

Phil DeBusk

From: David Pair <DPair@thda.org>
Sent: Thursday, August 22, 2013 2:35 PM
To: rep.john.ragan@capitol.tn.gov; sen.john.stevens@capitol.tn.gov;
sen.mike.bell@capitol.tn.gov; sen.janice.bowling@capitol.tn.gov;
sen.rusty.crowe@capitol.tn.gov; sen.jim.kyle@capitol.tn.gov;
sen.jim.summerville@capitol.tn.gov; rep.joe.carr@capitol.tn.gov;
rep.joshua.evans@capitol.tn.gov; rep.craig.fitzhugh@capitol.tn.gov;
rep.ron.lollar@capitol.tn.gov; rep.mike.turner@capitol.tn.gov;
catherine.haire@capitol.tn.gov; Phil DeBusk; jason.huff@capitol.tn.gov
Cc: Justin Wilson; Tre Hargett; David Lillard; lt.gov.ron.ramsey@capitol.tn.gov;
speaker.beth.harwell@capitol.tn.gov; lance.frizzell@capitol.tn.gov;
scott.gilmer@capitol.tn.gov; Ralph Perrey
Subject: Update on THDA's Sunset Review
Attachments: CommercialAppealArticle.pdf; THDASummary.pdf

To Judiciary and Government Subcommittee Members:

During THDA's Sunset Review hearing on July 24, several subcommittee members had questions regarding THDA's role and effort to address blighted properties. THDA's Sunset Review process was deferred to the subcommittee's September 18 meeting to allow time to address these concerns.

Following the July 24 meeting, THDA staff met with Senator Jim Kyle and representatives from TACIR to discuss how THDA could assist with TACIR's ongoing research on this issue. In addition, Senator Kyle joined THDA staff on August 20 for a tour of several revitalization projects in the Frayser area. The group visited Todd Creek Apartments, where ALCO Management recently purchased/rehabilitated 150 affordable rental units with funding from THDA's [Tax Credit and Multi-Family Bond](#) programs. Over the previous five years, ALCO Management utilized these same programs to rehabilitate over 1,000 affordable rental units in the immediate area. The group also toured the Grandview North subdivision, where the Frayser CDC utilized [Neighborhood Stabilization](#) funding provided by THDA to purchase and rehabilitate nearly a dozen vacant/abandoned homes for both rental and homeownership. The Frayser CDC has utilized a total of \$3.3 million in NSP funding from THDA to repurpose nearly 50 additional homes in the immediate area. A Commercial Appeal [article](#) about the August 20 tour is attached, in addition to a document summarizing THDA's activity in the Frayser/North Memphis area.

We hope this information addresses any outstanding issues or concerns and look forward to discussing in further detail at the subcommittee's next meeting on September 18.

Please let me know if you have questions in the interim. I can be reached at dpair@thda.org or 615-218-7104. Thank you.

David Pair
Tennessee Housing Development Agency
Find Out More [About Us!](#)
dpair@thda.org
Phone (615) 815-2182
Cell (615) 218-7104

Note: This email may contain PRIVILEGED and CONFIDENTIAL information. If you are not the intended recipient, any dissemination, distribution, or copy of this email is prohibited. If you have received this email in error, please delete it and immediately notify the sender.



Ralph M. Perrey, Executive Director

Summary of THDA Activity Frayser/North Memphis Area

Neighborhood Stabilization Program

The Neighborhood Stabilization Program (NSP) was designed to assist neighborhoods and communities with high concentrations of vacant and abandoned properties. THDA received \$49.3 million in Round 1 of the NSP program and allocated \$12.6 million (over 25%) to 10 nonprofit organizations in the Memphis area. Seven of these organizations work exclusively in the Frayser/North Memphis area. THDA received an additional \$5 million in Round 3 of the NSP program, all of which was allocated to non-profit organizations in the Memphis area.

Over 200 vacant properties in Shelby County have been purchased, rehabilitated, and offered for sale or rent through the NSP program. Nearly 75 percent of these properties were located within the Frayser/North Memphis area.

Multi-Family Financing

Since 1998, over 11,000 affordable housing units have been constructed or rehabilitated in Shelby County with funding from THDA's Tax Credit and Multi-Family Bond programs. Nearly half of these units were located in the Frayser/North Memphis area.

Foreclosure Prevention

THDA's foreclosure prevention program (*Keep My Tennessee Home*) has helped over 1,000 Memphis-area families avoid foreclosure and remain in their homes. This accounts for 25% of the statewide total.

Housing Trust Fund

Since 2007 THDA has dedicated nearly \$40 million of its earnings to the Housing Trust Fund (HTF), which serves Tennessee's special-needs populations. During this time, almost \$2.3 million in HTF money was awarded to 15 nonprofit organizations in the Memphis area. These grants helped create or preserve 128 affordable housing units serving households earning less than 50% of the Area Median Income.

Single Family Mortgage Financing

As the state's housing finance agency, THDA provides affordable mortgage financing options to first-time buyers, Veterans, and members of the Tennessee National Guard. Since 1973, THDA has helped over 109,000 Tennessee residents achieve the American Dream of homeownership.

Since 2003 nearly 3,800 homebuyers in Shelby County took advantage of THDA's mortgage program, an investment of \$371 million. Nearly 300 of these homes were located in the 38127 or 38128 ZIP Codes.

404 James Robertson Parkway, Suite 1200 Nashville, Tennessee 37243-0900 www.thda.org

THDA is an equal opportunity, equal access, affirmative action employer.
Telecommunications Device for the Deaf (615) 532-2894

The Commercial Appeal (8/21/2013)

On the Rebound - State Officials Tour Frayser Neighborhoods

By Thomas Bailey Jr.

baileytom@yourappeal.com 901-529-2388

The head of Tennessee's Housing Development Agency and a state senator took to Frayser's back roads Tuesday to see some successfully rehabilitated housing in the beleaguered neighborhood.

But the tour had a back story as well. State Sen. Jim Kyle, D-Memphis is pushing state government to make it easier to strip irresponsible property owners of their abandoned, blighted property so someone else can invest in them.

The popular estimate for the number of abandoned houses in Frayser is 1,800, Steve Lockwood said as he led the tour through the northside Memphis bedroom community that grew up near a once-thriving industrial district.

But Lockwood, executive director of the Frayser Community Development Corp., said he believes the number of long-vacant houses in Frayser is less than 1,800 because so many empty homes have been bought and rehabbed by investors seeking rental income. "I think it's going down," Lockwood said of the number of empty houses. "I think the population of Frayser is rising right now."

That's a change. Since it peaked at about 50,000 people a decade ago, Frayser has struggled to hold on to residents. Now the population seems to be mending. So do home prices.

The average sales price of houses in Frayser has risen 22.9 percent through the first seven months of the year, Lockwood said, up to \$31,294. Of 21 Memphis neighborhoods, only Midtown prices have risen more as a percentage.

Lockwood served as a neighborhood guide Tuesday for Kyle; Ralph Perrey, executive director of Tennessee Housing Development Agency, or THDA; John Baker, executive director of the city's Health, Educational and Housing Facility Board; as well as executives with ALCO Management, a Memphis-based apartment manager. ALCO has rehabbed five Frayser apartment communities comprising more than 700 units.

Lockwood took the officials to see the 150-unit Todd Creek Apartments, a distressed property ALCO bought in 2011, extensively rehabbed and now manages. The company used local and THDA funding programs, including a local tax freeze and THDA's tax credit and multifamily bond programs to "make it feasible," said ALCO president Robert Hyde.

"The resources help stabilize properties," he said. "To do affordable housing, it kind of takes a

village.”

Lockwood also showed Perrey a foreclosed home on Dells. The Frayser CDC bought it and is rehabbing with help from THDA.

“We’ve spent a lot of money on this house,” Lockwood told Perrey.

“How much?” Perrey asked.

“About \$45,000,” Lockwood said. The Frayser CDC should easily find a renter for the three-bedroom home who’ll pay \$650 a month.

Many residents could own as nice a home and pay, say, \$450 a month in mortgage instead of rent, but they don’t have the credit score to qualify for a loan, Lockwood said.

Lockwood also described the difficulty in trying to find the owners of abandoned, blighted houses that mar many Frayser streets.

Kyle wants laws tweaked to make transferring ownership of such properties easier.

“The government created the obstacles that prevent rehabilitation of properties,” Kyle said. “The government can change and assist. And that’s what I’m trying to stress to THDA. I’ve stressed it to other agencies that we can come up with a whole new way of doing things that protects people’s rights. ... You just can’t say it’s working when you hear the problems.”

Now, Kyle said, it’s too hard to buy and invest in blighted properties.

“We don’t know who owns these properties,” he said. “Well, there comes a point in time when you’re not meeting your responsibilities, to lose your property.”

Frayser CDC is doing the best it can within the laws, he said, adding, “There’s no reason to say we can’t change the legal structure. ... The law is what 17 people in the Senate and 50 people in the House say it is.”

Asked about Kyle’s views, Perrey said THDA does not play a direct role regarding laws that govern abandoned properties. “But we have worked in other cities with housing and redevelopment authorities who raise exactly the same point,” he said.

“It’s not just in Memphis,” he said. “There are areas in Knoxville and Nashville where people are anxious to do something, to arrest the decline of a neighborhood. And they are having difficulty acquiring clear title to a blighted property, to an abandoned property.”

In some cases a city council can address the issue with tax forgiveness, Perrey said. And the legislature could grant housing redevelopment agencies authority to acquire properties more easily.

“Once that’s done, when someone like Steve has the property, I think (THDA) has the tools to put it to use. ... It’s not that I disagree (with Kyle). It’s just not something we are set up to do.”

It’s not just in Memphis. There are areas in Knoxville and Nashville where people are anxious to do something, to arrest the decline of a neighborhood.”

PHOTOS BY KAREN PULFER FOCHT/ THE COMMERCIAL APPEAL

Bobby Richard works Tuesday in a home in the 2200 block of Dells that is being renovated by the Frayser Community Development Corp., which buys empty and abandoned houses and fixes them up for sale or rental. Steve Lockwood, the corporation’s executive director, says he believes the community, which has lost residents in droves, is growing again. Frayser CDC utilizes Neighborhood Stabilization funds provided by the Tennessee Housing Development Agency to purchase the properties for renovation.



Ralph Perrey, executive director of the THDA (second from right) listens Tuesday afternoon to state Sen. Jim Kyle of Memphis discuss changes for the current system of acquiring abandoned properties. They were part of a group that toured abandoned houses in Frayser that have been bought and rehabbed.

