

FY24 Pathways to Removing Obstacles to Housing (PRO Housing) Grant Proposal

Submitted by: Knoxville-Knox County Planning

In partnership with Knox County and the City of Knoxville

Draft Application

September 25, 2024

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EXECUTIVE SUMMARY

Knoxville-Knox County Planning seeks to utilize funding provided through the Pathways to Removing Obstacles to Housing (PRO Housing) grant to preserve and increase affordable housing in both the City of Knoxville and unincorporated Knox County, Tennessee. Both jurisdictions have made independent progress towards removing barriers to the production of this housing stock in recent years, but the related to affordable housing do not recognize jurisdictional boundaries, and there are opportunities to bring our local entities into alignment with one another to tackle the housing problems we bear in common. This application identifies collaborative strategies to keep residents housed, build more housing, and diversify housing options through regulatory and policy changes as well as implementation projects to ensure lasting, sustainable change.

In recent years, our community has made incremental progress towards breaking down these barriers through measures such as an overhauled zoning code and adoption of a middle housing strategy in the city, and deployment of a new comprehensive land use and transportation plan for the county. This proposal creates a framework to leverage these previous efforts and lessons learned in a unified manner, building greater capacity for long-lasting change.

PRO Housing funding would provide essential support for several proposed solutions: To identify and dismantle local regulatory obstacles, we will conduct a countywide regulatory audit, update the comprehensive land use plan within the city, and create a pre-approved plan book. Implementation projects in support of this regulatory framework are also planned. These include the creation of a countywide vacant properties' registry, affordable housing loan and gap financing programs, demonstration projects in areas of both high and low opportunity, as well as additional support for existing housing rehabilitation programs focused on the preservation of affordable housing. Finally, we will create a compelling communications strategy to guide all of these activities in a manner that helps to reshape public perception.

Our community is at a critical point in which our population is growing, housing costs have skyrocketed, and the widening gap between income and housing costs is leading to sizable shortages of housing. While our current housing market is challenging for residents at all income levels, our rapid population growth has resulted in extremely limited housing options for low-to-moderate-income (LMI) residents. We recognize the importance of a unified, strategic approach and are requesting PRO Housing funds to support our goal of ensuring safe and affordable housing for all.

THRESHOLD ELIGIBILITY REQUIREMENTS AND OTHER PROGRAM-SPECIFIC REQUIREMENTS

Knoxville-Knox County Planning (Planning), the lead applicant for this grant application, meets all Threshold Requirements and Other Submission Requirements as specified in the PRO Housing Notice of Funding Opportunity.

RESOLUTION OF CIVIL RIGHTS MATTERS

Planning has no outstanding civil rights matters.

ELIGIBLE APPLICANT

Planning is eligible to apply for HUD's PRO Housing Grant as a multijurisdictional entity representing Planning, the City of Knoxville, and Knox County, Tennessee. An Interlocal Agreement is included in Attachment F as documentation.

UEI: YUJ5KWRBMPA4

NUMBER OF APPLICATIONS

Planning is submitting one application for the PRO Housing Grant on behalf of Planning and partners City of Knoxville and Knox County.

OTHER PROGRAM-SPECIFIC REQUIREMENTS

Limited English Proficiency (LEP)

Language assistance, including interpretation and translation, is available through Planning. Interpretation services will be arranged by Planning for LEP persons upon request and to the best of its ability for any program or service. All public notices regarding the draft application and public hearings for the PRO Housing Grant will contain contact information for interpretation or translation service regarding the notice. Public notices will be available in English and Spanish on Planning's PRO Housing webpage.

Physical Accessibility

Planning will provide community members with reasonable and timely access to local public hearings relating to the agency's draft PRO Housing application, as well as public meetings and activities proposed within the application. Public meetings will be located at handicapped accessible locations at times that are generally convenient to the public and in multiple formats. The public hearing for the draft proposal, and subsequent public meetings, will be hosted in a hybrid format to accommodate those who are unable to attend in person. Public notices regarding this hearing and other public meetings and communications will contain contact information on how to request accommodation, such as interpretation, consistent with Section 504 of the Rehabilitation Act and HUD's section 504 regulations.

Environmental Review

In accordance with HUD regulations, the environmental effects of each activity carried out with federal funds will be assessed. Planning, the City of Knoxville, and Knox County are responsible for conducting environmental review for any project activities in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58. Compliance with environmental review requirements will be completed prior to the eligible entity acquiring, rehabilitating, converting, leasing, repairing, disposing of, demolishing, or constructing a property for an activity outlined in this application.

NEED

APPLICANTS

The City of Knoxville, Knox County, and Knoxville-Knox County Planning (Planning) are applying jointly for the U.S. Department of Housing and Urban Development (HUD) Pathways to Removing Obstacles to Housing (PRO Housing) competition, with Planning as the submitting entity.

ACUTE NEED FOR AFFORDABLE HOUSING

Knox County, historically characterized by a vibrant development community and a low cost of living, faced significant challenges following the Great Recession. Prior to the economic downturn, the county effectively supported population growth through active residential development, with 2005 to 2008 being peak years for housing construction. The City of Knoxville accommodated its more modest population increase primarily through multifamily housing projects during the same time period. However, the 2008 financial crisis led to a dramatic halt in housing construction, with areawide residential building permits dropping from nearly 4,200 in 2006 to just 997 in 2011. Compounding this issue, the University of Tennessee at Knoxville's ongoing growth plan increased student enrollment by more than 5,000, placing considerable additional pressure on the local housing market. Although construction activity recently rebounded to pre-recession levels, the prolonged recovery has left a lasting, adverse impact on housing availability. In response to these challenges, the City of Knoxville, Knox County, and Planning seek grant funding and partnerships to support initiatives aimed at increasing housing availability, enhancing community resilience, and meeting the growing demand for diverse housing options.

Population Growth and Impact on the Local Housing Market

Over the past several years, Knox County has experienced rapid areawide population growth. In 1980, the county's population stood at 319,694, and in 2023, that number increased to 500,669, a gain of nearly 181,000, comprising a 57% growth rate. In more recent terms, since the 2010 decennial census, Knox County witnessed population gains of 67,717, with nearly 20,000 of the total moving into the City of Knoxville. And all that growth came on the heels of the near shutdown in local residential building activity.

As population growth continues to outpace supply of new housing, costs have soared. Throughout 2023, housing affordability continued to worsen, pushing thousands of potential buyers out of the market and leading to a sharp decrease in home sales. This decline in inventory persists as an increasing proportion of households find themselves unable to afford homeownership, given the current mortgage rates and home prices.

According to the East Tennessee Realtors Association's (ETR) *2024 Housing Forecast*, one driver of reduced affordability has been the rise in borrowing costs, which translates into higher

monthly mortgage payments. While the median sale price only increased by 5.6% from 2022 to 2023 in the region, the combination of higher interest rates led to a more than 20% increase in monthly payments over the same period. Consequently, the annual income required to afford a median-priced home escalated from \$78,254 in 2022 to \$94,191 in 2023. The 2022 American Community Survey (ACS) showed Knox County's median household income at \$69,999, placing homeownership out of reach for approximately two-thirds of area residents.

- By home value, there is a deficit of over 10,000 units that would be affordable to Knox County households earning less than \$35,000 per year (Extremely Low-Income Limit in the Knoxville MSA).
- There is a deficit in the number of owner-occupied housing units affordable to every income range below \$75,000.
- The deficit of housing units available to the households who can afford them increases competition for housing between income brackets.

Knox County Owner-Occupied Unit Affordability, 2022

Owner Household Income	Owner Households in Income Range	Upper Affordability Range (2.5*Income)	Home Value Range	Occupied Units in Affordable Range	Deficit/Surplus of Affordable Units in Income Range
Less than \$10,000	2,669	25,000	\$0 to \$24,999	2,331	-338
\$10,000 to \$19,999	5,632	49,998	\$25,000 to \$49,999	2,042	-3,590
\$20,000 to \$34,999	11,735	87,498	\$50,000 to \$89,999	5,307	-6,428
\$35,000 to \$49,999	12,482	124,998	\$90,000 to \$124,999	8,401	-4,081
\$50,000 to \$74,999	20,781	187,498	\$125,000 to \$174,999	17,313	-3,468
\$75,000 to \$99,999	18,300	249,998	\$175,000 to \$249,999	28,551	10,251
\$100,000 to \$149,999	26,463	374,998	\$250,000 to \$399,999	34,379	7,916

\$150,000 or more	28,485	375,000	\$400,000 or more	28,223	-262
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Source: U.S. Census Bureau American Community Survey, 2018-2022 5-Year Estimates

In the Knox County rental market, prices continue to climb, with ETR reporting monthly rents up 14.1% from the previous year, outpacing the national rate of 6.6%. According to 2022 ACS figures, Knox County’s median monthly rent escalated to \$1,097, driven by competition for units and evidenced by a 95% occupancy rate. As a result, nearly half (48%) of all renter households in Knox County are cost burdened, allocating more than 30% of household income to rent expenses.

- Across the county, there is a deficit of more than 18,600 housing units affordable to renter households in the income ranges “Less than \$10,000,” “\$10,000 to \$19,999,” and “\$100,000 or more.”
- In terms of monthly rent, there is a deficit of 5,400 units for people who need to spend less than \$250 on rent and a deficit of 5,629 units for people who can afford rent between \$250 and \$500 a month.
- Small surpluses are seen in “\$20,000 to \$34,999” and “\$50,000 to \$99,999” and large surplus in “\$35,000 to \$49,999,” but renters in those categories must compete with lower and higher income households for rental units.

Knox County Renter-Occupied Unit Affordability, 2022

Gross Rent	Income Needed to Afford Unit	Renter Household Income	Renter Households in Income Range	Units with Rent Affordable to Income Range	Deficit/Surplus of Affordable Units in Income Range
\$0 to \$249	\$9,960	Less than \$10,000	7,269	1,867	-5,402
\$250 to \$499	\$19,960	\$10,000 to \$19,999	9,418	3,789	-5,629
\$500 to \$899	\$35,960	\$20,000 to \$34,999	12,899	15,081	2,182
\$900 to \$1,249	\$49,960	\$35,000 to \$49,999	10,362	21,220	10,858
\$1,250 to \$2,499	\$99,960	\$50,000 to \$99,999	19,383	21,707	2,324
\$2,500 or more	\$140,000	\$100,000 or more	8,964	1,348	-7,616

Source: U.S. Census Bureau American Community Survey, 2018-2022 5-Year Estimates

Exacerbating the housing cost burden situation across Knox County is the lack of housing options. Based on recent building permit data, City of Knoxville inventory additions of the past few years are heavily dominated by apartments. Conversely, most unit additions in the unincorporated balance of Knox County have been single-family houses. Very few other housing choices, such as duplexes, triplexes, and townhomes, have been delivered by local builders. As a result, households who want or need to rent are limited to apartments, while those who want to buy are mostly limited to single-family units.

Housing Stock Additions, 2019-2023

Year	Knoxville			Unincorporated Knox County		
	SFD	MFD	Other	SFD	MFD	Other
2019	225	1,192	77	1,467	732	216
2020	192	859	79	1,550	396	240
2021	177	1,066	67	1,558	484	320
2022	186	1,104	30	1,416	780	285
2023	342	1,382	153	1,691	1,263	283
Total	1,122	5,603	406	7,682	3,655	1,344

SFD: single-family detached unit; MFD: multi-family (apartment) dwelling; Other: attached and mobile home units

Source: Knoxville-Knox County Planning, Development Activity Reports, 2019-2023

Strains on Knox County's housing market are poised to persist without actionable solutions. Recent population projections from the Boyd Center for Business and Economic Research at the University of Tennessee call for an additional 70,000 residents in Knox County by 2045. With a 2022 ACS estimate of 2.41 persons per household, more than 29,000 housing units will need to be added to local inventories just to accommodate new residents. That number does not take into consideration additional needs derived from the loss of existing inventory to demolitions, conversions, and substandard conditions.

While our current housing market is challenging for residents at all income levels, the increase in home prices and limited housing supply brought on by the county's rapid growth in population have resulted in extremely limited housing options for low-to-moderate-income (LMI) residents. Despite the availability of federal affordable housing programs, including Section 8 Housing Choice Vouchers, Public Housing, and numerous supportive housing programs, the demand for affordable housing has significantly outpaced supply. In Knox County's *2022 Report on Homelessness*, a lack of affordable housing was the leading cause of homelessness or becoming

at risk of homelessness. With evidence-based research proving time and again that access to stable, safe, and affordable housing being critical for social health and emotional well-being, we are committed to addressing the housing needs of all residents to ensure our community remains a vibrant and thriving place to live, work, and play.

CURRENT PROGRESS AND COMMITMENT TO OVERCOMING LOCAL BARRIERS

In recent years, the City of Knoxville, Knox County, and Planning have demonstrated a steadfast commitment to transforming the landscape of affordable housing. Some of these efforts have been performed independently, though many have involved collaboration. These incremental changes indicate the commitment of all three entities to making positive and lasting changes in housing availability for all.

2020

Analysis of Impediments to Fair Housing

The City of Knoxville and Knox County partnered to conduct the HUD required Analysis of Impediments to Fair Housing Choice (AI). The analysis examined a wide range of factors, including local laws, policies, practices, and conditions that may hinder fair housing. Data were collected on housing patterns, demographics, and market conditions, and input was solicited from community stakeholders, including residents, advocacy groups, and housing providers. The AI informed each entity's Five-Year Consolidated Plan and set the priorities for housing development and preservation.

Updated Zoning Code

After a multi-year effort from the City of Knoxville and Planning, the city adopted an updated Zoning Code that went into effect in 2020. The new ordinance incorporated form-based codes, implemented parking reductions, and allowed duplexes and accessory dwelling units (ADUs) in more zone districts through the city. Additionally, subdivision regulations were updated, reducing review time for several types of applications through administrative review. Prior to the update, the city's zoning code had not been updated in decades and was so obsolete that it hindered quality sustainable development.

2021

Knoxville's Affordable Housing Fund

In 2021, the City of Knoxville established Knoxville's Affordable Housing Fund, a \$50 million commitment over a 10-year period to support affordable housing development and other housing activities that address local needs. Since 2019, more than 2,300 new affordable rental units have been completed, approved, or are under construction. Developments are located in diverse locations across the city with rents designed to be affordable to families with incomes at or below 80 percent of the Area Median Income (AMI), with additional opportunities made available for Section 8 voucher holders and others needing subsidized housing.

The city has prioritized amplifying the fund by \$1 to \$2 million annually and supporting other catalytic comprehensive redevelopments in the future by partnering with nonprofits, local foundations, and philanthropic donors to spur new housing, economic development, and community-building opportunities.

Knox Housing Assistance

In early 2021, Knox County utilized U.S. Department of Treasury Emergency Rental Assistance funds to launch a new eviction prevention program for LMI renters living in the city and county. To date, the Knox Housing Assistance (KHA) program has provided over \$75 million in rent and utility payments and has assisted approximately 15,000 households. In 2024, the county secured additional funding, and the program currently provides rent and utility assistance, legal representation for tenants facing eviction, deposits and application fees required to secure housing, and housing counseling services to assist LMI residents at risk of housing instability.

2022

Middle Housing Scan

To help grow local housing supply, the city and Planning partnered in 2022 to complete a Middle Housing Scan, to identify areas appropriate for house-scale buildings with multiple units in walkable neighborhoods. Over the past 75 years, housing stock built throughout the U.S. has focused on single-family homes, mid-rise and high-rise apartments, and some townhouses. This scan identified building types that were common 100 years ago but have since become obscure in new development as zoning laws have changed.

2023

City of Knoxville Update of Public-Private Partnership Priorities

This update prioritized expansion of the permanent housing supply, geared toward family, workforce, or senior demographics, with a preference for affordable and mixed-income properties.

Creation of Knoxville-Knox County Office of Housing Stability

In 2023, Knoxville City Council and Knox County Commission each approved resolutions to approve the Knoxville-Knox County Office of Housing Stability. The primary focus of this joint effort is to expand and manage partnerships, align and leverage resources, and encourage evidence-based initiatives that keep families in their homes, connect people to housing opportunities and services, and make experiences of homelessness rare, brief, and non-recurring. The office, jointly funded by the city and county, collaborates with the local housing agencies, homelessness service providers, and residents to set a common vision with shared goals informed by a systems-level, evidence-based approach.

Funding Secured for Affordable Housing Gap Analysis

Knox County secured funding through the Federal Emergency Management Agency's (FEMA) Regional Catastrophic Preparedness Grant (RCPG) program to conduct a regional gap analysis on the affordable housing stock. The Affordable Housing Assessment will be conducted in early 2025 to analyze housing data and develop evidence-based recommendations related to increasing the availability of safe and affordable housing throughout our community. The county will also utilize RCPG funding to develop a regional disaster response housing plan, as well as workshops and trainings focused on adopting disaster resilient building codes, increasing community disaster resilience, and mitigating vulnerabilities within disadvantaged communities.

2024

Middle Housing Standards Adopted

Following the Middle Housing Scan completed in the fall of 2022, Knoxville City Council approved new standards developed by Planning and city staff to allow middle housing in February of 2024. This update allows middle housing in the form of townhomes, duplexes, and other housing structures between the scale of single-family homes and mid-rise apartments to be constructed in four residential zoning districts throughout the city.

City of Knoxville Housing Strategy Created

In February, the city released *Toward an Attainable Resilient Knoxville – Housing Strategy Update*, outlining strategies to make housing accessible to all income levels, with a community engagement-focused data dashboard and storymap, developed by Planning, to quantify existing conditions and track progress. Key initiatives include advancing land use policy by removing barriers to middle housing construction; enhancing the capacity of city departments through updated fees, resulting in improved permit review times; and redeveloping vacant and blighted properties by collaborating with property owners, developers, and nonprofits to rehabilitate these areas under its Blighted Property Ordinance. The city plans to expand revitalization efforts, including acquiring non-residential lots for conversion to affordable housing, necessitating a comprehensive inventory of vacant and blighted properties.

Knox County Comprehensive Land Use and Transportation Plan Adopted

As the city was working on the creation of their Housing Strategy, Knox County and Planning were working to create the Knox County Comprehensive Land Use and Transportation Plan, adopted in April 2024. The county's previous comprehensive plan had not been updated for nearly two decades, and significant changes were needed to reflect the current needs of residents. Under the previous plan, significant pushback was presented on a regular basis around the need to slow development related to inadequate infrastructure. The new plan aims to modernize land use and transportation goals to prepare for future growth and changes. It also created new place types to support a diversity of housing options that were not previously accommodated in the county's plans and codes.

Request for Proposals to Create a Unified Development Ordinance

Now that Knox County has adopted a modernized Comprehensive Land Use and Transportation Plan, the county has begun the process to create a Unified Development Ordinance (UDO). The UDO will streamline the county's development processes by combining the county's zoning ordinance and land development regulations into a single document. The county has committed \$500,000 of U.S. Department of Treasury *State and Local Fiscal Recovery Funds* (SLFRF) to the project. A request for proposals was released in May 2024, and it is anticipated that work will begin in late 2024.

City of Knoxville Fair Housing Equity Plan

Other plans aimed at housing production and affordability have also been underway within both jurisdictions this year. The City of Knoxville released a draft *Fair Housing Equity Plan* in August of 2024, which describes the city's proposed plan to affirmatively further fair housing, required by HUD for entitlement grantees. This plan is informed by public input and includes suggestions for barriers in overcoming inequitable access to affordable housing opportunities and homeownership opportunities. Both the city and county have also started the process of updating their Five-Year Consolidated Plans.

Knox County Age-Friendly Network Action Plan

Knox County became a designated member of the AARP Network of Age-Friendly Communities upon completion of its Age-Friendly Action Plan in September of 2024. The plan addresses housing barriers for the county's aging population by establishing commitments to provide a variety of housing options. It also focuses on social connections, community partners, and opportunities to increase recreation through programming for all residents.

Other Actions

In addition to the actions listed above, the City of Knoxville and Knox County are committed to other ongoing approaches to increase affordable housing production.

City of Knoxville Homemaker Program

Currently, the city acquires residential blighted property to sell to individuals, developers, and nonprofits for the development of primarily affordable housing opportunities under a program known as Homemakers. This program was originally adopted in 1987 as a method of acquiring and transferring ownership of houses/vacant lots in redevelopment areas to provide housing for low-moderate income households. It was revised and adopted in 1995 to focus on blighted property/structures throughout the city in accordance with the Blighted Property Ordinance. Through the Homemakers program, 58 property transfers have occurred to individuals, nonprofits, and developers, with 37 benefiting low- and moderate-income residents.

City of Knoxville Rental Rehabilitation Program

Both the city and county utilize HOME Investment Partnership funding to support affordable rental housing. Within the city, naturally occurring affordable housing (NOAH) is the most

common source of affordable housing; 71 percent of the city's housing stock is older than 30 years, and 47 percent is older than 50. Since 2019, the City of Knoxville has preserved 412 units of affordable rental housing using federal HOME funds for its Rental Rehabilitation program.

Knox County Home Rehabilitation Program

Knox County also supports the preservation of affordable housing through the expansion of its Knox County Home Rehabilitation (KCHR) program. KCHR mainly involves cases of critical failing housing systems, which impact the residents' health and safety or threaten the structure's integrity. Over 220 households have been served since 2019.

For many years, the county has operated this program for LMI homeowners through subrecipient contracts with local nonprofits; however, the increased demand for homeowner assistance has now exceeded the capacity of these nonprofits and resulted in a backlog of homes in need of critical repairs. To better serve residents, the county has increased funding for the program and brought the operations and management in-house under the Knox County Grants and Community Development Department (KCGCD). The county has hired additional housing staff, and with these subject-matter experts onboard, KCGCD can meet the emergency repair needs of the 689 homeowners on the nonprofit's waitlist.

Knox County Annual Tax Sales

Knox County manages an inventory of properties acquired through non-payment of property taxes, adhering to State of Tennessee regulations by releasing selected properties through annual tax sales. This unique approach allows interested individuals and investors to participate in bids for Knox County properties, sold at rates below market value, thus fostering increased potential for individual and investor ownership of single-family housing.

Knox County Affordable Housing Projects

Knox County's annual allocations from the HUD Community Development Block Grant (CDBG) focuses on preserving naturally occurring affordable housing and increasing affordable rental and homeownership opportunities. HOME funds are primarily aimed at providing affordable rental housing for low-income households. Knox County seeks out opportunities to build capacity with local partners, allocating not only HUD funds but other federal and local dollars to support affordable housing projects. During the 2020-2024 Consolidated Plan period, Knoxville Habitat for Humanity received both CDBG and SLFRF funds to support critical infrastructure for their Ellen's Glen development, consisting of 34 affordable housing units for LMI families. HomeSource East Tennessee received CDBG and HOME funding to support the expansion of their Willow Place Community, an affordable rental complex for senior citizens, adding 37 new units. Additional support for affordable housing projects is provided through tax abatements granted to Low Income Tax Credit (LIHTC) projects sited within the county through a Payment in Lieu of Taxes (PILOT) agreement between developers and the Knox County Industrial Board.

BARRIERS TO AFFORDABLE HOUSING STILL EXIST

Our united front and dedication to ensuring that every resident has access to safe, affordable housing show in the progress made countywide; however, significant barriers still exist.

Affordable Housing Deficits and Competition between Income Groups

Rising home and rental prices have made it increasingly difficult for residents, especially LMI individuals, to afford housing. This economic barrier is exacerbated by the low supply of homes, which drives up prices and delays homeownership opportunities. Occupancy rates of owner and renter units are 98.7% and 94.8%, respectively. According to ETR's *2023 State of Housing Report*, a healthy rental market typically has 93-94% occupancy. By home value, there is a deficit of over 10,000 units affordable to households earning less than \$35,000 per year (Extremely Low-Income Limit in the Knoxville MSA) countywide. Competition for housing exists – between the two lowest income ranges (according to HUD's affordability guidelines), those who can opt for lower-priced units (even though they can afford to obtain higher-priced units), and those who can only afford lower-priced rentals – posing a challenge to producing and preserving additional affordable housing units. Countywide, more than 11,000 rental units are needed for households earning less than \$20,000.

In addition to needing more affordable housing units, safety is a significant issue within our existing affordable housing stock. Many LMI residents are living in overcrowded or substandard conditions without complete kitchen facilities, functional plumbing, and/or disability modifications. The impact of these housing problems varies primarily by income level. However, Black/African American households with 30-80% AMI, Hispanic households with 30-50% AMI, and Asian households with 0-100% AMI experienced these barriers at a rate of at least ten percentage points higher than Knox County residents as a whole. More than 45% of renter occupied households in Knox County, and 26% of all households, have at least one of these characteristics. According to Knox County Property Assessor data, 11,462 housing units, or 7%, are in below average condition.

Lack of Diverse Housing Choices

Because duplexes, triplexes, accessory dwelling units (ADUs), and similar housing types are not approved by right, they must undergo special-use regulatory review by city and county government bodies. This requirement creates burden on some developers, and, at the same time, perception that these housing options are fundamentally different from single-family homes, which leads to strong, vocal community resistance and contributes to a mismatch between the diverse needs of households and the available housing options.

Anti-Development Sentiment and Activism

Throughout our community, there is significant pushback against monthly land use plan amendments and rezonings, both from developers and residents. The current multistep process is seen as burdensome, complex, and excessively long in duration by land developers, while citizens criticize the seeming ease at which land use plans are altered or ignored to favor

development. Agreement does exist among all parties that the process lacks certainty and is outdated, failing to reflect the mutual needs and desires.

Additionally, residents often oppose new construction, couching concerns in claims of increased traffic, changes in neighborhood character, and potential decreases in property values.

Opposition is often fueled by misinformation and anti-development attitudes, stemming from unfounded fears about the impact of affordable housing on communities. The increasing number of public comments and postponements for cases heard by the Planning Commission is a strong indicator of community opposition to new development. In the past year, there were more than 2,300 case-related comments posted on Planning's website, with the vast majority reflecting negative sentiments towards proposed development, contributing to 103 postponements of development requests. Despite the need for affordable housing options in Knox County, rising anti-development sentiment and resistance to change continue to pose significant barriers to progress.

As an example, this barrier was seen in 2023 with a proposed residential development, Choto Landing, in the western part of Knox County. The proposal aimed to provide affordable townhomes for households earning less than \$70,000 a year. It was met with vehement resistance from nearby residents who organized and hired a PR firm hired to voice their opposition. Despite a high-quality design, minimal impact found in the traffic study, and plans to alleviate other site concerns, the developer ultimately withdrew its proposal due to the extreme nature of the community opposition. Further, once the project was withdrawn, one opponent used personal financial resources to purchase the property in question to prevent any future proposals for affordable housing development.

Limited Funding and Financial Incentives

There is often a lack of sufficient funding from both public and private sources for affordable housing projects. Additionally, the financial incentives available may not be enough to offset the lower returns on investment that these projects typically yield compared to market-rate developments.

The lending environment is also problematic. Financing duplexes and condos is extremely challenging locally because banks are hesitant to provide lending for structures on a shared lot. This has pushed smaller home builders out of the market because they are unable to bring enough funding to the table. Larger home builders argue that building smaller homes do not allow them to make a profit, driving them to build larger, much more expensive single-family homes, evidenced by the current median listing price of \$419,900 for a new construction home in Knox County (Realtor.com).

Racial/Ethnic Segregation

Segregation, while moderate within our community, has been identified as a key barrier to accessing affordable and attainable housing. There remain distinct racial patterns with higher concentrations of Black or African American residents in east and central Knoxville; Latino

concentrations along an axis heading northwest from downtown; and Asian residents concentrated in west Knoxville. “Racially or Ethnically Concentrated Areas of Poverty” (RECAPS) are found in east and central Knoxville, home to Black or African American and Latino residents.

Market Flips

In this tight rental market, NOAH units are often targeted most frequently by investors for acquisition and rehabilitation with the intention of increasing rents to market averages. These units (30 years and older), known as “market flips” adversely impact the segment of the workforce that have been gainfully employed and living in affordable housing and are now required to pay greater than 30 percent of their income for housing.

SOUNDNESS OF APPROACH

GEOGRAPHIC SCOPE

Located in the heart of East Tennessee, Knox County and the City of Knoxville sit at the foothills of the Great Smoky Mountains and encompass a variety of urban and rural communities within a 500-square mile footprint. Over the past four decades, rapid population growth has occurred countywide, resulting in significant need for additional safe and affordable housing. In 1980, the county's population stood at 320,000, but by early 2023, that number had increased by 57%, and today over 500,000 people call Knox County and the City of Knoxville home. To further support ongoing efforts to meet the housing needs of our low- to moderate-income residents, Knoxville-Knox County Planning (Planning), the City of Knoxville, and Knox County are jointly applying for funding through the U.S. Department of Housing and Urban Development's (HUD) PRO Housing Grant. Our proposed project will benefit low- to moderate-income (LMI) individuals and households in the City of Knoxville and the unincorporated areas of Knox County (that is, exclusive of the Town of Farragut).

VISION

Housing supply challenges are myriad, requiring a systems approach to tackle the complexity of the issues. Our approach is to coordinate and create synergy among our multijurisdictional team to think holistically about these issues and ensure our work makes meaningful progress. This progress will be aimed at meeting immediate housing needs and building capacity to tackle the root causes of our housing challenges to enable long term systematic change. Collaboration and genuine engagement among public and private stakeholders will form the foundation of our work.

Our community is not unique in facing multifaceted challenges related to housing supply stemming from barriers in land use regulations, construction and financing, inadequate infrastructure, and rising costs. However, the approach outlined below considers the best approach for our specific community to establish lasting positive change by building more housing, keeping people housed, diversifying housing options, and earning community support.

To do this, we seek support from the PRO Housing grant to continue recent progress made to regulatory and policy updates, provide funding for direct investment, and create a strategic communications plan to earn community support for expanding and diversifying local housing supply to meet the needs of our community.

Proposed Project Activities

Regulatory and Policy Updates. As part of this process, we will seek to increase transparency, predictability, and flexibility within the regulatory landscape.

To identify and dismantle local obstacles, we intend to perform regulatory audits, create a plan book for pre-approved housing, and update the comprehensive land use plan within city limits.

Within our community, there is a need to address the misalignment of our regulatory and policy documents. While the city and county have separate plans and codes, they share the struggle of operating with one recently updated component of the framework alongside one piece that is extremely outdated – the city updated its zoning code in 2020 and is in need of an updated comprehensive plan, while the county updated its [comprehensive plan](#) earlier this year and is now beginning the process to create a Unified Development Ordinance. Funding from this grant would support a countywide regulatory audit to align these documents.

Additional regulatory components would include the creation of a pre-approved plan book to support the expansion of diverse housing types, including the middle housing code updates adopted earlier this year. This resource would help expedite the process for small scale developers to build a wider range of housing types by eliminating the need for plan approvals on a case-by-case basis. Grant funds would also be utilized to update the comprehensive plan for properties within city limits. The current comprehensive plan, General Plan 2033, was adopted in 2003 and has not been updated. An update to the future land use plan will incorporate the [City's Housing Strategy](#), providing an opportunity to align these policy documents with the zoning code that was adopted in 2020. With each of these activities, there are opportunities to extend momentum from recent planning activities across jurisdictional boundaries. For example, middle housing standards from the city's zoning code could be considered for the county during the regulatory audit, and insights gleaned from the county's Comprehensive Plan process will inform the update to the city's plan.

Direct Investment. Strategically aligning infrastructure and economic development investments with housing needs is critical to preserving housing stock and expanding supply.

PRO Housing funding would support the enhancement of the *City of Knoxville Affordable Housing Fund* and the establishment of the *Knox County Housing Support Fund*. These supportive funds help reduce the financial barriers associated with housing projects, making it feasible to construct or renovate housing that is affordable for low-income families. Both funds will operate as low-interest loans to developers and homeowners to provide flexible gap financing while ensuring long-term sustainability of the fund.

To launch the direct investment phase of our project, a countywide inventory and registry of vacant and blighted properties will be conducted to assist in identifying locations for neighborhood revitalization efforts and affordable housing demonstration projects, as well as public-private partnerships to advance the production of affordable housing. Funding will be used in support of demonstration projects providing homeowner and rental opportunities in areas experiencing high population growth and provide access to quality amenities and better employment opportunities for LMI residents. This strategic investment aims to address the

growing demand for affordable housing, as well as the need for additional affordable housing options for special populations such as veterans, senior citizens, and persons with disabilities.

Projects within the city will give special consideration to identifying opportunities to build diverse housing types on what remaining lots exist, which are often small and less desirable. Preservation projects of Naturally Occurring Affordable Housing (NOAH) units would support improving the quality of the existing affordable housing stock through home repair support for low-to-moderate income (LMI) homeowners. These repairs maintain naturally occurring affordable housing through accessibility improvements, emergency repairs, and minor home repairs. Current programs utilize licensed contractors to perform specified repairs to the dwellings of eligible LMI homeowners. The programs provide repair assistance aimed at preventing homelessness and addressing imminent threats to life, safety, or health. Residents can access grants designed to rectify deficiencies that pose significant risks and loans for minor repairs that maintain housing quality. Grant funds would be utilized to enhance existing programs.

The project team will also look for opportunities to invest in infrastructure enhancements to support affordable housing developments. Proper roads enhance accessibility and connectivity and can help locate housing in areas that are closer to jobs and services, reducing vehicle miles traveled and associated transportation costs that burden lower income earners. Furthermore, reliable utilities like water, electricity, and sewage are essential for livability. Prioritizing this infrastructure makes affordable housing more viable by reducing living costs and improving quality of life.

All construction and preservation projects will meet HUD's National Objective to benefit low-to-moderate income persons. To determine household income eligibility, calculations will be conducted in accordance with HUD regulations identified at 24 CFR, Part 5.

Communications Strategy. Achieving our housing goals will necessitate effective communication and agreement among stakeholders and the cultivation of relationships where they are lacking. Delivering on commitments to expand and retain housing supply will require a compelling communications strategy.

A significant barrier to constructing new and diverse attainable housing options is public perception. Residents tend to oppose new construction due to concerns about increased traffic, changes in neighborhood character, or decreased property values. Reshaping public perception through a well-crafted communications strategy that focuses on debunking common misconceptions about affordable housing, mixed-income housing, and varied housing choices is a key component of a long-term strategy. Identifying strategies for clear and persuasive communication to decision makers, stakeholders, and community members is essential to addressing housing needs.

To help facilitate these relationships and inform these critical conversations, a housing taskforce will be convened. Long term change can be expected from institutionalizing efforts to build an actionable level of consensus within multiple agencies and organizations. The success of this effort would hinge on participation and long-term commitment from other public and private sector partners and key stakeholders.

Addressing Barriers

As Knox County's population grows, demand for housing continues to outpace supply. Local residential building permits lagged behind those of the pre-Great Recession era for nearly 20 years – the number of permits in 2006 was not matched until 2022. This sustained deficit in home building over the past two decades, alongside continued population growth and issues resulting from labor shortages and escalating material costs, have driven the mismatch in available housing and countywide need. Contributing to additional pressure is the fact that in the post-pandemic world, Knox County has one of the fastest-growing housing markets in the country.

While this market presents challenges for residents at all income levels, it has resulted in extremely limited housing options for low-to-moderate-income (LMI) residents. First-time homebuyers, aging individuals, and disadvantaged groups experience the largest shortage of options. Competition between income earners who can voluntarily opt for prices below the 30 percent threshold of household income spent on housing and those who can only afford lower-priced units makes additional production and preservation of affordable housing critical.

Rising anti-development sentiment and resistance to change are also significant barriers to the production of new housing in our community. Whether it is the proposal of a concept plan for a new subdivision or review of development plans for a duplex or multi-family complex, opposition consistently arises throughout the community. This pushback is an ongoing barrier that has caused significant delays in the production of new housing and has increasingly led to shutting down projects entirely.

Addressing these issues through planning efforts (e.g., a regulatory audit, plan updates, and creation of a vacant property registry and pre-approved plan book) can shorten project timelines, eliminate unnecessary application fees, and reduce opportunities for community pushback that prolongs or derails a project. Addressing these issues at the regulatory level also provides an opportunity to apply changes countywide, maximizing the resulting impacts and avoiding pushback in well-resourced areas that are historically resistant to affordable housing projects.

By creating a vacant properties registry, we seek to revitalize neighborhoods and identify affordable housing opportunities that accommodate the demand for housing throughout our community. This will increase access for underserved groups and those with a range of income levels while ensuring existing housing structures can be preserved. The demonstration project program and pre-approved plan book will assist with providing funding and streamlining zoning and code approvals for duplexes, townhomes, and other housing structures of all types. Special

consideration will be given to those between the scale of single-family homes and mid-rise apartments that can help create additional opportunities to increase housing inventory.

There is a lack of affordable housing inventory throughout the community, particularly within the two lowest income ranges (according to HUD's affordability guidelines). The affordable housing loan funds and construction projects outlined in this proposal would increase desperately needed supply and help alleviate competition, especially for lower income residents who are competing with those above and below their income where supply is limited.

The direct investment projects listed are designed to meet HUD's National Objective to benefit low-to-moderate income persons. The enhancement and establishment of the funds identified above will support small scale home builders and low-income families, helping to build capacity and equity within communities that have disproportionately faced greater hurdles historically.

Lessons Learned

In terms of regulatory process updates, lessons were learned during the city's zoning code update, the creation of the county's comprehensive plan, and the adoption of Middle Housing standards. During the zoning code update, attempts made in the first draft to permit a variety of housing types and accessory dwelling units by right proved to be unpalatable and likely would have halted the adoption process if left unchanged. However, various topics have been revisited and compromises have been made to incrementally update the code since 2020. This includes the adoption of Middle Housing standards earlier this year, ordinance amendments to allow administrative reviews for appropriate infill housing applications, updates of parking standards that created undue burden on properties with low values, and updates to standards for accessory dwelling units.

The creation of the county's comprehensive plan also provided lessons that can be applied when the team embarks on updating the plan within city limits. One key takeaway is to evaluate the intensity of land uses through measurements like floor area ratios, lot sizes, building height, and the character of the place instead of focusing solely on density. Considerable pushback has become common when discussing density, and a different approach can refocus community input to reflect the desirability of a place and more accurately reflect public sentiment toward development.

Our community's ongoing response to the production and preservation of affordable housing has been robust. As recent pressure on the housing market has increased, so have efforts to combat the shortage. The city alone has averaged more than \$9 million per year in local funding for housing and neighborhood development from 2021-2023. During that same time, the county has invested over \$80 million in local and federal funds on critically needed infrastructure improvements including water and sewer upgrades and the expansion of roads in areas of high growth. PRO Housing funding would expand on previous successful investments and make a significant impact on additional efforts to ensure housing for all.

Advancing Existing Planning Initiatives

Current planning initiatives that can inform this work include recent countywide population projections in support of Knox County's Comprehensive Plan. These projections were informed by our region's long-range transportation plan, which is updated every four years and led by Knoxville-Knox County Planning's transportation division, the same group who staffs our region's Metropolitan Planning Organization (MPO). The last iteration of that plan was adopted in 2021, and staff are currently working on the next update. As part of that work, updated population and employment projections were voted on by a board of regional mayors in the spring of this year.

Planning is accustomed to convening regional partners to consider land use and transportation planning decisions together. The county's comprehensive plan integrates land use and transportation planning, and the creation of a unified development ordinance will further advance this goal and efforts to reduce uncertainty around local land use decisions, giving both residents and developers more clarity. Other efforts to align these topics include a current project between Planning and Knoxville Area Transit, the city's fixed route transit provider. A Federal Transit Administration (FTA) [Areas of Persistent Poverty](#) grant was awarded to identify corridors where transit can be connected to housing and employment opportunities to reduce persistent poverty, expand housing opportunity, and maximize existing infrastructure. While this project is just starting, staff are discussing anti-displacement strategies to consider as it moves forward.

In addition to being informed by these planning efforts, this grant would provide an opportunity to better align land use regulations and infrastructure investments across jurisdictional boundaries. By performing a countywide regulatory audit, recommendations can be made to promote harmonious development patterns and infrastructure investments across city and county lines.

Environment and Resilience

While our county is not considered a Community Disaster Resilience Zone, the East Tennessee region is prone to a variety of natural disasters, including tornadoes, flooding, and extreme weather. The Climate and Economic Justice Screening Tool (CEJST) has identified 28 Census Tracts in Knox County as disadvantaged communities. If disaster strikes, the affordable housing stock in these communities is at risk.

According to HUD's Building Codes Toolkit, *"A non-resilient housing stock can create significant financial stresses for individuals as well as larger economic impacts at the municipal and regional levels. ...Some of the greatest impacts to individuals and communities are tied to the inability to resume what were once daily activities. These include lost time from work, the inability to attend school, maintain employment, often brought about from both short-term or longer-term impacts of being temporarily dislocated or permanently relocated after these events."*¹

Preservation projects aim to promote environmental justice for vulnerable residents by safeguarding their homes from environmental threats and reducing health hazard exposure. By enhancing structural integrity, improving weatherproofing, and using resilient materials and techniques, these efforts decrease the vulnerability of affordable homes. This proactive strategy not only protects properties and residents but also strengthens community resilience. As extreme weather events become more frequent, rehabilitating affordable homes to endure these challenges is crucial. Preservation efforts ensure communities are better equipped to withstand and recover from natural disasters, securing the safety and stability of residents for the future.

All new affordable housing construction is required to meet state and local energy efficiency code regulations, the 2018 International Energy Conservation Code (IECC). In a study published by the National Institute of Building Sciences, it was determined that the adoption of basic building codes resulted in savings of \$6 to 10 for every dollar of building stock investment. In the United States, 11.5% of the population is living below the federal poverty line, but in Knox County that percentage increases to 14% and within the City of Knoxville limits reaches 23.6%, with poverty disproportionately impacting certain demographic populations living in our community. The percentage climbs to 28.3% for Black or African American residents in the county, while in the city, this figure rises to 34.7%. Similarly, for Hispanic residents 25.2% living in the county and 29.9% in the city live below the poverty line.² In an area where poverty is higher than the national average, the economic value of resilient housing increases long-term housing stability.

Potential Roadblocks

The most likely obstacles to implementation of our proposal include resident concerns related to loss of neighborhood character and insufficient infrastructure, as well as lack of capacity within the development community to embrace the housing mix needed to address our challenges. For example, bidding on home repair projects is currently limited to a small pool of contractors.

To account for community concerns, our proposal includes a robust communication and outreach program aimed at identifying strategies for clear and persuasive communications to decision makers, stakeholders, and community members related to housing needs. Engaging in long-range planning processes to update our plans and codes will provide opportunities to reach a greater range of people and perspectives. Monthly rezoning and plan amendment processes provide a short window to provide input, favoring individuals with time and financial resources who are often resistant to new development. Providing input opportunities during the formative stages of these regulatory documents ensures that a wider range of voices are considered. Additionally, analyzing and updating land use regulations will address obstacles by streamlining and simplifying land development tools to insert more clarity and purpose into the tools that guide development.

To counteract implementation barriers, our proposal includes programs to spur interest and make it easier to expand supply throughout the county. The countywide vacant properties registry will

identify development opportunities, the affordable housing loan and gap financing programs will create financial incentives, and pre-approved plans can help reduce costs and uncertainty for developers at all scales. With increased funding, staff can expand outreach to local construction businesses including women, minority, and veteran owned companies to expand the pool of eligible contractors to support the program, reduce repair wait times, and keep costs reasonable.

STAKEHOLDERS AND ENGAGEMENT

Knoxville-Knox County Planning (Planning), the City of Knoxville, and Knox County all value stakeholder and public involvement in defining and understanding community needs, including community development, economic development, and fair housing needs. Key stakeholders with a vested interest in the state of housing and in PRO Housing funded initiatives are diverse and expansive. These include – but are not limited to – persons with unmet housing needs; residents of public or other affordable housing units; residents in danger of losing housing; property owners/landlords; private and non-profit housing developers; local and regional public agencies providing funding or technical assistance; realtors; civic leaders; social services; and community organizations, especially those representing protected classes. Recent engagement with these stakeholders has built on our momentum to make significant advancements to shared goals for our community. Examples are outlined below.

Ongoing feedback is encouraged from project beneficiaries and contractors to continuously seek input on program success, challenges, and recommended improvements. This approach ensures that all stakeholders, including those from underserved communities, are included and valued throughout the PRO Housing project. Collaboration with local nonprofits is prioritized to promote programs among underserved communities and those with limited English proficiency. Examples of some of these of these stakeholders include the Affordable Housing Fund Advisory Committee; HomeSource East Tennessee; African American Equity Restoration Taskforce; Construction Career Roundtable; Youth Action Board; Knoxville/Knox County Homeless Coalition; Knox Pride; East Tennessee Housing Development Corporation; Knoxville’s Community Development Corporation; and the Mayor’s Council on Disability Issues (CODI).

Stakeholder engagement that informed this proposal included input from the *Toward an Attainable Resilient Knoxville – Housing Strategy Update* which presents key findings and strategies to support the construction of housing units accessible to all income levels. It was released in February 2024.

In August of 2024, the City of Knoxville also released a draft *Fair Housing Equity Plan*, which describes the City’s proposed plan to affirmatively further fair housing. This plan includes suggestions for barriers in overcoming inequitable access to affordable housing opportunities and homeownership opportunities. A survey was released, and public meetings were held in the spring of 2024. The grant proposal is also informed by comments on the City’s Draft PY 2024 Annual Action Plan, which governs funding for affordable housing and non-housing community development activities starting July 1, 2024.

Knox County has also actively engaged residents, local organizations, and stakeholders in its recent action planning to ensure that any federal funds sought in the next year, through this proposal or otherwise, are directed towards projects and initiatives that align with community needs and aspirations. The proposed PRO Housing projects were informed by community input and consultation, and stakeholders included affordable/accessible housing providers, social and health services agencies, and entities serving children, youth, and the elderly. The activities proposed align with Knox County’s 2020 – 2024 Consolidated Plan. During the planning process, the priority needs identified for the area were to improve the quality of existing housing stock and increase affordable homeownership and rental opportunities. Knox County has set goals and projects associated with these priorities in previously associated Annual Action Plans and the current 2024 Annual Action Plan.

Additional outreach during the grant’s performance period will be similar to the activities listed above but will focus on activities outlined in this proposal. This would include outreach for all planning activities, focus groups and partner outreach efforts related to proposed loan programs, and outreach related to specific implementation projects. Because this proposal includes a communications plan, specific and robust outreach will be planned and implemented in support of each proposed activity through strategic guidance of that document.

AFFIRMATIVELY FURTHERING FAIR HOUSING

Project Beneficiaries

Our team recognizes that East Tennessee has equity challenges, and this has informed the application of the activities proposed in this application. Knoxville-Knox County Planning created a tool in 2011, recently updated for the fourth time, referred to as the [Priority Populations](#). This tool quantitatively determines areas of concentrated stressors and areas of high opportunity to use as a predictor of quality of life, health, and vitality. Communities that experience highly concentrated stressors across four themes (Livability, Mobility, Opportunity, and Vulnerability) are considered Priority Populations and identified at the census tract level. Our community uses this tool to set priorities when planning for local and regional investment, and the identification of these populations has informed the proposed activities in this application. Please see these maps in Appendix A.

Additionally, the anticipated beneficiaries of the activities outlined in this proposal are those outlined in the tables below.

Knox County Housing Cost Burdened by Race, 2016-2020

Race/Ethnicity	Cost burden less than or	Share by Race (%)	Cost burden greater than 30%	Share by Race (%)	Cost burden greater	Share by Race (%)	Cost burden not computed	Share by Race (%)	Total Households by Race
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	equal to 30%		but less than or equal to 50%		than 50%				
Owner Occupied									
White alone, non-Hispanic	94,635	85.2	9,885	8.9	5,895	5.3	670	0.6	111,085
Black or African-American alone, non-Hispanic	4,630	72.2	830	12.9	895	14.0	55	0.9	6,410
Asian alone, non-Hispanic	1,530	78.7	245	12.6	135	6.9	35	1.8	1,945
American Indian or Alaska Native alone, non-Hispanic	230	86.8	20	7.5	15	5.7	0	0.0	265
Pacific Islander alone, non-Hispanic	0	0.0	0	0.0	0	0.0	0	0.0	0
Some other race, non-Hispanic	1,185	76.9	280	18.2	75	4.9	0	0.0	1,540
Hispanic, any race	1,665	82.6	270	13.4	60	3.0	20	1.0	2,015
Renter Occupied									
White alone, non-Hispanic	28,295	59.0	9,325	19.5	8,960	18.7	1,345	2.8	47,925
Black or African-American alone, non-Hispanic	4,735	43.3	2,710	24.8	3,155	28.9	335	3.1	10,935
Asian alone, non-Hispanic	1,085	65.0	240	14.4	235	14.1	110	6.6	1,670

American Indian or Alaska Native alone, non-Hispanic	75	31.9	130	55.3	30	12.8	0	0.0	235
Pacific Islander alone, non-Hispanic	15	100.0	0	0.0	0	0.0	0	0.0	15
Some other race, non-Hispanic	885	50.3	385	21.9	375	21.3	115	6.5	1,760
Hispanic, any race	2,095	56.3	800	21.5	740	19.9	85	2.3	3,720
Total households by burden	141,060	74.4	25,120	13.3	20,570	10.9	2,770	1.5	189,520

Source: CHAS,
2016-2020

Knox County Housing Unit Problems by Race, 2016-2020

Race/Ethnicity	Owner	Share	Owner	Share	Renter	Share	Renter	Share	Total Households by Race
	With Unit Problems	by Race (%)	No Unit Problems	by Race (%)	With Unit Problems	by Race (%)	No Unit Problems	by Race (%)	
White alone, non-Hispanic	16,340	10.3	94,740	59.6	19,490	12.3	28,435	17.9	159,005
Black or African-American alone, non-Hispanic	1,825	10.5	4,590	26.4	6,060	34.9	4,880	28.1	17,355
Asian alone, non-Hispanic	405	11.2	1,540	42.6	574	15.9	1,100	30.4	3,619
American Indian or Alaska Native	40	8.0	225	44.7	179	35.6	59	11.7	503

alone, non-Hispanic									
Pacific Islander alone, non-Hispanic	0	0.0	0	0.0	0	0.0	15	100.0	15
Some other race, non-Hispanic	395	12.0	1,150	34.9	752	22.8	1,001	30.4	3,298
Hispanic, any race	390	6.8	1,630	28.4	1,700	29.6	2,020	35.2	5,740
Total households by condition	19,395	10.2	103,875	54.8	28,755	15.2	37,510	19.8	189,535

Source: CHAS, 2016-2020

With Unit Problems: Has 1 or more of the 4 housing unit problems (lacks kitchen or plumbing, more than 1 person per room, or cost burden greater than 30%).

No Unit Problems: Has none of the 4 housing problems OR cost burden not computed, none of the other 3 housing problems.

Advancing Racial Equity

Our team is committed to promoting racial equity, especially in matters related to affordable housing, public services, and economic opportunity. We have taken steps to ensure that public services and resources are distributed equitably. This includes the implementation of fair housing policies to prevent discrimination and ensuring that all residents have equal access to affordable housing. Through the Consolidated Planning process, both the city and county obtain input from underserved communities through surveys and public meetings. As part of this process, an Analysis of Impediments to Fair Housing Choice is conducted, identifying barriers to equal housing opportunities and outlining strategies to mitigate these impediments.

Additionally, our team regularly seeks input from public and private agencies that have established relationships with underserved communities to ensure planning, programs, and activities meet the needs of the community.

Promoting Desegregation

Interventions in the housing search process, resources for housing mobility, affirmative marketing, and fair housing enforcement have been noted as immediate and long-range solutions to solving segregation within our community. Because segregation is a key barrier to affordable housing, our proposal seeks to utilize funds to assist with addressing these issues by increasing

and diversifying the affordable housing stock and deconcentrating affordable and subsidized housing through regulatory framework and direct investment projects and programs. Our communications strategy will involve community engagement and education opportunities to highlight the broad range of benefits that expanding affordable housing for all residents has for the long-term viability of our community.

Outdated plans and codes can perpetuate segregation by income and race by limiting housing types in certain areas. Updating plans and zoning codes to allow for more diverse housing types, such as duplexes, triplexes, and accessory dwelling units countywide will increase the availability of affordable housing options in diverse neighborhoods. Investing in infrastructure improvements in those areas will further enhance livability for diverse populations.

To accomplish the goals laid out in this proposal, it will be critical to continue existing collaboration with organizations that have a track record of promoting fair housing and community integration to leverage their expertise and resources.

To evaluate our efforts, our team will utilize the Knox County Affordable Housing Assessment and Priority Populations as a baseline understanding of current housing patterns, demographic distributions, and access to resources. Staff will track PRO Housing funded activities and measure them against existing patterns within an interactive dashboard. Examples of measures may include the increase in affordable housing units in well-resourced areas, such as those with high-performing schools, employment opportunities, and adequate infrastructure; the increase in affordable housing loan/gap financing applications; and comparisons of demographic information. We will also gather feedback from residents, community organizations, and stakeholders to understand the perceived impact of the initiatives.

Areas of Opportunity

PRO Housing funds would also help increase housing choice by expanding into neighborhoods with supportive infrastructure and amenities. All new construction projects will be completed in areas accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents. Except for new construction housing designed for elderly persons, the travel time and cost from the neighborhood to employment centers offering a range of jobs for lower-income workers, whether by public transportation or private automobile, must not be excessive.

Previous affordable housing developments located in areas of high opportunity in Knox County have experienced success and can serve as a model for increasing access to underserved groups. This is evidenced by a recent affordable housing development that broke ground three years ago. Since then, residents from 14 of the building's 24 units experienced an increase in income within the first year, eight residents have enrolled in college courses, and nearby support programs facilitated by local faith-based organizations and schools have become available. Additionally,

nearby home sales for this particular development increased between 8-129% over the past three years.

Success stories like this help set a precedent for locating these developments in high opportunity areas instead of over-saturating low opportunity areas. This approach helps minimize concerns about displacement and provides content for communications work identified in this proposal.

Protected Class Groups

Existing programs and practices give special consideration to protected class groups. Our project team is accustomed to working with local partners who work with protected class groups, such as the African American Equity Restoration Taskforce, Knoxville's Community Development Corporation, the Mayor's Council on Disability Issues (CODI), and Knoxville-Knox County Community Action Committee's Office on Aging. Referrals are often received from these partners, connecting these populations to services such as home rehabilitation services that improve housing quality for elderly and elderly caregivers of children.

The Knox County Home Rehabilitation (KCHR) Program installs and repairs accessibility improvements to support the needs of persons with disabilities so they can safely navigate their homes. Additionally, environmental hazards are removed from homes in this program, such as lead, radon, mold, and damaging pests to help provide safe and decent housing for vulnerable populations such as the elderly and families with children who have higher health risks. The KCHR program has implemented an online application to remove the barriers of language, transportation, and time outside of traditional business hours for applicants. Additionally, for those with internet connectivity issues, computer literacy issues, literacy challenges, or should someone have a disability which might prevent them from applying online, applicants can call or visit the KCHR office to request assistance with submitting their application.

Our team operates under various outreach and participation plans that addresses affirmative outreach, and there is a commitment to including persons from protected classes, including racial ethnic and religious minorities, along with families with children and persons with disabilities. Public meetings, public comment periods, and public announcements are often translated into Spanish and additional interpretation materials such as Braille materials, audiocassettes, and interpreters for the hearing-impaired may also be provided upon request. Public meetings are located at handicap accessible locations and at times that are generally convenient to the public. All hearings will be hosted in a hybrid format to accommodate those who are unable to attend in person. Public notices regarding the hearings will contain contact information on how to request accommodation, such as interpretation. Our team's Policies and Procedures address the requirements of Section 504- Handicap Accessibility.

These existing partnerships, guiding documents, and tools would be models for the expansion of projects and addition of new projects outlined in this proposal.

Fair Housing Plans

As entitlement communities, the City of Knoxville and Knox County have a long history of engaging and investing in affirmatively furthering fair housing. In August of this year, the city released a draft of their *Fair Housing Equity Plan* and the county will complete an Assessment of Fair Housing in early 2025. Through these plans, both jurisdictions will commit to goals that advance equity in housing, community development programs, and residents' access to well-resourced areas, opportunity, and community assets.

One of the city's objectives in their Equity Plan is to identify steps that can improve their current housing conditions related to fair access and opportunity. The Equity Plan's key findings include the need to implement solutions to improve housing opportunities for persons with disabilities and to work with Knox County to create more housing units. The City's Disability Services Office is consulted in the development of new housing programs to confirm they meet the needs of people with disabilities/ensure compliance with the Americans with Disabilities Act and accessibility requirements under the Fair Housing Act. The city will continue to work with local Fair Housing partners and finalize its *Fair Housing Equity Plan* to ensure all new housing units will be affirmatively marketed to all demographics and their Citizen Participation Plan addresses affirmative outreach, committing to include persons from protected classes, including racial, ethnic, and religions minorities, along with families with children and persons with disabilities.

The county conducted an Analysis of Impediments to Fair Housing in 2020 and utilized that to develop specific actions to address the identified impediments. To ensure that the programs created as a result of these impediments are effectively furthering fair housing, Knox County conducts regular monitoring and evaluation of the program's impact. This includes assessing whether the program is reaching the intended audiences, whether participants are satisfied with the services received, and whether the program is contributing to a reduction in housing disparities. Additionally, direct investment activities proposed within the county are in direct response to the impediments and priority needs identified in the County's 2020-2024 Consolidated Plan and Analysis of Impediments.

Activities proposed within this application will align with requirements to affirmatively further fair housing and comply with all fair housing and non-discrimination requirements enacted at the federal, state, and local levels. This includes training for all staff involved in the program on fair housing principles and practices to ensure that all actions taken promote equity and do not inadvertently perpetuate existing disparities.

Displacement

If displacement occurs due to any direct investment activity outlined in this proposal, appropriate policies are in place to ensure compliance with the Uniform Relocation Act. In the event displacement occurs, all applicable regulations related to the Uniform Relocation Act and Section 104 (d) will be followed. Respective regulations will apply to all contractors,

subrecipients and other entities who enter into an agreement for any activity funded through this grant.

Housing Production

All project partners have procurement policies in place that promote the full participation of minority, veteran, and women's business enterprises, but this joint project would provide an opportunity to expand these efforts. The enhancement and establishment of the funds identified above will provide greater opportunities to small scale home builders, and expanded outreach to minority, veteran, and women's business enterprises will be included in the development of our communications strategy. Our various projects proposed for PRO Housing funds provide an opportunity to expand partnerships with developers and contractors and significantly increase the number of small businesses participating in the production of affordable housing.

BUDGET AND TIMELINE

The budget and timeline were developed in consultation with the City of Knoxville and Knox County. The budget amounts include the entire estimated cost of each activity included in this PRO Housing Grant application. Estimates are based on recent experiences with similar projects, research, and consultation with peers and private sector consultants. Knoxville-Knox County Planning will utilize the de minimis rate of 10 percent of Modified Total Direct Costs (MTDC) as defined at 2 CFR 200.1.

Activity	Total Budget	PRO Housing Request	Other Funding Sources	Start Date	End Date
Administration	\$796,300.00	\$700,000.00	\$96,300.00	2/25	9/30
1. Regulatory & Policy Updates					
1.a Regulatory & Policy Audit	\$768,000.00	\$268,000.00	\$500,000.00	2/25	2/26
1.b Plan Book	\$100,000.00	\$82,000.00	\$18,000.00	6/25	2/26
1.c Comprehensive Plan	\$1,000,000.00	\$600,000.00	\$400,000.00	8/25	8/27
2. Communications Strategy	\$350,000.00	\$350,000.00		4/25	8/30
3. Direct Investments					
3.a Vacant & Blighted Property Inventory	\$100,000.00	\$100,000.00		1/26	7/26

3.b Demonstration & Preservation Projects	\$4,900,000.00	\$4,900,000.00		11/25	6/30
Total	\$8,014,300.00	\$7,000,000.00	\$963,000.00		

Significant activities and key milestones are outlined utilizing a quarterly schedule. The schedule will be modified as needed to align with the award date.

Activity 1: Regulatory & Policy Updates

1.a. Regulatory & Policy Audit

\$268,000

Industry standards and consultant rates on similar projects undertaken in recent years informed the budget for a comprehensive, countywide code and policy audit. The consultant would be selected through a competitive bidding process and is expected to occur within three months of grant award.

Activity 1a: Regulatory & Policy Audit	Establish RFQ Process for consultant services	Year 1: Q1
	Inventory regulations and land use policies	Year 1: Q2
	Evaluate and recommend	Year 1: Q3
	Obligate all funds within one year of award	Year 1: Q4

1.b Plan Book

\$82,000

Staff have consulted with over a dozen jurisdictions who have completed some form of a plan book. The proposed budget is based on this research and analysis. A professional services contract would be pursued through a competitive bidding process and is expected to occur within 3 months of grant award.

Activity 1b: Plan Book	Establish RFQ Process for consultant services	Year 1, Q2
	Conduct feasibility analysis	Year 1: Q3
	Prepare plans for review and testing	Year 1: Q4
	Finalize first iteration of plans	Year 2: Q1
	Evaluate effectiveness of plan book	Year 2: Q4

	Obligate all funds by year 3 of the award	Year 3: Q1
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1.c Comprehensive Plan

\$600,000

The proposed budget is based on the cost of the recently completed Knox County Comprehensive Plan and a survey of consultants specializing in land use planning. A consultant team would be selected through a competitive bidding process and is expected to occur within 4 months of grant award.

Activity 1c: Comprehensive Plan	Establish RFQ Process for consultant services	Year 1: Q2
	Begin community engagement	Year 1: Q3
	Prepare draft plan	Year 2: Q3
	Finalize and adopt plan	Year 3: Q1
	Obligate all funds by year 3 of the award	Year 3: Q2

Activity 2: Communication Strategy

\$350,000

A communication and outreach strategy will be developed with assistance from consultants selected through a competitive bid process. This activity will be initiated within the first month of grant award and will continue through the period of performance.

Activity 2: Communication Campaign	Establish RFQ Process for consultant services	Year 1: Q2
	Initiate education, outreach and engagement campaign	Year 1: Q2
	Develop performance measures	Year 2: Q3
	Obligate all funds by year 6 of award	Year 4: Q3

Activity 3: Direct Investments

3.a: Vacant and blighted property inventory

\$100,000

The inventory will be created and maintained by Planning staff. Staff will initiate the activity within 1 year of grant award and expect to have it completed within 6 months. The inventory will be continuously maintained and utilized far beyond the PRO Housing period of performance.

\$100,000

Activity 3a: Vacant and blighted property inventory	Planning staff will begin setting up framework	Year 1: Q3
	Launch the tool	Year 1: Q4
	Obligate all funds by year 2 of award	Year 2: Q1

3.b: Demonstration and Preservation Projects**\$4,900,000**

The vacant and blighted property inventory will inform the launch of funding programs. However, the work to expand new and existing funds to support housing will begin immediately post grant award. All funding will be expended by the final year of the grant.

Activity 3b: Demonstration & Preservation Projects	Project team will begin setting up funding framework	Year 1: Q3
	Expansion of the City's Affordable Housing Trust Fund	Year 1: Q4
	Establishment of County's Housing Support Fund	Year 1: Q4
	Identification of affordable housing demonstration and preservation project	Year 2: Q4
	Obligate all funds for by year 6 of award	Year 6: Q2

If HUD was only able to fund a portion of our request, our team would prioritize activities that would have the longest-term impact on removing barriers to affordable housing. A reduction in funding would not affect our geographic scope.

If funded at 50% of our request, the activities listed under regulatory and policy updates, as well as the communication strategy would be prioritized and funded at the full amounts listed above. The remaining funds would be used to complete the vacant and blighted property inventory and in support of affordable housing demonstration and preservation projects in our highest priority areas. The minimum amount of funding that would allow our team to carry out the proposal in some form is \$2.5 million. This amount would allow us to prioritize regulatory and policy audits and updates, implement a scaled down version of our communication strategy, and undertake one to two affordable housing demonstration projects. We would look for other funding sources to support the vacant and blighted property inventory and affordable housing preservation projects.

CAPACITY

Knoxville-Knox County Planning (Planning) is applying jointly for the HUD PRO competition with the City of Knoxville and Knox County, with Planning as the submitting entity.

Organizational charts for all three entities are included as appendices to this submission.

KNOXVILLE-KNOX COUNTY PLANNING

Knoxville-Knox County Planning (Planning) will serve as the lead agency for a multijurisdictional team overseeing grant administration and implementation, coordinating execution of all grant activities in collaboration with a cross departmental team comprised of staff from the City of Knoxville Office of Housing and Neighborhood Development and Knox County Grants and Community Development. Planning is the regional organization responsible for comprehensive countywide planning and administration of land use regulations and staffs the region's Metropolitan Planning Organization function (known locally as the TPO). Planning's 33-member team is led by an executive director jointly appointed by the city and county mayors. The executive director oversees the work program and staff activities, works closely with public and private agencies to obtain input into planning studies, and serves as technical advisor to the Planning Commissioners, County Commissioners, and City Councilmembers. The executive director appoints division managers to lead Planning's major departments and to oversee professional staff.

Planning is managing \$11.2 million in state and federal grants this fiscal year and has strong fiscal controls in place. Staff are also responsible for programming and monitoring over \$800 million in federal and state transportation funding on behalf of the Knoxville region. The agency's finance manager works closely with Knox County Finance to oversee all aspects of fiscal management to ensure effective administration of funding and compliance with policies and procedures. All procurement and contracting practices are informed by the federal Title VI Plan and Program. There are several mechanisms in place to track the expenditures of funding, including using the county's internal financial management system (MUNIS).

Planning will procure and manage contractors to provide support for the regulatory audit, development of a comprehensive plan, and creation of a preapproved plan book. Planning staff have in-house expertise and capacity to develop and maintain data and tools to support the vacant properties inventory as well as create and manage an interactive tool to track progress during the performance period and beyond.

Direct investment activities will be led by our multijurisdictional partners. The city and county have demonstrated capacity to lead implementation of the demonstration projects, home repair programs, and the expansion of affordable housing funds. As the department serving both jurisdictions, Planning is well positioned to convene and facilitate cross-departmental communication during the performance period and sustain it beyond the life of the grant.

As a regional planning agency and the region's Metropolitan Planning Organization (MPO), Planning has a longstanding tradition of serving as a convenor and collaborator, a role it has embraced since its establishment by the city and county in 1956. For decades, Planning has been responsible for comprehensive countywide planning and administration, advising and assisting local jurisdictions, decision-makers, and citizens through strategic plans, forums, and outreach initiatives. Central to our mission is the commitment to convening and collaborating, which guides our approach to all aspects of our work. We regularly share best practices and identify shared challenges and opportunities for collaboration among our partners, fostering a cooperative environment that enhances regional development. Additionally, the Transportation Planning Organization (TPO), which is housed within Planning, places a specific focus on equity planning, ensuring that our efforts promote inclusivity and address the diverse needs of our community. In 2023, Planning released a report, the [Priority Populations Technical Report](#), identifying communities facing greater social and economic equity challenges. This report serves as a tool for not only Planning, but local community service partners to recognize program needs and set priorities during their planning and program processes.

CITY OF KNOXVILLE

The City of Knoxville's Housing and Neighborhood Development Department (HND) is at the forefront of revitalizing low-to-moderate income neighborhoods through a wide range of programs and strategic partnerships. With a dedicated team of 18 staff members across five specialized teams, HND is well-equipped to oversee the City of Knoxville's direct investment projects and programs as part of the proposed PRO project. The department will leverage its experienced project management staff and robust interdepartmental relationships. Collaboration with key community organizations, including [Knoxville's Community Development Corporation](#), the city's public housing and redevelopment authority, will be instrumental in effectively implementing projects.

All financial activities associated with the grant funded projects and programs will be meticulously managed through the city's internal financial management system (MUNIS), with comprehensive review and approval processes in place, adhering to 2 CFR Part 200 Subpart D and all applicable local, state, and federal laws and regulations.

Historically, HND has operated as a Fair Housing Assistance Program (FHAP), providing essential support for fair housing complaints and protection against discrimination. The department continues to work closely with the Tennessee Fair Housing Council and the Tennessee Human Rights Commission to address civil rights and fair housing issues. HND staff remain updated on fair housing matters through ongoing HUD training sessions, ensuring that all programs adhere to key civil rights and equal opportunity laws, including Title VI and Title VIII of the Civil Rights Acts, Executive Order 11246, and Section 3 of the Housing and Urban Development Act of 1968, among others. These regulations mandate affirmative steps to engage minority and women's business enterprises in subcontracting opportunities, underscoring HND's

commitment to fostering inclusive, equitable, and sustainable community development in Knoxville.

KNOX COUNTY

Knox County Grants and Community Development (KCGCD) is responsible for the administration and oversight of a variety of programs funded through local, state, and federal grants, including the county's HUD CDBG and HOME allocations. KCGCD utilizes these funds in support of initiatives focused on affordable housing; the prevention and response to housing instability; nonprofit public services; economic and workforce development; public infrastructure enhancements; abatement of substance misuse; fire and technical rescue services; and regional homeland security programs. While some programs are carried out directly by KCGCD, a majority are facilitated through partnerships with non-profits, government agencies, and other community organizations. The Senior Director of KCGCD oversees the administration and operations of four departmental divisions, with a chief administrative officer and three division directors managing the day-to-day operations of their respective divisions and the team members assigned to them.

The Administrative Division manages financial and information technology resources, internal and external reporting, and other administrative functions required for the department's daily operations. The Community Development Division oversees projects focused on maintaining and increasing the availability of affordable housing, improving public facilities and infrastructure, and supporting economic growth in the county. The Community Service Division oversees public service programs focused on reducing housing instability, reducing substance misuse, improving public health outcomes, and supporting workforce development. The Public Safety Division oversees the county's fire and technical rescue program, the Fire Prevention Bureau, and the TN District 2 Homeland Security Office.

The Community Development Division will oversee Knox County's direct investment projects and programs as part of the proposed PRO project, the division employs seven full-time employees. Members of the division oversee subrecipients, beneficiary eligibility, alignment with funding guidelines, effective implementation, and program evaluation. The Community Development Division will receive full support from the Administrative Division. The Administrative Division consists of eight employees dedicated to supporting KCGCD divisions through technology, finance and accounting, compliance, and citizen participation.

All funding administered by KCGCD is managed utilizing the same internal controls outlined in 2 CFR Part 200 Subpart D to ensure the effectiveness and efficiency of operations, reliability of internal and external reporting, and compliance with all applicable local, state, and federal laws and regulations. KCGCD works closely with Knox County's Finance, Law, and Procurement Departments to ensure effective administration of funding and compliance with policies and procedures.

Knox County complies with all fair housing and non-discrimination requirements enacted at the federal, state, and local levels. This includes training for all staff involved in the program on fair housing principles and practices ensuring that all actions taken by our programs promote equity and do not inadvertently perpetuate existing disparities. KCGCD also conducts an Analysis of Impediments to Fair Housing and utilizes that to develop specific actions to address the identified impediments. To ensure that the programs created as a result of these impediments are effectively furthering fair housing, Knox County conducts regular monitoring and evaluation of the program's impact. This includes assessing whether the program is reaching the intended audiences, whether participants are satisfied with the services received, and whether the program is contributing to a reduction in housing disparities.

GRANT MANAGEMENT

Established systems are in place to ensure that our multi-jurisdictional team can manage and quickly launch the activities proposed in this grant application. As the lead entity, Planning will oversee the execution of all grant activities proposed. Programs that require policy, program or zoning changes will be jointly managed by Planning and cross jurisdictional staff. Activities that are specific to one jurisdiction will be led primarily by staff from that jurisdiction with support by Planning. Our cross jurisdictional team has a demonstrated capacity to develop, expand and administer housing related programs and funds.

A subgrant program is not proposed as part of the scope of work for this grant.

APPLICATION TEAM

Development of the application was a collaborative effort and included team members from all three entities. The team included:

Amy Brooks, AICP — Executive Director, Knoxville-Knox County Planning
24 years of relevant experience

Terry Gilhula, PhD — Information and Research Manager, Knoxville-Knox County Planning
35 years of relevant experience

Ally Ketron — Strategic Planning & Communications Manager, Knoxville-Knox County Planning
8 years of relevant experience

Kevin DuBose — Director, City of Knoxville Housing and Neighborhood Development Department
25 years of relevant experience

Jillian Love — Economic and Community Development Project Manager, City of Knoxville Housing and Neighborhood Development Department
10 years of relevant experience

Jenny Holden, CPM — Senior Director, Knox County Grants and Community Development
20 years of relevant experience

Jennifer Slaiman, CPM— Community Development Division Director, Knox County Grants and
Community Development
12 years of relevant experience

Alanna McKissack — Community Relations Manager, Knox County Grants and Community
Development
8 years of relevant experience

Jody Van Horn — Grants Program Manager, Knox County Grants and Community Development
5 years of relevant experience

Dana Walter — Grants Program Manager, Knox County Grants and Community Development
7 years of relevant experience

LEVERAGE

Knoxville-Knox County Planning (Planning), the City of Knoxville, and Knox County all have a proven track record of working to ensure accessible housing within our community. PRO Housing funds would be used to build on that momentum and make significant advancements towards enhanced collaboration in support of our shared goal to ensure safe and affordable housing is available to every resident of our community. The initiatives included in our PRO Housing application support this shared goal, and we are committed to leveraging the funds outlined below to ensure these initiatives are successful.

Staff Time

Knoxville-Knox County Planning will leverage existing staff from their Information Services and Planning Services divisions to manage and administer this grant. Staff will contribute time to the code audits, creation and maintenance of a vacant properties inventory, work on the unified development ordinance and comprehensive plan, and oversight and implementation of a communications strategy. In addition to the activities outlined in the proposal, it is important to note that staff will also enhance existing interactive tools to measure and track progress of the activities supported through the PRO Housing grant. Planning staff have experience creating and maintaining dashboards like the city's [Housing Data Dashboard](#) and [Panorama](#), a tool that includes interactive countywide data and maps related to population, demographics, economic conditions, quality of life, housing, and development. These existing tools will serve as the framework for a new interactive tool created solely to track progress related to the activities funded through this proposal.

The City of Knoxville will primarily leverage staff time through the Housing and Neighborhood Development Department (HND) for project management. HND staff would include time contributed by the Economic & Community Development Project Manager as well as the Affordable Housing Fund Administrator.

Knox County will leverage both local and federal HUD and SLFR funds to support staff time of the Community Relations Manager assisting with the communications plan, the Senior Director serving on the housing task force, as well as the Community Development Director and two Program Managers overseeing affordable housing demonstration and preservation projects located within the County.

Additional Funding Sources

Knox County is strategically leveraging multiple funding sources to enhance the impact of PRO Housing Grant funds. The county has committed SLFR funds in support of its unified development ordinance, and completion of the project is anticipated within the next two years. This work will bring the zoning code and other regulatory documents into alignment with the recently adopted Comprehensive Plan. The county's CDBG allocation will be leveraged, supporting the administration of housing programs, infrastructure development for affordable

housing, and the preservation of existing affordable units. The county's HOME allocation will also be directed towards affordable rental housing projects, further expanding housing options for residents. The County will commit a percentage of their allocation from the U.S. Treasury Department's State and Local Fiscal Recovery funds to develop a comprehensive housing strategy for its unincorporated areas and administer various housing programs. Additional local funding will be dedicated to the administration of housing programs, ensuring effective management and implementation.

Demonstrating a commitment to both structural and community resilience, Knox County, as the lead agency for Tennessee Homeland Security District 2, received the FEMA Regional Catastrophic Preparedness Grant (RCPG) in 2023. This grant focuses on keeping residents housed post-disaster, updating building codes to mitigate risks, and addressing the needs of disadvantaged communities. A percentage of the RCPG grant is allocated for an Affordable Housing Assessment and subsequent training focused on the adoption of resilient building codes, increasing the availability of affordable housing, and mitigating housing barriers unique to vulnerable populations.

Furthermore, Knox County will utilize an Energy Efficiency and Conservation Block Grant from the Department of Energy to retrofit windows and doors, enhancing energy conservation efforts in their home rehab program and protecting LMI residents from extreme temperatures. Through these comprehensive efforts, Knox County aims to build a more resilient and inclusive community.

In a commitment to support affordable housing development and other housing activities that address local housing needs citywide, the City of Knoxville established the Affordable Housing Fund in 2021 by pledging \$50 million over a ten-year period. In just the first three years, the city contributed \$26.9 million towards the fund and leveraged over \$600 million in other private and public investment in affordable rental units for families with incomes at or below 80 percent of the Area Median Income (AMI), offering opportunities for Section 8 voucher holders and others needing subsidized housing. The purpose of the fund is to accept (from private donations) and disburse funding to address the affordable housing needs of individuals and families of low- and moderate-income households. The city will leverage the amount pledged to this fund during the years that align with the PRO Housing Grant.

Additionally, the city's Housing and Neighborhood Development Department will leverage funds that are dedicated to its existing Blighted Property Redevelopment Program, a short-term construction loan program designed to renovate blighted, unoccupied residential structures. PRO Housing Grant funding would allow for a restructuring of the program, adding additional funds and focusing those loans on renovation and reconstruction of unoccupied residential structures according to the city's newly adopted Middle Housing standards, encouraging affordability, blight remediation, and pedestrian-friendly design.

Planning would leverage a Federal Transit Administration Areas of Persistent Poverty grant. This grant was awarded to Knoxville Area Transit, the city's fixed-route transit provider, and is being administered by Planning. The goal of this project is to develop a transit-based opportunities map that identifies both areas of low opportunity and high opportunity where mixed income development may be appropriate. The locations identified through this process will offer the best access to opportunities for high quality transit service and increase transit usage. Planning will also evaluate best practices related to Transit Oriented Development and make related recommendations.

Additional seed money for the creation of a pre-approved plan book would be contributed. This funding comes from a grant awarded to Planning from East Tennessee Realtors paired with an allocation from the agency's general funds.

LONG-TERM EFFECT

Deliverables & Metrics of Success

To make gains in housing production throughout Knox County, there is a need to make up for nearly twenty years of slowed housing construction that followed the 2008 financial crisis. To do this, we cannot only rely on existing processes and regulations to increase and preserve affordable housing. Instead, we must build capacity to tackle root causes of the slowdown. The regulatory updates included in this proposal are focused on increased transparency, predictability, and flexibility and will lay the groundwork necessary to make those gains. Investments in loan programs to support demonstration and preservation projects will kickstart additional production and set a precedent that informs future development in our community.

Funding from the PRO Housing grant will assist our community in furthering efforts to eliminate existing barriers to affordable housing development, have a sustainable, lasting impact on housing supply, and most importantly, improve the lives of residents for generations to come.

The regulatory and policy updates included in our proposal will build on and complement recent efforts to simplify and streamline the regulatory and policy environment around land use decisions. **Code audits** will produce actionable recommendations related to long range plans and land use regulations. Identifying barriers will inform how we accommodate regulatory changes that lead to better alignment with newly adopted plans. These recommendations will inform the following:

- Creation of a unified development ordinance will implement the vision of the recently completed Knox County Comprehensive Plan. Critical to this implementation is the alignment of the zoning code with new place types that promote a diversity of housing options in areas of the county that are supported by adequate infrastructure.
- Updates to city codes to strategically coordinate zoning, subdivision regulations, engineering standards, building codes and stormwater regulations will reduce time, cost and the unpredictability of housing project approvals well beyond the grant's period of performance.
- An update of Knoxville's Comprehensive Plan will incorporate updated policies that reflect the community's current needs and align those with the zoning code. Updating the city's land use plans will establish the vision, clarify expectations, and set a blueprint for future development and policy reforms for the next 10 to 15 years.
- Creation of a pre-approved plan book will expedite review and approval for small scale single and multi-family housing types. This tool will encourage a diversity of housing types, create opportunities for gentle increases in density, create opportunities for small scale developers to participate in the housing market, and increase access to sustainable homeownership. Aligning this process with regulatory updates across the entire county

would allow applications for these varied housing types to be reviewed administratively. These improvements, coupled with pre-approved plans, will make it faster and less expensive to build a wider range of housing types. Our goal is to increase the range of housing types constructed in the county four-fold over the next six years.

Our proposed **communication strategy** will set up a framework for the project team and partners to further authentic dialogue around the community-wide benefits of providing housing for all. This strategy will be used to:

- Identify meaningful and timely engagement opportunities.
- Develop a consistent set of messages and stories to help us engage and motivate our community to address housing issues.
- Build productive partnerships to advance shared housing goals among a broad range of community leaders and stakeholders through the establishment of a housing task force.

The greatest long-term benefit we anticipate as an outcome of the work funded through this grant is the establishment of a coalition working across jurisdictional boundaries towards shared housing goals. Utilizing our proposed communication plan to elevate the conversation regarding why additional resources and inventory are needed for affordable housing across all income levels and geographic areas of our community is critical to long-term, sustainable change. Setting a metric of success for this element is challenging but our team firmly believes in the power of evidence-based initiatives to change the trajectory of our community, and we will gather data to track outcomes and determine priorities throughout the period of performance and beyond. The partnerships created through this effort will create long-lasting opportunities for collaboration and ensure the long-term alignment of housing efforts across the jurisdictional boundaries within our community.

Decisions on **direct investment** deliverables will be informed by the regulatory and policy work both currently underway and proposed as part of our PRO Housing application. This will ensure we are taking an evidence-based approach to expanding affordable housing across our community to ensure housing options are available in well-resourced neighborhoods, increasing opportunities for residents of all incomes. Projects identified for funding or incentives will include a range of housing types to increase the diversity of housing choices.

- Creation of a vacant and blighted property inventory will be used to inform demonstration projects and public-private partnerships that help advance the production of affordable housing. The project team seeks to reduce the number of blighted properties by 2% annually and to keep the number of remedied “chronic problem” properties between 16 and 20. Through a vacant property inventory, our team will be able to consistently monitor these properties across multiple departments through a concerted effort to understand the extent of the issues causing the vacancy and help put them back to a productive use, including but not limited to housing and economic opportunities.

- Enhancement and creation of housing funds will increase development opportunities that provide better options for low-income families. Construction projects will serve as examples for the homebuilding community and a catalyst for future development and redevelopment opportunities. Preservation projects will help ensure our current stock of affordable housing is not lost and existing homeownership can be maintained by LMI residents. Most importantly, while the enhancement and establishment of city and county housing funds will certainly assist in alleviating our current housing shortage, the structure of these programs ensures long-term support is available to incentivize building quality affordable housing long beyond the period of performance for this grant.

Replicability

Our team's multi-jurisdictional approach can serve as an example to other communities sharing similar housing supply and diversification challenges. Working across jurisdictional boundaries presents unique challenges, but local governments cannot address housing issues effectively on their own. With unique land use regulations, building and housing codes, and permitting processes, it is easy to remain siloed while affordability and supply issues continue to burden individual residents and the regional economy. A multi-jurisdictional coalition presents an opportunity to align and share resources, staff, and knowledge to ensure efforts are complimentary and housing opportunities are more equitably distributed to meet the needs of our low- and moderate-income residents.

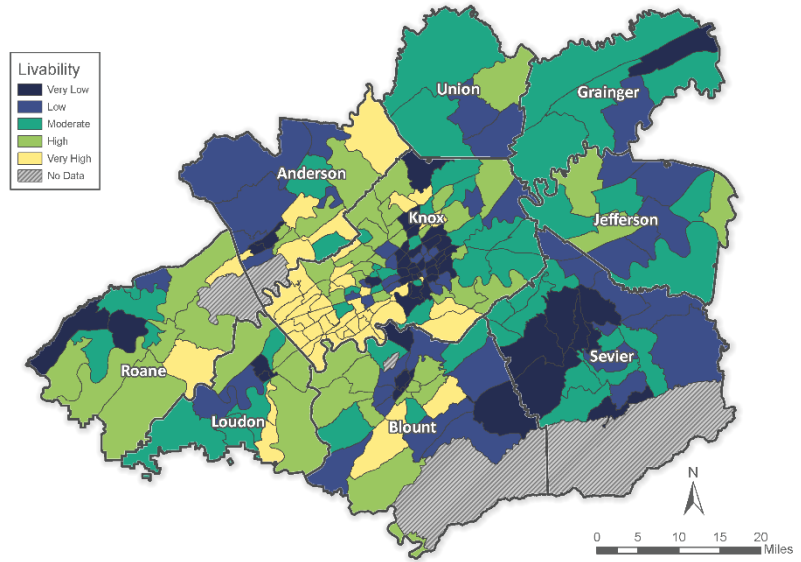
APPENDIX A - PRIORITY POPULATIONS

We recognize that East Tennessee has equity challenges – research from an earlier regional planning effort demonstrated that areas of high opportunity tend to be separated from those of concentrated poverty, patterns of diversity still follow those set by segregation, and health disparities are evident throughout the region.

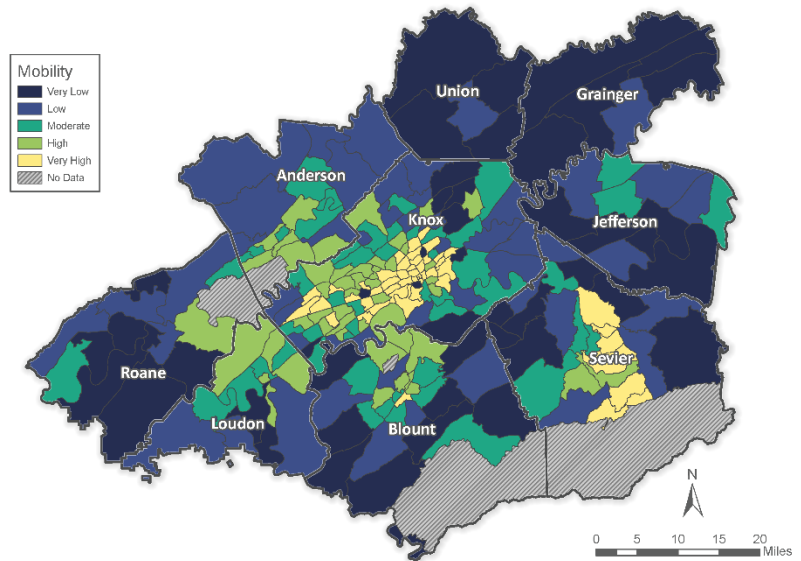
This research seeks to quantitatively determine areas of concentrated stressors and areas of high opportunity to use as a predictor of quality of life, health, and vitality. Communities that experience highly concentrated stressors across four themes (Livability, Mobility, Opportunity, and Vulnerability) are considered Priority Populations.

These communities may be prioritized when planning for future local and regional investment, like transportation improvements or economic development initiatives.

Livability, 2022

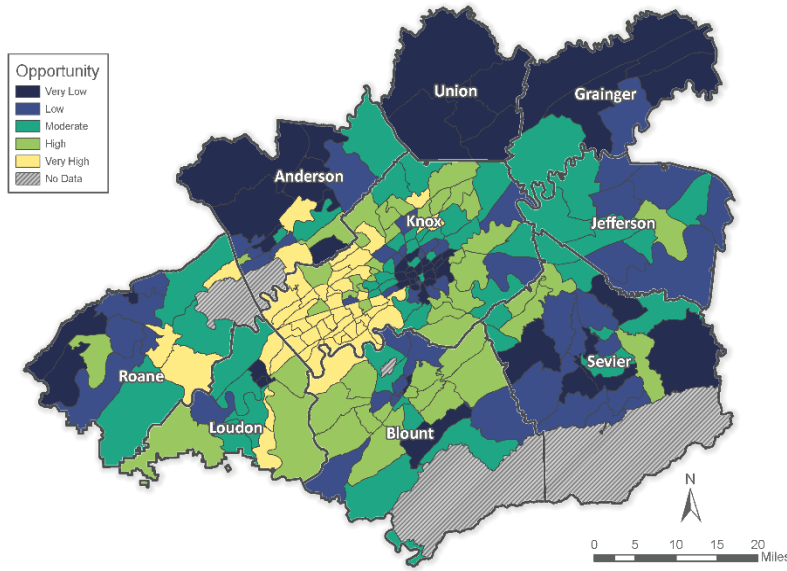


Mobility, 2022



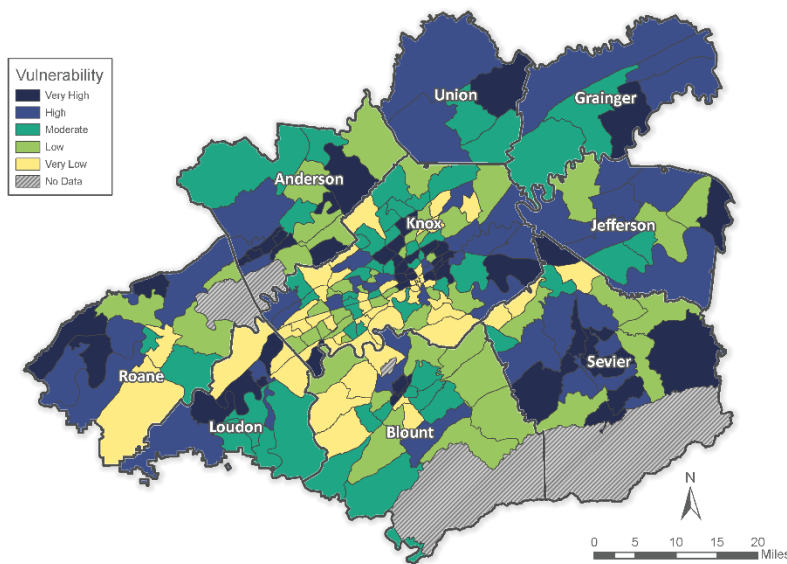
Themes

Opportunity, 2022



Twenty-seven socioeconomic indicators identify Priority Populations. Data for each measure are assembled at census tract geography to represent neighborhoods and small communities throughout a nine-county region (Anderson, Blount, Grainger, Jefferson, Knox, Loudon, Roane, Sevier, and Union counties). The indicators are organized in four themes and then compiled into one composite score – Priority.

Vulnerability, 2022



Livability: Health, housing suitability, and safety of the built-environment.

Mobility: Ability to travel to education, employment, and other daily needs.

Opportunity: Income, education, and achievability of financial security.

Vulnerability: Demographic characteristics that make populations more vulnerable to economic fluctuation.