

EXHIBIT A

ARPA YEAR 2 AFFORDABLE HOUSING FUNDING REQUEST

Pathways to Equitable Homeownership

Challenge

Racial inequity permeates Nashville's past and present – and housing is no exception. While existing Fair Housing policies are intended to protect vulnerable communities, many Black and brown Nashvillians still face housing discrimination. The chronic disenfranchisement and disinvestment in these communities have left a generational wealth divide and deepening racial wealth gap for Black and brown households. Both issues are only exacerbated by housing pressures put on Davidson County residents by remaining a growth market over the last decade.

To illustrate this disparity, 62% of all white households in Davidson County own homes, while 38% of all Black households in Davidson County own homes. If Black households owned their homes at the rate of white households, there would be an additional 17,500 Black homeowners. Using this same analysis, there would be an additional 5,800 Hispanic homeowners.

Opportunities for homeownership for Black and brown families has become even more challenging with the pandemic. According to the U.S. Bureau of Labor Statistics, the pandemic's economic impacts disproportionately impacted some demographic groups more than others. For example, the overall unemployment rate in the United States was 4.2% in November 2021, but the unemployment rate was 6.7% for Black workers and 5.2% for Hispanic or Latino workers. Without intentional intervention, the racial wealth will continue to widen.

Proposed Activities

Activity	Description	Amount Requested	Performance Metric	Implementation Strategy
Collective or Shared Equity Housing	New construction or acquisition / rehab of housing for shared equity ownership	\$9.5 Million	76 units created	RFP for a partner with experience in developing or financing collective or shared equity housing.
Equitable Homeownership Network	Increase awareness of & connection to existing resources for prospective homebuyers; create a network among service providers and financial institutions	\$500,000	100 people become mortgage ready	RFP for a community-based nonprofit or consortium of nonprofits with demonstrated experience building trust with Black and brown communities.

TOTAL AMOUNT REQUESTED: \$10 Million

Justification

The working group explored many options, including down payment assistance, increased financial literacy programming, and traditional single family homeownership funding. An analysis of the ecosystem revealed that resources exist for many of these services, but many Black and brown families do not know about the resources and/or these resources are often disconnected. In addition, the lack of affordable inventory prohibits entry into homeownership. The shared equity approach surfaced as a model for expanding homeownership to families with incomes at or below 80% of the area median income (AMI), with the potential for deeper affordability.

Impact

Priority will be given to populations with historical barriers to and demonstrated inequities in homeownership regardless of immigration status unless otherwise prohibited by local, state, or Federal law. These activities will increase homeownership opportunities and housing security for Black and brown families by lowering the entry price through unique financing models. Units must remain affordable for a minimum of ~~20~~ 30 years. However, the Housing Division will work to identify publicly-owned land for potential development and will utilize and encourage (if privately developed) the land trust model to ensure long term affordability. An Equitable Homeownership Network will focus on removing barriers to homeownership for Black and brown families by increasing access to affordable financial services and connecting families to financial literacy, mortgage counseling, and fair housing counseling programs.