

# Donelson TORO Affordability Scorecard

At the request of the Metro Planning Commission at the May 24, 2018 meeting, and to address The Housing and Affordability Task Force recommendations, Metro Planning staff has compiled a scorecard of housing affordability and current businesses in the area around the proposed Donelson Transit Oriented Redevelopment District (TORO) site. This memo will provide an overview of the data included in that scorecard and will inform the establishment of fixed targets for both affordable housing and local business development/retention.

## Background and Conditions

The Donelson Station Music City Star station, located at 2705 Lebanon Pike, is the focal point of the proposed Donelson TORO. This site sits near the center of the Donelson Redevelopment District, which extends 1.2 miles eastward from the 2500 block of Lebanon Pike to its intersection with Munn Rd. Based on guidance from Council and taking into account local neighborhood boundaries, we established a baseline survey study area which extends approximately ¼ mile out from the Redevelopment District boundary.

## Methods and Data

Residential affordability is largely the function of two factors: income and housing costs. To be considered affordable, monthly housing payments should not exceed 30% of household income. All affordability calculations for owner-occupied units assume a 20% Down Payment, 30-year fixed rate mortgage at 4.64% and spending no greater than 30% of Area Median Income (AMI) on housing payments. Using Area Median Income as the basis for our affordability calculations is a best practice and aligns with Affordable Housing guidelines used by the Department of Housing and Urban Development and the Mayor's Office of Housing. The analysis also accounts for current property tax costs, but does not include home owners insurance, utilities or home maintenance.

## Scope

The data presented in this memo are for properties located within the Study Area, with the following exceptions: Area Median Income data is for the Nashville-Davidson--Murfreesboro-Franklin, TN HUD Metro FMR Area and U.S. Census Bureau estimates of income and housing cost (gross rent and property values) are for 4 Block Groups which roughly correlate with the baseline survey study area. Block Groups were chosen based on where the majority of their dwelling units are located. If the majority of a Block Group's dwelling units were located within the study area, the Block Group was included in this analysis. If the majority of units were outside the study area, the Block Group was excluded. See the [Study Area Map](#) for a map of the study area and associated Census geographies.

In order to measure housing values in the study area as accurately as possible, we primarily used property values provided by the Metro Assessor's Office. Using assessor's office data contributes to data consistency as most values were recently updated as a result of the 2017 Assessment. Also worth noting is that in instances where a parcel is home to more than one dwelling unit, the values provided are per unit. Housing values from the U.S. Census Bureau are also provided.

### **Income Limit**

The AMI income limit value used is \$67,500. This assumes a 3 person household (Average Household Size for the FMR area is 2.6 persons). This corresponds with an affordable monthly housing cost of \$1,688. For moderate income (80% of AMI) households, this translates to \$1,349 a month. For low income (60% of AMI) households, the value is \$1,039.

In addition to evaluating housing affordability, this memo includes a summary of businesses located in the baseline survey study area.

### **Findings**

Using data from the Metro Assessor's Office we were able to determine that the baseline survey study area is home to 1,031 dwelling units with an average value of \$209,199. Among these, 795 are single family (average value \$216,830), 74 are duplex (average value \$85,758), 21 are low-rise apartments (average value \$71,186) and 83 are residential condominiums (average value \$229,221).

Of these 1,031 units, 928 (90%) are affordable at 100% of AMI. 778 (75.4%) are affordable to moderate income (80% of AMI) households and nearly 62% (636) are affordable to low income (60% of AMI) households.

### **Residential Units**

As one might expect, Duplex and Apartment units are generally more affordable than Single Family or Residential Condominium units. Please note that for the purpose of this work we assumed all dwelling units are available individually for sale. A map of affordability by neighborhood for 60% of AMI in the Donelson TORD study area is included as the [Percent Affordable Map](#).

Using U.S. Census Bureau 2012-2016 American Community Survey 5-Year Estimates for the 4 study area Block Groups we were able to determine that the study area is home to 1,127 dwelling units, 344 of which are renter occupied with the remaining 783 units being owner occupied.

Of the 344 rental units, 309, or 89.8%, are affordable at 100% of AMI. 287 (83.4%) are affordable to moderate income (80% of AMI) households and 236 (68.6%) are affordable to low income (60% of AMI) households.

Of the 783 owner occupied units, 763 (97.4%) are affordable at 100% of AMI, 718 (91.7%) are affordable to moderate income households and 693 (76.6%) are affordable to low income households.

Note that affordability is generally better in the Census data, as those estimates cover the time period of 2012-2016 and as such include measurements covering the earlier stages of Nashville's recent increases in housing values.

Affordability data from both the Assessor's Office and U.S. Census Bureau are included with this memo as [Housing Affordability Tables](#).

### **Businesses**

The Donelson TORO study area is currently home to 170 businesses of various types. Most are business or consumer service providers, retail stores or restaurants. The most commonly found types are General Retail (Shipley's Donuts, Ace Hardware), Hair, Nail + Skin Care Service, Office Administrative Services (Titlemax) and Small Restaurants-Independents (Phat Bites, McNamara's Irish Pub + Restaurant). Also of note is a full-service grocery store (Kroger) the 3 Offices of Physicians, 3 Dentists and 1 Child Day Care Services. The Nashville Public Library Donelson Branch and a second full-service grocery store (Publix) are located just west of the study area.

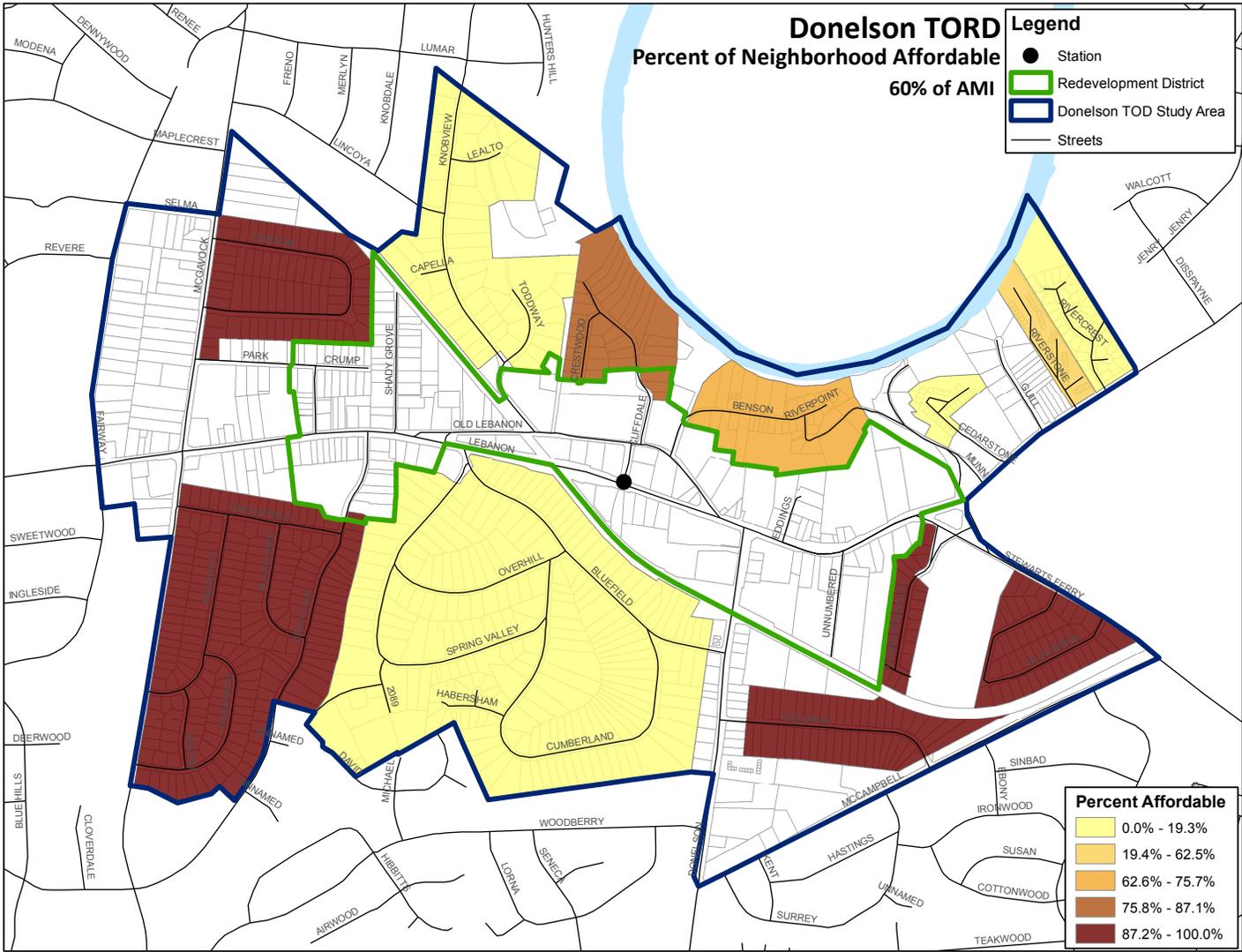
### **Appendix and Notes**

In addition to the data presented in this memo, we have gathered a wide range of demographic and property value data from the U.S. Census Bureau, the Metro Assessor's Office and HUD, among others. These data support the establishment of a baseline of affordability and will allow future affordability reports for the Study Area a wide array of data items to include and evaluate. The appendix also includes a complete list of businesses in the Donelson TORO study area.

While we are fully prepared to update this scorecard annually, we recommend that updates done every four years, corresponding with the Assessor's Office reassessment years. While new Census data will be available annually, waiting until the next assessment will ensure accuracy and consistency with the 2017 Assessment – a primary data source for this work.

Finally, since this memo uses income values for the 10-County Nashville-Davidson--Murfreesboro--Franklin, TN HUD Metro FMR Area it is worth noting that Davidson County income values are approximately 7% lower than that of the region (Regional Median Family Income: \$67,500, Davidson County: \$62,723). As such, the Donelson TORO study area would appear less affordable if we used a county based income value rather than AMI.





## Housing Affordability

### Property Summary

Study Area Properties	Dwelling Units	Property Value	
		Total	Average
Residential:	1,031	\$215,684,200	\$209,199
Single Family:	795	\$172,379,900	\$216,830
Duplex:	74	\$6,346,100	\$85,758
Apartment (Low Rise):	21	\$1,494,900	\$71,186
Residential Condo	83	\$19,024,500	\$229,211
Other:	58	\$16,438,800	\$283,428

Source: Metro Assessor's Office

### Income

Davidson County TN	60%	80%	100%	120%
Median Household Income (MHI)	\$30,290	\$40,387	\$50,484	\$60,581
30% on Housing (Annual)	\$9,087	\$12,116	\$15,145	\$18,174
30% on Housing (Monthly)	\$757	\$1,010	\$1,262	\$1,515

Source: 2012-2016 American Community Survey 5-Year Estimates for Davidson County TN

### Affordable Units

Study Area Properties	Dwelling Units	60%	80%	100%	120%
<b>Affordable Property Values</b>		\$154,375	\$206,000	\$257,500	\$309,000
Residential:	1,031	421	616	747	862
SF:	795	291	456	554	647
Duplex:	74	72	74	74	74
Apt (Low Rise):	21	21	21	21	21
Residential Condo	83	8	30	54	72
Other:	58	29	35	44	48

Source: Metro Assessor's Office

Note: Assumes all units are available individually for sale.

U.S. Census Bureau	Affordable Units				
Study Area Block Groups	Dwelling Units	60%	80%	100%	120%
Rental*:	344	109	236	287	309
Owner:	783	400	600	693	743

Source: 2012-2016 American Community Survey 5-Year Estimates for Davidson County TN

\*Gross Rent

Note: Affordability calculations assume 20% Down Payment, 30-year fixed rate mortgage at 4.64% and no greater than 30% of MHI.

