



# Austin Homes

## Redevelopment Plan

July, 2019



# KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

Since 1936, Knoxville's Community Development Corporation (KCDC) has enhanced the quality of life for the citizens of Knoxville and Knox County. KCDC is the public housing authority for Knoxville and Knox County and is recognized by the U.S. Department of Housing and Urban Development as a high-performing public housing authority. The organization manages and rents more than 3,700 units across more than 20 properties, as well as oversees the application process and distribution of 4,000 Section 8 vouchers. KCDC also serves as the redevelopment agency for the City of Knoxville, fostering economic development by approving tax credits and establishing incentives for new businesses looking to locate in the area.

## MASTER PLANNING TEAM

### **GENSLER**

Gensler is an international architecture and design firm with extensive experience redeveloping public housing sites into mixed income developments. Gensler led the master planning effort.

### **JOHNSON ARCHITECTURE, INC**

Johnson Architecture, Inc (JAI) has worked on multiple mixed-income housing projects, including the creation and execution of the Five Points Master Plan.

### **APPLIED REAL ESTATE ANALYSIS, INC.**

Applied Real Estate Analysis, Inc. (AREA) is a multidisciplinary real estate consulting firm offering professional services to public- and private-sector clients. AREA led the market study analysis for the master planning effort.

### **CRJA-IBI GROUP**

CRJA-IBI Group is a landscape architecture design and environmental planning practice with offices in Boston, Massachusetts and Knoxville, Tennessee. CRJA-IBI Group oversaw strategies for open space, streetscape, and recreation.

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## INTRODUCTION

Knoxville's Community Development Corporation (KCDC) is the public housing and redevelopment agency for the City of Knoxville and for Knox County in Tennessee. KCDC's mission is to improve neighborhoods and communities by providing quality affordable housing, advancing development initiatives, and fostering self-sufficiency.

In 2018, KCDC hired Gensler, an international architecture and design firm, to lead the master planning effort for the redevelopment of Austin Homes in Knoxville, Tennessee. The site, which is located about a mile west of the Downtown, currently contains 129 units of housing. The redevelopment will upgrade and modernize the site to better serve current and future residents, as well as greater Knoxville as a whole.

## PROJECT GOALS

### CONNECTIVITY

Improve the links between Austin Homes and its surrounding context through new and expanded intersections and streets, trails and pathways, and a potential bridge—all of which is critical not only for residents seeking a sense of neighborhood, but also for the future growth of the city of Knoxville as a whole.

### IDENTITY

Respect the history of Austin Homes and its respective neighborhood through the identification and preservation of key cultural elements that have defined the community. Repurposing the concrete retaining wall along Summit Hill Drive and preserving the mission of Lighthouse Ministries at Austin Homes are two examples of this.

### COMMUNITY

Create a true mixed-income community through a broad range of residential housing types, shared open spaces, and paths and landscapes that signify a new presence for Austin Homes and its residents.

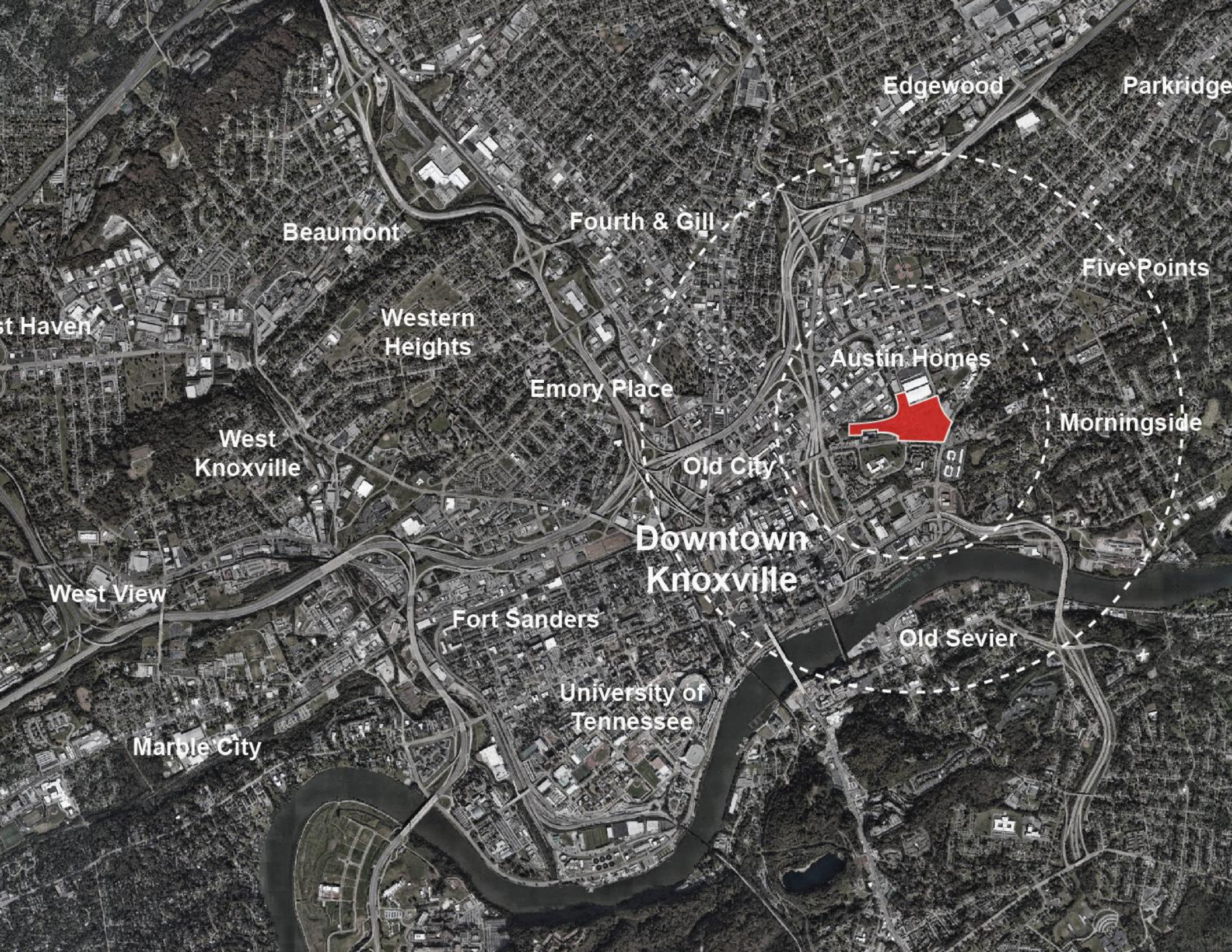




AUSTIN  
HOMES

Aerial view of proposed Austin Homes development looking west





Edgewood

Parkridge

Beaumont

Fourth & Gill

Five Points

St Haven

Western Heights

Austin Homes

Emory Place

Morningside

West Knoxville

Old City

Downtown Knoxville

West View

Fort Sanders

Old Sevier

Marble City

University of Tennessee





# SITE CONTEXT

## REGIONAL CONTEXT

The Austin Homes public housing development is located just east of Downtown Knoxville and Old City. Separated from the Central Business District by James White Parkway and Interstate 40. Austin Homes is considered to be part of East Knoxville, a historically African American community within the City. Despite its proximity to adjacent parks, Downtown Knoxville, and the University of Tennessee, the topography of the Austin Homes site and its neighboring warehouses have isolated the development from its surrounding context. Historic factors such as urban renewal and construction of public infrastructure have further contributed to the isolation of the site.





### The 1100 Studio Apartments

- |   |                                       |
|---|---------------------------------------|
| <b>EDUCATION</b>                          | <b>RETAIL</b>                         |
| A1 GREEN MAGNET ACADEMY                   | D1 MARC NELSON DENIM                  |
|   | D2 GALLERY 1010                       |
| <b>RELIGIOUS</b>                          | D3 THE PAINTED ROOM                   |
| B1 OVERCOMING BELIEVERS CHURCH            | D4 WELGEL'S                           |
| B2 MT OLIVE BAPTIST CHURCH                |                                       |
| <b>COMMUNITY</b>                          | <b>BUSINESS</b>                       |
| C1 KNOXVILLE POLICE FAMILY JUSTICE        | F1 SH DATA TECHNOLOGIES   DATA CENTER |
| C2 KNOXVILLE OPERA                        |                                       |
| C3 KNOXVILLE LAW ENFORCEMENT CREDIT UNION | <b>TRANSPORTATION</b>                 |
| C4 CAL JOHNSON RECREATION CENTER          | G1 KNOXVILLE AREA TRANSIT             |



# EXISTING CONDITIONS

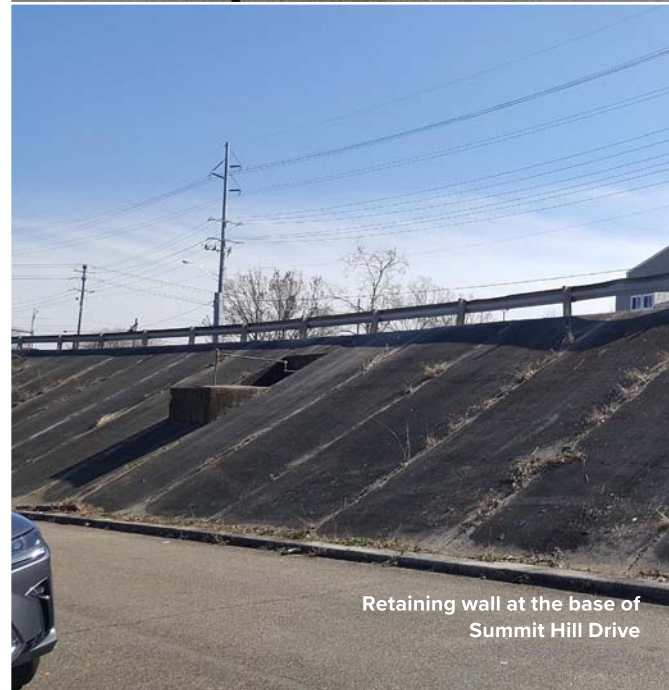
Austin Homes, established in 1941, sits on approximately 23 acres of land less than one mile east of Knoxville's revitalized downtown area and a half mile from the "Old City." The 129-unit property has easy access to public transit, restaurants, nearby schools, parks, churches, and other resources within the urban core.

Although the units have been well maintained, the physical design is obsolete. Individual units are small and outdated, aging infrastructure is in need of replacement, site access and connectivity to the surrounding area is limited, and off-street parking is inadequate.

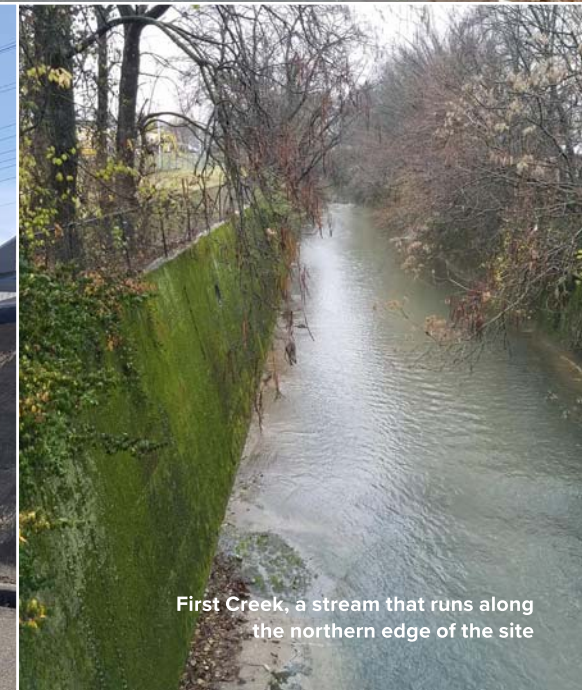
The complex has three access points and is most visible from Harriet Tubman Street. Summit Hill provides the most direct access to downtown from Austin Homes, although it's barely visible from this street because much of the site is at the bottom of a hill, about 60 feet below traffic. The third access point via Bell Street from McCalla Avenue feels like a back entrance because it passes through an industrial area.



Existing townhouses



Retaining wall at the base of  
Summit Hill Drive



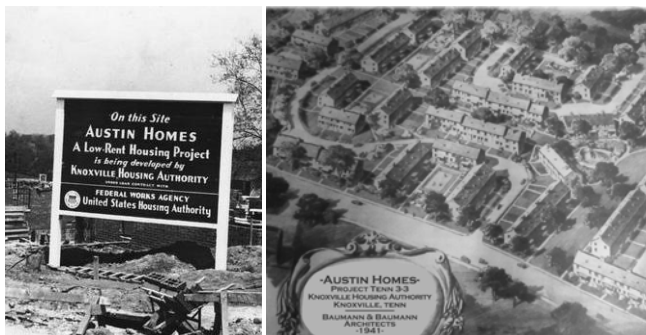
First Creek, a stream that runs along  
the northern edge of the site



# EVOLUTION OF AUSTIN HOMES

## The Housing Act of 1937

Was created the structure of HUD's Public Housing program and greatly accelerated the construction of Public Housing facilities across the country.



## The Housing Acts of 1949 and 1954

Both were rife with contradiction, primarily the dual and somewhat competing goals of slum clearance and new construction of public housing. Intended to improve living conditions for working-class Americans, there were limited protections for residents living in what were identified as “slum areas”. There were also negligible attempts to account for the large number of affordable housing units lost through slum clearance – which by most ex post facto accounts – was significantly greater than the number of newly constructed public housing units.

1930

1935

1937

1940

1941

1950

1949

1953

1954

1960

1959

1st Creek  
original location

Austin Homes  
Phase 1

homes  
demolished

1st Creek  
relocation

**1935** The neighborhood before the Austin Homes development.

**1953** Phase 1 of Austin Homes, which included 200 units, was constructed between 1938 and 1941.

**1959** First Creek, which frequently flooded, was channelized and the adjacent neighborhood was cleared as part of the City's Urban Renewal program.

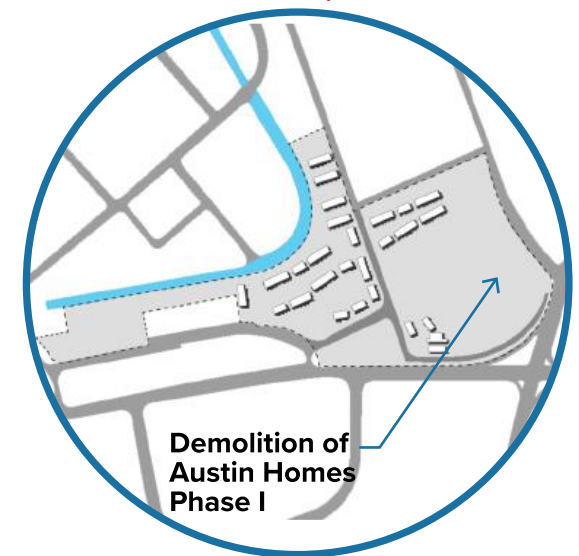


### The Brooke Amendment

The Housing and Urban Development Act of 1969 (The Brooke Amendments), although well intended, changed the landscape of public housing by capping rents at no more than 25% of a resident's income (which has since been increased to 30%). This modification to the program reduced the number of working poor that utilized the public housing program and increased the number of extremely poor families who were more dependent on heavy government subsidies. This legislation changed the socioeconomic composition of Public Housing sites

### Choice Neighborhoods Program

A reboot of HOPE IV, learning from past mistakes by adding additional protections for existing Public Housing residents. The primary goals were to 1) Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood. Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community.



### The Housing and Community Development Act of 1974

provided the framework for the Section 8 Housing Choice Voucher Program. This was a tacit acknowledgement by Congress and HUD that families require access to housing in areas of opportunity in order to thrive.

### The HOPE VI Program

facilitated the redevelopment of aging public housing sites. Mixed income development and construction of Public Housing in low poverty census tracts were encouraged to promote the creation of socioeconomically diverse neighborhoods. The HOPE VI program's greatest weakness was its failure to require that residents living in Public Housing at the time of redevelopment be given a right of return to the newly constructed site.

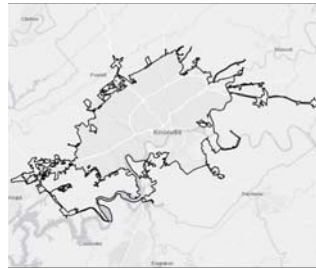
# NEIGHBORHOOD INDICATORS

To gain a better understanding of Austin Homes, its surrounding context, and the City of Knoxville, the team developed a series of Neighborhood indicators. This data includes social and economic information that identifies neighborhood population, population size, average household size, average household income, and education attainment. This information was used to compare the immediate neighborhood of Austin Homes with East Knoxville, a select area adjacent to the site, a three-quarter mile radius around the site and the City of Knoxville as a whole.

## CATCHMENT AREAS

Four primary catchment areas were used for data development on demographics and socioeconomics.

### CITY OF KNOXVILLE



Defined by the city limits of Knoxville.

### NEIGHBORHOOD (0.75-MI)



Defined by the area within a 0.75-mile radius of the Austin Homes site.

### NEIGHBORHOOD (ADJACENT)



Defined by the area bounded by the James White Parkway, Interstate-40, Cherry St, Martin Luther King Jr Ave, Wilder Pl, and Riverside Drive.

### EAST KNOXVILLE

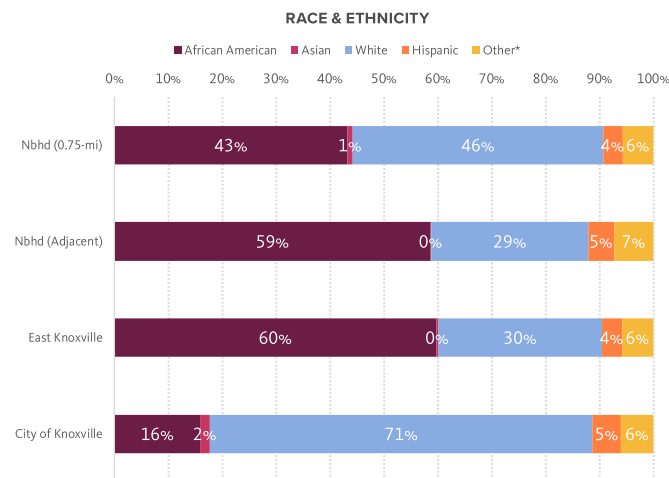


Defined by the area bounded by the James White Parkway, Interstate-40, the Holston River, and the Tennessee River.

Source: KGIS, ESRI Business Analyst

## POPULATION

The nearby population has a similar makeup to Downtown East. Downtown residents (some included in the 0.75mi radius) is a generally higher educated group than the remainder of the city.

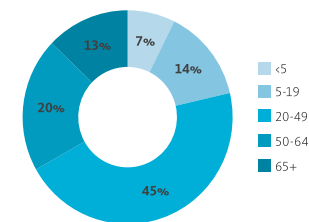


\*Multi-Racial, American Indian, Alaska Native/Pacific Islander  
Source: U.S. Census Bureau, ESRI Business Analyst

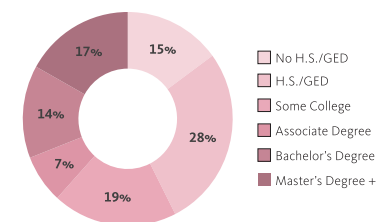
## AGE AND EDUCATION DISTRIBUTION

These graphics illustrate the proportion of nearby residents (within .75 mi radius of the Austin Homes site) by both age group and education attainment level.

### AGE (0.75-mi)



### EDUCATION (0.75-mi)



## HOUSING VACANCY

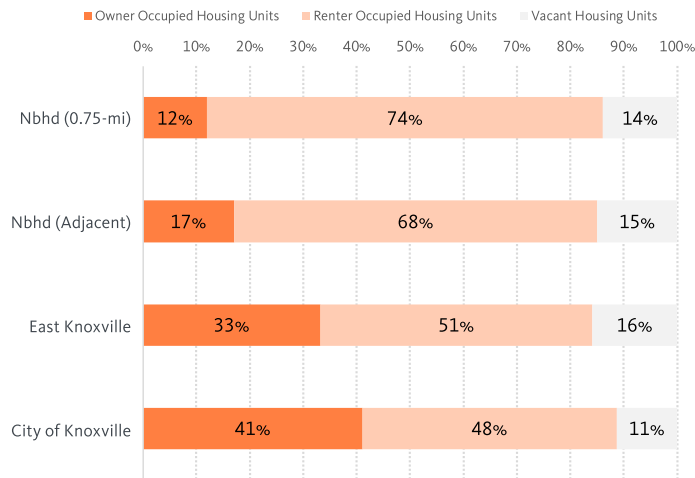
Roughly three quarters of occupied housing units near the site were renter occupied in 2018, a larger proportion than the surrounding areas.



**12%**  
Owned Units

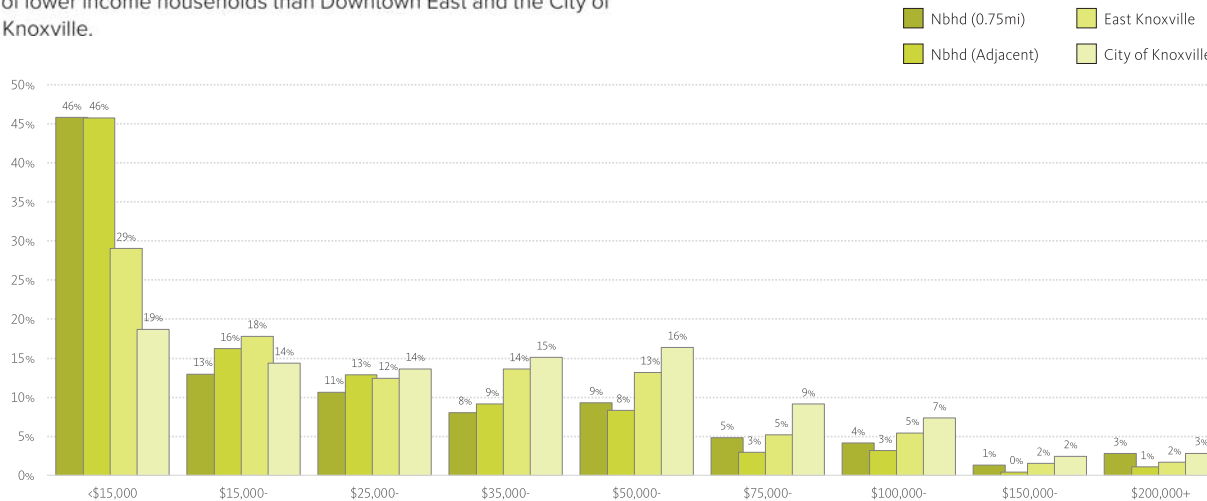
**74%**  
Rented Units

Source: U.S. Census Bureau, ESRI Business Analyst



## INCOME

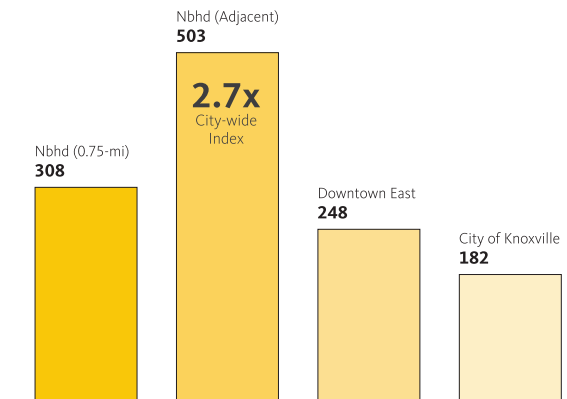
The neighborhoods closest to the site have a greater distribution of lower income households than Downtown East and the City of Knoxville.



## CRIME

The likelihood of "Part I" crimes across the City of Knoxville is highest in and around Downtown.

### CRIME RISK INDEX (ESRI)



Esri's CrimeRisk Index provides an assessment of the relative risk of the seven 'Part I' crime types in a given geography. These crime types include murder, rape, robbery, assault, burglary, theft and motor vehicle theft.

Source: U.S. Census Bureau, ESRI Business Analyst, Knoxville Police Department

### FY 2019 Income Limits Summary for Knoxville Metro Area

FY 2019 Income Limit Category	1-person	2-person	3-person	4-person
Low (80%) Income Limits	\$39,150	\$44,750	\$50,350	\$55,900
Very Low (50%) Income Limits	\$24,500	\$28,000	\$31,500	\$34,950
Extremely Low (30/50%) income Limits	\$14,700	\$16,910	\$21,330	\$25,750

Source: U.S. Census Bureau, ESRI Business Analyst, U.S. Department of Housing and Urban Development



# REAL ESTATE MARKET ANALYSIS

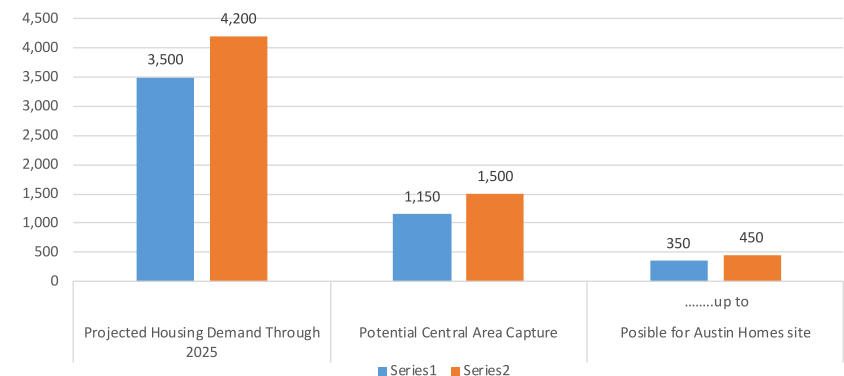
A market study was conducted by Applied Real Estate Analysis, Inc. (AREA), a multidisciplinary real estate consulting firm offering professional services to public- and private-sector clients. The following is a high-level summary of their findings; the full report is available in Appendix A2.

AREA concluded that the redevelopment of the Austin Homes site can be competitive within the downtown housing market while still providing desirable new housing for low- and moderate-income households that would otherwise be excluded from living so close to downtown. In addition, the Austin Homes redevelopment will not be completely reliant on the downtown market. It will have a much broader appeal and will be competitive with other city locations outside of downtown.

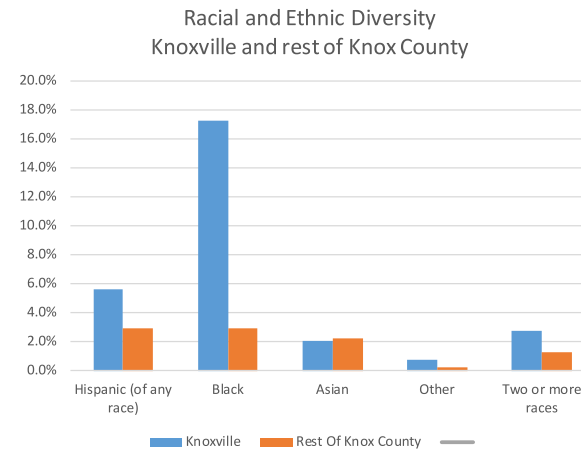
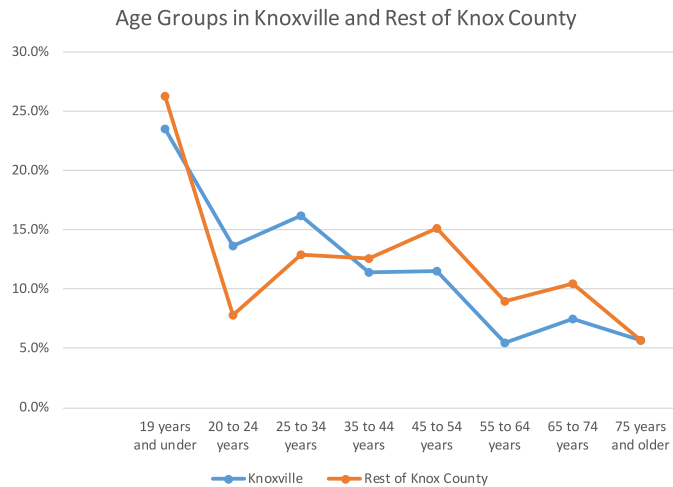
The development's comparative isolation from other residential concentrations is also likely to work in its favor. The Austin Homes site provides the opportunity to develop a relatively dense, walkable neighborhood combining multiple building types. A new urban neighborhood will appeal to those who wish to live close to downtown amenities but are not attracted to industrial-style lofts or large apartment complexes.

Currently, there is a base market for 3,500 to 5,000 downtown housing units. Of those, approximately 1,700 units already exist and another 1,200 to 1,500 are in various stages of planning. Over the next five to seven years, the site can support a phased development of up to 450 units, fulfilling approximately 8 to 10 percent of the city's housing demand.

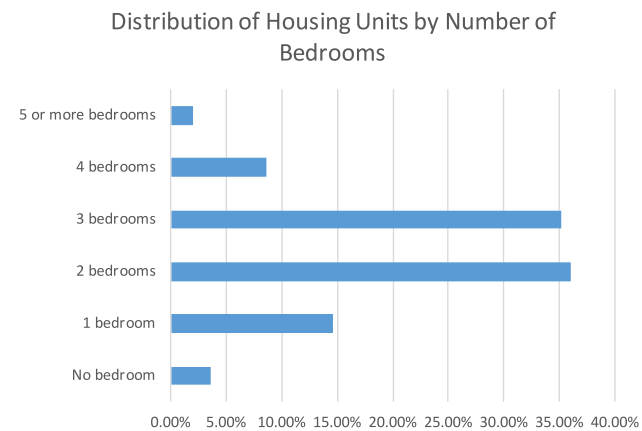
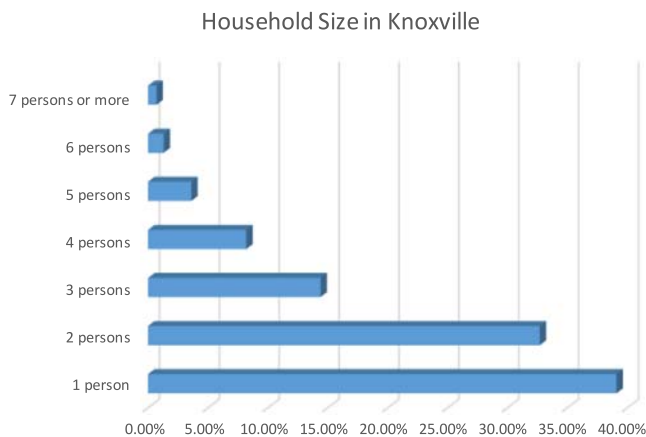
Projected Housing Demand in Knoxville



Currently, in the central/downtown area, there is a base market for 3,500 to 5,000 housing units. Of those, approximately 1,700 units already exist and another 1,200 to 1,500 are in various stages of planning.



Knoxville's young and diverse population contributes to the vitality of its downtown and adjacent neighborhoods. This population values a walkable environment where work, shopping, and entertainment are all convenient to where they live.



The average housing stock in Knoxville is not aligned with average household size. Within Knoxville, over 70 percent of households are comprised of one or two persons and of these 39 percent are single-person households. However, most of the existing housing stock has three to four bedrooms. This indicates a significant demand for smaller one- and two-bedroom units.









# MASTER PLANNING PROCESS

## SUMMARY

The Master Planning process involved assessing the existing site conditions, engaging the community and its stakeholders, developing a collaborative vision for the future of Austin Homes, establishing a program for development, and designing a new mixed-income community that embodies the community's aspirations.

Community engagement is the foundation of the Master Planning process. Input from existing Austin Homes tenants, residents of the surrounding neighborhood and greater Knoxville, and leaders across the community will continue to inform and inspire design decisions as we progress into Phase 1.

Over the course of six months, Gensler, KCDC, and JAI held a series of events to identify the key opportunities and potential challenges of this project. A round of stakeholder interviews, three resident meetings, three stakeholder meetings, and four Open Houses were conducted to give every community member an equal voice and to facilitate one-on-one conversations between the planning team and all interested parties.



# STAKEHOLDER INTERVIEWS

*December 18-20, 2018*

The planning team met with various community members and leaders to establish key goals for the future of Austin Homes. These stakeholders expressed a desire to transform Austin Homes into a destination—a place of pride for its residents and a reason to visit for the rest of the community. They identified the opportunity to create a new narrative for Austin Homes and East Knoxville, becoming a model of a truly diverse, well-designed, mixed-income housing development.

## CITY OF KNOXVILLE

Bill Lyons – Deputy to the Mayor, Chief Policy Officer

Ken McMahon – Economic Development Manager

Dawn Michelle Foster – Redevelopment Director

Becky Wade – Director of Community Development

## ELECTED OFFICIALS

Evelyn Gill – Knox County Commissioner, District 1

Gwen McKenzie – Councilwoman, District 6

Rick Staples – Tennessee House of Representatives, District 15

## FAITH ORGANIZATIONS & COMMUNITY MEMBERS

Sr. Pastor Daryl Arnold – Overcoming Believers Church Pastor

Chris Battle, Sr. – Tabernacle Baptist Church

Alvin Nance – CEO of Development for LHP Capital

## AUSTIN HOMES RESIDENTS

Sarhonda Thompson – Resident Association President

## EDUCATION OFFICIALS

Cheryl Ball – The Great Schools Partnership,  
Vice President of Operations

Tammi Campbell – Knox County Schools, Ombudsman

Desiree Jones – Knox County Schools, VMMS Principal

Dr. Javiette Samual – Director of Community Engagement, UTK

Evetty Satterfield – Knox County Schools Board, District f

Rosalyn Tillman – Pellissippi State Community College,  
Magnolia Campus Dean

## PLANNING ORGANIZATIONS

Tim Branson – Knoxville Utility Board, Business  
Management Analyst

Sheryl Ely – City of Knoxville, Director of Parks  
and Recreation

Gerald Green – Knoxville-Knox County Planning,  
Executive Director

Billie Jo McCarley – Knoxville Utility Board, Manager

Belinda Woodiel-Brill – Knoxville Area Transit, Director of  
Communications & Service  
Development

## WORKFORCE DEVELOPMENT

Terrence Carter – Knoxville Area Urban League, VP  
Economic & Business Development

Bart McFadden – Boys & Girls Club of the Tennessee  
Valley, CEO

## LOCAL CULTURE AND HISTORY

Robert Booker – Historian

Rev. Renee Kesler – Beck Cultural Exchange Center,  
President

## ADJACENT PROPERTY AND BUSINESS OWNER

Thomas Boyd – Boyds Group Properties LLC

# COMMUNITY ENGAGEMENT SESSIONS

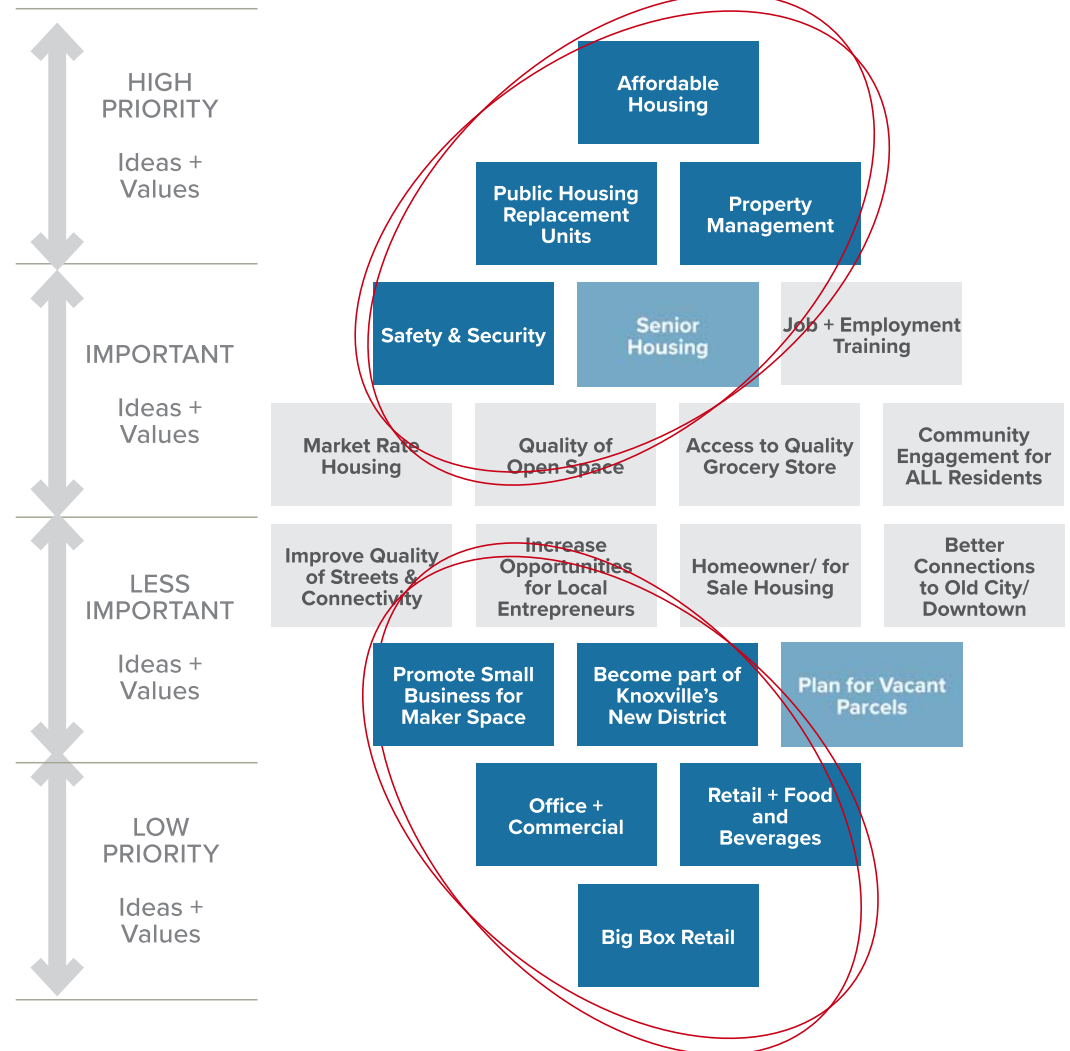
## COMMUNITY ENGAGEMENT #1

February 4-5, 2019

The first series of meetings with Austin Homes residents and community stakeholders was held over two days and concluded with an Open House event open to the general public. The team at the site conducted an analysis of existing Strengths, Weaknesses, Opportunities, Threats (SWOT) and facilitated Priorities and Compromises exercises designed to identify common goals and challenges.

Common strengths included location, sense of community, and the historical and cultural significance of the site. Opportunities included creating more outdoor space and reconnecting the development to the community at large. Weaknesses and threats included the negative perception and stigma associated with site, as well as safety and security.

High priorities for both groups included affordable housing, public housing replacements, property management, and safety and security, while low priorities included big box retail, office and commercial space, and food and beverage.



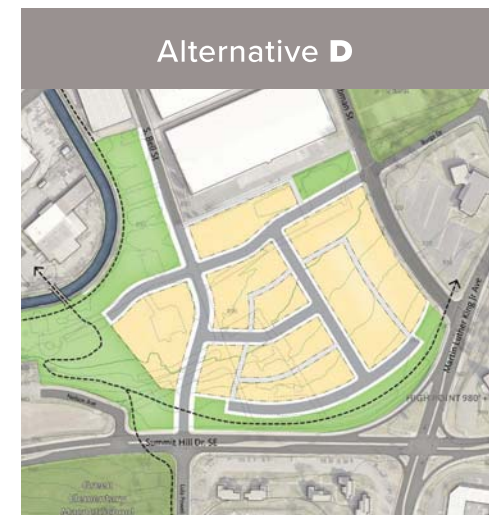
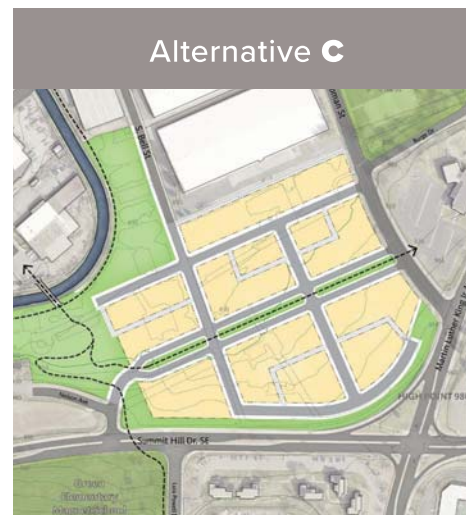
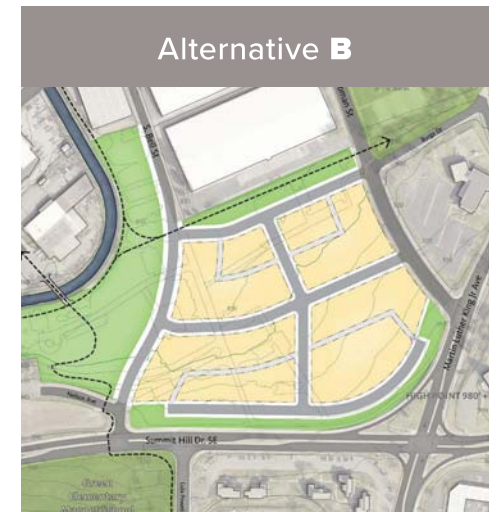
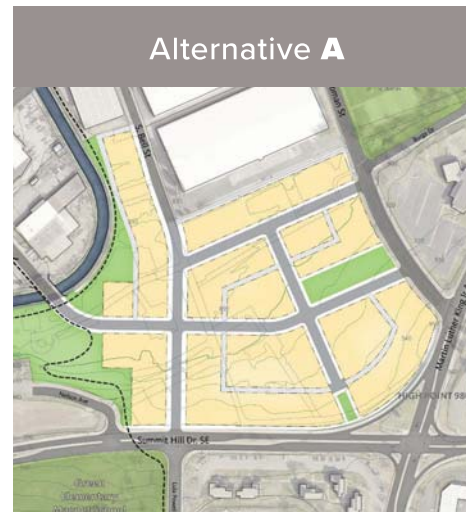


## COMMUNITY ENGAGEMENT #2

February 26-27, 2019

The second series of meetings with Austin Homes residents and community stakeholders was held over two days and concluded with an Open House event open to the general public. The team showed various framework options and invited attendees to comment on what worked or didn't work for them.

Overall, attendees liked options that connect the site to the surrounding community and include plenty of dispersed green space. Desired outdoor spaces incorporated the potential for recreation, programming at pavilions and kiosks, activities for kids, a revitalization of First Creek, an observation deck, trails, a community garden, and public art. Preferred building types included rowhouses, six-flats, mid-rises, and a grocery store.



## COMMUNITY ENGAGEMENT #3

March 26-27, 2019

The third series of meetings with Austin Homes residents and community stakeholders was held over two days and concluded with an Open House event open to the general public. The team reviewed three redevelopment options for the Austin Homes site.

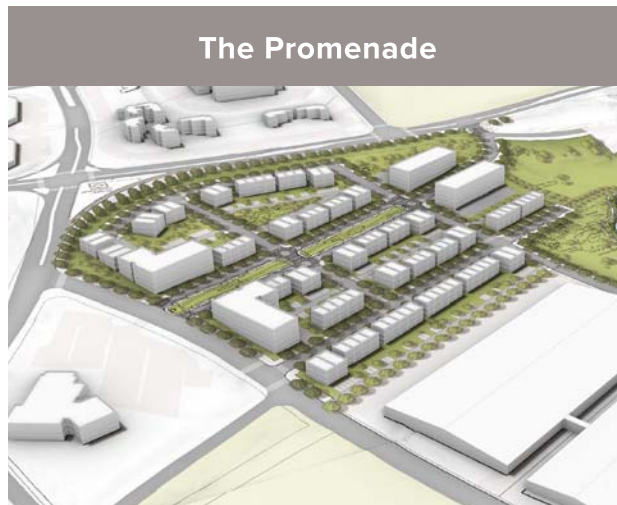
**Option A:** Attendees liked the centralized park, building space, lack of dead-end streets, and connection to the rest of the city, but some felt there should be more housing on First Creek and that Georgia Street should not connect to the site.

**Option B:** Attendees disliked the dead-end streets, as well as the lack of vehicular connection with Georgia

Street. Positive attributes for attendees included the promenade, interior community park, larger building distribution, and softer edges around First Creek.

**Option C:** Attendees liked the pedestrian connection across First Creek, the large corner buildings anchoring the site, and the amount of development along First Creek. The only negative commented upon was the lack of space between the development and the greenway along First Creek.

Ultimately, elements from all three options were carried over into the Master Plan.







## COMMUNITY ENGAGEMENT #4

*April 30, 2019*

At the final Open House event, the team reviewed the draft Master Plan, which was significantly influenced by our discussions with community stakeholders, current Austin Homes residents, and the general public. The following Guiding Principles were developed as a result of these community engagement sessions and serve as a guide for the design decisions outlined in the Master Plan.

# GUIDING PRINCIPLES

Interacting often and meaningfully with the community helped us determine a collaborative definition of success for the redevelopment of Austin Homes.



## COMMUNITY

Create an inclusive, affordable, vibrant, mixed-income community that provides homes for current residents to return



## CULTURE

Preserve and build on the spirit, history, and cultural aspects of Austin Homes and the community



## CONNECTION

Reconnect the Austin Homes site to the neighborhood and city of Knoxville



## OPEN SPACE

Create a safe and attractive, walkable outdoor environment with public streets, trails, and open spaces



## TRUST

Work together as one community, fostering trust through ongoing collaboration with Austin Homes residents, neighborhood stakeholders, KCDC, and the City of Knoxville







An aerial photograph of a city landscape, likely Knoxville, showing a mix of urban development and green space. A large, white, stylized number '3' is overlaid on the left side of the image. The text 'THE MASTER PLAN' is written vertically in white capital letters on a blue background that runs down the right side of the image.

# THE MASTER PLAN

## SUMMARY

The main objectives of this Master Plan, developed in collaboration with the community, are to reconnect the site with the surrounding neighborhood and city of Knoxville at large, create a true sense of place that generates pride for Austin Homes residents, and preserve the history and culture of Austin Homes and the adjacent area.

The Master Planning team envisions the future of Austin Homes as a mixed-use redevelopment that serves a variety of socioeconomic levels through the replacement of existing affordable housing, as well as the construction of new affordable, workforce, and market rate housing on the site.



# ILLUSTRATIVE MASTER PLAN

The Austin Homes Master Plan calls for 420 units of mixed income housing. Of the 420 units, there will be 129 replacement units reserved for families that currently reside at Austin Homes.

In response to community feedback, approximately 8.9 acres of opens space will be part of the plan. There is also a plan to include a new 18,000 sf grocery store.





# SITE ORGANIZATION



## Parcelization Plan

The parcelization plan subdivides the blocks into individual housing lots. Lots are sized to accommodate a range of housing types, including duplexes, townhouses, 4-flats, 6-flats, and mid-rise apartment buildings.



## Street Framework and Entry Point

Development is organized by streets and blocks. Alleys provide easy and safe access to the parking and service areas in the rear.



## Open Space Network

The trail network connects Austin Homes to the surrounding neighborhood, and provides a safe route to schools and parks. This trail network can play a critical role in connecting Downtown and the Old City to existing Greenways at First Creek and Morningside.



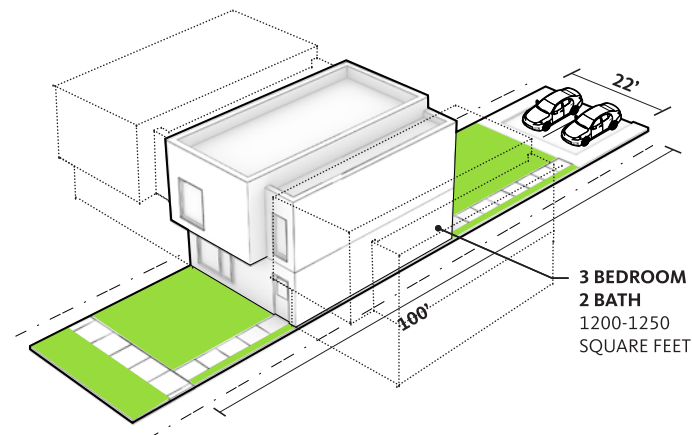
# BUILDING TYPOLOGIES

A diversity of building types including affordable, workforce, and market rate housing will appeal to a broad range of potential residents. Although mostly residential, building types will also include a small mix of ground-floor retail and community space. Housing types include attached row houses, mid-rise buildings (four-six story elevator buildings), and walk-up apartments. One-, two-, three-, and four-bedroom units will be available. Not only will replacement units be available for all current Austin Homes residents, but additional affordable housing will be offered to those with an area median income (AMI) of up to 60 percent, ensuring the community is open to individuals and families from diverse socioeconomic backgrounds.

Based on the market study, a grocery store may be a viable use for the site. The Patton Street site would be the ideal location due to its accessibility and visibility. In this location, a grocery store would serve both the new neighborhood on the site, as well as the growing residential population in Downtown Knoxville, thereby increasing the financial viability of the store.

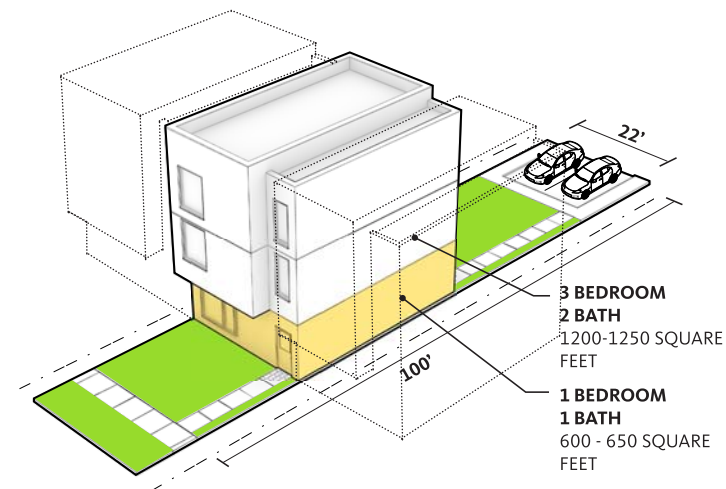
## ROWHOUSE TYPE I

This building type consists of a two level, three bedroom dwelling unit



## ROWHOUSE TYPE II

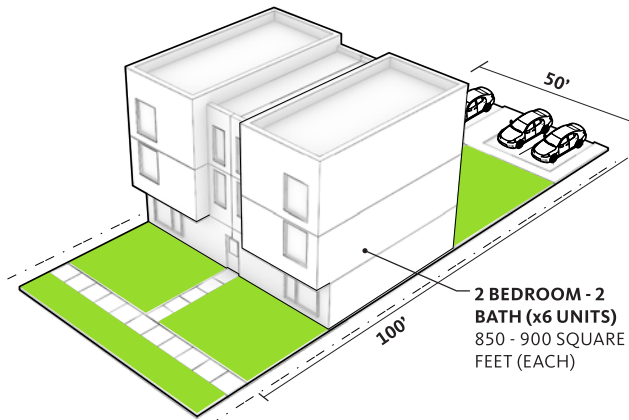
This building type consists of a one bedroom at the ground level, and a two level, three bedroom on the second and third floor



■ MID-RISE    ■ SIX FLAT    ■ ROWHOUSE

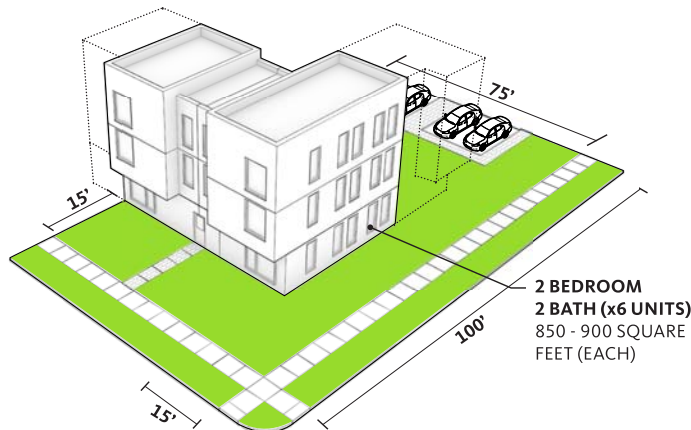
## SIX FLAT TYPE I

The six flat consists of six residential units in a three story building. Each unit has two bedrooms, and is accessed from a common stairwell



## SIX FLAT TYPE II - corner unit

Designed to be located on the corner, the six flat consists of six residential units in a three story building. Each unit has two bedrooms, and is accessed from a common stairwell



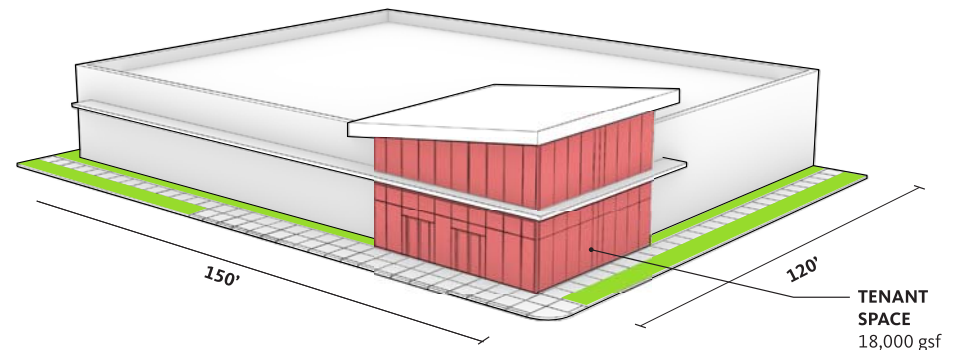
## MID-RISE

Ranging between four and six stories, these buildings will contain one and two bedrooms. Located at prominent locations, select buildings may contain a community facility or a small retail space.



## GROCERY STORE

The plan introduces a 18,000 sf grocery store that will be accessible to the broader community.





## OPEN SPACE

Residents and stakeholders felt it was especially important to have a strong open-space system that unifies and adds character to the community. First Creek was identified as a hidden gem in the area and thus celebrated as a placemaking feature in the Master Plan. The creation of an entirely new boulevard serves as the signature street on the site and includes the potential for a walking path through the center median.

One park within the development includes a playground for kids to have fun without leaving Austin Homes and provides a passive space for residents to come together for picnics, recreation, and moments of respite. A second park just off the boulevard is framed by the residential units, functioning as the heart of the community—a common space where all residents are welcome to gather in a more intimate setting.

An amphitheater, which integrates seating into the side of the hill, and a pavilion accommodate performances and provide an outdoor classroom space for adjacent schools in the community. A community garden allows residents to grow their own produce, access healthy food, and cultivate outdoor hobbies. Trails and pathways along First Creek connect residents with nature and encourage activity and movement.







View of First Creek Park looking east



## PAVILIONS & KIOSKS



## PLAYGROUNDS & KIDS ACTIVITIES



## FIRST CREEK



## OBSERVATION DECK



## COMMUNITY GARDEN



## TRAILS



## RECREATION & OPEN SPACE



- ① RIPARIAN ZONE ALONG 1ST CREEK
- ② CREEK OBSERVATION AREA
- ③ PLAY FIELDS
- ④ COMMUNITY GARDEN
- ⑤ AMPHITHEATER
- ⑥ PAVILION
- ⑦ PLAYGROUND
- ⑧ PROJECT ENTRY
- ⑨ 10' SIDEWALK | MULTI-USE TRAIL
- ⑩ SWITCHBACK TRAIL
- ⑪ POCKET PARK
- ⑫ BOULEVARD TRAIL
- ⑬ COMMUNITY PAVILION AND PARK
- ⑭ FUTURE DEVELOPMENT
- ⑮ PRESERVED EXISTING WALL

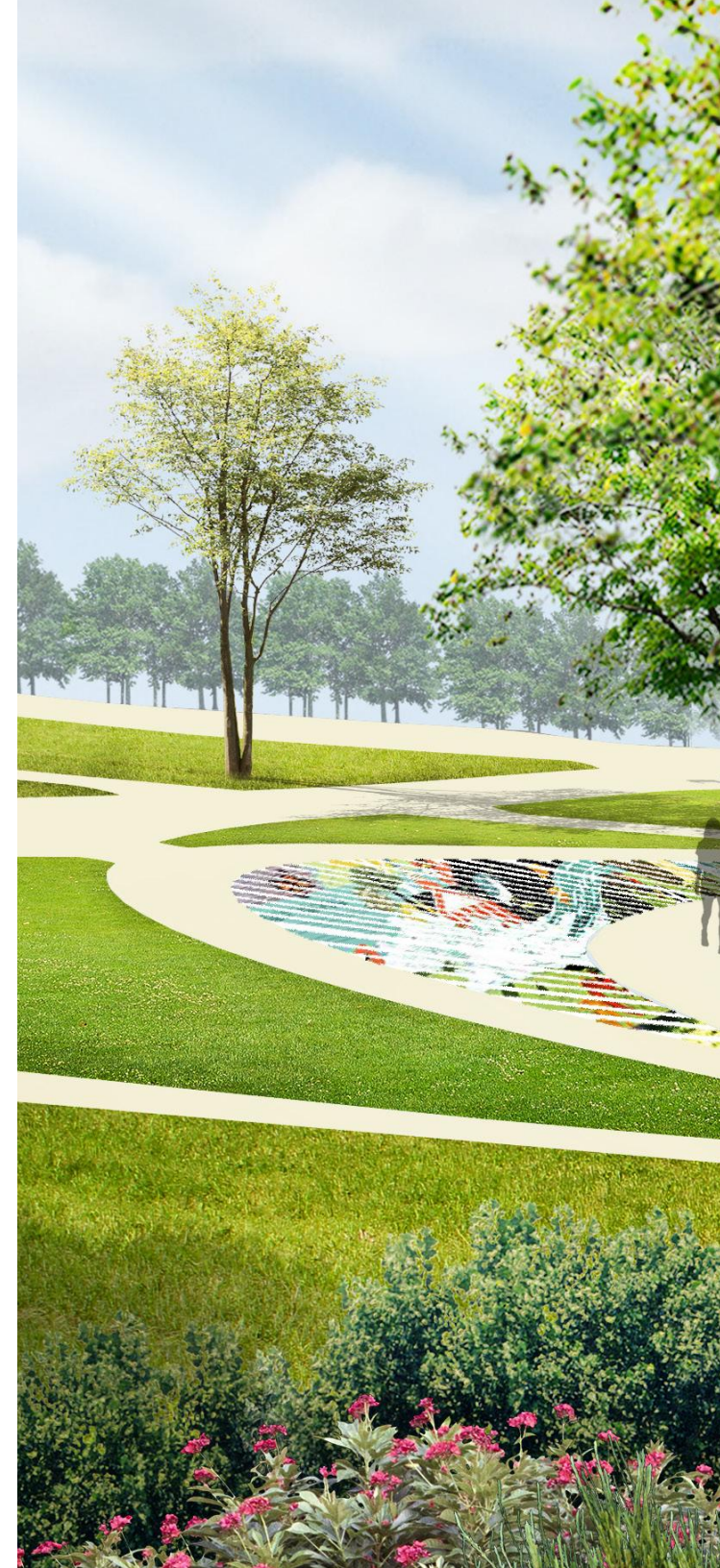






## NEW STREETS AND PUBLIC RIGHTS OF WAY

The current site is only accessible from entry points on Bell Street and Nelson Avenue, as well as a very tight entrance on Burge Drive. Expanded connections to the rest of the neighborhood are established through the introduction of new streets and four site entry points including a more prominent entry point at a new intersection on Lula Powell Drive, a redesigned street and entry point at Bell Street, a newly realigned entry point at Burge Drive and Harriet Tubman Street, and a celebrated entry point at a new boulevard. Additionally, the plan includes the potential for a neighborhood grocery store connected to the housing via a public greenway. There is also potential for the development of a bridge connection that would extend Georgia Street across First Creek to the Austin Homes site.





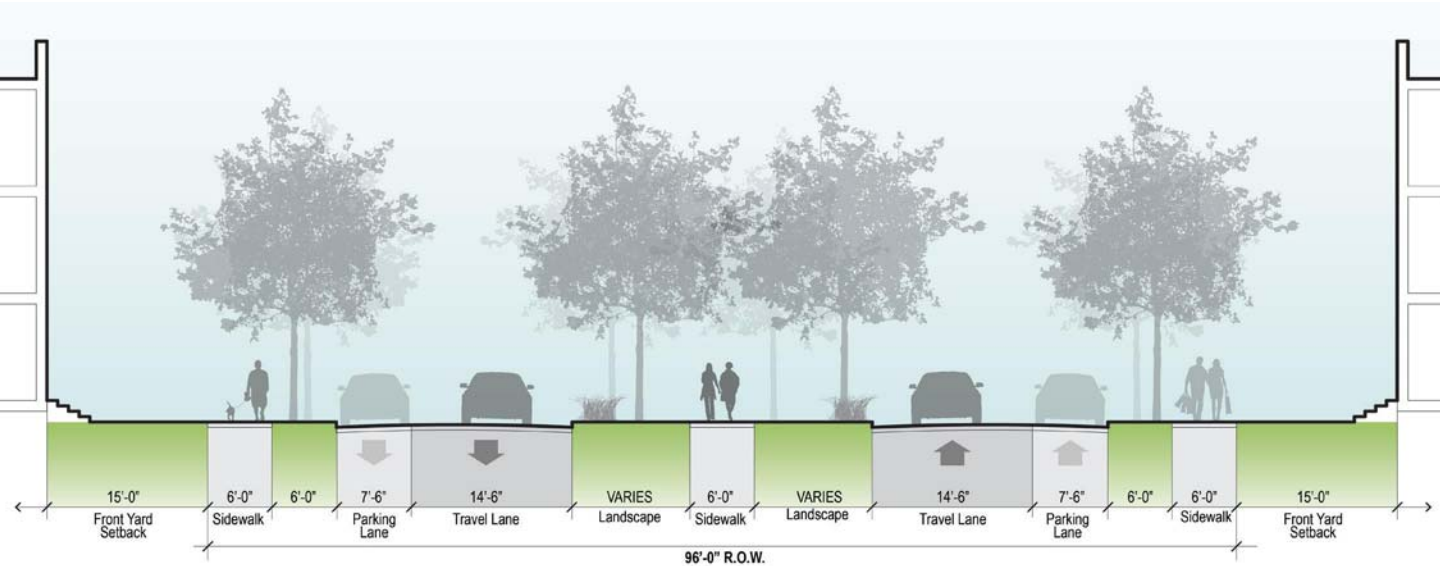


View of the relocated Old Vine Street and park, east of Summit Hill Drive



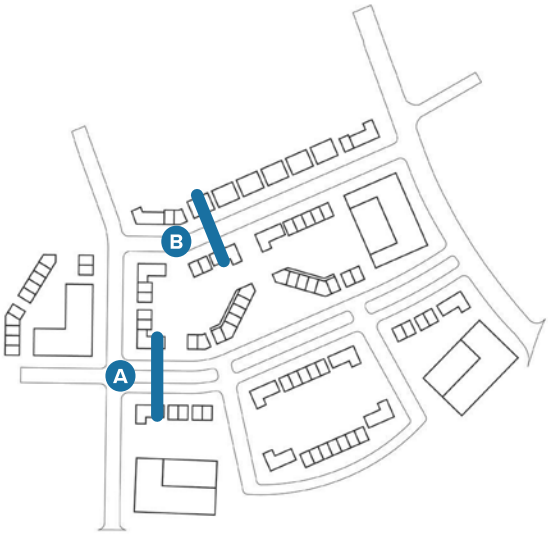
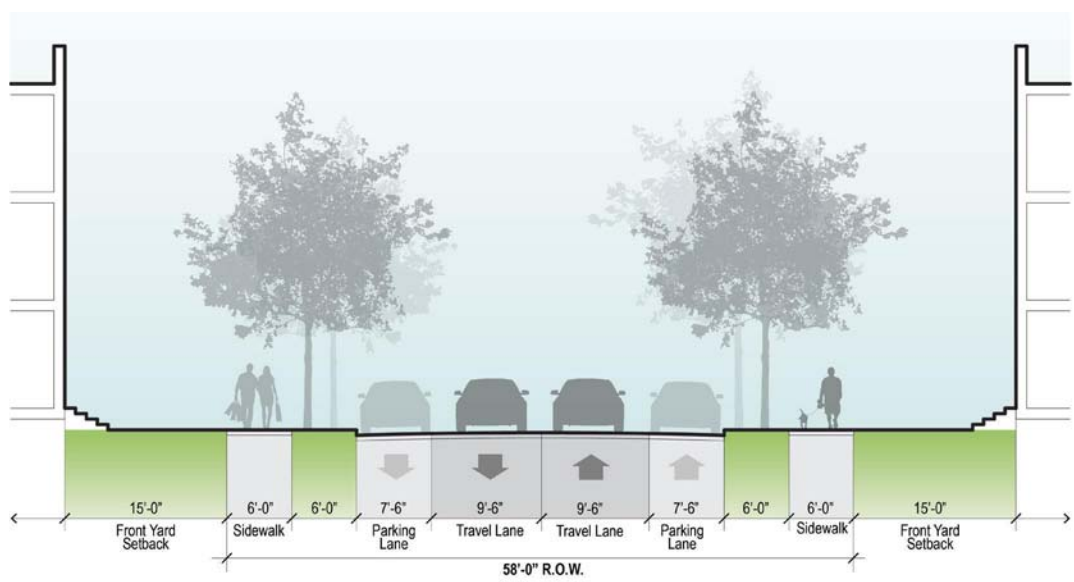
# STREET SECTIONS

## A BOULEVARD



These street sections illustrate the elements, proportions and dimensions of new roads, sidewalks and planting areas in relationship to the proposed development.

## B TYPICAL STREET



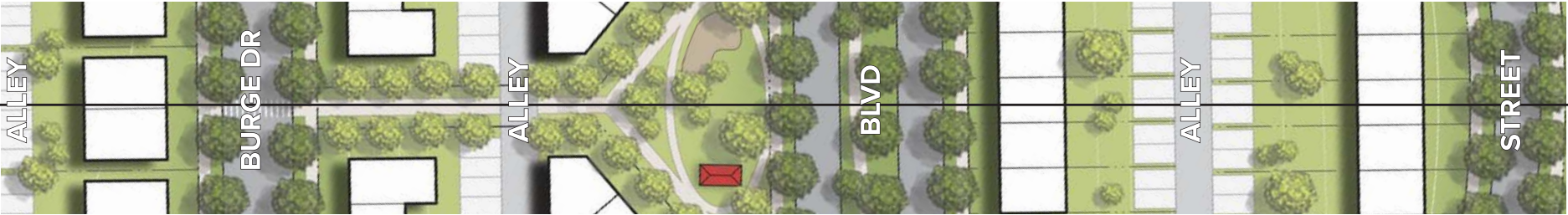




View of boulevard near central park looking west



# SITE SECTIONS







View of proposed Austin Homes development and central boulevard looking west









# IMPLEMENTATION STRATEGIES

## SUMMARY

While specific strategies for moving forward with the plans to redevelop Austin Homes are outlined in this document, it is important to note that we have created a living Master Plan—a guide that can adapt to further community input, changes in the market, and new trends as they unfold over time. As this process moves forward, our Guiding Principles and ultimate design decisions will be revisited, revised, and adjusted accordingly based on further input from current residents, key stakeholders, and the general public.



## ACTION ITEMS

Short term action items involve establishing relocation and demolition plans—including a plan for Lighthouse Ministries, securing project financing and the Planned Development (PD) application for rezoning, completing technical reports—including a site survey and geotechnical report, and finalizing the designs for the first phase of construction.

Long-term action items include developing a memorandum of understanding with Lighthouse Ministries and establishing a plan for community spaces, such as an early childhood center, neighborhood retail, or other community amenities..

## A FRAMEWORK FOR RELOCATION AT AUSTIN HOMES

- At least 129 assisted units will be newly-built onsite to cover the replacement of the existing subsidized units.
- Households that live at Austin Homes on or after June 1, 2019 will be temporarily relocated to other housing as part of the redevelopment project. At the completion of the project, these residents will have a right to return to the newly-constructed units at Austin Homes.
- KCDC will fund relocation payments for all required household moves based on unit bedroom size.
- Tenants who must relocate will be housed in a comparable housing unit that meets the family's needs according to bedroom size and accessibility.
- Relocation counseling and case management support will be available prior, during, and after relocation to ensure families are housed in a stable situation.
- Original Austin tenants exercising the Right to Return must be lease-compliant with KCDC.
- No original tenant of Austin Homes will be required to pass additional or new screening requirements in order to return to the site after completion of the plan.



## FINANCIAL STRATEGY

Potential funding sources include multi-family housing bonds, funds allocated from the City of Knoxville for site improvements—such as upgrades to city infrastructure and parks, and the Low-Income Housing Tax Credit (LIHTC)—a dollar-for-dollar tax credit for affordable housing investments that gives incentives for the use of private equity in the development of affordable housing for low-income Americans.

SOURCES	
LIHTC Equity	\$24,440,000
CITC/FHA/Conventional Debt	\$22,000,000
KCDC Equity (Reinvested Fees)	\$ 7,600,000
Deferred Developer Fees	\$ 5,500,000
Federal Home Loan Bank (FHLB)	\$ 2,000,000
Opportunity Fund	\$16,000,000
COK Affordable Housing Fund	\$ 2,000,000
COK Capital Funds	\$10,750,000
KCDC Contributed Land	\$ 5,200,000
<b>TOTALS</b>	<b>\$95,490,000</b>

## AUSTIN HOMES FINANCIAL PLAN

The Plan assumes an estimated budget of approximately \$95.49 million for the build-out of all phases. The “sources” and “uses” below are reasonable estimates based on the Master Plan and are subject to change. Significant variability in construction costs, interest rates, the competitive bidding process, and availability of funding resources will impact the final sources and uses for the project.

USES	
Land Cost	\$ 5,200,000
Construction	\$58,700,000
Contingency	\$ 4,780,000
Architect & Engineering	\$ 2,300,000
Other Soft Costs	\$ 4,000,000
Developer Fees	\$ 9,500,000
Initial Capital Reserve	\$ 260,000
Infrastructure	\$10,750,000
<b>TOTALS</b>	<b>\$95,490,000</b>



## HOUSING DEVELOPMENT

Housing development will proceed with two (2) to four (4) phases of construction. It is anticipated that the phases will be closed between 2020 and 2023, but the timeframe may be shortened or expanded depending upon availability of funds.

The first phase is projected as a 105-unit development. KCDC has submitted a 9 percent Low-Income Housing Tax Credit (LIHTC) application for the reservation of \$1.30 million in annual tax credits over a ten-year period for a total equity of around \$13 million to the project. If financing is secured, this phase will include 43 units of HUD subsidized replacement housing, 36 units of LIHTC affordable housing serving low-income families, and 26 units of market rate housing. Construction is likely to begin in the spring of 2020.

The timing of future phases is dependent on KCDC's ability to secure funding.

Proposed Phase I Construction Milestones	
Resident Relocation	Summer/Fall 2019
Abatement/ Demolition	Fall 2019
Site Preparation/ Infrastructure	Winter 2020
Construction Start	Spring 2020
Project Completion	Summer 2021

## POTENTIAL SOURCES OF FUNDING

A Plan of this magnitude and complexity will require a variety of funding sources to ensure financial feasibility.

The HUD program for implementing the replacement housing plan will be the Rental Assistance Demonstration (RAD) program. Replacement units will be RAD project-based rental assistance (PBRA) units and the rental assistance and tenant payments from these units will support debt. As part of this program, HUD and KCDC will execute a Use Agreement on the site, which will require the subsidized units to be operated as affordable housing in perpetuity.

KCDC has a total estimated value of \$10.4 million in land as part of the Plan, of which 50 percent will be a contributed funding source. This land equity will assist in financing the phased development.

The following describes typical funding sources that may be pursued in support of this Plan.



## TAX CREDIT EQUITY

The LIHTC program is one of the federal government's primary policy tools for encouraging the development and rehabilitation of affordable rental housing. These nonrefundable federal housing tax credits are awarded for qualified rental projects via an application process (competitive and non-competitive) administered by state housing finance authorities. The LIHTC is a credit against federal income tax liability each year for ten years for owners and investors in low-income rental housing. The amount of tax credits is based on reasonable costs of development, as determined by THDA, and the number of qualified low-income units. Tax credits are sold to outside investors in exchange for equity in the project. Selling the tax credits reduces the need for other funding sources and subsidies required to implement the Plan.

The LIHTC is designed to subsidize either 30 percent or 70 percent of the low-income unit costs in a project. The 30 percent subsidy, which is known as the 4 percent tax credit, can be used to support new construction in conjunction with other local and federal subsidies additional subsidies.

The 9 percent tax credit supports new construction without any additional federal subsidies, because this tax credit program provides greater funding. Entities like KCDC are only eligible to receive one 9 percent tax credit each year. KCDC will be applying in the competitive 9 percent category in 2019 and 2020 to support the new construction at Austin Homes.

## FEDERAL HOUSING ADMINISTRATION (FHA) 221 (D) 4 LOAN

A Plan of this magnitude and complexity will require a variety of funding sources to ensure financial feasibility.

The HUD program for implementing the replacement housing plan will be the Rental Assistance Demonstration (RAD) program. ReCDC will execute a Use Agreement on the site, which will require the subsidized units to be operated as affordable housing in perpetuity.



## COMMUNITY INVESTMENT TAX CREDIT (CITC)

Through the Tennessee Housing Development Agency (THDA) and The Tennessee Department of Revenue (TDoR), financial institutions may obtain a credit against the sum total of taxes imposed by the Franchise and Excise Tax Laws when qualified loans, qualified investments, grants or contributions are extended to eligible housing entities for engaging in eligible low income housing activities. THDA certifies the housing entity and activity as eligible to receive the tax credits. TDoR awards the tax credits to the financial institutions. Qualified low-rate loans are defined as a loan at least four percent below the prime rate. Given recent market conditions, this program makes affordable housing loans available to eligible entities at 1-2 percent interest.

## CONVENTIONAL DEBT

A conventional loan is basically any type of loan that is not offered or secured by a government entity, such as the Federal Housing Administration (FHA), but instead

is available through or guaranteed by a private lender (banks, credit unions, mortgage companies) or the two government-sponsored enterprises, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

## KCDC EQUITY (REINVESTED DEVELOPER FEES) AND DEFERRED DEVELOPER FEES

KCDC plans to act as its own developer in the execution of this Plan. This is important because KCDC plans to reinvest developer fees received for this Plan and other projects to finance future phases of affordable housing. In addition, it may be necessary to defer developer fees until post-construction completion, so that such fees are paid from operating cash flow. An increase in deferred developer fees reduces the debt required to build, thereby improving debt service coverage ratios and making the project financially sustainable for the long term.



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## **FEDERAL HOME LOAN BANK (FHLB) AFFORDABLE HOUSING PROGRAM (AHP)**

The FHLBanks' Affordable Housing Program (AHP) is the largest private source of grant funds for affordable housing in the United States. It is funded with 10 percent of the FHLBanks' net income each year. FHLBank members access these subsidies through the AHP Competitive

Application Program. The AHP is designed to address local housing needs. It is administered regionally by each FHLBank, working through its financial institution members and those members' community-based partners. To further ensure that AHP-funded projects serve local housing needs, each FHLBank is advised by an Advisory Council made up of community and nonprofit affordable housing and economic development organizations from within the FHLBank's district. An AHP applicant must first coordinate through an FHLBank member financial institution to apply for the grant program. The AHP allows for funds to be used in combination with other programs and to support projects serving a wide range of community affordable housing needs. In each funding round, grant applications are scored on a variety of factors intended to ensure that priority will be given to projects that will utilize the funding to create the greatest benefit. Each FHLBank designs its own competitive program, guided by federal regulatory parameters and input from its Advisory Council. Nationally, approximately one out of three applications is funded. Individual grants up to \$1 million may be available from this funding source, pursued in support of this Plan.

## OPPORTUNITY FUND

States may designate up to 25 percent of low-income census tracts as Opportunity Zones. The Austin Homes property is located in an opportunity zone. A Qualified Opportunity Fund (QOF) is an investment vehicle that is set up as either a partnership or corporation for investing in eligible property (90 percent of its assets) that is located in an Opportunity Zone and uses the investor's gains from a prior investment to fund the Opportunity Fund. In exchange for investing in Opportunity Zones, investors can access capital gains tax incentives available exclusively through the Opportunity Zone program. To access these tax benefits, investors must invest in Opportunity Zones specifically through Opportunity Funds. Opportunity funds can be a significant source of equity for construction projects within the Zone. To ensure a public benefit from this program, it is critical for cities and other local authorities to work with investors to direct private investment into projects like Austin Homes, which provide a clear public benefit.

## CITY OF KNOXVILLE (COK) AFFORDABLE HOUSING FUND

The City of Knoxville established an affordable rental development fund for the creation of new affordable rental housing. This fund is in response to strong demand for standard rental units that are affordable for low- to moderate-income families. Knoxville has lost hundreds of affordable units over the last few years, yet at the same time, market rents have been steadily climbing. In an effort to increase the supply and long-term availability of rental housing options for persons with modest incomes, this fund has been created to incentivize the development of quality affordable rental housing.



## **CITY OF KNOXVILLE (COK) CAPITAL PROJECT FUNDS**

The City of Knoxville has been extremely supportive in providing capital funding to create new infrastructure and improvements in parks and green spaces throughout KCDC's ongoing redevelopment of Five Points. The City approved \$4.25 million in capital funds in its 2019-20 budget to support the infrastructure required for the first phase of construction at Austin Homes and additional capital funding for the Plan will be requested over the next two years.

## **OTHER FUNDING SOURCES**

Other funding sources may become available over the course of the implementation of the Plan. These sources may be used for residential or commercial purposes and may include federal grant programs, new market tax credits, private grants, and state or local funding programs or foundations.

## ZONING AND BUILDING CODE STRATEGIES

Knoxville's zoning is in the final stages of being updated after a two-year process called ReCode Knoxville, with final council approval expected in summer 2019. As a result, the Austin Homes property will be recoded from R-2 to RN-6, which has more stringent form-based requirements.

To meet the unique development requirements of the master plan, KCDC will pursue Planned Development (PD) designation for the property, which creates a customized zoning overlay with special setback, height, density, and parking requirements. Final adoption of the PD requires approval by the zoning board and by city council.

### PROPOSED INCOME MIXING

Unit Type	Number	%
Replacement Units	129	31%
Affordable/Workforce	191	45%
Market Rate	102	24%
Total All Phases	422	100%

### PROPOSED INCOME MIXING

	Total	PBRA with Tax Credit* (subsidized < 60% AMI)	Section 8 Voucher* (subsidized < 50% AMI)	Tax Credit (<60% AMI)	Workforce (<80% AMI)	Market Rate
Phase 1A	105	43	0	36	0	26
Phase 1B	106	0	21	0	60	25
Phase 2A	105	43	0	36	0	26
Phase 2b	106	0	22	0	59	25
TOTAL ALL PHASES	422	86	43	72	119	102

\*Replacement of the existing 129 subsidized units is included in the "PBRA with Tax Credit" and "Section 8 Voucher" columns.



# COMMUNITY PARTNERSHIPS

Each action item will be assigned to organizations integral to the implementation of this plan through strategic public and private partnerships within the community. Specific partners and their responsibilities include:

- Knoxville's Community Development Corporation: Programs and affordable housing
- City of Knoxville: Parks, infrastructure, and community policing
- Private Investors: Equity investment for affordable housing redevelopment
- Knox County Schools (Green Magnet Academy, Vine Middle School): After-school programs
- Lighthouse Ministries: Social programs
- Beck Cultural Center: Educational programs
- Change Center: Social programs
- Pellissippi State Community College: Educational programs
- Trees Knoxville: Tree Planting
- Great Schools Partnership: Identification of supplemental education programs/resources
- Knoxville Area Urban League: Workforce Development Programs
- Knoxville Area Transit: Review of Transit Stops/Routes
- SEED: Community Needs Assessment
- Cherokee Health: Affordable Primary and Behavioral Health

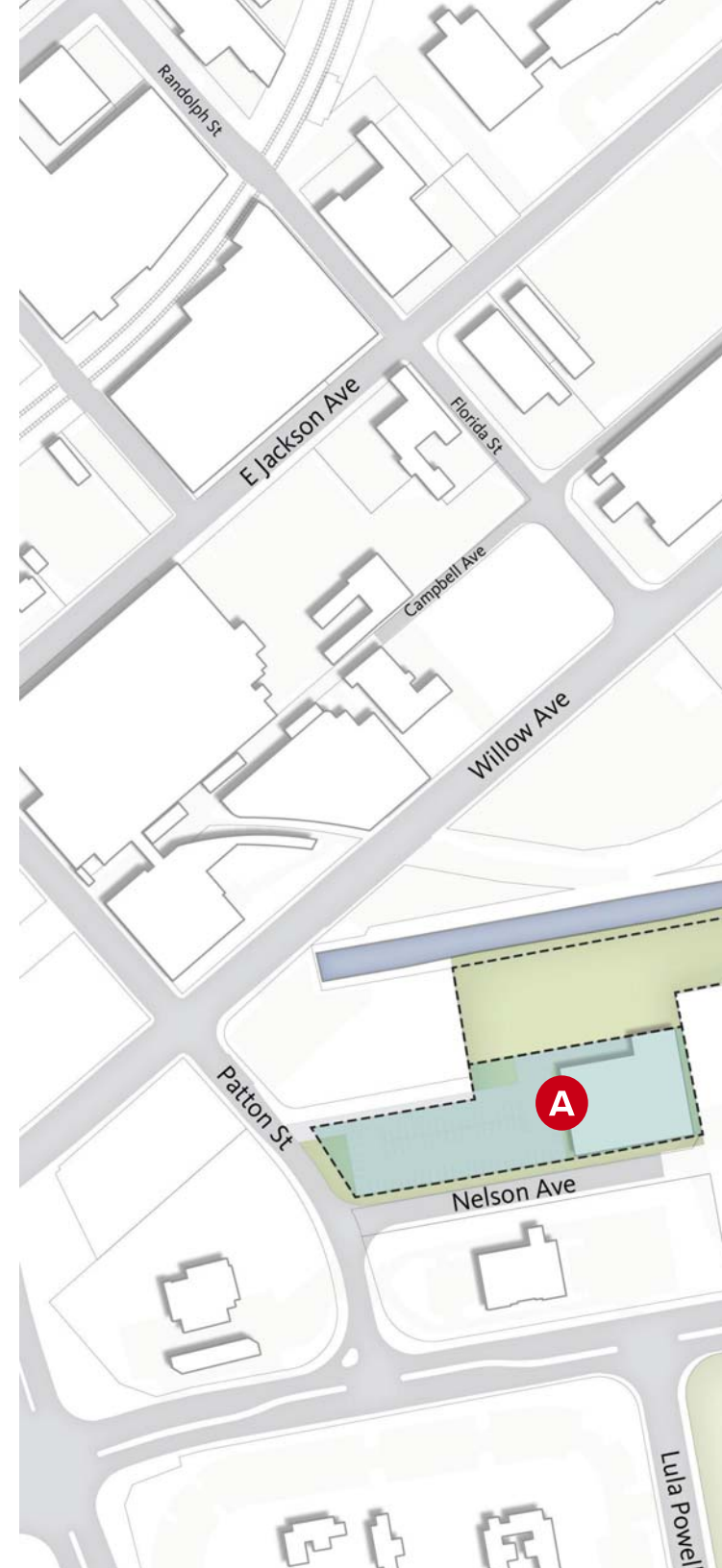


## PHASING PLAN STRATEGIES

The project is anticipated to include 420 units constructed in two to four phases. Phasing is based on funding strategies, market absorption, accommodation of replacement housing, and the assurance that each stage has a sense of coherence and completion

Each phase will contain a mix of one-, two-, three-, and four- bedroom units in a range of building types, from duplexes to mid-rise buildings.

- 1 105 units, scheduled opening no later than Sept. 2021
- 2 106 units, scheduled opening no later than Sept. 2022
- 3 105 units, scheduled opening no later than Sept. 2023
- 4 106 units, scheduled opening Sept. 2024
- A Potential grocery store development during any phase (Target Dec. 2021)
- B Potential green space development during any phase (Target Dec. 2022)







Kentucky St

Georgia St

First Creek

Nelson Ave

Green Magnet Academy

Lula Powell Dr

S. Bell St

Harriet Tubman St

Harriet Tubman Park

Burge Dr

Martin Luther King Jr Ave

Summit Hill Dr. SE

B

4

2

1

3

2





An aerial photograph of a city, likely Oslo, showing a mix of urban development and green spaces. In the foreground and middle ground, several modern, multi-story residential or commercial buildings are highlighted with a green tint, indicating a proposed development. These buildings are arranged in a cluster, with some featuring flat roofs and others with more complex, angular designs. The surrounding city includes a variety of other buildings, from older, more traditional structures to modern high-rises. In the background, a large, open green field is visible, followed by a line of trees and distant hills under a blue sky with scattered clouds. The overall scene depicts a city undergoing urban renewal or expansion.

# Appendix

July, 2019



# A1. SITE ANALYSIS



## PROGRAM AROUND SITE

### EDUCATION

- A1 GREEN MAGNET ACADEMY
- A2 VINE MIDDLE SCHOOL
- A3 MISSISSIPPI STATE COMMUNITY COLLEGE
- A4 EASTPORT ASSISTIVE TECHNOLOGY
- A5 THE RESIDENCE AT EASTPORT

### RELIGIOUS

- R1 REFUGE PRAISE WORSHIP CENTER
- R2 OVERCOMING BELIEVERS CHURCH
- R3 MT OLIVE BAPTIST CHURCH
- R4 MT. CALVARY BAPTIST CHURCH
- R5 FIRST AME ZION CHURCH
- R6 TABERNACLE BAPTIST CHURCH
- R7 NEW SALEM BAPTIST CHURCH

### COMMUNITY

- C1 FRATERNAL ORDER OF POLICE
- C2 CANSLER FAMILY YMCA
- C3 JOHN O'CONNOR SENIOR CITIZEN'S CENTER
- C4 KNOXVILLE AREA URBAN LEAGUE
- C5 EAST TENNESSEE PBS
- C6 WRJZ
- C7 CHANGE CENTER
- C8 YMCA PHYLLIS WHEATLEY CENTER
- C9 BOYS&GIRLS CLUB OF AMERICA
- C10 ODD FELLOWS CEMETERY
- C11 CALVARY CATHOLIC CEMETERY
- C12 MABRY-HAZEN HOUSE
- C13 KNOXVILLE POLICE FAMILY JUSTICE
- C14 KNOXVILLE OPERA
- C15 KNOXVILLE LAW ENFORCEMENT CREDIT UNION
- C16 BECK CULTURAL EXCHANGE CENTER
- C17 CAL JOHNSON RECREATION CENTER

### RETAIL

- R1 MAGNOLIA SHOPPING CENTER
- R2 FAMILY DOLLAR
- R3 DOLLAR GENERAL
- R4 AFRICA MOTOR COMPANY
- R5 MARC NELSON DENIM
- R6 GALLERY 1010
- R7 THE PAINTED ROOM
- R8 WILLOW CREEK GAL FRY
- R9 WELGEL'S

### FOOD AND BEVERAGE

- F1 LAST DAYS OF AUTUMN BREWING
- F2 TIME OUT DELI & MARKET
- F3 LOVE SHACK KNOXVILLE
- F4 BARLEY'S TAPROOM AND PIZZERIA
- F5 THE MELTING POT
- F6 LONESOME DOVE KNOXVILLE
- F7 PILOT LIGHT
- F8 HANNAS CAFE
- F9 SOUTHBOUND BAR AND NIGHTCLUB
- F10 CORK WINE & SPIRITS
- F11 BOYD'S JIG AND REEL
- F12 OLD CITY JAVA
- F13 DA VINCI'S PIZZA
- F14 WAGON WHEEL
- F15 OLIBECA
- F16 PRETENTIOUS BEER
- F17 CLAYBOURNE'S CHICKEN AND WAFFLE
- F18 MERCHANTS OF BEER

### BUSINESS

- B1 SH DATA TECHNOLOGIES I DATA CENTER

### TRANSPORTATION

- T1 GREYHOUND BUS STATION
- T2 KNOXVILLE AREA TRANSIT

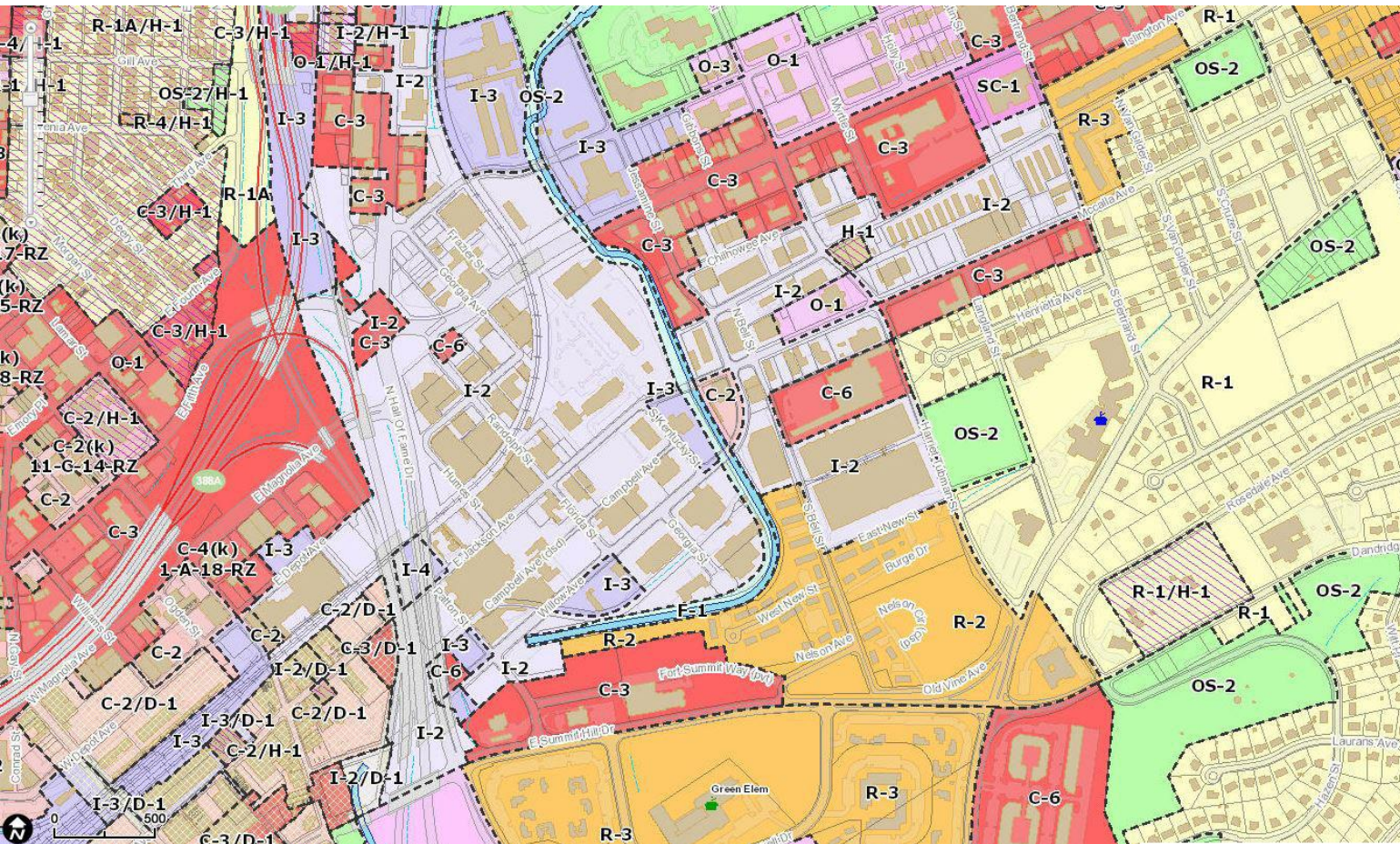




## OWNERSHIP

- ① KCDC
- ② PR LAND LLC
- ③ CITY OF KNOXVILLE
- ④ KNOX COUNTY
- ⑤ WDW BELL STREET LLC
- ⑥ BOYDS GROUP PROPERTIES LLC
- ⑦ DANIEL W. KING
- ⑧ J&W PROPERTY
- ⑨ INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KNOXVILLE
- ⑩ DEWHIRST CONSTRUCTION LLC
- ⑪ OVERCOMING BELIEVERS CHURCH
- ⑫ KNOXVILLE LAW ENFORCEMENT FEDERAL W&L PROPERTIES LLC
- ⑬ W&L PROPERTIES LLC
- ⑭ MOUNT OLIVE BAPTIST CHURCH
- ⑮ KNOXVILLE UTILITIES BOARD
- ⑯ KFS TRUST
- ⑰ S&S KNOXVILLE REALTY PARTNERSHIP
- ⑱ J&J MACHINE & TOOL INC
- ⑲ JAMIE PAVLIS, D/B/A RENTAL COMPANY, A&B DISTRIBUTING CO.
- ⑳ GRAY HODGES CORPORATION
- ㉑ TONI BEINER & BRIAN BEINER
- ㉒ DENNIS WALTON & CAREY D WALLACE
- ㉓ MARY L & ROBERT P SCHUTT
- ㉔ BRENDA K & LARRY G COX
- ㉕ THOMAS GRAY BRANDON
- ㉖ MISC. PRIVATE PROPERTY





## KNOXVILLE ZONING

- AGRICULTURAL AND ESTATE
- BUSINESS AND TECHNOLOGY PARK
- NEIGHBORHOOD COMMERCIAL
- CENTRAL BUSINESS DISTRICT
- CIVIC AND INSTITUTIONAL
- COMMERCIAL
- PLANNED COMMERCIAL
- HISTORIC OVERLAY
- FLOOR-WAY
- INDUSTRIAL
- LIGHT INDUSTRIAL
- OFFICE
- OPEN SPACE
- PLANNED RESIDENTIAL
- LOW DENSITY RESIDENTIAL
- MULTIFAMILY RESIDENTIAL
- SOUTH WATERFRONT FORM DISTRICT
- FORM DISTRICT
- TRADITIONAL NEIGHBORHOOD DEVELOPMENT AND TOWN CENTER





- |   |   |
|---|---|
|  | RR - Rural Residential                        |
|  | SFR - Single Family Residential               |
|  | MF - Multifamily Residential                  |
|  | CO - Commercial                               |
|  | Office  |
|  | IND - Industrial (Manufacturing)              |
|  | Mining and Landfills                          |
|  | WS - Wholesale                                |
|  | P-QP - Public/ Quasi Public Land              |
|  | AgForVac - Agriculture/ Forestry/ Vacant Land |
|  | PP - Public Parks                             |
|  | P-REC - Private Recreation                    |
|  | OT - Under Constriction/ Other uses           |
|  | H2O - Water                                   |
|  | ROW - Right of Way/ Open Space                |
|  | TCU - Transportation/ Communications/ Utility |

## A2. REAL ESTATE MARKET ANALYSIS

### INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS.

Applied Real Estate Analysis (AREA), Inc., is one member of a team of planners and designers led by Gensler and contracted by Knoxville's Community Development Corporation (KCDC) to prepare a master plan and design for the first phase of the redevelopment of the Austin Homes public housing complex in East Knoxville. AREA's role is to assess the market potential for a new, mixed-income, potentially mixed-use neighborhood to be developed on the site. This report assesses overall market trends in Knoxville and Knox County and attempts to quantify current and future demand for new housing in and around downtown Knoxville.

### Findings

AREA's analysis indicates that:

- Since 2010, the city's population has grown, on average, by less than one-half of one percent per year.
- The city's population as a percentage of the county population has been shrinking since 2000.
- Downtown employment has been stagnant over the past decade.
- County employment has grown at twice the rate of downtown employment since 2005.
- Knoxville is more racially and ethnically diverse than the county as a whole; almost 80 percent of Knox County African Americans (and African immigrants) live in the city, as do almost 58 percent of persons identifying as Hispanic.
- Within Knoxville, over 70 percent of households are comprised of one or two persons (39 percent are single-person households).



- Only 18 percent of the housing units have zero or one bedroom, the size most likely to be desired by a single-person household.
- Forty-six percent of housing units have three or more bedrooms, while only 30 percent of households have three or more persons.
- Due to the size of the student population, Knoxville has a heavy concentration of persons aged 20 to 34 compared to the city's population.
- The city also has a comparatively low concentration of persons aged 55 and older.
- Approximately one-third of Knoxville households have incomes below \$25,000 per year, while less than 12 percent have incomes of \$100,000 or more.
- Housing in Knoxville and Knox County was overbuilt during the 2000–2010 period, but since 2010 development and demand have been better balanced.

- Knoxville will need an average of 500 to 600 new housing units per year through 2025 to accommodate population and household growth and to replace demolished units.
- Since 2010, an average of about 100 units per year have been added to downtown Knoxville, about 14 percent of citywide housing production.
- In 2016, 1,556 market-rate residential units existed within the I-40/river/World Fair Park boundaries for downtown.
- In addition, 1,183 units are proposed and in various stages of development.
- Estimated base demand for downtown housing is 3,500 to 5,000 units.
- The number of units that can eventually be accommodated downtown will be greater than this base but will be limited without additional downtown employment.

## Conclusions and Recommendations

AREA concluded that the redevelopment of the Austin Homes site can be competitive within the downtown housing market while still providing desirable new housing for low- and moderate-income households that would otherwise be excluded from living so close to downtown. In addition, the Austin Homes redevelopment will not be completely reliant on the downtown market. It will have a much broader appeal and will be competitive with other city locations outside of downtown. AREA recommends:

- A three-phased development that could eventually include up to 450 units
- A development with an overall mix of 50 percent or more market-rate units, with the remainder to include housing for both low- and moderate-income households.
- The first phase, focused on replacing the existing affordable units, should also include a mix of market-rate and moderate-income units that are indistinguishable from the low-income units
- Including a mix of building styles to create a neighborhood setting and appeal to a broader segment of the overall market
- Setting rents on the market-rate units lower than those of potentially competing units downtown
- Knoxville is more racially and ethnically diverse than the county as a whole; almost 80 percent of Knox County African Americans (and African immigrants) live in the city, as do almost 58 percent of persons identifying as Hispanic.
- Within Knoxville, over 70 percent of households are comprised of one or two persons (39 percent are single-person households).



## SETTING

The Austin Homes public housing complex sits on an irregularly shaped site of approximately 22 acres about 0.8 miles east of Market Square, the center of downtown Knoxville, Tennessee. There are three access points for the site; the site is most visible from Harriet Tubman Street. The most direct access to downtown from the site is via Summit Hill Drive. The third access via Bell Street from McCalla Avenue feels like a back entrance because it passes through an industrial area. Although the most direct access from downtown is via Summit Hill Drive, the site is barely visible from this street because much of the site is at the bottom of a hill, 60 feet below traffic.

Even though the site lacks visibility, it is fairly well situated for residential development. It is within walking distance of downtown employment, sits on two bus routes, and is within walking distance of other bus routes. The site offers considerable potential for an attractive residential development with dramatic landscaping. Its lack of visibility and comparative isolation from adjacent residential development provide it with a sense of tranquility in the heart of the city. Its main negative feature, the industrial buildings lining its northern edge, can be mitigated through design and landscaping or eliminated through acquisition and redevelopment.

## EXISTING CONDITIONS

### Market Area

The Austin Homes site is located in East Knoxville and just east of the tangle of limited access roadways that separate East Knoxville from downtown and Old City. Portions of East Knoxville would normally be identified as the primary market area for the site's proposed redevelopment. However, the site's proximity to downtown and the indications of longer-term development that will transition the immediate area from industrial to a more mixed-use neighborhood give it wider appeal. Though a new development on the site will continue to attract residents from East Knoxville, it will also attract households from throughout the city. Therefore, we have analyzed population and housing trends throughout the city to assess the potential market depth and type of housing that would make this site competitive in the local housing market.

The analysis of population trends, household characteristics, and housing conditions in Knoxville and Knox County is based primarily on the U.S. Census reports for 2000 and 2010 and the American Community Survey (ACS) five-year average from 2013 through 2017. Because the estimates included in the ACS (and most of the 2010

census data) are derived from a sample of the population, the five-year averages are thought to be more reliable than the results of the single-year survey taken in 2017. For many topics, the one-year survey sample is so small that the margin of error can be almost as large as the estimate. Sample size also makes the results of the survey more accurate for larger geographic areas. The estimates for the county will be more reliable than the estimates for a single census tract. Although the data provide an approximation of reality and a level of comparison with other geographies, the numbers and percentages should never be considered absolute.

Our understanding of development trends since 2000 has also been informed by the annual development reports and a special 2016 report on housing in downtown Knoxville prepared by what is now called the Knoxville-Knox County Planning Commission. All the statistics used for Knox County in this report are overall numbers that include the City of Knoxville.

## Demographic Trends

The Austin Homes site is located in East Knoxville and a demand for new housing is primarily driven by growth in the number of persons and households within a geographic area. Knoxville's population has grown by 6.1 percent since 2000, compared to an overall growth in Knox County (including the city) of 18.4 percent. The development in the county outside of Knoxville has resulted in a decrease in the proportion of the Knox County population residing within the city, from 45.5 percent in 2000 to an estimated 40.8 percent in 2017. The growth in the number of households was similarly much larger in the overall county than in the city. Both, however, experienced an increase in average household size. Increased vacancy rates reflect overbuilding that took place in the early 2000s, prior to the recession.

The apparent trend to larger average household size in the city is somewhat counterintuitive given other ACS data. The percentage of one- and two-person households has actually increased by 1.3 percent since 2010, and the percentage of the population has declined by 0.01 percent or 0.02 percent in each of the larger household



size categories, with the largest drop in households with seven and more members. We have encountered similar anomalies working with the 2017 ACS data in other communities. We believe it may be due to an underestimate of the total number of households. This anomaly will be addressed later in this report in the section quantifying future demand estimates.

The increase in average household size makes more sense in Knox County, where the percentage of one-person and two-person households did decline, by 1.6 percent, and households with four or more persons increased by 1.4 percent.

**TABLE 1. POPULATION, HOUSEHOLD AND HOUSING TRENDS: KNOXVILLE AND KNOX COUNTY, 2000–2017**

<b>Knoxville City</b>	<b>2000</b>	<b>2010</b>	<b>(est.) 2017</b>	<b>Change 2000–2017</b>	<b>Percent change</b>	<b>Change 2010–2017</b>	<b>Percent change</b>
Population	173,890	178,874	184,465	10,575	6.1%	5,591	3.1%
Percent of county	45.5%	41.4%	40.8%		–4.1%		–0.6%
Households	76,650	78,160	79,548	2,898	3.8%	1,500	1.9%
Average household size	2.12	2.16	2.21				
Housing units	84,981	88,009	89,223	4,242	5.0%	1,214	1.4%
Vacancy rate	9.8%	11.3%	10.8%				
<b>Knox County</b>	<b>2000</b>	<b>2010</b>	<b>(est.) 2017</b>	<b>Change 2000–2017</b>	<b>Percent change</b>	<b>Change 2010–2017</b>	<b>Percent change</b>
Population	382,032	432,226	452,286	70,254	18.4%	20,060	4.6%
Households	157,872	177,249	182,315	24,443	15.5%	5,066	2.9%
Average household size	2.34	2.37	2.42				
Housing units	171,439	194,949	200,608	29,169	17.0%	5,659	2.9%
Vacancy rate	7.9%	9.1%	9.1%				

Sources: U.S. Bureau of the Census 2000, 2010; American Community Survey, 2013–2017 5-year averages; Applied Real Estate Analysis, Inc.

In Knoxville, the trend to smaller household sizes among the city’s younger households may have been partially offset by a comparatively recent increase in immigrant groups, which have historically had more children on average than families that have resided in the country for a generation or more. The immigrant population also frequently lives in multi-generational households, thus increasing the number of persons in a housing unit. As shown in Table 2, the Hispanic population has increased from 1.6 percent to 5.6 percent of Knoxville’s population since 2000. What the table does not show is a much smaller increase in the number of immigrants coming from some African countries. These trends are not unique to Knoxville. Across the country, the population is becoming more diverse and cosmopolitan.



**TABLE 2. RACIAL AND ETHNIC POPULATIONS: KNOXVILLE, 2000-2017 (EST.)**

	2000	Percentage of total	2017(est.)	Percentage of total
Total Population	173,890		184,465	
Hispanic (of any race)	2,751	1.6%	10,289	5.60%
Non-Hispanic Population	171,139	98.4%	174,176	94.4%
White	137,336	79.0%	131,934	71.50%
Black	28,171	16.2%	31,888	17.30%
Asian	2,525	1.5%	3,821	2.10%
Other	1,257	0.7%	1,448	0.80%
Two or more races	2,725	1.6%	5,085	2.80%

Source: American Community Survey, 2013–2017 5-year average; Applied Real Estate Analysis, Inc.

Housing markets are often impacted in cities with a large college-age population. College students make up approximately 15 percent of Knoxville’s population. Though some of these students live in dormitories, most compete with the rest of the city’s population in the housing market. Although rents are frequently higher near university campuses than in the overall market, the more extensive the student demand, the greater the impact on the broader market. (Because it is less expensive, per student, for two or more students to share an apartment than for an individual student to pay full rent, landlords often inflate rents. For example, a two-bedroom apartment listed at \$1,200 might be beyond a student’s ability to pay, so that student might seek a roommate to share the cost.

In a market driven by students, the landlord may raise the rent to \$1,600, as each student would then pay \$800 and still feel they are getting an “affordable” deal.)

In Knoxville, 13.7 percent of the population is in the 20-to-24 age group. Countywide, only 9.1 percent of the population is in this age group, and statewide 6.9 percent of Tennessee’s population is aged 20 to 24. The city’s comparative youthfulness is contributing to both the vitality of downtown Knoxville and its growing housing market.

**TABLE 3. POPULATION AGE GROUPS:  
KNOXVILLE AND KNOX COUNTY,  
2017 (EST.)**

Age Group	Percent of Population	
	Knoxville	Knox County
19 years and under	23.5%	24.4%
20 to 24 years	13.7%	9.1%
25 to 34 years	16.2%	13.5%
35 to 44 years	11.4%	12.6%
45 to 54 years	11.5%	13.3%
55 to 64 years	5.5%	12.5%
65 to 74 years	7.5%	8.7%
75 years and older	5.7%	6.1%
Median age	32.6	37.2

Source: American Community Survey, 2013–2017 5-year average.

## Household Size

The number of persons in a household and their relationship to one another are factors affecting housing demand within a geographic area. Households with a larger number of persons typically seek housing with a larger number of bedrooms as well as larger common rooms (such as kitchens and living rooms). Smaller one- and two- person households may not actually need multiple bedrooms and large living areas, but they often opt for larger units to accommodate anticipated visits from guests or to have room for entertaining. In Knoxville, about 72 percent of households are comprised of one or two persons. Single-person households account for about 39 percent of all households in the city. This is again caused by the large student population in the area. Statewide, the comparable figures for one- and two-person households are about 64 and 28 percent. Based strictly on household size, there should be a strong demand for one- and two-bedroom units in Knoxville.



**TABLE 4. HOUSEHOLD SIZE:  
KNOXVILLE CITY, 2017 (EST.)**

1 person	31,063	39.1%
2 persons	26,009	32.7%
3 persons	11,459	14.4%
4 persons	6,514	8.2%
5 persons	2,889	3.6%
6 persons	1,006	1.3%
7 persons or more	518	0.7%

Source: American Community Survey, 2013–2017 5-year average.

### Households Income Distribution

Household income also influences housing demand. Larger households frequently cannot afford the housing unit sizes they need to live comfortably, whereas small households may be able to afford much larger and more “prestigious” housing units than they need to be comfortable.

In Knoxville, approximately one-third (34.1 percent) of all households have incomes of less than \$25,000 per year. All of these households, no matter household size, are eligible for a subsidized housing unit under the Low-Income Housing Tax Credit (LIHTC) guidelines. Another 13.7 percent of households have incomes between \$25,000 and \$35,000. Many of the two- and three-person households with incomes in this range would also be eligible for an LIHTC-financed unit.

**TABLE 5. HOUSEHOLD INCOME  
DISTRIBUTION: KNOXVILLE, 2017 (EST.)**

<b>Income Group</b>	<b>Households</b>	<b>Percentage of Total</b>
Less than \$10,000	10,182	12.81%
\$10,000 to \$14,999	6,198	7.80%
\$15,000 to \$24,999	11,124	14.00%
\$25,000 to \$34,999	10,909	13.73%
\$35,000 to \$49,999	11,935	15.02%
\$50,000 to \$74,999	12,894	16.23%
\$75,000 to \$99,999	6,999	8.81%
\$100,000 to \$149,999	5,403	6.80%
\$150,000 to \$199,999	1,748	2.20%
\$200,000 or more	2,066	2.60%
	79,458	100.00%

Source: American Community Survey, 2013–2017 5-year average.

## EMPLOYMENT TRENDS

Whereas growth in population and households drives demand for housing, increases in employment opportunities drive growth in population and households. During the 2007–2009 recession, employment declined in both Knoxville and Knox County but increased slightly in downtown Knoxville. As the economy recovered, employment surged to a 7.4 percent increase over pre-recession (2005) levels in the county and 5.7 percent in the city. However, in spite of steady employment increases between 2005 and 2015, downtown employment grew comparatively slowly, at only 3.3 percent.



**TABLE 6. EMPLOYMENT TRENDS,  
2005–2015**

	2005	2010	2015	Percentage Change 2005–2015
Downtown Knoxville	23,691	24,355	24,472	3.3%
Knoxville	173,138	169,514	183,005	5.7%
Knox County	224,662	223,063	241,241	7.4%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002–2015).

Other data from the Tennessee Department of Workforce Development indicates slightly lower employment numbers for both Knox County and downtown Knoxville in the second quarter of 2015. However, the State's figures show a 3.4 percent increase in employment throughout the county over the following three years, through the second quarter of 2018, while employment in downtown Knoxville remained flat.

Other cities with growing downtown residential populations have experienced increases in reverse commutes, with persons choosing to reside downtown although they work elsewhere within the region. While the lively restaurant, cultural, and entertainment environment in downtown Knoxville may attract younger residents who work outside of the area, downtown employment remains

the strongest driver of downtown housing. Walkability is still one of the most important criteria for persons deciding to move into a strong mixed-use environment. Ultimately, it will take additional employment opportunities to drive continuing demand for housing in and around downtown Knoxville.

## HOUSING CHARACTERISTICS

Approximately 55% of Knoxville households rent the housing unit in which they live. Countywide, only 36 percent of households are renters. The high percentage of renters reflects the youthful nature of Knoxville's population. Younger persons have historically been renters, waiting until they are established in a job before deciding to purchase a dwelling unit. This trend has been reinforced since the last recession, when so many homeowners lost not only the equity they had in their houses but also, in many cases, their homes. As a result, more young persons are continuing to rent. Another factor resulting in an increase in renters among younger persons is the increasing trend to greater job mobility. Many younger persons relocate geographically as their careers advance, and renting makes those moves less complicated.

**TABLE 7. HOUSING TENURE:  
KNOXVILLE, 2017**

Occupied housing units	79,458	
Owner-occupied units	36,016	45.3%
Renter-occupied units	43,442	54.7%

Source: American Community Survey, 2013-2017 5-year average.

The existing housing stock is a reflection of past housing demand and may not be completely compatible with the current or future needs and preferences of an area's population. In the case of Knoxville, the supply of zero- and one-bedroom units is about half the number of one-person households in the city. However, the number of two- and three-bedroom units is more than enough to accommodate all two- to four-person households in the city. With the number of single-person households increasing, there will be a need for more one-bedroom units in the future.

**TABLE 8. UNIT BEDROOM MIX:  
KNOXVILLE HOUSING, 2017**

Unit Bedroom Mix	Number of Units	Percentage of Total
No bedroom	3,228	3.6%
1 bedroom	13,066	14.6%
2 bedrooms	32,085	36.0%
3 bedrooms	31,371	35.2%
4 bedrooms	7,682	8.6%
5 or more bedrooms	1,791	2.0%
Total housing units	89,223	

Source: American Community Survey, 2013–2017 5-year average.

Today, approximately 59 percent of Knoxville's housing stock is in single-family structures. Annexations of large areas surrounding the city during the second half of the twentieth century provided land for additional subdivisions and the continued development of single-family structures. Changing demographics and a growing desire for walkable environments is leading to more dense development patterns. Less than one-fourth of the city's housing units are currently located in structures with 10 or more units. This pattern is very likely to change over the coming decades in downtown and in neighborhood settings, where the density will support more businesses and amenities within walking distances.



**TABLE 9. NUMBER OF HOUSING UNITS IN STRUCTURE: KNOXVILLE, 2017**

Total Units	89,223	
Single-family detached	47,725	53.5%
Single-family attached	4,675	5.2%
2 units	2,510	2.8%
3 or 4 units	4,395	4.9%
5 to 9 units	7,540	8.5%
10 to 19 units	10,012	11.2%
20 or more units	11,212	12.6%
Mobile home	1,111	1.2%

Source: American Community Survey, 2013–2017 5-year average.

## HOUSING VACANCY

As shown in Table 1, Knoxville had an estimated housing vacancy rate of 10.8 percent in 2017, however, data from the local real estate community suggests that the effective vacancy rate was more likely 4 to 5 percent. This apparent discrepancy is a reflection of the way in which the American Community Survey estimates categories of vacant units.

As indicated in Table 10, the categories “for rent” and “for sale” account for only 3.9 percent of all vacant units. Another 1.5 percent of vacant units are already sold or rented but not yet occupied. It can be assumed that the persons who have committed to those units will soon move out of other units, leaving them vacant. Therefore, those should also be considered a part of the housing inventory available for occupancy. Altogether, these four categories account for 4,864 vacant units, or about 5.5 percent of the total housing stock.

**TABLE 10. HOUSING VACANCY:  
KNOXVILLE, 2017 (EST.)**

Total housing units	89,223	
Total vacant units	9,765	10.8%
For rent	2,629	2.9%
Rented, not occupied	943	1.1%
For sale only	909	1.0%
Sold, not occupied	383	0.4%
For seasonal, recreational, or occasional use	1,031	1.2%
For migrant workers	15	0.0%
Other vacant	3,855	4.3%

Source: American Community Survey, 2013–2017 5-year average.

Units in another category, “seasonal, recreational, or occasional use,” are not really available for occupancy as they are already in use as someone’s summer lake house or second home. By far the largest category of vacant housing is “other.” These are units of which the survey was unable to discern their status or that have essentially been abandoned. The market has already effectively eliminated these units from the housing inventory, and many of them are probably candidates for physical removal as well.

## HOUSING DEMAND

The housing demand models shown in Table 11 and Table 12 are based on decennial census and ACS data, with projections of future population prepared by the Boyd Center for Business and Economic Research at the University of Tennessee.

**TABLE 11. KNOX COUNTY HOUSING  
DEMAND MODEL**

	2000	2010	2017	2025
<b>Population</b>	382,032	432,226	452,286	491,829
Household population	369,168	419,878	441,202	477,074
Percent in households	96.6%	97.1%	97.5%	97.0%
Average household size	2.34	2.37	2.42	2.40
Number of households	157,872	177,249	182,315	198,781
Number of housing units	171,439	194,949	200,608	
Number of vacant units	13,567	17,700	18,293	
Vacancy rate	7.91%	9.08%	9.12%	
Units added 2000–2010		33,895		
Units lost 2000–2010		10,385		
Net new units 2000–2010		23,510		
Units added 2010–2017			7,805	
Units lost 2010–2017			2,146	
Net new units 2010–2017			5,659	
Units lost 2017–2025				1,600
Units required by growth		19,377	5,066	16,466
Total new units needed (growth plus replacement)		29,762	7,212	18,066
Annual units needed				2,258

Sources: U.S. Bureau of the Census 2000, 2010; American Community Survey, 2013–2017 5-year averages; “Annual County Population Projections 2016–2070,” Boyd Center for Business and Economic Research, University of Tennessee, September 2017; Applied Real Estate Analysis, Inc.



AREA made minor adjustments to the 2017 ACS data to overcome internal inconsistencies, checking the ACS information against detailed development reports prepared by the Knoxville-Knox County Planning Commission. Analyzing the real numbers against the ACS estimates indicates that the estimates may be low on both the number of housing units and the number of households in Knox County. Although the Planning Commission has actual numbers on new construction and demolitions, everyone uses the census and ACS estimates on population. Because we use ACS population estimates in constructing our demand model, for consistency, we also use ACS housing estimates that were derived through the same survey methodology.

The demand model for Knox County shows that in both periods covered (2000–2010 and 2010–2017), more units were constructed than would have been needed to accommodate growth in households plus replacement of units lost due to demolition or natural disaster. This resulted in an increase in the vacancy rate in both periods. However, the magnitude of the overbuilding was considerably smaller during the 2010–2017 period than it had been during the 2000–2010 decade. To project future demand through 2025, we started with population

projections from the University of Tennessee, then converted that number into a projection of the number of households that will be in the county in 2025. This required making assumptions based on past experience about the percentage of the population that would be living in households and average household size. We also assumed that at least 1,600 units would be demolished during the period.

This analysis indicated that between 2017 and 2025, about 16,500 new units will be needed to accommodate additional households, and that about 18,000 total units may be needed. This translates into an average annual demand of approximately 2,250 units; about 1,000 units less than were added, on average, during the 2000 to 2010 period but about equal to the average additions to inventory from 2010 through 2017.

The overbuilding within Knoxville from 2000 to 2010 appears to have been less severe than it was in the rest of the county. From 2010 through 2017, the Knoxville demand model indicates something approaching a balance between demand and supply. Our projections for 2017 through 2025 assume that 1,100 units will be demolished.

When these are added to the approximately 3,200 units that will be needed to accommodate growth, the city may need about 4,300 additional units, or an average of more than 530 per year. This compares to an average of more than 800 units delivered per year from 2000 to 2010 and approximately 690 delivered per year from 2010 to 2017.

This assumes that the county outside of Knoxville will continue to capture a larger percentage of the overall population growth and that the city's percentage of total population will continue to decline. If that pattern changes, then the demand for new housing within the city could be increased by several hundred units per year.

**TABLE 12. KNOXVILLE HOUSING DEMAND MODEL**

	<b>2000</b>	<b>2010</b>	<b>2017</b>	<b>2025</b>
<b>Population</b>	173,890	178,874	184,465	191,813
Household population	162,856	168,826	173,659	180,305
Percent in households	93.7%	94.4%	94.1%	94.0%
Average household size	2.12	2.16	2.18	2.18
Number of households	76,650	78,048	79,548	82,708
Number of housing units	84,981	88,009	89,223	
Number of vacant units	8,331	9,961	9,675	
Vacancy rate	9.8%	11.3%	10.8%	
Units added 2000–2010		9,105		
Units lost 2000–2010		6,077		
Net new units 2000–2010		3,028		
Units added 2010–2017			3,906	
Units lost 2010–2017			2,692	
Net new units 2010–2017			1,214	
Units lost 2017–2025				1,100
Units required by growth		1,398	1,500	3,160
Total new units needed (growth plus replacement)		7,475	4,192	4,260
Annual units needed				533

Sources: U.S. Bureau of the Census 2000, 2010; American Community Survey, 2013–2017 5-year averages; "Annual County Population Projections 2016–2070," Boyd Center for Business and Economic Research, University of Tennessee, September 2017; Applied Real Estate Analysis, Inc.



## COMPETITIVE ENVIRONMENT

The downtown housing market is still evolving, as is the perception of what constitutes downtown. Thus, identifying the competition for new housing on the Austin Homes site is fluid. A high-amenity apartment complex was recently constructed on the south bank of the Tennessee River between the Gay Street and Henley Street bridges. The river may appear to a formidable obstacle to the expansion of downtown, but the One Riverwalk Apartments are approximately the same distance from Market Square as the Austin Homes site and the units are marketed as being within walking distance to restaurants and entertainment. What constitutes downtown and downtown housing may depend on the perception of the persons looking for housing.

For the purposes of this analysis, we will call any housing within the boundaries of the river, expressways, and World's Fair Park to be "downtown." Other developments, including One Riverwalk and Austin Homes, are considered "near" downtown. This indicates that they may not enjoy the same walkability convenience as units within downtown but will still attract persons working downtown or interested in being convenient to downtown entertainment and restaurants.

### Segments of the Downtown Housing Market

There are three major segments within the downtown housing market: persons working downtown, students, and empty nester households. With a vibrant restaurant, entertainment, and specialty shopping environment, Downtown Knoxville is also attracting younger persons who may work elsewhere in the city or county but want to live in an area with a lively nightlife. The Housing Demand Model we created has provided an indication of the depth of the overall market for housing in Knoxville, but historically, downtown has captured a very small percentage of the overall market. We know this is changing, so we have made an effort to quantify the potential demand for housing in and around downtown Knoxville based on the size of major segments of the downtown housing market.

Approximately 24,000 individuals work downtown, representing more than 11,000 households. In the 1980s and 1990s, AREA conducted several surveys of workforces in smaller- to medium-sized cities and found that 15 percent to 20 percent of downtown workers were willing to live in the downtown environment in which they worked. This was in an era when the downtowns in

which the workers were surveyed were much less vibrant than downtown Knoxville is today. Given that there is a greater emphasis today on walkability and convenience than there was 20 years ago, we believe that 25 percent to 30 percent of the downtown workforce might now be amenable to living downtown. Thus, by considering 25 percent to 30 percent of households represented by the downtown workforce, this segment of the market could support a range of about 2,200 to 3,300 housing units.

There are more than 27,000 students at the University of Tennessee, but the university provides housing for just over 5,000 students, in a variety of dorm and apartment environments. Therefore, about 22,000 students need to find housing off-campus. Many of these students are already living in complexes in and around downtown, especially in the Fort Sanders neighborhood just north of the university campus. Apartment complexes closer to campus are most attractive to students, but there are also students who live throughout downtown and in other areas of the city.

Although some students prefer living alone in studios or one-bedroom apartments, others prefer to share an

apartment with one or more roommates. They enjoy the company, and sharing the rent makes the apartment more affordable. We estimate that the 22,000 students living off campus thus need approximately 8,000 to 9,000 housing units. Although there are hundreds of apartments in the Fort Sanders neighborhood, these units also attract staff working at the Fort Sanders Regional Medical Center and the University of Tennessee. We estimate that downtown apartments can capture up to 15 percent to 20 percent of the off-campus housing demand, or 1,200 to 1,500 units.

The third component of the downtown housing market is more difficult to quantify. “Empty nesters” are married couples whose children no longer live at home. Many of these households decide to downsize to a smaller housing unit that needs less active care. Downtown condominiums or apartments, with proximity to restaurants and cultural venues, are attractive housing alternatives for older, active couples.

ACS data provide numerous tables on the number of married couple households, the number of families with children of various ages, the number of children living



in married couple families, and married couples by age of the householder. However, ascertaining the number of married-couple households aged 55 and older with no children present is not discernible from the information that is available. However, we do know that married couples live in only about 31 percent of households in Knoxville and about 47 percent of households throughout Knox County. Experience indicates that the majority of these households will be composed of younger couples who have not yet had children or married couples with children. The percentage of older households with grown children no longer living with them is thus very small, probably numbering no more than 1,000 households. The primary age group for empty nesters deciding to downsize is 55 to 74. In Knoxville, only 13 percent of the population (about 40,000) is within this age group. We also know that there are approximately 5,000 married couple households in which the householder is 65 or older. Most of these couples will decide to stay in the family home. Of those that do move, some will leave the region and others will choose to remain close to their former location. The number who will decide to move into downtown Knoxville will be very small, probably no more than one or two hundred.

**TABLE 13. SEGMENTS OF DOWNTOWN HOUSING MARKET: AREA ESTIMATE OF POTENTIAL CAPTURE**

Segment	Number of Housing Units
Downtown workers	2,200–3,300
Students	1,200–1,500
Empty nesters	100–200
Total	3,500–5,000

Sources: American Community Survey, 2013–2017 5-year average; U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics; Applied Real Estate Analysis, Inc.

As shown in Table 13, AREA estimates that the base market for downtown housing is about 3,500 to 5,000 units. However, the market is likely to expand somewhat as households who do not fit into the three base segments decide to move to the center of the city. Some younger professionals working outside of the downtown will prefer to live downtown within walking distance of restaurants and entertainment. Persons moving to the Knoxville area from other cities will find the downtown area attractive and appealing. Ultimately, additional downtown jobs will be the largest driver of downtown housing. Without additional downtown employment, the market for downtown housing will eventually be saturated. Something around 6,000 units may be the maximum supportable downtown housing units without additional jobs in the area.

## Supply and Demand

The Knoxville-Knox County Planning Commission prepared a detailed survey of the downtown housing supply in 2016. At that time, there were 1,833 units in the area bounded by I-40, the James White Parkway, the Tennessee River, and the railroad tracks through World's Fair Park. However, the largest complex, the 277-unit Summit Towers, is an age-restricted complex and is therefore not competitive with other downtown housing. The competitive housing stock included 1,556 units. Another 1,183 units were planned for the area; some of these units have been constructed or are under construction, and others are still in various stages of planning. Therefore, if all of the proposed developments move ahead, there will still be room for at least an additional 700 units downtown to reach the low end of our estimate of market support.

In the Planning Commission's analysis, the downtown area was divided into three submarkets. Of the 1,556 market units in downtown in 2016, only 23 percent were in the portion of downtown in the South Submarket south of Clinch Avenue. The remainder were divided almost equally between the Central Area, between Clinch Avenue and

West Summit Hill Drive, and the North Submarket, North of Summit Hill Drive. The South Submarket is also the core of downtown employment. The new units on the south bank of the river are closer to the City County Building and First Tennessee Plaza, downtown's largest office structure, than units located in the housing concentration at Jackson Avenue and Gay Street. From this perspective then, One Riverwalk could qualify as downtown housing and be competitive with other downtown units.

From 2011 through 2017, an annual average of just under 700 units were built in Knoxville, and downtown Knoxville captured 100, or about 14 percent, of those units. Over the next few years we estimate that the city will still need between 500 and 600 new units per year. With the growing popularity of the downtown area, it is reasonable to assume that the share of overall demand captured by downtown submarket will increase to 20 percent to 25 percent; this would still require an average of about 100 to 150 new units per year through 2025. If all 1,183 proposed units that were included in the 2016 downtown housing study were built by 2025, additions to the downtown housing supply would average about 135 units per year.



## Competitive Positioning

Downtown housing includes a diverse mixture of housing types, from single-family detached units to lofts in converted office and industrial buildings to new multistory apartment complexes. Although most of the downtown housing stock is rental, 27 percent of the units are owner occupied. Of the 1,183 proposed units, 18 percent will be owner occupied. Downtown's newest development, Regas Square, includes 101 of the owner-occupied units in "proposed" status in 2016. The following paragraphs provide descriptions of the range of apartment complexes within downtown Knoxville. The discussions include a sample of developments and indicate the range in both rents and amenity levels available in the area.

**The Maplehurst Park Apartments**, at 100 Maplehurst Court, were built in 1921 in what was then a neighborhood setting proximate to, but not in, downtown. The complex's 205 units are in a cluster of seven two- to five-story buildings. Studios through four-bedroom units are offered at rents from \$695 per month for a 475-square-foot studio to \$2,680 for a 2,000-square-foot, four-bedroom unit. One-bedroom units rent for \$765 to \$790, but at 595 to 670 square feet, the units are also fairly small. Although

the units have been repeatedly upgraded over the years, the access to the units — via outside stairs to motel-style balconies that lead to unit entries — gives the complex a very dated appearance. Because of the development's proximity to the university campus and its comparatively low rents (average \$1.20—\$1.25 per square foot), it is reportedly popular with students.

In contrast, the **Marble Alley Lofts**, at 300 State Street, are located on the east side of downtown and opened in 2016. The four-story, 248-unit structure has a long list of amenities including clubroom, fitness center, pool, dog walk, and pet spa. Units have balconies, quality finishes, and in-unit washers and dryers. Rents are \$976 for a 500-square-foot studio, \$1,068 for a 596-square-foot one bedroom, and \$1,555 for a 952-square-foot two-bedroom unit. The small unit sizes result in per-square-foot rents of \$1.63 for two bedrooms to \$1.95 for a studio.

The largest conversion of an older commercial building to residential use is in the **Sterchi's Lofts** at 116 South Gay Street. The 10-story 100-unit building towers above

its neighbors and is thus visible from various downtown locations. The 1920 structure was converted in 2002. A 600-square-foot studio rents for \$980, and 660-square-foot one-bedroom units rent for \$1,050. Two-bedroom units range from 900 square feet to a more spacious 1,130 square feet. Per-square foot rents cluster around \$1.60, except for the 2,180-square-foot four-bedroom unit whose \$2,400 rent is \$1.10 per square foot. Although the building includes a fitness center and laundry room, its primary appeal for a segment of the rental market is its industrial vibe and large, multi pane windows.

**The Daniel**, at 114–124 West Jackson Avenue, is a smaller and more recent conversion of a commercial building to residential use. Its 70 studio, one-, and two-bedroom units are standard to spacious in size. Studios range from 450 to 650 square feet. Most one-bedroom units are a generous 890 square feet, while two-bedroom units range from a small 890 to 1,400 square feet. Rents per square foot vary slightly by unit but average about \$1.65. Each unit has a washer-dryer as well as quality cabinets and finishes.

**811 East Downtown Apartments**, at 811 Evolve Way, is not actually in downtown, but it is targeted at the downtown and student markets. It is another newly constructed building loaded with amenities designed to attract a younger renter, such as a 24-hour fitness center, dog park, complimentary bike rentals, cyber café, clubhouse, free tanning, and a salt-water pool. The clubhouse has a fireplace, TV sets, a game room with billiard tables, and a Starbucks coffee and tea bar. One-bedroom units rent for \$1,000 to \$1,120, or \$1.55 to \$1.60 per square foot. Two-bedroom units are priced at \$1,225 to \$1,375, or \$1.33 to \$1.43 per square foot. The three-bedroom units are spacious at 1,514 square feet but are reasonably priced at \$1,770 to \$1,820, or \$1.17 to \$1.20 per square foot. This gated community is also directly across the street from Knoxville Police Department headquarters.



## Austin Homes Site Market

The redevelopment of Austin Homes is viewed by City officials and other stakeholders as a development to expand downtown into East Knoxville. Viewed through this narrow lens, the market potential for the project would have some limitations. The lack of growth in downtown employment could limit future demand for downtown housing, and the site is adjacent to an industrial area and lacks visibility, as well. In addition, the development's mixed-income character will deter some potential market-rate renters.

However, viewed more broadly, some of the site's negatives are more likely to emerge as its strengths. First, the redevelopment of the Austin Homes site will not be an exclusively downtown-oriented project. The site's proximity to downtown will be an attraction, but persons working downtown will form only a portion of its market. It will be seen by persons employed in East Knoxville as an attractive housing alternative that is convenient to Regency Business Park, several schools, the Knoxville Police Department headquarters, and businesses located in the industrial section of the neighborhood. Only a portion of its units will be in direct competition with the housing under construction downtown.

The mixed-income character of the development means that it can draw renters from a much broader segment of the overall population and will not be completely reliant on persons working downtown for its residents. Although the mixed-income character of the development may deter some market-rate renters, our experience in other cities is that there are socially conscious persons of all ages who will be attracted to the development. For the most part, the mixed-income status will be irrelevant to many households. Renters and homeowners with varying incomes live side by side in neighborhoods throughout the city.

The development's comparative isolation from other residential concentrations is also likely to work in its favor. The area of East Knoxville between Summit Hill Drive and the Tennessee River has design characteristics that resemble a suburban environment as opposed to a dense city neighborhood. The Austin Homes site provides the opportunity to develop a relatively dense, walkable neighborhood combining multiple building types with diverse architectural vocabulary. A new urban neighborhood will appeal to individuals who wish to live

close to downtown amenities but who are not attracted by industrial-style lofts or large, isolated apartment complexes. Building types could include attached townhouses, walk-up flats, and small elevator buildings of five or six stories. Having a variety of building types and floor plans broadens the development's appeal to more market segments.

Both the overall depth of the housing market going forward and the depth of the downtown housing market indicate that the Austin Homes site could capture up to 450 units, probably in three or more phases, over the next five to seven years. The area will have to be developed in phases, and the first phase will be the most difficult for attracting market-rate renters. However, the master plan will present the overall vision for the development so that potential first phase residents will understand what is to come, including the target income mix.

Though the first phase will have more affordable units to replace the existing public housing, for the overall project, we recommend keeping the number of low-

and moderate-income units at less than half of the total number of units. Rents for the market-rate units should be significantly lower than for comparable developments in downtown. We recommend average rents at about \$1.20 to \$1.30 per square foot. One factor that will help in leasing market-rate units in the development is the low downtown vacancy level; various estimates put the rate at 2 percent to 3 percent. We identified one 70-unit building with a 5 percent vacancy, but many buildings have no availability. Absorption of the market-rate units should be at the rate of three to four units per month, less than one-third the estimated lease-up rate for Marble Alley Lofts.

Historically (from the 1980s through the early 2000s), units with 700 square feet for a one bedroom and up to 1,300 square feet for a three-bedroom unit were considered the norm. Today's units tend to be smaller, primarily because construction costs have dramatically outpaced rents. To keep units more affordable, developers have been building one-bedroom units with 600 square feet and two bedrooms with less than 950 square feet.



When the first phase of the Austin Homes redevelopment is ready for occupancy in 2021, it will account for about 3 percent of the cumulative demand for new housing in the city from 2017 to that point. Any new development is subject to unanticipated market shifts, but we believe market demand for housing in Knoxville and in and around downtown is sufficient to accommodate up to 450 units at the Austin Homes site over a five- to seven-year development period. If the development were including only one building type, trying to capture up to 10 percent of the total city housing demand over seven or eight years would be ambitious. However, by having a diverse development with multiple housing options, the development's broad appeal will make it a realistic goal. As a higher percentage of the units become market rate in the later phases, lease-up rates should improve over the slow pace of the first phase.

## AUSTIN HOMES SITE COMMERCIAL MARKET ANALYSIS

The objective for the Austin Homes site is to remove existing obsolete public housing structures and to redevelop the site as a mixed-income neighborhood. The site has several advantages for residential redevelopment, including its proximity to existing elementary and middle schools. In the initial planning phases there were suggestions for including additional land uses in the development. A community center with after school programs was on the list and questions were raised about the potential for including some commercial uses in the development as well.

Neighborhood commercial services typically include grocery stores, drug stores, and retail services such as beauty parlors, dry cleaning establishments, and florists. The physical spaces that can accommodate these uses are also suitable for office space occupied by accountants, lawyers, and real estate brokers. In traditional neighborhoods these commercial uses are typically located on main thoroughfares that either bisect a neighborhood or serve as a boundary between neighborhoods. This gives the commercial uses both visibility and accessibility. The Austin Homes site will not

be a good location for typical neighborhood retail, partially because it will lack a thoroughfare with good visibility and ease of access. Also, its proximity to downtown Knoxville makes it convenient to many of the goods and services that would normally be found in a neighborhood commercial district.

The one commercial use which might be viable on the site would be a grocery store. A grocery store would not only serve the new neighborhood on the site, it would also be convenient to the growing residential population in Downtown Knoxville. To explore the potential feasibility of a grocery store on the site, AREA defined a primary market area as including Census Tracts 1, 67 and 68. Households within this geographic area would constitute most of the customers for a grocery store on the Austin Homes Site. Although spending patterns will vary for households of different sizes, income is the key variable in determining how much a household spends on food and other items.

The U. S. Department of Labor conducts surveys twice a year to determine how consumers are spending their money. On average households spend about \$7,730 on food each year with about 57 percent being spent on “food at home” (groceries) and 43 percent spent “away from home” at bars, restaurants and fast food establishments. While food is the main category of consumer items carried in grocery stores, they typically also carry a variety of non-food items. Most of these can be categorized as household goods, cooking utensils, cleaning supplies and personal care items. So, to determine the demand potential for a grocery store in the neighborhood, AREA calculated average household expenditures for these items and multiplied by the number of households in the primary market area.

In the three census tracts identified as the primary market area, there are an estimated 5,430 households. On average, households spend about \$4,360 on food at home and another \$1,410 on household operations. The combined \$6,840 per household is the maximum potential



expenditure of a household in the market area for goods typically sold in grocery stores or supermarkets. With 5,430 households, the expenditure potential is more than \$37,000,000 annually.

There are two major factors that considerably reduce how much a grocery store at the Austin Homes site could expect to generate in revenue. First, household expenditures vary dramatically depending on household income. Since the Austin Homes site market area has a high concentration of low income households, its expenditure potential will be less than the average for all households. Secondly, it is unlikely that a household will spend its entire grocery and household budget in one location. Individuals are highly mobile and during the course of a week, they are likely to pass through several sections of the city where they will pick up items for which they have an immediate need. While stooping at a drug store for a prescription, they may purchase laundry detergent or other household supplies. Although they may shop at a local store for their weekly groceries, they are

still likely to venture farther afield once a month to stock up on bulk items at a discount store. Therefore, any store at the Austin Homes site will capture only a percentage of the total expenditure potential within the market area. The percentage capture will depend on the size of the store and the variety of goods offered.

As shown in the table on the following page, when expenditure potential is adjusted by household income for the market area, the total sum available is about \$23,000,000 rather than the survey average for all households, which would calculate to about \$37,000,000.

Grocery stores typically have sales of \$500 or more per square foot. Therefore, the \$23,000,000 in estimated expenditure potential would support a store of about 46,000 square feet. This would be smaller than the typical Kroger Store which is closer to 65,000 square feet.

This is the current market, but with the additional residential development on site and in other downtown locations, another 1,500 or more households could be

living in the market area by 2025. Assuming these new households have incomes that would bring them closer to the average than the current residents, they would add another \$8,000,000 to the area's expenditure potential; enough to theoretically support a full-sized Kroger store.

However, no store in this location could possibly capture 100 percent of the potential expenditures. While East Knoxville definitely needs additional grocery options, there are existing options that would be as, or more, convenient for some market area residents. As shown on the attached map, households in the western sections of Downtown would find the Publix and Walmart stores on University Commons Way west of the university, or the Kroger on Chapman Highway in South Knoxville, comparatively convenient alternatives to the Austin Homes site. For residents in the eastern sections of the market area, the Save-a-Lot and Kroger stores on Magnolia Avenue, NE, would be convenient, especially for major shopping trips. Some downtown residents would find the Kroger and Save-a-Lot stores on North Broadway to be relative convenient.

## EXPENDITURE POTENTIAL FOR GROCERY STORE ITEMS (BY HOUSEHOLD INCOME)

Income Groups	Less than \$15,000	\$15,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 to \$99,999	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 and more
Food at Home	2,467	3,117	3,780	3,830	4,159	4,720	6,001	6,270	7,626
Household Operation	458	744	889	1,002	1,163	1,421	2,064	2,744	5,046
Household Expenditure Potential	\$2,925	\$3,861	\$4,669	\$4,832	\$5,322	\$6,141	\$8,065	\$9,014	\$12,672
Number of Households	2195	1035	737	419	460	182	248	80	70
Total Expenditure Potential/HH	\$6,420,375	\$3,996,135	\$3,441,053	\$2,024,608	\$2,448,120	\$1,117,662	\$2,000,120	\$721,120	\$887,040
Total Expenditure Potential-All Households									<b>\$23,056,233</b>
Sources: U.S. Department of Labor, Consumer Expenditure Survey, 2017; American Community Survey, 5yr average, 2017; Applied Real Estate Analysis, Inc.									

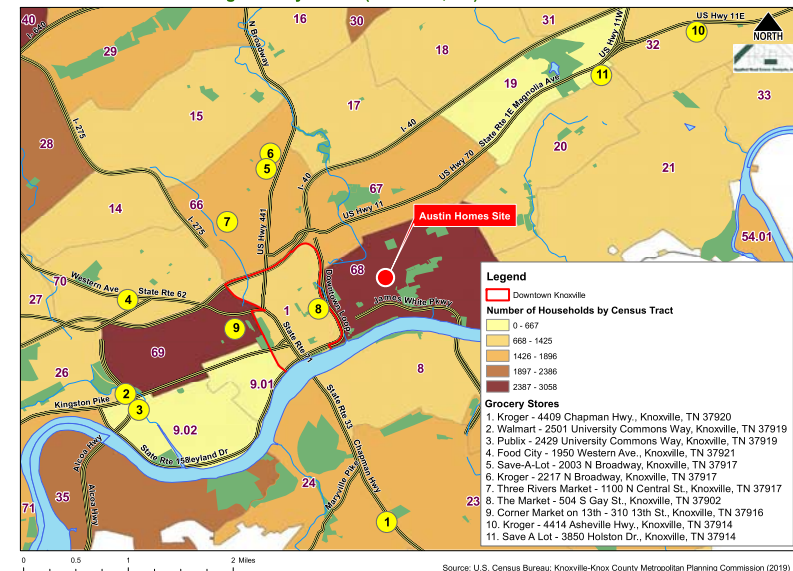
There are also minor alternatives within, or close to, Downtown Knoxville. The Market, on Gay Street, is predominately a deli that serves the downtown lunch crowd. But it offers some fresh produce and other grocer selections. Corner Market on 13th, just west of the downtown area is a convenience store that carries small selections of both groceries and household products. Even the Weigel's, near the site, has milk and other grocery products that local residents could pick up while refueling their car. Because the site will not, in the near future, support a major supermarket, it will be difficult for smaller store to capture much more than 40 percent of



the area's expenditure potential. Assuming a store at this location could capture 35 to 40 percent of the expenditure potential, potential sales would support a store in the 15,000 to 20,000 square foot range. At 35 percent of potential, a store of 15,000- to 16,000 square feet would be viable. By 2025, an additional 5,000 to 6,000 square feet might be supportable.

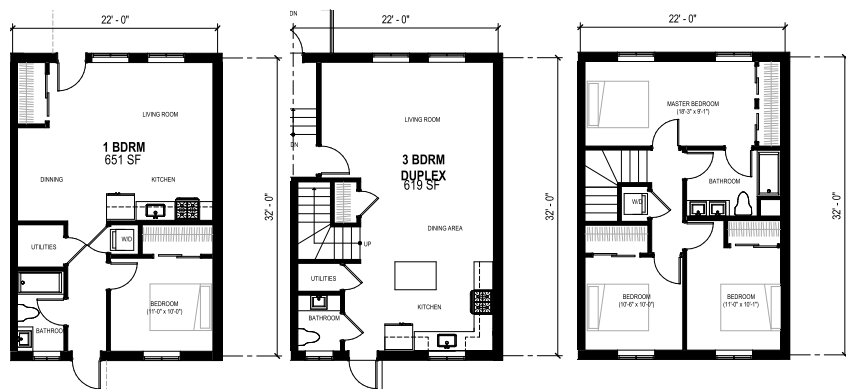
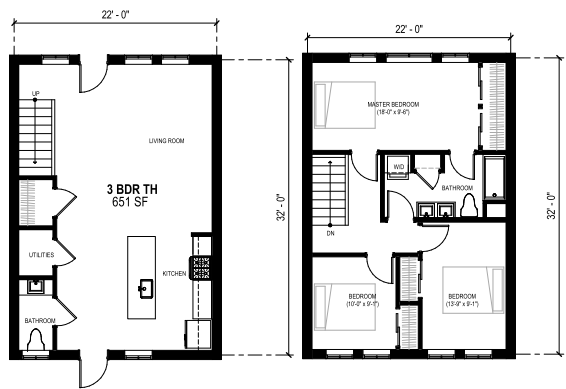
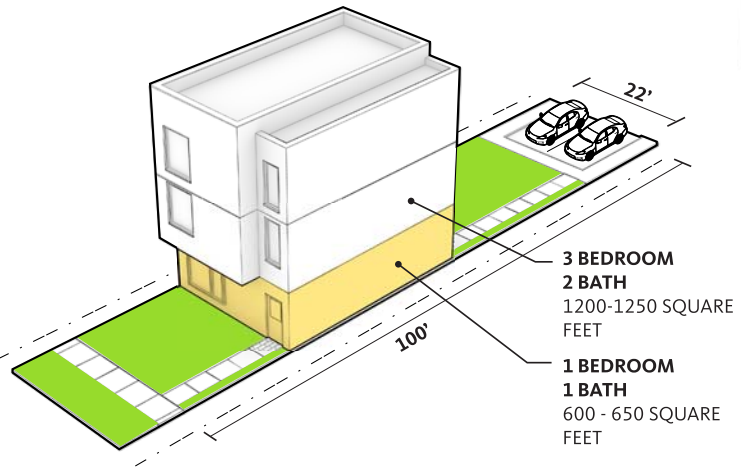
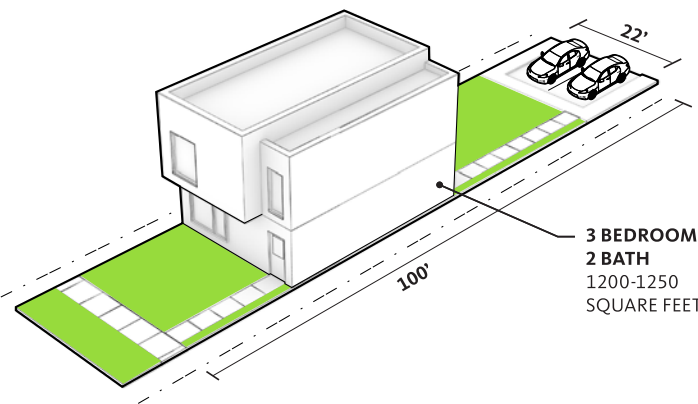
Aldi's, Walmart's Neighborhood Market and Trader Joe's are all chains which have store formats within this price range. In addition, Kroger is experimenting with some smaller format stores for urban areas. Whole Foods recently built an 18,000 square foot store in a low-income Chicago neighborhood. This compares to their typical store size of closer to 40,000 square feet. Therefore, with the continued growth of downtown and surrounding neighborhoods, there should be several grocery retailers that have formats that would fit within the Austin Homes site's primary market area. A location on Patton Street would be most viable, if it is large enough. It has the best visibility and is very accessible. Another option would be to locate a store on the Ground floor of a residential building along Harriet Tubman Street.

## AUSTIN HOMES SURROUNDING GROCERY STORES (KNOXVILLE, TN)



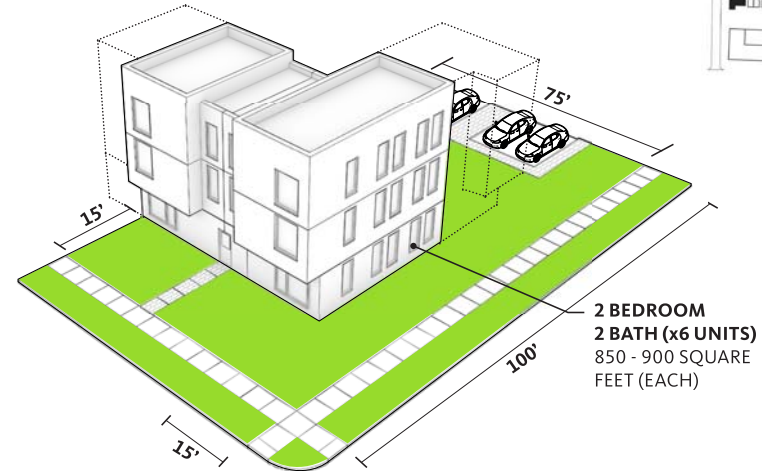
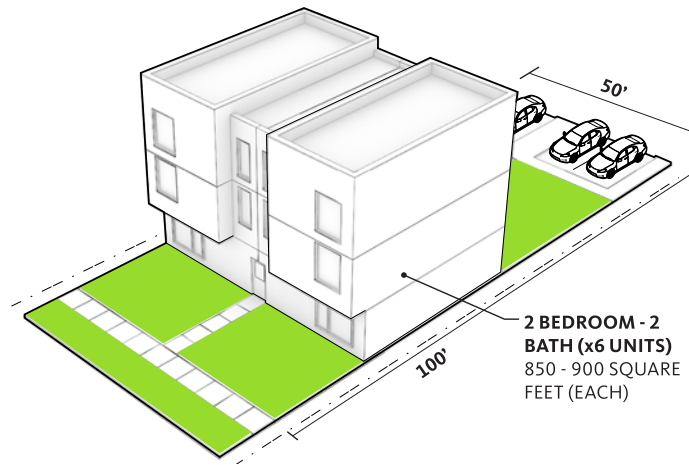
# A3. BUILDING TYPOLOGIES

## ROWHOUSE

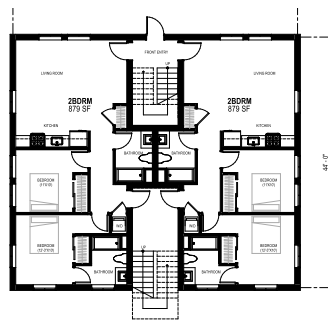




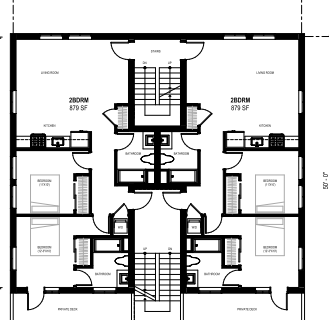
## SIX-FLAT



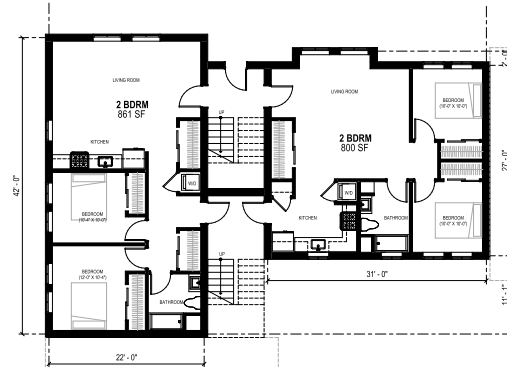
FIRST - THIRD FLOOR



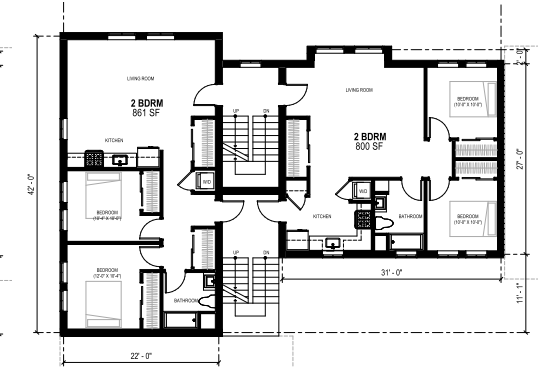
SECOND + THIRD FLOOR



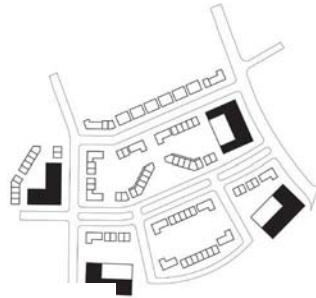
GROUND FLOOR



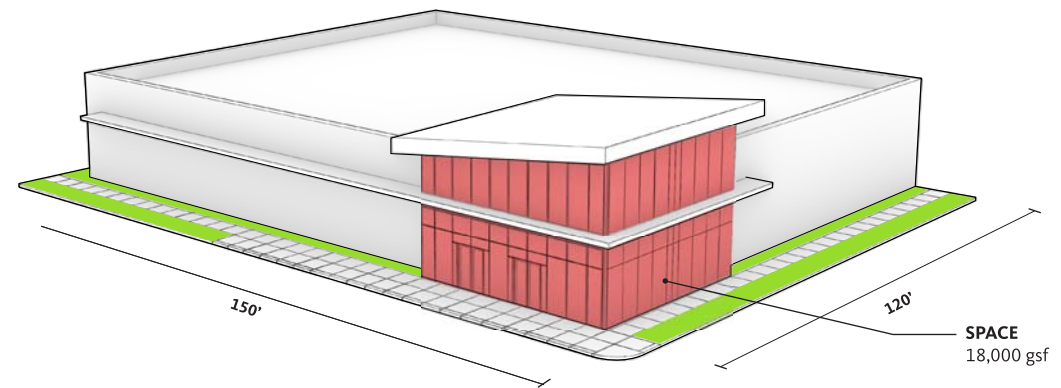
SECOND & THIRD FLOOR



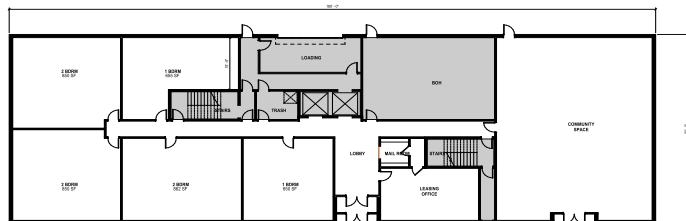
## MID-RISE



## GROCERY STORE



## GROUND FLOOR



## SECOND - FOURTH FLOOR

