

# **Contextualizing Nashville's Response to its Affordable Housing Crisis**

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A handwritten signature in black ink that reads "Edward Goetz". The signature is written in a cursive style with a large, stylized "Z" at the end.

**Edward G. Goetz  
Paper Supervisor**

## Introduction

Over the past decade, Nashville has experienced disruptive political, social, and economic instability and suffered devastating effects from a number of natural disasters. Despite the challenges, the city has also experienced significant population growth and was recently ranked among the top ten performing metropolitan areas in the U.S.<sup>1</sup> The city's increased population paired with its insufficient housing supply has contributed to aggressive real estate speculation and dramatic neighborhood change<sup>2</sup> throughout the city. This activity has produced an environment where housing is increasingly unattainable for many Nashvillians and has provoked in many residents a distrust and resentment toward the development community. In acknowledgment of the city's urgent housing needs, Nashville's Mayor announced his administration's formation of an Affordable Housing Task Force in January 2021<sup>3</sup>. In order to produce an assessment of its work, I closely monitored the Affordable Housing Task Force over a period of 12 weeks. To contextualize the work of the Affordable Housing Task Force, I have included some recent history in this report along with an analysis of the city's population changes between 2010 and 2019.

## Context

### *The Natural Disasters*

At either end of the past decade, one finds Nashville dealing with devastating natural disasters paired with economic crises. In 2010, while still recovering from the Great Recession, Nashville received its highest amount of rainfall in over a century causing the waters of the Cumberland River to inundate the city. According to Metro Planning and Metro Codes, the flood resulted in an estimated \$2 billion in damages to private property.<sup>4</sup> More than 600 water rescues were made, thousands of residents throughout Middle Tennessee were temporarily housed in shelters, an

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<sup>1</sup> Kingson, Jennifer A. "Provo, Utah, Leads a Shakeup in Powerhouse Cities," February 17, 2021. [https://www.axios.com/top-performing-cities-provo-utah-san-francisco-6ec4d362-1912-4059-acd2-14d8984656fa.html?utm\\_campaign=organic&utm\\_medium=socialshare&utm\\_source=twitter](https://www.axios.com/top-performing-cities-provo-utah-san-francisco-6ec4d362-1912-4059-acd2-14d8984656fa.html?utm_campaign=organic&utm_medium=socialshare&utm_source=twitter).

<sup>2</sup> Plazas, David. "The Costs of Growth and Change in Nashville." *The Tennessean*. The Tennessean, January 11, 2018. <https://www.tennessean.com/story/opinion/columnists/david-plazas/2017/01/29/costs-growth-and-change-nashville/97064252/>.

<sup>3</sup> Metropolitan Government of Nashville and Davidson County, Tennessee. "Mayor John Cooper Launches Affordable Housing Task Force." Nashville, January 12, 2021. <https://www.nashville.gov/News-Media/News-Article/ID/10497/Mayor-John-Cooper-Launches-Affordable-Housing-Task-Force.aspx>.

<sup>4</sup> Metropolitan Government of Nashville and Davidson County, Tennessee. "Nashville Flood May 2010." Nashville > Government > History of Metro > Nashville Flood May 2010. Accessed May 12, 2021. <https://www.nashville.gov/Government/History-of-Metro/Nashville-Flood-May-2010.aspx>.

estimated 9,000 were without power, and there were 24 deaths reported.<sup>5</sup> For more information and personalized accounts about the historic event, I encourage readers to explore the Flood 2010 Collection within The Nashville Public Library’s Special Collections Division.

By the end of the decade, Nashville was grappling with political upheaval and working again to get a handle on yet another financial crisis. This was the setting in the city when it was forced to reckon with the larger implications of the global coronavirus pandemic and a devastating string of tornados. The March 2020 tornado outbreak killed 25 people, destroyed more than 1,600 buildings and damaged an additional 2,700 throughout Middle Tennessee.<sup>6</sup> The EF-3 tornado that struck the Nashville area had peaks winds of 165 miles per hour, caused 5 deaths and injured 220 others. The estimated economic impact from the tornadoes was around \$2 billion<sup>7</sup>, a figure equivalent to the damage caused by the 2010 flood.

### *The Political Instability*

Solutions to the city’s housing dilemma are so urgently needed at this point partly because of the city’s political and economic instability over the past decade. Various events have repeatedly obstructed the city’s ability to provide housing options that are affordable and accessible to most of its residents, but perhaps none have been as disruptive as the city’s recent political uncertainty and its contentious relationship with the state legislature.

In 2015, during a period of significant growth, Nashville elected its first woman Mayor, Megan Barry. Mayor Barry actively challenged affordable housing opponents by vocally and enthusiastically supporting a “Yes In My Back Yard”, or “YIMBYism”, approach to affordable housing development. Among other things during the 2016-2017 fiscal year, her administration increased funding to the city’s housing trust fund (the Barnes Fund) to \$25Million, created the Housing Incentives Pilot Program (HIPP)<sup>8</sup> and donated over forty Metro-owned properties to

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<sup>5</sup> Nashville Public Library. “Flood 2010 Collection.” Nashville Public Library. Accessed May 12, 2021. <https://library.nashville.org/research/collections/flood-2010-collection>.

<sup>6</sup> Nashville Public Radio. “The Tennessee Tornadoes Of 2020, One Year Later.” WPLN News - Nashville Public Radio, March 8, 2021. <https://wpln.org/post/the-tennessee-tornadoes-of-2020-one-year-later/>.

<sup>7</sup> John Roach, AccuWeather staff writer. “AccuWeather Estimates the Total Damage from the Tennessee Tornadoes Will Approach \$2 Billion.” AccuWeather. AccuWeather. Accessed May 12, 2021. <https://www.accuweather.com/en/severe-weather/accuweather-estimates-the-total-damage-from-the-tennessee-tornadoes-will-approach-2-billion/697185>.

<sup>8</sup> Nashville, Metropolitan Government of Nashville and Davidson County, Tennessee. “Housing Incentives Pilot Program.” Nashville > Mayor's Office > Economic Opportunity > Incentive Program. Accessed May 12, 2021. <https://www.nashville.gov/Mayors-Office/Economic-Opportunity/Incentive->

nonprofit organizations for affordable housing development.<sup>9</sup> In 2017, her administration commissioned a Housing Nashville Report.<sup>10</sup>

The Housing Nashville Report provided a housing supply-demand gaps analysis along with projected housing needs for the city and committed the Mayor's Office of Housing to providing annual progress updates. Key findings from that report included an existing deficit of 18,000 affordable rental units and estimated that the rental housing gap could increase to as many as 31,000 by 2025.<sup>11</sup> It also incorporated a spatial analysis which identified changing neighborhoods by census tract. In addition to offering various strategies and policy recommendations, the report outlined a number of tools the city could use to close the housing gap, identified which agencies would be responsible for administering the tools, and categorized them by Area Median Income (AMI)<sup>12</sup>.

In all, the Housing Nashville Report was a comprehensive housing study full of useful data that represented potential progress in dealing with the city's burgeoning housing issues. Unfortunately, after a highly publicized scandal and pleading guilty to felony theft of property, Mayor Barry resigned in 2018. Her Vice Mayor assumed the office for the remaining 18 months of the Mayor Barry's term then lost his bid for re-election. The most recently elected mayor assumed office in 2019, making him the third mayor of the metropolitan government in less than two years.

There is no department within the metropolitan government which focuses primarily on housing. There is only the Mayor's Office of Housing. As such, housing has become a planning and policy area that receives fragmented attention from various departments and suffers from an uncoordinated response. Even the Metropolitan Planning Department lacks a team whose focus is solely on housing. Simply put, attention to housing has depended entirely upon the political and economic motivations of the mayor's office. All of the administrative shuffling in recent years has disrupted the city's ability to coordinate an impactful approach to its housing dilemma.

Another barrier determining the city's ability to respond to its housing crisis is interference from the Tennessee General Assembly. Nashville's fight for affordable housing has been described

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<sup>9</sup> Metro Nashville Mayor's Office of Housing. Rep. *Housing Nashville*, n.d.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Area Median Income (AMI) is the midpoint of the city's income distribution.

as an “uphill battle”<sup>13</sup>, a description that fails to capture just how much the state legislature dictates the city’s ability to enact and enforce housing policies. Nashville is subject to Dillon’s Rule which means that the municipality’s powers are delegated entirely by state law.<sup>14</sup> The state legislature has repeatedly reminded Nashville of its authority in recent legislative sessions.

In 2016, Nashville’s city council attempted to pass an inclusionary zoning ordinance which would have required new residential developments containing at least five units to set aside a certain percentage of units for households at specified income levels. In response, the state legislature passed a bill prohibiting local governments from enacting any such ordinance or regulation.<sup>15</sup> The bill did, however, authorize local governments to create an incentive-based program, as opposed to a compulsory program, for “moderate or lower-cost” rental units, which the city has since implemented.<sup>16</sup>

More recently, with the city still recovering from a budget crisis, a state representative from Nashville introduced a bill which would have enabled the city to charge development impact fees for new residential and commercial developments. It was voted down by a state house committee.<sup>17</sup> As a result of this preemption from the state, the city is forced to consider what tools can be realistically utilized when crafting housing policy, almost regardless of its housing goals.

### *The Economic Situation*

In late 2019, a review of Metro Nashville’s finances for that fiscal year “revealed a budget shortfall of \$41.5 million, prompting state officials to step in and demand action from city leaders”.<sup>18</sup> The state’s review of the city’s budget criticized the city for “relying too often on nonrecurring revenue to cover its operating expenses” and to service its debts, “which more than doubled since 2013”.<sup>19</sup> It also highlighted the city’s “historically low property tax rate which had not been raised since

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<sup>13</sup> Johnson, Stephanie. Rep. *An Uphill Battle: Nashville’s Fight for Affordable Housing*, n.d.

<sup>14</sup> Ibid.

<sup>15</sup> Tennessee General Assembly. Tennessee General Assembly Legislation. Accessed May 12, 2021. <https://wapp.capitol.tn.gov/apps/BillInfo/default.aspx?BillNumber=SB0363&GA=110>.

<sup>16</sup> Ibid.

<sup>17</sup> Elliott, Stephen. “House Ends Nashville Effort to Charge Developers.” Nashville Post, April 19, 2021. [https://www.nashvillepost.com/house-ends-nashville-effort-to-charge-developers/article\\_32f3d95b-6065-5dd7-96b9-8593b64a4f99.html](https://www.nashvillepost.com/house-ends-nashville-effort-to-charge-developers/article_32f3d95b-6065-5dd7-96b9-8593b64a4f99.html).

<sup>18</sup> Aycock, Dylan. “Metro Nashville Adjusts Budget to Avoid State Takeover.” impact. impact, December 24, 2019. <https://communityimpact.com/nashville/southwest-nashville/government/2019/12/24/metro-nashville-adjusts-budget-to-avoid-state-takeover/>.

<sup>19</sup> Ibid.

2012” and was the lowest among all of the state’s largest metropolitan areas.<sup>20</sup> Many newly elected officials, including the Mayor, had only just assumed their office that September or later and were forced to react.

Nashville’s leaders were already positioned to adopt a crisis budget by the time the city began anticipating the economic effects of the coronavirus pandemic. In an effort to stabilize the city’s finances, the city council passed a budget in June 2020 which included a property tax rate increase of 34 percent that would largely go toward maintaining “the status quo and avoid severe cutbacks or layoffs”.<sup>21</sup> The budget crisis had direct and immediate impacts on affordable housing in the city with the mayor “postponing \$5 million in affordable housing grants” from the Barnes Fund.<sup>22</sup> Those funds were recently replenished to the Barnes Fund, but the postponement delayed at least one development project<sup>23</sup> at a time of urgent need for more affordable housing in the city.

## **Analysis**

### *The Growing Problem*

Nashville’s overall population growth is often discussed as a source of the city’s housing dilemma, but there has been relatively little attention to how the population has changed over the past decade. Developing a better understanding of specific population changes during that time can help explain what is driving trends in housing, inform how decisions are made, and offer useful data points. In addition to analyzing changes among the renter and homeowner populations between 2010 and 2019, I also incorporate information about the production of housing units during that time. My analysis relied primarily on IPUMS NHGIS data from the University of Minnesota.

Before diving into the analysis, it is important to explain why I refer to households differently based on their tenure and income. Median income for homeowners was \$80,231 in 2019, much more than the median household income of the typical Nashvillian (\$60,388) and nearly double the median household income of renters (\$43,682).

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<sup>20</sup> Ibid.

<sup>21</sup> Gonzales, Tony. “Nashville's Council Passes Large Tax Increase, Boosting Schools While Backing Away From A Policing Cut.” WPLN News - Nashville Public Radio, October 1, 2020. <https://wpln.org/post/nashvilles-council-passes-large-tax-increase-boosting-schools-while-backing-away-from-potential-policing-cuts/>.

<sup>22</sup> Gonzalez, Tony. “Ripple Effect Follows Loss Of Nashville Housing Grants.” WPLN News - Nashville Public Radio, December 14, 2019. <https://wpln.org/post/ripple-effect-follows-loss-of-nashville-housing-grants/>.

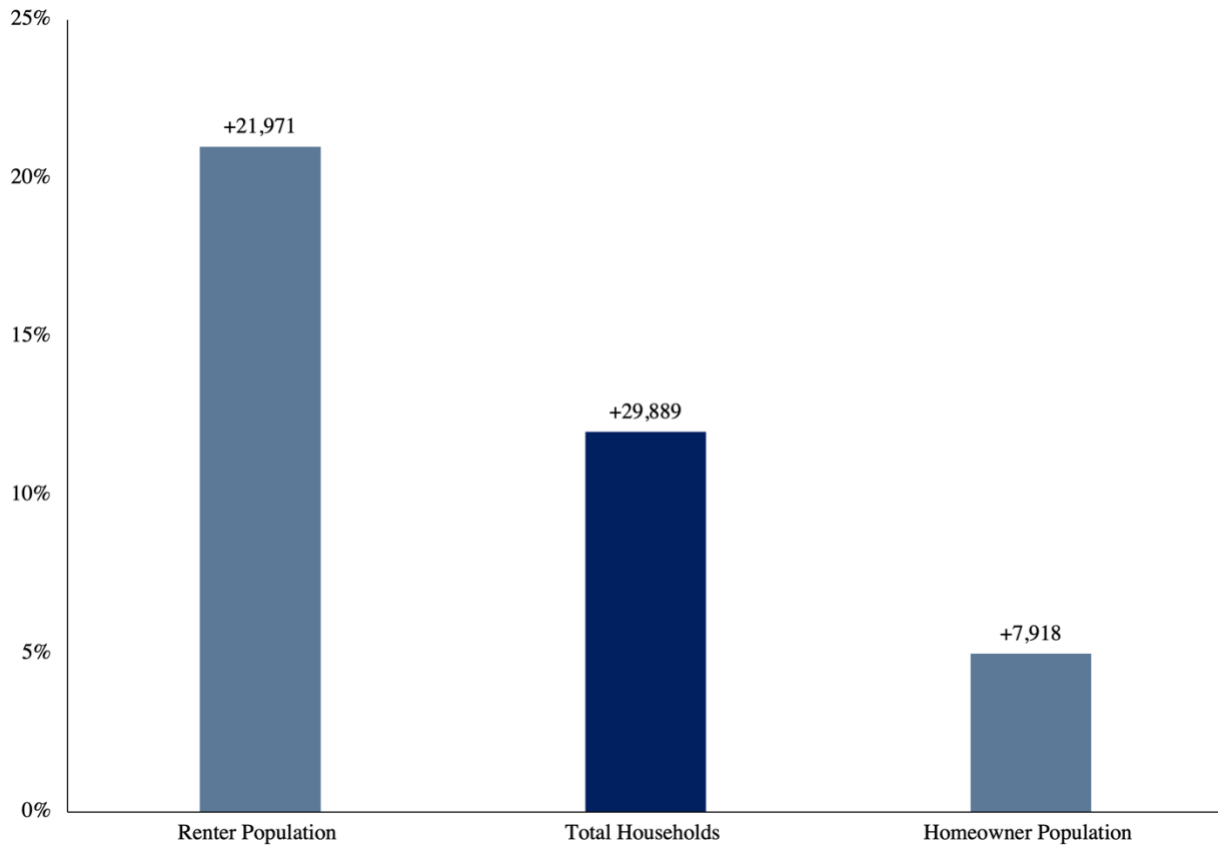
<sup>23</sup> Ibid.

With those figures in mind, I used the median household income of the overall population as the standard in my discussion of homeowners. As such, I used the terms “high-income owners” to describe homeowners with annual incomes of \$75,000 or more. I use the terms “lower- and median-income owners” when referring to homeowners with annual incomes below \$75,000. In my discussion of the renter population, I used median renter income as the standard. As such, I used the terms “lower- and median-income renters” when referring to renters earning below \$50,000 a year. I used the term “higher-income renters” to describe renters with annual incomes of \$50,000 and above.

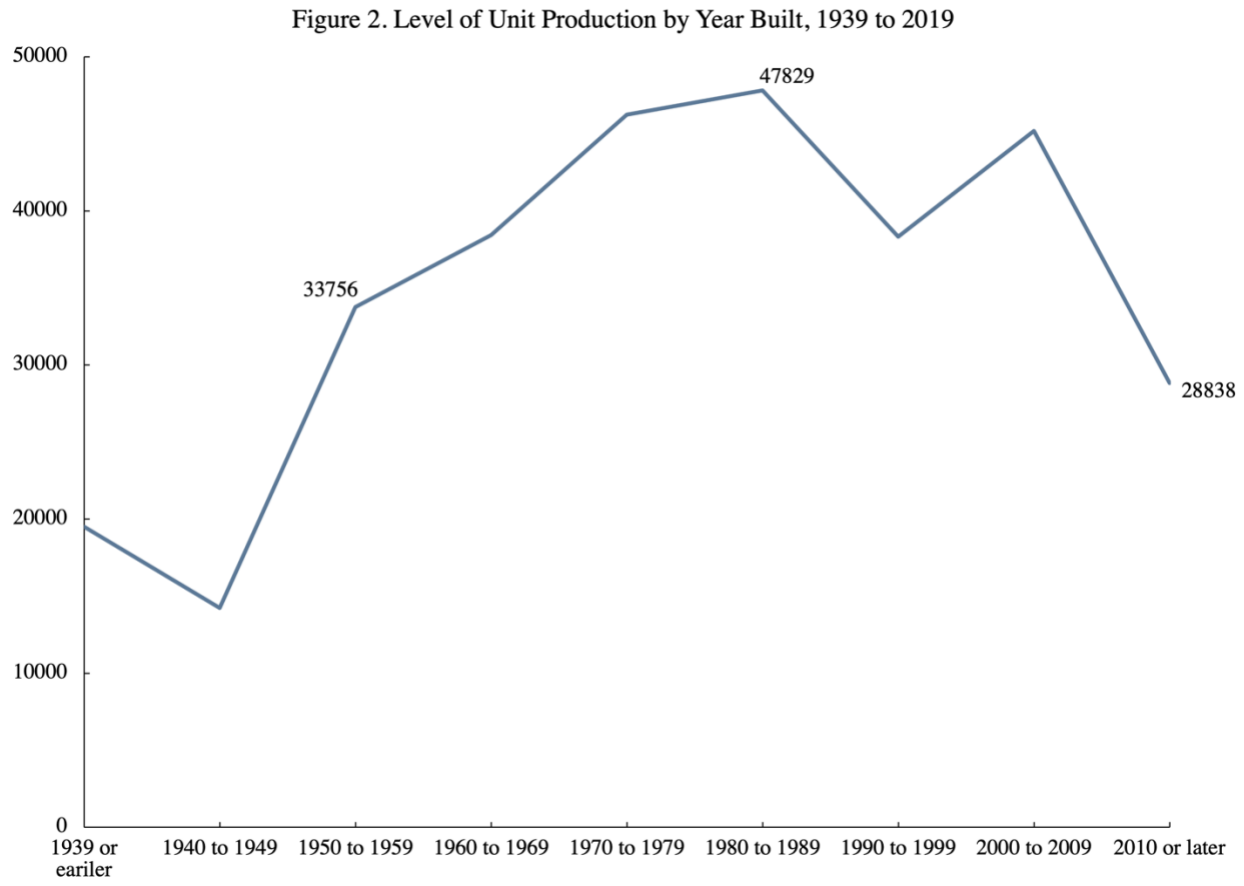
### *Renters*

Nashville’s renter population increased by 21 percent (+21,971) between 2010 and 2019, accounting for 74 percent of all household growth during that time. By comparison, owner-occupied units increased by just 5 percent during that time, as shown in Figure 1 below.

Figure 1. Changes in Household Population by Tenure between 2010 and 2019



Meanwhile, production of new housing units reached historic lows. Housing unit production between 2010 and 2019 represents the lowest level of unit production since the first half of the twentieth century. Figure 2 shows the recent decline in development.

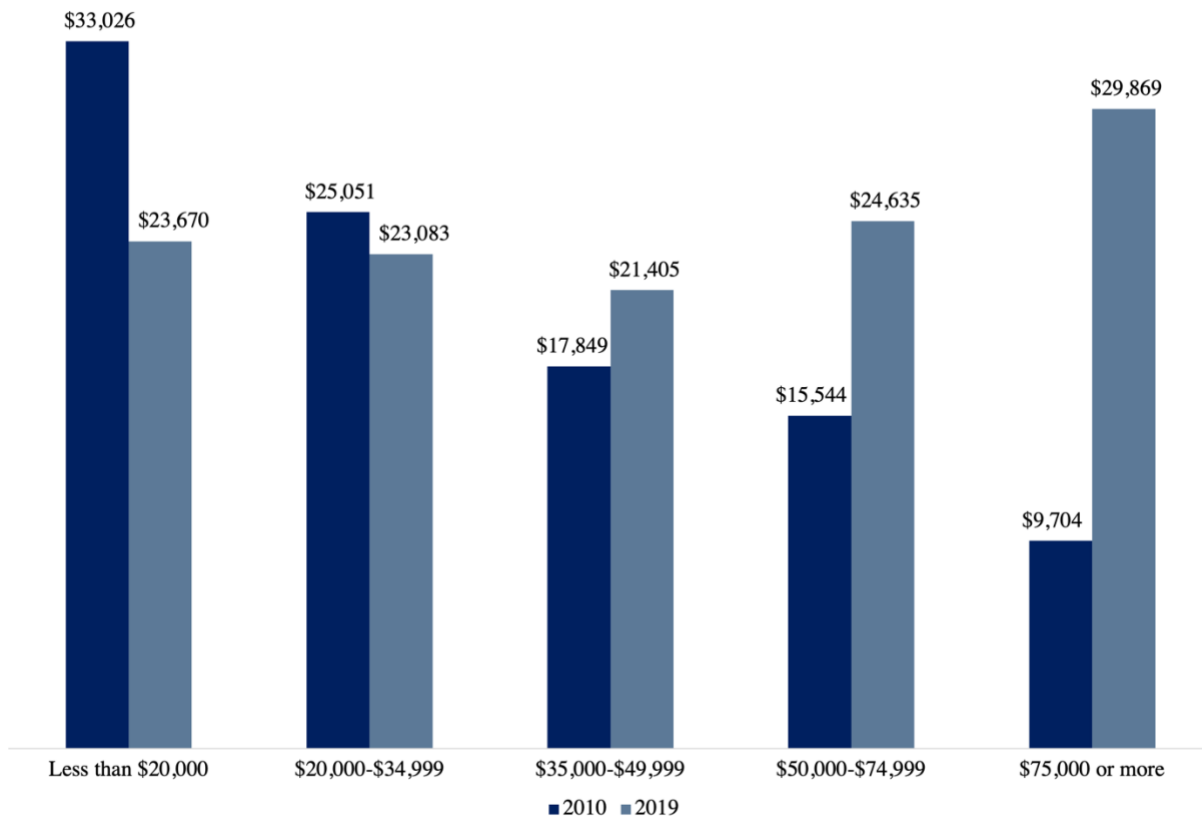


Considering the growth among the renter population over the past decade, it is apparent that the limited supply of rental units has become increasingly constrained. Further assessing the composition of the new renter population offers additional insight into who is able to compete for the limited supply of rental units.

In 2019, the median renter income was \$43,682. Since 2010, the percentage of high-income renters (those with annual incomes of \$50,000 and above) increased by 116 percent. Over two-thirds of that growth came from renters earning at least \$75,000 a year, representing over 20,000 households. Figure 3 below visualizes the changes in renter households by income over the decade.



Figure 3. Comparison of Renter Households by Income in 2010 and 2019



While one might initially attribute the increases in high-income renters to upward mobility, the numbers reveal a different story. The number of renters earning less than \$50,000 a year declined by 10 percent over the decade. In no way does the 10 percent decline in lower- and median-income renters account for the more than doubling of high-income renters during that time.

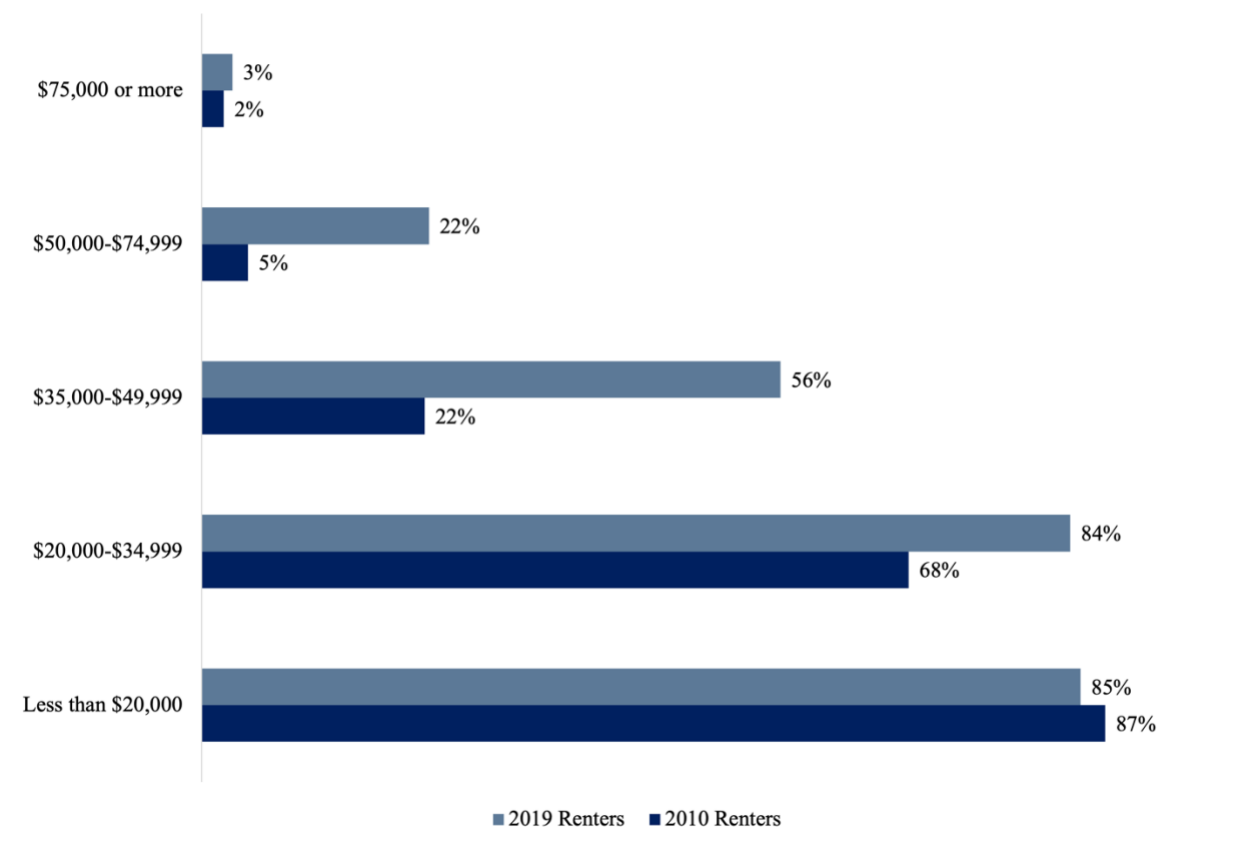
Growth among high-income renters paired with the undersupply of rental units produces pressures in the housing market for households at all income levels. There is increased demand for amenity-rich units and units in preferred locations that can be rented for more than what a typical renter can afford. With a lack of adequate production, high-income renters are better positioned to compete for the existing housing stock, leaving lower- and median-income renters at a disadvantage.

The supply of units which might otherwise be available to lower- and median-income renters is increasingly restricted and occupied by the influx of higher-income renters. Lower- and median-income renters are forced into less affordable units, or they are involuntarily displaced due of their inability to compete in the conventional housing market. These adverse outcomes are

evidenced by the increased number of cost-burdened households over the past decade. Cost burden is the term used to describe households who spend at least 30% of their income on housing costs.

There was a noticeable increase in the percentage of cost burdened renters between 2010 and 2019. While the overall renter population grew by 21 percent over the decade, the percentage of cost burdened renters increased by nearly 80 percent. Figure 4 reveals that renters at every income level are cost burdened but shows that renters earning below \$35,000 a year are disproportionately cost burdened. In 2019, 85 percent of renters with annual incomes below \$35,000 were paying at least 30 percent of their incomes toward housing costs.

Figure 4. Comparison of Cost-Burdened Renter Households in 2010 and 2019



Median-income renters (renters earning between \$35,000 and \$49,999) experienced the largest growth of cost burdened households over the decade. While less than a quarter (22%) of median-income renters were cost burdened in 2010, well over half (56%) were cost burdened by 2019. Equally notable was the increase in high-income renters experiencing cost burden, particularly among those earning between \$50,000 and \$74,999. While 5 percent of households at

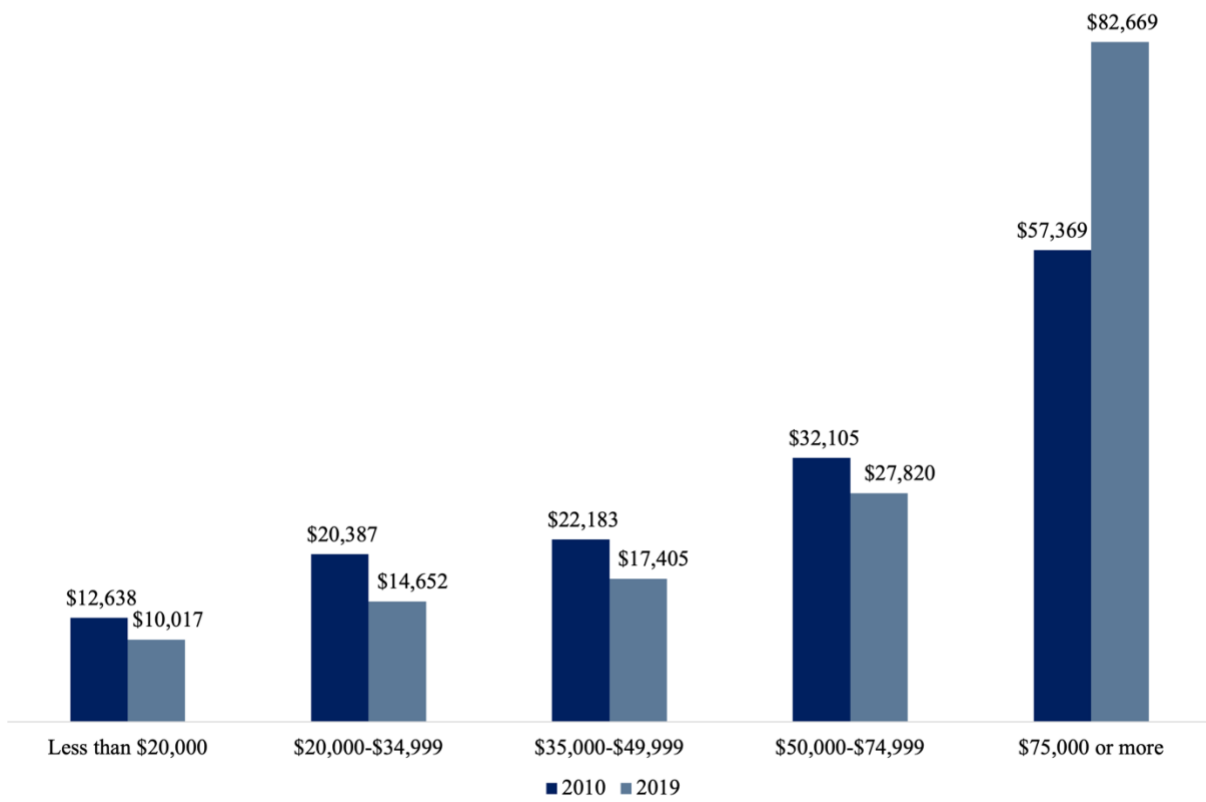
that income level were cost burdened in 2010, nearly a quarter (22%) were experiencing cost burden in 2019.

### Homeowners

There were also significant changes in Nashville’s homeowner population over the decade. The total number of owner-occupied units increased by just 5 percent and the number of homeowners experiencing cost burden declined during that time. The homeowner population is increasingly represented by high-income households indicating homeownership is no longer accessible to many Nashvillians.

Figure 5 below reveals a flip in the economic composition of homeowners between 2010 and 2019. In fact, high-income households were the only group to experience an increase in homeownership over the decade. Homeownership declined among all other income groups. In 2010, 60 percent of homeowners had annual incomes below \$75,000, indicating homeownership was still within reach for most Nashvillians. By 2019, however, well over half (54%) of all

Figure 5. Comparison of Homeowners by Income between 2010 and 2019



homeowners had annual incomes of \$75,000 or more. Median owner income was over \$80,000 in 2019, indicating that homeownership has become less attainable for lower- and median-income households.

The population of lower- and median-income owners declined by 20 percent since 2010, representing a loss of 17,419 households. In contrast, the number of high-income owners increased by 44 percent during that time, representing an additional 25,300 high-income households. As with the renter population, the increase in higher-income households cannot be entirely attributed to upward mobility.

While my analysis relies mostly on publicly available census data, a recent study from Redfin, a full-service real estate brokerage, indicates that the recent influx of households with higher budgets is unlikely to change. Redfin's 2020 analysis of average maximum list-price filters for homes set by Redfin.com users in their saved searches revealed drastic differences between the budgets of out-of-town and local homebuyers in Nashville.<sup>24</sup> Among the 34 cities included in Redfin's study, the budget difference between local and out-of-town homebuyers was the largest for Nashville. Average housing budgets for out-of-town homebuyers were 48% higher than the budgets for local homebuyers.<sup>25</sup> The census data used in my research indicates that the median home value in Nashville in 2019 was \$241,700, but Redfin's study reported that in December 2020 the typical home in Nashville sold for \$330,000.

Again, the influx of higher-income households who are better positioned to compete in the conventional housing market drive up home prices which restricts the supply that might otherwise be available to lower and median income households. Unable to compete, lower- and median-income households are deprived of homeownership opportunities. They are forced into the rental market, increasingly cost-burdened, or they are outright displaced.

## **The Current Response**

### *The Mayor's Affordable Housing Task Force*

In January 2021, the Mayor's Affordable Housing Task Force (the Task Force) convened a panel of 23 individuals with diverse levels of expertise over a 12-week period. They were tasked

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<sup>24</sup> Anderson, Dana. "Out-of-Towners Moving Into Nashville, Atlanta and Austin Have 30% Bigger Homebuying Budgets Than Locals." Redfin Real Estate News, January 21, 2021.  
<https://www.redfin.com/news/migrants-versus-locals-homebuying-budget/>.

<sup>25</sup> Ibid.

with identifying and recommending solutions to the city’s housing dilemma that could be realistically implemented within a 1-to-3-year timeframe. The Mayor also requested the Task Force focus specifically on areas of Policy, Access, Finance, and Land Use. The first three weeks of Task Force meetings focused primarily on participant introductions, introduction to the process, and establishing a baseline understanding of existing obstacles and challenges. Task Force facilitators utilized a methodology called Results-Based Accountability<sup>26</sup> to identify actionable and measurable policies and interventions. The Results-Based Accountability methodology is intended to enable stakeholders with the ability to assess their work and progress against desired outcomes.

Weeks four through seven divided the Task Force into two Committees; a Creation Committee which focused on the production of affordable housing in Nashville and a Preservation Committee which focused on preserving Nashville’s existing affordable housing stock. Each Committee elected a Chair and a Vice Chair, and they held separate weekly meetings. The majority of their efforts during weeks four through seven were dedicated to reviewing data, ongoing identification of obstacles and challenges, and eventually proposing specific solutions and recommendations. Recommendations from the task force were intended to inform the city’s 2022 budget and be implemented within the next 1-to-3 years, or before the end of the current mayoral administration.

During weeks eight through ten, the two Committees reviewed one another’s proposed solutions and recommendations. Each Committee then adopted changes to recommendations and voted on their respective final set of recommendations. The final weeks of the Task Force’s work served as an opportunity for Delegates appointed by each Committee to review all of the recommendations and vote on a final set of prioritized, high-impact recommendations. The final product will be a report which was expected to be presented to the Mayor during week 12, then to the public.

Guiding the work of the Task Force throughout its process was a stated goal to “make housing in Nashville accessible, available, and affordable to all Nashvillians”<sup>27</sup> and there was an expressed commitment to transparency and inclusion. The Task Force demonstrated its

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<sup>26</sup> State of Connecticut. “Results-Based Accountability.” CT.gov. Accessed May 12, 2021.  
<https://portal.ct.gov/SDE/RBA/Results-Based-Accountability>.

<sup>27</sup> “Mayor Cooper’s Office.” YouTube. YouTube. Accessed May 12, 2021.  
<https://www.youtube.com/playlist?list=PLw8Yh4xGhJjmpY1xmNT-41yPuBuwjIY-Q>.

commitment to transparency and inclusion by opening meetings for public viewing but extended no invitation for public feedback, collaboration, or information sharing.

To better understand how Nashville is addressing the issue of increasingly unattainable housing, an issue shared by many metropolitan areas, I monitored and produced an assessment of this Task Force's work. Over the 12-week period during which the Task Force convened, I virtually attended or viewed all publicly accessible Task Force and Committee meetings. All meetings are available for viewing on the Metro Nashville YouTube channel.<sup>28</sup>

I attempted to coordinate with Task Force facilitators in order to administer a participant survey and requested access or references to internal documents and data used in the Task Force's analysis. The Director of Housing Programs for the Mayor's Office was also planning to survey the Task Force participants at the conclusion of their work and declined my request to administer a survey. With regard to data accessibility, I was referred to the forthcoming report expected to be released by the Mayor's Office.

The following assessment provides an overview of the obstacles and challenges identified by the Task Force and outlines some proposed recommendations based on information acquired up until the meeting of the Committee Delegates which was not made public. I conclude my assessment by sharing my own observations of the Task Force's process and offering supplemental feedback and recommendations.

### *Identifying Obstacles and Challenges*

The objective of identifying obstacles and challenges to creating and preserving affordable housing in Nashville was to document existing barriers that can be addressed or eliminated within the next 1-to-3 years, or by the end of the current mayoral administration. This guideline was reiterated throughout the process and also informed recommendations advanced by the Task Force. The Task Force engaged the Metro Planning Department's Advanced Planning and Research Division (Metro Planning) to produce, analyze, and present data that would assist the Task Force in this process.

During its second meeting, before separating into Committees, the full Task Force identified obstacles and challenges in order to establish a collective understanding of Nashville's

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<sup>28</sup> "Mayor Cooper's Office." YouTube. YouTube. Accessed May 12, 2021.  
<https://www.youtube.com/playlist?list=PLw8Yh4xGhJjmpY1xmNT-41yPuBuwjIY-Q>.

top housing challenges. The Task Force did not make its materials available to the public and participants were encouraged to continue documenting and editing obstacles and challenges outside its scheduled meetings. As such, my information may not reflect every consideration of the Task Force. However, my categorization of the obstacles and challenges identified by the Task Force in public meetings shows that the majority focused on Policy (34%) and Finance (25%), while other categories of “Land Use”, “Research”, and “Other” received relatively less attention.<sup>29</sup>

It was my impression that the Policy and Finance categories were more populated than others primarily because they were addressed first during the meeting. However, there was particular emphasis on certain obstacles over others. A lack of appropriate incentives for for-profit developers, the prohibitive cost of acquiring land and building materials, and inefficiencies with the Barnes Fund were all highlighted as important obstacles that should be prioritized.

There was no discussion about why incentives for for-profit developers should be prioritized other than a comment from one Task Force member who mentioned it was something she heard from for-profit developers. Land and infrastructure costs were also cited as some of the greatest barriers to creating affordable housing in Nashville. Notably, it was a non-profit developer participating in the Task Force who highlighted this as an issue that should be prioritized.

The biggest limitation of the Barnes Fund appears to be a lack of reliable or dedicated funding. Several Task Force members discussed the need for larger, more predictable, and dedicated funding for the housing fund but also acknowledged the immediate budgetary constraints. Since the mayor’s office intended for these recommendations to inform the 2022 budget, there is the possibility that the 2022 budget will have fewer constraints.

The Task Force also reviewed data presented by Metro Planning during this meeting. That data presentation was intended to establish a baseline understanding of the current environment and incorporated population and employment trends, land use and zoning policies, and a Supply Gap Analysis. A Supply Gap Analysis uses household income to compare the city’s existing housing supply to the current demand for housing. Such an analysis was previously completed as part of the aforementioned Housing Nashville Report under Mayor Barry’s administration and used American Community Survey (ACS) 5-year sample data for 2012-2016. The Supply Gap Analysis presented to this Task Force simply replicated that information by applying the same

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<sup>29</sup> Categorizations are my own.

methodology and using more recent ACS data. The idea behind an analysis such as this is that it estimates the gap between the supply of units available to households at specified income levels.

Metro Planning's analysis showed how the gap impacts renters at or below 30 percent of Median Household Income most significantly, with an estimated deficit of nearly 16,000 units. For owners, however, the gap is greatest among high-income households (those with annual incomes above 120 percent of Median Household Income). Based on this analysis, more than 50,000 units are needed to meet demand from that population. Fortunately, there was a nuanced conversation among Task Force participants about the limited utility of this type of analysis.

In this type of analysis, demand is informed by the assumption that households spend 30 percent of their annual income on housing. In reality, households do not fall into such neat categories. There are many reasons why a household would need to spend far less than 30 percent of its income toward housing expenses. For instance, a high-income household may have other substantial debts such as student loans that would make it difficult to spend as much as 30 percent of its annual income toward housing expenses. Another consideration regarding the willingness or ability of Nashville residents to spend as much as 30 percent of their household income toward housing is the city's auto-dependency and lack of investment in public transportation. These conditions make it necessary for most households to own at least one car and assume the associated costs, which are estimated to be around \$9,000 per year.<sup>30</sup>

Some may interpret these findings to mean there is a huge unmet demand for expensive market-rate housing. In fact, there is greater need for more affordable housing options, especially among renters. As my earlier analysis indicated, the influx of higher-income households further restricts the supply of housing which is otherwise available to lower- and median-income households by forcing rents and sales prices upward.

The population and employment trends presented by Metro Planning during this phase was preliminary but included a range of projections. The projections came from three sources (the Greater Nashville Regional Council, Tennessee State Data Center, and Esri) and projected a population between 732,649 and 783,722 for Davidson County by 2025. Economic and employment growth are also projected to continue. The general trend is strong population and

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<sup>30</sup> Aaa. "What Does It Cost To Own And Operate A Car." AAA Automotive. AAA, October 7, 2015. <https://www.aaa.com/autorepair/articles/what-does-it-cost-to-own-and-operate-a-car>.

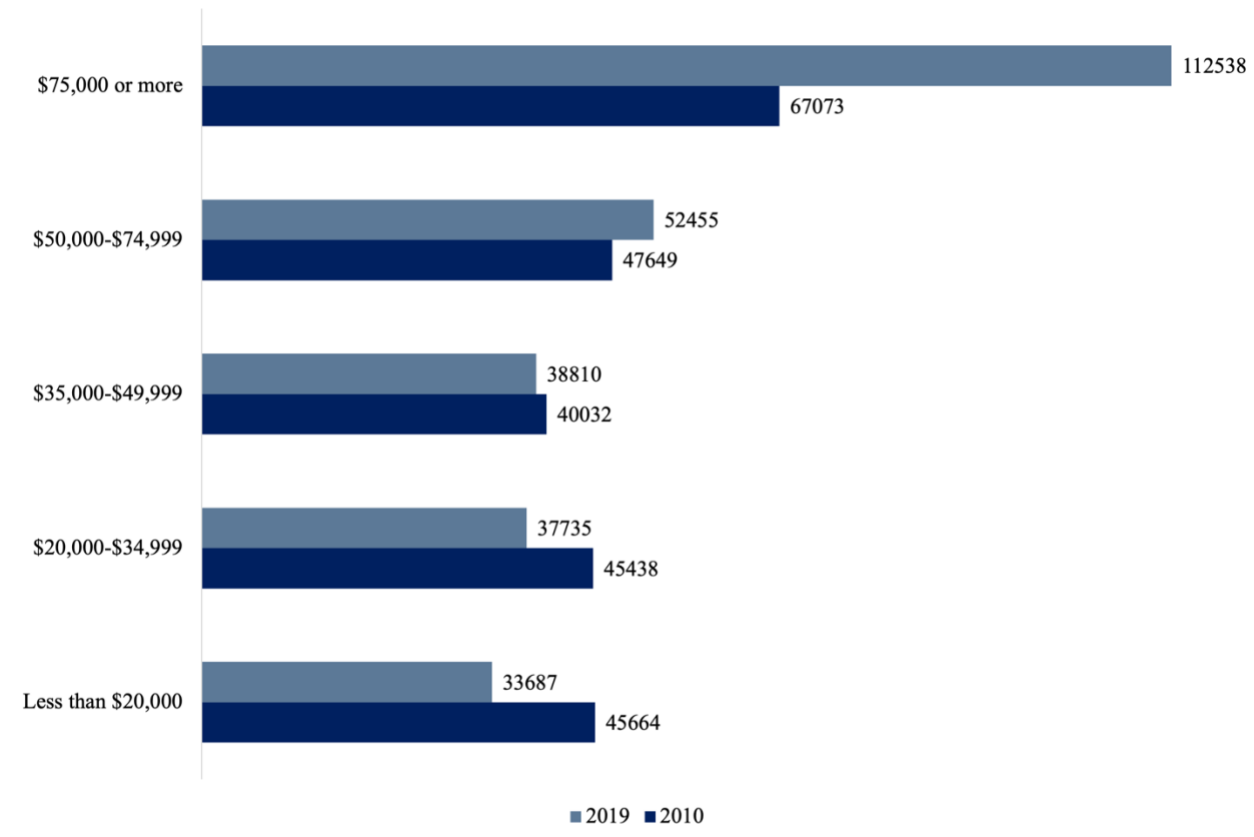


economic growth extending into the near future, but the benefits of this growth are not equitably distributed.

Metro Planning referred to existing disparities in unemployment rates by race and education in its discussion of the workforce. According to its presentation, the unemployment rate of those with a bachelor’s degree is just 2 percent, while the unemployment rate for those with less than a high school diploma is over 8 percent. Additionally, the white population had an unemployment rate of 3 percent while the Black unemployment rate is double that, and 5 percent for the Latinx population.

Another consideration Metro Planning brought to the meeting was changes to the national workforce. It used data from the Bureau of Labor Statistics to group occupations based on annual median wages and found that nationally, the fastest growth is expected to occur in job categories with annual wages under \$30,000 and above \$70,000. Wage growth among middle-income occupations will be much slower.

Figure 6. Changes in Household Income between 2010 and 2019



My analysis of the changes in Nashville’s household income between 2010 and 2019 are depicted in Figure 6 above, which shows a 22 percent decline in households earning below \$35,000 a year and an increase of nearly 70 percent among households earning at least \$75,000 a year. Households earning between \$35,000 and \$74,999 grew by just 4 percent over the decade.

When paired, these findings underscore the unfavorable environment where lower- and median- income households are increasingly disadvantaged in the competition for available housing. This data previews an increasingly homogenized city which has implications extending beyond Nashville and into the surrounding region.

Metro Planning also provided an overview of existing zoning. Since Metro Nashville Davidson County is a consolidated government, zoning is done for the entire county which consists of 525 square miles. According to the Metro Planning presentation, one-third of the area is rural, which current policy preserves through the application of agricultural zoning. Residential zoning is the predominant land use and supports 251 square miles. Nearly half (48%) of all residentially zoned land is zoned exclusively for single-family housing.

Just 15 percent of the residentially zoned land is zoned for multifamily housing. Over half (56%) of the land zoned for multifamily housing is intended for mixed-use development. Metro Planning contextualized this by explaining mixed-use land is effectively zoned for commercial use because developers may be reluctant to incorporate residential units into their developments.

Once the group completed its discussion of obstacles and challenges to creating and preserving affordable housing, the Task Force split into two Committees. One Committee focused on creation and the other focused on preservation. Task Force Participants appointed a Chair and a Vice Chair for each Committee, and each Committee met separately during weeks four through seven.

During this phase, each Committee received additional information and refined data analysis from Metro Planning, including a snapshot of the supply and location of existing affordable units (excluding the supply of Naturally Occurring Affordable Housing). Naturally Occurring Affordable Housing, or “NOAH” is unsubsidized housing that is affordable to lower- and median-income households.

The Committees also received information from outside experts and fellow Task Force members. A significant amount of information, knowledge, and dialogue was exchanged in these Committee meetings; too much to be covered comprehensively in this assessment. However, some

activities undertaken in separate Committee meetings included further identification of obstacles impeding the creation and preservation of affordable housing, envisioning what Nashville might look like if no action is taken to address its housing dilemma, identifying potential partners and additional data that is needed, and ultimately coming up with a set of “high-impact” recommendations.

### *Identifying High Impact Recommendations*

The Task Force’s process for developing high impact recommendations was completed in three rounds. The first round identified emergent themes from the recommendations. Committees reviewed one another’s recommendations during round two, and round three was dedicated to prioritizing “high-impact” recommendations. At the conclusion of this process, appointed Delegates from each Committee attended a meeting to prioritize high-impact recommendations which would be included in a written report and be submitted to the Mayor.

Facilitators also formed working groups during this phase to explore options for using publicly owned parcels for the creation of affordable housing, how to best leverage Housing Choice Vouchers, and discuss specific zoning concerns. Metro Planning and Committee Co-Chairs refined their analysis of the data compiled over the previous weeks, and the Task Force’s work was influenced by the *Strategic Housing Blueprint*, a 10-year planning document adopted by the City of Austin, Texas in 2017.<sup>31</sup> It is worth noting that Austin’s *Strategic Housing Blueprint* shares similarities with the aforementioned 2017 Housing Nashville Report commissioned by Mayor Barry’s administration. The policy recommendations and tactics outlined in the Housing Nashville Report also considered a number of other relevant planning documents, including NashvilleNext, the city’s 25-year comprehensive plan adopted in 2016.

The Committee Delegates distilled and advanced eight high impact recommendations from its meeting during round three, and those recommendations were then reviewed by each Committee. A few Task Force members expressed satisfaction with these recommendations, even going so far as to claim Nashville could lead the nation in addressing the affordable housing crisis. Many other members were underwhelmed by the recommendations and expressed a desire for a more technical, action-oriented approach. Many members indicated that the recommendations did not reflect or acknowledge the work they had put into the process.

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<sup>31</sup> City of Austin, Texas. Rep. *Austin Strategic Housing Blueprint*, n.d.

Considering that the forthcoming report from the Mayor's Office will reflect those eight generalized recommendations from round three, I have elected to provide an in-depth discussion of the Preservation Committee's recommendations explored during round one. I discuss recommendations from just one committee not only for brevity, but because tactics for preserving affordable housing are relatively less examined compared to tactics for creating affordable housing.

During the first round in its process for developing recommendations, the Preservation Committee began by reviewing themes identified in Austin's Strategic Housing Blueprint before discussing emergent themes from its own recommendations. Facilitators indicated that this was intended to highlight the process of identifying high-impact recommendations that relate back to broad themes. The Preservation Committee grouped its recommendations into five categories, capacity, data, incentives, policy, and investment. The recommendations are discussed below.

#### *Capacity*

The Preservation Committee's recommendations relating to capacity included engaging employers through strategic partnerships, coordinating home repair programs, expanding diversion programs for people at risk of losing their homes, establishing an annual awards program for developers who contribute to the affordable housing stock, and creating a new Metro Department of Housing.

Employers exacerbate problems for the city by relying on a workforce with particular skills but not providing their employees with sufficient enough wages that will enable them to live nearby. If Nashville hopes to continue to prosper economically, then it must maintain an adequate workforce, and failing to provide an adequate supply of workforce housing will only contribute to the city's challenges, including its traffic congestion and extreme weather.

Nashville's inability to provide adequate housing and transportation options will only increase the number of workers commuting into the city from more affordable areas throughout the region. The increased vehicle miles traveled will contribute to greenhouse gas emissions. Nashville will be further disadvantaged by the loss in property and sales tax revenue as those who commute into the city for work will pay property and sales taxes in the cities where they live. Notably, this recommendation would most likely benefit the creation of affordable housing rather than its preservation.

Participants of the Preservation Committee recommended coordinating the various home repair programs available to Nashville residents. Some programs have waitlists while others are underutilized. Expanding the capacity of diversion programs targeting people at risk of losing their homes is a recommendation that could be paired with the coordination of home repair programs and could be critical for preserving what is left of Nashville's inventory of naturally occurring affordable housing. Diversion programming could be critical as many homeowners are vulnerable to the predatory tactics used by real estate speculators. If effectively implemented, such recommendations could also benefit at-risk renters. Regarding the recommendation for a rewards program for developers who contribute to affordable housing in Nashville, a Committee member suggested that perhaps it is a recommendation for the industry to consider rather than the something organized by the city.

While the facilitator asked the Preservation Committee to consider potential partners in their assessment of these recommendations, the recommendation that garnered the most support was the proposal for creating a new Metro Department of Housing. Throughout the Preservation Committee's discussion of each category, members continuously referred back to how other recommendations would benefit from the creation of a Metro Department of Housing.

### *Data*

Nearly all of the data recommendations related to housing inventory analysis and the ability to track expiring affordable rental units. Recommendations included monitoring and tracking the expiration of project-based rental assistance, establishing a system that would track all affordable rental units to learn when their affordability restrictions expire, developing a comprehensive inventory and spatial analysis of all existing affordable housing, and developing a comprehensive inventory of publicly owned parcels that are vacant or underutilized.

Tracking the use of project-based rental assistance (PBRA) would require some coordination among various entities. PBRA are housing choice vouchers (also known as Section 8 vouchers) that are used in units that have affordability requirements. They cover a portion a residents' rent but rather than being used to subsidize the cost of rent in a market rate unit, PBRA must be used in affordable housing developments. Affordable housing developments that use Low Income Housing Tax Credits (LIHTC) are subject to affordability requirements, generally for a

15-year period.<sup>32</sup> LIHTC are administered by the Tennessee Housing Development Agency (THDA), whereas PBRA are administered by the Metropolitan Development and Housing Agency (MDHA).

MDHA recently converted its entire portfolio of Section 9 public housing to PBRA through the Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration. Monitoring PBRA used in MDHA's portfolio is already a requirement of the agency. However, MDHA does not necessarily monitor the expiration of affordability requirements associated with LIHTC properties. There would most likely need to be some coordination between these two agencies in order to monitor the expiration of affordability requirements in LIHTC properties in order to proactively convert PBRA to other affordable units.

While there is certainly a data component to this recommendation, it aligns more closely with the capacity category. MDHA would be a natural home for this type of information but it could just as easily fall within the purview of a Metro Department of Housing, particularly if the point of monitoring was to enable a proactive response. Further coordination would be necessary in order to align the PBRA with another space that has affordability requirements, prospectively, developments that have received funding from the Barnes Fund.

The recommendation to track the expiration of rental units with affordability requirements is already the responsibility of THDA. THDA is required by HUD to ensure LIHTC recipients remain in compliance, otherwise they become ineligible for tax credit. The other two recommendations for comprehensive inventory and spatial analysis of all existing affordable housing and vacant or underutilized publicly owned parcels would be informative for both preservation and creation of affordable housing.

### *Policy & Investment*

Preservation Committee members agreed to combine recommendations for incentives, investment, and policy. This set of recommendations broadly related to land use and zoning, investment, and advocacy and public relations. Many land use and zoning recommendations related to affordable housing creation more so than preservation, but they included adaptive reuse of existing buildings, increased density, zoning for "missing middle" housing in certain

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<sup>32</sup> THDA recently changed its compliance period from a period of 15 years to 30 years. LIHTC projects that began receiving credits prior to this change will be unaffected, meaning they will no longer be required to charge affordable rates for rent at the end of their 15-year compliance period. All LIHTC projects that began receiving their tax credits after compliance periods changes have affordability requirements for 30 years.

neighborhoods, requiring affordable housing in development plans, and allowing for accessory dwelling units (ADU).

Adaptive reuse of existing buildings is a very timely recommendation. There has been much discussion spurred by the coronavirus pandemic among planners and policy makers about the relationship between the rise of telework and conventional land use decision. Adaptive reuse of office space could represent a significant shift in the housing supply of many high-rise cities. The pandemic also necessitated the conversion of many hotels into single room occupancy buildings, causing many planners and policy makers to reconsider the potential of these concepts. In the near-term, this recommendation could inform ongoing redevelopment efforts.

Densification or “upzoning”, zoning for the “missing middle”, and allowing for ADUs are all very similar and can be interpreted as one overarching recommendation to increase the housing supply and diversify housing types. “Upzoning” generally refers to increasing the level of density permitted on a lot and allows for development of more than one residence on a lot rather than strictly enforcing single-family zoning. Theoretically, upzoning yields the development of so-called “missing middle” housing and ADUs by permitting the development of attached or detached dwelling units, duplexes, triplexes, quadplexes, townhomes, courtyard apartments, and bungalows or clustered cottages on a single lot. While the Committee recommended a restricted application of upzoning to specific parts of the city, other cities are increasingly allowing this type of development “by-right”, meaning they have eliminated from their land use and built form policies the strict enforcement of single-family zoning.

Of course, the efficacy of upzoning is part of a larger debate about exclusionary zoning<sup>33</sup>. Proponents of the YIMBY movement, like former Mayor Barry, largely advocate for increased production to address affordable housing issues. The production of more market-rate units will not alleviate the problems for the lower- and median-income renters who are being squeezed out and

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<sup>33</sup> Michael Manville, Paavo Monkkonen & Michael Lens (2020) It’s Time to End Single-Family Zoning, *Journal of the American Planning Association*, 86:1, 106-112, DOI: 10.1080/01944363.2019.1651216; Imbroscio, David. “Rethinking Exclusionary Zoning or: How I Stopped Worrying and Learned to Love It.” *Urban Affairs Review* 57, no. 1 (2019): 214–51. <https://doi.org/10.1177/1078087419879762>.; Goetz, Edward G. “Democracy, Exclusion, and White Supremacy: How Should We Think About Exclusionary Zoning?” *Urban Affairs Review* 57, no. 1 (2019): 269–83. <https://doi.org/10.1177/1078087419886040>.

replaced by the influx of higher income households. Increased production must be paired with impactful regulations, including for ADUs<sup>34</sup>.

The recommendation to require affordable housing in redevelopment plans may be difficult considering the barriers erected by the state legislature. However, those barriers could be circumvented by entering into community benefit agreements, like the 2018 Nashville MLS Soccer Community Benefits Agreement between Stand Up Nashville, Inc., and Nashville Soccer Holdings, LLC.<sup>35</sup> Among other things, that agreement required 20 percent of all housing units built on a portion of the project site for a new multi-purpose major league soccer stadium be set aside for affordable and workforce housing. With this example in mind, encouraging greater collaboration between stakeholders and maintaining flexibility throughout the planning and redevelopment processes could be a way to ensure the inclusion of affordable housing in redevelopment plans while avoiding legally ambiguous challenges. This recommendation also relates well with the call for greater collaboration with employers.

The Preservation Committee's recommendations relating to advocacy predominantly centered on Nashville's relationship with the state and the limitations imposed by Dillon's Rule, whereas recommendations for public relations focused on Nashville's relationship with its residents. Uncertain about who would be the most effective coalition to address the matter, the most prominent suggestion for improving dynamics between the city and the state was for Nashville leaders to find allies throughout the state with whom they can collaborate.

The recommendation to engage a public relations firm in order to advertise the benefits of mixed-income housing and the Committee's expressed urgency about "getting the messaging right" reflected the level of effort put into engaging the public in this process. Throughout its meetings, Task Force members occasionally mentioned the need to engage the public but never dedicated any time to come up with a plan or strategy for how to engage Nashvillians. The recommendation to engage a public relations firm rather than the engaging residents themselves was ultimately a reflection of the Task Force's approach.

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<sup>34</sup> Niedt, Christopher, and Katrin B. Anacker. "Classifying Regulatory Approaches of Jurisdictions for Accessory Dwelling Units: The Case of Long Island - Katrin B. Anacker, Christopher Niedt, 2019." SAGE Journals. Accessed May 12, 2021. <https://journals.sagepub.com/doi/full/10.1177/0739456X19856068>.

<sup>35</sup> Stand Up Nashville. "Historic Community Benefits Agreement Reached!: Stand Up Nashville: SUN." Stand Up Nashville, November 11, 2020. <https://standupnashville.org/historic-community-benefits-agreement-reached/>.



Final policy recommendations advanced by the Preservation Committee related to incentives and investments. These recommendations touched on taxation, subsidies and incentives, and increasing funding. While Tennessee is one of 9 states that does not collect a state income tax, it is has the highest combined state and local sales tax in the U.S.<sup>36</sup> The state’s regressive taxation policies disproportionately burden low-income households and deprive the state of financial resources that could be invested in housing for Tennesseans. The lost potential represented by the state’s tax structure was part of a larger discussion during the second phase of Task Force meetings when members heard from outside experts.

Addressing the state’s tax structure is not a barrier that can be addressed within a 1-to-3-year timeframe, but it deserves attention because it provides important context for the Preservation Committee’s fiscal policy recommendations. Among these are creating a streamlined process for clearing titles to delinquent tax properties. This represents a challenge to affordable housing developers who acquire such properties because they are unusable until their title is unincumbered. One strategy advanced by the Committee in previous meetings was to replicate a partnership between the City of Memphis and the School of Law at the University of Memphis that helps the city research and clear titles.

Other tax policy recommendations included “freezing” property taxes for homeowners in gentrifying neighborhoods and incentivizing private property owners to accept Housing Choice Vouchers by reducing their property tax rates. Tennessee adopted a tax freeze program through the The Tax Freeze Act of 2007 which gives qualifying homeowners who are at least 65 years old and meet income requirements the option to “freeze” the tax due on their property at the amount for the year they qualify, even if tax rates increase<sup>37</sup>. The program was approved by Tennessee voters through a constitutional amendment which permits local governments to implement the program<sup>38</sup>. This implies that the city would need explicit authorization from the state to administer a new tax freeze program or to incentivize low-income rental housing through property tax rate adjustments.

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<sup>36</sup> Cammenga, Janelle. “State and Local Sales Tax Rates, 2021.” Tax Foundation, February 26, 2021. <https://taxfoundation.org/2021-sales-taxes/>.

<sup>37</sup> Nashville. “Tax Freeze Program.” Nashville > Trustee > Tax Freeze Program. Accessed May 12, 2021. <https://www.nashville.gov/Trustee/Tax-Freeze-Program.aspx>.

<sup>38</sup> Ibid

This recommendation faces considerable obstacles. The uncooperative relationship between the state and the city and the city's recent budget crisis are likely to influence the success of such proposals. A judicious alternative to the property tax freeze recommendation was to establish a property tax assistance program for qualifying households. Some local community partners have already found ways to provide tax relief assistance<sup>39</sup> which could prove helpful for implementing this recommendation in the desired timeframe.

The final tax policy recommendation related to the Real Estate Transfer Tax. "Realty transfer tax is imposed on all transfers of real property, with certain exceptions, for having a deed, decree or other instrument that shows proof of transfer record".<sup>40</sup> Tennessee's transfer tax rate is \$0.37 per \$100 of the purchase price. According to committee members, a portion of this tax used to be allocated to an Affordable Housing Trust Fund administered by THDA but have since been reallocated to fund other objectives. What makes this a potentially viable recommendation is that a change to this tax may not require legislative approval. The last time there was a change to the transfer tax, it was changed through the executive powers of the Governor.

A few of the Preservation Committee's recommendations for incentivizing affordable housing related to Nashville's Payment In Lieu of Taxes (PILOT) program. This financial incentive designed to encourage new construction and substantial rehabilitation of affordable multi-family housing is administered by MDHA and provides significant property tax relief for a period of up to 10 years.<sup>41</sup> The PILOT tax abatement is only available to LIHTC project and offers them the ability to make payment in lieu of taxes in order to reduce their tax liability.<sup>42</sup>

One Task Force member explained the necessity of the PILOT program from a developer's perspective. Without the tax abatement, affordable housing developments that use LIHTC are essentially double taxed by the state. The developer offered an example from one of their LIHTC projects in which all units were available to households with incomes at or below 60 percent of

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<sup>39</sup> The Housing Fund. "Newsroom." The Housing Fund. Accessed May 12, 2021. <https://thehousingfund.org/news/>.

<sup>40</sup> "Recordation Taxes." es. Accessed May 12, 2021. <https://www.tn.gov/revenue/taxes/local-taxes/recordation-taxes.html>.

<sup>41</sup> Metropolitan Development and Housing Agency. "LIHTC PILOT Program." Metropolitan Development and Housing Agency. Accessed May 12, 2021. <http://www.nashville-mdha.org/lihtc-pilot-program/#:~:text=MDHA's%20Payment%20In%20Lieu%20of,in%20Metropolitan%20Nashville%2DDavidson%20County.&text=Property%20Location%3A%20Metropolitan%20Nashville%2DDavidson%20County>.

<sup>42</sup> Relatively few of these resources are going toward the substantial rehabilitation of affordable housing because of how the real estate market is functioning in the city. There is little opportunity to capture any of the inventory of multifamily affordable housing projects because they are being acquired and flipped by private for-profit developers.

the area median income. The amount of taxes paid by the project was approximately three times the amount it was able to collect from rents. From an operational perspective, the project would be infeasible without the tax abatement provided by the PILOT program.

The PILOT program appears to be an effective incentive for LIHTC projects, according to data presented by Metro Planning. According to its data, the program has supported the development of 573 units per year between 2016 and 2020, on average. However, there are a number of limitations to the existing PILOT program and several of the Preservation Committee's recommendations were aimed at addressing those limitations.

Perhaps the greatest limitation of the existing PILOT program is that it is underutilized. MDHA has the annual authority to negotiate up to \$2.5m per program year<sup>43</sup> in property tax abatements but has not used that full amount in recent years. One recommendation to remedy this is to extend who is eligible to participate in the program, not just LIHTC projects. The recommendation was to use the PILOT program for rehabilitation of mixed-income multi-family developments that agree to set aside a percentage of their units to households with incomes at or below 80 percent of area median income. By comparison, LIHTC projects require affordability at or below 60 percent area median income.

Another limitation to the program is that the tax abatement expires after 10 years. This is an issue because LIHTC projects are the only type of project eligible to participate in the program, and most LIHTC projects are subject to a compliance period of 15 years. The Committee recommended extending the duration of the PILOT to match the compliance period of LIHTC projects.

In assessing these PILOT program recommendations, there are a couple of details about LIHTC projects that need to be considered. First, THDA recently extended compliance periods for new LIHTC projects from 15 years to 30 years. The PILOT program tax abatements were initially set to expire after 10 years because of the assumption that participating LIHTC projects would have become viable within that time frame. If that was an inaccurate assumption, does the PILOT program need to be extended to match the new 30-year compliance period, or does it need to be

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<sup>43</sup>Metropolitan Development and Housing Agency. "LIHTC PILOT Program." Metropolitan Development and Housing Agency. Accessed May 12, 2021. <http://www.nashville-mdha.org/lihtc-pilot-program/#:~:text=MDHA's%20Payment%20In%20Lieu%20of,in%20Metropolitan%20Nashville%2DDavidson%20County.&text=Property%20Location%3A%20Metropolitan%20Nashville%2DDavidson%20County>.

determined on a project-by-project basis depending on when the project is expected to become self-sustaining?

One Committee member proposed increasing the affordability requirements for the new PILOT program from 80 percent to 120 percent of area median income. The argument for this was that it would encourage participation in the program. The Preservation Committee also discussed whether the new PILOT should target certain geographic areas within the city and ultimately decided to focus on the core. Studies have shown<sup>44</sup> that most extremely low-income households, those with incomes at or below 30 percent area median income, generally require additional subsidy to afford rents in LIHTC projects. Rather than loosening affordability requirements to 120 percent area median income, the Committee might consider tightening them in order to serve those most in need of the assistance.

With regard to financing, the Committee recommended permanent funding for the Barnes Fund and funding it at a rate of \$30 million for the next three years. It was unclear how the Committee arrived at those figures, but information provided to the Task Force by a Barnes Fund representative indicated that the Barnes Fund receives requests in excess of its current funding levels and that it would be able to allocate as much funding as it had at its disposal.

Another recommendation was to collect an “affordable housing fee” in the amount of 0.001% from each property sold for \$500,000 or more and does not contribute to the creation or preservation of affordable housing. The Committee offered no estimated impact of such a fee but recommended it as a potential permanent funding source for the Barnes Fund.

Using parcel data from the Metro Nashville Property Assessor, I was able to calculate a crude estimate of such an affordable housing fee. Assuming the fee would have applied to all real estate transactions between January 1, 2015 and January 28, 2021, I estimated its impact based on sales price data for all parcels sold in Davidson County during that time. I was unable to disaggregate which of these parcels would have contributed to the creation or preservation of affordable housing, so that amount would need to be deducted from my estimate. Including all real estate transactions that would have contributed to the creation or preservation of affordable

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<sup>44</sup> National Low Income Housing Coalition. Rep. *The Low Income Housing Tax Credit Program (LIHTC)*, n.d.; O'Regan, Katherine M., and Keren M. Horn. “What Can We Learn About the Low-Income Housing Tax Credit Program by Looking at the Tenants?” *Housing Policy Debate* 23, no. 3 (2013): 597–613. <https://doi.org/10.1080/10511482.2013.772909>.

housing during that six-year window, this fee would have provided the Barnes Fund with a total of \$915,780, or an average of \$152,630 per year.

Other funding recommendations included establishing a low interest rate loan program for landlords who accept housing choice vouchers which would enable them to update and maintain their units. It was argued that this could also be an incentive to attract owners to participate in the program. This could be a consideration for the entity responsible for coordinating home repair programs (discussed above). Some would argue, however, that the guarantee of rent should be incentive enough and that the city could just require all landlords to accept rental vouchers.

Another recommendation was to require owners of affordable housing to notify local governmental and non-profit organizations before selling and giving them right of first refusal. Presumably this would only apply only to subsidized affordable housing units, although that was not specified by the Committee.

The final policy recommendations from the Preservation Committee were for creating what it called a “strike fund” and investing in MDHA’s Envision Process. The strike fund, which would be comparable to a reserve or general fund, could be capitalized by an issuance of \$50m in general obligation bonds and used for acquisition and preservation of affordable housing that is at risk of converting to market-rate housing. Investing in MDHA’s “Envision” process would expedite the agency’s demolition and redevelopment of its seven family properties as mixed income communities. The Envision process is MDHA’s planning model for demolishing and redeveloping its public housing stock through the Rental Demonstration Program. The mixed-income housing approach has been used as a rationale for the large-sale demolition of public housing that often induces gentrification and is aligned with neoliberal preference for leveraging market forces to achieve public goals.<sup>45</sup>

This list of recommendations does not reflect the high impact recommendations that were prioritized by the Committee Delegates in the final round. These are the undistilled recommendations explored by the Preservation Committee during round one. Most are necessarily context specific, which may be the greatest takeaway about preserving affordable housing; they should be tailored to address local needs and consider local barriers. What follows is the conclusion and supplemental recommendations.

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<sup>45</sup> Goetz, Edward G. “Democracy, Exclusion, and White Supremacy: How Should We Think About Exclusionary Zoning?” *Urban Affairs Review* 57, no. 1 (2019): 269–83. <https://doi.org/10.1177/1078087419886040>.

## **Concluding Remarks and Supplemental Recommendations**

In attempting to address existing obstacles and challenges to creating and preserving affordable housing in Nashville, the Mayor's Affordable Housing Task Force explored a mixed bag of recommendations. The recommendations for preserving Nashville's supply of affordable housing didn't offer any innovative strategies, rather it emphasized extremely tailored approaches and considered how local context would affect their implementation.

Apart from the barriers outlined above, this process revealed additional obstacles faced by the Task Force. Nashville lacks a meaningful planning apparatus. Many other cities benefit from nonprofit organizations and public universities contributing to local housing research and data analysis. There appeared to be relatively less of that type of support in Nashville. When the Task Force was identifying partners to help with this work, no one identified students or universities as a group who could help with data collection and analysis. For the most part, the only documents with data analysis similar to what is represented in this paper are official city reports. The only time those reports were referenced during the Task Force's work was for Metro Planning's update to the Supply Gap Analysis or during a presentation from the Planning Director. Rather than starting from scratch with its initiatives, the City would benefit from utilizing existing resources, particularly NashvilleNext, the cities recently adopted 25-year comprehensive plan.

Data management is an issue for the city. There are unnecessary barriers to accessing data which may also explain the lack of research. A number of states and municipalities have adopted open data policies and make data easily accessible to the public. Nashville has an open data policy, but it is limited to certain datasets and it restricts the ability of interested stakeholders from conducting impactful research. For example, in order to access the Metro's tax parcel data, the city charges a fee and requires submission of a notarized data agreement. The city would benefit by amending its data policies to make more of its data publicly available and easily accessible.

Finally, the Task Force's lack of public engagement likely represents the greatest barrier to implementing its work. Rather than relying exclusively on technical expertise, the Task Force would have benefited from calling on experts with lived experience. Recommendations could have been derived from the communities they were intended to serve if the task force had used a difference process

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