



Annual Report and Key Highlights

July 2021 - June 2022

**City of Knoxville
Housing and Neighborhood Development**

Knoxville.tn.gov

Knoxville Affordable Housing Fund

Established by ordinance in May 2021, the Knoxville Affordable Housing Fund is a 10-year, \$50 million commitment by the City of Knoxville to support the creation and preservation of safe, high-quality, and affordable housing to support the Knoxville community.

Housing is critical infrastructure for a diverse, thriving community, and a healthy economy. In Knoxville, current estimates indicate that more than 1 in 3 households pay too much for housing costs, and over the last several years, housing costs in our city have increased at much higher rates than household incomes.

Addressing these affordable housing concerns is a priority that supports not only the needs of local families, but also our community's efforts to revitalize neighborhoods that have experienced historical disinvestment, attract new business investment, and support workforce development, recruitment and retention.



Burlington Commons, 50 Units, Opened November 2021

The Affordable Housing Fund provides a foundation for long-term, continued investment to advance affordable housing opportunities. Developed in response to and in partnership with local housing advocates, and with input and guidance of local housing stakeholders and experts, the new Fund builds upon the City's long and successful history of promoting affordable housing through federally funded programs, the Affordable Rental Development Fund, the Affordable Housing Trust Fund administered by East Tennessee Foundation, and many capital project investments led by private and public housing providers.

The purpose of the Fund is to accept (including from private donations) and disburse funding to address the affordable housing needs of individuals and families of low- and moderate-income households. In order to ensure a strong, stable foundation of funding, the City of Knoxville has made a minimum funding commitment of no less than \$5 million a year for 10 years, with funding in Years 1 and 2 (FY2022 and FY2023) far exceeding this minimum.

Total Affordable Housing Fund Investment to Date - \$19.5 M

2021 - 2022				
\$2.5 M	\$1.5 M	\$3.78 M	\$325 K	
Affordable Rental Development	Permanent Supportive Housing	First Creek at Austin	Affordable Housing Trust Fund	

2022 - 2023				
\$2.5 M	\$2.9 M	\$1.6 M	\$4.2 M	\$200 K
Affordable Rental Development	Permanent Supportive Housing	First Creek at Austin	Transforming Western	Affordable Housing Trust Fund

In FY 2021-2022 (Year 1 of the Fund), the City contributed \$8,105,000 to the Affordable Housing Fund, exceeding the \$5 M committed. Fund administration for the 21-22 fiscal year was \$72,960.00 and was included in the budget presented to the Advisory Committee. This report summarizes the uses and impacts of the Fund in FY 2021-2022.

Additionally, the graphic above shows the budgeted amount for the 2022-2023 Fiscal year (Year 2 of the Fund), which again surpassed the committed \$5 M per year.

The Affordable Housing Fund is just one way that the City of Knoxville supports affordable housing in the community. In addition to local investment, the City also manages significant Federal and State funds that support a number of different affordable housing projects. Inclusive of Federal funds allocated for affordable housing, total funding for affordable housing activities exceeded \$13,000,000 in FY22.

Knoxville Affordable Housing Fund Advisory Committee

The purpose of the Knoxville Affordable Housing Fund Advisory Committee is to advise the director of Housing and Neighborhood Development regarding the administration of the Knoxville Affordable Housing Fund such that the fund addresses local priorities and reflects best practices concerning affordable housing.

By ordinance, the committee consists of appointees who possess an expertise or interest in issues related to affordable housing, including at least one (1) representative from the community of non-profit affordable housing developers and at least one (1) representative of the community of non-profit low-income housing-related service providers operating in the Knoxville metropolitan statistical area.

The current members of the Affordable Housing Fund Advisory Committee are:

- Ben Bentley - Executive Director, Knoxville Community Development Corporation (KCDC)
- Craig Cobb - Vice President, DGA Capital
- Misty Goodwin - Director of Social Services, Knoxville-Knox County Community Action Committee (CAC)
- Joshelyn Hundley - Vice President Community Development Manager, First Horizon
- C. Danny Johnson - Co-President, Justice Knox
- Jeanette Kelleher - Vice President of Operations, East Tennessee Foundation
- Houston Smelcer - Vice President of Development & Government Relations, McNabb Center

The committee provides recommendations to the director of Housing and Neighborhood Development regarding the city's annual action plan and fund priorities, income limits and goals, as well as the fund's rules and regulations. The committee also reviews the fund's annual budget of administrative expenses, past fund disbursements, and the impact thereof to inform the annual report.

The Affordable Housing Fund Advisory Committee meets quarterly, with the first meeting taking place October, 29, 2021.

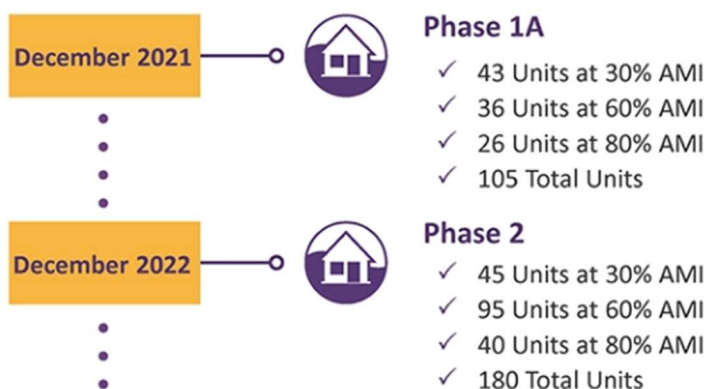
Knoxville Affordable Housing Fund Uses in Fiscal Year 2022

In Fiscal Year 2021-2022 (FY2022), which began July 1, 2021 and ended June 30, 2022, the Affordable Housing Fund allocated \$8,105,000 toward eligible uses, as outlined below.

Project 1: First Creek at Austin Homes

FY22 Contribution: \$3,780,000*

Located less than one mile east of Knoxville's revitalized downtown area, the 23-acre KCDC housing community sits at the intersection of Summit Hill Drive and Martin Luther King, Jr. Avenue. The property is undergoing a full redevelopment to increase the number of available affordable housing units; enhance curb appeal; add public spaces; and provide a direct connection to the Old City.



The first phase of 105 units is complete. A second phase of 180 units is scheduled to begin opening in December 2022, and at least 83 more units will be added in 2023. All of the units at First Creek at Austin Homes will be affordable to families with incomes at or below 80% of the area median, with a majority reserved for families with extremely low or very low incomes.



First Creek at Austin Phase 1

**FY22 funding is part of a multi-year commitment by the City to contribute a total of \$14,130,000 over four years to support the full redevelopment of Austin Homes*

Project 2: Affordable Rental Development (ARD)

FY22 Contribution: \$2,500,000

Affordable Rental Development (ARD) funding provides incentives to both non-profit and for-profit housing developers in order to leverage private dollars to build quality affordable rental housing.

Since the fund was founded in 2017, the City has used ARD funding to help create over 1,000 new affordable rental units (see Housing Highlight: Affordable Rental Development). 242 of those units opened in FY2022 and are now providing housing to eligible families.



Moss Grove Apartments, 192 Units, Opened March 2022

Since July 1, 2021, Housing & Neighborhood Development has received applications from both non-profit and for-profit developers for potential ARD projects that could - if all move forward - support an additional 714 affordable units. Some of these projects are only in the preliminary planning phase.

Currently, the total funding requested exceeds ARD funds available. The City continues to work with these development partners to confirm ARD support while also seeking outside funds that could “fill the gap” in order to allow all of the potential projects to move forward.

Project 3: Permanent Supportive Housing

FY22 Contribution: \$1,500,000

Permanent Supportive Housing (PSH) provides permanent housing assistance and supportive services to households where at least one member has a disability in achieving housing stability. Increasing the availability of affordable PSH units in Knoxville is a critical need for the community's efforts to provide pathways to stable housing for individuals who have experienced chronic homelessness and may be struggling with mental illness or addiction.

Due to the intensity of services offered by PSH, development of these units is an especially complex challenge requiring partnerships between housing developers and providers of supportive services. Through prior years' funding, the City is supporting the development of 64 units of permanent supportive housing at Caswell Manor and Dogan-Gaither Flats, two projects that are expected to be completed in late 2022.



Caswell Manor set to open in late 2022

With funding from the Affordable Housing Fund in FY22, the City will (pending Council approval) support the development of 50 PSH units integrated into Phase 3 of First Creek at Austin. These PSH units will be 1-bedroom/1-bath permanent supportive housing for elderly residents with very low incomes (<50% AMI).

Project 4: East Tennessee Foundation - Affordable Housing Trust Fund

FY22 Contribution: \$325,000

East Tennessee Foundation's Affordable Housing Trust Fund supports the production, preservation, and rehabilitation of owner-occupied housing for low-income households as well as programs dedicated to enhancing rental opportunities for very low-income households within the City of Knoxville. Eligible projects include new construction and major rehabilitation of single-family homes or condominiums/cooperative multi-unit housing, and stabilization, education, and assistance programs such as down-payment assistance, minor home repairs, and homebuyer/owner counseling.

In FY22, 135 low-income households were assisted through four nonprofit organizations funded through the Affordable Housing Trust Fund.

Looking Ahead to FY2023

The City of Knoxville FY23 budget contributes an estimated \$11,400,000 to the Affordable Housing Fund, with \$8,500,000 allocated from local City funds and an additional \$2,900,000 of Federal funds. The planned fund uses are below:

2022 - 2023				
\$2.5 M	\$2.9 M	\$1.6 M	\$4.2 M	\$200 K
Affordable Rental Development	Permanent Supportive Housing	First Creek at Austin	Transforming Western	Affordable Housing Trust Fund

Fund administration for the 22-23 fiscal year has been budgeted at \$75,000.00.

Beyond the Affordable Housing Fund, the total City of Knoxville budget for affordable housing programs in FY23, including Federal funds, is **\$13,410,920**.

These funds will help bring additional housing to Knoxville over the next three to five years.

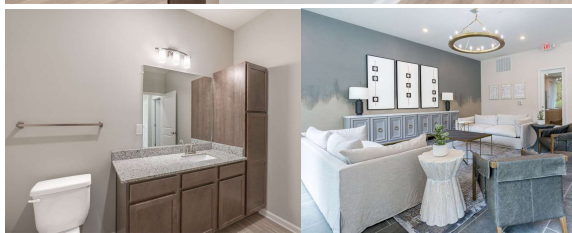
Depending on construction details, it is anticipated that between May 2022 and June 2023, approximately 464 new affordable housing units will become available, including Phase 2 of First Creek at Austin. In addition, an estimated 177 homes will undergo rehab and home repair with support from City funds, thereby allowing low-income residents to stay in their existing residences.

Housing Highlight: Affordable Rental Development

In 2017, the City of Knoxville created the Affordable Rental Development (ARD) fund to jumpstart construction of new affordable rental housing. Created in response to a growing need for rental units that are affordable to low- and moderate-income renters, the ARD program provides incentives to both non-profit and for-profit housing developers to leverage private dollars to build quality affordable rental housing at a scale much larger than would be possible with only public funds.

The City's **ARD investment of \$14.2 M** has created **1,049 affordable homes**, with a total construction value of **over \$180 M**.

Between 2017 and 2021, the City's total investment of \$14,265,000 through the Affordable Rental Development program has resulted in the creation of 1,049 housing units. These new rental developments—some large and some small—are located in diverse locations across the city, and all have rents designed to be affordable to families with incomes at or below 80% of the area median income. For every \$1 of local funds committed, \$13.21 of outside funds were leveraged.

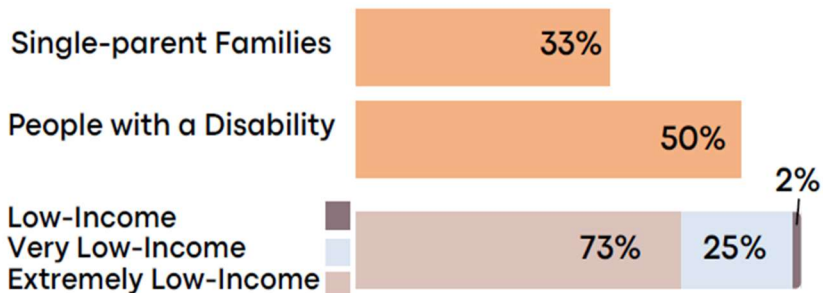


Interior photos of Southside Flats

To date, the City's ARD program has helped provide a home for more than **1,659 residents** in Knoxville.

The data on the real families who have moved into these units indicate that these units are actually serving a population with incomes far lower than the maximum allowable under the fund's rules. Of the families housed in these units, 73% are extremely low-income, with incomes under 30% of the area median; another 25% are very-low income, with household incomes falling between 31% and 50% of the area median.

Demographics of Neighbors Housed



Extremely Low Income: (<30% AMI*), Very Low Income: (between 31% and <50% AMI), Low-Income: between 51% and 80% AMI)

This chart shows percentages about the demographics of individuals placed in the affordable housing developments shown in the tables above.



Report Date - August 2022

The Knoxville Affordable Housing Fund is administered by the City of Knoxville Housing and Neighborhood Development department.

2021 - 2022 Affordable Housing Fund Advisory Committee Members:

Ben Bentley
Craig Cobb
Misty Goodwin
Joshalynd Hundley
C. Danny Johnson
Jeannette Kelleher
Houston Smelcher