

Repairing Homes and Building Communities

Tennessee Housing Development Agency
Homeownership: Home Improvement and Rehabilitation

HFA Staff Contact

Stephanie Bounds

sbounds@thda.org



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Background

In 2018, THDA's Single Family Special Program Division created a program that would help address the lack of affordable housing in Tennessee by helping low-income families preserve and maintain their current homes. Through state funds recovered from a program initially created to help prevent foreclosures, THDA developed the Tennessee Renovation Loan Program (TRLP) as a tool to help preserve homes, stabilize communities, reduce blight, and continue to prevent foreclosures.

An aging housing inventory can have negative impacts on residents and their neighborhoods – from declining property values to a lessening of community spirit and responsibility. Often times, homeowners who are unable to repair and maintain their homes may end up abandoning them, which can contribute to the aforementioned decline in property values and the feeling of community in a neighborhood.

Tennessee Housing Development Agency (THDA) strives to create quality affordable housing opportunities, which in return will create strong and sustainable communities. In recent years, Tennessee has seen an improvement in the housing market – interest rates are lower and delinquency rates are lower. However, the cost of living and housing continues to rise. Consequently, the preservation and rehabilitation of existing housing has become a top priority for THDA.

Eligibility and Terms of Assistance

The TRLP assistance is available to homeowners in need of repairs or improvements regardless of race, gender, disability, religion, ethnicity, age or sexual orientation. Eligible homeowners must earn less than eighty percent (80%) of the average median income and must complete a counseling session with an approved post-purchase counseling agency. THDA encourages low-income families, individuals, veterans, seniors, and homeowners with special needs to apply for assistance.

The TRLP is a forgivable loan of up to \$25,000 at a zero percent (0%) for a term of five 5 years. The loan does not require a monthly payment and is forgivable twenty percent (20%) per year. All homeowners who are approved for the TRLP must complete a counseling session through an approved post-purchase counseling agency. The session must be for a minimum of two (2) hours and must cover the NeighborWorks America approved counseling curriculum which includes: (1) Maintaining Your New Home, Preventative Maintenance, Home Warranties, Basic Home Safety, Mechanisms, Lead Based Paint Hazards, Hiring a Contractor, and Energy Tips, and (2) Money Matters, New Budget, Budgeting Tips, Keeping Good Credit, Refinance or Not, Insurance, and Record Keeping.

Economic Development and Partnerships

To administer the TRLP, THDA works through local non-profit organizations who have extensive experience in both building new construction, overseeing home renovations, and helping the specific needs of the individuals and families who reside in their communities. The TRLP provides non-profit organizations with an opportunity to earn an administration fee and a counseling fee for each homeowner assisted. These agencies work diligently to improve the neighborhoods they serve and help residents

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within those communities. The TRLP offers these non-profits with an extra funding source to help support those needs.

In addition to assisting homeowners, the TRLP promotes the use of community involvement and economic development. All non-profits participating in the TRLP are encouraged to solicit local business contractors that are minorities, female owned businesses, and other local organizations.

Healthy Homes

Through the TRLP, low-income homeowners are provided with a grant in partnership with a local nonprofit entity to achieve a better quality of life through the preservation and rehabilitation of their current home. Numerous families have already experienced the positive impacts of the program; such as the overall well-being of the homeowners, spirit of the community, and the strength in their neighborhood's economy. According to the Healthy RowHousing Project, "Ensuring residents live in "healthy" housing is a cornerstone of public health policy. There is significant evidence that repairing substandard home conditions can improve the health of the children and adults living in the house. Home improvements that improve the health of a home can lower emergency room visits and health care costs, reduce school absenteeism, and improve the health and well-being of adults and children living in a home dramatically."

Conclusion

THDA has successfully provided assistance for home repairs and improvements to meet the needs of many homeowners living in less than adequate conditions in highly distressed and rural areas throughout the State. THDA's desired outcome for the TRLP Program is to provide families with very-low, low and moderate incomes in need of home repairs with assistance to repair and maintain their homes. THDA knows that a home is the single most important asset a person could own. Therefore, it is imperative to provide homeowners with financial support, education and the necessary tools to sustain their investment, along with financial stability. A homeowner with a well-maintained home is able to focus on education and family health/needs thus allowing them the opportunity to participate in their community's vitality.