

Homeownership for Heroes: Expanding THDA Mortgage Program for More Tennessee Heroes

Tennessee Housing Development Agency
Special Achievement

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Brief Description

Background

Safe, sound, affordable housing opportunities are a key component of thriving communities. Since its establishment by the Tennessee General Assembly in 1973, Tennessee Housing Development Agency has existed with the following purposes:

- Promote the production of more affordable new housing units for very low-, low-, and moderate-income individuals and families.
- Promote the preservation and rehabilitation of existing housing units for very low-, low-, and moderate-income individuals and families.
- Bring greater stability to the residential construction industry and related industries to assure a steady flow of production of new housing units.

THDA offers loan products through private-sector lending partnerships that help Tennesseans achieve the goal of homeownerships. Further, THDA provides servicing for these loans through Volunteer Mortgage Loan Servicing. With no state appropriations, the proceeds from these loans support the operations of THDA and are reinvested in Tennessee through THDA programs and grant initiatives.

Further, as Tennessee Governor Bill Lee has expressed increasing concern with public service employees finding it too expensive to afford housing in the communities where they serve, THDA recognized an opportunity to expand an existing program to help more Tennessee heroes achieve homeownership.

Program Description

The Tennessee Housing Development Agency (THDA) celebrates and honors men and women who serve their communities. In 2011, THDA launched the pilot Homeownership for the Brave (HOB) program for qualified members of the United States military, National Guard, reservists, veterans and their spouses that offered a 50bps interest rate reduction on the Great Choice loan rate. In 2013, this program became a permanent offering of THDA.

On March 1, 2023 THDA launched a re-branded and expanded version of the HOB program to include public service heroes beyond military service men and women, Homeownership for Heroes (HFH). This program continues to offer a discounted interest rate of 50bps (1/2%) to military families who were previously eligible for THDA's HOB program, however now the benefits of the previous program also apply to firefighters, state and local law enforcement officers, EMTs and paramedics utilizing THDA's Great Choice Loan program. This 50bps rate reduction on the current Great Choice rate has a thirty-year term, making a significant reduction in the monthly housing payment and affordability for this sector of homebuyers.

Judging Criteria

Innovative

Homeownership for Heroes is innovative in its targeted approach to a specific audience whose service is crucial to the infrastructure of our state. Police officers, fire fighters, EMTs and paramedics are high priority jobs in thriving communities, however the average salaries of these positions often falls below 80% of the national median income. THDA takes part in various community outreach events to increase awareness of this program amongst this target audience. Staff are now allowed to attend “roll call” and give 3–5-minute public announcement presentations on HFH at many stations across the state.

Respond to Important State Need

Driven by the Governor’s increasing concern that public service workers cannot afford to purchase homes in the cities and towns where they work, THDA’s Homeownership for Heroes directly addresses the cost of homeownership for buyers in the public service jobs by reducing the borrower’s interest rate. Firefighters, police officers, EMTs and paramedics should be able to afford housing in the communities where they work and serve, and the Homeownership for Heroes program aims to support this initiative.

Achieve Intended Results

The transition from Homeownership for the Brave to Homeownership for Heroes has now been in place for 13 months. Based on the first calendar year, this expansion and re-brand increased the percentage of loans closed with this program from approximately 4% of THDA’s total loans to 13% of THDA’s total loans. THDA anticipates that the program will continue to grow as a larger percent of the overall population is made aware of the benefits of this program.

Provide Benefits that Outweigh the Costs

THDA estimates an annual “cost” of the program at approximately \$550K in the form of foregone revenue, although the cost may vary based on program participation. Homeownership for Heroes is a chosen expense for THDA based on the belief that these eligible public service professions should be provided efficient, valuable, and compassionate advocacy in acknowledgement of their public service. THDA provides that advocacy by providing a discounted interest rate, to assist these homebuyers with affordability challenges.

Further, THDA’s existing staffing and structure allow for easy deployment of program details through existing processes. THDA’s Real Estate Industry Advisors and Mortgage Customer Account Managers provide training to industry partners that now incorporates Homeownership for Heroes details. Marketing materials for the program were also created for the rebranding in-house, keeping costs minimal.

Visual Aids



THDA celebrates and honors the men and women who serve with the Homeownership for Heroes program.

Homeownership for Heroes

A Great Choice Home Loan that offers financial assistance along with these added benefits:

- **Reduced interest rate by half percentage point (0.5%)**
- **Waive requirements to be a first-time homeowner in all areas of Tennessee for qualified military or veterans**
- **\$6,000 or 6% of purchase price to use as down payment assistance**
- **Borrow up to 100% of home's purchase price with a VA or USDA-RD loan or 96.5% with FHA loans**



Eligible Heroes

- **Active Duty, National Guard, & Retired Military**
- **State & Local Law Enforcement**
- **Firefighters**
- **EMTs/Paramedics**



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Marketing Flyer with Co-Brand Potential