



EAST TENNESSEE HOUSING DEVELOPMENT CORPORATION'S IMPACT STATEMENT FOR CALENDAR YEAR 2018

MISSION AND PURPOSE

The East Tennessee Housing Development Corporation (ETHDC) is a HUD-designated 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 financial mentoring and coaching, an activity which significantly shapes our work.

CONTEXT FOR 2018 IMPACT STATEMENT

Since 2016, ETHDC has undertaken a strategic review of the design of our Affordable Housing Program. This internal review has been 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
- ETHDC's internal decision to design our direct intensive, one-on-one work with our clients around a "Home Buyer Mentoring" concept rather than traditional homeownership training

Three significant outcomes have resulted from our strategic review, with the impacts and results becoming most visible in this past calendar year of 2018. ETHDC has not only expanded our program to a City-wide footprint, we have also embraced Acquisition and Rehabilitation of existing homes as a financially viable alternative to new construction. Adding a strong, intensive Home Buyer Mentoring Program has also resulted from our review, resulting in a greater number of clients attaining mortgage approval and eventual success in the purchase of their own home.

These shifts in focus and strategy 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, within funding parameters. Choice is limited only by affordability, and we work hard to make homes more affordable for our buyers through access to down payment and closing cost assistance.

Because of our success over the past two years, ETHDC now receives ongoing referrals from 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 who are interested in becoming home owners. Except for one family, all homes developed in 2018 were purchased by KCDC Section 8 Certificate holders, making ETHDC very successful in serving clients with lower incomes than typical affordable housing programs.

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. At the current time, our closings are limited only by the amount of funding dedicated for direct development of homeownership projects. We currently have more mortgage-approved buyers than available funding to develop the projects. To remedy this situation, we are currently pursuing outside funding in hopes of raising additional resources for affordable home ownership in the City of Knoxville.

The needs of our homebuyers have continued to guide our goals of expansion into the County, as the school system within the City-limits is governed as part of a County-wide system. The movement to a County-wide school system years ago has meant City residents see less distinction between city and county lines. Many 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.

With the decision by THDA in 2018 to open their CHDO round to all CHDO's already within a HUD-participating jurisdiction (such as Knoxville), ETHDC Board of Directors made the decision that funds secured through THDA would not only allow us to expand the number of HOME projects for homeownership within the City to serve our expanding client base, it would effectively allow us to also offer our home buyers the opportunity to choose a home in the County if we were able to make a project feasible for particular home buyers. Again, our priority and desire are to give our clients as much choice in neighborhoods as financially possible for each home buyer.

ETHDC's 2018 STRATEGIC ACTIVITIES

In 2018, ETHDC was successful in securing new resources to expand our capacity to develop affordable housing projects for our homebuyers. In addition to securing \$142,624 in new CHDO funds from the City of Knoxville, ETHDC renewed a 0% interest \$100,000 line of credit from the East Tennessee Foundation for the development of homeownership projects. Most significant to our growth in 2018 was securing a special \$100,000 line of credit for acquisition of existing properties for renovation from Home Trust Bank, as well as securing a \$100,000 Community Investment Tax Credit (CITC) loan from Pinnacle Bank for the same purposes. Combined, these three development funds have allowed us to stage multiple construction projects simultaneously, as dictated by the mortgage-approval rates of our prospective home buyers.

These funds made it possible for ETHDC to have its most productive year to date in terms of direct project development. The cornerstone of our development process is the acquisition and rehabilitation of existing homes in neighborhoods chosen by our mortgage-approved homebuyers. In 2018, ETHDC acquired, rehabilitated and sold seven 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 were factors in giving us an increased capacity for our continued growth in the future.

During the year, ETHDC was successful in securing mortgage qualification for eleven individuals or families. Once mortgage-qualified, four of these homebuyers went on to purchase homes outside of ETHDC's direct assistance program (either in the County, from a family member or a new construction project from an outside builder). Numerous other families were assisted in taking their next steps along the path to homeownership, strengthening their financial capacities for buying a home sometime in the future. Before the end of the year, an additional six individuals or families were receiving pre-approval for ETHDC projects that would begin in 2019.

All seven homes ETHDC acquired and purchased through our homeownership program in 2018 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 and our timeliness in buying and rehabbing a home for our home buyers became the most important aspects of ETHDC's program for our buyers.

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 home owners in the future, if that's what they desire.

ETHDC's financial coaching component contributed directly to the stability of low income families, improving credit, helping with downpayments and reducing debt. We have helped lead families move towards stronger financial futures, making homeownership possible. Our mentoring of clients does not conclude when we hand them the keys to their new home. We remain available to assist with any issues the clients present to us and maintain open contact.

IMPACT TO COMMUNITIES AND ORGANIZATIONS

In addition to the direct program impacts with families and individuals, ETHDC continues to see the fruits of our neighborhood revitalization outreach. In 2016, ETHDC conducted two neighborhood-based meetings in Lonsdale with both the Knox County Mayor and Knoxville City's Mayor to discuss development issues and concerns in the Lonsdale neighborhood two years ago. The format allowed for neighborhood input on issues directly impacting resident safety and security, educational opportunity, and availability of places for community residents to gather and play.

In 2018, we saw the beginning of construction by Emerald Youth Foundation on land owned by the City and previously dedicated to affordable housing. EYF will address some of the educational and recreational needs directly expressed in the 2016 meetings. ETHDC Board Members with direct affiliation to Lonsdale continue to actively work with Emerald Youth on their proposed project to help promote a stronger connection to the local neighborhood and to provide a community voice to the operations of the project.

ETHDC will continue to foster such opportunity for strong civic engagement that can lead to improved neighborhoods, especially for low income families and in areas such as Lonsdale, marked by concentration of extreme poverty. ETHDC firmly believes that strong neighborhood involvement will keep our housing development efforts sustainable over time. Our intent is to create a more solid, collaborative platform for lasting community change in neighborhoods where we serve.

Because the Knoxville Community is so diverse, our outreach efforts have included organizations and churches that serve Latino populations, Guatemalan immigrants, and African Refugees. 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 goal is to help facilitate the kinds of community development 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 overall. Again, the long term impacts of our engagement and programs will continue to manifest over time.

FINANCIAL IMPACT

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 2018. Our three rental homes in Lonsdale are currently valued at **\$330,000** and provided quality, affordable, stable housing for 4 adults, 2 school aged children and one college student. All our rental and home owner properties contribute to the tax rolls of both the City of Knoxville and to Knox County as well.

In 2018, ETHDC directly secured a total of **\$79,949** in Down Payment and Closing Cost Assistance from the City of Knoxville for our 7 homebuyers during the calendar year. These funds helped to pay not only a portion of our buyers' down payments, but closing costs as well, making home ownership possible.

The combined value of the homes built or renovated and sold to home buyers during 2018 was **\$837,000**. The combined value of homes sold in 2018 and homes owned by ETHDC as rental properties is **\$1,167,000**.

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 and our work has contributed to our local City and County governments through the homes we have developed and put back on the tax rolls.

The total development impact of our 7 homeownership projects in 2018 was **\$918,805**. This number represents the Acquisition and Rehabilitation cost of each home, as well as soft costs paid to properly develop the homes under HUD guidelines. These soft costs represent payments made for independent home inspections, property appraisals, and other holding costs while the properties are under construction. All contribute to the economic well-being of small businesses in the area.

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 2019 and are dedicated to expanding our footprint and development capacity in the coming year and beyond in order to serve the needs of low-income home buyers. A chart follows of our development projects, giving both our three-year totals and our 2018 impact totals as well.

DIRECT IMPACTS TO LOW INCOME INDIVIDUALS AND FAMILIES
DEMOGRAPHICS FOR ETHDC HOMEOWNERSHIP PROJECTS
JANUARY 1, 2016 – DECEMBER 31, 2018

PROJECT ADDRESS	Race/ Ethnicity	Section 8 Certificate Holder	Male/ Female	# of Children	Senior	Veteran	Disability
1518 Louisiana Avenue (37921) New Construction	B	N	M	1	N	Y	Y
3022 Johnston (37921) New Construction	W	N	M	0	Y	N	N
846 Blue Spruce Way (37912) Rehab	W	Y	F	1	N	N	Y
4714 Royal Prince Way (37912) Rehab	Other (Arab/ Iraqi)	N	M	1	N	N	N
4774 Forest Landing Way (37918) Rehab	W	Y	M	0	N	N	Y
858 Blue Spruce Way (37912) Rehab	W	Y	F	0	N	N	Y
2924 Woodmont Road NE (37917) Rehab	B	Y	M/F	3	N	N	Y
(*)1116 Payne Road (37914) Rehab	B	Y	F	2	N	N	N
(*)2641 Summitt Avenue (37917) Rehab	B	Y	M	0	N	Y	Y

DIRECT IMPACTS TO LOW INCOME INDIVIDUALS AND FAMILIES
DEMOGRAPHICS FOR ETHDC HOMEOWNERSHIP PROJECTS
JANUARY 1, 2016 – DECEMBER 31, 2018
(Continued)

PROJECT ADDRESS	Race Ethnicity	Section 8 Certificate Holder	Male/ Female	# of Children	Senior	Veteran	Disability
(*)2919 E Fifth Avenue (37914) Rehab	B	Y	F	0	N	N	Y
(*)3931 NE Kenilworth (37914) Rehab	Other (African/ Congo)	N	M/F	2	N	N	N
(*)1613 LeConte Road (37914) Rehab	B	Y	F	2	N	N	N
3111 Washington Pike (37917) Rehab	W	Y	M	0	N	Y	Y
1615 Leconte Road (37914) Rehab	W	Y	M	0	Y	N	N
2018 IMPACT TOTALS, INDICATED BY (*)	4 Black 2 White 1 Other	6 out of 7	3 Male 3 Female 1 M/F	4 with None 3 with 2	1 Senior	2 Veterans	3 with Disability
CUMULATIVE TOTALS FOR LAST 3 YEAR PERIOD	6 Black 6 White 2 Other	10 out of 14	6 Male 5 Female 2 M/F	3 with 1 3 with 2 1 with 3 7 with None	2 Seniors	3 Veterans	8 with Disability

FINANCIAL IMPACTS OF THE PROJECTS TO COMMUNITY AND BUYERS
SOURCES AND USES OF FUNDS FOR ETHDC HOMEOWNERSHIP PROJECTS
JANUARY 1, 2016 – DECEMBER 31, 2018
WITH IMPACT TOTALS FOR 2018 (With Asterisk*)

PROJECT ADDRESS	TOTAL DEVELOPMENT COSTS	CITY HOME FUNDS	ETHDC EQUITY	GAP FINANCING	SALES PRICE	DOWN PAYMENT ASSISTANCE SECURED FOR LOW INCOME BUYERS BY ETHDC
1518 Louisiana Avenue (37921) New Construction	141,695	120,000	20,306	0	110,000	13,164
3022 Johnston (37921) New Construction	111,220	50,000	6,785	54,029 East TN Foundation	93,400	29,000 (+ 5,000 Welcome Home Grant thru US Bank)
846 Blue Spruce Way (37912) Rehab	124,731	50,000	13,063	61,000 East TN Foundation	116,000	10,141
4714 Royal Prince Way (37912) Rehab	110,834	50,000	11,272	48,000 ETF East TN Foundation	92,000	25,000
4774 Forest Landing Way (37918) Rehab	90,813	25,000	64,900	0	82,000	7,717 (+ 5,000 Welcome Home Grant thru Pinnacle)
858 Blue Spruce Way (37912) Rehab	124,731	25,000	97,010	0	117,000	9,278
2924 Woodmont Road NE (37917) Rehab	135,884	25,000	89,193	22,000 East TN Foundation	120,000	9,414
(*)1116 Payne Road (37914) Rehab	133,885	25,000	41,885	67,000 East TN Foundation	124,000	9,183 (+ 5,000 Welcome Home Grant thru Pinnacle)
(*)2641 Summitt Avenue (37917) Rehab	112,990	25,000	55,990	32,000 East TN Foundation	105,000	7,802 (+ 5,000 Welcome Home Grant thru Pinnacle and 10,043 FAHE)

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

JANUARY 1, 2016 – DECEMBER 31, 2018

WITH IMPACT TOTALS FOR 2018 (With Asterisk*)

(Continued)

PROJECT ADDRESS	TOTAL DEVELOPMENT COSTS	CITY HOME FUNDS	ETHDC EQUITY	GAP FINANCING	SALES PRICE	DOWN PAYMENT ASSISTANCE SECURED FOR LOW INCOME BUYERS BY ETHDC
(*)2919 E Fifth Avenue (37914) Rehab	141,695	25,000	48,678	73,678 East TN Foundation	\$130,000	13,816 (+ 10,053.22 FAHE)
(*)3931 NE Kenilworth (37914) Rehab	146,363	25,000	95,050 (Pinnacle CITC also used a part of contribution)	26,313 East TN Foundation	132,000	24,238 (+ 10,053.22 FAHE)
(*)1613 LeConte Road (37914) Rehab	135,711	35,625	32,461	67,625 Home Trust Bank	125,000	8,959 (+ 10,046/22 FAHE)
3111 Washington Pike (37917) Rehab	101,051	35,625	15,496	49,930 Home Trust Bank	91,000	7,042
1615 Leconte Road (37914) Rehab	142,841	35,625	107,216 (Pinnacle CITC also used a part of contribution)	0	130,000	8,909
2018 IMPACT TOTALS, INDICATED BY (*)	918,805	206,875	55,612	316,138	837,000	\$79,949 (+\$10,000 in FHLB Grants and \$50,238 in additional loan funds secured by Pinnacle Bank)
CUMULATIVE TOTALS FOR LAST THREE YEAR PERIOD	1,758,252	552,878	702,139	501,575	1,677,400	\$183,663 (+\$20,000 in FHLB Grants secured by lenders and \$50,238 in additional loan funds secured by Pinnacle Bank)



Payne Avenue Home (North East Knoxville)



Kansas Slater with Melrose Title, City and Pinnacle



Summitt Avenue Home (East Knoxville)



Jim and Carl



East Fifth Avenue Home



Eleanor at Closing with Keely from Pinnacle Bank

Janna from the City and Jim and Sandra from ETHDC



Kenilworth Home (NE Knoxville)



Kibebbe and Charlotte at Closing



1615 LeConte Road



Frank at Closing with ETHDC, City and KCDC



Shemekia at Closing with Pinnacle, City and KCDC



1613 LeConte Road; Home before Rehab (put on new roof)



ETHDC staff
with home
buyer Frank at
the Closing,
along with
Janna from the
City and
Donathan from
Pinnacle Bank
-VA Loan



3111 Washington Pike

**ETHDC WISHES TO THANK ALL OUR SUPPORTERS,
FUNDERS, FRIENDS AND CLIENTS FOR OUR IMPACTS IN
2018**