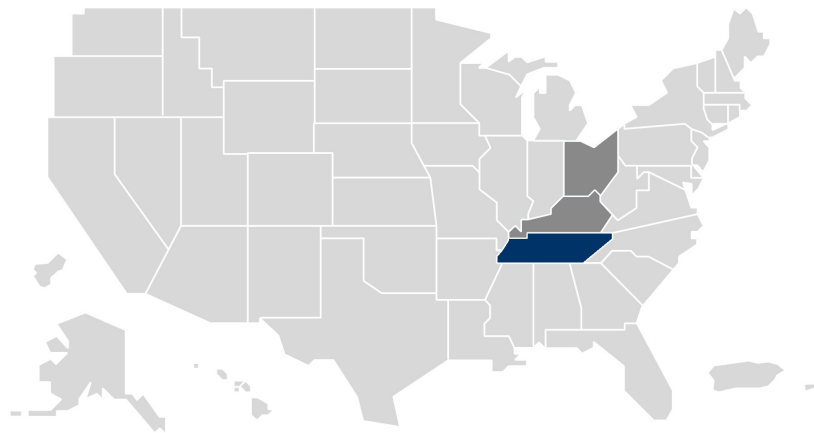


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



TENNESSEE
STATE REPORT

TENNESSEE STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Tennessee is in the Cincinnati district. This report details the economic impact of housing within Tennessee that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within Tennessee may have received AHP funding from a Federal Home Loan Bank other than FHLBank Cincinnati. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

TENNESSEE Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$94.03 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$118.22 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$575.59 MILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.


\$750.20 MILLION

DEVELOPMENT COST INFLATION-ADJUSTED

 **505**

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **9,209**

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

TENNESSEE Home Purchase Activities

Economic Basis



\$20.08 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$24.45 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$302.51 MILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$350.24 MILLION

FIRST MORTGAGES INFLATION-ADJUSTED



3,713

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

TENNESSEE Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$1.48 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



11,323 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$558.88 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

1.97

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

\$43.75 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

TENNESSEE Home Purchase Activities

Economic Impact



\$789.82 MILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



5,757 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



\$193.77 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

1.93

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

\$23.81 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

The Place Next Door

The project involves the new construction of 10 multifamily units for very-low-income, homeless tenants with special needs. Financing for the project includes a state housing finance agency grant, a state/local government grant, donated goods, a member and sponsor cash contribution and a \$500,000 AHP grant. Tenants will be empowered through credit counseling/budgeting and a formal tenant organization. Case management and health or mental health services will be available to the tenants. The project has at least 25 percent of eligible outside funding sources committed. The AHP subsidy is less than 50 percent but more than 25 percent of the total development costs.

SOURCES

HDGF	\$	543,311
AHP	\$	491,260
ODMH	\$	350,000
Sponsor Equity	\$	20,830
Architect Donation	\$	1,000
Member Cash Contribution	\$	500
Total	\$	1,406,901

Tennessee Project Profile: Home Purchase Activity



Before



After

Appalachia Service Project

The Appalachia Service Project involved the development of 10 energy-efficient, single-family homes located in Appalachian Carter County, Tennessee, for purchase by very-low-income households, three elderly homebuyers and three families coming out of homelessness. The \$512,661 project was financed with foundation grants, a cash contribution from the member and sponsor, donated goods, services and land and a \$231,500 Affordable Housing Program (AHP) grant.

The Blairs, who are both disabled, have three children, one of which has a severe developmental disability and another who has leukemia. The family resided in an undersized, doublewide mobile home with faulty electricity, holes in the floor and a failing septic tank.

Appalachia Service Project built the Blair family a 4-bedroom, 2-bath house during spring 2015. A Federal Home Loan Bank of Cincinnati's AHP grant of \$231,500 filled the funding gap. The new house—thanks to the FHLB Cincinnati, Bank of Tennessee (Johnson City, Tennessee) and Appalachia Service Project—transformed this family's lives and lifted them physically and spiritually to a place they never thought they would reach.

SOURCES

AHP	\$	231,500
Sponsor Cash Contribution	\$	219,808
Foundation Grants	\$	27,273
Donated Goods and Services	\$	25,080
Donated Land	\$	8,500
Member Cash Contribution	\$	500
Total	\$	512,661