



HOME Beneficiary Report

Program Years 2006 – 2012

Introduction

The Tennessee Housing Development Agency (THDA) administers the U.S. Department of Housing and Urban Development's (HUD)'s HOME Program for the State of Tennessee to promote the production, preservation and rehabilitation of housing for low income households. The State of Tennessee's HOME funds are awarded for homeowner and rental projects through a competitive application process for cities, counties and non-profit organizations outside of local Participating Jurisdictions (PJs). Participating Jurisdiction designations are made by HUD and directly receive their own HOME allocations.

This report provides information regarding HOME allocations received by the State of Tennessee, the households served by the HOME Program and the activities completed between program years 2006 – 2012. A program year refers to the year in which the program was funded by HUD. HOME activities are required to be completed within five years of the date the State of Tennessee enters into a grant agreement with HUD; however, THDA limits its contracts with its sub-recipients to a three-year term. Only projects funded during program years 2008 and prior to 2008 are required to be complete at the time of this report and therefore are the only program years with complete beneficiary information. Program years 2010 – 2012 are still active, and only a portion of the projects have been completed. A number of projects funded in program year 2009 have extended contracts and are still active. As a result, only a portion of the beneficiary information is available for program years 2009 – 2012.

Despite recent decreases in funding, the State of Tennessee's HOME Program has made substantial contributions to affordable housing for low income Tennesseans. During the reporting period, HOME funds contributed to the completion of 1,756 housing units. Funding for the HOME program has decreased over the last five years, with the largest decrease reflected in the 2012 allocation. Tennessee received an allocation of \$9,924,071, which is a 35.6 percent decrease from the 2011 allocation and a 43 percent decrease from the 2010 allocation.

Recent Changes to the HOME Program

In addition to recent decreases in the federal allocation of HOME funds, the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55) imposed new requirements on projects receiving 2012 HOME funds. The law requires the following:

1. Participating Jurisdictions (PJs) must repay any HOME funds invested in a project that is not completed within four years of the date the funds are committed to a particular project. However, HUD may grant a one year extension if it is determined the failure to complete the project is beyond the control of the PJ.
2. PJs may only commit funds to a project after the project has been underwritten, the capacity and financial soundness of the developer assessed and the neighborhood market conditions are examined to ensure there is adequate need for the HOME project. The PJ must certify that each of these actions have been taken for each project.
3. Any homeownership unit that has not been sold to an eligible homebuyer within six months of completion of construction must be converted to a HOME rental unit.
4. PJs may only provide HOME funds to Community Housing Development Organizations (CHDOs) that have demonstrated they have experienced staff and development experience.

The above requirements are applicable to all projects receiving 2012 HOME funds. On December 16, 2011, HUD published a proposed regulation for the HOME Program intended to enhance performance and accountability. The proposed rule is expected to be made final in 2013. Upon publication of a final rule, the State of Tennessee will evaluate any changes that may be required of its program and allocate 2012 funds. At the time of this report, the State of Tennessee has not awarded its 2012 HOME funds to eligible applicants.

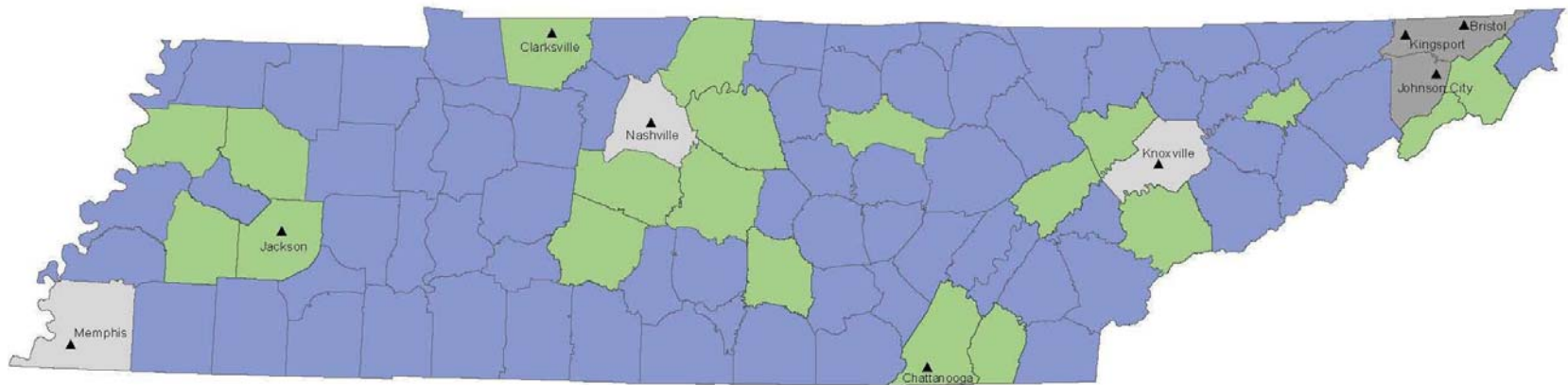
In anticipation of the changes to the 2012 HOME Program and a decrease in federal funding, the State of Tennessee completed a Substantial Amendment to the Five-Year State of Tennessee Consolidated Plan. Changes to the HOME Program included those requirements set forth in the Consolidated and Further Continuing Appropriations Act of 2012, as well as the following:

- Sixty-five percent of the total HOME funds available are reserved for eligible projects in rural and urban areas of the state, with urban areas receiving 44 percent and rural areas receiving 56 percent of the funding reserved for the urban/rural allocation.
- Ten percent of the total HOME funds available are reserved for supportive housing development, which is limited to rental activities and requires on-going, on-site services for persons with either permanent or temporary disabilities.
- The use of HOME funds is limited to the rehabilitation of existing structures. Reconstruction is no longer eligible homeowner in rehabilitation programs.

- The 25 percent cap on CHDO proceeds (the amount of HOME funds returned to a CHDO upon sale of a unit) that can be used for operating or administrative expenses is eliminated.

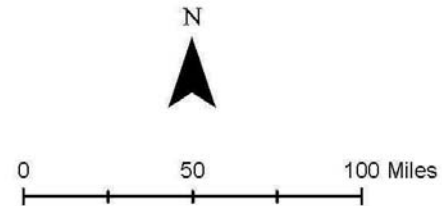
State of Tennessee HOME Program

The State of Tennessee’s HOME funds are made available to cities, counties and non-profit organizations outside of local Participating Jurisdictions (PJs) on a competitive basis. Current PJs, which receive their own HOME funds directly from HUD include: the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Johnson City, Bluff City, Kingsport, Sullivan County and Washington County, excluding the Town of Jonesborough) Chattanooga, Clarksville, Jackson, Knoxville, Memphis, Nashville-Davidson, Knox County and Shelby County.



Jurisdiction Type

- ▲ City Participating Jurisdiction
- County Participating Jurisdiction
- Northeast TN/VA Consortium Participating Jurisdiction
- THDA HOME Program Urban Allocation
- THDA HOME Program Rural Allocation



Please note: The consolidated Nashville-Davidson County metropolitan government participates as a single city jurisdiction.

HOME Allocations and Funds Available

Table 1 shows the federal HOME allocation for program years 2006 – 2012. Also represented is the year-to-year percent change in HOME funds over the reporting period. The HOME Program may reallocate recaptured funds or program income from one HOME program year to the next. The “Funds Made Available” column represents the federal allocation plus any reallocated funds resulting from program income or recaptured funds at the time of this report.

Table 1. Annual Allocations for the State of Tennessee’s HOME Program

| Year | Federal Allocation | Change from Previous Year’s Allocation | Funds Made Available | Units Completed |
|------|--------------------|--|----------------------|-----------------|
| 2012 | \$9,924,071 | -35.6% | To be determined | - |
| 2011 | \$15,406,004 | -11.8% | \$17,234,589 | 129* |
| 2010 | \$17,461,612 | -0.2% | \$19,359,980 | 143* |
| 2009 | \$17,502,657 | 11.3% | \$19,454,080 | 291* |
| 2008 | \$15,720,495 | -2.7% | \$18,879,848 | 362 |
| 2007 | \$16,158,053 | 0.7% | \$17,815,396 | 350 |
| 2006 | \$16,041,905 | -5.69% | \$18,169,527 | 481 |

*Program Years 2009 – 2012 are still active and only a portion of the units have been completed.

The distribution of HOME funds across Tennessee’s three grand divisions is represented in Table 2. During the reporting period, East Tennessee received the largest amount of HOME funds at 44 percent, followed by Middle Tennessee with 37 percent and West Tennessee with 19 percent. HOME funds are distributed regionally based on the eligible population, which accounts for the differences among the three divisions. The amounts do not include funds retained for the State’s administrative costs or funds that were uncommitted at the time of this report.

Table 2. HOME Program Funds by Grand Division

| Grand Division | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Cumulative |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| East | \$6,351,058 | \$7,783,368 | \$6,761,749 | \$8,679,784 | \$8,078,697 | \$5,775,195 | \$43,429,851 |
| Middle | \$5,371,105 | \$6,127,228 | \$6,391,513 | \$5,681,018 | \$5,553,957 | \$7,341,807 | \$36,466,628 |
| West | \$3,527,103 | \$1,983,725 | \$4,194,146 | \$2,646,426 | \$3,615,489 | \$2,464,059 | \$18,430,948 |
| Total | \$15,249,266 | \$15,894,321 | \$17,347,408 | \$17,007,228 | \$17,248,143 | \$15,763,061 | \$98,509,427 |

Distribution of HOME Funds by Funding Category

Through 2011, HOME funds were allocated based on three categories: Regional, Special Needs and Community Housing Development Organizations (CHDOs). Regional allocations were made to groups of counties that corresponded to Tennessee’s nine Development Districts. These allocations were made based upon the regional distribution of low income households outside of local PJs and accounted for 65 percent of THDA HOME funds available. Special Needs projects included housing designed for persons with an unusual need due to a condition that can be either a permanent or temporary disability. Ten percent of the available funds were reserved for applicants proposing special needs projects. As federally mandated, 15 percent of the total allocation is reserved for CHDOs. Table 3 represents the distribution of HOME funds across each of the program categories (Regional, Special Needs and CHDO) for program years 2006 – 2011. The amounts do not include funds retained for the State’s administrative costs or funds that were uncommitted at the time of this report.

Table 3. HOME Program Funds by Category

| Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Cumulative Totals |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|
| CHDO | \$2,200,812 | \$2,952,667 | \$2,226,815 | \$2,818,941 | \$2,567,817 | \$2,720,369 | \$15,487,421 |
| Special Needs | \$2,324,013 | \$1,598,729 | \$1,175,751 | \$729,768 | \$1,540,824 | \$656,249 | \$8,025,334 |
| Regional | \$10,724,441 | \$11,342,925 | \$13,904,841 | \$13,458,519 | \$13,139,502 | \$12,386,443 | \$74,956,671 |
| Total | \$15,249,266 | \$15,894,321 | \$17,347,408 | \$17,007,228 | \$17,248,143 | \$15,763,061 | \$98,509,427 |

In 2012, the Regional Allocation, which comprises 65 percent of the total HOME funds available, became the Urban/Rural Allocation. Forty-four percent of the funds will be available to urban counties, which include: Anderson, Blount, Bradley, Carter, Coffee, Dyer, Gibson, Hamilton, Hamblen Haywood, Madison, Maury, Montgomery, Putnam, Roane, Rutherford, Sumner, Unicoi, Williamson and Wilson. All other counties, excluding the PJs that receive their own HOME funds directly from HUD, are considered rural and will receive 56 percent of the funds available in the Urban/Rural Allocation. The Special Needs category became the Supportive Housing Development category and requires on-going, on-site services for persons with a disability that is either permanent or temporary. Ten percent of the total HOME funds available will be reserved for the Special Needs category. Fifteen percent of the total allocation is still reserved for CHDOs.

At the time of this report, the 2012 HOME funds had not been awarded. Therefore, a breakdown of the allocation by category is not available.

HOME Activities

The HOME Program funds various activities ranging from rehabilitating single family homes and manufactured housing, to homeownership activities, to creating or improving supportive needs rental housing. Recipients of HOME funds are able to tailor programs and funding to the unique needs of each county. For reporting purposes, HOME activities are grouped under one of five broad categories including: rehabilitation, new construction, acquisition only, acquisition and rehabilitation and acquisition and new construction. Rehabilitation activities are homeowner or rental projects, while the remaining categories are either rental or homebuyer projects. Table 4 shows the distribution of activities for program years 2006 – 2011.

Table 4. HOME Projects by Activity Type

| Program Year | Rehabilitation Only | New Construction Only | Acquisition Only | Acquisition and Rehabilitation | Acquisition and New Construction | Grand Total |
|---------------------|----------------------------|------------------------------|-------------------------|---------------------------------------|---|--------------------|
| 2006 | 232 | 40 | 167 | 9 | 33 | 481 |
| 2007 | 222 | 43 | 61 | 12 | 12 | 350 |
| 2008 | 263 | 23 | 48 | 14 | 14 | 362 |
| 2009 | 225 | 36 | 1 | 13 | 16 | 291 |
| 2010 | 111 | 17 | 6 | 7 | 2 | 143 |
| 2011 | 75 | 34 | 8 | 9 | 3 | 129 |
| Total | 1,128 | 193 | 291 | 64 | 80 | 1,756 |

Rehabilitation

During the reporting period, out of the 1,756 projects completed, 1,128 (64 percent) were rehabilitation only projects. Of these, 1,118 were homeowner rehabilitation projects and ten were rental rehabilitation projects. In general, the majority of rehabilitation work is homeowner rehabilitation.

New Construction

Out of the 1,756 projects completed during the reporting period, 193 (11 percent) of the total projects were new construction only. The majority of new construction projects (70 percent) were rental units, followed by homeownership projects (30 percent). New construction projects were completed for each program year during the reporting period.

Acquisition Only

Two hundred and ninety one projects (17 percent) of the total projects are categorized as acquisition only projects. Among the acquisition projects, 268 (92 percent) were homeownership projects and 23 (eight percent) were for rental projects.

Acquisition and Rehabilitation

Out of the 1,756 projects, 64 included acquisition and rehabilitation. Forty-three of the 64 were rental projects and the other 21 were homeownership projects. Acquisition and rehabilitation activities occurred every program year for the reporting period.

Acquisition and New Construction

An additional 80 projects included acquisition and new construction. Sixty-one were rental projects and 19 were homeownership projects.

HOME Activities by Grand Division

During the reporting period, the majority of HOME activities took place in East Tennessee (46 percent), followed by Middle Tennessee (34 percent) and West Tennessee (20 percent). Based on the allocation and eligible population for each grand division, the number of units is generally proportionate to the allocation of funds received by each grand division.

Table 5. HOME Activities by Grand Division

| Grand Division | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Grand Total |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| East | 198 | 181 | 129 | 149 | 82 | 67 | 806 |
| Middle | 163 | 119 | 143 | 96 | 39 | 40 | 600 |
| West | 120 | 50 | 90 | 46 | 22 | 22 | 350 |
| Grand Total | 481 | 350 | 362 | 291 | 143 | 129 | 1,756 |

Details of HOME Beneficiaries

During the reporting period, 1,756 households were assisted with the State of Tennessee’s HOME funds. Beneficiaries of HOME funds must be low or very low income households. THDA provides income determination guidelines to grantees to ensure all recipients of HOME funds meet income limits. The income of HOME beneficiaries and other demographics for projects funded between 2006 and 2011 are included in the sections below. In 2009, two units were reported as vacant and in 2011, one unit was reported as vacant. Because beneficiaries have not been identified for the three vacant units, no household, income or race/ethnicity data are available.

Household Characteristics

The category of households receiving HOME assistance during the reporting period most frequently are single non-elderly households, followed closely by elderly households. One person households were served more frequently than any other size of household during the reporting period. Together, households with a single or elderly head of household comprised nearly 63 percent of HOME Beneficiaries during the reporting period.

Table 6. Household Size of HOME Beneficiaries by Household Type

| Household Size | Single, Non-Elderly | Elderly | Related/ Single Parent | Related/ Two Parent | Other | Vacant | Grand Total |
|-----------------------|----------------------------|----------------|-------------------------------|----------------------------|--------------|---------------|--------------------|
| 1 | 418 | 301 | 4 | 2 | 4 | - | 729 |
| 2 | 67 | 164 | 81 | 20 | 74 | - | 406 |
| 3 | 42 | 40 | 104 | 65 | 31 | - | 282 |
| 4 | 18 | 19 | 41 | 75 | 27 | - | 180 |
| 5 | 14 | 13 | 18 | 36 | 14 | - | 95 |
| 6 | 2 | 3 | 4 | 17 | 7 | - | 33 |
| 7 | 2 | 3 | 3 | 9 | 3 | - | 20 |
| 8 | 1 | 1 | - | 4 | 2 | - | 8 |
| Grand Total | 564 | 544 | 255 | 228 | 162 | 3 | 1,756 |

Income and Other Forms of Assistance

Very low income households are defined as those households whose annual income is 50 percent or less of the area median income (AMI) for the county in which the household resides. Low income households are defined as those households whose annual income is between 50 percent and 80 percent of the AMI for the county in which the household resides.

Out of the 1,756 households receiving HOME assistance between 2006 and the time of this report, nearly 56 percent were very low income and 44 percent were low income households. The number of very low income households served by the HOME Program for the reporting period has increased since the 2011 HOME Beneficiary Report. Between program years 2005 – 2011, 48 percent of the HOME Program beneficiaries were very low income and 52 percent were low income. Table 7 shows the number of very low and low income households served during program years 2006 – 2011.

Table 7. Distribution of HOME Program Beneficiaries by Income

| Household Type | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | | 2011 | | Total | |
|------------------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|--------------|-------------|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| Very Low Income | 254 | 53% | 179 | 51% | 190 | 52% | 186 | 64% | 89 | 62% | 80 | 62% | 978 | 55.7% |
| Low Income | 227 | 47% | 171 | 49% | 172 | 48% | 103 | 35% | 54 | 38% | 48 | 37% | 775 | 44.1% |
| Vacant | - | - | - | - | - | - | 2 | 1% | - | - | 1 | 1% | 3 | 00.2% |
| Total | 481 | 100% | 350 | 100% | 362 | 100% | 291 | 100% | 143 | 100% | 129 | 100% | 1,756 | 100% |

During the reporting period, occupants of rental units were more likely to be very low income than occupants of owner occupied units. Eighty-four percent of tenants were very low income, while 16 percent of tenants were low income. Fifty percent of homeowners were very low income and the other 50 percent were low income.

Rental assistance is the only type of assistance reported for the HOME Program. Other forms of assistance possibly received by homeowners are not included in HOME beneficiary data. The majority of households receiving HOME assistance do not receive any other federal, state or local rental assistance. Out of the 271 HOME projects receiving funds for rental activities, only 36 of the current tenants received Section 8 rental assistance and 21 received some other form of federal, state or local rental assistance.

Race/Ethnicity

Race and ethnicity data for the HOME Program is determined by the race or ethnicity of the head of household. The majority of HOME beneficiaries are Non-Hispanic White, followed by Black/African American. The breakdown of HOME beneficiaries by race and ethnicity is provided in the table below.

Table 8. HOME Beneficiaries by Race and Ethnicity

| Program Year | White | | Black/ African American | | Other Multi-Racial | | Hispanic | | Vacant | Grand Total |
|--------------------|--------------|--------------|-------------------------|--------------|--------------------|-------------|-----------|-------------|----------|--------------|
| | N | % | N | % | N | % | N | % | | |
| 2006 | 381 | 79.2% | 100 | 20.8% | 0 | 0.0% | 7 | 1.5% | 0 | 481 |
| 2007 | 292 | 83.4% | 57 | 16.3% | 1 | 0.3% | 5 | 1.4% | 0 | 350 |
| 2008 | 296 | 81.8% | 64 | 17.7% | 2 | 0.6% | 1 | 0.3% | 0 | 362 |
| 2009 | 207 | 71.1% | 80 | 27.5% | 2 | 0.7% | 5 | 1.7% | 2 | 291 |
| 2010 | 120 | 83.9% | 20 | 14.0% | 3 | 2.1% | 3 | 2.1% | 0 | 143 |
| 2011 | 101 | 78.3% | 27 | 20.9% | 0 | 0.0% | 0 | 0.0% | 1 | 129 |
| Grand Total | 1,397 | 79.6% | 348 | 19.8% | 8 | 0.5% | 21 | 1.2% | 3 | 1,756 |

A large percentage of HOME Beneficiaries are Non-Hispanic White (79.6 percent). This percentage is fairly consistent with the proportion of White households who are low income with housing problems in Tennessee. Housing problems are defined as spending more than 30 percent of household income on housing, lacking kitchen/plumbing facilities or overcrowding. According to 2005 – 2009 CHAS data, approximately 84.9 percent of the households who are low income and have housing problems in the areas covered by the State’s HOME Program are White, while 10 percent are Black/African American and 3.6 percent are Hispanic. HOME funds are being used fairly proportionately, based on race and ethnicity, to the low income households with housing problems in Tennessee. Hispanic and White households are slightly underserved when the use of HOME funds is compared to CHAS data.

Over 283,000 households in the areas covered by the State’s HOME Program are low income and fit the criteria for having housing problems according to the CHAS data. The HOME program is designed to help those most in need, including those households who are low income with

housing problems. While assistance to 1,756 households is substantial, the HOME program will continue to target funds to promote the production, preservation and rehabilitation of housing for low income households in Tennessee.