



EAST TENNESSEE HOUSING DEVELOPMENT CORPORATION 2021 IMPACT REPORT

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 East Tennessee region.

Our primary focus is affordable homeownership as a powerful generational wealth building tool for low income residents. We also directly facilitate economic empowerment of low income residents through one-on-one financial mentoring, an activity which significantly shapes our work and contributes to successful outcomes for the beneficiaries of our program.

2021 AT A GLIMPSE

2021 continued to be a challenging year for affordable housing nationwide as Covid numbers continued to rise and fall, real estate prices continued to increase sharply in and around Knoxville and our existing housing inventory fell to record lows. ETHDC has worked closely with our funding partners and development team to best meet the needs of the many first-time homebuyers wanting to move into homeownership.

Because of our solid partnerships and the ongoing support that we receive, ETHDC was able to continue to empower prospective low-income borrowers to secure mortgage qualification and move into a home in their location of choice. The year finished with 6 homes rehabilitated for newly approved homebuyers. ETHDC also moved to purchase 2 affordable lots for new construction in the Lonsdale Community set to begin early in 2022.

Highlights

- * 6 Homes Rehabbed
- * 6 New Homeowners
- * Empowering low income homebuyers through CHOICE
- * Generational Wealth-building through Homeownership

CONTEXT FOR 2021 IMPACT STATEMENT

ETHDC has now completed 35 affordable housing projects, with 3 more under contract with mortgage-qualified homebuyers as we begin 2022. 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 throughout Knoxville, allowing us to serve more clients in a way that gave full choice of neighborhoods to our buyers throughout the City. 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. We have purchased, rehabilitated, and sold 25 homes to income qualified buyers.

Our intensive Home Buyer Mentoring Program remains a significant aspect of our work, resulting in a greater success in mortgage approvals for clients and eventual success in purchasing a home of their own. We directly assist each potential buyer qualify for a mortgage with a lender as they are able and help them move step by step through the homebuying process, on to closing and then to successfully maintaining their homes.

As existing home prices continued to rise rapidly throughout the City of Knoxville and Knox County in 2021 and the availability of homes on the market dropped to historic lows, ETHDC turned again to new construction before the end of the year to better help meet the existing housing demand.

ETHDC's 2021 STRATEGIC ACTIVITIES

While we continued to strengthen our Acquisition and Rehab Program to provide quality, affordable homeownership opportunities during the year, we also purchased two lots from the City's Homemaker Program to benefit new homebuyers in the Lonsdale Community. Homebuyer Mentoring remained our key support to our prospective homebuyers. ETHDC acquired, rehabilitated, and sold six homes to income qualified families and individuals and developed house plans for the two new builds as affordable, infill housing in the City.

Since 2019, ETHDC has received federal funds to develop homeownership projects from both the City of Knoxville and from the Tennessee Housing Development Agency (THDA). Our funds from THDA also allow us to develop projects throughout Knox County. In 2021, ETHDC developed homes in North, East and South Knoxville.

For every buyer, ETHDC has either helped secure down payment and closing cost assistance from the City or provided that direct assistance to our buyers ourselves when the project development was funded by THDA. 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 two families living in ETHDC-owned homes, providing a quality, affordable, energy efficient home. 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

ETHDC Affordable Housing program is significantly and purposefully designed to be client centered. Participation in our Homebuyer Mentoring Program is frequently cited the asset most valued by our clients. We clearly understand that 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 for themselves and the generations that follow.

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 and construction of our homes. New roofs, heating and air units, updated plumbing and electrical are all items often needing to be addressed in existing housing. Our intent is to provide a safe, affordable structure for the buyers, with no major investments for our buyers needed for at least the first five years. Upgrades to energy efficiency and visitability are made to every unit. Every new construction project is certified as Energy Star or greater, as well as fully visitable and accessible to those with disabilities.

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 both their health outcomes and educational attainment for themselves and their children.

Over the last several years, 22 of our homes have been purchased by Section 8 Voucher holders, making ETHDC very successful in serving clients with lower incomes than many affordable homeownership programs. ETHDC has played a major role in moving each of the 22 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 purchases possible.

ETHDC directly secured a total of **\$70,839** in Down Payment and Closing Cost Assistance from the City of Knoxville and from our own THDA proceeds for our homebuyers in projects completed or started during 2021. Cumulatively that amounts to **\$418,265** in assistance made by ETHDC or the City directly to the beneficiaries of our program.

Supporting our mentoring work in 2021 were US Bank, HomeTrust Bank and Regions Bank.

**DEMOGRAPHICS FOR ETHDC HOMEOWNERSHIP PROJECTS
FISCAL YEAR 2021 & CUMULATIVELY**

PROJECTS	Race/ Ethnicity	Section 8 Voucher Holder	Male/ Female Head of Household	Senior	Veteran	Disability
2021 TOTALS	6 Black	3	5 F 1 M	0	0	1
CUMULATIVE TOTOALS 2011 - 2021 (Cumulative totals include children)	55 Black 13 White 2 Other 3 Hispanic	22	15 F 10 M 10 M/F	6	3	17 (Number represents the adults; 3 children also have disabilities)

OTHER FINANCIAL/ECONOMIC IMPACTS

With the help of our funding and lending partners, ETHDC’s development activities have continued to make financial impacts in the Knox County during 2021. The total development impact of our homeownership projects in 2021 was **\$1,140,862**. This number represents the direct 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 construction contracts for a variety of small, minority and women subcontractors, contributing to the direct support and growth of these businesses over the last decade. **Since 2011, \$5,194,272 in development dollars have been spent by ETHDC to build new homes and to purchase and rehabilitate existing ones.**

This year, the homes represent **\$984,000** in sales value. Cumulatively, our homes represent **\$4,300,500** in sales, with resulting property taxes to the City and County as applicable.

ETHDC secured **\$353,496** in gap financing from our banking and foundation partners for direct project development that have helped make our work possible in 2021. These partners are Pinnacle Financial Partners (CITC Loan), HomeTrust Bank and the East Tennessee Foundation. Contributions of these three sources have resulted in a cumulative **\$2,007,923** 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.

FINANCIAL IMPACTS OF THE PROJECTS TO COMMUNITY AND BUYERS
SOURCES AND USES OF FUNDS FOR ETHDC HOMEOWNERSHIP PROJECTS
2021 TOTALS AND CUMULATIVE TOTALS

2021 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 2021 CALENDAR YEAR	1,140,862	572,456	181,247	353,496	984,000	70,839
CUMULATIVE TOTALS (2011 – 2021)	5,194,272	2,445,424	1,119,028	2,007,923	4,300,500 + 2 Rental homes valued at \$360,000	418,265

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 high demand throughout all sectors of the City and County, as well as in surrounding counties.

As the East Tennessee Region 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 for themselves and with their families.



2021 HOMEOWNERSHIP PROJECTS



