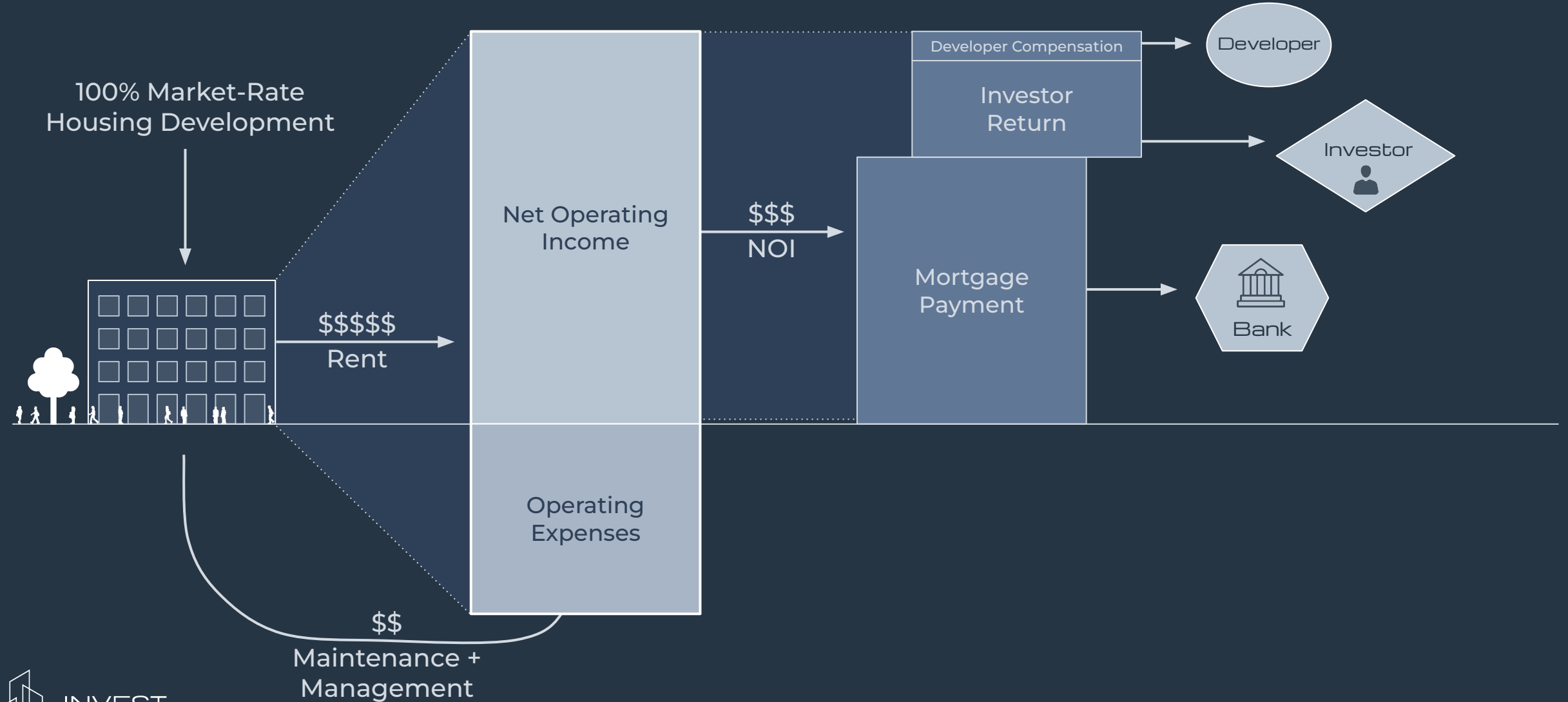
 Fully Market Rate

to

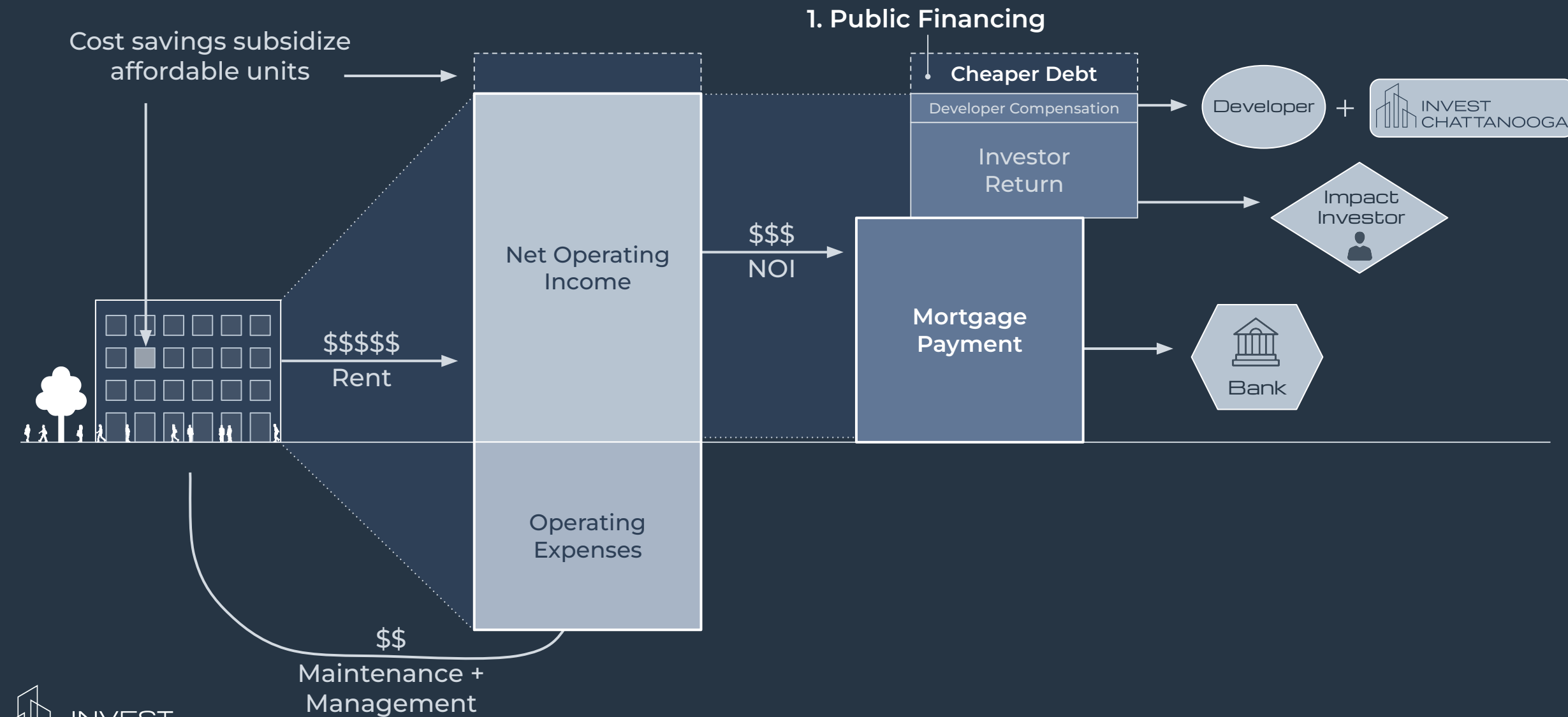
Mixed-Income



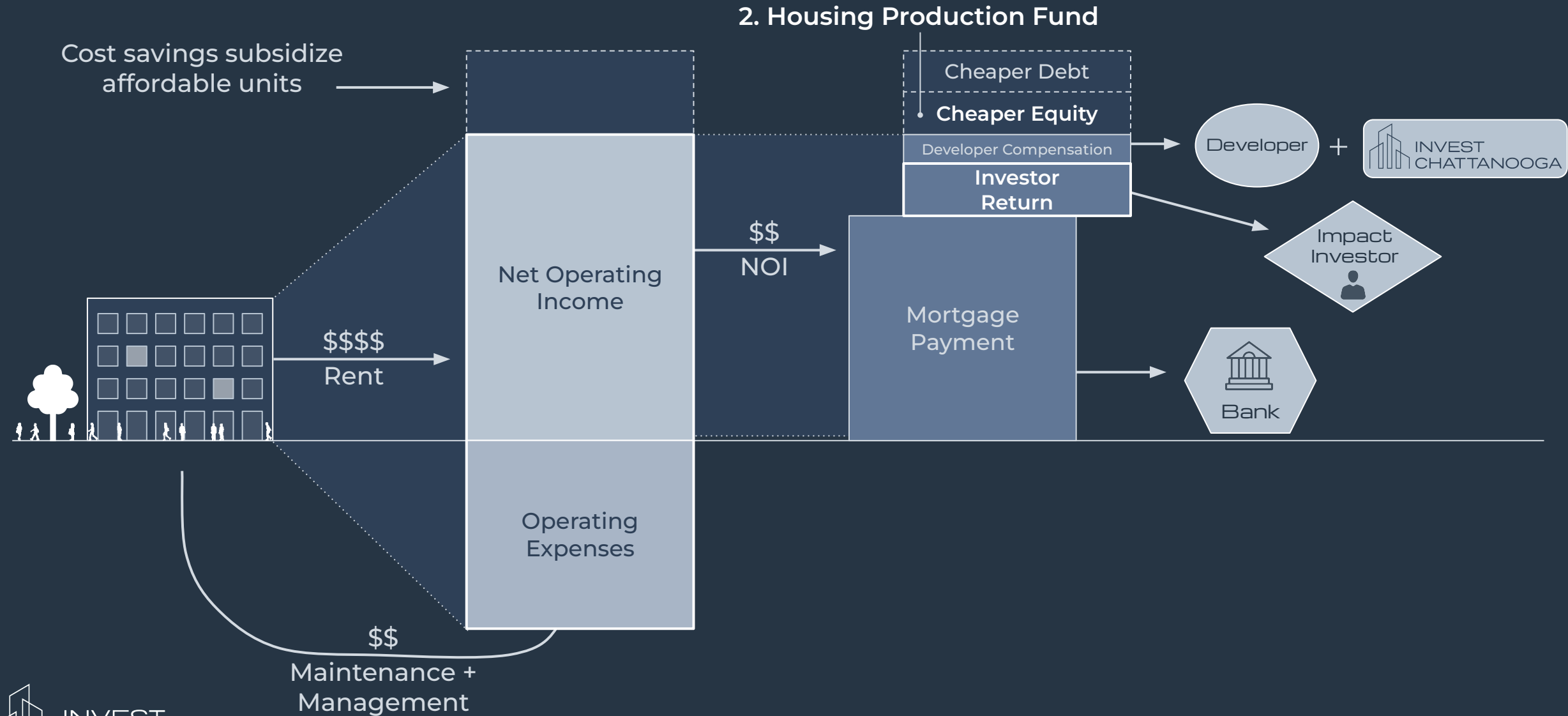
From Market Rate to Mixed-Income



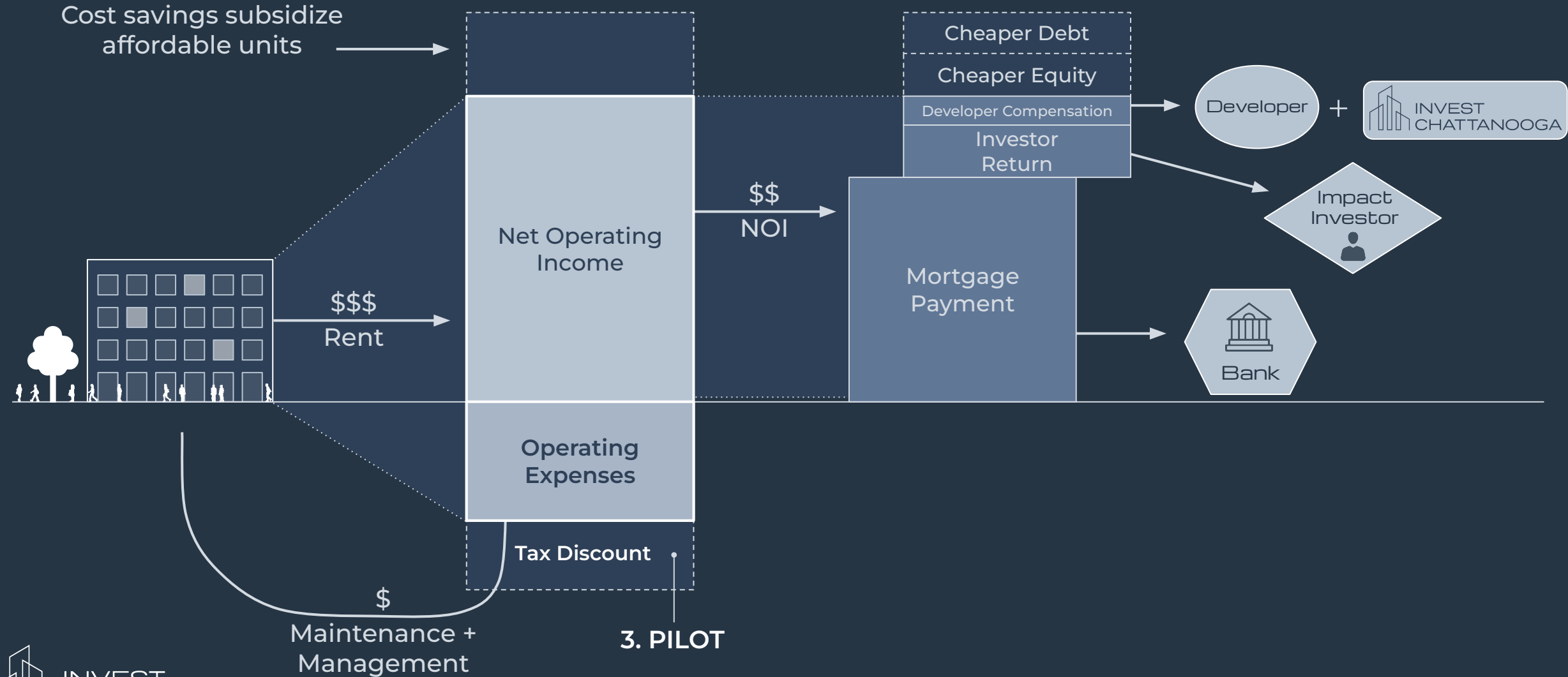
From Market Rate to Mixed-Income



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

How We Launched Invest Chattanooga

Step 1: Identify the Parent Organization



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 by council approval	Yes by council approval	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

How We Launched Invest Chattanooga

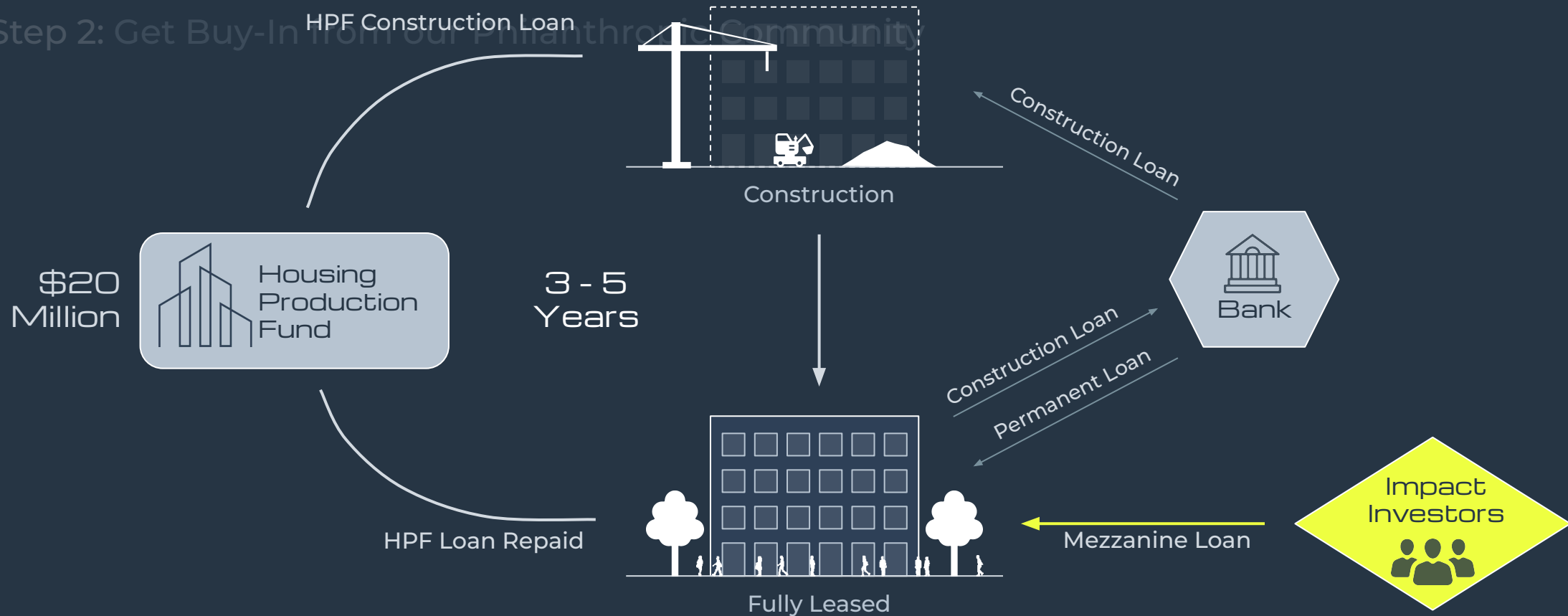
Step 1: Identify the Parent Organization

Step 2: Get Buy-In from our Philanthropic Community

How We Launched Invest Chattanooga

Step 1: Identify the Parent Organization

Step 2: Get Buy-In from our Philanthropic Community



How We Launched Invest Chattanooga

Step 1: Identify the Parent Organization

Step 2: Get Buy-In from our Philanthropic Community

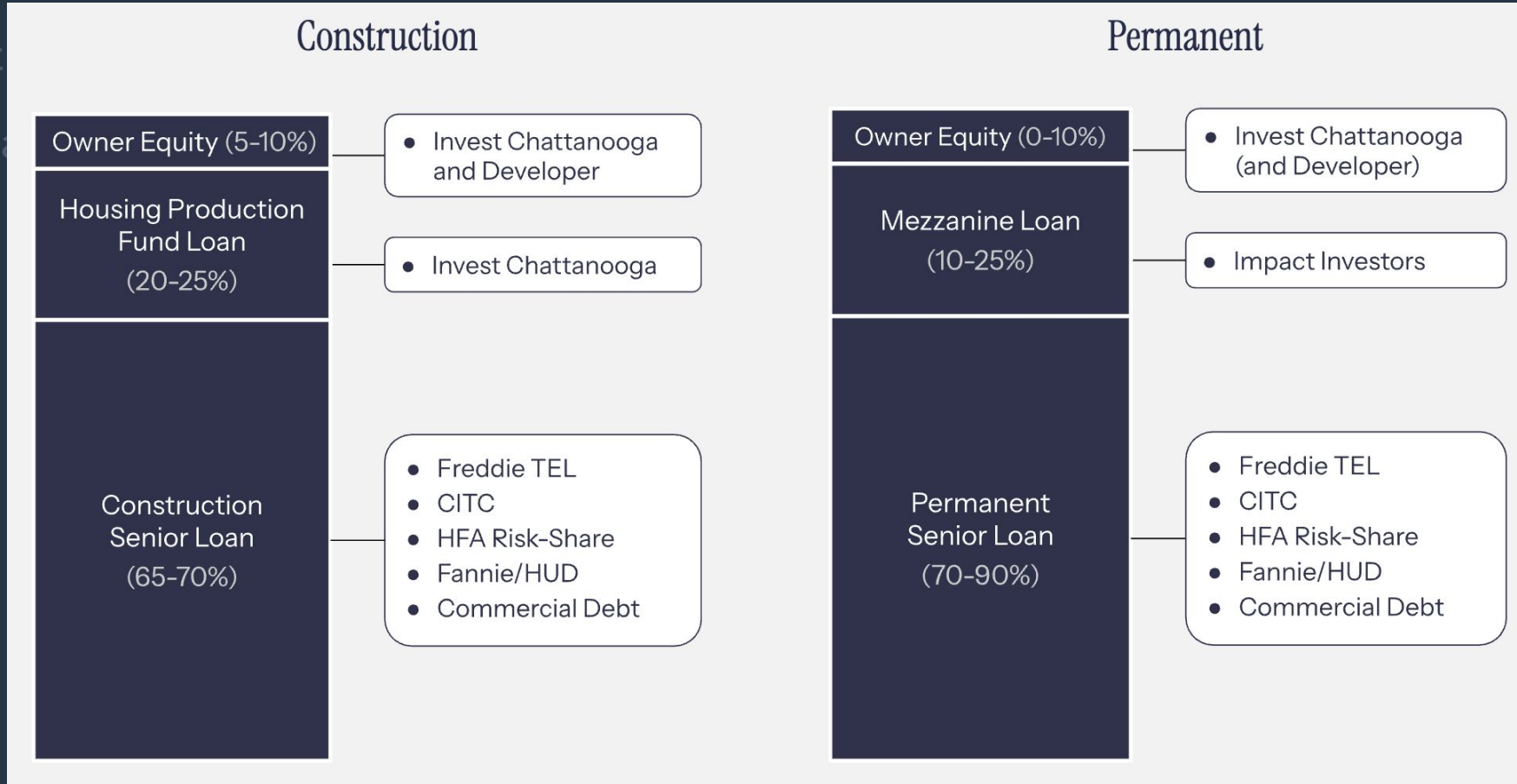
Step 3: Create a Menu of Financing Options

How We Launched Invest Chattanooga

Step 1: Identify the Parent Organization

Step 2: Get

Step 3: Cre



How We Launched Invest Chattanooga

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

How We Launched Invest Chattanooga

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

How We Launched Invest Chattanooga

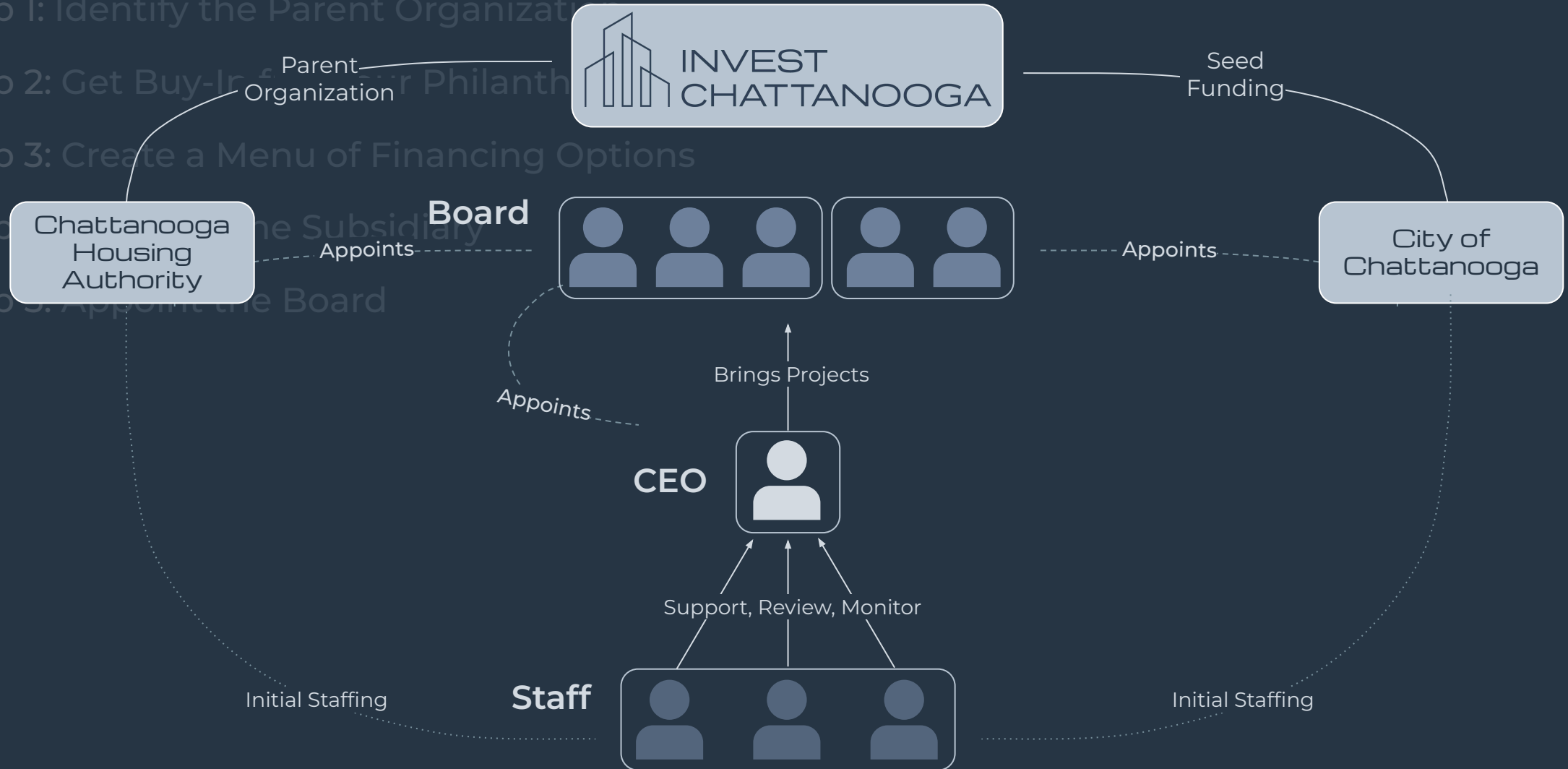
Step 1: Identify the Parent Organization

Step 2: Get Buy-In from Senior Philanthropists

Step 3: Create a Menu of Financing Options

Step 4: Create the Subsidiary

Step 5: Appoint the Board



How We Launched Invest Chattanooga

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



How We Launched Invest Chattanooga

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

Step 7: Hire a CEO

How We Launched Invest Chattanooga

Step 1: Identify

Step 2: Get Buy

Step 3: Create

Step 4: Establish

Step 5: Appoint

Step 6: Transfer

Step 7: Hire a C



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



How We Launched Invest Chattanooga

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

Step 7: Hire a CEO

Step 8: Find Deals

How We Launched Invest Chattanooga

Step 1:

Step 2:

Step 3:

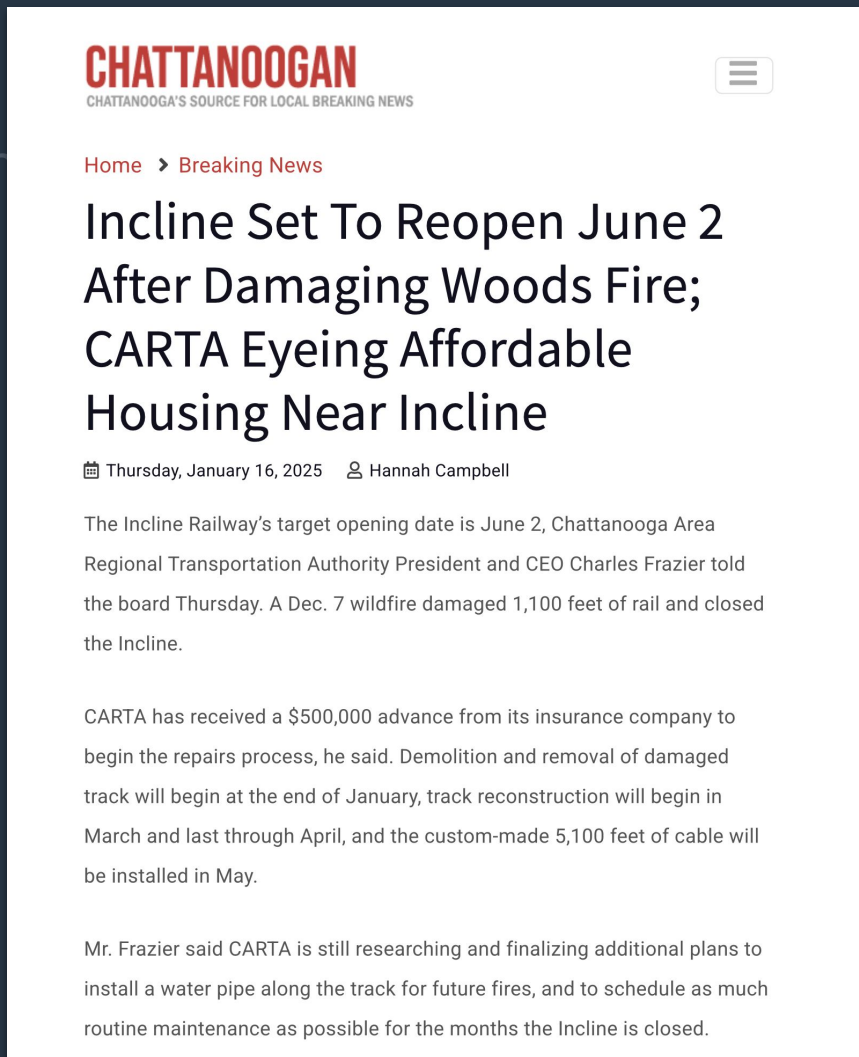
Step 4:

Step 5:

Step 6:

Step Hi

Step 8:



Thank you!

Questions?



Green Social Housing

Accelerating Mixed-Income Development
with the Chicago Residential Investment Fund



October 2025



The Problem

- Chicago is facing a **housing crisis** with supply for housing unable to meet demand
- **119,000 fewer affordable apartments** than there are families in need
- **Over 51% of Chicago Renters are cost burdened**, meaning they spend more than 30% of their income on rent and utilities
- Buildings account for 70% emissions in Chicago
- Poor indoor air quality leads to increased risk of negative health outcomes
- Traditional affordable housing development funds provide much needed affordability but are unlikely to grow in the coming years and may face significant cuts.



Chicago's Residential Investment Fund

The Road so Far:

- Housing and Economic Development Bond approved by City Council in April 2024
- GSH enabling ordinance passed in May 2025
- CRIF Board slate approved in July 2025
- CRIF incorporated in Illinois as a non-profit entity in September 2025



The Revolving Loan Fund: Housing and Economic Development Bond of 2024

Affordable Housing: \$625 million over 5 years



AFFORDABLE RENTAL HOUSING (\$360–390M)

- Build and preserve affordable rental homes: \$230-250m
- Social hsg revolving fund: \$115-135m
- Multifamily retrofit: \$10-15m



HOMEOWNERSHIP (\$210–240M)

- Purchase assistance, home repair, & promoting ownership: \$125-145m
- Rebuilding & preservation: \$65-80m
- Single family retrofit: \$20-25m



HOMELESSNESS (\$20–30M)

- SRO preservation: \$20-30m
- Permanent supportive housing included under Affordable Rental Housing

AFFORDABLE RENTAL HOUSING

GREEN SOCIAL HOUSING REVOLVING FUND

New Initiative

Green social housing represents an innovative but proven form of affordable, mixed-income housing development that does not rely on LIHTC or traditional forms of affordable housing finance. Pioneered in the U.S. by localities like Montgomery County, Maryland in the Washington, D.C. suburbs and Atlanta, Georgia — but modeled on longstanding initiatives in other countries — green social housing provides low-cost construction loans to developers on the condition that the developers sell the building back to the local government when it has been completed. The local government then contracts a property manager to operate the building in coordination with a tenant governance body, using rents from the building to cover expenses and long-term savings generated by the low-cost construction loan to support a substantial number of affordable homes. The original construction loan, once repaid within three to five years, can then be reinvested in another development.

Not only does this model offer a way to “grow the pie” — increasing the number of affordable homes that the City can create without relying on increased state or federal subsidies — but because financial assistance is provided in the form of a loan, one-time allocations of resources can be used repeatedly over time to fund many projects, something that is not true of traditional forms of affordable housing finance. These developments are also structured to be financially self-sufficient with rents covering on-going operational costs while public ownership ensures the long-term affordability. This dynamic means that unlike traditional LIHTC deals, social housing projects

do not require additional long-term subsidies to preserve both affordability and long-term maintenance. In fact, over time, social housing developments have been shown to generate equity for the City that can then be reinvested in future developments.

The Bonds would seed the revolving fund providing low-cost loans for green social housing. A program ordinance would be required to establish the administrative infrastructure and guidelines for the initiative.

Budget: \$115-135 million

Projected Impact: 600+ rental homes every five years

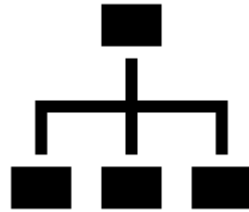
Selection Criteria and Process: This will largely be determined by a program ordinance, which would need to be passed by City Council in order to move forward. Most if not all developments would require zoning approval from Council.

★ Establishing a Non-Profit Developer: Chicago Residential Investment Fund



City Council passed
SO2-25-0015560 in May
2025

Authorized DOH to Create
Nonprofit Developer



DOH created the **Chicago Residential Investment Fund (CRIF)** non-profit to execute program on behalf of the City.



Council Approves Projects

City Council retains control of bond funds, and projects must be approved by Council.

The CRIF Board Structure

- **Ex-Officio Board Members**

- Commissioner of DOH
- Commissioner of DOE
- Commissioner of DPD
- Chief Financial Officer
- Chief Procurement Officer
- Chair of the City Council Committee on Finance

- **Appointments based on expertise**

- Market rate developments, acquisition, financing, or asset management
- Affordable Housing development or asset management
- Affordable housing advocacy, organizing, or community-based provider
- Tenants' rights advocacy or organizing
- Environmental sustainability advocacy or organizing
- Organized labor

- Residents (2) of GSH affordable housing unit

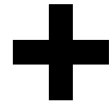
★ Green Social Housing: The Chicago Model

Our Pillars

Mixed-Income
Development
(30-40%
affordable)

Green Building
Standards

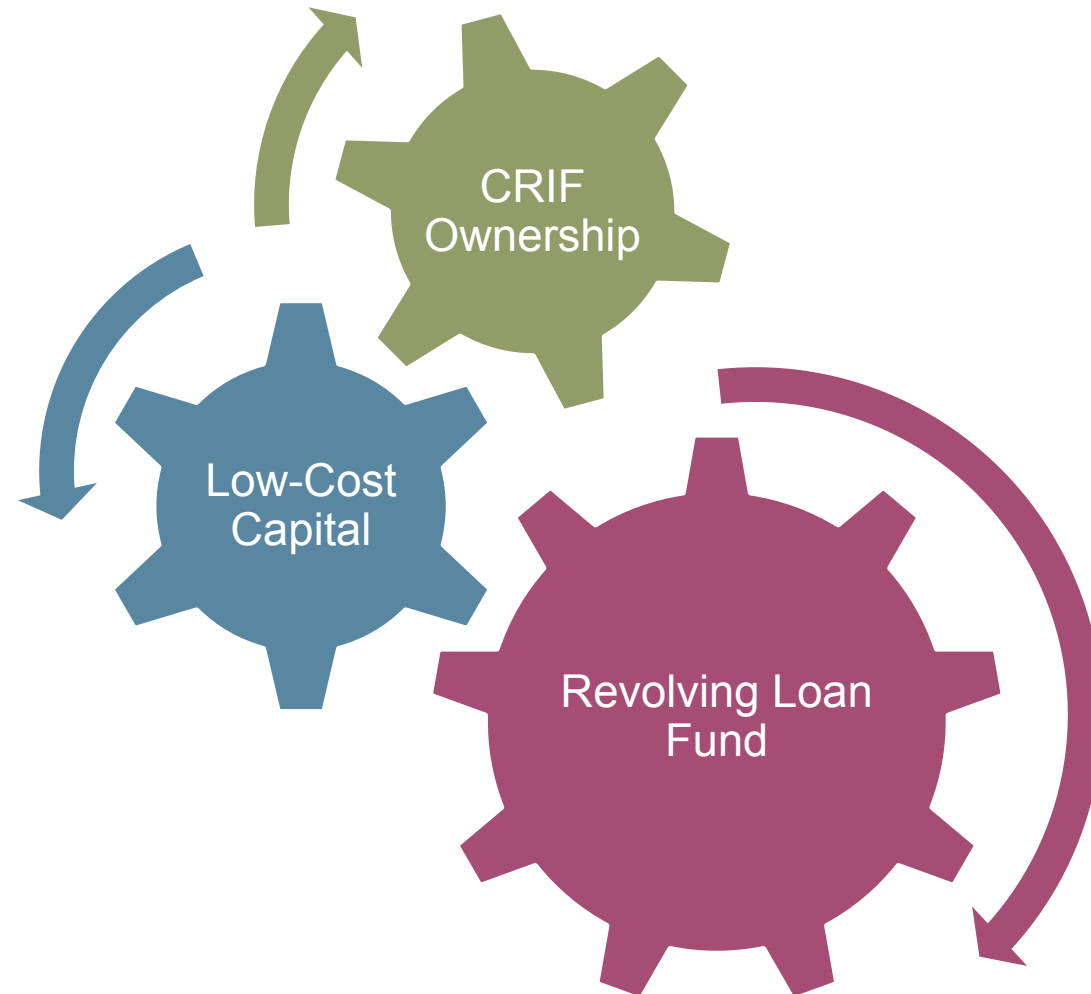
Tenant
Governance



The Benefits

1. **Financial independence:** local housing production that doesn't rely on state or federal resources
2. **"Growing the pie":** allows for more housing production beyond what can be provided by traditional affordable housing development funds
3. **Self-sufficiency:** mixed income format allows market units to cross-subsidize affordable units, reducing need for subsidized recapitalizations
4. **Permanent affordability:** City control means investments in affordability do not expire
5. **Reinvesting gains:** Equity built over time can be reinvested into additional projects.

★ How Green Social Housing Works





Benefits of CRIF Ownership

- Permanent affordability.
- CRIF captures value created over time (cash flow, value increases over time). Value is reinvested in new projects and/or deepen affordability.
- **Financial Independence:** Local housing production that doesn't rely on state or federal resources.
- Good Jobs! (M/WBE, prevailing wage).
- Flexibility and efficiency.

★ Mixed-Income Approach



- Cross-subsidy allows for at least 30% of the units to be made affordable for households between 50-80% AMI and 70% of the units at market rate.
- CRIF will look to secure unit-based subsidies to include deeply affordable units
- Market-rate units allow positive cash flow

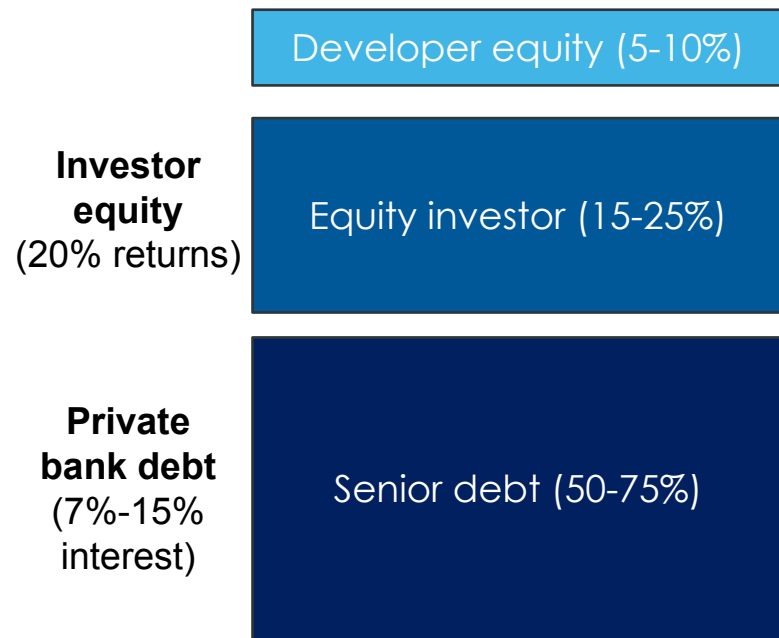


No Federal Subsidy Needed

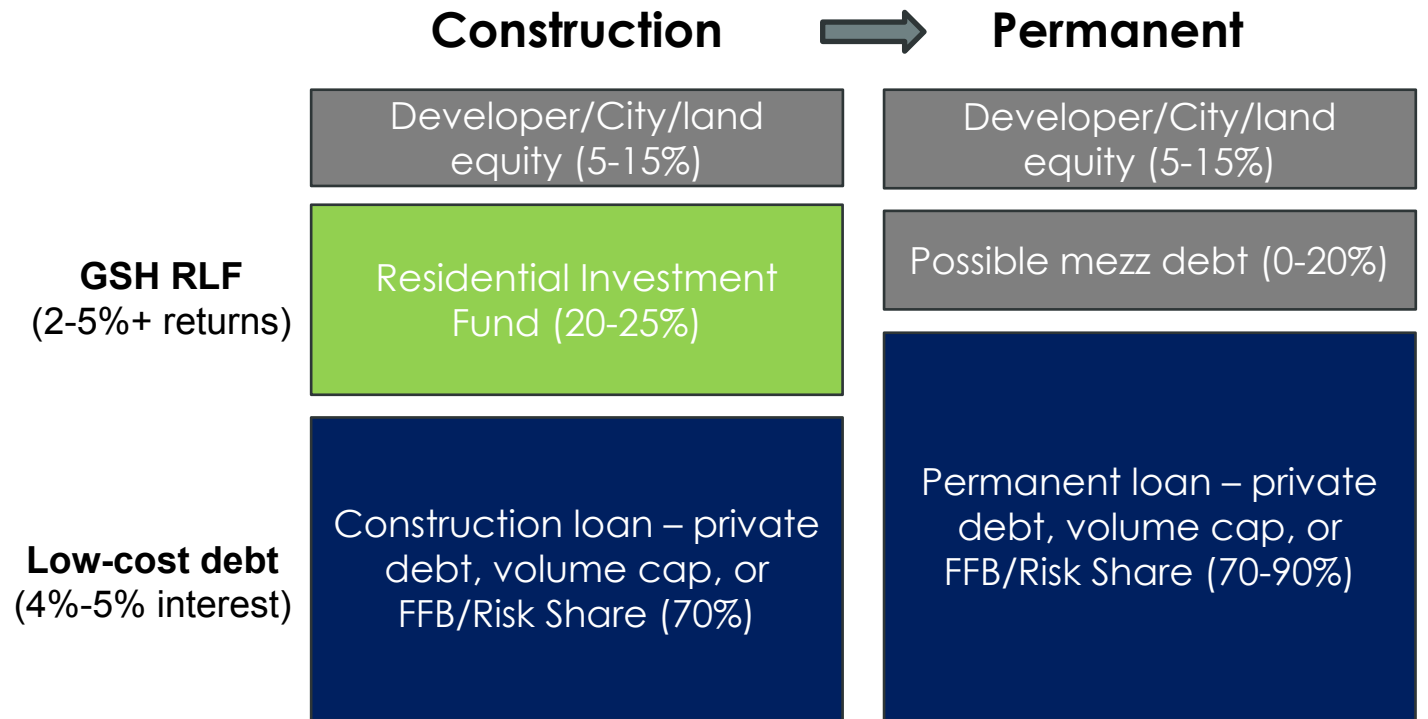
★ Financing Model



Traditional Market Rate



Green Social Housing

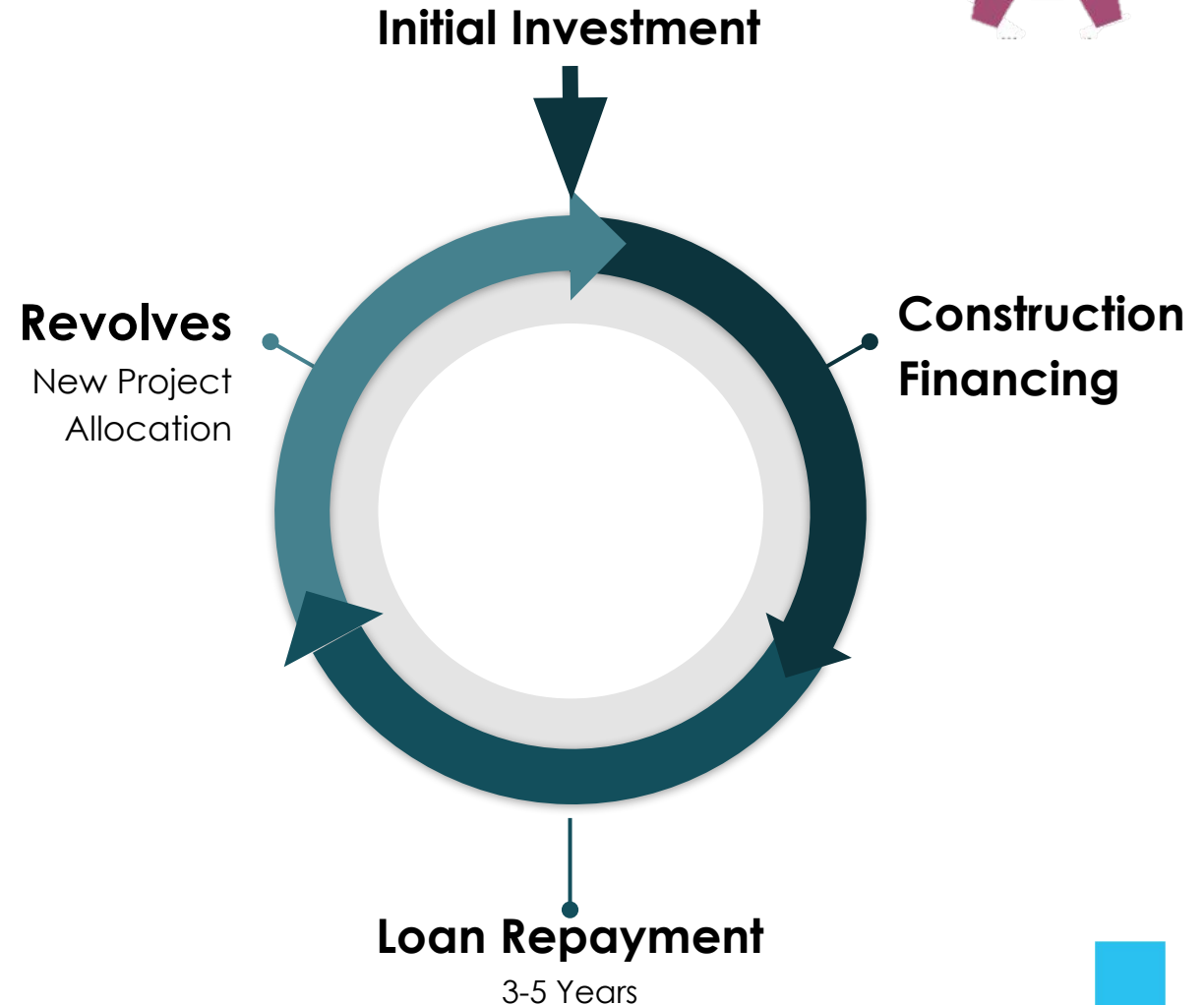


Note: In instances where the City is not contributing land, permanent financing may also include a mezzanine debt product.

★ The City's Contribution "Revolves"



- One-time allocation can be used multiple times for different projects
- Provides low-cost financing to housing developers
- CRIF ownership means future equity can be pulled out to self-finance rehab, to contribute to other projects, and/or deepen affordability



Chicago's Residential Investment Fund

What's up next:

- Request for Information published in coming weeks.
- Hire Chief Executive and finalize staffing plan
- Initial project evaluation and vetting.
- Secure IRS tax exempt status
- First deal submitted for City Council approval by Q2 2026





Thank You!

