

Making Housing a Priority

A Fahe Advocacy Case Study



An exploration of the political context, strategies, and tactics that resulted in successful policy and funding campaigns in Kentucky and Tennessee



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Glossary

Affordable Housing Trust Fund

Housing trust funds are distinct funds established by city, county, or state governments that receive ongoing dedicated public funding sources to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent, affordable homes.

American Rescue Plan (ARPA)

The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a US\$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021 to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession.[1] First proposed on January 14, 2021, the package builds upon many of the measures in the CARES Act from March 2020 and in the Consolidated Appropriations Act, 2021, from December 2021.

Fiscal Stimulus Accountability Group (FSAG)

Appointed by Tennessee Governor Bill Lee, the Fiscal Stimulus Accountability Group was charged with ensuring proper fiscal management of stimulus funds received by the state through the Coronavirus Relief Fund created by the CARES Act and ARPA.

Community Development and Block Grants (CDBG)

The Community Development Block Grant, one of the longest-running programs of the U.S. Department of Housing and Urban Development, funds local community development activities with the stated goal of providing affordable housing, anti-poverty programs, and infrastructure development.

Community Development Block Grants Disaster Recovery (CDBG-DR)

A subset of the traditional CDBG program focused exclusively on disaster impacted communities. CDBG-DR is not part of the annual appropriations process, meaning any CDBG-DR block grant must be proposed and approved on an as-needed basis.

Rural Housing Trust Fund

The Rural Housing Trust Fund was established by the Kentucky General Assembly in 2023 and is housed in the Kentucky Housing Corporation. This fund can receive state and federal money, grants, and gifts. The fund can be used to make loans or grants for acquisition, construction, or rehabilitation of rural housing units in areas impacted by the tornadoes and floods.

Mortgage Recordation Tax

Recordation tax is an excise tax imposed by certain states as compensation for registering the purchase or sale of property as public record. It is collected by the county where the transaction takes place, with rates and rules varying depending on each jurisdiction's tax laws.

Hill Day

A coordinated event focused on educating policy makers at the local, state, or federal level. Hill days typically include some educational activities for elected officials, small group visits to various legislative offices, and press conferences or media opportunities.

General Assembly

Another word for a legislative body, most often pertaining to a state legislative body.

Introduction & Executive Summary

In 2022 and 2023, Fahe successfully executed two dynamic advocacy campaigns: the creation of a Rural Housing Trust Fund (RHTF) in Kentucky (KY) with an originating \$20 million allocation, and an investment of between \$10–\$14 million American Rescue Plan Act (ARPA) dollars in Tennessee (TN) housing.

While there were some differences in the political environments, Coalition partners, strategies, and timelines, there are common elements and lessons learned that we can apply to future advocacy efforts throughout our footprint. We also believe that our experience is generalizable. The observations we've made and the lessons the Fahe Network has learned in the last 18 months have substantial value to the field.

Both cases demonstrate how small networks of traditionally marginalized groups and communities can have a major impact via collective advocacy. Neither of the two Fahe State Caucuses in these cases had substantial collective organizing power or influence at the onset of these campaigns.

Kentucky Members had a slight advantage in that their General Assembly leadership comes from the eastern part of the state and there were some relationships between those leaders and local Fahe Members. Yet,

this proximity to power has not traditionally translated into added attention or focused investment in the region. Over the last decade in TN, there has been a major focus on business engagement (Ford, Amazon, Oracle), with new business entity filings growing 60% in just 2021. Concurrently, the state has passed tax policies designed to attract out-of-state retirees and seen an overall population boom in the urban centers of the state.

The result has been a substantial focus on urban or growing population centers, particularly Nashville, catering to upper income earners. Rural areas have seen minimal investments focused primarily on distressed and at-risk counties, with some regions experiencing actual divestment of social services and other public goods.

Neither state is unique in these ways. Multitudes of other communities face similar challenges, pressures, and political conditions. To that end, it is our hope that the following case study provides other communities and networks with actionable insights and strategies to organize for change in their own communities.

What follows are a brief summary of lessons learned, an overview of the two campaigns including the strengths and weaknesses of each campaign, and then a chart comparing the key features of each campaign.

Lessons Learned

The following list does not cover every insight or conclusion we can glean from these two campaigns. Instead, it offers a brief overview of the shared elements, strategies, or tactics present in both examples, which can be useful for future state-focused campaigns at Fahe and beyond.



1 There is tremendous value in coalitions with the ability to activate statewide as opposed to locally or regionally.

2 Prior to executing a coordinated advocacy campaign, it is important to understand the environments in which organizations operate and to foster connections among peer organizations to create a network of trust.

3 The degree to which Coalition partners are willing or able to devote time, energy, and resources determines overall success and the speed by which a goal is achieved.

Further, the more stable (financially, in terms of leadership, longevity etc.), the better equipped an organization is to engage in collective advocacy.

4 Consistent, clear, and simple messaging matters. Targeted engagement of media with broad, diverse audiences was effective in both cases.

In KY, it helped hold elected officials accountable, and in TN it created and sustained some public pressure in support of our campaign. Social media was not an effective vehicle in either of these cases; traditional media was far more influential.

5 Establishing long-term working relationships with elected officials is critically important.

Government leaders and agencies are more likely to take risks on or make investments in known entities. In both campaigns, support increased when they had greater clarity on who was involved in each Coalition.

6 The messenger matters. Appointed and career government allies can either assist or impede progress.

It's important to gauge how policymakers view these allies. Similarly, specific nonprofits or leaders may be perceived and received differently. Being deliberate about selecting the spokesperson—or not—can significantly affect the outcome.

7 Speak to the heart and the head. Elevate the voices and narratives of those most affected, while also using data to demonstrate that these stories are not just isolated incidents but indicative of broader trends or common experiences.

By combining these two approaches, recommendations can become more universally comprehensible across diverse audiences.

8 Strategies must be flexible to adapt to real-world events. They should allow for negotiation and adjustments in response to changing conditions or needs.

9

Both Coalitions exhibited perseverance and didn't let perfection become the enemy of the good.

They did not give up when the goal was not immediately attained, and they were willing to negotiate a modified ask with policymakers at multiple inflection points. Both Coalitions understood that incremental progress is still progress.

10

Crisis can often present opportunities for major system reforms and advocates should do their best to work alongside communities to optimize these windows of opportunity as appropriate.

11

Recognize that those who are most impacted can, and should, have their voice and experience centered in a solution, but they often face the greatest barriers to engagement.

Paying people for their time, providing in-community feedback opportunities, or telling stories via media can create pathways to meaningful participation.

12

Remaining solution-oriented and aligning asks to existing political priorities can help generate support.

13

Access to historic performance data and future projections of outputs from Fahe Membership was critical.

Both Coalitions faced questions about actual capacity to deliver housing outputs. Access to local production data from each State Caucus (collected regularly and produced annually by Fahe) made addressing this capacity concern easier. The better equipped future efforts are to tie a funding ask to a production estimate based on historic production data, the faster the campaign will move.

14

There is tremendous room for both policymakers and community allies to be educated on the challenges of affordable housing development and preservation.

Areas meriting focus include the dynamic and complicated nature of the business model, whom exactly "affordable housing" targets and serves and the limited financial tools and resources available to further production.





Tennessee

Making Housing Work for Working Families

Fahe is working to ensure all families have a place to call home.

In January 2022, Fahe Members were made aware of final Treasury Rules guiding the use of American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF). These changes made it explicit that these highly flexible funds could be used for a broad array of housing strategies.

Although this was good news, the opportunity for nonprofits and community partners to apply to the state's decision-making body, the Fiscal Stimulus Accountability Group (FSAG), for ARPA funding had already concluded. This meant that Fahe was significantly behind in the process and would need to find a creative route by which to get the attention of the Governor and the FSAG.

Two additional complicating factors were that the FSAG had:

- 1) Already committed \$15 million to Habitat for Humanity through the original solicitation process; and
- 2) Approved, but ultimately did not provide funding for, the TN Housing Development Agency (THDA) to cover gap financing on a number of for-profit development projects.

The decision not to fund THDA was largely related to FSAG reluctance to underwrite cost overages of for-profit developers. However, these conversations and the ultimate decision to pull the request from consideration gave Fahe valuable insight into how housing developers are perceived in the state; it underscores how important it is to differentiate nonprofit and community developers from "well heeled" for-profit developers.

It's also important to note that while Ralph Perrey, the executive director of THDA, has been a strong Fahe ally over the years, his role as the primary governmental champion for our ask presented challenges. As an entity, THDA has made decisions on programs and systems that have disappointed some nonprofits, creating perceptions that threatened to weaken the confidence of some Coalition partners in THDA and Perrey as the face of our ask. Concurrently, because of Perrey's long tenure and THDA's ubiquity in the housing industry, it was easy for FSAG appointees or others in the political sphere to discount this proposal as something they heard before. If we had been able to be our own messenger (rather than relying on THDA as the intermediary), the Coalition may have been able to make slightly faster progress.

Despite these challenges, the Caucus opted to persevere. The first step was to integrate three close partners into this work: NeighborWorks Alliance (NWA) of TN's three affiliates who were not also Fahe Members (located in Nashville, Chattanooga, and Memphis).

Between January and February, this newly formed Coalition met frequently to coalesce around a funding proposal. The original ask was \$100 million specifically for land acquisition. Coalition partners began to test this proposal among local leaders. Six meetings occurred with state representatives during a Fahe Tennessee Hill Day in



Nashville in early March of 2022. Over the course of these conversations, it became increasingly clear that the idea to purchase land did not excite policymakers. One Fahe Member keenly observed that the legislature wanted widgets: a tangible deliverable for their investment that land acquisition did not provide.

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Concurrently, Fahe's senior leadership leveraged the limited political capital they had in the state. Jim King, Fahe CEO, secured a connection to Governor Bill Lee (R)'s Policy Director, Tony Niknejad, via Ralph Perrey. Niknejad confirmed to Jim that there was still ARPA money available and that any projects would need the review and approval of the FSAG to move forward. Niknejad further communicated that the group was more likely to respond positively to a specific proposal that expanded housing supply. He did counsel Fahe that at this time there was a limited understanding of the nature of the housing crisis in TN among legislators and that substantial education and outreach was likely needed.

This advice was confirmed by the tepid reaction of policymakers on the idea of land acquisition. In response, the Coalition worked with Fahe staff to modify the proposal. Demonstrating the nonprofit community's housing production capacity using five years of historical data from Fahe and NWA TN affiliates, Fahe staff outlined a proposal for \$100 million dollars to support a breadth of housing development activities including preservation, rehab and repair, as well as the creation of new housing units in both single-family and rental properties. Coalition partners again floated this proposal among local and state leaders on the FSAG; unfortunately, there was limited traction.

A Growing Coalition

In May of 2022, the Tennessee Association of Housing and Redevelopment Authorities (TAHRA) Board expressed interest in collaborating on this proposal. Comprised of over 80 public housing authorities, TAHRA brought political capital, statewide geographic coverage, and government relations resources. After a series of meetings between Fahe staff and TAHRA leadership, it was agreed that a proposal to expand the Coalition to include TAHRA should go to a vote at Fahe's June TN Caucus meeting. Members recognized the value of expanding the Coalition and the proposal passed with only one "no" vote.

Between June and September, Coalition partners made significant strides in their outreach efforts. Using the modified proposal, draft talking points, and email and communication templates generated by Fahe staff, Coalition partners held meetings with key FSAG appointees (Speaker of the House, Lt. Governor, Finance/Ways and Means Committee Chairs). Coalition partners invited state legislators to site visits and community tours. They solicited letters of support from their Boards of Directors, local leaders (Mayors, City Councils) and influential community institutions (Real Estate Association, Chambers of Commerce, local business leaders), then submitted the letters collectively to the Governor, Lt. Governor, and state legislators. Coalition partners also activated local housing champions to do their own outreach to state leaders—making phone calls, bringing this topic into daily conversations, or contributing brief comments during public events.

Although we did not track the number of interactions between Coalition Members and key officials, we can say with confidence that the outreach and engagement during the summer months leveraged the period of time when the legislature was not in session and representatives were present in their districts preparing for the upcoming election. This strategic timing, combined with outreach to both the Governor's Office and FSAG appointees, led to a request for Fahe to formally present our proposal at the November 2022 FSAG meeting.

Fahe Advocacy staff, the Fahe Board Chair, and Ralph Perrey of THDA joined the FSAG meeting in November. Because of the structure of the meeting, Mr. Perrey served as the spokesman for the project. Jackie Mayo, Executive Director of HomeSource east tn, who also serves as the Fahe Board Chair and is a NWA partner, was able to answer questions. Still, the response to our proposal was not enthusiastic.



Tennessee Coalition Partners

NeighborWorks America & Neighborworks Alliance of Tennessee (NWA TN):

NeighborWorks America creates opportunities for people to live in affordable homes, improve their lives, and strengthen their communities.

At the foundation of the NeighborWorks mission are nearly 250 strong, healthy and prepared network organizations in every state, the District of Columbia, and Puerto Rico. The Neighborworks Alliance of Tennessee includes:

- Affordable Housing Resources Inc.
- Chattanooga Neighborhood Enterprise
- Eastern 8 Community
- Development Corp.
- HomeSource east tennessee
- United Housing

About the TN Association of Housing and Redevelopment Authorities (TAHRA):

The Tennessee Association of Housing and Redevelopment Authorities (TAHRA) is a nonprofit membership association whose members include the public housing authorities in Tennessee. Their 80+ members house over 100,000 citizens and are involved in the betterment of local communities, providing affordable housing for Tennessee's low and moderate income residents, including children, elderly, and handicapped persons.

The few questions the FSAG appointees posed focused on if/how this funding would be redundant to other state or federal funding. There was some limited interest in how these funds would serve special populations or areas of concentrated housing need (i.e. Blue Oval City, the enormous new Ford plant near Stanton, expected to create 6,000 jobs). In addition, FSAG appointees were somewhat familiar with Coalition partners but were not familiar with Fahe. Nor were they comfortable awarding such a large amount of money to an unknown and out-of-state partner. Finally, the overall sentiment of the conversation revealed a generally inconsistent and inaccurate understanding of TN's housing challenges.

Between November 2022 and January 2023, Coalition partners continued their engagement with FSAG appointees. Four Fahe Members met with Lt. Governor McNally (R-5) in late November. Two other Members met with Speaker Cameron Sexton (R-25), and Chairs of the Finance Committee Bo Watson (R, TN-11) and Patsy Hazlewood (R-27). Other Coalition partners continued to solicit letters of support for investments in housing, and Fahe staff worked on some additional collateral and messaging that more explicitly identified the housing gaps in the state. In addition, we were able to successfully pitch a positive news piece in the Nashville Business Journal.

TAHRA members visit Tennessee General Assembly Members.
Photo courtesy TAHRA.





Gaining Momentum

By January, we'd made a bit more progress. The Governor's Office came back to Fahe to ask for a revised proposal. Specifically, the Governor's Office suggested lowering the amount of the ask, providing concrete project examples, and focusing on how these funds would serve distressed and/or at-risk counties, and the counties adjacent to Ford's Blue Oval City Development.

To develop a more concrete proposal, Fahe staff disseminated a short survey to all Coalition partners asking them to provide more detailed information on what projects they could complete between summer of 2023 and summer of 2026 (all ARPA funding must be spent by December 31, 2026). We received 28 project summaries from 15 Coalition partners totaling just under \$25 million; we then used this information to develop and circulate a new proposal to the FSAG group. During this period, it was clear that FSAG appointees were a bit more familiar with the nature of the state's housing crisis. Rising awareness of the larger, national discussions, and media coverage on the post-Covid housing market and increased costs driven by Covid's impacts on supply chains, may explain this increased awareness.

In addition, because they were working on an annual budget, the FSAG appointees knew what additional state housing funds would be going to THDA and the Department of Behavioral Health. Both funding sources prioritized folks with disabilities, people in substance use disorder recovery, and/or youth aging out of care.

As a result of this confluence of factors, FSAG appointees were increasingly aware of housing pressures, knew what kind of state money was available to fill niche holes, and were somewhat cognizant that the remaining gaps were largely housing units for low- to middle-income workforce households. This, combined with the revamped Coalition proposal, created a window of opportunity for shared understanding of the gap in workforce housing and how the Coalition's strategy and competencies could fill that gap if resourced with ARPA funds.

In March of 2023, Fahe was again approached by the Office of Governor Lee and asked to submit one final proposal. It was recommended that Fahe:

- 1) estimate unit outputs at three different levels of funding,
- 2) explicitly identify where projects would occur,
- 3) name the nonprofit developers we anticipate working with, and

- 4) tie the proposal to existing state priorities, including increased economic stability for at-risk and distressed counties and responding to housing pressures near Blue Oval City. It is incredibly important to note that this was not seen by Fahe and our fellow Coalition partners as an ideal situation.

Fahe was being asked to project who would receive funding based on a handful of self-reported estimates" (use of "project" homonyms is confusing) from the January survey. Given how rapidly the real estate market has tightened and the effect of inflation on building costs, it is possible that projects scoped in January would no longer be viable by the time any funds were released. At the same time, there were concerns that Coalition partners would not fully understand that while their project would be mentioned in the proposal, it was not yet confirmed that they would receive funding. Given the rather fragile nature of this new Coalition, being forced to name potential awardees (absent an RFP process) felt risky. To address this second challenge, Fahe staff was diligent and consistent in how this was messaged to Coalition partners—making it clear that the named projects were merely examples of what could be accomplished with these funds. In addition, to optimize transparency, we recorded meetings and took diligent notes, all of which were made available to any Coalition partner who missed a meeting.



Fahe Members engaging at public event.

Despite these challenges, we were able to develop three funding scenarios that provided coverage across the whole state, prioritized the development of units in at-risk and distressed communities, and expanded capacity near Blue Oval City. This proposal was presented to the full FSAG in April. Once again, Ralph Perrey was the spokesman for the proposal. He was joined by Fahe Member Maria Catron of Oak Ridge Housing Authority. At that time, Catron was also the Board Chair of TAHRA.



The reception at this meeting was vastly different than at the previous meeting, as explained in detail below. The Speaker of the House, the Finance Commissioner, and an Executive Cabinet member all arrived at this meeting with far more positive views of the proposal, and when the meeting was concluded, it appeared the state was interested in making the investment. It is important to note that Lt. Governor McNally was still unreceptive to the Coalition's proposal at this meeting, despite repeated outreach on behalf of Coalition partners and a political consultant retained by NWA. It's important to note that in Tennessee, the Lt. Governor is a member of the state senate, holding their own constituency. Because the Lt. Governor is not elected on the same ballot as the Governor, they have a unique amount of power and influence that can be exercised independently of the TN Governor.

In June, as we awaited final notification, we held one last press-focused event: Making Housing Work for Working Families. This event convened Fahe Members at three different sites: the Tri-Cities Area, Crossville, and Knox County/Oak Ridge area. Fahe Members invited media, state and federal officials, and other funders to a mix of open house/press release events that elevated the multiple ways in which Fahe Members as a whole support access to safe and stable housing. Two elected officials RSVP'd, but none attended. However, we did gain strong media coverage with two TV stories in the Knoxville Media Market and five different newspaper articles that featured our work and our FSAG funding proposal.

In July of 2023, Fahe was notified that we would be receiving \$10 million in ARPA funding to support our proposal, with the potential to receive an additional \$4 million depending on the spend-down rates of other government and private projects using ARPA funding. The FSAG made a similar commitment of \$15 million in ARPA funding for Tennessee Habitat for Humanity. These complementary investments represent the first time in recent history that the state has made a direct investment in affordable housing.

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Strengths of Making Housing Work for Working Families

Finding and influencing influencers: Throughout this process, Tony Niknejad, Governor Lee's Policy Director, was incredibly valuable. His keen understanding of the current housing market and the intersection of housing and economic development, and his willingness to work with Fahe in the development of a series of proposals, were instrumental to the success of the Coalition's efforts. While valuable, this is also an internal weakness; relying on a single individual as a champion or entry way to influence is not optimal for long-term success. Individuals change jobs. Having multiple contacts across various governmental bodies or institutions is preferable.

Building a bigger tent: The decision to expand the Coalition to include TAHRA and NWA allowed us to craft a proposal that had value across the state—not just in Fahe's traditional footprint of eastern TN. Additionally, by expanding the Coalition we were able to leverage the political connections and acumen of TAHRA and NWA. Further, although we were reluctant to do this at the beginning, explicitly naming potential awardees helped FSAG appointees feel more confident in the proposal. While Fahe was unfamiliar to many policymakers, Fahe Members and Coalition partners were not. This seemed to make officials more confident in the proposal and quality of services we could provide. This speaks directly to the strength in numbers approach to advocacy and systems change.

Aligning our ask to existing state priorities: The state has publicly declared that investing in TN's distressed and at-risk communities is a major area of focus. In addition, there is already a known housing shortage in the regions adjacent to Ford's new Blue Oval City campus. The ability of Coalition partners to respond to these state priorities and align proposed projects to these counties had value. This was, however, also a challenge. While distressed or at-risk counties do have tremendous housing needs, they are also among the most difficult in which to develop projects because there is no private capital flow, so low-income housing tax credits (a major component of nonprofit finance capital stacks) are not as feasible. Shifting to align priorities was ultimately a good decision, but it is also a clear example of where the coalition had to make a strategic choice that did not necessarily align with their original priorities.

Consistent messaging focused on workforce housing vs. affordable housing: TN is a largely conservative state where policymakers frequently express a "boot strap" and



“personal responsibility” world view. Concurrently, the state is very focused on economic development. Focusing our messaging on how this funding could support working families and strengthen economic opportunity had greater resonance and more positive associations than using the words “affordable housing.”

Messaging simplicity: When combined with personal stories and examples, Zillow and Redfin turned out to be incredibly useful tools. When Members could describe a family they were working with and then say directly to a policymaker that there were literally only one or two houses in their community that met their needs and finances (as evidenced by Redfin or Zillow), this captured folks’ attention. It was something elected officials could immediately check for themselves. This highly accessible tool contextualized the housing crisis and made it seem more “real.”

Special populations: In addition to the two above factors, Coalition partners were also adept at responding to the “special populations” of importance to state leaders. For instance, substance use disorder recovery housing was an area of interest for the Lt. Governor. Similarly, TN has invested in attracting and retaining retirees, so framing this proposal as one more way to invest in making this state attractive to retirees had value. The same is true of veterans. By using these lenses when discussing our proposal with policymakers, we were able to gain greater traction and support.

Access to impact data: Access to historical data on housing rehab and production, number of households served, and amount of funding leveraged allowed Fahe’s staff to develop specific proposals that directly tied funding to housing production or preservation in concrete terms. As it became increasingly clear that FSAG appointees wanted granular details (even if they were just projections), this information was invaluable. The use of this data and its importance should be conveyed directly to Members so that they can harness their data to better effect with funders and decision-makers.

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Activating local leaders as messengers (including board members): While Fahe and other partners had limited political capital, their larger networks often had different and more secure relationships. As Members were able to reach out to their local contacts (Mayors, Business Owners, Board Members, City Councils, Real Estate associations) and activate these influencers, we observed a different level of receptivity. Having community champions speak on behalf of Coalition partners went far in elevating our ask to the Governor and ultimately gaining traction in the FSAG.



Having external community champions speak on behalf of Coalition partners went far in elevating our ask to the Governor and ultimately gaining traction and legitimacy.

Flexibility of the Coalition in modifying the proposal in real time: While the process to apply for and receive funding was fairly clear, the FSAG’s priorities and decisionmaking process were opaque at best. Because of this, we found ourselves needing to shift our proposal multiple times to capture and keep the attention of relevant FSAG appointees. The Coalition’s willingness to adapt in real time, respond to requests for information, and more generally engage in a negotiation with state leadership kept Fahe’s proposal active and in play.

This finding also suggests two other important and related takeaways. First: who was at the table. The Coalition was able to engage nonprofit leaders who could say “yes” in real-time. By having decision makers at the table at the onset, there was little lag-time when we had to shift course. Second, we hypothesize that because these leaders had already invested time and resources in the campaign, they were deeply invested in the outcome and were more inclined to compromise to see that investment come to fruition.

Persistence: The willingness of Coalition partners to stay focused and not get discouraged given the extensive timeline between the start of this campaign and the award of funding was key to our success. Understanding why Members and partners maintained their engagement for as long as they did will be helpful in understanding how to replicate this success again in TN or in other Fahe states.



Challenges of Making Housing Work for Working Families

Missing the initial deadline for proposals: It is very unclear how the state initially marketed the opportunity for nonprofits and community partners to submit proposals for ARPA funding. If the opportunity had been identified early on, we would have been able to be far more proactive in our approach and, therefore, more competitive.

Limited history of collective action among Fahe Members: While Fahe Members hold individual relationships with state and local officials, they have not historically engaged in collective state advocacy of this type. This lack of experience posed a learning curve for Members. It also revealed that while individual Members may have name recognition with state decision-makers, the Fahe Network as a whole does not. This likely increased FSAG appointees' hesitation in partnering with Fahe. We were perceived as an unknown quantity.

Limited engagement (in an ongoing way) of state leadership: While state leaders may have attended occasional ribbon cuttings or ground breakings, their actual connection to the work of Fahe or other Coalition partners seemed limited. Even when presented with specific partner names, there was limited recognition on the part of FSAG Members about the work Coalition partners do for the state.

Inconsistent trust among Coalition partners: The environment in which these Coalition partners interact is defined by competition for scarce resources. Further, the three discrete Coalition groups (Fahe, TAHRA, and NWA) have not historically collaborated as a single Coalition. At more than one point, one or more members of each of the three groups articulated concerns about fairness—complaining that “they were putting in the work and others were not” or that the lift was not merited when there was no guarantee of funding. Some expressed doubt in fair outcomes, saying that “despite how hard we work, we’re not a Fahe Member so we won’t get funding.” This lack of trust will need to be addressed moving forward.

Inconsistent action/work on the part of Coalition partners: We struggled with the free-rider phenomenon throughout this campaign. Although we did not track every advocacy interaction or action on the part of any Coalition partners, it was evident based on meeting participation and engagement that a small group carried the majority of this work throughout the 18-month campaign. Based on anecdotal reporting, roughly 20% of each group’s membership did the bulk of the work.

Varied trust of THDA (among Coalition partners and FSAG Appointees): It was unfortunate to have THDA as the public face of this effort. As is true with any government agency, both community partners and elected officials have varying degrees of trust in THDA, and the agency juggles a wide range of priorities and is limited in its ability to advocate politically. Had we been able to appoint a different messenger to represent the Coalition, or represent ourselves in the FSAG meetings, our proposal may have gotten greater traction earlier in the process.

Fahe as an unknown, out-of-state partner with a massive ask created skepticism: Our initial ask was perceived by FSAG as “cocky” and overly ambitious. This reaction signals a major hurdle for future work; public officials are clearly unaware of the degree to which there is a housing crisis in TN, what it will cost to address that crisis, and how Fahe’s Network can accelerate and improve the delivery of solutions. Rough analysis suggests that the actual funding need to fill existing gaps in today’s market is far closer to \$500 million. If Fahe were an in-state organization, or if Fahe had greater name recognition with key electeds, the “sticker shock” of this ask may have been reduced. But as it was, for some FSAG Members, the ask was perceived as audacious and extreme.

FSAG member’s lack of understanding of the housing issues across the state: This lack of understanding is not limited to FSAG, but it was very apparent throughout this campaign. Elected officials have at least a tacit understanding of how adequate housing and economic development intersect, but they have very little understanding of the challenges many of their constituents are facing in this housing market. This experience also further demonstrates a substantial gap in knowledge among policymakers on the federal and state administrative mechanisms for delivering funding or the sources of financing for affordable housing development. These are two major areas of focus moving forward. Until we can help elected leaders understand the nature of the current supply vs. demand problem (who experiences this impact, why, and how) and the need for flexible capital to complement other more prescriptive funding sources, we will encounter challenges moving the needle on workforce housing.

What we could project in a proposal and what will ultimately be funded could be different: The initial proposal we provided lacked substantial detail. This was intentional. The inconsistency of the finance and construction industries paired with inflation made providers and advocates wary of being too specific in projections on projects that could be 12–18 months in the future. If conditions change, and we don’t serve who we said we’d serve, that could



have consequences for this and future funding requests. Ultimately, to get close to the finish line, we did have to get far more detailed in terms of what we proposed to do, where we would build, and who possible partners would be. While we did our best to put this information in context—making it clear that nothing was guaranteed—this was, and continues to be, a calculated risk.

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Other Variables and External Factors

What we couldn't have predicted: There were three interconnected events/environmental factors that likely helped us cross the finish line. By mid-March of 2023, the FSAG had less than \$30 million in funding left to spend. This group had been meeting for over two years and process fatigue was setting in. There were two other proposals left in the docket (an IT upgrade and funding for a Forensic Center in Rutherford County), and no-one on the FSAG seemed terribly excited by either of them.

At the same time, the Covenant School Shooting, the expulsion of two of the "Tennessee 3" (state legislators who were protesting gun violence on the House floor), and a handful of subsequent scandals among legislative leadership created a perfect storm of negative local, state, and national press coverage. There is speculation that the fatigue of participating FSAG Members combined with the desire for some positive press for state leadership may have been a contributing factor in swaying opinions in favor of an investment in housing.

A few individuals hold a disproportionate amount of influence: Although not surprising, it should be noted that a few key individuals hold substantial power in the State legislature. The Lt. Governor, the Speaker of the House, and the heads of the House and Senate Finance Committees are highly influential among their colleagues. This is important in this context, because two of these powerful figures who were initially reluctant to support our ask found themselves in substantial scandals and thus, may have been looking for positive press that delivered tangible good to their constituents.

Engagement of two other government relations consultants: There were two external Government Relations firms that were under contract with various partners during the course of this campaign. The degree to which their work ultimately influenced decisions makers is unclear. One consultant had to bow out within the first nine months of work due to health issues. The second firm only became involved in the last few months of the campaign, and to our knowledge, only spoke to one FSAG Member on the day prior to the April meeting. It's important to note that the individual this consultant spoke to was not swayed by the consultant's perspective or outreach.

The national nature of the housing crisis: The housing crisis is not unique to TN. A lack of safe, affordable housing is pervasive; the rapid increases in costs and limited housing production have become a national (if not international) issue. So, while individual policymakers in TN may not have a firm grip on what that means for their communities or this state, they're being inundated with messages that there is, indeed, a crisis.



Tennessee Timeline

December 2021

TN closes primary application window for State and Local Federal Covid Relief Funding (ARPA).

January 2022

Final Treasury Rules on ARPA reverse earlier assertion, indicating state funding can be used to support certain housing activities.

TN has just over \$602M left to allocate.

February 2022

Fahe TN Members begin organizing an effort to advocate for \$100M in ARPA funding

The Neighborworks Alliance of TN Members joins the Coalition.

March 2022

Hill Day – Fahe and Neighborworks Alliance of TN Members engage state electeds on the mounting housing pressure in eastern TN.

Of the original ARPA funding, \$56.8M remain.

May 2022

Coalition expands to include the TN Association of Housing & Redevelopment Authorities (THARA).

November 2022

Fahe and THDA present the Coalition proposal for \$100M in ARPA funding to the Fiscal Stimulus Accountability Group (FSAG).

January 2023

Governor Lee's office requests a revised proposal focused on distressed and at-risk counties and counties adjacent to Blue Oval City.

February 2023

Fahe solicits information from Coalition partners to obtain information on possible projects that meet the Governor's focus areas.

Fahe, NWA of TN and TAHRA hold two complementary Hill Days to message the intensity of the growing housing crisis.

March 2023

Fahe presents Governor Lee's office with a revised proposal. Governor Lee moves the proposal to the FSAG.

FSAG has allocated the majority of ARPA funding.

April 2023

Fahe presents the FSAG with the final proposal outlining what can be accomplished at three funding levels: \$20M, \$15M, and \$10M.

\$29.95M in ARPA funding remains unallocated.

June 2023

Fahe Members host the "Making Housing Work for Working Families" Event Series in 4 communities to drive further attention toward the opportunity to invest ARPA funding.

July 2023

Fahe is notified of a COVID funding award of \$10M with the potential to increase to \$14M depending on the spenddown rates of other projects.

July 2023 – April 2024

Fahe and the State of TN negotiate the final contract.

May 2024

Fahe Program staff begin to plan an application process for Coalition partners.



Kentucky AHEART

AHEART Members

When faced with unforeseen challenges, Fahe Members united in aid.

Much like TN, the Kentucky caucus started organizing in the spring of 2022 when it became clear that ARPA funding could be used for housing activities. Much like TN, conversations started among Fahe Members but quickly grew to include external partners, including the Homeless and Housing Coalition of Kentucky (HHCK).

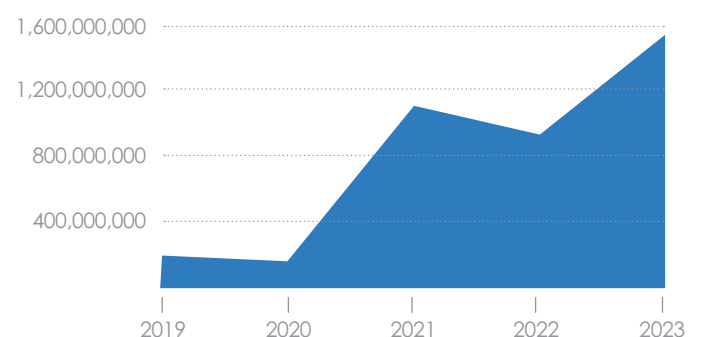
At the outset, Members were specifically interested in using ARPA funding to invigorate KY's Affordable Housing Trust Fund (AHTF) with an infusion of \$40 million, while working to change the legislation funding the Affordable Housing Trust Fund (AHTF) to double the portion of the mortgage recordation fee allocated to the AHTF each year, from \$6 to \$12 (bringing the total fee from \$33 to \$39).

In March of 2022 a number of housing developers in Lexington and Louisville approached Fahe to explore the possibility of expanding the nascent Coalition and ask to include \$75 million in ARPA funding for vacant or abandoned property revitalization in the major urban centers of KY. After discussions with Members and Fahe leadership, the Coalition agreed expanding the ask and Coalition to include these

partners was a sound strategy. Between March and July, Fahe staff worked to outline a basic ask, create necessary collateral (one pagers and talking points), and to identify who among the KY General Assembly would need to be approached to secure these three interconnected asks. Equally important was identifying who among the Coalition would be the most appropriate messenger. This Coalition benefitted from the partners' abilities to put their own egos aside and think critically about who held the strongest relationships.

By June of 2022, Coalition Members had made some modest progress in General Assembly outreach, largely through engaging with their local representatives to inquire about interest in championing this dual legislative and funding push. It was also clearly evident by June that the State was going to finish a second straight fiscal year on excellent financial footing. Between higher than expected revenues, ARPA funding, and other Covid relief funds, the state ended FY 2021 with a \$1.1 billion surplus, FY 2022 with a \$945.4 million surplus, and FY 2023 with \$1.5 billion surplus, which together brought the rainy-day fund (Budget Reserve Trust Fund) to a record \$3.7 billion by end of FY 2022.

Kentucky Budget Suplus 2019–2023





During this period, the General Assembly leadership broadly messaged that these dollars be considered a "budget surplus." This choice of language is important, meant to communicate to the public that from the General Assembly's perspective, Covid Recovery funds had been spent, and the remaining funds were all functionally budget surplus from unexpected revenues. The accuracy of that assertion is questionable, but the effect was very real. State Senate leadership could now justify pursuing a gradual decrease, and ultimate phase out, of individual income tax by 2033.

It was increasingly clear that there was little political will to use any of the "surplus" funds for housing activities or vacant and abandoned property remediation. There did remain some possibility that the General Assembly would act on the increased mortgage recordation fee, and that is where our newly expanded Coalition began to focus energy.

Disaster Strikes

The entire strategy changed in late July of 2022. Between July 26th and July 30th, Eastern KY (along with parts of West Virginia and Southwest Virginia) were pummeled with unprecedented amounts of rain and devastating flash flooding. According to a joint HUD-USDA-FEMA-State housing impact assessment, 3,010 homes had at least minor damage, of which 400 were fully destroyed and 1,929 had major damage (a third-party assessment put the numbers even higher at 542 destroyed, 4,585 with major damage, and 8,950 with at least minor damage). This wide variation in estimates made accurately and confidently articulating the scope of the disaster a major challenge over the coming months.

Concurrently, schools, bridges, water, sewer, and other basic infrastructure were also severely impacted: roads were washed out leaving 1,400 people stranded, 600 of which had to be rescued by helicopter. The destruction of basic sewer and septic systems limited access to potable water, and even as flood waters began to recede, homes

Across these counties:

37% of households, including 55% of renters, made less than \$25,000 per year. These were already economically vulnerable communities.

Counties declared federal disaster areas





and businesses were left with thick layers of mud and muck, making them impossible for human habitation.

In the face of such devastation, priority shifted from addressing a preexisting gap in safe and affordable housing to facilitating rescue, recovery, remediation, and rebuilding in Eastern KY communities. The flooding exacerbated an already distressed housing market defined by limited affordable units and aging housing stock with substantial repair and rehabilitation needs.

In response to this emergency, our Coalition quickly shifted gears. Between early August and mid-November, the Coalition reconfigured the original funding proposal to create the Affordable Housing Emergency Action Recovery Trust (AHEART) Strategy. Initially supported by 22 community-based nonprofits and housing development experts, this

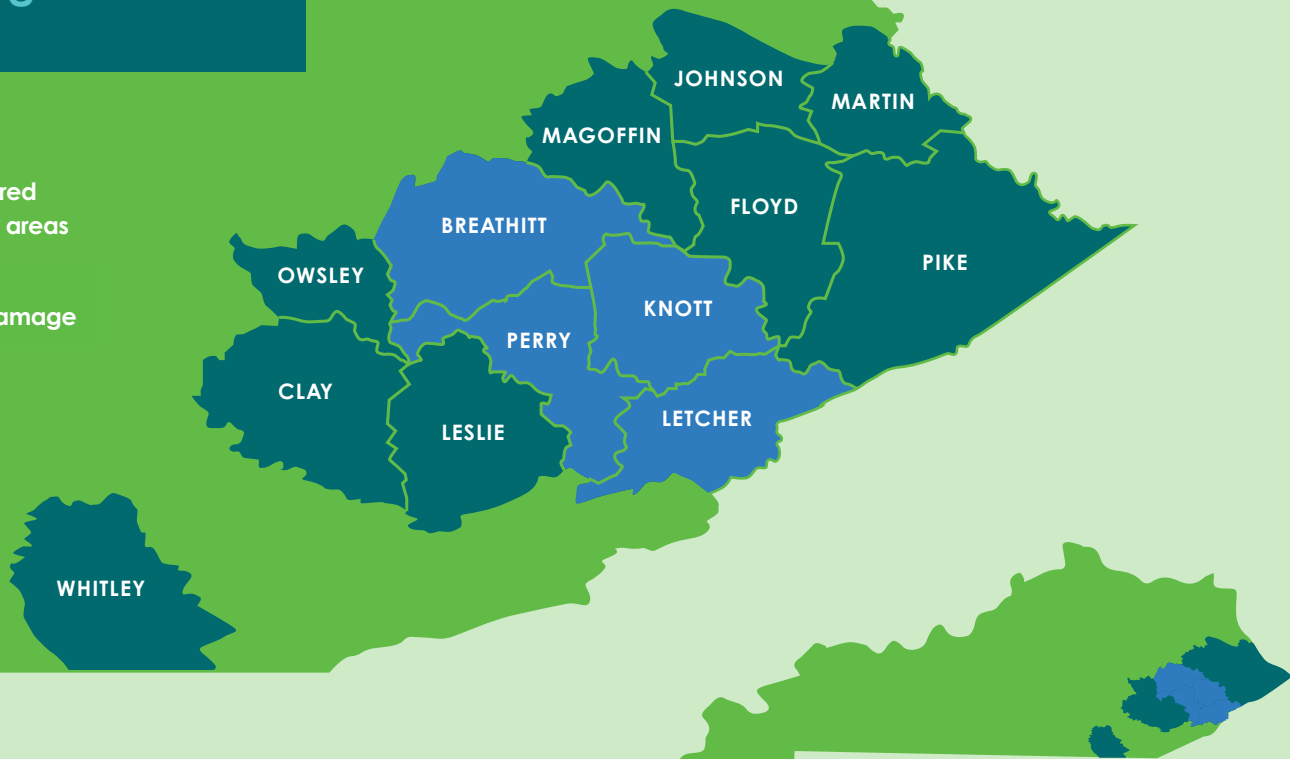
plan involved a three-pronged strategy. AHEART kept the increase to the annual allocation to the AHTF and maintained the requests for \$40 million to the AHTF and \$75 million to support vacant property remediation (see attached). It added the creation of an AHEART Fund. This fund would receive \$300 million over 2 fiscal years to support recovery efforts in both Eastern KY and Western KY (which had been severely impacted by tornadoes in 2021).

At the same time, Governor Andy Beshear (D) established the Team Eastern KY Flood Relief Fund (Team EKY), raising \$15 million in private funding for flood recovery. The General Assembly, via special session, allocated an additional \$200 million in state funds to establish the Eastern KY SAFE Fund (EKSAFE), modeled after the Western KY SAFE (WKSAFE) fund set up following the 2021 tornadoes. This fund only provided financial support for infrastructure—housing was not an allowable expense. When pushed to include housing under EKSAFE, Senate President Robert Stivers (R-Manchester) said any housing funding would only occur during the full 2023 Legislative Session (a non-budget year), and would take into consideration the amount of

Across the most impacted counties of Breathitt, Knott, Letcher, and Perry:

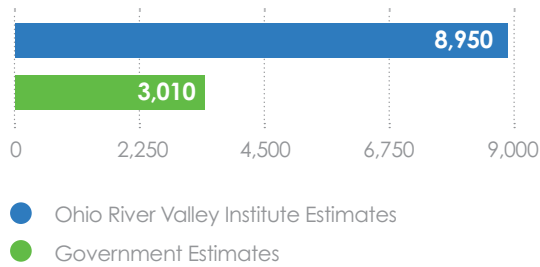
74% of the damage occurred in just 4 counties; directly impacting nearly 1/4 of their housing stock.

-  Counties declared federal disaster areas
-  Counties most impacted by damage

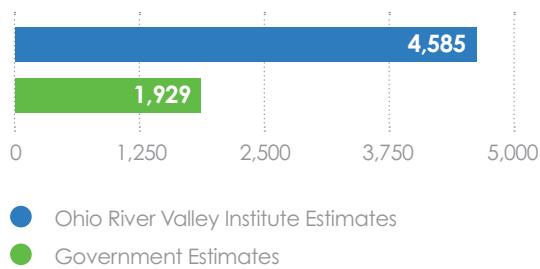




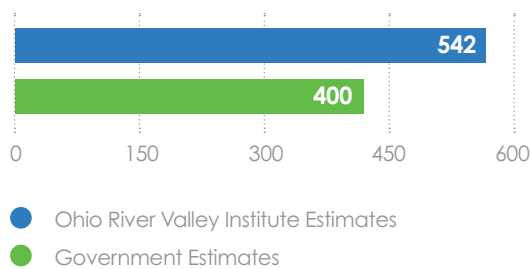
Some Damage



Major Damage



Homes Destroyed



CDBG-DR funding KY would receive. In short, the General Assembly was unwilling to provide any state funding for housing activities until the dust had settled and the degree to which federal funds would supplement recovery was known. At this juncture, the Coalition responded to this position with a strategic adjustment, adopting a two-track advocacy approach. This shift in tactics reinforces the value of adaptability in this type of advocacy.

A Two Track Strategy: Creating external and internal pressure

Track 1: AHEART and Public Pressure. In Track 1, the broader Coalition of partners continued to message the need for the AHEART proposal. Partners engaged in coordinated outreach to state elected officials from their districts. They activated community leaders (judges, foundation partners, local businesses) to help them message the need for housing to the General Assembly leadership. Partners solicited media coverage and maximized broader media interest from local, state, and national news outlets by participating in interviews, supplying quotes, and providing deeper background on KY's precarious housing situation prior to the flood's devastation. A fairly direct op/ed was drafted by Fahe staff with Coalition partner input. The initial plan was to have the op/ed submitted by an influential community leader who would not be perceived as political or self-interested. Our ideal "author" was a leader in the business or philanthropic sectors and a short list of possible individuals was drafted and vetted. The op/ed was kept on hand to be used at the start of the legislative session in early 2023. The tone of the op/ed was intentionally directive and highlighted the lack of urgency among state legislators. Our goal was to only deploy this tool if necessary because we recognized it may not be well received. In the meantime, media stories were strategically seeded by Fahe staff and Coalition members between Thanksgiving and the New Year. This all hands-on deck approach to media outreach maximized and maintained media interest in the crisis and the impact of the flooding on an already fragile housing market.

Concurrently, HHCK led meetings with key state leaders, including a series of conversations with Sen. Brandon Smith (R-Hazard), the Governor's senior advisor and former House Minority Leader Rocky Adkins, and Senate President Stivers, making the case to reopen the budget and invest in AHEART. Notably, all three of these officials hail from Eastern KY and thus were naturally interested in flood recovery. Fahe and HHCK staff collaborated on the development of a Kentucky Hill Day that brought advocates and residents to Frankfort to meet with General Assembly members to make their case. Staff paired this with a press conference at the iconic Floral Clock on the state Capital grounds on February 21st, the last day for Senate bills. The press conference featured Fahe Members and impacted community members sharing their experiences during the initial flood and subsequent recovery. The event garnered "big story" coverage on the Lexington and Hazard local news. In short, Track 1 was a community driven, externally facing, and direct advocacy effort.



Track 2: Leveraging Private Funding, Activating the Governor, and Engaging Senate President Stivers. Track 2 took a different approach. First, Fahe launched the “Housing Can’t Wait” Campaign. Using a variety of funding sources—including private dollars donated to Fahe and the Foundation for Appalachian Kentucky, existing Fahe resources, some funding from TEAM EKY, and donations received by Members—Fahe committed to working with Members to build 100 houses in disaster-impacted communities. This public campaign provided opportunities for ongoing discussions with the Governor as well as numerous ribbon cuttings, groundbreakings, and move-in day events that featured local and state leaders. These public-facing activities signaled that the private sector was not afraid to engage in disaster recovery while waiting for the State or Federal agencies to respond at their typically plodding pace through standard channels such as FEMA relief, SBA disaster loans, and CDBG-DR.

This approach also allowed Fahe to assist the Governor and his team in establishing a more robust recovery strategy that prioritized developing new housing on land at higher elevations (“higher ground” development), gave participating elected officials opportunities to see the work on the ground, and helped generate and sustain media buzz on the crisis in Eastern KY. At the same time, Fahe leadership made efforts to exert soft power with President Stivers and other Members of the General Assembly. Fahe’s CEO Jim King and Senior Vice President of Membership Vonda Poynter worked diligently to get a closed-door meeting with President Stivers to hear and respond to his reluctance to allocate additional state dollars to housing. Despite his stance on further recovery spending,

the public pressure Stivers was receiving from Track 1 began to mount, and remarks he had made during the emergency special session of summer 2022 stating his intent to make a substantial investment in disaster recovery in the subsequent regular session caught up with him.

By the 2022–2023 winter season following the flooding disaster, the public pressure campaign was successful in loosening Stivers’ position that it would be inappropriate to consider budget changes in a non-budgetary year. With mounting external pressure and greater clarity on the slow timeline for any federal relief, Stivers was becoming increasingly aware of broad support for funding among his constituency.

Meanwhile, King and Poynter’s direct engagement with Stivers allowed Fahe to provide a counterproposal when Stivers stated he would not support allocating \$300 million for AHEART in any political context. While unfortunate, during the course of this meeting we did learn that one of his primary objections to major increases in funding for housing was his belief that there simply was not capacity in the region to deploy that amount of money in a timely way. Due in part to a personal anecdote about his son-in-law not being able to find a contractor for his house, Stivers believed that there was not a sufficient workforce available in Eastern KY to scale up as quickly as AHEART proposed. Because of Fahe’s long history in KY, Jim and Vonda were prepared to address that concern. Using past performance as a foundation, they educated Stivers on what they “knew” Members could produce in a 12–18 month period (before CDBG-DR funding hits the state).

AHEART Coalition Members:

Advocacy Action Network
 Appalachian Citizens’ Law Center
 Appalachian GameChangers
 Beattyville Housing and Development Corp.
 Bell-Whitley Community Action Agency
 Coalition for the Homeless
 Christian Appalachian Project
 COAP
 Community Ventures Corporation
 Earth Tools
 EKCEP
 Fahe
 Forward Kentucky
 Foundation for Appalachian Kentucky
 Frontier Housing

Gateway Homeless Coalition
 Habitat for Humanity Pennyriple Region
 Help the Homeless - Somerset
 Homeless and Housing Coalition of Kentucky
 HOMES Inc.
 Housing Development Alliance
 Housing Partnership Inc.
 Housing Policy Advisory Committee
 Highlands Housing Corporation
 KCEOC Community Action Partnership
 Kentuckians for the Commonwealth
 Kentuckians for Energy Democracy
 Kentucky Affordable Housing Coalition
 Kentucky Center for Economic Policy
 Kentucky Equal Justice Center

Kentucky Habitat for Humanity
 Kentucky River Community Care
 Kentucky River Foothills Development Council
 Kentucky Voices for Health
 Louisville Affordable Housing Trust Fund
 Louisville Urban League
 Mountain Association
 New Directions Housing Corporation
 Partnership Housing
 People’s Self-Help Housing
 Pulaski County Community Coalition
 REBOUND
 Urban League of Lexington-Fayette County



Track 1 and Track 2 Merge: In mid-February, 2023, Track 1 and Track 2 fully aligned. The deadline to introduce funding legislation was rapidly approaching and while there was some support for the AHEART proposal, Stivers and other leaders were still not convinced. Stivers' staff recommended that we submit documentation of nonprofit building capacity. Despite a compressed timeline, Fahe conducted a survey of what Members could build in an ideal funding scenario. To their immense credit, Members responded quickly, and we were able to document sufficient capacity to produce 143 additional new units and 256 more repairs with a public investment of \$31.7 million over three years. Stivers' staffer was quite impressed with our due diligence, especially given the time frame, and confessed that their office rarely receives such detailed information from the public. Our effort at transparency appeared to have assuaged Stivers' most serious concerns.

With the bill filing deadline rapidly approaching, Fahe engaged in a series of final conversations that ultimately convinced President Stivers to consider modifying the existing EKSAFE fund to include housing production as an allowable use and to make a modest investment of EKSAFE funds into housing. Concurrently, HHCK had success persuading Stivers to consider increasing the fees that supported the traditional AHTF (he was willing to consider not only doubling but tripling the AHTF mortgage recordation fee, from \$6 to \$18).

Fahe staff quickly help to inform a draft bill increasing the mortgage recordation fee, making housing an allowable use of EKSAFE funds and transferring \$10 million from EKSAFE to Fahe to finance rebuilds and repairs. On the day of the filing deadline, placeholder legislation was filed by the Republican Chair and Vice Chair of the House Appropriations Committee, and on the last day of the concurrence period, the General Assembly passed legislation that a) created a Rural Housing Trust Fund administered by Kentucky Housing Corporation (KHC) and b) allocated \$20 million in SAFE Funding to the Rural Housing Trust Fund (RHTF) (\$10 million from EKSAFE and \$10 million from WKSAFE).

Within a few weeks of Gov. Beshear (D) signing this legislation, Fahe scheduled a listening session with KHC to provide recommendations on program implementation, including the prioritization of both single-family builds and repairs in Eastern KY and increasing the maximum developer fee.

\$20 million

in SAFE Funding allocated to the FHTF by the Legislature

Strengths of AHEART

The two-track strategy was effective. Despite the gulf between the AHEART ask (\$400+ million) and the range Stivers was ultimately willing to consider, the sustained public focus and momentum created by direct engagement with legislators and persistent media coverage was crucial in pushing the General Assembly to make a concrete contribution to housing.

Concurrently, the early successes of the Kentucky Housing Can't Wait initiative, including moving the first flood survivors into their new homes, enhanced the reputation of the Fahe Network as part of the solution. This enhanced reputation combined with mounting external pressure, positioned Fahe's executive leadership to effectively leverage pre-existing relationships with key leaders to reach a solution acceptable to House and Senate Republicans.

When doing public interest advocacy work, it can be tempting to lean into a public-facing, feel-good grassroots mobilization strategy at the cost of seeking support from insiders. Yet lawmaking power in most states (KY is no exception) concentrates in the hands of a small number of key legislators: majority leadership and committee chairs. Consistent engagement with President Stivers led directly to the introduction of the RHTF legislation by the chair and vice chair of the powerful House Appropriations Committee.

A history of collaboration. The longstanding history between Fahe and the KY state government (both agencies and elected officials) was a major advantage. In the end though, it's important to note reputation alone was not enough to convince Stivers to act.



Similarly, Fahe Members had strong relationships and external partners from urban centers and at least some connections with community-based developers on the western side of the state. This dynamic meant there was less need to build trust among partners on the front end. Although, as noted below, this past history did not prohibit natural conflict when Coalition partners were asked to make prioritization decisions that ultimately benefited some in the group more than others.

Frontline flood response work. From frontline cleanup to fundraising to new construction and repairs, Fahe was at the forefront of flood response. The immediate and extensive flood response efforts of the Fahe Network gave us consistent access to key decisionmakers and reinforced the cornerstone role of nonprofit housing providers in rehousing disaster victims and preventing population outflow due to a lack of housing.

Deploying Fahe Executives. As a result of Fahe's history and the fact that our home office is located in KY, Jim King and Vonda Poynter have strong working relationships with key elected leaders and agency officials on both sides of the aisle. Fahe's rapid response to the flood only renewed and strengthened these relationships. Our Coalition's success depended on closed-door conversations with Stivers, executive branch leaders, and KHC. As Fahe grows its impact and reputation in other states, there may be more opportunities for Fahe leadership to gain access to key decisionmakers to help inform policy-making.

Doing our homework. As noted in the narrative, Stivers' staffer was impressed with our documentation of capacity to build. Likewise, bringing drafted legislation to the table lent a certain seriousness to our advocacy effort, assuaging some of the professed skepticism of Senate leadership. In the end, the dollar amount reserved to the RHTF from the EKSAFE fund was the same number proposed in our draft: \$10 million.

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Yet lawmaking power in most states concentrates in the hands of a small number of key legislators: majority leadership and committee chairs.

Fahe's Jim King with Kentucky Governor Jim Beshear. Photo courtesy the Governor's Communication Office.





Consistent Member engagement and responsiveness. While Fahe staff and leadership worked out the policy details and assuaged Stivers' concerns, the sustained direct action of Coalition Members was essential to getting across the finish line. Fahe Members were proactive in engaging their local legislators via phone calls, in-person visits, and inviting them (and the media) to ribbon cuttings etc., and came through in a big way in response to the request for documentation of our capacity to build. Other Coalition partners—including HHCK, KY Habitat, and the Urban Leagues of Louisville and Lexington—ensured the issue remained on the forefront for Stivers and the legislature, in both public and private conversations. By engaging at the grass-roots and grass-top level, the Coalition was able to make much faster progress.

In the end, the dollar amount reserved to the RHTF from the EKSAFE fund was the same number proposed in our draft: \$10 million.

Finally, Fahe Members, in particular, were able to provide data to the Fahe Advocacy staff and answer key questions from electeds in near-real time. This ensured the Coalition could be responsive to government and other requests quickly, maintaining momentum and positioning Fahe as the “go to” expert with direct knowledge of the field.

Consistent and effective messaging. Despite necessary adaptations in strategy, our messaging was consistent and clear: that KY is in a housing crisis, that the disasters greatly accelerated this crisis, and that immediate action is needed to prevent a mass exodus of residents from affected communities. The population loss argument seemed to resonate with elected officials and media, as it is a constant concern for the state's rural counties where the loss of even a relatively small people can directly translate into a lost seat in the legislature.

Media engagement. The power of favorable news coverage cannot be overstated. Local news is incredibly important in KY. We were able to attract a good deal of coverage on very short notice, and better planning could extend this reach.

Challenges of AHEART

Maintaining engagement during major shifts in strategy.

The large size and profound ideological diversity of our Coalition posed challenges to our overall strategy and pace of work. Several key moments demanded quick pivots. First, the flood itself required a major shift in the focus of the Coalition from a transformative investment in housing to a crisis response. Second, Stivers' initial failure to revisit the need for housing funding in the 2023 session was a major turning point in strategy and tactics. This was when we began a two-track strategy. Third and finally, Stivers expressing a willingness to use some of the EKSAFE and WKSAFE funds (vs. other available state-based funds) required a third shift to align our request with the level of funding that remained in those two accounts.

Given inevitable attrition of attendance at Coalition meetings, it was difficult to keep everyone on the same page. For instance, by the time the AHEART branding was finalized, it was already becoming clear that Stivers was not opening the budget this year. Additionally, planning for a Hill Day should have begun in the fall, not a couple of weeks before the end of the session as an emergency measure. This could greatly increase attendance and impact.

Inconsistent trust among Coalition Members. Tensions can arise within a Coalition of organizations with imperfectly aligned interests, and ours was no exception. Affordable housing advocates representing Lexington and Louisville expressed some discomfort with the direction of the Coalition, especially after the flood brought even greater attention to the housing crisis in Eastern KY. The rural-urban cultural divide is strong in this state, so urban and rural advocates often view themselves as playing a zero-sum game with class and racial undertones. However, these moments of tension were rare, and frustrated partners responded well to some individual outreach from Fahe staff.

A complex political environment: Two external factors having to do with the political calendar created challenges. First, 2023 was a Gubernatorial election year. The Republican-controlled General Assembly was loath to do anything that could be seen as a “win” for Governor Beshear (D), especially given all the good press he had received recently in his responses to COVID-19, the tornado outbreak, and the flood. Election year aside, the frosty personal relationship between Senate leadership and the Governor's office (they are rumored not to speak) required careful messaging and a great deal of tact.



Second, the non-budget session provided Stivers with a technocratic justification to take little to no action on housing. In the end, the RHTF was a “solution” that the GOP was able to “own”—it did not come from the Governor’s office but roughly matched the Governor’s Team KY funds in magnitude.

Skepticism about our capacity. Though name recognition was less of an issue in KY than in TN, President Stivers’ camp had a limited understanding of Fahe Members’ capacity to quickly develop and deliver high quality new construction and repairs. Members were quick to provide Fahe staff with estimates of their capacity, allowing us to respond to Stivers’ concerns before time ran out.

Size of initial ask. The AHEART proposal was, intentionally, an enormous funding ask. Recognizing that KY’s fiscal health was good and that any proposal would be watered down by negotiations, the Coalition chose an aggressive approach that more fully addressed the housing shortage. However, evidence suggests that this proposal was never taken seriously by key legislators (despite some support from Eastern KY Republicans Smith and Blanton). In future efforts, we can be more intentional about tying our funding ask to our demonstrated capacity. Legislators like to know exactly what they are getting when they commit funds. This however, as noted in TN, does pose some risks to credibility if estimates or projections are too variable. Adopting a more conservative estimate and under promising and over delivering is one strategy to mitigate these risks.

Reluctance to pivot from initial ask. Some Coalition Members exhibited reluctance to let go of AHEART when it was becoming clear that Stivers would not be opening the budget. Our Coalition’s natural alignment on the need for a massive investment in housing created a sort of echo chamber that resisted modifying our proposal until absolutely necessary. We also optimistically took Stivers at his word when he indicated in the aftermath of the floods that he would consider opening the budget in 2023.

This challenge has further bearing as we look forward. While we stand by the initial need projections made in the campaign, there is little political will among power holders in the KY General Assembly to make these kinds of investments. Even when facing the potential future costs associated with a delay in addressing this housing shortage. This means Coalition partners must come to some agreement on if they want to return to the aspirational ask or continue a more measured funding ask each year. Staff feel strongly that using the larger number rhetorically to drive home the scope of the problem, paired with real-world annual estimates on capacity to drive actual funding recommendations, is probably the best path forward.

Other Variables and External Factors

Slow and inadequate federal disaster response. Frustration among state officials and the general public with the timing and amount of federal assistance, especially from FEMA, increased the need for a state investment in housing. Most of the repairs and reconstructions completed by the well-publicized Housing Can’t Wait Initiative used in-state funds and philanthropy, demonstrating the viability of such an investment by the legislature.

One-party control of General Assembly. The Republican supermajority in both houses forces advocates to work almost exclusively with the majority. Members of the minority can be good sources of information, but all legislation runs through majority leadership. Fortunately, given Stivers’ longstanding leadership, he can quickly rally votes from his party, so there was no need for extensive outreach to rank-and-file Republicans.

Natural disasters. This campaign happened in the context of a true public emergency with two major natural disasters in quick succession that garnered extensive national attention including visits from President Biden. This context is not likely to be reproduced in future campaigns. However, there is still tremendous value in recognizing that crisis can create windows of opportunity for major systems change.



Kentucky AHEART Timeline

- **January 2022**
Final Treasury Rules on Covid State and Local Relief Funds (ARPA) indicate state funding can be used to support certain housing activities.
- **February 2022**
Fahe KY Members and the Housing and Homelessness Coalition of KY (HHCK) begin organizing an effort to advocate for \$40M in Covid Funding for the states Affordable Housing Trust Fund and a doubling of fees supporting the Trust Fund.
- **March 2022**
Fahe is approached by Neighborworks Alliance of KY Members to explore interest in pursuing \$75M in ARPA funding for urban revitalization projects.
- **April–May 2022**
Fahe, HHCK and NWA of Kentucky form a loose Coalition and begin speaking with state electeds about the opportunity to invest ARPA funding in housing.

The state announces that two years of surplus have resulted in a \$2.7 billion infusion of funding to the states Budget Reserve Trust Fund.
- **June 2022**
General Assembly Leadership signals that any surplus funding will be held to support a phase-out of the state's individual income tax by 2033.
- **July 2022**
Major flash floods hit 13 Eastern KY counties. 4 counties absorb over 70% of the impact.
- **August 2021**
Governor Beshear establishes Team Eastern KY Flood Relief Fund (\$15M in private funding) to support infrastructure repair and rebuilds. Housing is not an allowed activity.

Coalition Partners develop a new proposal called AHEART. This expanded the original ask to include an additional \$300M for disaster recovery.
- **December–January 2023**
A two track public/private advocacy strategy is implemented.

Fahe leadership encourages the Governor to expand TEAM East KY Funding to include housing.
- **February 2023**
Hill Day and Press conference are held in Frankfurt with strong media presence.

General Assembly leadership indicate they will not support AHEART as drafted but could support some funding.

Coalition partners meet and agree to deprioritize all but the flood recovery ask and the increase in fees to support the traditional Affordable Housing Trust Fund.

Place holder language is drafted and introduced.
- **March 2023**
The General Assembly passes legislation establishing and funding The Rural Housing Trust Fund but not the increase in recordation fees.



Governor Beshear signs the legislation into law.
- **April 2023**
Fahe begins immediate conversations with the Kentucky Housing Corporation to develop funding priorities and parameters.

Conclusion

Although both cases had distinct characteristics, taken as a whole, the challenges and opportunities provide rich insights into how Fahe can navigate large scale public policy campaigns.

Our hope is that this deeper narrative helps Fahe staff, Members, and partners better understand the importance of impact of strategic collective advocacy and collective impact efforts. Equally important, however, we hope that by capturing these dual experiences, we can help other practitioner networks understand how they can organize for meaningful systemic change.

Comparison Chart

	Tennessee 	Kentucky 
The Original Ask	\$100 million to build roughly 1,000 units of affordable housing.	\$415 million in state allocated funding; an additional \$6 million in fee revenue to the AHTF. <ul style="list-style-type: none"> • \$300 million for disaster relief; • A doubling of the fees that fund the traditional affordable housing trust fund; • \$40 million to jump start the Trust Fund; • \$75 million for vacant/abandoned buildings
The Final Funding Amt	Between \$10-\$14 million for 10-18 projects, creating or preserving between 150 and 1,289 units	<ul style="list-style-type: none"> • Creation of a \$20 million Rural Housing Trust Fund with \$10 million each for EKY and WKY. • A modest investment of Team Kentucky Funding from the Governor for immediate housing recovery and rebuilding associated with Housing Can't Wait Initiative
Timeline	17 months February 2022–July 2023	9 Months June 2022–February 2023
Coalition Partners	102 Coalition Partners <ul style="list-style-type: none"> • 17 Fahe or Neighborworks TN Members • 85 TAHRA Members 	43 Coalition partners <ul style="list-style-type: none"> • 13 Fahe Members • 9 Nonprofit Service Providers • 16 Advocacy Organizations • 2 Foundations • 1 Employer • 1 Workforce Development Program

Tennessee



Kentucky



Context

- Housing supply is increasingly tight, and costs statewide have ballooned across income brackets/affordability
 - TN's overall population is increasing rapidly, driving greater competition for available home buys and rental units
 - There was a crisis (COVID-19)
 - ARPA Funding was available
 - There was a clear decision-making table for the use of these funds
- Access to safe and quality housing in EKY was already challenging.
 - Building affordable units in EKY is complicated by low incomes, high material costs, and inconsistent appraisals
 - Rehabbing and repair is also challenging due to the sheer age of homes and the prevalence of manufactured housing
 - There was a crisis (flash flooding of EKY)
 - Between unanticipated revenue and COVID-19 relief funding, the state had a surplus

Advocacy Tools

- Talking points
 - One pagers (6 in total)
 - Draft emails
 - Proposals of varied detail (3 Slide Decks)
 - Ad hoc Meetings among Fahe and NWA partners with representatives from TAHRA
 - Partners had access to 1:1 or small group prep with Fahe Staff
- Concise 2-page ask
 - One-pagers (3)
 - Talking points
 - Draft emails
 - Monthly planning meetings with ad hoc meetings as needed
 - Draft op/ed
 - Resources to support participation of impacted community
 - Partners had access to 1:1 or small group prep with Fahe staff

Advocacy Strategies

- Media outreach gradually gained momentum over the 16 months with 2 televised news spots in key markets the week prior to FSAG's final meeting.
 - Small group meetings with legislators
 - Letters of support from key partners (Mayors, Real Estate Association, Homebuilders)
 - Met with legislators when back in their community in both individual and small group settings
 - Members educated Elected Officials at other community events
- Media outreach & extensive coverage (National/Regional/Local TV, Newspapers, and Blogs)
 - Extended media interviews with local leaders from the Coalition
 - Verbal support from local influencers (Philanthropy)
 - Site visits and events with key officials (Governor, General Assembly)
 - 1:1 meeting with key legislators
 - Small group meetings with key legislators

Tennessee



Kentucky



Messaging

- Workforce Housing
 - Retirees
 - Veterans
 - Recovery/Re-entry
 - Families with children
 - Articulating the lack of affordable housing for folks who've "earned it"
- Disaster focused
 - Housing access and affordability crisis existed prior to these weather events; now it's even worse
 - 18-month lag time between a federally declared disaster and the availability of federal funding.
 - Risks of population decline as displaced residents seek housing elsewhere in the state or region.

Advocacy Events

- 2 Fahe Hill Days
 - 2 TAHRA Hill Days
 - Numerous small group meetings
 - Making Housing Work for Working Families Event (3 sites in Eastern TN focused on educating public and officials on the housing crisis.
- 1 joint (Fahe, HHCK) Hill Day
 - Press conference featuring residents and partners
 - Ribbon cuttings, groundbreaking, and move-In events (with media)
 - Private meetings with legislative leadership

Operating Environment (political)

- Little to no strong housing champions generally or in FSAG
 - Emerging understanding of the housing crisis
 - Fahe has good connection to THDA, but THDA has a varied reputation among policy makers (there is particular dislike of tax credit and for-profit developers)
 - Fahe has a good connection to the Governor's policy lead, who did understand the housing crisis
 - The FSAG group has a deadline by which funding needs to be allocated, obligated and spent down.
 - TN has a number of large corporations investing in the state that will need housing for workforce
 - Governor had convened the FSAG and had significant influence over how dollars would be used
- Limited housing champions
 - Major public emergency
 - Fahe has exceptionally strong relationship with the Governor
 - Fahe has some strong connections to current/former General Assembly Members (Rocky Adkins; Brandon Smith)
 - Fahe has a relationship to Senate President Stivers, and he has roots in flood-impacted communities
 - HHCK does not have as good a connection to President Stivers
 - HHCK has some good connections to General Assembly Members
 - R General Assembly, D Governor, and an effort on part of the General Assembly to block some of the Governor's proposals because of election year
 - It was not a budget year for the General Assembly, decreasing the likelihood of additional funding being allocated (reluctance to open the budget)
 - Major budget surplus
 - Legislature desperately wanted to use "surplus" (resulting from Covid relief and unexpected revenue) dollars to cut taxes

Tennessee

Kentucky

Election Year

Yes, but not gubernatorial and not an election where FSAG or other legislative leadership were going to be hotly contested.

Yes – gubernatorial

Operating Environment (Coalition)

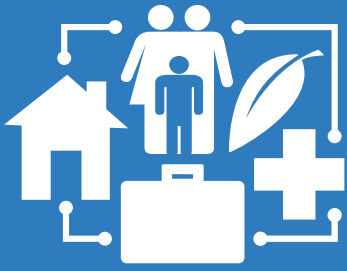
- Limited history of interaction or collaboration between Fahe/NWA and TAHRA Members
- Very little Fahe name recognition among state leaders
- Varied experience doing any advocacy efforts as a collective
- A weak or inactive housing Coalition

- History of collective advocacy among Fahe Members, other state partners and HHCK
- An established state housing Coalition

Other Factors

- Major scrutiny of TN State government: The Covenant School shooting and a subsequent series of scandals for House and Senate leadership
- The FSAG's increasing desire to just finish the allocation process & discontinue meeting

- Two track effort that balanced public pressure with targeted discussion
- Housing Can't Wait Initiative
- Risks of population decline across the state, but particularly in Eastern KY.



fahe

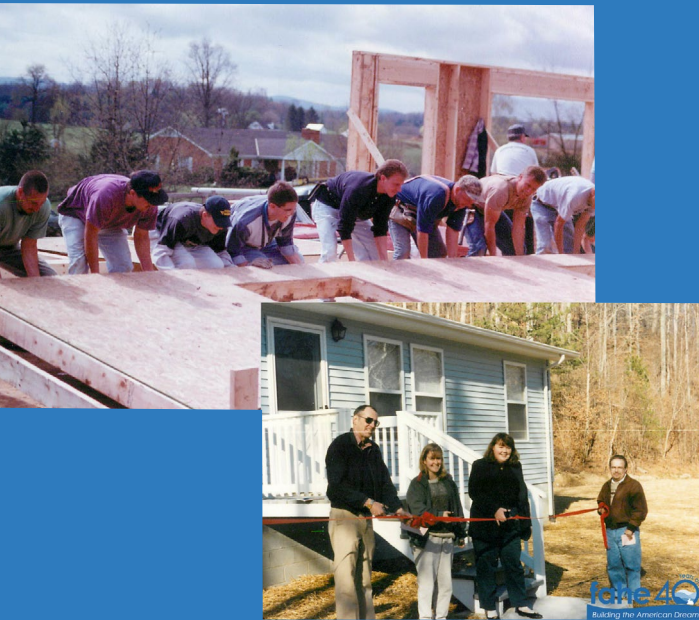
Strength in Numbers

Fahe is building thriving Appalachian communities.

For over 40 years, Fahe Tennessee Members have delivered safe, quality housing, community services, job training, and opportunity to our neighbors across the state.

Working with our Network of 50+ nonprofits across the Appalachian portion of Kentucky, Tennessee, West Virginia, Virginia, Alabama, and Maryland, we use our expertise in finance, collaboration, innovation, advocacy, and communication to achieve a more prosperous Appalachian region. With a focus on leadership, housing, education, health and social services, and economic opportunity, Fahe empowers the people and communities of Appalachia with the resources, opportunities, and tools needed to build a better life. Our strength in numbers creates positive change in Appalachia, one of the poorest and most difficult regions of the country to serve.

We envision Appalachia as a place proud of sustaining its culture and environment, where growth, opportunity, and hope are balanced so that all people fulfill their potential with regard to housing, employment, educational opportunity and quality of life.



If you want to learn more
about what we can accomplish
together, contact:

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