

# THE NASHVILLE HOUSING CHALLENGE



## 1. THE AFFORDABLE HOUSING DEFICIT

As our city continues to grow, housing costs have skyrocketed and wages have flatlined. According to the Mayor's Office, **we have a deficit of over 18,000 affordable housing units today.** That's 18,000 families who are either without a home or are paying far more than they can afford. **This deficit is expected to grow to 31,000 by 2025** if we do not start aggressively funding, building and preserving these units now.

## 2. HOT HOUSING MARKET = DISPLACEMENT OF OUR COMMUNITIES

Right now, the private real estate industry has no reason to build affordable housing. Land values are sky high and real estate companies are going to build what makes the most money. What makes money is high end condos, \$600k tall skinnies and hotels for the many high income earners moving to our city. **This trend is leaving the majority of middle and working class Nashville with no affordable housing options.**

## 3. THE OPPORTUNITY

The good news is, there are many qualified local and regional affordable developers that are itching to build housing for teachers, construction workers, Metro employees, folks in the service industry and the thousands of others who make our city run. But in this hot housing market, **there are very few financing tools to allow these equitable developers to compete** and even fewer tools to ensure that housing and land remain affordable long-term.

# THE WELCOME HOME CAMPAIGN PLATFORM

To address these issues, the city must step in to help provide a dedicated funding source for affordable housing. We need tools to help us use this funding to preserve and build housing and we need a way to measure our progress. The Welcome Home movement centers on four specific policies:

### 1 DEDICATED FUNDING

This council resolution would allow Metro to open up a "revolving loan fund" to provide a total of \$100-120 million **per year** for affordable housing over the next 8 years. (This is the estimated amount needed to reduce our affordable housing deficit to zero.)

#### How does it work?

Currently, the \$10 million/year provided to the Barnes Housing Trust Fund is used as permanent funding for acquiring and building affordable housing.

The revolving loan fund would redirect funds from the Barnes Housing Trust Fund towards initial financing on land and construction loans. This allows affordable developers access to financing upfront to acquire land, build and renovate housing. Once construction is complete, the developer can get permanent financing through a mortgage company.

The funds generated by the permanent mortgage are used to pay back the "revolving loan fund". Income from the property (rents on the affordable/workforce units) can then be used by the developer to pay the permanent mortgage monthly over 30 years.

### 2 COMMUNITY LAND TRUST

A Community Land Trust would be a city-led non-profit designed to purchase land and existing housing stock for the sole purpose of creating permanently affordable housing.

This would be a city agency, governed by a board made up of city officials, community advocates and CLT residents. The CLT board would use Metro funds to purchase land and existing affordable housing stock. The CLT would lease the land to developers under strict affordability guidelines.

Because the land remains under public ownership through the CLT, housing prices will remain stable and affordable for 99 years.

### 3 MUNICIPAL LAND BANK

A Municipal Land Bank would consolidate underused public land and make sure it is being put to best use for the community.

The Land Bank would be governed by a board of elected officials, community advocates and affordable housing developers.

### 4 HOUSING SCORECARD

With all these great tools in place, we still need make sure we can track progress. The "quarterly housing scorecard" would be a publicly accessible report showing how many units of affordable housing have been built, preserved and lost.

