Tennessee's Community Workforce Housing Innovation Pilot Program

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To combat the escalating housing costs in our country, there has been significant movement this year by lawmakers, both nationally and at the state level. Tennessee has recently followed suit, allocating $20 million for the 2026-2027 fiscal year to a new initiative via House Bill (HB) 2509: the Community Workforce Housing Innovation Pilot Program (the "Pilot Program").

The goal of the Pilot Program is to provide a new funding mechanism to support workforce housing for "essential services personnel," which HB 2509 defines as "persons in need of affordable housing who are employed in occupations or professions in which they are considered essential services personnel, as determined by each county and municipality in consultation with the commissioner of labor and workforce development." The definition goes on to clarify that it encompasses healthcare providers, emergency personnel, law enforcement and public safety officers, transportation and energy-sector employees, and grocery store and restaurant employees. Additionally, to reduce the number of people being priced out of affordable housing in Tennessee (which is typically restricted to those making 80% or less of area median income), the Pilot Program would service workforce developments for individuals and families making more than 80% and up to 150% of area median income.

Seeking to lower living costs for police officers, nurses, and other workers in similar fields, the Pilot Program subsidizes loans to developer applicants intending to construct or rehabilitate workforce housing in Tennessee. The Tennessee Housing Development Agency (the "Agency") must establish an application process for such pilot loans, with selection criteria and a methodology for reviewing applications. Developers have until March 31, 2027, to apply to the Agency. The Pilot Program requires the Agency to make a pilot loan to at least one eligible project in each of the three grand divisions of Tennessee.

The Pilot Program went into effect on July 1 of this year and awaits the promulgation of rules from the Agency.

FBT Gibbons counsels developers, owners, investors, and key stakeholders on both tax-credit and conventionally funded multifamily developments throughout the country. We stay at the forefront of all critical issues affecting the multifamily housing industry and are ready to assist clients with navigating the rapidly changing legal environment.

If you have questions about the Pilot Program or need assistance applying, please contact the authors of this article or any attorney with FBT Gibbons' Multifamily Housing team.

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