

2009

Tennessee Housing Market at a Glance



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Tennessee Housing Trends

In today's housing climate, both Tennessee's and the nation's housing markets have sustained blows in the form of substantial foreclosures, declining home prices and weakened sales. However, when individual markets are examined, the picture is more varied. Within Tennessee, some markets are still weak while others have maintained some strength. This book is intended to provide a current picture of several elements of the housing market in Tennessee.

Tennessee has experienced price declines in most markets, with a depreciation of 3.89 percent on average from second quarter 2008 to second quarter 2009. The Memphis and Nashville markets have seen consistent declines in prices over these quarters. Other markets like Kingsport-Bristol have not experienced declines and are still experiencing appreciation in prices.

Declines in home prices have significant implications for the foreclosure rates and the recovery prospects in the housing market. The causal relationship between home prices and foreclosure is two-directional. Declining home prices cause borrowers' equity to fall. If equity falls to low or negative levels, borrowers may be more likely to default or walk away and be less able to refinance an unmanageable mortgage. Therefore, as home prices decline, foreclosures will increase. Additionally, the increase in foreclosures will further depress already declining home prices by increasing the inventory of homes. Holders of foreclosed properties may be willing to accept lower prices, leading to further declining prices in the market.

From an affordability standpoint, declining prices improve affordability for those entering the housing market for the first time. With the help of declining prices, lower mortgage interest rates and increasing wages in select occupations, housing affordability improved for some MSAs, while affordability still remained a problem for some service sector jobs.

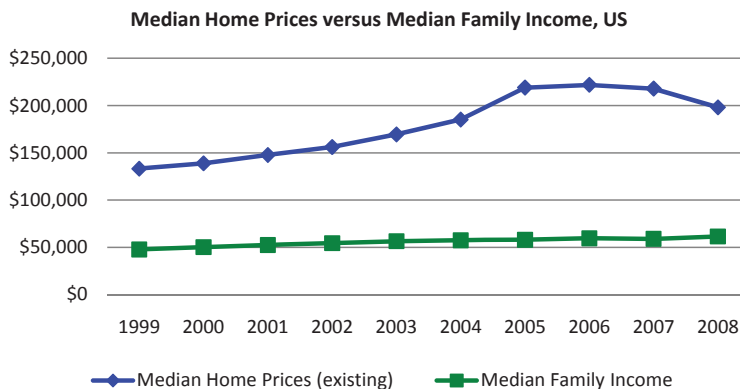
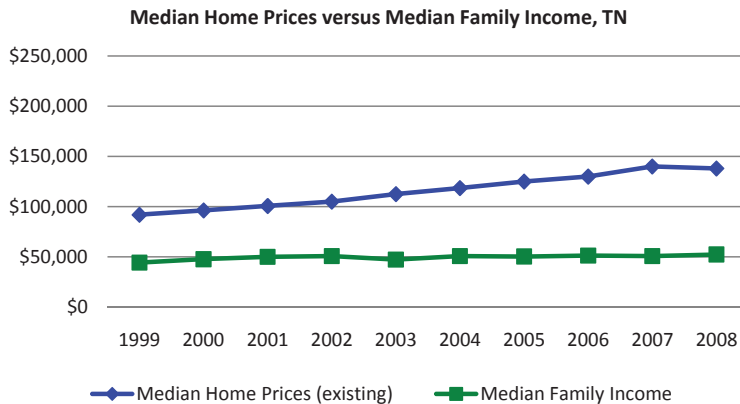
Foreclosures are still on the rise in Tennessee. In the second quarter of 2009, Tennessee reported 10,477 foreclosure filings, a one percent increase from the previous quarter (Q1_09). There was one foreclosure filing for every 260 households, which puts Tennessee in 21th place in the nation. Within the State, Shelby County ranked as number one among all counties in Tennessee both in terms of ratio (1 foreclosure filings for every 106 households) and in terms of total number of foreclosure filings (3,769 foreclosure filings).

Tennessee Housing Development Agency (THDA) offers a variety of programs to alleviate housing problems that Tennesseans face. These programs range from homelessness services, low income housing tax credits, mortgage and down payment assistance, and homebuyers education. Information on THDA programs can be found at the back of this book and at www.thda.org.

Home Prices

Home Prices vs. Median Income

In 2008, median home prices in Tennessee for existing homes declined by one percent compared to the prior year, breaking the steadily increasing home price trend of the past 10 years. From 1999-2008, while home prices increased by 50 percent, median family income increased by just 18 percent. This caused the gap between median home prices and median family incomes to widen. This made the average home cost further out of reach of a median earning household. During the same years, the U.S. experienced a similar trend with two differences. First, the gap between median family income and median home prices was wider. Second, national home price increases accelerated from 2003 until 2006 when prices reached a peak and started declining, whereas Tennessee saw the first price decline in 2008.

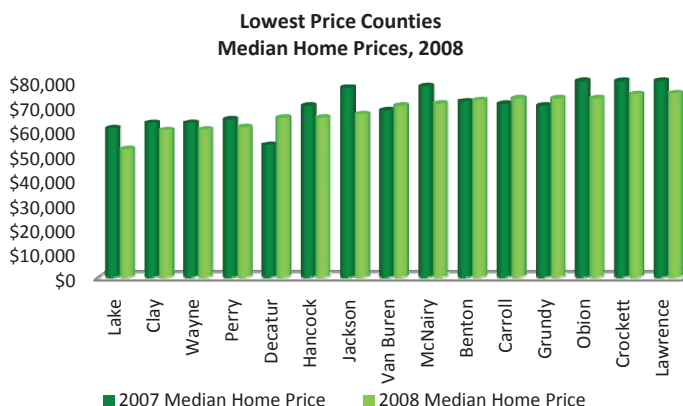
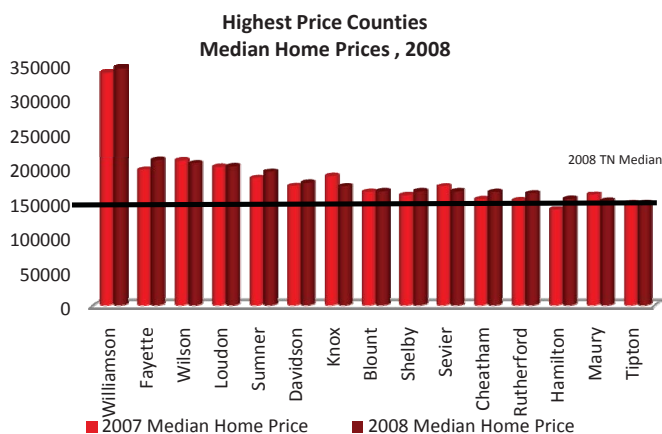


Source: U.S. Median Home Prices - National Association of Realtors® (NAR); **Tennessee Median Home Prices** - THDA tabulations of data obtained from the Property Assessment Division, Comptroller's Office, State of Tennessee; **Median Family Income** – U.S. Department of Housing and Urban Development (HUD)

Home Prices

2008 Median Home Prices in Tennessee Counties

Williamson County led Tennessee with a median home price of \$345,000, more than double Tennessee's median home price of \$150,000 (new and existing). On the other end of the spectrum, 14 counties had median home prices less than half Tennessee's median. Price declines were common for sales across Tennessee. Statewide, median sales prices decreased 0.7 percent since last year. Forty-five counties experienced an increase in median home prices. The largest annual percentage increase was in Decatur County, going from \$54,000 in 2007 to \$65,000 in 2008. Forty-six counties experienced an annual drop in median home prices. Four counties: Washington, Bradley, Dyer, and Henry, saw relatively no change in median home prices from 2007 to 2008.



Source: THDA tabulations of home sales based on data obtained from the Property Assessment Division, Comptroller's Office, State of Tennessee. To get median home sales volume and prices for other counties, MSAs and previous years, go to: <http://www.thda.org/Research/slesprc.html>.

Home Sales

2008 Single Family Home Sales in Tennessee Counties

Davidson County had the most single family home sales in 2008 with 7,602 homes sold during the year. Declining home sales were common across most of the counties. All but six counties experienced declines. Statewide, single family home sales went down from 88,385 to 58,042, a 34 percent decline from the previous year. The largest percentage decline was in Rutherford County, with a 65 percent decrease in home sales. Among the urban areas, Knox County home sales increased from last year. Single family home sales increased from 2,916 in 2007 to 3,800 in 2008, a 30 percent jump in a year.

Counties with the Most Single Family Homes Sold, 2008



Counties with the Fewest Single Family Homes Sold, 2008



Source: THDA tabulations of home sales based on data obtained from the Property Assessment Division, Comptroller's Office, State of Tennessee. To get median home sales volume and prices for other counties, MSAs and previous years, go to: <http://www.thda.org/Research/slesprc.html>.

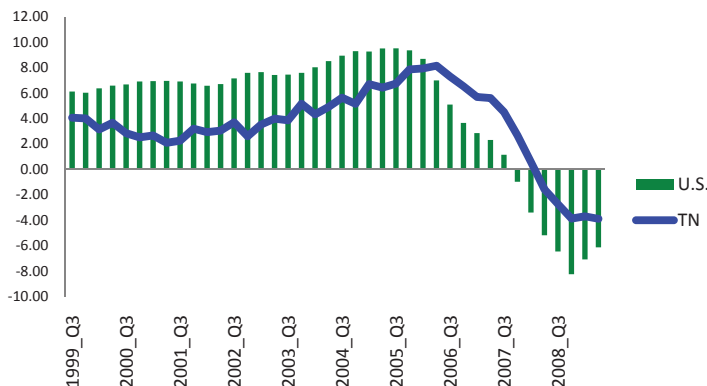
Home Prices

House Price Index – Tennessee Compared to Nation

The House Price Index (HPI) is a measure of single-family house prices. The index can show price trends for various geographic levels and captures roughly 85% of all U.S. sales (limited to homes with repeated sales).

- Nationally, there was a 6.1% decrease in home prices during the year ending in second quarter 2009.
- For the second quarter 2009, national home prices fell 0.7 percent. This is a slight acceleration of depreciation from the 0.5 percent decline in the first quarter of 2009.
- From second quarter 2008 to second quarter 2009, Tennessee's price depreciation of 3.89 percent was not as steep as the national figures. However, Tennessee is in the bottom half of states when it comes to home prices, ranking 31st in the nation for second quarter 2009. In the same quarter last year (Q2 2008), Tennessee's ranking was 14 with 2.66 percent annual appreciation.
- During the last 10 years, the annual percentage change in the House Price Index for Tennessee was subtler and smoother than the nation's. When home prices were appreciating in the nation, Tennessee also had appreciation, although Tennessee's appreciation was neither as high as nor as fast as the nation's. When home price appreciation started to slow around the first quarter of 2006, price increases in Tennessee also started to slow, but at a lesser rate. Tennessee was a bit behind the nation in moving into depreciating housing price territory. Even when the annual price changes moved to the negative, the Tennessee price declines were slower than the nation's.

**Percentage Change in House Price index
United States vs. Tennessee
1999-2009**



Source: Federal Housing Finance Agency's seasonally adjusted, purchase only House Price Index (HPI)

Home Prices

House Price Index (HPI) – Tennessee Compared to Highest and Lowest Performing States and to Neighbors

- Forty-six states showed depreciating home prices in the year ending in second quarter 2009. However, looking at quarterly change from first quarter to second quarter 2009, the HPI showed home price appreciation in 38 states, suggesting the potential for an upward trend.
- In the second quarter of 2009, Tennessee's House Price Index (HPI) was 6.71 percentage points lower than the best performing - North Dakota. However, Tennessee's decline was still less than the national average.
- All of Tennessee's neighboring states showed annual price depreciation, although Tennessee experienced a higher annual percentage decline than most of them.
- Nevada was the worst performing state in the nation with the HPI reflecting a 28 percent annual home price depreciation.

Annual and Quarterly Percentage Changes in Home Prices

State	National Rank*	Annual Percentage Change (2008 Q2-09 Q2)	Quarterly Percentage Change (2009 Q1-09 Q2)
States with the highest annual price increase			
North Dakota	1	2.82	1.91
Oklahoma	2	0.94	1.06
South Dakota	3	0.67	0.34
Tennessee and its neighbors			
Kentucky	12	-1.26	-0.13
Alabama	15	-1.86	-0.05
Missouri	22	-2.82	-0.49
North Carolina	25	-3.28	-0.80
Arkansas	26	-3.35	-0.89
Tennessee	31	-3.89	-0.92
Virginia	34	-4.84	0.43
Mississippi	36	-5.49	0.43
Georgia	42	-7.86	-1.66
States with the highest annual price decrease			
Florida	49	-17.64	-1.69
Arizona	50	-21.19	-6.47
Nevada	51	-28.08	-3.48
<i>U.S. Average</i>	-	-6.13	-0.69

*Based on annual price change

Source: Federal Housing Finance Agency's seasonally adjusted, purchase only House Price Index (HPI)

Home Prices

Tennessee House Price Index by Metropolitan Statistical Area

In the second quarter of 2009, HPI varied among Tennessee MSAs. Among the 296 ranked MSAs and metropolitan divisions nationwide, Kingsport-Bristol MSA ranked 35, with consistent appreciation in home prices. Even though they were not ranked, Clarksville, Jackson, and Johnson City MSAs were also strong in terms of annual change of HPI in the second quarter of 2009 from the same quarter of 2008. However, quarterly percentage change from the first quarter of 2009 showed higher declines among those ranked MSAs, except in the Nashville/Davidson-Murfreesboro-Franklin MSA.

Annual and Quarterly Percentage Changes in Home Prices for Tennessee MSAs

MSAs	National Rank ^a	Annual Percentage Change (2008 Q2-09 Q2)	Quarterly Percentage Change (2009 Q1-09 Q2)
Chattanooga	102	-0.61	-1.18
Clarksville*		2.35	
Cleveland*		-1.14	
Jackson*		1.21	
Johnson City*		0.48	
Kingsport-Bristol	35	0.82	-1.07
Knoxville	56	0.31	-0.81
Memphis	115	-1.15	-1.38
Morristown*		-0.85	
Nashville/Davidson--Murfreesboro--Franklin	126	-1.45	-0.97

*Federal Housing Finance Agency (FHFA) publishes rankings and quarterly, annual, and five-year rates of changes for the MSAs and Metropolitan Divisions that have at least 15,000 transactions over the prior 10 years (296 MSA and Metro Divisions satisfied that criteria for the second quarter 2009). For the remaining areas, MSAs and Divisions, one-year and five-year rates of change are provided.

^a Based on annual percentage change

Source: Federal Housing Finance Agency (FHFA) all-transactions House Price Index (HPI)

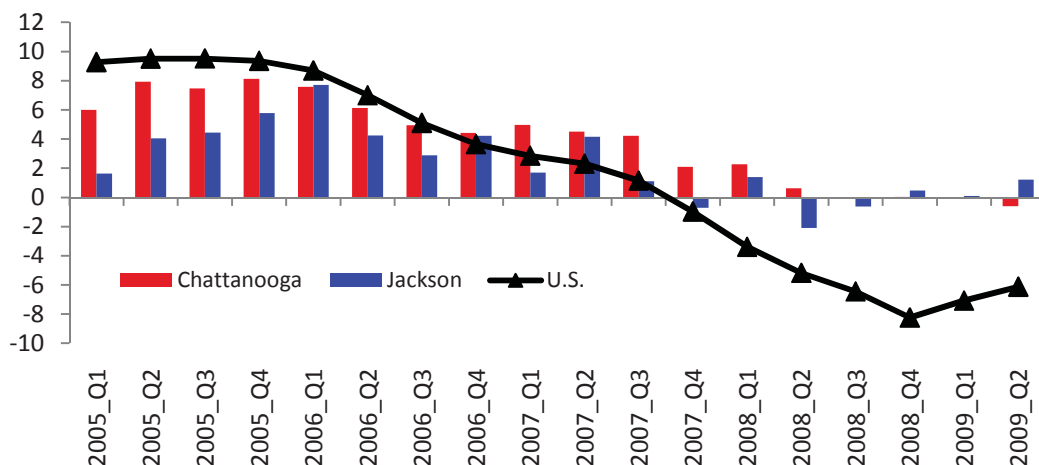
Home Prices

Tennessee House Price Index by Metropolitan Statistical Area

Looking at Tennessee's MSAs over the last four years, the quarterly HPI shows fluctuations from one quarter to next and shows varying home prices within the State. Based on their performance during this four-year period, we identified three distinct groups. However, keep in mind that this classification of MSAs is only among Tennessee MSAs and does not show their position relative to other MSAs in the nation. These groups are:

- Strong/resilient MSAs (Clarksville, Johnson City, Kingsport – Bristol, Knoxville): During the whole period, quarterly HPI increased showing home price appreciation. While in the nation and the other Tennessee MSAs, home prices started to depreciate, these strong MSAs experienced continued price appreciation, although the magnitude of appreciation was smaller than in earlier quarters.
- Moderate MSAs (Chattanooga and Jackson): Home price appreciations and depreciations were not as severe as it was in other strong or weak MSAs, overall in Tennessee or in the nation.
- Weak MSAs (Nashville/Davidson-Murfreesboro-Franklin, Memphis, Morristown and Cleveland): During the whole period, these MSAs experienced quarterly fluctuations, and HPI showed steep declines in recent quarters.

Comparison of House Price Index Moderate MSAs and the Nation



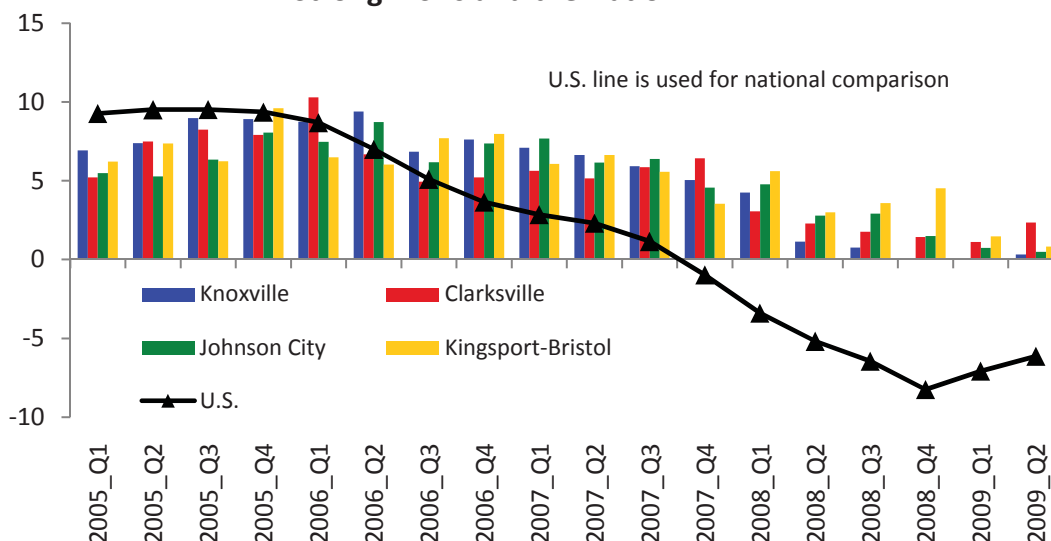
Source: Federal Housing Finance Agency. The House Price Index is based on transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac. Only mortgage transactions on single-family properties are included.

Home Prices

Tennessee House Price Index by Metropolitan Statistical Area

- Over the four years pictured, Kingsport-Bristol MSA had a stronger position in earlier quarters than in the second quarter of 2009. In the last quarter of 2008, Kingsport-Bristol MSA ranked 3rd in the nation as HPI appreciated 6.26 percent annually and 4.02 percent in the most recent quarter.
- Although house price appreciation in Kingsport-Bristol slowed starting in the first quarter of 2008, the HPI still remains in positive territory.
- The trend in Johnson City MSA is similar to Kingsport-Bristol MSA. Although the increase is small, the HPI remained positive in the second quarter of 2009.
- In the second quarter of 2009 Knoxville MSA was 56th in the nation among MSAs based on annual change in the HPI.
- Although unranked, Clarksville is still holding strong among all MSAs in the second quarter of 2009 with house prices appreciating faster in the most recent quarter than in the other strong Tennessee MSAs.

Comparison of House Price Index Strong MSAs and the Nation



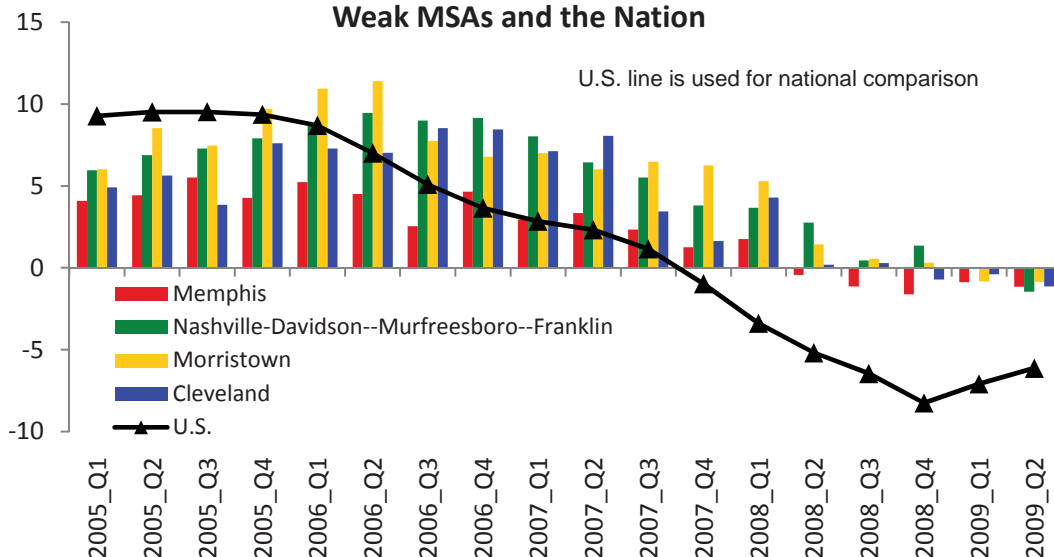
Source: Federal Housing Finance Agency. The House Price Index is based on transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac. Only mortgage transactions on single-family properties are included.

Home Prices

Tennessee House Price Index by Metropolitan Statistical Area

- The Memphis MSA experienced five consecutive quarters of house price depreciation, more than any other Tennessee MSA. Additionally, during this four-year period, every quarter's HPI was below other MSAs. This means that even when prices were appreciating, the appreciation was slower than in other MSAs.
- The Nashville/Davidson MSA showed consistent price appreciation until the last two quarters in 2009. In the second quarter of 2009, HPI for Nashville/Davidson MSA was even lower than Memphis MSA, which translates into a larger house price depreciation.
- All four of the weak MSAs in the chart show weakening second quarter 2009 home prices.

Comparison of House Price Index Weak MSAs and the Nation



Source: Federal Housing Finance Agency. The House Price Index is based on transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac. Only mortgage transactions on single-family properties are included.

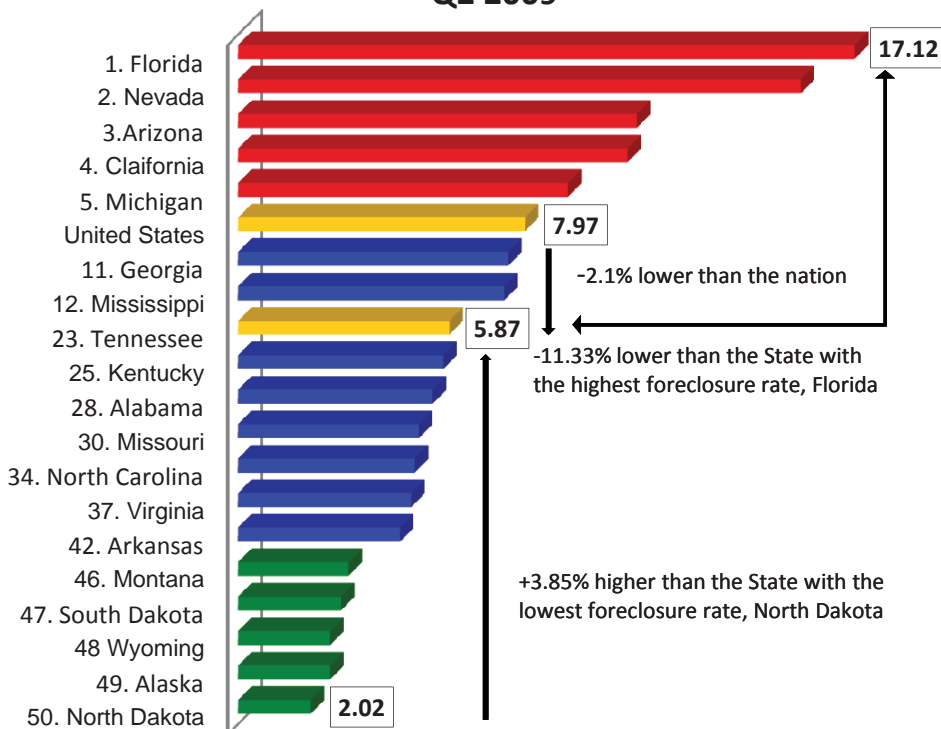
Foreclosure Activity

State & National Comparison - Foreclosure & Delinquency Rate (2009 Q2)

The combined Foreclosure & Delinquency rate expresses the percentage of all current home loans that are 90 days and more delinquent and the foreclosure inventory at the end of a given quarter.

Even though there was a significant increase from the same quarter of last year (Q2 2008), Tennessee's foreclosure & delinquency rate remains two percentage points lower than the national average and 11.33 percentage points lower than the highest ranked - Florida. Tennessee's rate is higher than most of its neighbors. The State with the lowest rate was North Dakota with just 2.02 percent of loans serviced in delinquency or foreclosure.

State Foreclosure & Delinquency Rate From a Comparative Perspective Q2 2009



Source: MBA Quarterly Delinquency Survey

Foreclosure Activity

State Foreclosure & Delinquency Rate – National Comparison (2009 Q2)

In the second quarter of 2009, Tennessee ranked 23rd in the nation in foreclosure & delinquency rates. Tennessee's rate was lower than the national average of eight percent. Tennessee's rate changed dramatically from the second quarter last year to second quarter this year, moving from 3.65 percent to 5.87 percent. However, quarter to quarter changes in 2009 were not large.

State Foreclosure & Delinquency Rates* from a Comparative Perspective

Second Quarter of 2009			First Quarter of 2009		Second Quarter of 2008	
Total Loans	Percent of Loans Seriously Delinquent		Total Loans	Percent of Loans Seriously Delinquent	Total Loans	Percent of Loans Seriously Delinquent
States with the highest percent of loans seriously delinquent						
Florida	3,508,954	17.12 (1)	3,542,940	15.67 (1)	3,553,083	8.43 (1)
Nevada	557,679	15.62 (2)	561,164	13.75 (2)	565,369	7.61 (2)
Arizona	1,185,401	11.07 (3)	1,195,038	9.99 (3)	1,222,279	5.03 (7)
California	5,832,097	10.81 (4)	5,858,228	9.96 (4)	5,857,836	5.95 (5)
Michigan	1,424,473	9.16 (5)	1,448,950	8.37 (5)	1,483,285	6.15 (3)
Tennessee and its neighbors						
Georgia	1,665,357	7.50 (11)	1,671,207	6.73 (12)	1,672,487	4.35 (11)
Mississippi	249,382	7.39 (12)	250,028	6.79 (11)	252,859	4.96 (8)
Tennessee	858,165	5.87 (23)	860,708	5.37 (20)	866,461	3.65 (19)
Kentucky	429,955	5.70 (25)	436,383	5.37 (19)	438,941	3.99 (16)
Alabama	594,335	5.41 (28)	596,469	4.87 (27)	601,377	3.23 (27)
Missouri	867,338	5.02 (30)	873,820	4.65 (29)	887,036	3.09 (29)
North Carolina	1,408,028	4.91 (34)	1,412,341	4.36 (36)	1,410,850	2.69 (37)
Virginia	1,413,720	4.81 (37)	1,415,898	4.41 (34)	1,412,882	2.79 (35)
Arkansas	310,339	4.50 (42)	310,959	4.15 (40)	312,652	2.74 (36)
States with the lowest percent of loans seriously delinquent						
Montana	135,312	3.07 (46)	135,305	2.58 (47)	138,375	1.47 (48)
South Dakota	80,809	2.86 (47)	81,294	2.64 (46)	83,917	1.84 (45)
Wyoming	69,932	2.56 (48)	69,022	1.95 (49)	69,150	1.1 (50)
Alaska	93,440	2.56 (49)	93,271	2.12 (48)	93,009	1.68 (47)
North Dakota	58,661	2.02 (50)	58,879	1.86 (50)	60,871	1.33 (49)
United States	44,721,256	7.97	44,979,733	7.24	45,422,515	4.5

Note: Numbers in the parentheses present the states' rankings based on delinquency. Original order of "states with the highest and the lowest % of seriously delinquent" is determined based on their rates in the second quarter of 2009

*The foreclosure & delinquency rate includes loans that are 90 days or more delinquent and the foreclosure inventory at the end of the quarter.

Source: MBA Quarterly Delinquency Survey, various quarters

Foreclosure Activity

Total Number of Properties with Foreclosure Filings Major Tennessee Counties (2009 Q2)

According to the data from the RealtyTrac® US Foreclosure Market Report, Tennessee reported 10,477 foreclosure filings in the second quarter of 2009, a one percent increase from the previous quarter (Q1_09), and a 15 percent increase from the same quarter last year (Q2_08). Foreclosure filings include both pre-foreclosure properties and foreclosed properties. The total number of properties with foreclosure filings in Tennessee accounted for 1.18 percent of 889,829 foreclosure filings in the nation. In terms of total foreclosure filings, the U.S. had a 10.8 percent increase from the first quarter of 2009, and 20.3 percent increase from the second quarter of 2008.

In Tennessee, there was one foreclosure filing for every 260 households, which puts Tennessee in 21th place in the nation (national average was 1 filing for every 144 households). The state with the highest foreclosure rate in the second quarter of 2009 was Nevada with one (1) filing for every 25 housing units.

The total foreclosure filings in three major counties (Davidson, Knox and Shelby) accounted for 51 percent of total foreclosure filings in Tennessee in Q2 2009. Shelby County ranked as number one among all counties in Tennessee both in terms of ratio (1 foreclosure filing for every 106 households) and in terms of total number of foreclosure filings (3,769 foreclosure filings). In Shelby County, total foreclosure filings were eight percent lower than the last quarter while they did not change from the same quarter last year (Q2_08). The county with the second highest foreclosure total was Davidson (890), followed by Knox County (636) and Hamilton County (556).

Total Number of Properties with Foreclosure Filings-Major Tennessee Counties - Q2 2009

County Name	Second Quarter of 2009			Percentage Change		Q1 2009	Q2 2008
	Total Number of Properties with Foreclosure Filings	1/every X Household (Rate)	Ranking among all counties	Quarterly Change (from Q1_09)	Annual Change (from Q_08)	Total Number of Properties with Foreclosure Filings	Total Number of Properties with Foreclosure Filings
Bradley	121	339	30	12%	11%	108	109
Davidson	890	313	26	-4%	19%	925	750
Hamblen	125	211	7	84%	95%	68	64
Hamilton	556	268	17	7%	21%	519	461
Knox	636	305	24	14%	50%	557	425
Madison	151	283	20	-3%	-8%	156	164
Montgomery	180	369	36	-13%	-1%	208	181
Shelby	3,769	106	1	-8%	0%	4,117	3,784
Sullivan	68	1,082	81	26%	24%	54	55
Washington	86	615	65	-18%	21%	105	71
Tennessee	10,477	260	21*	1%	15%	10,361	9,073
United States	889,829**	144		11%	20%	803,489**	739,714**

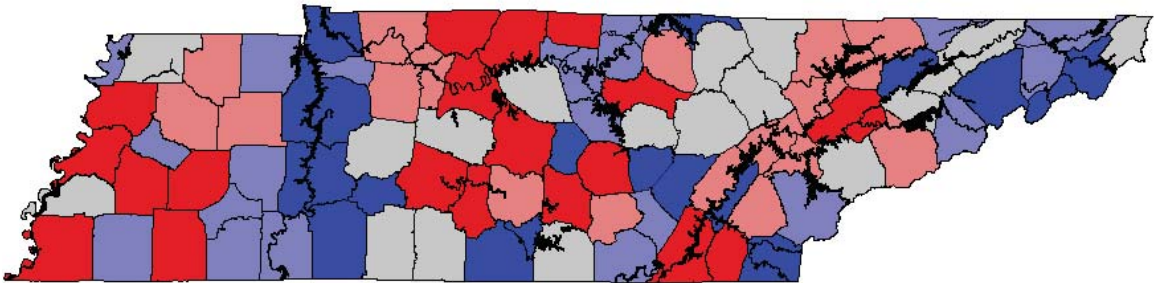
*Tennessee Ranking in the nation among other states; **U.S. total includes the number of properties with foreclosure filings in other categories not reported for Tennessee. Therefore this total is greater than the two categories shown here. **Source:** RealtyTrac®

Note: RealtyTrac's report incorporates documents filed in two phases of foreclosure: Notice of Trustee Sale (NTS); and Real Estate Owned, or REO properties (that have been foreclosed on and repurchased by a bank). To get updates of foreclosure trends and foreclosure filings in other counties in Tennessee, please go to: <http://www.thda.org/Research/fctrends/fctrends.html>.

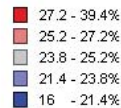
Affordability

Housing Cost Burden

Percent of Households with Housing Cost Burden
(Housing Costs > 30% of Income)



Key



Source: American Community Survey 2005 – 2007, U.S. Census. For counties without ACS data, the Comprehensive Housing Affordability Strategy (CHAS) Data was used, 2000 Census

Generally speaking, housing costs that exceed 30 percent of income present a barrier to affordability for the household. The percent of households that are housing cost burdened in Tennessee ranges from 39.4 percent in Shelby County to 16 percent in Moore County, based on the American Community Survey and other census data. Davidson and Madison Counties are other urban counties with a high percentage of cost burden, with 34.6 percent and 34.2 percent, respectively, of households paying more than 30 percent of their income in housing.

Workforce Housing Affordability – 2008

Housing Affordability for Home Buyers and Renters Selected Occupations in Tennessee and Metropolitan Statistical Areas (MSAs)

In 2008, a renter household in Tennessee needed an annual income of \$25,760 in order for a two-bedroom rental unit at the Fair Market Rent to be affordable. Affordability implies that a household does not pay more than 30 percent of annual income on housing costs. Over \$43,000 in annual earnings would be required for a Tennessee household to purchase an affordable home. In none of the Metropolitan Statistical Areas (MSAs), can a single wage earner wait staff, cashier or retail person household afford to rent or buy a median priced house. Registered nurses were able to afford renting and buying a home in all MSAs and in the state overall, while educators can afford to buy a home just in Clarksville and Jackson MSAs. Police officers were better off than other occupations in terms of finding affordable rental options.

Updated 2008

Median Hourly Wage by Occupation

Metropolitan Statistical Areas (MSAs)	Median Home Price	Wage Needed to Buy	2-BDRM Aptmnt Monthly Rent	Wage Needed to Rent	Education*	Registered Nurse	Police	Wait person	Cashier	Retail Salesperson	All Occupations
Chattanooga	\$151,450	\$20.96	\$639	\$12.29	\$18.05	\$24.05	\$17.40	\$7.15	\$7.55	\$9.50	\$13.65
Clarksville	\$139,500	\$19.31	\$626	\$12.04	\$21.85	\$26.10	NA	\$6.55	\$7.10	\$8.70	\$11.85
Cleveland	\$130,000	\$17.99	\$577	\$11.10	\$17.20	\$23.90	\$19.15	\$6.65	\$7.45	\$9.05	\$12.25
Jackson	\$117,000	\$16.19	\$650	\$12.50	\$17.05	\$23.65	\$18.10	\$6.55	\$7.10	\$9.70	\$12.70
Johnson City	\$129,900	\$17.98	\$547	\$10.52	\$18.15	\$25.50	\$16.50	\$6.75	\$6.95	\$8.50	\$12.05
Kingsport-Bristol	\$122,250	\$16.92	\$535	\$10.29	\$16.85	\$22.55	\$15.50	\$6.65	\$7.25	\$9.25	\$12.85
Knoxville	\$164,900	\$22.82	\$633	\$12.17	\$18.90	\$24.55	\$16.55	\$6.85	\$7.70	\$9.85	\$13.55
Memphis	\$165,000	\$22.83	\$743	\$14.29	\$18.65	\$28.10	NA	\$7.15	\$7.95	\$9.30	\$14.30
Morristown	\$129,300	\$17.89	\$517	\$9.94	\$16.75	\$22.85	\$14.10	\$6.80	\$7.05	\$9.90	\$12.10
Nashville/Davidson-Murfreesboro-Franklin	\$185,000	\$25.60	\$723	\$13.90	\$18.55	\$27.50	\$20.55	\$6.90	\$8.00	\$9.45	\$14.50
TENNESSEE	\$150,000	\$20.76	\$644	\$12.38	\$18.25	\$25.95	\$16.60	\$6.85	\$7.55	\$9.30	\$13.45

*"Education" represents education, training and library occupations.

Note: can afford to buy and rent can afford to only rent cannot afford to buy or rent

Source: "Median Home Price" is THDA calculations based on data from the Property Assessment Division, Comptroller's Office, State of Tennessee, "2-bedroom Apartment Rent" is Fair Market Rent (FMR) by room size from US Department of Housing and Urban Development (HUD), and "Median Hourly Wages" are from Tennessee Department of Labor and Workforce Development.

Workforce Housing Affordability – 2009

Housing Affordability for Home Buyers and Renters Selected Occupations in Tennessee and Metropolitan Statistical Areas (MSAs)

In 2009, housing affordability improved in some of the Metropolitan Statistical Areas (MSAs) compared to 2008. More people in different occupations were able to afford the purchase of a single family home. Compared to 2008, in 2009 the wage required to buy an affordable home went down. Part of the improvement was the result of declining home prices while lower mortgage interest rates also helped. Still, single wage earner households working in service sector jobs such as wait staff, cashiers and retail sales persons could not afford to buy or rent a home. The affordability noticeably improved for registered nurses, educators and police officers. In 2009 a renter household in Tennessee needed an annual income of \$26,750 in order for a two-bedroom rental unit at the Fair Market Rent to be affordable.

Estimated 2009

Median Hourly Wage by Occupation

Metropolitan Statistical Areas (MSAs)	Median Home Price*	Wage Needed to Buy	2-BDRM Aptmnt Monthly Rent	Wage Needed to Rent	Education**	Registered Nurse	Police	Wait person	Cashier	Retail Salesperson	All Occupations
Chattanooga	\$150,526	\$19.45	666	\$12.81	\$19.51	\$25.79	\$16.27	\$7.21	\$7.48	\$9.66	\$14.06
Clarksville	\$142,778	\$18.45	649	\$12.48	\$21.59	\$25.32	\$17.19	\$7.07	\$7.63	\$8.90	\$13.25
Cleveland	\$128,518	\$16.61	601	\$11.56	\$18.25	\$25.55	\$19.71	\$7.30	\$7.75	\$9.56	\$17.71
Jackson	\$118,416	\$15.30	678	\$13.04	\$20.12	\$23.63	\$18.72	\$7.43	\$7.21	\$9.25	\$13.27
Johnson City	\$130,524	\$16.87	570	\$10.96	\$18.36	\$26.51	\$17.12	\$7.33	\$7.25	\$8.67	\$12.56
Kingsport-Bristol	\$123,252	\$15.93	557	\$10.71	\$17.99	\$23.11	\$16.47	\$7.42	\$7.38	\$9.10	\$12.95
Knoxville	\$165,411	\$21.38	667	\$12.83	\$19.91	\$24.71	\$17.65	\$7.14	\$7.74	\$9.57	\$13.91
Memphis	\$163,103	\$21.08	746	\$14.35	\$19.48	\$28.85	\$17.72	\$7.30	\$7.69	\$9.63	\$14.20
Morristown	\$128,201	\$16.57	539	\$10.37	\$16.93	\$25.95	\$14.92	\$7.07	\$7.17	\$9.92	\$12.33
Nashville/Davidson-Murfreesboro-Franklin	\$182,318	\$23.56	761	\$14.63	\$19.27	\$28.36	\$21.41	\$7.47	\$7.90	\$9.36	\$15.00
TENNESSEE	\$144,165	\$18.63	668	\$12.85	\$19.07	\$26.88	\$17.54	\$7.30	\$7.55	\$9.34	\$13.94

*Median Home Price for 2009 is estimated using 2008 median home sales prices from THDA tabulations and annual percentage change in House Price Index (HPI) in Q2_09 from Q2_08

***Education* represents education, training and library occupations.

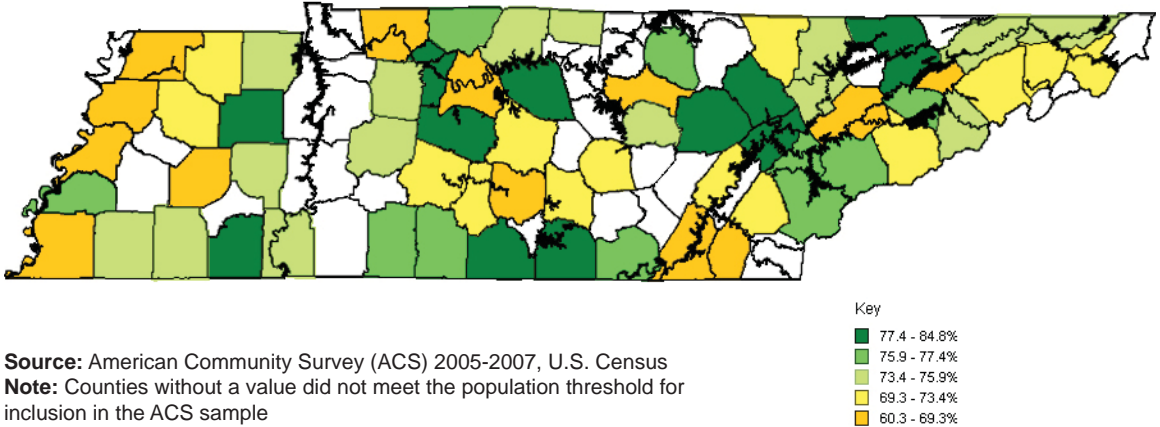
Note: can afford to buy and rent can afford to only rent cannot afford to buy or rent

Source: "Median Home Price" is THDA calculations based on data from the Property Assessment Division, Comptroller's Office, State of Tennessee, "2-bedroom Apartment Rent" is Fair Market Rent (FMR) by room size from US Department of Housing and Urban Development (HUD), and "Median Hourly Wages" are from Tennessee Department of Labor and Workforce Development.

Homeownership

Homeownership Rates in Tennessee

Percentage of Owner-Occupied Households in Tennessee By County



Source: American Community Survey (ACS) 2005-2007, U.S. Census

Note: Counties without a value did not meet the population threshold for inclusion in the ACS sample

Homeownership rates in Tennessee tend to be higher in suburban counties, with the highest concentration of high rates found in the Nashville-Davidson County MSA. Grainger County had the highest homeownership rate at 84.8% of households that are owner-occupied. Shelby and Davidson Counties have the lowest percentages of homeownership at 62.7% and 60.3%, respectively.

Tennessee's homeownership rate is higher than the national rate. Using annual survey data from the American Community Survey (ACS), homeownership rates in Tennessee increased each year from 2005-2007 to 70.1%, but dipped in 2008 to 69.8%. This trend is reflective of the national homeownership rates which increased from 2005-2007 to 67.3%, with a decrease in 2008 to 66.6%.

THDA Programs

Housing Solutions for Tennessee

In addition to THDA programs that have been in operation for several years, new programs have been implemented based on identified needs across Tennessee and as a part of federal housing and economic recovery acts. In April 2009, THDA implemented a new second mortgage program, the THDA Stimulus Loan Program, for down payment and closing cost assistance. THDA has expanded and made permanent its home improvement loan program, the Preserve Loan, which is available to eligible low- and moderate- income homeowners who live in Middle Tennessee or Madison County for eligible rehabilitation and home improvement activities. Additional efforts include the Neighborhood Stabilization Program that allows the purchase and renovation of foreclosed properties in neighborhoods heavily impacted by foreclosure and the Homelessness Prevention and Rapid Re-Housing Program to assist those with temporary housing instability.

Program Activity - Fiscal Year 2009

Program	Families/Housing Units	Dollars (in thousands)
Mortgage Products: Great Start, Great Advantage, Great Rate, New Start, Great Save and Preserve	2,028 mortgages	\$208,400
Multi-Family Bond Authority	1,278 apartments	\$50,200
Low-Income Housing Tax Credit (LIHTC)	2,762 apartments	\$17,900
HOME	374 homes and apartments	\$18,000
Section 8 Housing Choice Vouchers	7,108 households	\$37,000
Section 8 Project Based Assistance	29,409 households	\$134,600
Homebuyer's Education*	882 families	\$196
Foreclosure Prevention Counseling*	3,082 families	
BUILD*	29 families	\$650
Community Investment Tax Credit*	949 families	\$35,760
Emergency Shelter Program*	**	\$1,600
Housing Trust Fund		
Competitive Round Grants*	275 households	\$2,400
RAMPS*	148 wheelchair ramps	\$118
Rural Housing Repair	143 households	\$612
Emergency Repair*	308 elderly households	\$1,500

* figures are for Calendar Year 2008

** funds are used for shelter operational costs

Notes

THDA is a political subdivision of the State of Tennessee. THDA is the state's housing finance agency, responsible for selling tax exempt mortgage revenue bonds to offer affordable mortgage funds to homebuyers of low and moderate incomes through local lenders, and to administer various housing programs targeted to very low-, low- and moderate-income households.

THDA, established in 1973, is entirely self-supporting, providing affordable fixed rate mortgages to over 100,000 households without using state tax dollars. THDA issues between \$250 and \$300 million in mortgage revenue bonds annually for its first-time homebuyer program.

More information about THDA is available on-line at www.thda.org.

Additional county-by-county data is available
on our website at www.thda.org.

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