

Program Inventory and Profiles

The Metropolitan Government of Nashville and Davidson County both administers and utilizes a variety of housing related programs. These programs create new housing units, preserve existing housing stock, and assist residents' ability to access and maintain stable housing with financial and legal assistance. The program profiles below provide more information on the main housing programs in Nashville-Davidson County. Figure 20 on Page 40 of shows how the various program support affordability, access, and stability along Nashville's housing continuum.

Program Profiles

Affordable Housing Gap Financing

About the Program:

The Affordable Housing Gap Financing program, administered by MDHA, was created post-pandemic to close the funding gaps in LIHTC-awarded properties. As LIHTC developers needed to close these financing gaps, MDHA offered ARPA-funded gap financing (as subordinate debt) in exchange for these LIHTC properties designating 2% of project units as permanent supportive housing (PSH) and another 2% of project units as affordable to renters at 30% of AMI or below. With a one-time allocation of \$25 million from ARPA, MDHA was able to spend \$16.6 million of this allocation to finance 102 units of PSH across Nashville's new LIHTC properties, at a cost of roughly \$163k per unit. It should be noted that these units were not a net addition to the stock, but rather, converted from planned LIHTC units (at a weighted average affordability of 60% AMI) to a greater depth of affordability for a higher-need population.

Barnes Fund Homeownership Creation

About the Program:

The Housing Trust Fund Commission recommends the award of grants to nonprofits for the creation and preservation of affordable housing. Since its creation in 2013, over \$160 million in Barnes Fund grants have been awarded to create and preserve over 6,000 income-restricted rental and for-sale homes and to support owner-occupied rehab. The funds has leveraged over \$1.4 billion in other public and private funds. Performance of the Barnes Fund is available on the Housing Division dashboard.

1. For-sale homes: One of the activities funded by the Barnes Housing Trust Fund is the construction of owner-occupied homes for households at 80% AMI and below. Nonprofit sponsors are required; prominent partners for the program include Affordable Housing Resources, New Level CDC, The Housing Fund, and Habitat for Humanity. Year-over-year program production fluctuates, but in the aggregate, has approached a respectable scale given the spatially and financially diffuse nature of for-sale projects. In 2024, the HTFC awarded funds to the first housing cooperative project.

2. **Owner-Occupied Rehab:** Another activity funded by the Barnes Housing Trust Fund, is the rehabilitation of owner-occupied homes for households at 80% AMI and below. Nonprofit sponsors are required; prominent partners for the program include The Housing Fund, Rebuilding Together Nashville, and Westminster Home Connection. These measures are critical for helping homeowners age in place, become more resilient to economic pressures, and recover from natural disasters.
3. **Rental Homes:** The primary activity funded by the Barnes Housing Trust Fund is the creation of new renter-occupied housing for households at 60% AMI and below. Nonprofit sponsors are required; prominent partners for the program include Urban Housing Solutions, Be A Helping Hand, Pathway Lending, and Woodbine Community Organization. In some instances, nonprofits partner with for-profit developers utilizing LIHTC, which allows scaling of the program. Barnes Fund rental projects have also led to new homes for vulnerable populations through grants to organizations such as Park Center, Dismas, and Renewal House.

Catalyst Fund

About the Program:

The Catalyst Fund, launched in 2024, is intended to solve a common problem for affordable housing developers in markets across the country. In appreciating markets like Nashville's, lower-rent apartments that enter the for-sale market can be quickly acquired by market-rate developers before mission-driven developers can assemble financing, place bids, negotiate and close. The Catalyst Fund, which launched with \$78.5M in available capital, is administered by the Community Foundation of Middle Tennessee. The Fund was formed with \$20M of Metro funding, a \$48M credit facility led by First Horizon, and critical philanthropic, low-return investments from Vanderbilt University, The Healing Trust, and Ryman Hospitality. The Catalyst Fund provides a source of fast-moving bridge financing that allows affordable housing developers to compete for Nashville's existing apartment stock as acquisition opportunities occur. The Fund also offers predevelopment loans to support scaling developers.

Connecting Housing to Infrastructure Program (CHIP)

About the Program:

The Connecting Housing to Infrastructure Program (CHIP), administered by the Housing Division, was created to help affordable housing developers provide enhanced infrastructure. With an initial allocation from the 2020 Capital Spending Plan of \$2M and an additional \$2 million from the 2021 CSP, the CHIP program offers cost-sharing with developers where affordable projects have an opportunity to make infrastructural upgrades beyond what is legally mandated. These infrastructure enhancements include bus stops, pedestrian/crosswalk enhancements, exterior lighting, sidewalk connections, traffic calming measures, or other upgraded mobility infrastructure.

Emergency Rental Assistance

About the Program:

Metro Action Commission administered Emergency Rental Assistance Program, which included support for utility and home energy cost assistance, from 2021 to 2023. This program deployed more than \$67 million to support households during this period.

Eviction Right to Counsel

About the Program:

The Eviction Right to Counsel program, funded by a one-time award of \$3.0M in ARPA funding, is administered by the Legal Aid Society of Middle Tennessee as a two-year pilot. The program provides legal advice, and frequently, legal representation, to renters facing eviction and homeowners facing a foreclosure. A report summarizing the program's first year activity found 1,010 households were served, and an independent report by a consulting firm estimated that the program saved Davidson County renters \$3.4 million in one year of operation, relative to a \$1.5M investment.

Homeowner Rehab (MDHA)

About the Program:

Utilizing Community Development Block Group (CDBG) funds, MDHA makes 0% interest loans for owner-occupied home rehab at 80% AMI and below. Individual homes are eligible for up to \$35,000 in home repair funds. In recent years, MDHA has built a strong pipeline of applicants, contractors, and awards, averaging 170 owner occupied homes served per year over the past five years. Demand for the program is very high; as of mid-2024, MDHA had a wait list of over 150 homeowners for the program, and has had to close its application portal for months at a time due to backlogs.

Housing First Supportive Services

About the Program:

The Housing First Supportive Services program, administered by Metro OHS, was created with a one-time \$8.8M allocation of ARPA funds to improve the reach and capacity of Nashville's permanent supportive housing ecosystem, focusing on supportive service provision, and has served 478 individuals to date. Funding also supports trainings for CoC membership on implementing the Housing First model, involving nationally renowned experts such as Sam Tsemberis.

LIHTC PILOT

About the Program:

Tennessee State regulations mandate that local property tax assessors account for the value of a LIHTC project's federal tax credit. In other words, the monetary value of the federal tax incentive is added to LIHTC project's assessed values, potentially imperiling the financial health of Tennessee's LIHTC projects. Tennessee localities, including Nashville, have addressed this problem by creating PILOTs for LIHTC projects specifically. MDHA runs Nashville's program. On a per-unit level, the abatement is smaller than that of a Mixed-Income PILOT project.

Low Barrier Housing Collective

About the Program:

The Low Barrier Housing Collective, administered by Metro OHS, was created with a one-time allocation of \$3.5M from ARPA funding to focus on keeping hard-to-house populations in housing. The Collective focuses on proactive outreach and maintaining a network of landlords who are willing to house populations traditionally understood as being hard-to-house (e.g. mental health and substance abuse disorders, incarceration history, etc.) and provides small incentives to landlords for their partnership in the network. Some units participating in the Collective have emergency housing vouchers attached to them. These incentives include added security deposits, sign-on bonuses, minor home repair funds, and furniture assistance. As of October 2024, 282 properties were participating in the program, and 676 households had been served.

Low Barrier Housing Competitive Grants

About the Program:

The Low Barrier Housing Competitive Grants program, administered by Metro OHS, was created with a one-time allocation of \$4.02M in ARPA funds, which became the awards pool for a Competitive Grants RFP put out in Fall 2023. In 2024, awards were made to five organizations. These awards included funding for innovative partnerships between medical systems and housing providers, training and counseling for hard-to-house populations, and supportive service funding. Notably, however, 57% of funds were awarded to Salvation Army to help continue its operations under the Temporary Interim Housing program (detailed elsewhere in this report), which indicates a need for increased fiscal priority to Temporary Interim Housing operations in future years.

Low Income Home Energy Assistance Program (LIHEAP) Renters & Homeowners

About the Program:

Metro Action Commission administers the federally-funded Low Income Home Energy Assistance Program (LIHEAP) for Nashville. LIHEAP makes energy payment assistance available to either renters or homeowners who earn below 150% of the federal poverty rate. Within Davidson County, MAC makes a portion of LIHEAP funds available as Water Payment Assistance, rather than energy bill assistance. On average, LIHEAP serves about 7,500-8,000 Nashville households per year across its portfolio.

MDHA HOME Homeownership

About the Program:

Utilizing Home Investment Partnerships Program (HOME) funds, MDHA administers a gap financing program for the creation of new owner-occupied homes affordable at 80% AMI or below. In recent years, this program has functioned primarily as a partnership with Habitat for Humanity of Nashville. Habitat has sourced buyers and lots, and projects have typically been cross-subsidized with Barnes funding. Over the last five years, this program has financed an average of roughly 12 homes per year.

MDHA HOME Rental Program

About the Program:

Utilizing Home Investment Partnerships Program (HOME) funds, MDHA administers a gap financing program for the creation of new rental housing affordable at 60% AMI or below, averaging a contribution of \$50k-\$80k per rental unit. HOME-sponsored properties tend to be lower-density than LIHTC projects. In recent years, most rental properties receiving HOME funding have also received Barnes funding. During Fiscal Year 2023, MDHA funded 46 rental units, a slight increase from average production during the prior 4 years.

Mixed-Income PILOT

About the Program:

Launched in 2022, the Housing Division runs the Mixed-Income PILOT program, which aims to create an alternative mechanism for financing affordable housing through the use of property tax abatement. Offered in three tiers (where deeper tax abatements correspond to deeper affordability), developers can access tax relief and create a mix of market-rate and units affordable to renters at 75% of AMI and below.

Property Tax Freeze Program: Seniors

About the Program:

As enabled by State statute, elderly homeowners in Tennessee are eligible for property tax freezes if they fall below certain income thresholds. These income eligibility thresholds are set by the Tennessee State Legislature. In 2023, Davidson County's income eligibility for the Property Tax Freeze was raised to \$60,000 annually. The Property Tax Relief program is structured analogously, only with more restrictive income eligibility thresholds, and recipient homeowners can have their property tax payments reduced, rather than capped at current levels.

Property Tax Relief Program: Seniors | Disabled | Veterans

About the Program:

As enabled by State statute, elderly homeowners in Tennessee are eligible for property tax reductions if they fall below certain income thresholds. These income eligibility thresholds are set by the Tennessee State Legislature. In 2023, Davidson County's income eligibility for the Property Tax Relief program was raised to \$36,370 annually. The Property Tax Freeze program is structured analogously, only with more higher income eligibility thresholds, and recipient homeowners can have their property tax payments capped, rather than reduced.

Rental Rehab (MDHA)

About the Program:

Utilizing Community Development Block Group (CDBG) funds, MDHA makes annual funds available for the rehabilitation of renter-occupied units, in exchange for 10-year commitments to keep the unit affordable to renters at 80% AMI or below. Individual units are eligible for up to \$50,000 in repair activity, with most recipient units falling within single family homes and duplexes. Data from annual reporting to HUD indicates that the program has supported 3 to 4 units per year (not buildings) over the past five years.

Section 8 Vouchers Administered by MDHA

About the Program:

As the public housing authority, MDHA is Nashville's largest Section 8 housing choice voucher agency (THDA issues some within the County as well). As a federal program, MDHA uses Section 8 Housing Choice Voucher funding to provide low income renters in Nashville with a voucher for private market rental housing. Renters receiving a voucher pay 30% of their incomes towards rent and utilities, while the voucher pays the difference between this tenant-contributed rent and a HUD-determined Fair Market Rent (FMR) to the landlord. In Nashville, like in virtually all jurisdictions across the U.S., demand for the Housing Choice Voucher program greatly outpaces voucher availability, with waitlists being years long.

Temporary Interim Housing

About the Program:

The Temporary Interim Housing program, administered by Metro OHS, was created with a \$9M allocation of ARPA funding to bolster Nashville's emergency shelter operations, that has run from 2022-2024. Over three years of operation, the \$9M in ARPA funding has supported the operations of the Salvation Army, Launch Pad, and the Community Cares Fellowship to provide emergency housing for 489 individuals. In particular, the program's support to the Salvation Army allowed for the housing of 142 persons displaced by the closure of homeless encampments. In an indication of the program's demand relative to available funds, OHS awarded an additional \$2.0M to Salvation Army from the Low Barrier Housing Competitive Grants program (detailed elsewhere in this report), or 57% of its total grant pool, to continue supporting its Temporary Interim Housing operations.

Weatherization Assistance Program (Renters & Homeowners)

About the Program:

MDHA administers the federally-funded Weatherization Assistance Program. Weatherization funds support home rehabilitations that promote energy efficiency, such as insulation, HVAC replacement, caulking, and weather stripping. The program is available for homeowners and renters earning below 200% of the federal poverty rate.