

## **Resurrecting the Past to Benefit the Future - From Eyesore to Welcome Landmark**

### ***Background***

Located on a prominent corner in Knoxville, the Fifth Avenue Motel was an eyesore along a major north-south access into downtown. Squatters lived in the buildings, and several small fires caused extensive damage to the property. The motel, which had been converted from townhouses in the 1960s, was condemned by the city in 2002. Exposed to the elements following years of neglect, the motel had deteriorated both inside and out. Despite its diminished condition, the property held significant historic value to the city. The two buildings formed an L-shape at the intersection of North Broadway and West Fifth Avenue, and reflected a unique residential development style of the early 20th century that had stretched out from downtown Knoxville along streetcar lines. Amid concerns from the historic preservation community that the buildings would be demolished, the city placed a historic overlay on the property to prevent the buildings from being razed.

In the years that followed the property's condemnation, several developers considered residential and commercial projects for the site, but none was able to produce a viable proposal. The location, just north of the city's downtown, was partially to blame; the disconnected land use pattern, vacant lots, and empty storefronts that lined North Broadway as it emerges from the Interstate 40 overpass did not inspire a vibrant business environment.

As with many places in the United States, the growth of homelessness in Knoxville was a growing concern for city leadership and residents. In 1986, the city partnered with Knox County to undertake the first homeless count; approximately 800 individuals were counted. By 2004, the population had doubled to over 1,900 individuals. In response to the increasing problem, and following the lead of the Federal Interagency Council on Homelessness, the city and county collaborated in developing the *Knoxville and Knox County Ten-Year Plan to End Chronic Homelessness (Ten-Year Plan)*. The *Ten-Year Plan* coordinates efforts among social service providers and prioritizes a "housing first" strategy as a key programmatic focus. The housing first model leverages permanent supportive housing to help effectively manage many of the root causes of chronic homelessness, including mental illness, chemical addictions, and employment, yet housing assistance is not conditional on participation in supportive social programs. This model contrasts with many traditional approaches that focus on treatment first and then build toward permanent housing after stable periods in transitional housing.

As part of the strategic framework for addressing the issue, the *Ten-Year Plan* designated the Volunteer Ministry Center (VMC) of Knoxville as the lead organization for the development of new supportive housing units. The role suited the organization; VMC operated a 16-unit supportive housing facility and made the integration of housing and case management the core of its work with the homeless population. As the organization planned to move its offices to a new location along North Broadway, it identified the Fifth Avenue Motel as a potential site for permanent supportive housing.

### ***Planning and Financing***

With the identification of the Fifth Avenue Motel as a possible supportive housing site, VMC began work toward achieving the goals of the *Ten-Year Plan* while simultaneously meeting the city's interest in putting the blighted buildings at the intersection of North Broadway and Fifth Avenue to productive use. City leadership supported the proposal and viewed the project as the cornerstone of its efforts to create housing opportunities for the chronically homeless. In 2006, VMC received \$460,000 in Community Development Block Grant (CDBG) funds from the city to acquire the property and begin planning and preliminary demolition work on the most deteriorated elements of the building.

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Although VMC had experience in operating supportive housing facilities, the organization lacked the technical capacity to secure the necessary financing for the project. VMC subsequently partnered with the newly formed Southeastern Housing Foundation to structure a financing package for the project and to manage the bricks and mortar components of the rehabilitation process. The task ultimately amounted to securing over \$7 million to transform the decrepit motel buildings into 57 units of housing and supportive services.

The primary funding partner was the Tennessee Housing Development Agency. THDA invested the following resources into this project:

- An allocation of \$3.6 million of multi-family bond authority.
- The issuance and sale of the tax-exempt bonds resulted in an annual award of 4% tax credits in the amount of \$348,139.
- An award of \$819,195 in Tax Credit Assistance Payment (TCAP) assistance
- A \$300,000 grant award from the THDA Housing Trust Fund – which is funded from profits from the agency’s single family mortgage loan program.
- The capital generated, using both types of tax credits, was maximized through the use of a “sandwich lease” agreement. The complicated financing structure preserved close to \$400,000 in LIHTC equity by allowing the qualifying basis for the low-income tax credit allocation to be calculated exclusive of the historic tax credit equity contributed to the project.

***Design and Rehabilitation***

When Minvilla Manor was originally converted from two-story townhouses to a motel in the 1960s, the buildings underwent significant exterior and interior alterations. The front porches were enclosed by an exterior wall, and the buildings were painted white, concealing much of the articulation of the townhouses’ projecting front bays. To accommodate motel rooms, corridors were installed on the inside, running the length of the buildings’ first and second stories, bisecting the original floor plans of the townhouses.

A significant rehabilitation challenge was restoring the original facade of the buildings to reveal the porches that were enclosed back in the 1960s. However, the rehab was not as simple as removing the exterior walls, as the porches had suffered years of neglect and damage. In some instances, the original tongue and groove wood floors were replaced, and in one case, an entire porch roof was rebuilt.

Although the exterior presented challenges relating to the restoration and preservation of structure and materials, the changes made to the interior of the buildings in the 1960s influenced Minvilla’s future use. For the most part, the rehab of both buildings followed the floor plan established by the motel; a corridor split the original floor of each townhouse into two separate housing units. The larger of the two buildings, which runs east-west along West Fifth Avenue, contains 47 of the project’s 57 units. The first and second floors follow the same plan, with 10 efficiency units on the north side of the corridor and nine 1-bedroom units on the south side. Nine additional one-bedroom units were built in the previously uninhabited basement by lowering the floor and increasing ceiling heights to allow the units to meet current building code regulations.

With the majority of the housing units located on West Fifth Avenue, the building along North Broadway was redesigned to accommodate supportive services and an additional 10 apartments. Staff offices, along with the single controlled access point to the property, are located on the buildings’ first floor. Amenities for residents, which include a computer and community gathering room, as well as a kitchen for preparing group meals, are also located on the first floor. The design for these programmatic elements was influenced by visits VMC staff made to supportive housing projects across the country. The best-designed facilities use a central access point and community spaces to foster interaction among staff and residents.

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A critical element of Minvilla's rehabilitation was the unification of the two buildings to create a single facility. It would not have been practical, or financially feasible, to operate the facility as two separate buildings. A corridor was built to connect the two structures, and stairs and an elevator were installed to negotiate the grade change between the two buildings. The corridor's exterior maintains the aesthetic qualities of the historic brick facade and seamlessly unites the two distinct structures.

***Results***

The rehabilitation of Minvilla Manor is a model sustainable housing solution for several reasons. Most importantly, the development provides housing stability to 57 chronically homeless individuals in Knoxville and the greater region. Since opening in 2010, the housing retention rate for Minvilla residents is 92 percent. This retention rate is consistent with other research on housing first programs that show similar levels of housing stability are achieved in housing first programs. Housing first programs have also been shown to provide financial savings on public services by significantly reducing the costs associated with chronic homelessness.

Along with promoting social and fiscal sustainability, the Minvilla Manor project promotes energy efficiency through the reuse of existing structures and the Energy Star certification of all 57 units in the building. In addition to utilizing the embedded energy investments in the existing buildings, the Minvilla rehabilitation included new insulation and caulking to improve the energy efficiency, as well as installation of double-paned, energy-efficient windows designed to visually match the originals. Efficient appliances were installed in all the units and the buildings include high-efficiency, ductless heating and cooling systems. The energy cost savings accrued from these improvements help manage the facility's operating costs and allow VMC to devote more resources to supportive services.

For many of the 57 residents of Minvilla Manor, the project has provided them with a safe, secure home for the first time in years. The resulting stability has been a source of empowerment for the formerly homeless residents. Following one tenant's lead, a group of Minvilla residents established a community garden in the open space behind the building, and many residents have participated in volunteer projects in the local neighborhood. Minvilla's proximity to bus lines and a variety of amenities — the location receives a walkability rating of "very walkable" from the website WalkScore.com — allows residents to shop for groceries and address other needs.

The investment made in the property has contributed to retention of local businesses and has helped catalyze the city's efforts to revitalize North Broadway and the surrounding neighborhoods. The initial CDBG allocation for the acquisition of Minvilla spurred city leadership to create a redevelopment plan that includes the project site within a larger area designated as "Downtown North." The plan promotes neighborhood economic development through the city's CDBG funded Façade Improvement Program, works to prioritize streetscape and infrastructure investments throughout the study area, and has helped the city acquire additional federal funds critical to the redevelopment plan.

The project has also helped change some local residents' perceptions of what permanent supportive housing means to a community. Board members of a local neighborhood group that originally opposed the project have held executive meetings in the community room at Minvilla, suggesting that rather than being a divisive force, the project has brought people together. For local leaders, the project has demonstrated the benefits of planning, coordination, and building partnerships to address the challenges of providing housing opportunities for chronically homeless persons. Knoxville's *Ten-Year Plan to End Homelessness* and the leadership of city and county governments provided critical leverage to ensuring Minvilla's success.

Supporting Documentation:      Project Pictures

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