

# The Barnes Housing Trust Fund

**FY 2021 Annual Report**



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# Introduction



In 2013, Metro Nashville created its first housing trust fund to leverage affordable housing resources county-wide. Named after longstanding community advocate Rev. Bill Barnes, the Barnes Fund perpetuates his dedication to affordable housing for the people of Nashville. The Metro Housing Trust Fund Commission oversees that Barnes Fund grants are administered in this mission-centered and responsible manner.

As a housing trust fund, the Barnes Fund addresses barriers to affordability through innovative and adaptive responses in funding for the housing community. Housing trust funds are created to reduce prescriptive or restrictive funding barriers for developers and nonprofits that provide affordable housing options. Barnes is a vital component of a robust toolbox needed to address all of Nashville's housing needs.

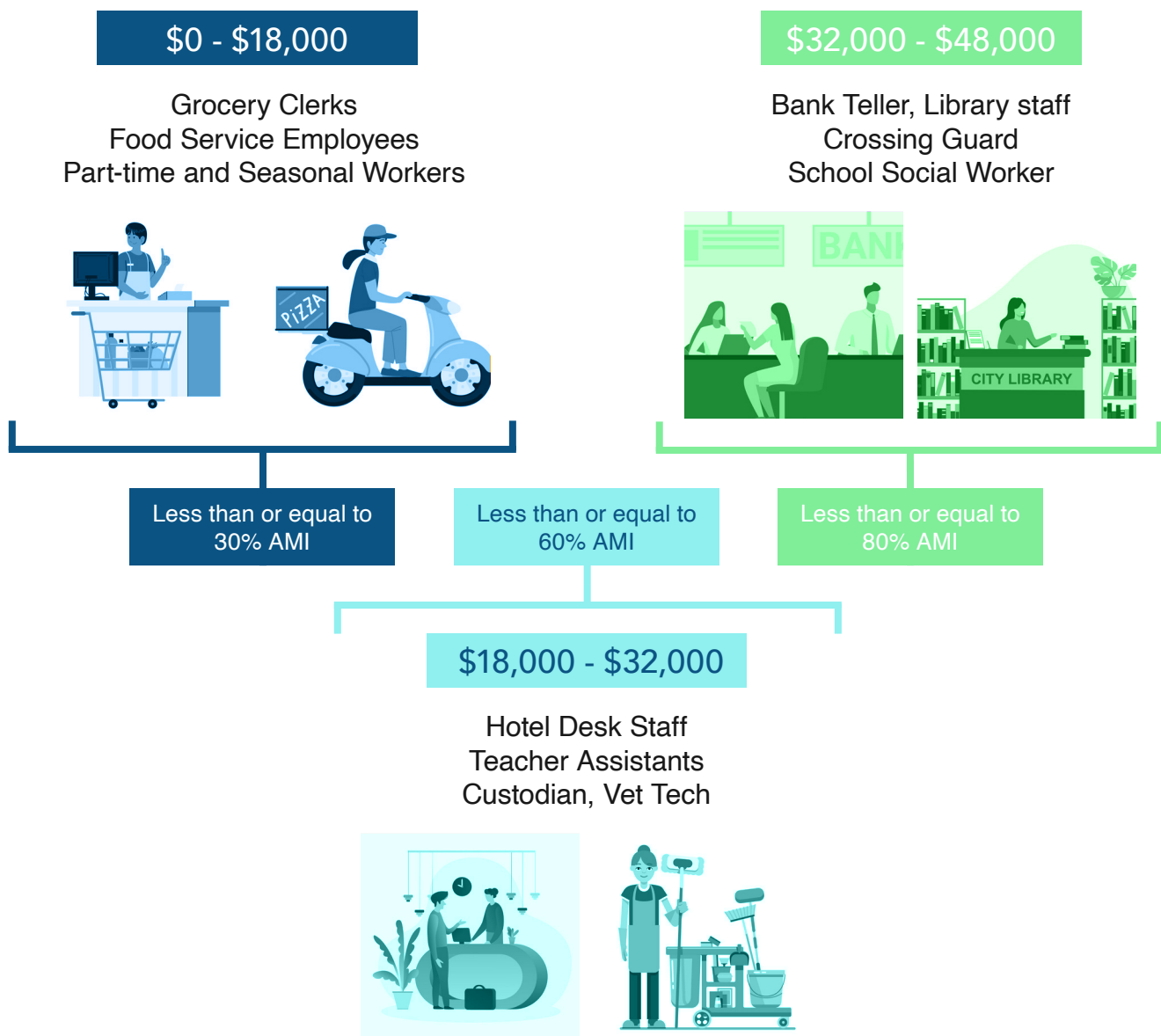
Through a competitive process, the Barnes Fund makes awards to nonprofit housing developers and partnerships to create and preserve affordable housing options for Nashvillians. Applicants may apply for both equity funding and back-tax Metro-owned properties. All funding is distributed to grantees on a reimbursement basis to support the renovation and new construction of affordable homeownership and rental opportunities, as well as other supportive efforts to encourage long-term affordability.

Barnes helps address issues of affordability in two distinct ways. Properties that receive Barnes funding for rental or homeownership opportunities remain affordable for a 30-year affordability period. Additionally, Barnes awards funding to rehab programs that help low-income homeowners receive assistance maintaining healthy and habitable homes. This helps Nashville retain affordable options for long-term affordability.

Eligibility for Barnes funding is restricted to rental opportunities below 60% of the Area Median Income (AMI) and homeownership opportunities below 80% AMI. This ensures that Barnes funding goes to organizations that are working to address the most critical gap needs in our community.

# What is 'affordable' and to whom?

Every year the Housing and Urban Development Agency of the federal government sets income limits for each geographic area. Barnes funds rental developments at or below 60% of the Area Median Income and at or below 80% of the Area Median Income for homeownership. Although these exact incomes change each year, the ranges below will give you an idea of the types of occupations someone might have if they qualified for affordable housing.



# Looking Back

Much of 2021 was spent updating and standardizing processes and policies for the Barnes Fund. This decreased staff time spent customizing documents for each grantee, increased transparency of expectations for grantees, and allowed the Commission to remove potential bias from voting decisions. Notably during this process, the Housing Trust Fund Commission and staff were able to make enhancements such as increasing the affordability term for affordable properties from 20 years to 30 years.

The year 2021 brought new obstacles for the housing community. As supply chain issues continued to develop due to the COVID-19 pandemic, the cost of many construction materials suffered inflated prices. Additionally, housing prices continued to rise nationwide, which disproportionately affected both low-income homeowner displacement and nonprofit developers constrained by AMI requirements. Despite these incredible hurdles, the Barnes housing community continued to deliver critically needed services, programs, and developments to Davidson County.

## Q1

- July** - Commission and Council approve two impounded grants using FY21 funding.
- Aug** - Round 8 of funding RFP is opened for applications.
- Sep** - Round 8 application deadline is extended to January 2021 due to potential budget impacts of a tax referendum.

## Q2

- Oct** - Regions Foundation grant of \$250,000 received and added to funding round 8.
- Nov** - A second full-time staff member is hired to oversee the Barnes portfolio.
- Dec** - Mayor Cooper launches Affordable Housing Task Force.

## Q3

- Jan** - Round 8 applications close, and 7 of 10 applications are recommended for award.
- Feb** - Commission voted to approve funding recommendations for 7 grantees in Round 8. Affordable Housing Task Force Report is completed.
- Mar** - Barnes received \$5M allocated by Mayor Cooper to repair the fund from FY20 impoundment

## Q4

- Apr** - The affordability term is increased from 20 to 30 years. Round 8 contracts are approved by Metro Council.
- May** - Official contract breach policy approved and enacted.
- Jun** - Barnes received a 25% increase in annual funding to 12.5M in the proposed FY22 Metro budget.

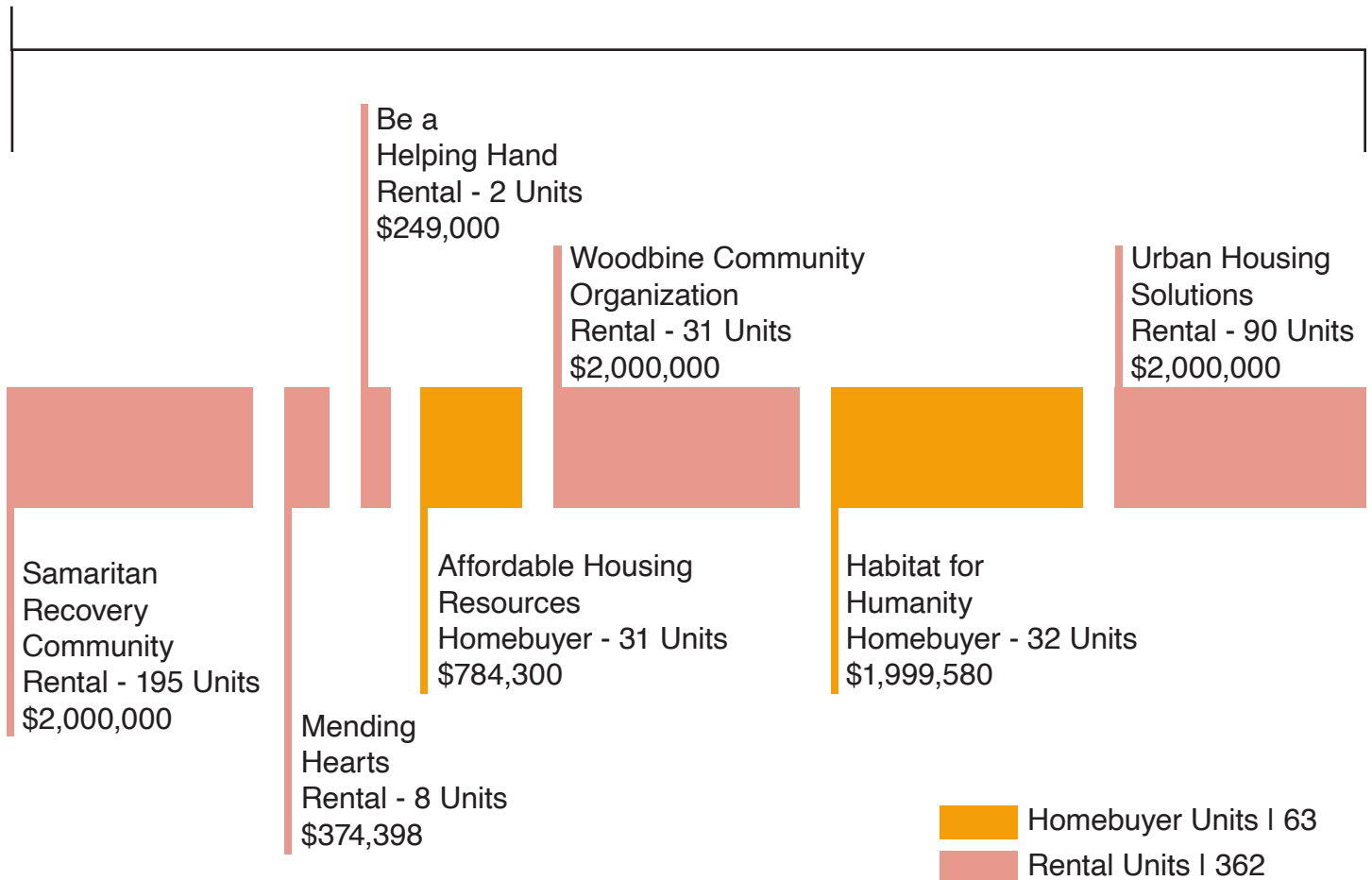
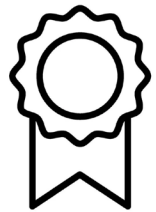
# Spring 2021 Awards

The granted proposals offer single-family and duplex homeownership opportunities for large and small families, as well as expansive, multi-phase rental developments that address multiple community needs, and transitional housing for women overcoming homelessness due to addiction and co-occurring mental health disorders. This round of Barnes funding included both operating budget investments from the city and a state grant appropriated to Barnes by Mayor Cooper. In addition to the investments made by the city, funding included a generous \$250,000 grant from the Regions Foundation of Tennessee to help continue this crucial work in Davidson County.

## \$9,407,208 Awarded

425 Barnes Units

7 Applications



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# Round 8 - Spring 2021

**425** Total Barnes Units



**300 Units**  
in the 30% to 60%  
AMI range

**151 Units**  
in the 60% to 80%  
AMI range

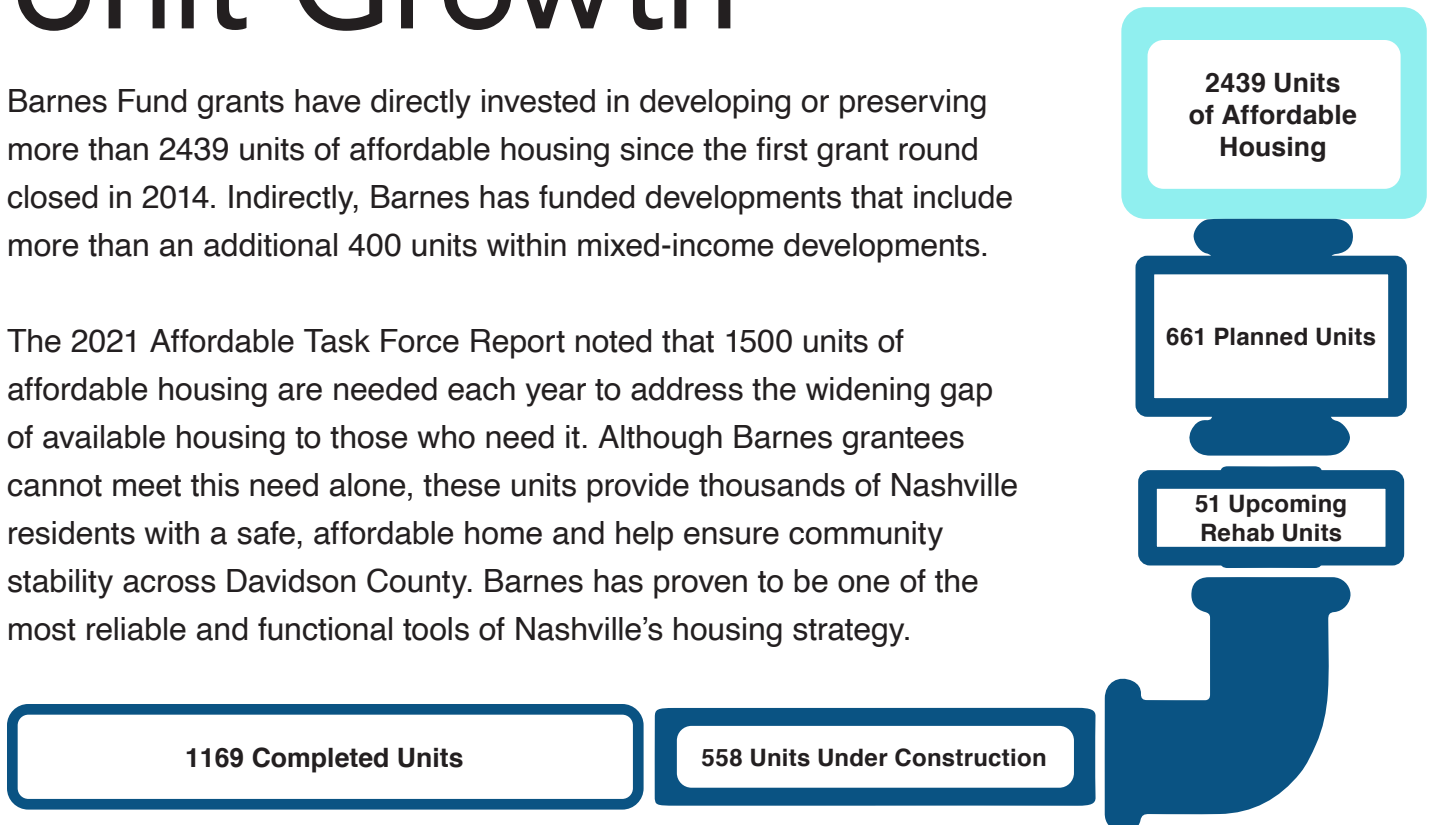
**14 Units**  
in the Less than  
or equal to 30%  
AMI range



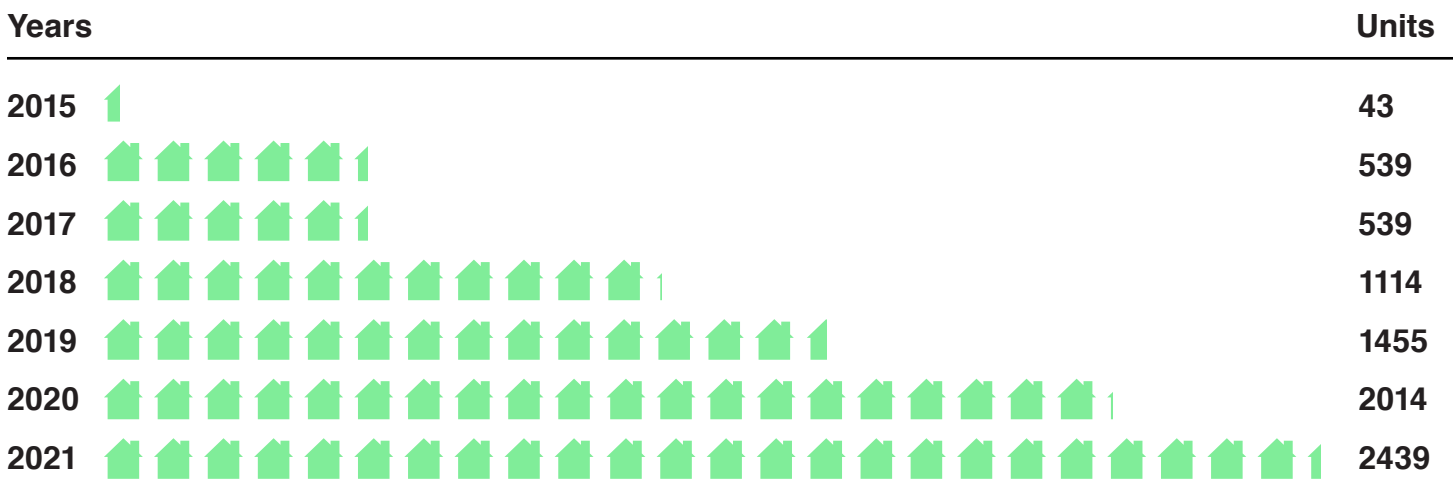
# Unit Growth

Barnes Fund grants have directly invested in developing or preserving more than 2439 units of affordable housing since the first grant round closed in 2014. Indirectly, Barnes has funded developments that include more than an additional 400 units within mixed-income developments.

The 2021 Affordable Task Force Report noted that 1500 units of affordable housing are needed each year to address the widening gap of available housing to those who need it. Although Barnes grantees cannot meet this need alone, these units provide thousands of Nashville residents with a safe, affordable home and help ensure community stability across Davidson County. Barnes has proven to be one of the most reliable and functional tools of Nashville’s housing strategy.



## Direct Cumulative Units Developed



\*our graph begins in 2015 when the first units of Barnes were completed

= 100





# How Barnes Measures Success: Leveraged Funding

## What is Leveraged Funding?

For housing development, leveraged funding includes many diverse funding sources such as grants, tax credits, and debt to complete a project.

The combination of these revenue sources is often referred to as the 'Capital Stack' for a capital project. As a housing trust fund, Barnes can be more flexible than other funding sources.


When Barnes commits monies in a grant award, developers can then take that commitment to other funding sources and leverage it to obtain more funds for their capital stack.

When Barnes contributes the first grant funds to a capital stack, it offers legitimacy and valuable risk mitigation for other funders.

For experienced developers, Barnes offers crucial equity to access additional debt.

# Investments

Total Portfolio	Spring Funding
<p><b>\$54,048,347</b></p> <p>awarded by Metropolitan Housing Trust Fund Commission</p> <p><i>which led to</i></p> <p><b>\$312,687,510</b></p> <p>in private sector, philanthropic, state and federal funding to create and preserve housing across Nashville</p> <p><b>6:1 leverage</b></p>	<p><b>\$9,407,208</b></p> <p>granted in Round 8 funding</p> <p><i>helped leverage</i></p> <p><b>\$112,925,906</b></p> <p>in additional funding equaling a</p> <p><b>12:1 leverage</b></p>

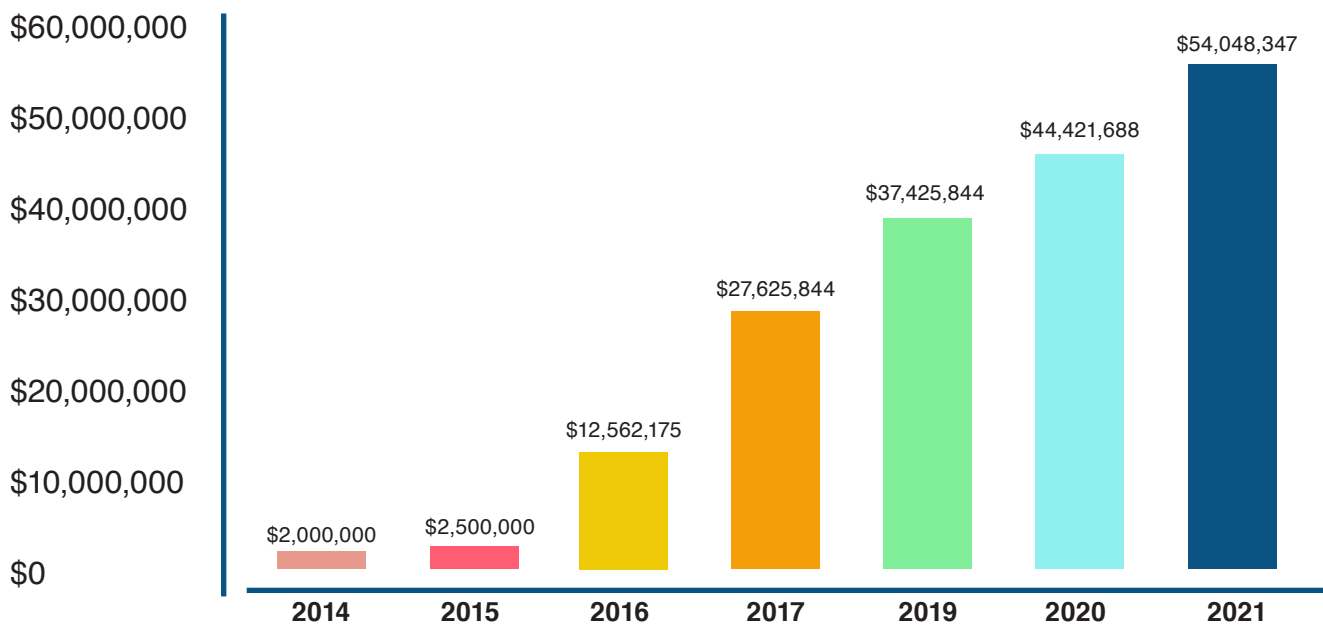


**84** Metro Owned Properties

*donated to affordable housing developers with*

**\$4,191,000**  
collective land value

## Cumulative Annual Investment



# Looking Forward

## FY22 Grant Rounds

The Housing Trust Fund Commission opened a fall funding cycle and anticipates making awards in Dec. 2021.

As we move into 2022, staff are preparing for an anticipated spring funding round with American Rescue Plan funds.

## New Commissioners

Housing Trust Fund Commission will welcome two new members to its ranks after two dedicated commissioners' terms expired.

## Strategic Planning

In preparation for the arrival of new commissioner perspectives and backgrounds, the Housing Trust Fund Commission will undergo a strategic planning session to better align goals and expectations for future funding.

## New Staff at Planning

Mayor Cooper committed to hire a Director of Housing and consolidate existing housing staff into a newly formed Division of Housing. This ensures Barnes Funding is part of a citywide plan to address affordable housing.

## Activating Public Land Portfolio

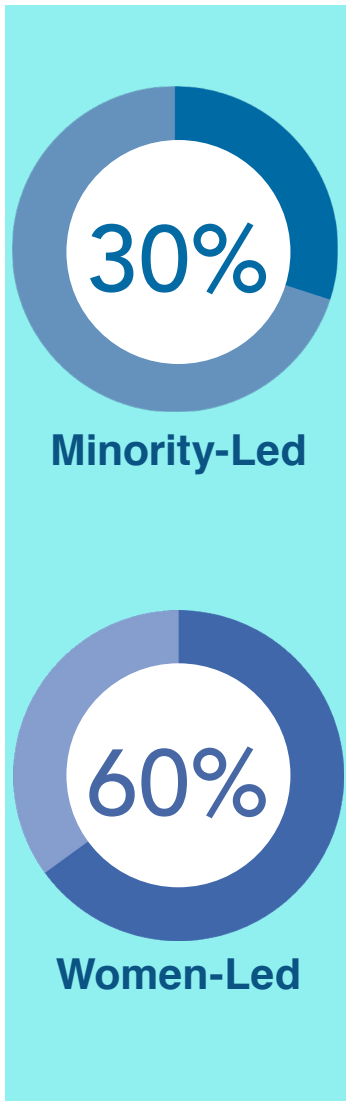
Barnes staff will continue to work with the Public Property Administrator with the goal of activating our existing land assets to include more affordable housing.

## Updated Audit

Staff are currently assisting the internal audit team as they evaluate and assess risks and responses of the fund.

# Support

The work of Barnes would not be possible without the support the community partners that implement this funding. Barnes Fund investments have helped 20 nonprofit organizations – including many that are minority- or women-led – grow their mission of developing and preserving affordable housing in our community.



<b>Be A Helping Hand</b>	<b>\$1,083,397.00</b>
<b>Crossroads Campus</b>	<b>\$1,800,000.00</b>
<b>Crossbridge, Inc.</b>	<b>\$1,000,000.00</b>
<b>Dismas House</b>	<b>\$3,000,000.00</b>
<b>Fifteenth Avenue</b>	<b>\$69,690.00</b>
<b>Living Development Concepts</b>	<b>\$340,033.00</b>
<b>Mary Parrish</b>	<b>\$100,000.00</b>
<b>Mending Hearts</b>	<b>\$1,537,223.80</b>
<b>New Level CDC</b>	<b>\$2,631,250.00</b>
<b>Our Place Nashville</b>	<b>\$3,084,925.00</b>
<b>Project Return</b>	<b>\$271,000.00</b>
<b>Rebuilding Together Nashville</b>	<b>\$1,180,974.19</b>
<b>Renewal House</b>	<b>\$1,800,000.00</b>
<b>Habitat for Humanity</b>	<b>\$6,840,460.00</b>
<b>Affordable Housing Resources</b>	<b>\$1,895,990.00</b>
<b>Urban Housing Solutions</b>	<b>\$12,167,116.00</b>
<b>Westminster Home Connection</b>	<b>\$250,000</b>
<b>Samaritan Recovery Community</b>	<b>\$2,00,000.00</b>
<b>The Housing Fund</b>	<b>\$250,000.00</b>
<b>Woodbine Community Organization</b>	<b>\$12,791,288.00</b>

The Commission is dedicated to the capacity growth of smaller organizations with the goal of widening the developer pool, especially for traditionally underfunded organizations. As an action step, the legislation passed by BL2021-725 dedicated 20% of grants for small organizations. The Commission recognizes the critical need to continue this work through future policies and grant rounds to become more reflective our community at large.

# Quick Facts



**12:1**

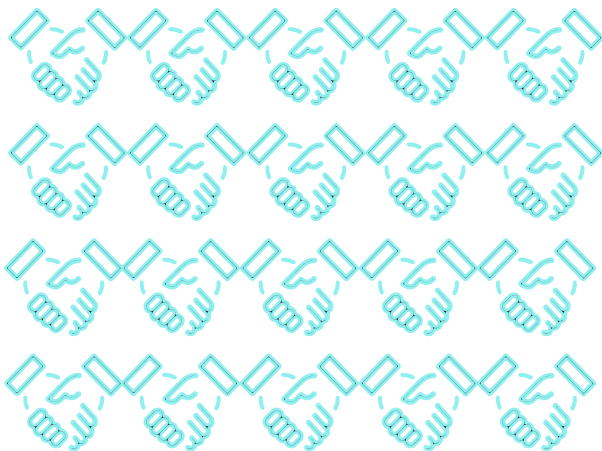
Leverage of Barnes Investment in Round 8



**6:1**

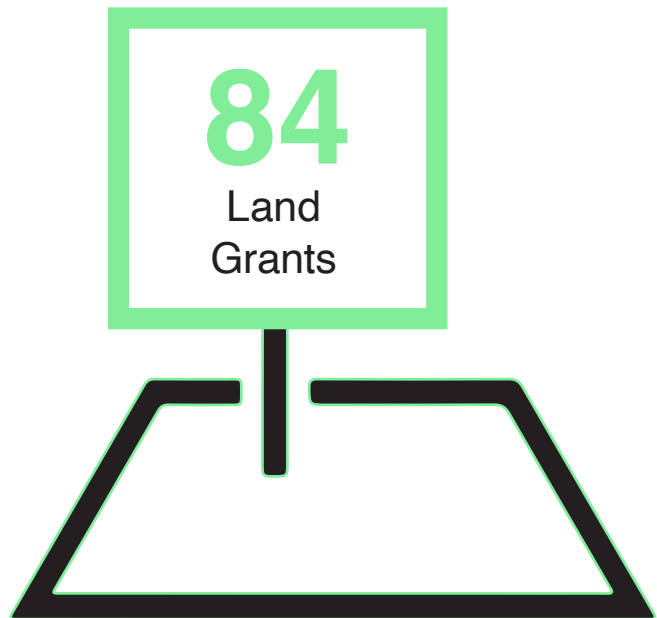
Total Portfolio Leverage

**20** Community Housing Partners



**84**

Land Grants



# Acknowledgements

We would like to thank the Metropolitan Housing Trust Fund Commission, who governs The Barnes Fund, for their continued guidance and support.

Gina Emmanuel, Chair	James Simmons
Chris Ferrell	Councilmember Colby Sledge*
Kaki Friskics-Warren	Lara Kuhlman*
Jim Schmitz	Councilmember Zulfat Suara+

\*Commission terms ending in 2021  
+Commission terms beginning in 2021

# Resources

For more information about the Barnes Fund, affordable housing, and the housing needs of Nashville:

[Barnes Fund](#)

[2021 Affordable Housing Task Force Report](#)

[Affordable Housing 101 | Civic Design Center](#)

[Metro Affordable Housing](#)

*“My hope of ours is that as The Barnes Fund expands, it can become the vehicle for long range and serious change in Metro.”*

*Reverend Bill Barnes*