

March 29, 2006

Mr. Bob Dull, Exec. Director

Chattanooga Housing Authority

West M. L. King Boulevard

Chattanooga, TN 37402

Mr. Bob Dull:

In Chattanooga today there are too many examples of organizations that have strayed from their original purpose and gotten themselves into trouble. The magnetic attraction of exotic development initiatives has resulted in the creation of numerous corporate structures to serve as a means to deliver creatively crafted financing schemes. We are wrestling with a number of residual problem cases at the present time.

I am very unsatisfied with plans by the Chattanooga Housing Authority to move away from the Westside to an office in their renovated warehouse on Holtzclaw Avenue. I am not convinced that your cost estimates are objectively based. In my opinion, the proposed move is financially unwise and inappropriate in terms of your larger mission. The Holtzclaw Avenue location is within a developing corridor trending toward medical offices near Third Street and toward warehouses near Wilcox Boulevard. I have been advised by professional realtors that the site should be highly marketable.

The alternate site originally considered by CHA was the James A. Henry / Grove Street Center property located within College Hill Courts and very near other CHA properties.

Your proposed budget for renovating both properties as offices for CHA was slightly less than one million dollars. The original development of the Henry / Grove properties during the 1990's was the result of a joint effort by the City of Chattanooga, Chattanooga Neighborhoods Enterprise, and Chattanooga Housing Authority. Unfortunately, the demise of the Westside Community Development Corporation has left these properties orphaned and largely vacant. We are acutely aware of the central role that this location plays in the societal health of the neighborhood and I am very concerned that the buildings not be allowed to deteriorate and become derelict.

In short, it appears that CHA is moving away from an area where its presence is sorely needed and relocating to a developing corridor where your offices really bring nothing that might be substantially energizing to the surroundings. It also must be noted that the Henry / Grove properties are financed by one of those creative corporate structures and Chattanooga Neighborhoods Enterprise, Chattanooga Housing Authority and (ultimately) the City of Chattanooga are on the hook to make them work from an economic standpoint. Both the Henry building and the Grove development are in financial distress.

It has been suggested that the largely empty Grove Street Center might be sold to a private investor, but realistically it is unlikely that the property will be marketable for anything like a reasonable price. Further, even if sold to a private investor, we will not be relieved from worry regarding how the property might be managed.

Having said all that, let me now reluctantly admit that I am convinced that you and your CHA staff will be unhappy if forced to remain in the Westside. I know from experience that unless a solution is embraced with at least some small measure of enthusiasm it will be doomed to fail. Accordingly, I do not plan to try and force you to grudgingly accept my recommendations. However, I do expect CHA to remain committed to the viability of the Westside community. In this regard, I welcome your willingness to move the College Hill Courts management office into the James A. Henry Building. Perhaps this will help shore up the use of the property. Also, I am holding CHA responsible for the ultimate utilization of the Grove Street Center. Simply handing the property back to Chattanooga Neighborhoods Enterprise does not make the problem go away. Once again, it must be noted that these properties in question are located in the middle of a CHA development. Any decline of the affected neighborhood will be a CHA problem (and a city problem) whether or not the housing authority is holding title to Grove Street Center.

I know that your board plans to meet tomorrow night to vote on the Holtzclaw remodeling contract. Before that happens, please provide me with a memorandum of understanding regarding just what CHA is willing to do to accommodate the needs of the Westside community.

Thank you for the many meetings and conversations as this issue has been debated and examined.

Cordially,

Ron Littlefield,

Mayor