Enterprise Southeast
Tennessee State and Local Policy Priorities

Working in partnership to advance priorities on the city, county, state, and federal levels

Enterprise Community Partners is a national nonprofit that exists to make a good home possible for the millions of families without one. Enterprise works across the country, throughout the Southeast, and here in Tennessee to increase housing supply and broaden opportunities for socially and economically disadvantaged communities. As housing costs continue to increase and wealth disparities widen, we have prioritized the following policy opportunities to support Tennessee families:

Diversify Housing Options and Reduce Barriers to Development
- Promote a variety of affordable housing options through policy changes like upzoning ordinances, expedited permitting, and reduced parking minimums.
- Encourage the construction of starter homes by modernizing local zoning ordinances to reduce minimum lot size, parking, and setback requirements.
- Ease zoning restrictions for accessory dwelling units (ADUs) to expand neighborhood-scale housing options, support aging in place, and make more efficient use of existing land and infrastructure.

Preserve Existing Housing Stock and Improve Homeowner Affordability
- Activate local adoption of LIHTC property tax assessment to support affordable housing development and preservation in urban, suburban, and rural areas.
- Support policies that strengthen home resiliency to weather-related events to improve disaster recovery, mitigate property damage, and reduce insurance costs.
- Increase the availability of state and local resources to help legacy homeowners remain in their homes.

Ensure Funding to Address Housing Challenges
- Establish a dedicated revenue source for Tennessee's Housing Trust Fund to support a variety of housing needs.
- Increase state investment in attainable rental housing development for Tennessee's growing workforce.
- Promote continued investment in Tennessee's Rural Development Transformation Fund to support the development of multifamily housing and infrastructure in underserved communities.

Promote Housing Access and Stability
- Reduce financial and institutional barriers that prevent prospective renters from obtaining housing.
- Improve rental housing habitability through strengthened statewide lease standards.

Prevent and End Homelessness
- Strengthen state and local partnerships to improve access to stable housing for individuals with conviction histories.
- Support state and local investments in emergency shelter, rapid rehousing, supportive housing, and service infrastructure for people experiencing homelessness, including transitioning foster youth, veterans, and individuals with substance use disorder.

Diversify Housing Options and Reduce Barriers to Development

- **Promote a variety of affordable housing options through policy changes** – Tennessee's strong population growth has intensified housing demand, and many localities have struggled to keep pace with needed production. Cities like Chattanooga and Knoxville have tackled these supply challenges by increasing density to allow for more missing middle housing. Rezoning single-family residential areas to permit duplexes, triplexes, and small, multifamily developments can help close the supply gap while creating housing options that suit the varying needs of Tennessee families.

- **Encourage the development of starter homes through modernized zoning** – Homeownership is becoming increasingly expensive, and many Tennesseans are being pushed out of the market and out of the communities in which they grew up. Rising land and construction costs, high interest rates, and zoning policies that favor larger, more expensive homes make the construction of smaller-scale homes on modest lots economically unfeasible. Local governments can help expand the supply of entry-level housing by loosening restrictions on lot size, parking requirements, and setback standards.

- **Ease restrictions on accessory dwelling units (ADUs)** – Accessory dwelling units are an effective tool for adding gentle density without significantly altering the character of an existing neighborhood. By allowing homeowners to add small, low-cost homes to their properties, ADUs can help expand affordable housing options for first-time renters, young professionals, and multigenerational families. For seniors living on fixed incomes, ADUs can provide an additional income stream to help them age in place.

Preserve Existing Housing Stock and Improve Homeowner Affordability

- **Activate local adoption of LIHTC property tax assessment method** – The federal Low-Income Tax Credit (LIHTC) is the nation's primary tool to finance affordable rental housing and has supported the construction or preservation of over 90,000 homes in Tennessee since 1986. Because these properties are rent restricted by law, they cannot generate higher revenue to cover increased operating costs or property taxes. As a result, developments can face significant financial challenges. With the passage of SB 539/HB 753 (2026), localities may now adopt an ordinance to exclude the value of these tax credits from property assessments. This will help to preserve the long-term affordability of existing properties and improve the financial feasibility of new projects.

- **Support policies that strengthen home resiliency to weather-related events** – In recent years, Tennessee has experienced significant weather-related events that have damaged homes and displaced families. Expanding access to disaster preparedness and home hardening investments — such as wind mitigation, reinforced roofs, floodproofing, and energy efficient improvements — can reduce property damage, lower insurance costs, and protect existing housing supply.

- **Increase state and local resources to help legacy homeowners remain in their homes** – Many longtime homeowners, particularly older adults and families with fixed or moderate incomes, are increasingly cost-burdened by their housing due to rising property taxes, insurance premiums, and maintenance costs. At the same time, current market prices make it difficult to downsize to smaller homes that suit changing needs. While the Tennessee Housing Development Agency (THDA) and other nonprofits offer homeowner assistance through help with repairs, energy bills, or foreclosure prevention, these resources are limited. Enterprise supports increased investment in state and local programs that prevent involuntary displacement and preserve existing housing stock for future generations.

Ensure Funding to Address Housing Challenges

- **Establish a dedicated revenue source for Tennessee's Housing Trust Fund** – Tennessee is one of a handful of states that lacks a dedicated funding stream for affordable housing. The state's Housing Trust Fund is financed primarily through THDA's mortgage loan program, but current resources are too limited for the scale and breadth of Tennessee's housing needs. New production, preservation and rehabilitation, homeownership support, home repairs and modifications, disaster recovery, and preventing homelessness are all legitimate housing supply challenges that are competing for scarce resources. By providing a dedicated source of state revenue, lawmakers can ensure this financial tool is adequately capitalized to address the full continuum of Tennessee's housing needs.

- **Increase state investment in attainable rental housing for Tennessee's growing workforce** – Over the last decade Tennessee has welcomed major corporate relocations and an influx of new residents due to the state's favorable business climate, but slow housing production and resident migration have contributed to high prices across the state, including in rural areas that have not traditionally faced these challenges. Many essential workers like teachers, nurses, and law enforcement officers cannot afford to live near their jobs. As Tennessee continues to grow its economy, state investments in the development of attainable rental housing will help fill financing gaps, incentivize production, and ensure Tennessee families can prosper in the communities where they live and work.

- **Promote continued investment of Tennessee's Rural Development Transformation Fund** – Rural communities face distinct housing challenges. While they have abundant land, they often lack needed infrastructure — like water, sewers, or roads — to make housing production feasible. The Tennessee Rural Development Transformation Fund (TNRDF) is a financial tool that supports economic growth in rural areas where access to capital is limited. Since 2017, TNRDF has received $40 million in state nonrecurring appropriations, a portion of which has been leveraged to finance multifamily housing projects. Through sustained investment, the TNRDF can continue to improve rural infrastructure to attract both commercial and residential development.

Promote Housing Access and Stability

- **Reduce financial and institutional barriers that prevent prospective renters from obtaining housing** – Stable housing is essential to workforce participation and economic mobility. Many Tennessee workers rent their homes, yet households living paycheck to paycheck are especially vulnerable when faced with unexpected expenses and life events. Resources like emergency rental and utility assistance can help prevent displacement before eviction occurs. For families that have experienced an eviction, securing a new home can be challenging. Reducing barriers that limit access to stable housing ensures families can recover from temporary hardships and continue contributing to Tennessee's economy.

- **Improve rental housing habitability through strengthened statewide lease standards** – Tennessee's Uniform Residential Landlord and Tenant Act (URLTA) is the state's primary landlord-tenant framework that sets forth minimum habitability conditions for rental properties; however, its application is not statewide. Counties with fewer than 75,000 residents are not required to adopt URLTA and thus renters may have unequal access to essential services like heat, running water, and air conditioning. Enterprise supports minimum statewide habitability requirements to ensure Tennesseans have safe and livable housing no matter where they live.

Prevent and End Homelessness

- **Strengthen state and local partnerships to improve housing access for individuals with conviction histories** – Access to safe and affordable housing is essential for successful reentry from the criminal legal system, but individuals with conviction histories often need supportive services to facilitate these transitions. Strong collaboration among local governments, housing providers, reentry organizations, and workforce development agencies can expand access to case management, employment and job training, and financial assistance for upfront expenses like security deposits and application fees. By supporting evidence-informed reentry policies, Tennessee can successfully reintegrate individuals to reduce recidivism and prevent homelessness.

- **Support state and local investments in homelessness prevention infrastructure** – Providing safe housing paired with supportive services remains the most effective way to prevent and end homelessness. Local Continuums of Care (CoCs) play an important role in coordinating emergency shelter, rapid rehousing, and wraparound services to help individuals with complex needs transition into stable housing. These strategies not only improve outcomes for Tennesseans experiencing homelessness, but they reduce pressures on costly crisis systems like emergency rooms, jails, and temporary shelter programs. Enterprise supports increased state investments into this existing ecosystem.

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