Rental costs rising beyond reach in Nashville

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Rent increases that have made life almost impossible for working class families nationwide are a serious problem in Nashville, Tennessee. The rise in rental costs, which out-distance incremental increases in wages, can be traced to the financial feeding frenzy of investors, hedge fund operators and real estate speculators following the 2008 crash.

"Locals complain that the rents are taking a bigger bite out of their paychecks," the *Wall Street Journal* reported, as far back as 2014, on rent increases in Nashville.

The real human costs—homelessness, lack of money for food, clothes and heat—were trivialized under the headline, "Nashville rent increases have residents singing the blues."

"While apartment rents are up 18% since 2009," the newspaper reported, "median household income in the Nashville metro area has grown by 5%, to $53,671, according to Moody's Analytics. More than half of renter households in the Nashville metro area are considered cost-burdened, meaning they pay more than 30% of their income to rent."

In its January 8 story, "Rising rents put low income US renters in severe jeopardy," the WSWS outlined the plight of renters nationwide. "A December report on the housing crisis that appeared in a publication of the Board of Governors of the US Federal Reserve, called *FEDS Notes*, reports on the distress for families in the lowest US income quintile brought on by a squeeze in monthly income from rising rents and stagnant or falling wages.

"In general, these families earn under $25,000 annually. The lowest-paid fifth of US households includes workers making more than minimum wage (and) rent increases have rapidly and relentlessly outstripped stagnant or declining annual wages for workers at the lowest income levels."

Written by researchers from the US Federal Reserve and the Brookings Institution, the December report notes that the portion of monthly income that low-income households must spend on rent has been rising through the last several business cycles. "Rent burdens have increased over the past 15 years, due to both increasing rents and decreasing incomes," the WSWS reported.

In Nashville, the rent increases have been most dramatic. For instance, according to online RentJungle.com, rents in Nashville (with minor fluctuations each month) rose from about $648 a month for a one-bedroom apartment and $872 for a two-bedroom apartment in 2011 to $1,214 for one bedroom and $1,460 for two in December 2017.

Compounding the problem is Tennessee's regressive tax system **.**

The *Chattanooga Times Free Press* reported in 2015 that it was the poor and working class who were paying for the "business friendly" atmosphere state and Nashville officials love to tout.

A study by the Federal Reserve Bank found that Tennessee had the most regressive tax system in the nation, forcing "poor and middle-class taxpayers, in most instances, to pay a bigger share of their income than do wealthy individuals," the Chattanooga newspaper reported. "Tennessee boasts some of the lowest overall tax rates of any state, but its heavy reliance upon the sales tax for the biggest share of the state revenues means that a disproportionate share of the taxes paid comes from low and middle-income taxpayers."

Nashville has seen an incredible boom in residential development in and around the downtown area. For months, on any given day, the Nashville skyline was dominated by dozens of giant 200-foot construction cranes. What is being built are not affordable apartments for the working class who wait on tables, clerk the high-end clothing stores, teach school, or provide patient care in one of the many Nashville hospitals.

Even in 2014, the *Wall Street Journal* focused on the upscale nature of "Music City's" development. One building, at 1505 Demonbreun, the *Wall Street Journal* reported, "advertises amenities such as a saltwater pool and 'Zen Courtyard with FirePit Lounge.' Monthly rents for one-bedroom apartments in the building range from $1,450 to $2,000; two-bedroom apartments range from $2,200 to $4,000 a month."

According to a 2015 Brookings Institution analysis of Census Bureau data, Nashville ranked sixth out of the 50 largest metropolitan areas in the US for income disparity. Residents in the 95th percentile have an average annual income of around $170,000, 7.9 times more than those in the 20th percentile, who earn little more than $21,000.

But Nashville is a town whose leaders love to give money away to business.

The ABC television program "Nashville," before it was cancelled, received more than $33 million from the city and the state over four years in tax incentives and outright grants.

When Ryman Hospitality Properties Inc. announced plans last summer to build a $90 million, 217,000 square-foot water park at its Gaylord Opryland Resort and Convention Center north of downtown, the city provided $13.8 million in tax breaks for a facility that will only be open to hotel and resort guests.

The city will likely spend more than $477 million over the next two decades to renovate Nissan Stadium, home to the NFL football team, the Tennessee Titans, and Bridgestone Arena, used in part as home to the NHL hockey team, the Nashville Predators.

Nashville's Democratic Mayor Megan Barry, a former corporate official and darling of liberal and pseudo-left circles for her promotion of gender and identity politics, is prepared to spend $225 million on a soccer stadium to get a Major League Soccer (MLS) franchise here.

At the same time, Barry is proposing turning Meharry General Hospital, traditionally the city's "charity" hospital for the poor, into a day-patient clinic to save money; no doubt for further tax breaks and grants for rich corporations.

While the well-to-do prosper, Nashville's homeless population only seems to increase year after year. This past year in the "It" city—for previously being named "one of best cities to live in" by various national media outlets—more homeless died than ever before. As rents go up and many homes are snapped up by investors, so will the homeless population, one advocate for the homeless said.

"The lack in affordable housing, I think, is the main reason we're seeing this," Samuel Lester, street outreach and advocacy coordinator for Open Table Nashville, a nonprofit that assists the homeless, had said previously.

In Williamson County, the richest county in the state, which borders on Nashville/Davidson County, the lack of affordable housing has been a chronic problem. Workers in service, restaurant and hospitality jobs could never afford to work and live in the county. Even some of the upper-middle class people who hoped to inhabit the county with the highest median income in the state are finding it a struggle.

That can be traced to institutional investors buying up homes and turning them into rental property, Lisa Wurth, president of the Williamson County Association of Realtors, told the *Tennessean* newspaper.

"The challenge becomes the people renting those homes many times would have bought homes if they hadn't been competing with these investors. They end up renting from the investors who bought the homes."

The percentage of renters nationally has climbed to a 50-year high, with more than one in three Americans (37 percent) renting, while home ownership is the lowest since 1967, according to a 2017 Joint Center for Housing Studies of Harvard University.

Investors and hedge fund parasites have gleefully noted that the process will only pick up speed as they pick up property and take homes off the market.

"Across Middle Tennessee, Progress Residential has bought at least 1,200 homes and converted them to rentals. A handful of other out-of-state investment groups—American Homes 4 Rent, Starwood Waypoint Homes, Streetlane Homes and Main Street Renewal—have also targeted the Nashville market.

"Together, they own at least 4,900 homes in Smyrna, Murfreesboro, Antioch, Spring Hill, Mt. Juliet and several other fast-growing neighborhoods," the *Tennessean* reported in August last year, under the headline, "Investors scoop up Nashville Area Homes, add to competitive market."

In a recent report on the investment groups' growing presence in middle Tennessee and nationally, the *Tennessean* reported "the tally of homes owned by the four largest investment firms was close to 700 homes in Spring Hill alone."

American Homes 4 Rent owns 2,500 homes in the Nashville market, which comprises more than 5 percent of the market, according to the company's financial statements. Its national portfolio includes 48,000 homes, according to the *Tennessean*.

"On Hardwood Drive in Murfreesboro, the company owns three homes and Progress Residential owns three. On Calderwood Drive in Antioch, American Homes owns five, and Progress has three. The scenario plays out on cul-de-sacs, courts and drives throughout Davidson's neighboring counties," the *Tennessean* concluded.