



EAST TENNESSEE HOUSING DEVELOPMENT CORPORATION IMPACT REPORT FOR CALENDAR YEAR 2020

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 residents 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 successful outcomes in our homeownership program for as many of our participants as possible.

2020 AT A GLIMPSE

2020 was an unusual year for all of us. Like so many, ETHDC continued our work, at times being busier than before, while adopting new health guidelines for operations. We met virtually, established new partners, increased existing funding and continued to receive referrals of those ready to move into homeownership.

Lenders were often challenged as to how best to invest in people and projects during this time. ETHDC worked with numerous sources to help provide the best lending options possible for our borrowers during this year.

Because of our partners and the ongoing support, we were able to continue moving forward with the resources to expand homeownership into neighborhoods across the City Knoxville and into Knox County as well. The year finished with the purchase of 3 additional homes to rehabilitate for our newly approved homebuyers.

Highlights

- * 5 Homes Rehabbed
- * 5 New Homeowners
- * 3 New Projects Begun
- * Empowering Homebuyers
- * The Power of CHOICE
- * Impacts to Community

CONTEXT FOR 2020 IMPACT STATEMENT

ETHDC has now completed 31 homeownership projects, with 3 more under contract with mortgage-qualified homebuyers before the end of the 2020. After completing 10 new construction projects in the Lonsdale neighborhood, a targeted redevelopment area in the City of Knoxville, ETHDC shifted into Acquisition and Rehab of existing homes, allowing us to serve more clients in a way that gave full choice of neighborhoods to our homebuyers. This change grew out of the consistent input from the potential beneficiaries of our program over a multi-year period to have the option of what neighborhood they would like to live in. Since beginning our new development model, we have purchased, rehabilitated, and sold 21 homes to income qualified buyers.

Our intensive Home Buyer Mentoring Program has also become a more significant aspect of our work, 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 highly effective and much needed missing “piece of the puzzle” in successfully moving the dial on affordable homeownership closing rates for lower income residents. We directly assist each qualified buyer to secure their mortgage with a lender who can meet our program guidelines for our federally funded projects and move them through the homebuying process.

2020 brought a boom to the housing market during this Covid-19 period. Prices continued to rise rapidly throughout the City and the County, while interest rates dropped to historic lows. However, the result of this activity was a dramatic drop of available inventory, especially in the range affordable to our homebuyers. At the same time, lenders tightened criteria, not yet sure what the market was going to bring. Significant effort was given in 2020 to find suitable, desirable homes for our buyers, as well as the best possible mortgage in this time of rapid change.

ETHDC's 2020 STRATEGIC ACTIVITIES

In 2020, ETHDC continued to strengthen our Acquisition and Rehab Program as the cornerstone of our development process to provide quality, affordable homeownership opportunities. Homebuyer Mentoring remained our key support to our prospective homebuyers. ETHDC acquired, rehabilitated, and sold five homes to income qualified families and individuals.

ETHDC continued to utilize in-house expertise to perform 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 and saving funds through our purchase of the materials needed. This allowed us to complete projects in a very timely way and well within our projected budgets, all at a time where cost savings were all the more important.

In 2020, ETHDC received federal funds to develop homeownership projects from both the City of Knoxville and from the Tennessee Housing Development Agency (THDA). The locations of our projects ranged from center city, and near north to the east side of both City and County. Three more acquisitions for rehab were made in December, one funded by the City and two by THDA. Both funding partners contributed in a very major way to making homeownership affordable for community residents in 2020.

In every case, the home buyer themselves chose a suitable home for purchase by ETHDC that could be rehabbed within HUD's guidelines for the HOME program, the direct program source for all ETHDC's affordable housing projects to date. Choice of location and our assistance in qualifying buyers 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 homebuyers.

Through our HOME Rental Program, ETHDC continued to work with three families living in ETHDC-owned homes, providing a quality, energy efficient home. One family was able to purchase the home they were renting this year. We manage the properties ourselves, completing annual compliance recertifications in accordance with all HOME requirements. During the Covid-19 challenges, we also assisted one of our renters secure additional resources to make rental payments after being laid off from her employment for an extended length of time. We worked with renters and our homeowners alike this year to help ensure housing stability and keep current in rent or mortgage payments.

IMPACTS TO FAMILIES AND INDIVIDUALS

The shifts in focus and strategy ETHDC has made since 2016 have allowed us to be significantly more client-centered in our approach to affordable homeownership. We consider participation in our Homebuyer Mentoring Program to be the asset most valued by our clients, especially since purchasing a home is the single greatest purchase most residents make in their lives. It provides the foundation for many to stabilize their economic wellbeing, especially for the future.

The City of Knoxville awarded ETHDC the Annual Fair Housing and Equity Award for our Housing Program in 2019 for the design and execution of our Affordable Homeownership Program, especially noting our one-on-one mentoring program we undertake with every buyer, and the work we undertake to get the buyer successfully to the closing table.

In addition to our Homebuyer Mentoring and the provision of Down Payment and Closing Cost Assistance, ETHDC most impacts our homebuyers through our actual design of our Acquisition/Rehabilitation Program. In every case, ETHDC purchases the home desired by our mortgage-approved buyers and undertakes a thorough rehab to put the home in good shape before purchase by our buyers. New roofs, heating and air

units, updated plumbing and electrical are all items often needing to be addressed. The intent is to provide a safe, affordable structure for the buyers, with no major investments needed over the first five years, ensuring sustainability over the long term. Upgrades to energy efficiency and visitability are also made.

Our practice of giving clients the choice of neighborhoods throughout the City and County draws many to participate within our program. The fact that we emphasize the client's choice as to the neighborhoods they live in directly addresses a large gap in choice of housing that often exists for residents of high poverty areas. Many of our clients come from areas of concentrated poverty and have experienced neighborhood disparities affecting health outcomes and educational attainment for themselves and their children.

Over the last several years, 19 of our homes have been purchased by Section 8 Voucher holders, making ETHDC successful in serving clients with lower incomes than many affordable homeownership programs. ETHDC has played a major role in moving each of the 19 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, making their home purchase possible.

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 or they want a particular amenity that a particular County neighborhood offers. Proximity to jobs, family, shopping, and good schools are the most cited desirable factors by our clients, as well as the overarching desire to live in a location that the client themselves consider to be demonstrably safe.

ETHDC's financial coaching component contributes directly to the stability of low income families by helping with downpayments and closing costs of home purchases and giving assistance to reduce debt where needed. In doing so, we have helped lead some of the most difficult to reach populations move towards stronger financial futures, making homeownership possible. ETHDC directly secured a total of **\$87,414** in Down Payment and Closing Cost Assistance from the City of Knoxville and from our THDA proceeds for our homebuyers in projects completed or started during 2020. Cumulatively that amounts to **\$390,466** in assistance made directly to the beneficiaries of our program.

Of importance to note, our mentoring of clients does not conclude when we hand them the keys to their newly renovated home. ETHDC remains available to assist with any issues the clients present to us in an ongoing way. This helps insure that homeownership will remain sustainable for the new homebuyer over time. Directly supporting our mentoring work in 2020 are US Bank, HomeTrust Bank and Regions Bank.

**DEMOGRAPHICS FOR ETHDC HOMEOWNERSHIP PROJECTS
FISCAL YEAR 2020 & CUMULATIVELY**

PROJECTS	Race/ Ethnicity	Section 8 Voucher Holder	Male/ Female Head of Household	Senior	Veteran	Disability
2020 TOTALS	7 Black 1 Hispanic	3	5 F 1 M 2 M/F	0	0	2
CUMULATIVE TOTOALS 2011 - 2020 (Cumulative totals include children)	47 Black 13 White 2 Other 3 Hispanic	19	16 F 9 M 10 M/F	6	3	16 (Number represents the adults; 3 children also have disabilities)

IMPACTS TO COMMUNITY AND ORGANIZATIONS

With our strong track record in successful affordable homeownership development through Acquisition/Rehabilitation, ETHDC 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 residents in the area. Affordable homeownership is needed and in demand throughout all sectors of the City and County.

As the Knoxville Community grows in diversity, our outreach efforts have included organizations and churches that serve both LatinX populations, as well as the immigrant community in general. The organizations we have communicated with directly about our program are the Knoxville International Network, Bridges Refugee Services, the Knoxville Area Urban League, HomeSource of East Tennessee, Knoxville Community Development Corporation, Centro Hispano, the Lonsdale Union of Churches and numerous other churches which have programs serving residents who might qualify for affordable housing initiatives.

ETHDC most often utilizes a Woman-Owned/Minority Real Estate brokerage for our purchases, which greatly enhances and supports our ability to serve clients within the

minority community. Together with our community partners and Nikitia Thompson Realty, our outreach efforts ensure that hard to reach populations are informed and well represented in our program.

The goal of our outreach efforts at ETHDC is to help facilitate the kinds of community development collaboration and practices that result in stronger neighborhoods where every resident can thrive, feel safe, engage with their neighbors in common civic life, as well as enjoy a better quality of life overall.

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 we call home. As a Community-Based Housing Development Organization (CHDO), 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 development and construction projects, we give continual mentoring and assistance to the small businesses who contract with us to complete work on our homes.

With the help of our funding and lending partners, ETHDC's development activities have continued to make financial impacts in the Knox County during 2020. The total development impact of our homeownership projects in 2020 was **\$1,229,721**. This number represents the Acquisition and Rehabilitation cost of each home, as well as soft costs needed to develop the home for homeownership. The cost includes the budget of the last three projects we will start before the end of 2020.

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. Since 2011, **\$4,799,920** development dollars have been spent by ETHDC to build new homes and to purchase and rehabilitate existing ones.

Our work has contributed to our City and County governments as well through the homes we have developed, with significantly improved building systems and after rehab values, with new homeowners in place. This year, the homes represent **\$1,144,000** in sales value. Cumulatively, our homes represent **\$3,922,500** in sales, with resulting property taxes to the City and County as applicable.

ETHDC secured **\$462,502** in gap financing from our banking and foundation partners for direct project development that have helped make our work possible in 2020. These partners are: Pinnacle Financial Partners, HomeTrust Bank and the East Tennessee Foundation. Contributions of these three sources have resulted in a cumulative

\$1,905,011 toward direct project development since 2011. Having a secure source of revolving funds and trusted partners for needed development activity has significantly improved ETHDC's ability to act quickly on potential projects when mortgage approvals are secured for our homebuyers.

ETHDC's Affordable Housing Program demonstrates that Homeownership not only benefits the wellbeing of families, but it also stabilizes our neighborhoods and contributes to small businesses in our community. A total of **\$377,211** in new State HOME funds allocated by HUD to the Tennessee Housing Development Agency (THDA) has been committed by ETHDC for projects completed or begun in 2020. All of these projects have been developed within the City limits. An additional **\$200,000** of HOME funds have been committed to ETHDC from the City of Knoxville in the Calendar Year. One additional project completed in the County this year was developed utilizing ETHDC's proceeds from the sale of prior THDA-funded homes. The proceeds of sales from homes developed with new federal funds results always in the re-use of the funds to further develop new affordable housing for our clients, maximizing the use of every federal dollar secured for use in the community.

FINANCIAL IMPACTS OF THE PROJECTS TO COMMUNITY AND BUYERS
SOURCES AND USES OF FUNDS FOR ETHDC HOMEOWNERSHIP PROJECTS
2020 TOTALS AND CUMULATIVE TOTALS

2020 PROJECTS:	TOTAL DEVELOPMENT COSTS	CITY OR THDA HOME FUNDS	ETHDC EQUITY	GAP FINANCING	SALES PRICE	DOWN PAYMENT & CLOSING COSTS SECURED OR MADE BY ETHDC
TOTALS FOR 2020 CALENDAR YEAR (Includes Projects In Progress)	1,229,721	577,319	226,927	462,502	1,144,000	87,414
CUMULATIVE TOTALS (2011 – 2020)	4,799,910	2,287,676	1,022,017	1,905,011	3,922,500 + 220,000 Rental	390,466

2020 HOMEOWNERSHIP PROJECTS



NEXT 3 PROJECTS READY TO BEGIN CONSTRUCTION FOR HOMEBUYERS

