

Creating Housing for Extremely Low Income Residents:

Profiling National Housing Trust Fund Developments

August 2023

Community Change is proud to share the fourth case study in our series showcasing model construction projects across the country that were made possible in part by funds from the national Housing Trust Fund (HTF). The HTF is a federal grant program authorized by the Housing and Economic Recovery Act of 2008 to increase and preserve affordable housing for people with the lowest incomes, including families experiencing homelessness.

Funding for the HTF is essential for ensuring people with the lowest incomes have safe and affordable housing. The funds from the HTF must be used to house “extremely low income families” – those with incomes at or below the poverty line or at or below 30% of the area median income. In any fiscal year where the HTF receives just over \$1 billion in allocated funds, eligibility may be expanded to serve tenants with incomes at or below 50% of the area median income (“very low-income tenants”), provided that at least 75% of the funds must still be used to target extremely low-income tenants. National Housing Trust Fund assisted homes and apartments must remain affordable at these income levels for at least 30 years.

The U.S. Department of Housing and Urban Development distributes HTF allocations to states and territories by a formula based on population. State housing departments or state Housing Finance Agencies administer the HTF, providing financing for the production and preservation of housing. State Housing Finance Agencies are state-chartered non profit organizations that are governed by a board of directors. Click the link to view national Housing Trust Fund allocations by [state](#) from 2016-2022. For an overview of affordable housing needs at the state level, see [data](#) compiled by the National Low Income Housing Coalition.

“Invest in [housing] because it's good for the community. It's good for the homeless. They have nowhere to go, I had nowhere to go. It rained, you go under a bridge, you go to jail... When you don't have housing or a way to get connected to your doctor, then you're off on the deep end, your mental anxiety and panic attacks and all of that... All of that just gets worse without medication. So, I highly suggest to anybody that could, to develop more housing for the homeless.”

-David, Dogwood Springs Resident

David recalls waiting nine months while Dogwood Springs was being built to move in. He explains feeling “down on [his] luck” and “about to give up” living on the streets of Knoxville. In contrast, after securing safe and affordable housing, David is “back on the right path,” seeing his doctor after not taking his medications for over a year. He calls Dogwood Springs a “safe haven” and a “blessing,” adding: “It's a great neighborhood and I just fell in love... It's just been an awesome experience living here with different people and getting to know them.”

The Property : “It is Such a Need in Our Community”

Dogwood Springs is a 50 one-bedroom apartment community for seniors in Knoxville, Tennessee. The project was developed by the McNabb Center, with support from The Helen Ross McNabb Foundation. The McNabb Center has operated for over 75 years, serving more than 43,000 children and adults each year through mental health, substance use treatment, outreach, and more recently, as a housing provider.

The project is alleviating the shortage of affordable housing in the area. At the time of its construction, there were around 400 seniors on the waitlist for affordable Section-8 housing. Jessica, the Assistant Director of Homeless and Recovery Services at McNabb, describes how apartments were leased quickly once available: “[Dogwood Springs has] been very easy to fill because it is such a need in our community... And as the population ages, I think it'll continue to be a need.”



Dogwood Springs, under construction, photo courtesy of the Helen Ross McNabb Foundation

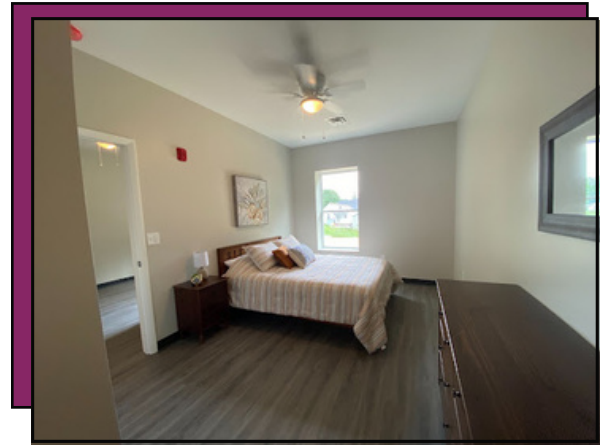


Dogwood Springs, finished construction, photo courtesy of the Helen Ross McNabb Foundation

Dogwood Springs is centrally located minutes from Knoxville’s historic old city, and is near public transportation, grocery stores, and medical services. Before launching the project, McNabb staff underwent a process of public notification, including a public hearing, where they received overwhelming support for the development, including the needed “use-on-review approval” by the Planning Commission in order to build. The property was formerly a medical office for Associated Therapeutics built in 1995 and in need of major construction to be used for housing. Like other communities developed

during this time, building costs and supply chain delays caused by the COVID-19 pandemic impacted the project. Nonetheless, construction of the twin two-story buildings, each equipped with an elevator, began December 2020.

Each of the 50 one-bedroom apartments at Dogwood Springs has a full kitchen, living room, and bedroom. There is an on-site community laundry room where residents can wash and dry for free and two spacious community rooms. The property allows in plenty of natural light, with some of its ceilings reaching 15 feet high creating an open and fresh space for residents who began moving in October 2022.



Dogwood Springs, resident bedroom, photo courtesy of the Helen Ross McNabb Foundation

Table 1. Apartment Counts and Target Groups

50 PBRA Apartments	Target Group (and income level)
19	Seniors 62+ (50% AMI and below)
13	Seniors 62+ (30% AMI and below), set aside through the national HTF.
10	Seniors 62+ Mental health, substance use or co-occurring disorders
8	Seniors 65+ with opiate use disorders

To facilitate moving people into their new homes quickly, Dogwood Springs staff hosted a leasing event with three sessions spanning two days. Most current residents attended this event to sign their lease and start their move-in process with no required security deposit or move-in fees. At the lease signings, residents had the opportunity to meet one another, make friends, and in some cases lend one another a hand as they unloaded their belongings.

* Project-Based Rental Assistance through Knoxville’s Community Development Corporation (KCDC). AMI is Area Median Income.

The Residents

While living at Dogwood Springs, David, quoted earlier, says he likes to help out where he can. He cleans up around the building, shares his testimony of becoming sober and finding treatment, and distributes information and resources with his neighbors. David gives back to his larger community by advocating for an end to costly fines and restitution payments that keep people from “having a chance” and moving forward.

David also volunteers with Carecuts Ministry which provides food, clothing, and hair cuts to people experiencing homelessness or housing insecurity. He also enjoys having his dog with him, an accommodation management makes for residents with a doctor’s note.

For David, having housing means dignity and self-worth. He lived through sleepless nights and inhumane treatment when he rested on a sidewalk or dug through dumpsters for food. “Obstruction of the sidewalk... and “disturbing the dumpster” that’s how they get you in jail, explains David. But, perhaps the most important aspect of securing housing is rebuilding his relationship with his family including his sister Anita.

“When I was out on the street, they didn’t know where to find me or if I was ok. But now I have a place. Now they can come see me, because I missed my family,” explains David. Sharing a bit of her perspective David’s sister Anita describes: “I was so glad when he told me that they were going to build this place [Dogwood Springs]. I would pray about it... I’m just really, really proud of him, and I know my mom’s proud of him,” says Anita.

Staff mentioned several other residents whose homecoming stories stand out to them. One of them is Jason, among the first tenants to move in. When staff asked Jason about what he thought of his new apartment he replied emotionally: “Well, it’s much better than the tents I’ve been living in for three years.” Staff also mentioned two residents who are sisters and next-door neighbors, Mary and Loretta. Each of them appreciates having their own apartment and privacy while visiting each other frequently.

Like other Dogwood Spring residents, David, Jason, Mary, and Loretta meet specific requirements of the affordable community. They are over 62 years old, low-income, and, in some cases, have specific health needs. (See *Table 1 for target group breakdown*). Most residents are independent and a third of them have a vehicle and drive themselves around. However, some residents require more support from the McNabb Center, which staff is able to accommodate.

The Staff

Just under half of Dogwood Springs residents receive some form of case management, mental health service, and/or in-home physical therapy, often through McNabb Center staff. Residents pay for these services with Medicare, Medicaid, or TennCare (low-cost public health insurance). This is in line with McNabb Center's mission statement of "improving the lives of the people we serve".

During the week, Dogwood Spring residents have access to an onsite Program Coordinator and an Intensive Outpatient Specialist to support individualized needs. Staff is exploring the possibility of hiring a current resident to help with odds and ends around the building. Moreover, given the established connections of the McNabb Center with local community groups, they have quickly connected residents with services that offer free delivery of groceries on a monthly basis and free care packages on special occasions (e.g. Thanksgiving baskets).

Staff aim to be responsive and communicative with residents. For example, the property is keyless, and entry into each apartment is through a code, which some tenants initially misplaced or forgot. In response, staff laminated a wallet sized door code card for each resident to have on hand. Residents have also asked for benches in the designated outdoor smoking areas, something staff is looking to acquire.

Since the grand opening of Dogwood Springs, McNabb staff has hosted a Thanksgiving and Christmas dinner with catered food in one of the community areas where residents ate together and socialized. They have also helped to organize a Valentine's Day event for residents to mingle. Staff plans to continue coordinating more community activities in the future, including possible group therapy sessions and wellness workshops.

Project Proposal and Financing

From the start, Dogwood Springs set out to serve the immediate need to house seniors in Knoxville. In 2018, Houston Smelcer, Senior Vice President of Development and Government Relations at the McNabb Center had a car-ride conversation with Art Cate, the former Executive Director at Knoxville's Community Development Corporation (KCDC), regarding the rising need for affordable housing for seniors. This conversation encouraged Smelcer to begin searching for a suitable property to acquire for rehabilitation.

Shortly after, the Helen Ross McNabb Foundation launched a capital fundraising campaign to fully fund the project. This campaign secured both public and private dollars to finance what would become an \$8.25 million development.

Once the right location was identified with the help of long-time board member and supporter Joe Connell, the McNabb Center secured several streams of funding from the city, county, state and the national Housing Trust Fund (see Table 2 for funding breakdown). The national Housing Trust Fund helped to pay for over a quarter of the total cost of the project, with an initial award of \$900,000, followed by gap funding totalling \$1.3 million near the end of development. Notably, the development benefited from the fundraising power of the McNabb Center, which raised \$800,000 from private donations.

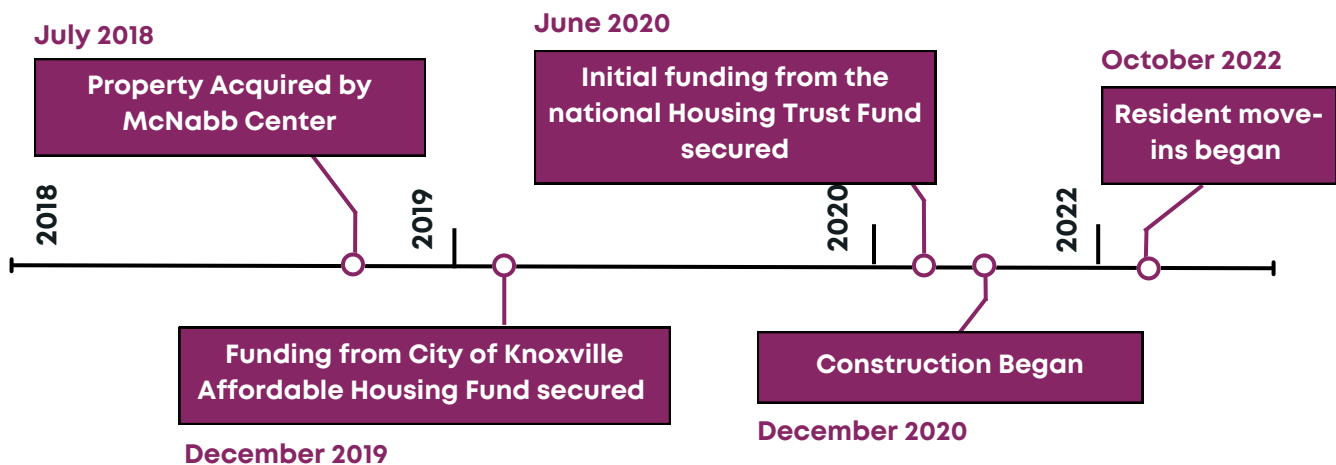


Table 2. Sources of Funding

Maintaining Affordability

Dogwood Spring apartments are affordable through a Project-Based Rental Assistance (PBRA) contract administered by KCDC (the local public housing authority) and overseen by the U.S. Department of Housing and Urban Development (HUD). The contract is for 20 years with the option to renew.

Funding Source	Total Cost \$8.25 million
City of Knoxville Affordable Housing Fund	\$1.5 million
Knox County CDBG (HUD’s Community Development Block Grant Program)	\$750,000
Tennessee Dept. of Mental Health Creating Homes Initiative and the Creating Affordable Housing program	\$1 million
National Housing Trust Fund	\$900,000
Affordable Housing Program Grant through the Federal Home Loan Bank Cincinnati	\$1 million
Private Donations	\$800,000
National Housing Trust Fund (gap funding)	\$1.3 million
Tennessee Housing Trust Fund (gap funding)	\$1 million

Residents pay up to 30 percent of their income towards their rent and utilities and the PBRA subsidy covers the difference between residents' contributions and the total cost, which is \$800.

Some tenants who are unable to work or with little or no income, pay the minimum rent of \$25 per month, unless they have a waiver from HUD.

Under current rules, public housing authorities can convert up to 30 percent of their allotted Housing Choice Vouchers to PBRA contracts (20% in general, and 10% more if serving target groups like seniors). This is one example of KCDC converting their Housing Choice Vouchers to project-based assistance to serve seniors in Knoxville. To date, KCDC continues to be a key partner with the McNabb Center, working collaboratively to maintain safe, accessible, and affordable housing for residents who deeply need a place to call home.

We would like to thank the contributors who made this profile possible, especially McNabb Center staff and Dogwood Springs residents. All photos are courtesy of the Helen Ross McNabb Foundation. We also thank Ed Gramlich and the National Low Income Housing Coalition, who collects and publishes important information about HTF implementation. Please note some names in this document may be pseudonyms. Look out for one more model HTF project showcased in the Community Change series!

Reach out to Jennifer Cossyleon, PhD at jcossyleon@communitychange.org with any comments or questions. For questions about Dogwood Springs or other McNabb Center services, visit mcnabbcenter.org or contact Heather Davis at Heather.Davis@mcnabb.org.