



MAYOR MEGAN BARRY'S HOUSING PRIORITIES AND ACTION PLAN 2016-2017

**Metropolitan Government of Nashville &
Davidson County**



The Framework:



Mayor Megan Barry's Housing Priorities will focus on how Metro Nashville can **fund, build, preserve, and retain** affordable housing options. The Mayor's Office will utilize this approach in setting housing policy initiatives each year, allowing the city to track benchmark data and progress. Ultimately, these efforts seek to ensure access to affordable and workforce housing options near transportation and employment opportunities, creating quality of life for all Nashvillians.



Nashville's approach to increasing housing options utilizes a framework consistent with NashvilleNext.¹ Recently named the recipient of the American Planning Association's 2016 Daniel Burnham Award for a Comprehensive Plan, NashvilleNext serves as a critical resource as Nashville grows over the next 25 years. Additionally, NashvilleNext's research report on equitable development provides a housing strategy that will be utilized as the city moves forward with housing efforts.² According to this report, Nashville needs a multi-faceted approach to housing, recognizing that housing needs across the city will vary as growth continues.



¹ NashvilleNext, <http://www.nashville.gov/Government/NashvilleNext.aspx>.

² Amie Thurber et al., "Equitable Development: Promising Practices to Maximize Affordability and Minimize Displacement in Nashville's Urban Core." Prepared for NashvilleNext, September 2014.

Guiding Principles

- » Increase access to affordable/workforce housing options near transportation routes, great schools, and employment centers county-wide.
- » Promote Private-Public Partnerships in affordable and workforce housing development.
- » Continue to assess housing needs with metrics and performance evaluation.
- » Coordinate infrastructure investments.

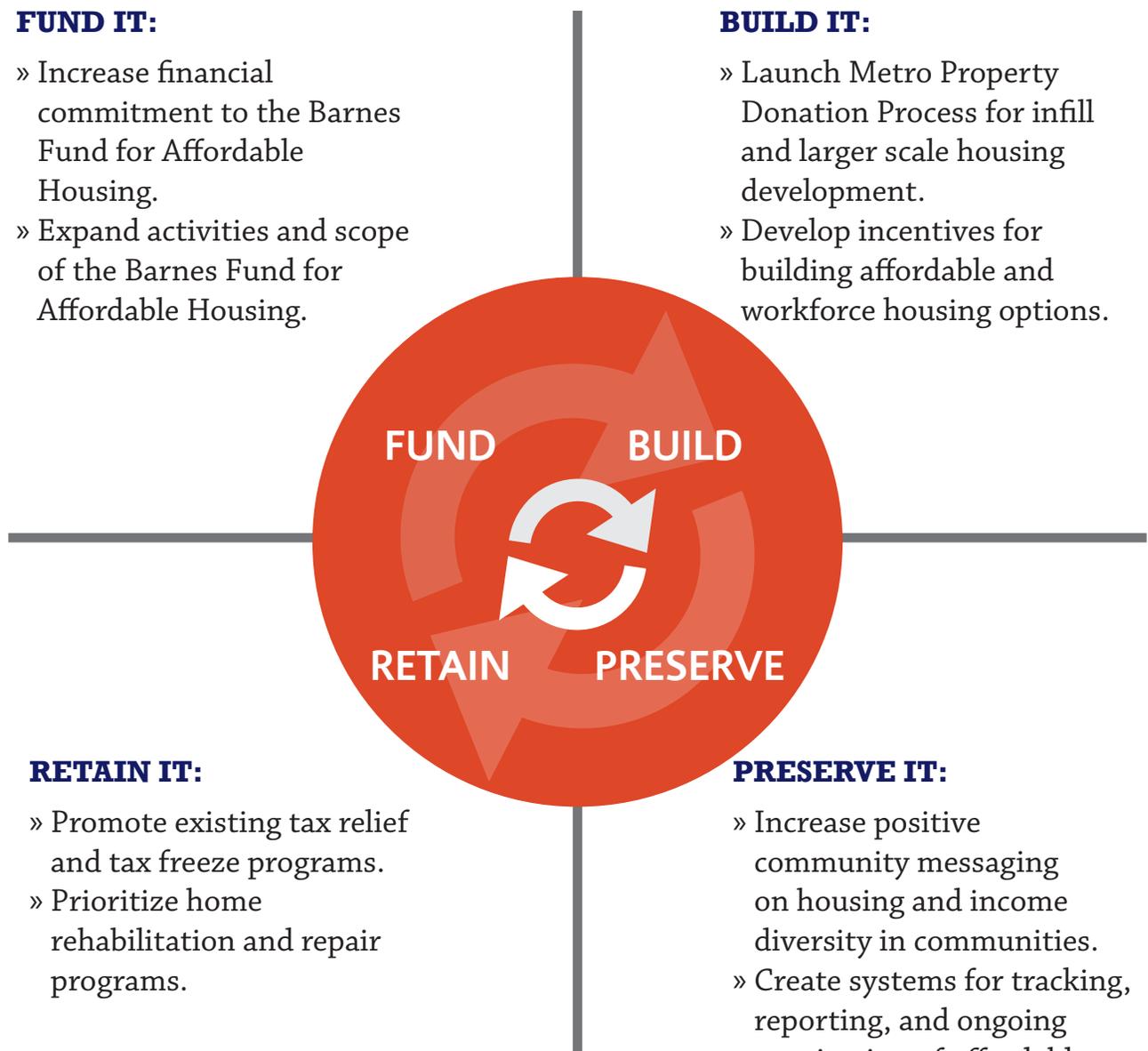
2016-2017 HOUSING PRIORITIES AT-A-GLANCE

FUND IT:

- » Increase financial commitment to the Barnes Fund for Affordable Housing.
- » Expand activities and scope of the Barnes Fund for Affordable Housing.

BUILD IT:

- » Launch Metro Property Donation Process for infill and larger scale housing development.
- » Develop incentives for building affordable and workforce housing options.



RETAIN IT:

- » Promote existing tax relief and tax freeze programs.
- » Prioritize home rehabilitation and repair programs.

PRESERVE IT:

- » Increase positive community messaging on housing and income diversity in communities.
- » Create systems for tracking, reporting, and ongoing monitoring of affordable and workforce housing.

HOW WILL METRO NASHVILLE FUND, BUILD, PRESERVE, & RETAIN OUR HOUSING OPTIONS?

FUND It:

Tools that create local dedicated resources to subsidize equitable development

- Expand financial commitment and activities for the Barnes Fund for Affordable Housing. Mayor Barry will increase the Barnes Fund to \$16 million.
 - In FY 2016-2017, the Barnes Fund for Affordable Housing will include \$10 million from the General Fund in the proposed 2016-2017 budget, with an expectation of an annual commitment going forward. This will build on the \$5M anticipated with the sale of the old convention center and the existing \$1 million in the fund, bringing the budget to \$16M in FY 2016-2017.
 - The Metro Housing Trust Fund Commission will determine the expanded activities and structure of the Barnes Fund. These funds can be used for activities that will address a spectrum of needs from homelessness to homeownership opportunities, targeting individuals and families at or below 80% of Area Median Income (AMI). The chart below displays potential activities for the fund.
- In addition to the Barnes Fund, federal funding currently allocated to Metro Nashville, administered by MDHA, will be closely coordinated with the Mayor’s Office. For FY 2016-2017, over 60% of the funding (over \$5,600,000) is dedicated to housing related activities for households at or below 80% AMI.
- Leverage funding allocated from the Barnes Fund by partnering with financial institutions, for-profit developers, and the non-profit community.

Activities	Description	Potential Applicants/Stakeholders
Competitive Grants		
<ul style="list-style-type: none"> »Acquisition/rehabilitation »Acquisition/new construction »Acquisition for future housing development 	<ul style="list-style-type: none"> »Continue existing programming to allow for rental/homeownership opportunities 	<ul style="list-style-type: none"> »Non-profit housing developers
Housing Preservation		
<ul style="list-style-type: none"> »Encourage repair/rehab programs »Acquire/rehab existing rental projects »Rental assistance/utility allowances 	<ul style="list-style-type: none"> »Provide funding/financing for organizations, landlords, property management companies to continue affordability »Provide funding to existing nonprofits providing services 	<ul style="list-style-type: none"> »Non-profit housing developers »MDHA
Creative Financing		
<ul style="list-style-type: none"> »Down Payment Assistance (DPA) Programs »Low interest loans to developers 	<ul style="list-style-type: none"> »Work with Community Development Financial Institutions (CDFIs) on financing options for developers 	<ul style="list-style-type: none"> »Local and National CDFIs
Innovation in Housing		
<ul style="list-style-type: none"> »Teacher/First Responders housing programs/ Artists (DPA/other) »Energy efficiency »Extremely low-income housing development »Supportive housing 	<ul style="list-style-type: none"> »Provide funding for innovation in housing criteria to incentivize mixed-income/ equitable development 	<ul style="list-style-type: none"> »MNPS »Non-profit housing developers »Metro Planning »Private developers »MDHA
Impact Analysis		
<ul style="list-style-type: none"> »Tracking, monitoring, and reporting »Non-profit capacity-building »Economic impact analysis 	<ul style="list-style-type: none"> »Dedicate a portion of funding for administering/compliance/ monitoring the various activities of the fund 	<ul style="list-style-type: none"> »Mayor’s Office »Metro Departments

BUILD It: **Tools that regulate and incentivize equitable development**

1. Use Metro-owned properties to provide affordable and workforce housing.
 - » With the 12th & Wedgewood project as a model, other Metro-owned properties will use private-public partnerships to provide mixed-income housing development.
 - » Nearly 60 infill lots will be available for housing development by non-profits. More than half of the infill lots are located in the urban core with access to transportation and employment centers.
2. Build a partnership with Metro Nashville Public Schools (MNPS) to identify underutilized properties for affordable and workforce housing options for teachers.
3. Convene meetings with stakeholders to provide mixed-income housing developments.
 - » Collaborate with Metro Council through the Ad Hoc Affordable Housing Committee.
4. Support MDHA's Rental Assistance Demonstration (RAD) Program—a new model of developing mixed income communities in existing public housing developments. Envision Cayce in East Nashville is the first RAD development to be implemented in Nashville.

PRESERVE It: **Tools that preserve affordable units**

1. Create a template and compliance mechanism for keeping properties affordable over time through affordability restrictions. As Metro Nashville donates properties to non-profit and for-profit developers, these restrictions will provide lasting affordability.
2. Create community outreach and messaging tools. This will educate the community on various types of affordable and workforce housing as well as the importance of mixed-income neighborhoods.
3. Establish performance management and metric systems for tracking, monitoring, and reporting progress towards increasing housing options. Metro Nashville recently expanded its contract with Economic & Planning Systems, Inc. to provide a housing needs

and gaps analysis and other housing policy support. The housing needs analysis will serve as Nashville's baseline data by the end of 2016.

4. Increase opportunities for technical assistance and non-profit capacity building for creating and expanding housing programs, including community land trusts, shared equity, and other long-term affordability programs.

RETAIN It: **Tools that allow residents to stay in place**

1. Promote and increase participation in the tax relief/ tax freeze programs through the Mayor's Office of Neighborhoods and Community Engagement and Metro Trustee's and Property Assessor's Offices. This program allows income-qualified seniors and disabled veterans and owners to receive property tax relief. In 2007, Metro Nashville became the first jurisdiction in the state to establish a tax freeze program for qualifying homeowners, ages 65 or older. As Nashville approaches a property reappraisal year in 2017, this program can assist residents aging in place.
2. Support the Payment In-Lieu of Taxes (PILOT) program to retain existing affordable rental units.
3. Support non-profit organizations focusing on home rehabilitation and repair through expanded Barnes Fund uses.
4. Support rental and homeowner rehabilitation and repair programs that are funded through federal block grant funding, currently administered by MDHA.
5. Encourage private equity and investment entities to purchase existing affordable housing rentals to extend affordability.
6. Pursue grant opportunities focused on neighborhood stabilization and preservation.

RESOURCE INFORMATION

Mayor’s Office of Economic Opportunity and Empowerment (OEOE):

<http://www.nashville.gov/Mayors-Office/Economic-Opportunity-and-Empowerment.aspx>

Affordable Housing:

<http://www.nashville.gov/Mayors-Office/Economic-Opportunity-and-Empowerment/Affordable-Housing.aspx>

Barnes Fund for Affordable Housing:

<http://www.nashville.gov/Mayors-Office/Economic-Opportunity-and-Empowerment/Affordable-Housing/Barnes-Fund.aspx>

Metro Affordable Housing Trust Fund Commission:

<http://www.nashville.gov/Government/Boards-and-Committees/Committee-Information/ID/123/Metropolitan-Housing-Trust-Fund-Commission>

Housing Referral: www.tnhousingsearch.org

Tennessee Housing Development Agency:

www.thda.org

Metropolitan Development and Housing Agency:

www.nashville-mdha.org

Federal Block Grant Funding Programs:

<http://www.nashville-mdha.org/community-development/>

Metro Nashville Planning Department

Inclusionary Housing information:

<http://www.nashville.gov/Planning-Department/Inclusionary-Housing.aspx>

NashvilleNext Housing focus:

http://www.nashville.gov/Portals/0/SiteContent/Planning/docs/NashvilleNext/PlanVolumes/next-volume2-Elements_Housing.pdf

Equitable Development Report:

http://www.nashville.gov/Portals/0/SiteContent/Planning/docs/NashvilleNext/ResourceTeams/Housing_Gentrification_EquitableDevelopment.pdf

US Department of Housing & Urban Development (HUD) Income Limits:

Nashville-Davidson-Murfreesboro-Franklin, TN HUD income limits will be used as reference for Barnes funding allocations. These numbers are updated annually and are available at the following website,

<https://www.huduser.gov/portal/datasets/il/il2016/2016summary.odn>

FY 2016 Income Limits Summary										
FY 2016 Income Limit Area	Median Income	FY2016 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Nashville-Davidson-Murfreesboro-Franklin, TN HUD Metro FMR Area	\$68,500	Very Low (50%) Income Limits (\$)	24,000	27,400	30,850	34,250	37,000	39,750	42,500	
		Extremely Low (30%) Income Limits (\$)	14,400	16,450	20,160	24,300	28,440	32,580	36,730	40,890
		Low (80%) Income Limits (\$)	38,400	43,850	49,350	54,800	59,200	63,600	68,000	72,350

Existing Housing Tools in Nashville-Davidson County:

Federal/State funding

- » 2016-2017 HOME Investment Partnership Program allocation \$1.8M (administered by MDHA) –80% AMI or below
- » Community Development Block Grant (CDBG) Funding
 - » \$500,000 Community Development Block Grant funding for a nonprofit, Rebuilding Together, to rehab and repair homes in the North Nashville area
- » LIHTCs (~380 units / year since 1987)

Recently-adopted localized tools

- » Establishment of grants authority (TCA §5-9-113)
- » Building permit fee reduction for workforce housing (BL2010-788)
- » Establishment of Barnes Fund (BL2013-487)
 - » Awarded nearly \$4M since 2013, yielding over 100 units
 - » \$5M is dedicated to the Barnes Fund from the old convention center sale
- » Short-term rental tax BL2014-909/951, and BL2015-1056 (a portion of which is dedicated to funding Barnes Fund)
- » Authorization of conveyance of land from municipalities with metro government to non-profits for purpose of affordable or workforce housing (TCA §7-3-314, HB1174/SB1123)
 - » 13 properties will be donated to 3 nonprofits whose mission is affordable housing in April 2015
- » Payment in Lieu of Taxes program administered by MDHA, approved by Metro Council in February 2015
 - » Paddock at Grandview approved March 2015—240 units at 60% AMI or below.
 - » Old Hickory Tower—existing LIHTC development—217 units at 60% AMI or below

Existing funding opportunities for affordable and workforce housing development (80% AMI or below):

- » Federal funding sources (administered by Metropolitan Development & Housing Agency): HOME Investment Partnership Program (HOME), Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), Continuum of Care (CoC), Housing for Persons with AIDS (HOPWA)
- » State funding sources (TN Housing Development Agency—THDA): State Housing Trust Fund, HOME Investment Partnership
- » Local funding sources: Barnes Fund for Affordable Housing (Housing Trust Fund)

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What is affordable and workforce housing?

In 2015, the state legislature adopted new definitions for affordable and workforce housing.¹

Affordable housing:

“...housing that...costs 30 percent or less than the estimated median household income for households earning 60 percent or less of median household income [AMI]...”

Workforce housing:

“...housing that...costs 30 percent or less than the estimated median household income for households earning more than 60 percent and not to exceed 120 percent [AMI]...”

Example: For a 2-person household earning 80% of the Area Median Income, will earn approximately \$43,850. The maximum affordable rent for this household would be \$1,096 including utilities, while the maximum home sales price would be approximately \$142,000.

¹ House Bill No. 1351