

LUMEN FLATS
HOME ARP Project Summary
Lumen Flats Knoxville, LLC

Project Addresses: 1585 Coleman Rd, 37909

Total Unit Count: 18

Amount of HOME ARP: \$1,000,000

Target Population: Young adults aging out of foster care fitting the HOME ARP qualifying population (homeless, at risk of homelessness, fleeing domestic violence/sexual assault/human trafficking, or who are in need of supportive services to provide housing stability) with incomes at or below 30% AMI

Council District: 2

Contact: Ben Brewer – President of Elmington Capital Group, LLC

Project Description/Affordability: Lumen Flats Knoxville, LLC, with developer Elmington Capital Group, LLC, is repurposing a senior assisted living facility into 18 studio units for permanent supportive housing as an extension of foster care with referrals coming from Child Protective Services. Foster Youth to Independence (FYI) vouchers, available specifically for youth aged 18 - 24 exiting foster care who are at risk of homelessness, and youth who have become homeless after having been in foster care, will provide project based rental assistance for 36 months, with a 24-month extension available in certain circumstances. A condition of the vouchers includes supportive services for mental health, job training and placement, transportation, obtaining a driver license, continued enrollment in school, and enrollment into post-secondary education. Paid staff will be on property during normal business operation, and an attendant detail will take over for nights and weekends. Unit amenities include a bed, apartment sized refrigerator, microwave, window coverings, new showers and fixtures, modernized finishes, and an updated closet. Each young adult will be supplied with donations and monetary funds at move in to pick out their own décor and other furnishings. An industrial kitchen, laundry room with digitally operated machines, and furnished community area, all requiring key card access, are available for resident use. Security cameras will monitor hallways and common areas. Outdoor amenities include a seating area, bike rack, and possibly a pickleball or other sports court. Expenditures will be audited to ensure all reimbursements go to HOME eligible costs. While no Knoxville Area Transit station services this location directly, transportation will be offered to the residents. The project addresses a need in the community to provide housing stability for young adults, bridging the gap from homelessness. The HOME ARP grant requires funds to primarily benefit Qualifying Populations (QP) without regard to income; however, QP include unaccompanied youth under age 25 and those with an income at or below 30% AMI. Any youth which qualify for Lumen Flats can be served, yet the FYI vouchers restrict income to extremely low at 30% AMI. Tenants will pay the *highest of* 30% of their adjusted gross income, 10% of their total income, or \$50.00. The affordability period required by the HOME ARP funding will be 15 years, however, the PBV contract ensures a longer affordability of 20 years.

Development Costs: Construction costs of \$992,116 (\$55,118/unit) include hard costs (\$934,616) and contingency (\$57,500). Total development costs, with the addition of land and building purchase (\$2,000,000), soft costs and soft cost contingency (\$149,000) and financing fees (\$23,020), come to \$3,164,136 (\$175,785/unit). No developer fee is planned for this project.

Contractor/Bid Process: Elmington Construction (EC) is the full-service contractor which has been selected for this project. EC is experienced in producing garden style, midrise, high-rise, single family, and duplex developments. This contractor has created several beautiful apartment communities right here in Knoxville.

Energy Efficiency/Accessibility: Construction Management Supervisor Doug Sherrod reviewed the plans and determined that they meet our standards for accessibility, fair housing, and energy efficiency. 8 accessible units are planned.

Financial: Lumen Flats Knoxville, LLC will use several sources of private and government funding to develop the 18 units as defined on the Sources and Uses statement. The project will take on CITC senior debt of \$1,552,000 at 6% for a 30-year amortization provided by First Horizon. \$1,612,136 in equity and \$612,136 cash will be provided by impact investors who are involved in the project. \$1,000,000 HOME ARP funds are planned. The 15-year proforma for the 18 units shows a positive cash flow every year, beginning with a 1.07 debt service credit ratio in year 1, which includes the consideration of capital expense reserves. The FYI Project Based Vouchers will ensure a predictable cash flow per annum. The development plans that a 20-year Payment In Lieu of Taxes will be granted to keep city and county taxes consistent.

Neighborhood Input: This is a very mixed neighborhood and current zoning is RN-4, which is appropriate for this project. The property is bordered by RN-1, RN-5, and OP zoned parcels. Neighbors who attend City Hills Church are excited for the new project to bring renewed life to the area. This project will not be changing the original building use of serving single individuals, yet will decrease from 20 units to 18 units.

Timeline: Closing on the purchase of the property is scheduled July 16, 2025. Work will commence immediately to be completed December 2025.