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THDA HOME Beneficiary Report

July 1, 2012 – June 30, 2013

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HOME BENEFICIARY REPORT

JULY 1, 2012 – JUNE 30, 2013

EXECUTIVE SUMMARY

The 2013 HOME Beneficiary Report provides information regarding HOME allocations received by the State of Tennessee, the activities completed with HOME funding, and the households served by the HOME Program.

General Data:

- Tennessee received an allocation of \$9.5M in 2013, which is a 4.5 percent decrease from the 2012 allocation of \$9.9M and a 38.5 percent decrease from the 2011 allocation of \$15.4M.
- During the reporting period, THDA allocated \$2.6M of 2012 Program Year funds to Community Housing Development Organizations (CHDOs) across the state. The remaining 2012 funds, along with the 2013 funds, are not yet allocated.

Activities Data:

- During FY 2012-13, 310 HOME Projects were completed. Sixty-four percent of these projects were rehabilitation only projects and 24 percent were new construction. The remaining 12 percent is a combination of Acquisition, Acquisition and Rehabilitation, and Acquisition and New Construction.
- Forty-six percent of the projects were completed in East Tennessee, 45 percent of the projects were completed in Middle Tennessee, and the remaining nine percent were completed in West Tennessee.

Beneficiary Data:

- During FY 2012-13, 308 households reported beneficiary data. Thirty-two percent of these households are categorized as Single/Non-Elderly and 31 percent are Elderly. The remaining 37 percent of households are a combination of Related/Single Parent, Related/Two Parent, and Other.
- Sixty-seven percent of the beneficiaries are very low-income households.
- Seventy-one percent of households are owner occupied while the remaining 29 percent are renter occupied.
- Seventy-eight percent of the households are reported as White, 21 percent are Black/African American, and less than one percent is reported as Other Multi-Race. Additionally, one household is reported as Hispanic.

HOME BENEFICIARY REPORT

JULY 1, 2012 – JUNE 30, 2013

INTRODUCTION

The U.S. Department of Housing and Urban Development's (HUD) HOME program is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. The HOME program is implemented through state and local governments called participating jurisdictions or "PJs". PJs may be states or units of general local government, including consortia and urban counties. The Tennessee Housing Development Agency (THDA) administers the 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 PJs which receive their own HOME allocations directly from HUD.

This report provides information regarding HOME allocations received by the State of Tennessee, the households served by the HOME Program, and the activities completed with funding from program years 2007 – 2012¹. HOME activities are required to be completed within four 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. Therefore, program years 2011 – 2013 are still active as well as a number of projects funded from program year 2010 with extended contracts. As a result, the number completed units and the beneficiary data available for program years 2010 – 2013 is reported as of June 30, 2013 and does not represent the final number of units or total beneficiary data from projects resulting from those program years.

Funding for the HOME program has decreased over the last four years, with the largest decrease reflected in the 2012 allocation. Tennessee received an allocation in 2013 of \$9,474,797, which is a 4.5 percent decrease from the 2012 allocation and a 38.5 percent decrease from the 2011 allocation. Despite recent decreases in funding, the State of Tennessee's HOME Program has made substantial contributions to affordable housing for low income Tennesseans. During FY 2012-13, HOME funds contributed to the completion of 310 housing units.

RECENT CHANGES TO THE HOME PROGRAM

HUD published a Final Rule in the Federal Register on July 24, 2013 to amend the HOME Investment Partnerships (HOME) Program regulations. The OneCPD Resource Exchange highlights the changes of the 2013 HOME Final Rule below:

¹ A program year refers to the year in which the program was funded by HUD and follows the federal fiscal year cycle, which is October 1st through September 30th. THDA reports HOME activities and beneficiary data based on the state's fiscal year cycle, which is July 1st through June 30th. Throughout this report, FY 2012-13 will refer to the state's fiscal cycle, July 1, 2012 – June 30, 2013.

“The 2013 Rule contains many new provisions and changes that will have substantive and broad-based impact on how participating jurisdictions administer HOME activities. The 2013 Rule also codifies existing policy guidance that has been previously issued by HUD, and addresses a number of technical and non-substantive “housekeeping” items within the HOME regulation.

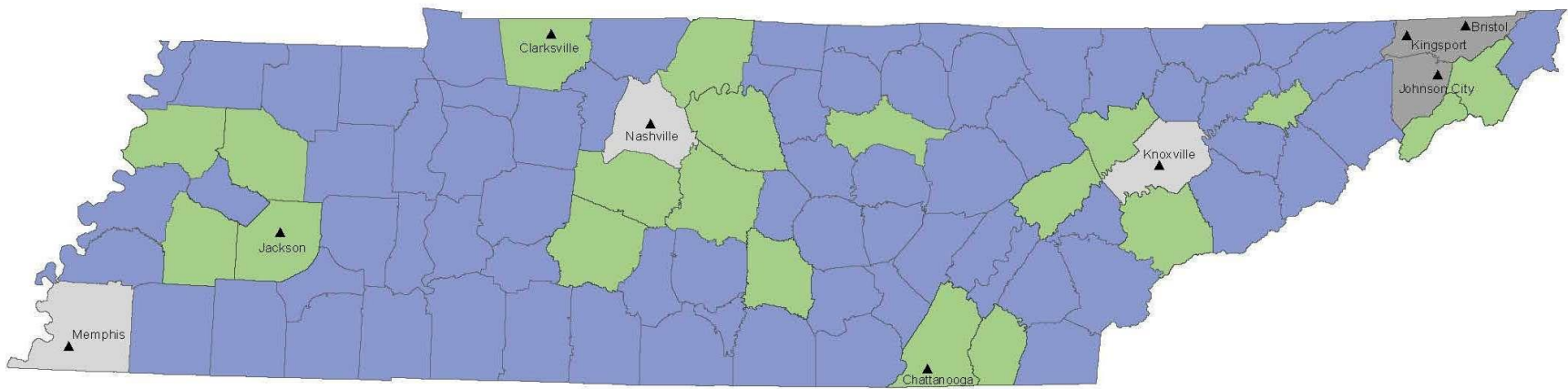
The key substantive changes in the regulation are intended to:

- Accelerate the timely production and occupancy of assisted housing,
- Strengthen the performance of PJs and their partners in production and preserving affordable housing units,
- Provide PJs with greater flexibility in the design and implementation of their programs, and
- Increase administrative transparency and accountability.”²

STATE OF TENNESSEE HOME PROGRAM

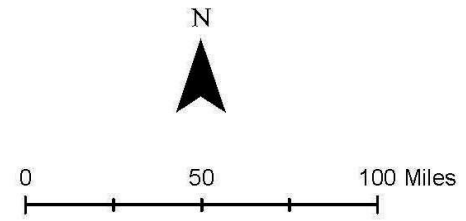
The State of Tennessee’s HOME funds are made available to cities, counties and non-profit organizations outside of local Participating Jurisdictions (PJs) on a competitive basis. Current PJs which receive their own HOME funds directly from HUD include: the Northeast Tennessee/Virginia Consortium (the 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. Figure 1 on the following page shows the State of Tennessee by jurisdiction type.

² Details of the changes to the HOME rule can be found on OneCPD Resource Exchange’s website: <https://www.onecpd.info/home/home-final-rule/highlights-of-the-changes-in-the-home-final-rule/>.



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.

Figure 1. Tennessee Counties by Jurisdiction Type

HOME ALLOCATIONS AND FUNDS AVAILABLE

Table 1 shows the federal HOME allocation for program years 2007 – 2013. The table additionally shows 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	Additional Units Completed	Cumulative Units
2013	\$9,474,797	-4.5%	To be determined	-	-
2012	\$9,924,071	-35.6%	\$10,883,072	-	-
2011	\$15,406,004	-11.8%	\$17,517,430	150*	199*
2010	\$17,461,612	-0.2%	\$19,470,994	82*	205*
2009	\$17,502,657	11.3%	\$19,454,080	70	308
2008	\$15,720,495	-2.7%	\$18,879,848	-	362
2007	\$16,158,053	0.7%	\$17,815,396	8	350

*Program Years 2010 – 2013 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 with 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’ allocations. The allocation 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	2007	2008	2009	2010	2011	2012	Cumulative
East	\$7,783,368	\$6,761,749	\$8,246,214	\$7,265,034	\$6,996,552	\$704,288	\$37,757,205
Middle	\$6,127,228	\$6,391,513	\$5,883,410	\$6,875,284	\$6,114,229	\$500,000	\$31,891,664
West	\$1,983,725	\$4,194,146	\$2,865,039	\$2,973,828	\$2,641,850	\$1,400,256	\$16,058,844
Total	\$15,894,321	\$17,347,408	\$16,994,663	\$17,114,146	\$15,752,631	\$2,604,544	\$85,707,713

DISTRIBUTION OF HOME FUNDS BY FUNDING CATEGORY

Through 2012, 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 75 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 a 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 2007 – 2012. At the time of this report, only funding for CHDOs have been allocated for 2012. The funding amounts in the table below 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	2007	2008	2009	2010	2011	2012	Total
CHDO	2,952,667	2,226,816	2,818,941	2,643,432	2,720,369	2,604,544	15,966,768
Special Needs (Supportive Housing Dev)	1,598,729	1,175,751	1,005,349	1,534,953	656,249	-	5,971,031
Regional (Urban/Rural)	11,342,925	13,904,841	13,170,373	12,935,761	12,376,013	-	63,729,913
Total	15,894,321	17,307,408	16,994,663	17,114,146	15,752,631	2,604,544	85,667,712

In 2012, the Urban/Rural Allocation replaced the Regional Allocation, which comprises 75 percent of the total HOME funds available. Forty-four percent of the Urban/Rural Allocation funds will be available to urban counties and 56 percent will be available to rural counties.³ Additionally in 2012, 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 Supportive Housing Development category. Fifteen percent of the total allocation is still reserved for CHDOs.

At the time of this report, the 2013 HOME funds have not been awarded and only the CHDO allocations for 2012 HOME funds have been awarded. Therefore, a breakdown of the allocations by category is not complete for 2012 and not available for 2013.

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 the program to support 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 completed activities during FY 2012-13

³ Urban counties 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 counties.

and the program years from which they were originally funded. Table 5 shows the total number of activities completed with funding from each specified program year.

Table 4. HOME Projects Completed during FY 2012-13 by Activity Type and Program Year

Program Year	Rehabilitation Only	New Construction Only	Acquisition Only	Acquisition and Rehabilitation	Acquisition and New Construction	Total
2007	-	-	-	-	8	8
2008	-	-	-	-	-	-
2009	46	23	-	1	-	70
2010	51	14	1	1	15	82
2011	98	36	7	1	8	150
Total	195	73	8	3	31	310

Table 5. Cumulative HOME Projects Completed by Activity Type and Program Year

Program Year	Rehabilitation Only	New Construction Only	Acquisition Only	Acquisition and Rehabilitation	Acquisition and New Construction	Total
2007	222	43	61	12	12	350
2008	263	23	48	14	14	362
2009	235	43	1	13	16	308
2010	149	28	6	7	15	205
2011	132	37	12	9	9	199
Total	1,001	174	128	55	66	1,424

Rehabilitation

A total of 195 rehabilitation only projects were completed during FY 2012-13 and accounts for 64 percent of all projects completed during FY 2012-13. Rehabilitations include the reconstruction of a substandard units under HOME. Of the 195 rehabilitation projects completed, 194 were homeowner rehabilitation projects and one project was for rental rehabilitation.

New Construction

A total of 73 new construction only projects were completed during FY 2012-13 and accounts for 24 percent of all projects. Of the 73 new construction projects completed, 59 of the projects were rental units while the remaining 14 were homeownership projects.

Acquisition Only

A total of eight acquisition only projects were completed during FY 2012-13. All of the acquisition only projects were homeownership projects.

Acquisition and Rehabilitation

Three acquisition and rehabilitation projects were completed during the fiscal year. Two of the projects were rentals and the remaining one was a homeownership project.

Acquisition and New Construction

A total of 31 projects included acquisition and new construction, and it accounts for 10 percent of the total projects completed during FY 2012-13. Twenty-nine of the acquisition and new construction projects were rentals while the remaining two were homeownership projects.

HOME ACTIVITIES BY GRAND DIVISION

During FY 2012-13, the majority of completed HOME activities took place in East and Middle Tennessee. Of the total projects (310) completed, 46 percent occurred in East Tennessee, 45 percent occurred in Middle Tennessee and nine percent took place in West Tennessee. 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 6 shows the completed projects per grand division in FY 2012-13 by grand division. Table 7 shows the cumulative total activities completed from each program year and in each of the grand divisions.

Table 6. HOME Activities Completed in FY 2012-13 by Grand Division and Program Year

Grand Division	2007	2008	2009	2010	2011	Grand Total
East	-	-	37	29	76	142
Middle	8	-	31	45	57	141
West	-	-	2	8	17	27
Grand Total	8	-	70	82	150	310

Table 7. Cumulative HOME Activities Completed by Grand Division and Program Year

Grand Division	2007	2008	2009	2010	2011	Grand Total
East	177	131	152	103	88	651
Middle	132	144	104	75	81	536
West	41	87	52	27	30	237
Grand Total	350	362	308	205	199	1,424

DETAILS OF HOME BENEFICIARIES

During FY 2012-13, 308 households were assisted with the State of Tennessee's HOME funds. Two of the 310 completed units during FY 2012-13 were reported as vacant; therefore, beneficiary data is only applicable for the 308 occupied units. 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 2007 and 2012 are included in the sections below.

HOUSEHOLD CHARACTERISTICS

The majority of households that received HOME assistance during the reporting period were 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 63 percent of HOME Beneficiaries during FY 2012-13. Table 8 shows the beneficiary household sizes and types for activities completed during FY 2012-13. Table 9 shows the cumulative beneficiary characteristics from all completed activities with funding from Program Years 2007 through 2012.

Table 8. Household Size of HOME Beneficiaries in FY 2012-13 by Household Type

Household Size	Single, Non-Elderly	Elderly	Related/ Single Parent	Related/ Two Parent	Other	Grand Total
1	72	48	1	-	-	121
2	12	31	13	3	9	68
3	8	9	29	8	3	57
4	4	3	12	17	3	39
5	4	-	5	5	1	15
6	-	3	2	3	-	8
Grand Total	100	94	62	36	36	308

Table 9. Cumulative Data on Household Size of HOME Beneficiaries by Household Type

Household Size	Single, Non-Elderly	Elderly	Related/ Single Parent	Related/ Two Parent	Other	Grand Total
1	983	1,026	6	11	11	2,037
2	138	469	301	79	205	1,192
3	109	89	368	278	69	913
4	51	38	134	228	61	512
5	24	26	60	129	26	265
6	5	10	28	43	12	98
7	2	3	6	15	7	98
8	2	4	1	5	3	15
Grand Total	1,314	1,665	904	788	394	5,065

INCOME, OCCUPANCY TYPE AND OTHER FORMS OF ASSISTANCE RECEIVED

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 308 occupied households receiving HOME assistance during FY 2012-13, 67 percent were very low-income and 33 percent were low-income households. The number of very low-income households served by the HOME Program continues to increase. During FY 2011-12, only 62 percent of occupied households receiving HOME assistance were very low-income. As seen from the tables below, the percentage of very low-income households served by the HOME program during FY 2012-13 has increased compared to the cumulative totals over the last 6 program years. Table 10 shows the number of very low- and low-income households served during FY 2012-13. Table 11 shows the cumulative total of beneficiaries served from Program Years 2007 through 2012.

Table 10. Distribution of HOME Program Beneficiaries in FY 2012-13 by Income

Beneficiary Income	Number of Households	Percentage of Households
Very Low-Income	205	67%
Low-Income	103	33%
Total	308	100%

Table 11. Cumulative Distribution of HOME Program Beneficiaries by Income

Beneficiary Income	Number of Households	Percentage of Households
Very Low-Income	3,144	62%
Low-Income	1,921	38%
Total	5,065	100%

During FY 2012-13, 29 percent of the units were occupied by renters and 71 percent of the units were occupied by owners. Eighty-eight percent of renter occupied units were occupied by very low-income households while 58 percent of the owner occupied households were very low-income. In general, a greater percentage of rental units are occupied by very low-income households than owner occupied units. Table 12 shows the distribution of tenant type by income level during FY 2012-13. Table 13 show the cumulative data for units funded from Program Years 2007 through 2012.

Table 12. Distribution of HOME Program Beneficiaries in FY 2012-13 by Tenant Type & Income

Tenant Type	Very Low-Income HHS	Low Income HHS	Total
Renter	79	11	90
Owner	126	92	218
Total	205	103	308

Table 13. Cumulative Distribution of HOME Program Beneficiaries by Tenant Type & Income

Tenant Type	Very Low-Income HHs	Low Income HHs	Total
Renter	1,317	279	1,596
Owner	1,827	1,642	3,469
Total	3,144	1,921	5,065

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. Of the 90 renter occupied units receiving HOME funds, 77 percent of the households do not receive any federal, state or local rental assistance. Of the remaining 33 percent of renter occupied units receiving HOME funds, 14 households received Section 8 rental assistance and nine households received some other form of federal, state or local rental assistance.

RACE AND 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 tables below. Table 14 shows the race and ethnicity for HOME beneficiaries during FY 2012-13. Table 15 shows the cumulative race and ethnicity data for all HOME beneficiaries from Program Years 2007 through 2012.

Table 14. HOME Beneficiaries in FY 2012-13 by Race and Ethnicity

Race		Number	Percentage
	White	241	78%
	Black/African American	66	21%
	Other Multi-Race	1	<1%
	Total	308	100%
Ethnicity		Number	Percentage
	Hispanic	1	<1%

Table 15. Cumulative HOME Beneficiaries by Race and Ethnicity

Race		Number	Percentage
	White	4,007	79%
	Black/African American	1,021	20%
	Asian	9	<1%
	American Indian/Alaskan Native	6	<1%
	Native Hawaiian/Other Pacific Islander	1	<1%
	American Indian/Alaskan Native and White	2	<1%
	American Indian/Alaskan Native and Black/African American	1	<1%
	Other Multi-Race	18	<1%
	Total	5,065	100%
Ethnicity		Number	Percentage
	Hispanic	63	<1%

Data from FY 2012-13 and the cumulative data show that a majority of HOME Beneficiaries are Non-Hispanic White. This percentage is fairly consistent with the proportion of low-income White households 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 2006 – 2011 CHAS data, approximately 88 percent of the households who are low-income and have housing problems in areas covered by the state’s HOME Program are White, while 10 percent are Black/African American and two percent are other races. Two percent of the population is identified as Hispanic. The allocation of HOME funds are fairly proportional, based on race and ethnicity, to the low-income households with housing problems in Tennessee, although Hispanic and White households are slightly underserved compared to CHAS data.

CONCLUSION

Over 172,000 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. Prior HOME funds have contributed to assisting an additional 308 households in FY 2012-13. Although this number of 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.