



*2013 Annual Awards Entry Form*  
(Complete one for each entry.)

Entry Name Robust Exploration: Tennessee's Housing Needs Assessment

HFA Tennessee Housing Development Agency

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013.**

Use this header on the upper right corner of each page.

HFA \_\_\_\_\_

Entry Name \_\_\_\_\_

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input checked="" type="checkbox"/> Special Achievement	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

## **Robust Exploration: Tennessee's Housing Needs Assessment**

*"... probably the most extensive statewide housing needs assessment that's been done anywhere."*

High praise has followed the release of THDA's *Housing Needs Assessment*. The quality of the document's research has been widely recognized. The *Needs Assessment* has been presented at over 10 different housing and trade group meetings since its publication. Further, THDA was invited to present its work at the Multifamily Housing Exchange, a national conference on Market Analysis, Underwriting and Housing Policy in Washington D.C. It has also been featured in local publications across the state as well as national publications (*Tax Credit Advisor*, February 2013). State and local policymakers have referenced the findings in the needs assessment when talking about housing policy, goals and strategy.

The assessment provides a clear, accessible document that describes, graphs and maps the housing challenges across the state as well as the location and magnitude of a variety of housing programs that are designed to assist households in overcoming whatever housing challenges they may face. It not only outlines THDA's housing programs, but includes data from our local PHA partners, USDA Rural Development, and federally administered HUD housing programs. Beyond this, it examines the match between housing programs and housing problems and tries to identify counties where specific needs may be particularly underserved.

THDA's vision, like those of HFAs across the county and NCSHA itself, is for all households in our state to live in safe, sound and affordable housing. In order to achieve this vision, it is essential that we have a clear understanding of both the challenges facing households across the state as well as the programs that are designated to serve them.

In our search for a prototype of a meaningful study, we found many assessments at a local level, less at the regional level and few that approach need analysis at the state level. We sought and undertook a more comprehensive study. Our hope is that the *Needs Assessment* may provide a template for other states to follow, revise and improve upon when they explore approaches to assessing their housing needs at the state level. We look forward to working with other HFAs in their own efforts. In July, THDA will be meeting with a sister HFA team to assist in creating their own housing needs assessment.

### **Design**

Approaching this analysis at the state level posed a challenge for presenting information in a way that is both helpful in discussing macro trends but detailed enough to inform local and regional efforts. The *Needs Assessment* is split into three sections. The first contains current information about housing affordability, homelessness, foreclosures, vacancy rates and an array of other housing issues found across Tennessee's counties. To complement the information on the state's housing needs, the second section provides detailed analysis on many of the state's housing programs. The third section presents a combination of need and program data to help identify next steps in addressing the state's housing issues. It combines data from each of THDA's internal databases with a dozen propriety, partner agency, and public datasets in a unique and comprehensive way to tell the story of housing needs in Tennessee. A primary goal of the document is to be clear and accessible and because of that, is heavily weighted towards a graphical, rather than textual, depiction of housing information. Across its 94 pages it contains 25 tables, 40 maps, and 27 figures.

Because THDA had developed the internal capacity (both research and graphic design) to carry out this work in-house, rather than having to contract out to an expensive third-party, THDA and housing, planning and government agencies across the state (and to some extent across the county) have been able to leverage the benefits many times over.

### **Response**

Thom Amdur, executive director, National Housing & Rehabilitation Association, described the study as a “great document... probably the most extensive statewide housing needs assessment that’s been done anywhere” (*Tax Credit Advisor*, 2013).

Nine months after its publication date, its relevancy continues. In June 2013 it was again cited in Tennessee’s largest paper. THDA received data requests from the metropolitan planning organizations of the three most populous cities in the state and is currently working with them to fulfill their data needs. Two of these areas were recipients of HUD’s Sustainable Planning Grants and the assessment is one of the tools they are using to plan their next steps. Sherith Colverson of PlanET (East Tennessee) said “the presentation of the data is very understandable and will be extremely helpful in the work that PlanET is set to accomplish regarding our Fair Housing and Equity Assessment for our five-county area.”

We have also produced some one-page summaries to allow for the *Assessment* to reach a range of audiences. Not only has the *Tennessee Housing Needs Assessment* helped THDA serve Tennessee better, but it has raised the profile of the plight of the hundreds of thousands of households that face significant housing challenges. It continues to do this, and through our partnership and collaboration with local partners, helps other agencies serve these households better. Our next steps include some extensions to the analysis to help explore specific program or policy questions, continued support to local and regional users of the report and assistance to other states who wish to produce something similar in nature.

Please see the Assessment and its white papers, one of general interest, one for homeownership and one on rental.

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**From:** Sherith Colverson [mailto:[sherith.colverson@planeasttn.org](mailto:sherith.colverson@planeasttn.org)]

**Sent:** Monday, October 15, 2012 7:44 AM

**To:** Mick Nelson

**Subject:** Tennessee Housing Needs Assessment

Good morning!

I hope this email finds you well!

I'm following up from a voice mail and wanted to first let you know how great the TN Housing Needs Assessment document is - the presentation of the data is very understandable and will be extremely helpful in the work that PlanET is set to accomplish regarding our Fair Housing and Equity Assessment for our five county area. Also, I was wondering if TN Housing Needs Assessment document is available

Tennessee Housing Development Agency  
Special Achievement

online or in a .pdf version? I have not been able to find a copy of it on the THDA website. If it is available, can PlanET obtain a copy of it?

Thank you again for all your work and if you have any questions, please let me know.

Best Regards,

**Sherith Colverson**

**PlanET** Outreach Coordinator

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# TaxCredit *Advisor*

PUBLISHED IN ASSOCIATION WITH THE NATIONAL HOUSING & REHABILITATION ASSOCIATION

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*Courier Place Apartment Homes, Claremont, California*

Developer: Jamboree Housing Corporation

Photo for Jamboree by juantallo.com

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Courier Place Apartment Homes, Claremont, California

Photo for Jamboree by juantallo.com

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NYLO Dallas South Side, Dallas, Texas

Photo by Jacob Tindall

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## A Handy Guide

### Tennessee Agency Releases Statewide Housing Needs Assessment Study

Housing needs in Tennessee are widespread, diverse, and have intensified since 2000 despite significant resources devoted to assisting homeowners, renters, and others in the state, according to a comprehensive new statewide housing needs assessment study released by the Tennessee Housing Development Agency (THDA).

The 94-page study, prepared by THDA Policy Analyst Mick Nelson, PhD, provides the “big picture” about the size, breakdown, and occupants of Tennessee’s housing stock; the prevalence and type of housing problems; and the degree and amount of assistance provided to Tennesseans through THDA-administered housing programs and other major federal housing programs.

Information and statistics are provided for the state as a whole and in many instances for each of Tennessee’s 95 counties, either in charts or indicated on color maps of the state that depict all of the counties.

“What Dr. Nelson has provided for us is a treasure trove of useful information that helps us better understand the housing challenges in Tennessee that we face,” THDA Executive Director Ralph M. Perrey said in an interview. “And it will inform the decisions that we make on where we need to work and the kind of work we need to do.”

He added that THDA intends to use the study “as a tool to help us make good decisions about what we’re doing, where we’re putting our resources to work, and the kinds of programs that we might wish to develop in the future to meet particular needs.”

Perrey noted, for example, that THDA already decided to modify its qualified allocation plan for its 2013 low-income housing tax credit program to place a greater emphasis on preservation projects than in the past in response to some of the early findings that

ended up in the final report.

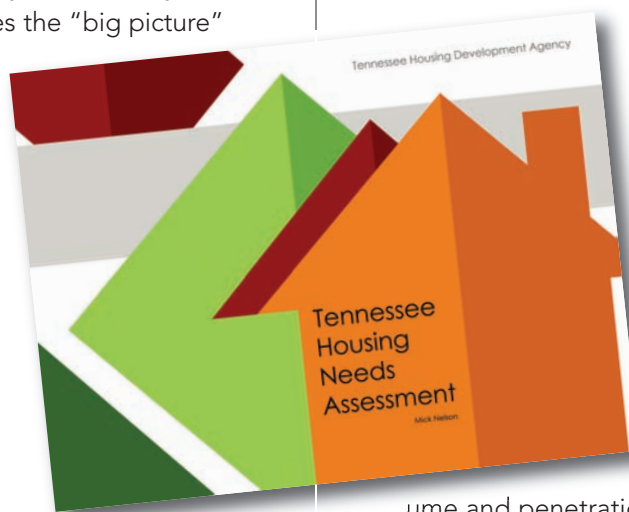
Nelson indicated that the new study provides a guide to help THDA in its mission and vision. “Our vision is that we want every Tennessean to live in a safe, sound, and affordable home,” he noted. “And for us to carry out or make that vision more of a reality, we need to have a good understanding of the issues facing Tennesseans across the state. So this is an important first step.”

The publication, *Tennessee Housing Needs Assessment*, is divided into three sections. The first examines housing needs in each of Tennessee’s 95 counties and compares the state to the region and country. The second part provides an overview of housing programs for which statewide data are available. The third part looks at the relationship between housing needs and the volume and penetration level of housing programs delivered in each county.

#### A Sampling of Findings

Some of the study’s findings are that:

- Homeowners surpass renters among all Tennessee households by 69.7% to 30.3% and are generally better off financially;
- 68.6% of all housing units are single-family detached dwellings and only 12% are in multifamily buildings (5+units);
- A much higher share of renter than homeowner households are cost-burdened (paying more than 35% of income for housing). But the rate has risen significantly for both groups since 2000 due to stagnant or falling incomes and rising housing costs;
- Monthly median rents vary widely across the state, from a low of \$334 in Clay County to a high of



ended up in the final report.

Tennessee, continued from page 39

\$1,045 in Williamson County. Similarly, the incidence of cost-burdened renter households ranges from 18% in Clay County to 46% in Madison County;

- About one in four Tennesseans experience significant housing problem (paying more than 35% of income for housing, living in overcrowded housing, or lacking complete kitchen or plumbing facilities). The rate is nearly half among minority households. Over half of all housing problems are outside the four major urban counties – containing Chattanooga, Knoxville, Memphis, and Nashville; and,
- Nearly 600 affordable rental housing developments containing 50,000 units have been developed in Tennessee with low-income housing tax credits or tax-exempt bond financing.

One finding that Nelson found striking is the acute needs of Tennessee’s renter population, particularly very low-income renters. “We found there were only two affordable units for every five very low-income renters across the state,” he noted. “We have 250,000 renters earning less than \$20,000 a year and only 150,000 units that rent for less than \$500 a month.” Moreover, of the 150,000 units, 50,000 were occupied by renter households making more than \$20,000 a year.

**Reaction to Study**

Thom Amdur, Executive Director of the Tennessee Developers Council and of the National Council of Housing Market Analysts – two councils of the National Housing & Rehabilitation

Association – called THDA’s study a “great document. It’s probably the most extensive statewide housing needs assessment that’s been done anywhere, based on our analysis.”

“First and foremost,” he noted, “it’s useful in evaluating the success of Tennessee’s current program delivery...It also has a lot of potential to help direct [THDA’s] priorities.”

However, Amdur suggested that while the study provides a good general overview of where there are housing needs in Tennessee, data for smaller geographic areas than counties, such as for census tracts, would be more useful for purposes such as better targeting THDA’s LIHTC qualified allocation plan and giving developers a better idea of where to plan new tax credit projects.

Perrey and Nelson indicated that THDA has already begun to share the study and its findings with some of the agency’s stakeholders and will continue to do so going forward as well as further digest the document’s findings internally.

(To view the study, go to <http://tinyurl.com/c62vp89>) **TCA**

**Basic Information on Housing in Tennessee**

	Tennessee		United States
	2010	2000	2010
Total Housing Units	2,812,133	2,439,443	131,704,730
Vacancy Rate	11.3%	8.5%	11.4%
<b>Owner Households</b>	<b>ACS 2005-2009<sup>1</sup></b>	<b>2000</b>	<b>ACS 2005-2009<sup>1</sup></b>
Number	1,682,052 (69.7% of all households)	1,561,461 (69.9%)	75,320,422 (66.9%)
Median Annual Income	\$53,175	\$55,750	\$64,338
Median Home Value	\$128,500	\$116,250	\$185,400
Median Monthly Housing Cost (with mortgage)	\$1,136	\$1,103	\$1,486
Number/Share Housing Cost-Burdened	404,598 (24.1% of owner households)	236,959 (15.2%)	22,545,257 (29.9%)
<b>Renter Households</b>			
Number	730,515 (30.3% of all households)	671,444 (30.1% of all households)	37,290,607 (33.1% of all households)
Median Annual Income	\$25,305	\$30,013	\$31,258
Median Monthly Gross Rent	\$658	\$631	\$817
Number/Share Housing Cost-Burdened	311,354 (42.6% of renter households)	224,119 (33.4%)	17,241,359 (46.2%)

Source: Tennessee Housing Needs Assessment; <sup>1</sup> American Community Survey, 2005-2009

# Memphis Business Journal

Nov 30, 2012, 2:38pm CST

## **One in four Tennessee homeowners faces 'significant' housing problem**

Cole Epley

Staff writer- *Memphis Business Journal*

Approximately one in four homeowners in the state faces a “significant” housing problem, according to the Tennessee Housing Development Agency’s latest “Housing Needs Assessment,” but Shelby County residents are particularly hurting.

According to the report, one-third of Shelby County households endures some sort of housing problem, defined as paying more than 30 percent of annual income on housing, overcrowding or a lack of kitchen or plumbing facilities.

Minority households are especially vulnerable. The agency’s report indicated almost 50 percent of minority households across the state “face some sort of housing problem.”

“Currently, there are not enough housing services to serve all of Tennessee’s households with housing needs,” THDA policy analyst Mick Nelson said in a release.

The agency identified myriad problems affecting Tennessee homeowners, including foreclosures, which have beset the Memphis residential markets since the housing bubble burst. While the local foreclosure environment has improved dramatically since then — September marked the fifth-consecutive month of declines in local foreclosures — the assessment indicated

*Cole Epley covers banking and finance; health care; law; insurance; and economic development. Contact him at [cepley@bizjournals.com](mailto:cepley@bizjournals.com).*

million in Low Income Housing Tax Credits through THDA, resulting in 6,541 units of affordable housing over that period.

The new program aims to chip away at the number of affordable rental units needed by creating financing to develop or rehabilitate apartment communities with rents that are affordable to households earning 80 percent or less of an area's median family income. The program is currently offering a 5.25 percent fixed-interest rate for 15 years with a 30-year amortization.

"We hope we've created a practically priced, long-term financing product," Helton said.

Bankers association president Brad Barrett said the program should be attractive.

"By reducing risk concerns and increasing lending opportunities, we are offering our members a safe, sound and profitable community development lending opportunity," Barrett said.

THDA executive director Ralph Perry said a public-private initiative was needed to help solve the problem.

"By leveraging our public and private resources, we will be able to provide more quality affordable housing opportunities in communities across the state," Perry said.

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## Financing Program Addresses Dearth of Low-Income Rental Housing

By Amos Maki

A new initiative to provide permanent financing to the owners or developers of multifamily properties targeting low-income residents could have a major impact on Shelby County.

Nashville-based Pathway Lending is administering a program that will offer long-term, fixed-rate financing, which will be leveraged with federal Low Income Housing Tax Credits, to develop or rehabilitate apartment communities for low-income residents across the state.

Members of the Tennessee Bankers Association will join the consortium that will be making the loans.

“If you’re an owner or developer who has been awarded tax credits, or has been or is in construction but has been awarded tax credits and need permanent financing, that’s where we come into the equation,” said Pathway Lending senior vice president Hank Helton.

The Tennessee Housing Development Agency’s 2012 Housing Needs Assessment determined that 150,000 more affordable rental units were needed across the state.

The THDA report said that to provide enough affordable rental housing for every renter household in the state that earns less than \$20,000 a year, Tennessee would need at least 100,000 more rental units renting for \$500 per month or less. When the incomes of those living in existing low-cost rentals are taken into account, THDA says the actual shortfall of units jumps to 150,000 units as many households who earn higher incomes are paying relatively low rents.

THDA says the dearth of affordable housing units ripples throughout the county and state, compounding the problems associated with homelessness, foreclosures and other housing problems.

The need in Shelby County is especially acute.

According to THDA, Shelby County has 83,850 low-income renters and 39,200 of those renters – or 46.8 percent – experienced “severe housing problems.”

THDA defines severe housing problems as spending more than 50 percent of gross income on housing, lacking kitchen or plumbing facilities or living in overcrowded conditions. Shelby County led the state in the number of low-income renters and the number of renters experiencing severe housing problems.

“These are really, really significant problems,” said Mick Nelson, senior adviser for strategic and policy initiatives at THDA and author of assessment. “It just suggests there are not enough units in Shelby County for households that are low-income families.”

From 1987-2008, Shelby County led the state in the amount of low-income housing tax credits received through the state and the number of affordable units created. County properties were awarded \$28.3

# THE TENNESSEAN

May 27, 2013

## Nashville living expenses are too high for many

53% of TN renters are cost-burdened

*By Walker Moskop  
| For The Tennessean*

Population growth, low apartment vacancy rates and rising rents may be signs of a city on the rise, but they also contribute to a troubling reality: A significant portion of Nashvillians simply can't afford to live here.

During the past decade, the number of households that spend more than an affordable share of their income on housing has risen sharply. Renters, especially, have found themselves stretched beyond their means as they compete for a limited supply of affordable or subsidized housing.

In Davidson County, the share of renters who are cost-burdened — meaning they spend at least 30 percent of their income on housing (including utilities) — rose from 38 percent in 1999 to 52 percent in 2011, according to a Tennessean analysis of U.S. census data. In fact, more than 1 in 4 renters in Davidson County spent at least half of their income on housing.

The share of cost-burdened mortgage holders in Davidson County rose from 27 percent to 36 percent.

Many area counties experienced similar increases among both renters and homeowners. Across the state, 53 percent of renters and 33 percent of mortgage holders were cost-burdened in 2011.

Cathy Link, assistance coordinator for Rooftop Nashville, a nonprofit that provides emergency rental assistance, said many of the renters the organization helps lost full-time jobs and are now working part time for lower wages. Those who aren't able to get Section 8 vouchers or another form of subsidized housing struggle to find apartments priced below the \$550 to \$700 range, she said.

"It doesn't take a math genius to figure out that you can't sustain that on \$9 or \$10 an hour," Link said.

Even before Nora Jackson was laid off, too much of her income was going toward rent. The single mother of two daughters was making \$30,000 as a bill collector and paying \$850 a month for a two-bedroom condo in Bellevue. After deductions for taxes and health insurance, almost half of her income went toward rent and utilities.

But with poor credit, Jackson, 33, struggled to find a cheaper place.

She lost her job in March and has been scraping by on food stamps and unemployment benefits while falling behind on paying off old debts. The \$274 unemployment check she receives each week means that while her daughters are eligible to receive health insurance through TennCare, she is not. Jackson, who has bipolar disorder, had to start paying for medications out of pocket.

Her landlord was willing to lower her rent temporarily to \$650; otherwise, she probably would have been evicted.

“So, that’s my sob story,” she said. “But I’m sorry, that’s my life.”

In June, Jackson will start a new job at the Tennessee Disability Coalition, where she’ll connect parents who have children with disabilities with resources to help. She’ll receive health insurance again, but like many people who’ve had to make a career change in recent years, the \$28,000 she’ll make means the new job comes with less pay than the old one.

## Pay drops, rents rise

When adjusted for inflation, the median household income in the Nashville metro region declined from \$55,346 in 1999 to \$48,364 in 2011. Eleven of the other 13 counties in the metro region experienced declines.

Moreover, higher unemployment, foreclosures and stricter underwriting standards in recent years pushed many households away from homeownership, which tightened the rental market.

From 2000 to 2013, fair market rents in Davidson County rose between 21 percent to 39 percent, depending on the size of the apartment, according to the U.S. Department of Housing and Urban Development.

Someone working for minimum wage would need 2.2 full-time jobs to afford a two-bedroom apartment in Nashville at the fair market rate of \$819, according to the National Low-Income Housing Coalition.

“It’s only going to get worse unless wages start to increase again,” said David Penn, an economist at Middle Tennessee State University. “And over the last 10 years, we haven’t seen much upward pressure on wages, except for high-skill sectors.”

Nashville’s recent job growth gives it an advantage over many cities facing affordability challenges, Penn said. If jobs continue to be added and the labor market tightens, “theoretically,” he said, “that should help drive wages up.”

But as of late, rents have been driven up, and low-income earners, many of whom hold service-industry jobs in the inner ring of the metro area, either spend too much on housing or are forced to move farther away from work to find more affordable housing, thus increasing their transportation expenses.

## Strong competition

Across Tennessee, the housing shortfall is most acute for households earning less than \$20,000, according to an analysis conducted by Mick Nelson, a policy analyst for the Tennessee Housing Development Agency. There were 254,000 renters earning below that threshold in 2010, but only 154,000 affordable units.

But because one-third of those are occupied by households making more than \$20,000 annually, those 254,000 renters are competing for a pool of only 100,000 affordable units.

In Nashville, as of May 1, the waiting list for Section 8 housing included more than 8,600 households, according to the Metropolitan Development and Housing Agency.

Other households receive assistance through various programs facilitated by U.S. Department of Housing and Urban Development. MDHA spokesman Mark Drury said that due to federal budget cuts, the

agency's public housing program is on track this year to receive 82 percent of the HUD money it received in 2012.

While there are several initiatives run by government agencies and nonprofits to help struggling households, housing advocates say the efforts fall far short of the need.

Meanwhile, rising rents are making it hard for Nashville to attract and retain the working-class families the region's economy needs, said Clarke Smrekar, a public policy professor at Vanderbilt. This is creating a "tale of two bifurcated cities," she said — people who can afford high rents, and those who cannot.

## Additional Facts

### Davidson County

(Lowest rate  
of homeownership)  
Median home value  
**\$166,300**

Median rental rate  
**\$1,135**

(High-rise apartment in  
the Nashville Metropolitan Statistical Area)  
Median household income  
**\$46,737**

Homeownership rate  
**56.8%**

### Cheatham County

(Highest rate of those spending more than 30% on housing)  
Median home value  
**\$157,200**

Median rental rate  
**\$898**

(Two-bedroom apartment  
in the NMSA)  
Median household income  
**\$53,337**

Homeownership rate  
**81%**

### Wilson County

(Highest rate of those spending more than 50% on housing)  
Median home value  
**\$190,900**

Median rental rate

**\$1,089**

(Three-bedroom apartment in the NMSA)

Median household income

**\$61,400**

Homeownership rate

**81%**

Source: U.S. Census Bureau, Collier's International

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