



EAST TENNESSEE HOUSING DEVELOPMENT CORPORATION 2022 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 on affordable homeownership as a powerful generational wealth building tool for low income residents. We 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.

2022 AT A GLIMPSE

Although 2022 continued to be a challenging year for affordable housing nationwide, ETHDC worked closely with our funding partners, lenders and development team to best meet the needs of low income homebuyers.

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 2 ETHDC rehabilitated homes sold, 2 homes newly constructed on City of Knoxville Homemaker Lots and sold to our buyers, plus 2 additional homes acquired for rehabilitation for affordable homeownership.

Highlights

- ✓ 2 Rehabilitated Homes Sold
- ✓ 2 New Construction Homes Built and Sold
- ✓ 2 Existing Homes Acquired for Rehab & construction begun

CONTEXT FOR 2022 IMPACT STATEMENT

ETHDC has now completed 38 affordable housing projects, with 2 more under construction as we begin 2023. In addition to completing 12 new construction projects in the Lonsdale neighborhood, a targeted redevelopment area in the City of Knoxville, ETHDC embraces the Acquisition and Rehab of existing homes throughout Knoxville and the County to expand our capacity to offer homeownership opportunities to the community.

By offering existing homes to our buyers, we are better able to give full choice of neighborhoods to our buyers throughout our service area. This change grew out of the consistent input from the potential beneficiaries of our program over a multi-year period to have greater options of what neighborhoods in which to purchase. Under this program, 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 both home prices and interest rates continued to rise throughout the City of Knoxville and Knox County, ETHDC turned again to new construction in 2022 to better help meet the existing demand for affordable homeownership.





ETHDC's 2022 STRATEGIC ACTIVITIES

While we continued to look for existing homes to provide quality, affordable homeownership opportunities during the year, we also purchased built and sold two new homes on lots purchased from the City's Homemaker Program. ETHDC sold four homes to income qualified families and individuals and purchased two existing homes in East Knoxville for rehabilitation as sustainable, affordable homeownership projects.

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 State also allow us to develop projects throughout Knox County.

Down Payment and Closing Cost Assistance is a must to make homeownership a possibility for low income buyers. For every buyer, ETHDC has either helped secure down payment and closing cost assistance from the City of Knoxville or provided that direct assistance to our buyers ourselves when the project development was funded by THDA. We continue to pursue additional options on behalf of our buyers to bring down the mortgage costs in the current, high-priced real estate environment.

Through our HOME Rental Program, we have continued to work with two families living in ETHDC-owned homes, providing quality, affordable, energy efficient homes. We worked with renters and our homeowners alike this year to help ensure housing stability and keep current in rent or mortgage payments during what has proven to be more difficult economic times for low income residents.

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 the actual design and quality construction of our homes. Roofing, heating and air units, plumbing and electrical systems are 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 constructed 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 and inequality, affecting both their health outcomes and educational attainment levels for themselves and their children.

Over the last several years, 24 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 homebuyers into greater our 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 contributed a total of \$57,047 in Down Payment and Closing Cost Assistance from our own THDA proceeds for our homebuyers in 2022. Cumulatively that amounts to \$418,265 in assistance made by ETHDC or the City directly to the beneficiaries of our homeownership program.

**DEMOGRAPHICS FOR ETHDC HOMEOWNERSHIP PROJECTS
FISCAL YEAR 2022 & CUMULATIVELY**

HOMEOWNERHSIP PROJECTS	Race/ Ethnicity	Section 8 Voucher Holder	Male/ Female Head of Household	Senior	Veteran	Disability
2022 TOTALS	9 Black	2	3 F 1 M	0	0	1
CUMULATIVE TOTOALS 2011 - 2021 (Cumulative totals include children)	64 Black 13 White 2 Other 3 Hispanic	24	18 F 11 M 10 M/F	6	3	18 (Number above represents the adults; 3 children also have disabilities)

Supporting our homebuyer mentoring work in 2022 were US Bank and Regions Bank.

OTHER FINANCIAL/ECONOMIC IMPACTS

With the help of our funding and lending partners, ETHDC's development activities have continued to make financial impacts throughout Knox County during 2022. The total development impact of our homeownership projects last year was **\$769,934**. Two additional homes were purchased and rehabilitation begun for an additional **\$442,435** total development costs added upon completion. This number represents the direct Acquisition and Rehabilitation or new construction cost of each home, as well as soft costs needed to develop the home for homeownership.

Together, these funds stimulate our local economy through costs through 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.

In 2022, the homes represent \$680,000 in sales value. Cumulatively, our homes represent \$4,300,500 in completed sales and result in adding newly improved properties taxes to the tax rolls of the City and County as applicable.

ETHDC secured \$200,288 in gap financing from our banking and foundation partners for direct project development that helped make our work possible in 2022. Our gap financing partners are **Pinnacle Financial Partners, 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 secure sources of revolving funds and trusted partners for needed development activity has significantly improved ETHDC’s ability to act quickly on potential projects.

FINANCIAL IMPACTS OF THE PROJECTS TO COMMUNITY AND BUYERS

**SOURCES AND USES OF FUNDS FOR ETHDC HOMEOWNERSHIP PROJECTS
2022 TOTALS AND CUMULATIVE TOTALS**

2022 PROJECTS:	TOTAL DEVELOPMENT COSTS	CITY OR THDA HOME FUNDS	ETHDC EQUITY	GAP FINANCING	SALES PRICE OF HOMES TO OUR BUYERS	DOWN PAYMENT & CLOSING COSTS SECURED OR MADE BY ETHDC
TOTALS FOR 2022 CALENDAR YEAR	769,934	544,885	27,358	200,288	680,000	57,047
CUMULATIVE TOTALS (2011 – 2022)	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 and new construction, 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 greatly needed by our community and in high demand throughout all sectors of the City and County.

As the East Tennessee Region grows in diversity, our outreach efforts have included organizations and churches that serve Hispanic and Latin populations, as well as the immigrant community overall. 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 and organizations which have programs serving residents who might qualify for affordable housing initiatives.

As mentioned earlier, ETHDC regularly utilizes the services of small business in our area and makes a special effort to especially reach out to minority and women owned enterprises to serve our clients or to bid on the construction of our projects.

The goal of our outreach efforts at ETHDC is to help facilitate the kind of equitable 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, and enjoy a better overall quality of life together.

