



EAST TENNESSEE HOUSING DEVELOPMENT CORPORATION IMPACT REPORT FOR CALENDAR YEAR 2019

MISSION AND PURPOSE

The East Tennessee Housing Development Corporation (ETHDC) is a community-based housing development organization (CHDO) dedicated to providing quality, affordable homes for low to moderate income families in Knoxville and the region. To support our primary focus on homeownership, ETHDC also directly facilitates economic empowerment of low income residents through one-on-one financial mentoring, an activity which significantly shapes our work and contributes to our successful homeownership program.

2019 AT A GLIMPSE

2019 was a big year for ETHDC. For the second time in a decade, ETHDC was received the Housing Award by the City of Knoxville at the Annual Equity Awards Breakfast. We were honored to receive their award and celebrated this achievement along with several of our funding partners. Also big news for ETHDC was our first time funding award by THDA, the State's Housing Finance Agency. This was also good news for our buyers. This grant allows ETHDC to not only provide affordable homeownership opportunities in the City of Knoxville, it allows us to expand throughout Knox County. These funds, totaling over \$500,000, gives our home buyers an expanded choice of locations for homeownership. The first THDA project was completed in the County in 2019, offering one of our senior citizens a safe, affordable home to age in place, in a location of his choice.

Because of our partners and support, we are moving into this new decade with resources to expand homeownership for a greater number of our East Tennessee residents.

Highlights

- * Annual Equity Award
- * New THDA Funds
- * 5 New Homeowners
- * Expansion of CHOICE
- * Mentoring Homebuyers
- * Growth for the Future
- * Impacts to Community

CONTEXT FOR 2019 IMPACT STATEMENT

Since 2011, ETHDC has completed 27 homeownership projects. The first 10 were new construction projects, all in the Lonsdale neighborhood, a targeted redevelopment area in the City of Knoxville. In 2016, ETHDC undertook a strategic review of the design of our Affordable Housing Program. This internal review was predicated on evaluation of the impact of several existing trends, both internal and external:

- Sharply rising home prices in the City from prior years
- Increasing cost of land and new construction of single-family homes
- Desire of ETHDC's homebuyers to choose homes in neighborhoods throughout the City limits or in Knox County, outside the City limits
- Decrease in the amount of HOME funds available to CHDO's in Knoxville for home ownership than availability in previous years

Three significant outcomes have resulted from our strategic review, with the impacts and results becoming most visible in this past two years. ETHDC has not only expanded our program to a County-wide footprint with the addition of funding from the State's Housing Agency (THDA), we have also embraced Acquisition and Rehabilitation of existing homes as a financially viable alternative to new construction. Since beginning our new development model, we have purchased, rehabilitated and sold 17 homes to low income buyers.

Adding a strong, intensive Home Buyer Mentoring Program in 2015/16 also became significant, resulting in a greater number of clients attaining mortgage approval and eventual success in purchasing a home of their own. Our Home Buyer Mentoring Program has proven to be a very effective and much needed missing "piece of the puzzle" in the current affordable housing training environment. We have not tried to duplicate other CHDO's programs, as something additional has been needed to successfully move the dial on affordable homeownership closing rates for low income residents.

ETHDC's 2019 STRATEGIC ACTIVITIES

In 2019, ETHDC continued to strengthen our Acquisition and Rehab as the cornerstone of our development process for affordable homeownership and Homebuyer Mentoring as our key support to our prospective homebuyers. ETHDC acquired, rehabilitated and sold five homes to low income families and individuals. ETHDC was able to utilize in-house expertise to perform all work write-ups, construction estimates and supervision of construction work, giving us a greater amount of control over all aspects of the project development side. This allowed us to complete projects in a very timely way and well within our project budgets. All are factors in giving us an increased capacity for our continued growth in the future.

Four out of the five homes ETHDC acquired and purchased through our homeownership program in 2019 were funded by the City of Knoxville and were located within the City limits. The locations ranged from near north to the east side of town. In every case, the home buyer themselves helped to locate a suitable home for purchase by ETHDC that could be rehabbed within HUD's guidelines for the HOME program, the funding source for all ETHDC's affordable

housing projects to date. Choice of location and our assistance in qualifying them for a mortgage, as well as our timeliness in buying and rehabbing a home for our home buyers became the most important aspects of ETHDC's program for our buyers.

A fifth home was purchased and rehabbed with newly secured HOME funds from the Tennessee Housing Development Agency. ETHDC secured over a half million dollars to develop 5 new homes over an 18-month period. These funds have allowed us to give our homebuyers the option to live in the County, outside of the City Limits, as well.

Through our HOME Rental Program, ETHDC continued to work with three families living in ETHDC-owned homes, providing a quality, energy efficient home. When requested, ETHDC also assists them to address credit, debt and income issues that have prevented them from being mortgage ready. We regularly conduct home inspections with each rental family, assisting our families become more familiar with home maintenance skills needed to become successful homeowners in the future, if they qualify.

IMPACTS TO LOW INCOME FAMILIES AND INDIVIDUALS

The shifts in focus and strategy since 2016 have allowed us to be much more client-centered in our approach to affordable homeownership. We consider this to be one of the most valuable assets ETHDC offers to our low-income clients, especially since purchasing a home is the single greatest purchase most residents make in their lives. To our knowledge, ETHDC's program is the only one in the region offering complete choice of location to our buyers among affordable housing providers.

Choice is limited only by affordability and the regulations of the federal HOME program. We work hard to make homes more affordable for our buyers through securing access to down payment and closing cost assistance for every buyer or providing it ourselves through the project funding. The City of Knoxville awarded ETHDC the Fair Housing and Equity Award for our Housing Program in 2019 for the design and execution of our Affordable Homeownership Program.

Because of our success over the past two years, ETHDC now receives ongoing referrals from area Lenders, Knoxville's Community Development Corporation (KCDC), the City's Community Development staff, and numerous other agencies that serve low income families in the area. All the homes ETHDC developed in 2019 were purchased by KCDC Section 8 Voucher holders, making ETHDC very successful in serving clients with lower incomes than in typical affordable homeownership programs. In fact, 15 out of the last 17 homes developed have been purchased by Voucher Holders. ETHDC played a major role in moving each of the 15 very low income homebuyers into greater Self-Sufficiency through the development of quality, affordable housing and the provision of down payment and closing cost assistance for their home purchase.

The needs and desires of our homebuyers have guided us into expansion into Knox County. The movement to a County-wide school system years ago throughout Knox County has meant City residents see less distinction between city and county lines. Some prefer to live in the County simply because the taxes are lower without the extra financial cost of additional City taxes. There are several areas within the County that are affordable for our homebuyers. In some cases, homes are less expensive than similar homes in the City.

ETHDC's financial coaching component contributes directly to the stability of low income families, improving credit, helping with downpayments and closing costs of home purchases and reducing debt where needed. We have helped lead families move towards stronger financial futures, making homeownership possible. In addition to assisting each homebuyer qualify for a mortgage and choose a home in a neighborhood of their choice, ETHDC directly secured a total of \$51,804 in Down Payment and Closing Cost Assistance from the City of Knoxville and from our THDA proceeds for our 5 homebuyers during the calendar year.

Of importance to note, our mentoring of clients does not conclude when we hand them the keys to their new home. ETHDC remains available to assist with any issues the clients present to us and maintain open contact. This helps insure that homeownership will remain sustainable for the new homebuyer over time.

**DEMOGRAPHICS FOR ETHDC HOMEOWNERSHIP PROJECTS
2019**

PROJECT ADDRESS	Race/ Ethnicity	Section 8 Voucher Holder	Male/ Female Head of House- hold	# of Children Living at Home	Senior	Veteran	Disability
2019 TOTALS	6 White (Includes children)	5	1 Male 3 Female 1 M/F	2	2	0	3
CUMULATIVE TOTALS (2011 – 2019)	36 Black 13 White 5 Other (Includes Children)	16 out of 25 of Total Projects; 15 out of the 17 Acquisition/ Rehab Projects	8 Male 11 Female 8 M/F	9 with 1 3 with 2 2 with 3 1 with 3 12 with None	5 Seniors	3 Veterans	14 with a Disability

IMPACT TO COMMUNITY AND ORGANIZATIONS

Because the Knoxville Community is so diverse, our outreach efforts have included organizations and churches that serve both Latino populations, as well as the immigrant community in general. The organizations we have worked with directly are the Knoxville International Network, Bridges Refugee Services, the Knoxville Area Urban League, HomeSource, Knoxville Community Development Corporation, the City of Knoxville, Centro Hispano, the Lonsdale Union of Churches and numerous other churches which have programs serving low income families. Our outreach ensures that hard to reach populations are well represented in our program.

Our goal is to help facilitate the kinds of community development collaboration and practices that result in stronger neighborhoods where all residents can thrive, feel safe, engage with their neighbors in common civic life, as well as enjoy a better quality of life. In 2016, a series of meetings directly initiated by our Board of Directors with City and County Mayors eventually resulted in the building of a new multipurpose complex by Emerald Youth Foundation in the Lonsdale neighborhood. Long term impacts of our direct community engagement and programs will continue to manifest over time!

OTHER FINANCIAL IMPACTS

When viewed through wider lenses, ETHDC programs impacted not only low-income families, but also the neighborhoods they live in, and the overall community as well. We have contributed to the wellbeing of our community through the construction and rehabilitation work our projects generate for small, minority and women owned businesses. Because ETHDC self-manages our construction projects, we are able to give continual mentoring and assistance to the small businesses who contract with us. Our work has contributed to our local City and County governments as well through the homes we have developed, improved and put back on the tax rolls.

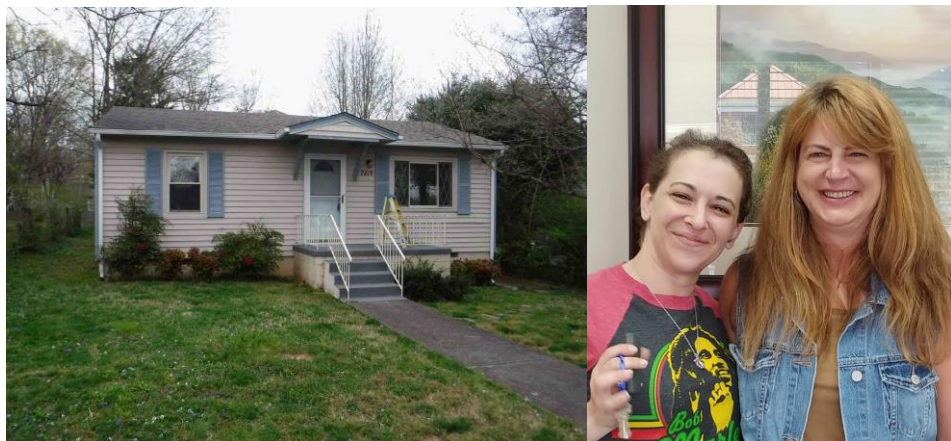
With the help of our funding and lending partners, ETHDC's development activities have continued to make financial impacts in the City of Knoxville during 2019. The total development impact of our 5 homeownership projects in 2019 was **\$865,364**. This number represents the Acquisition and Rehabilitation cost of each home, as well as soft costs needed to develop the home for homeownership. Together, these costs represent payments made for independent home inspections, property appraisals, and construction contracts for a variety of small, minority and women subcontractors we mentioned above.

ETHDC's Affordable Housing Program demonstrates that Home ownership not only benefits the wellbeing of families, it clearly helps stabilize our shared communities as well. We remain positioned to continue to increase our capacity as affordable housing providers in 2020. A chart follows of our development projects, giving 2019 impact totals as well as cumulative totals for our development activities.

**FINANCIAL IMPACTS OF THE PROJECTS TO COMMUNITY AND BUYERS
SOURCES AND USES OF FUNDS FOR ETHDC HOMEOWNERSHIP PROJECTS
2019 TOTALS AND CUMULATIVE TOTALS**

2019 PROJECTS:	TOTAL DEVELOPMENT COSTS	CITY OR THDA HOME FUNDS	ETHDC EQUITY	GAP FINANCING	SALES PRICE	DOWN PAYMENT & CLOSING COSTS SECURED BY ETHDC FOR BUYERS
TOTALS FOR 2019 CALENDAR YEAR	865,364	267,298	156,857	607,596	796,000	51,804
CUMULATIVE TOTALS (2011 – 2019)	3,570,189	1,710,357	795,090	1,224,507	2,778,500 + 330,000 in Rental Assets	303,052

2019 HOMEOWNERSHIP PROJECTS







2019 AWARDS BREAKFAST



ON BEHALF OF OUR BOARD, STAFF AND HOMEBUYERS, THANKS TO ALL OUR PARTNERS AND FUNDERS FOR ANOTHER SUCCESSFUL YEAR!