# STATE OF TENNESSEE

## Fiscal Year 2014-15 Annual Action Plan

## For Housing and Community Development Programs

Tennessee Housing Development Agency

Tennessee Department of Economic and Community Development

Tennessee Department of Health

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## State of Tennessee

## Fiscal Year 2014-15 Action Plan
## Executive Summary

The Annual Action Plan serves as the State of Tennessee's annual application to the U.S. Department of Housing and Urban Development (HUD) for funding of HUD's four formula grant programs: Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons Living with AIDS (HOPWA). The Fiscal Year (FY) 2014-15 Action Plan describes actions on behalf of the State of Tennessee to administer and implement the Consolidated Plan grant programs during the State Fiscal Year beginning July 1, 2014 through June 30, 2015.

The names of the grant programs, the administering state agencies and the allocations for FY 2014-15 are as follows:

- Community Development Block Program (CDBG) administered by the Tennessee Department of Economic and Community Development (ECD), allocation: $25,160,023
- HOME Investment Partnership Program (HOME) administered by Tennessee Housing Development Agency (THDA), allocation: $10,096,577
- Emergency Solutions Grant (ESG) administered by Tennessee Housing Development Agency (THDA), allocation: $2,734,930
- Housing Opportunities for Persons with AIDS (HOPWA) administered by the Tennessee Department of Health (DOH), allocation: $939,055

The Annual Action Plan (AAP) describes the amounts and source of the four formula grant funds expected to be made available during FY 2014-15 and discusses the methods by which funds will be distributed to eligible applicants by the administering agencies. Funds are made available either through a competitive grant process, through a formula basis, or in some cases, both. Also discussed are other federal and non-federal resources administered by THDA and include: Section 8 Housing Choice Voucher Program, Section 8 Contract Administration, the Low Income Housing Tax Credit Program (LIHTC), the BUILD Loan Program, the Community Investment Tax Credit (CITC) program, the Emergency Repair Program for the Elderly (ERP) and the Homeownership Programs.

**Objectives and Outcomes**

Also contained in the FY 2014-15 Action Plan are the specific objectives the administering agencies, known collectively as the Consolidated Partners, hope to address in the coming year, as they relate to the five-year Consolidated Plan, and the outcome measures by which the administering agencies will measure performance. The specific objectives of the 2010-15 Consolidated Plan are:

1. Increase the amount of affordable housing and preserve the affordable housing stock;
2. Provide for the viability of communities through ensuring infrastructure, community livability, health and safety and economic development;
3. Provide for the housing and supportive services needs of homeless individuals and other special needs populations; and

4. Affirmatively further fair housing and assure access to business opportunities in the state for women and minority owned businesses.

For each of the four objectives, action steps were developed in the five-year plan designed to address the objectives. These action steps and the ways in which each of the programs propose to address the objectives are also discussed. The Consolidated Partners have developed planning documents, included in Appendices C and D of the Annual Action Plan, to better link HUD's outcomes system to the State of Tennessee's objectives, action steps, activities and performance measures.

**Past Performance**

The state is currently implementing the FY 2013-14 Annual Action Plan. Actual accomplishments for 2013 will be reported in the FY 2013-14 *Consolidated Annual Performance and Evaluation Report (CAPER)* in September 2014. The FY 2012-13 CAPER reflects the performance and accomplishments with FY 2012 program funding. The CDBG, HOME, ESG, and HOPWA programs received a combined allocation of $38,979,851.[1] Accomplishments during FY 2012-13 include:

- CDBG – A total of 58 awards were contracted to new subrecipients or city and county governments totaling $24,598,542 through the program. This amount included the 2012-13 award amount plus additional funds that were recaptured, unspent funds from completed projects from previous years. A total of 2,242,951 low- and moderate-income (LMI) persons were assisted.
- HOME – Due to the new HOME rule not being published until July 24, 2013; THDA did not accept any applications or award any HOME funds during FY 2012-13. A total of 312 households were assisted with HOME funds from previous allocations during the FY 2012-13 reporting period. Of those 312 households, 205 were considered very low-income.
- ESG - $3,619,757 was made available for the ESG Program through a combination of the 2011 Second Allocation funding and the 2012 funding. Two cities and 11 non-profits were awarded the 2011 Second Allocation funds on a competitive basis to provide Homeless Prevention and Rapid Rehousing services, HMIS and program administrative activities. The 2012 ESG Program awarded the first $100,000 to seven agencies working with the Tennessee Department of Mental Health and Substance Abuse Services to provide homeless services and prevention activities to clients being discharged from medical and mental health facilities. Fifty-two percent of the remaining funds were awarded to 11 entitlement cities and the remaining 48 percent was awarded on a competitive basis to non-profits throughout the state. Total ESG funding during the reporting period assisted 7,958 low-, very low-, and extremely low-income persons. Nearly 70 percent of the total beneficiaries served with ESG funds earn between zero and 30 percent of the Area Median Income (AMI).
- HOPWA – The Tennessee Department of Health (DOH) awarded $947,455 to the seven project sponsors across the state. The HOPWA program reported activity for 468 individuals with HIV/AIDS and 999 affected family members as beneficiaries of HOPWA services.

Also during the FY 2012-13 reporting period, the Consolidated Partners worked together with a third party contractor to develop an Analysis of Impediments to Fair Housing Choice (AI). The purpose of the study is to determine current impediments to fair housing choice in the more rural areas of the state and to suggest actions to consider in order to overcome the identified impediments. The study was

[1] The combined allocation includes a second allocation of 2011 ESG funds in 2012 for $863,348.

finalized on July 12, 2013 and the results are available online at THDA's website (http://thda.org). The Consolidated Partners will use the findings to guide a plan of action to affirmatively further fair housing in FY 2014-15.

While Tennessee Housing Development Agency has been designated as the lead agency for Tennessee's Consolidated Planning requirements, all of the administering agencies of the four grant programs participate in the development of the Annual Action Plan and the implementation of their respective programs. The FY 2014-15 Action Plan represents the cooperation of these agencies in working together to further affordable housing and community development in Tennessee. In addition, the plan is developed in consultation with the citizens of our state. The draft plan is made available for review and public comment, according to the guidelines developed in the five-year Consolidated Plan and our Citizen Participation Plan.

# I. DESCRIPTION OF RESOURCES EXPECTED TO BE MADE AVAILABLE AND SOURCES OF FUNDS

## 1. <u>HUD Formula Grant Resources Expected to be Made Available</u>

A. Community Development Block Grant (CDBG) Small Cities Program

The State of Tennessee, Department of Economic and Community Development, administers the Small Cities program for all jurisdictions not designated by HUD as entitlement jurisdictions. The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low- and moderate-income. In Tennessee, sixteen cities and/or counties are designated as entitlements and receive direct CDBG funding. The State of Tennessee's CDBG Small Cities allocation for FY 2014-15 is **$25,160,023**.

B. HOME Investment Partnership Program (HOME)

The State of Tennessee, through the Community Programs Division of Tennessee Housing Development Agency (THDA), administers the HOME program for those jurisdictions not designated by HUD as a local Participating Jurisdiction (PJ). There are nine local PJs that receive HOME funds directly from HUD. The State of Tennessee's HOME allocation for FY 2014-15 is **$10,096,577**.

C. Emergency Solutions Grant (ESG)

The State of Tennessee, through the Community Programs Division of THDA, administers the ESG program. ESG provides funding to local governments and non-profit service providers to assist individuals and families quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. The State of Tennessee's ESG allocation for FY 2014-15 is **$2,734,930**.

D. Housing Opportunities for Persons with AIDS (HOPWA)

The State of Tennessee, Department of Health (DOH), administers the HOPWA. The Department of Health provides funds to nonprofit project sponsors to assist HIV-infected clients and their family members who are threatened with homelessness. State HOPWA funds are available on a formula basis to seven regional project sponsors outside of Nashville and Memphis, the two entitlement cities that receive HOPWA funds directly from HUD. The State of Tennessee's HOPWA allocation for FY 2014-15 is **$939,055**.

## 2. <u>Other Federal Resources to be Made Available</u>

A. HUD Section 8 Tenant Based Rental Assistance Program

The Section 8 Rental Assistance Division of THDA administers the Section 8 Housing Choice Voucher (HCV) Program. THDA is authorized to operate the HCV program across the state and currently administers the program in 74 of Tennessee's 95 counties. During FY 2014-15, it is anticipated that approximately $30-32 million will be available for this program.

B. HUD Section 8 Contract Administration Program

The Section 8 Contract Administration Division of THDA administers the Section 8 Contract Administration Program. THDA administers the Section 8 Housing Assistance Payments (HAP) Contracts and is responsible for approving and making the monthly payment to property owners throughout the state. At the end of calendar year 2013, the Division had 397 contracts, representing 34,462 families, and monthly HAPs averaging approximately $12,543,691 per month. During FY 2014-15, it is anticipated that the number of contracts, number of units and amount of HAPs per month to be stable.

C. Low Income Housing Tax Credit Program (LIHTC)

THDA administers the LIHTC program, which is authorized under Section 42 of the Internal Revenue Code, as amended. The program offers owners of and investors in low-income rental housing a reduction in federal income tax liability over a period of ten years. The Internal Revenue Service (IRS) allocates tax authority to states on a calendar year basis. The State of Tennessee has received $14,945,832 in tax credit authority for calendar year 2014 to be issued to nonprofit and for-profit developers of low-income housing and anticipates approximately $15 million in tax credit authority for calendar year 2015.

**3. <u>Other Non-Federal Resources to be Made Available</u>**

A. THDA Homeownership Program

The State of Tennessee, through the Homeownership Division of THDA, administers homeownership programs designed to provide opportunities for low- and moderate-income persons to purchase their first home. Funds are made available through the issuance of tax-exempt mortgage revenue bonds. Each program requires limitations on eligibility based on household income and acquisition costs.

THDA is not a direct lender to borrowers, but works with approximately 115 approved mortgage lenders across the State to originate the loans. THDA purchases pre-approved loans from the lenders after the loans are closed. During FY 2014-15, THDA anticipates approximately $200 million in mortgage funds will be available for this program.

B. Community Investment Tax Credit (CITC)

The Community Investment Tax Credit (CITC) was authorized by law in June 2005 and is administered by THDA in cooperation with the Tennessee Department of Revenue. The law allows any financial institution a credit against franchise and excise tax liability when that institution makes a qualified loan, investment, grant or contribution to an eligible housing entity that engages in eligible low-income housing activities. Qualified housing entities include Tennessee 501(c)(3) nonprofit organizations, Development Districts, Public Housing Authorities and THDA. Qualified activities include those that create or preserve affordable housing, activities that assist in obtaining affordable housing, activities that help build the capacity of a nonprofit to provide affordable housing and any other activity as approved by the THDA Executive Director and the Commissioner of the Department of Revenue.

C. BUILD Loan Program

THDA initiated the BUILD Loan Program in November 2005. The approximately $5.0 million loan program promotes the production, preservation, and rehabilitation of housing for low- and very low-income households by making low interest short term loans available to eligible nonprofit organizations that help meet the housing needs of low- and very low-income households in Tennessee by engaging in eligible low-income housing activities. The loans may be secured or unsecured depending on the proposed activity. BUILD loan funds may be used for new construction, land acquisition, development activities and site preparation.

D. Emergency Repair Program for the Elderly

THDA created a statewide Emergency Repair Program for the Elderly (ERP) in January 2007 and, upon approval of its Board of Directors, allocates $2 million annually for the Emergency Repair Program for the Elderly. The program provides grants to low income, elderly homeowners who are 60 years or older to correct, repair, or replace an essential system and/or a critical structural problem. The purpose of the program is to stabilize the elderly homeowner's residence by making rapid, essential repairs to make the home livable. This is not a comprehensive homeowner rehabilitation program.

The Emergency Repair Program is administered through Tennessee's Development Districts or Human Resource Agencies to help ensure that the program is available state-wide. The program operates on a two-year contract with each administering agency receiving a total allocation of $222,222: $200,000 for emergency repairs and $22,222 for administration.

## II. METHOD OF DISTRIBUTION OF FUNDS AND PROGRAM DESCRIPTIONS

The following four sections provide a description of each of the four formula programs (CDBG, HOME, ESG and HOPWA), the allocation priorities and a description of the method of distribution of funds for each program.

# COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) SMALL CITIES PROGRAM METHOD OF DISTRIBUTION AND PROGRAM DESCRIPTION

### 1. Introduction

The State of Tennessee will receive an allocation in CDBG funds for Fiscal Year 2014-15 in the amount of $25,160,023. The purpose of this section is to describe the method of distribution of Community Development Block Grant (CDBG) funds within Tennessee for meeting housing and community development policies and objectives. This section will describe all criteria used to select applications for funding, including the relative importance of the criteria. This section will also describe how CDBG funds will be allocated among all funding categories, any threshold factors, and grant size limits.

In October of 2013, ECD held a public meeting to discuss the 2014 program year. All mayors whose communities are eligible for the CDBG Small Cities program were invited as well as the administrators and engineers and other partners including the Department of Environment and Conservation (TDEC) who regularly work with the CDBG program in the state. More than 50 people attended.

During that meeting the method of distribution of CDBG funds was explained. Changes to the program were proposed and discussed as well. It was discussed that changes made the previous year including the addition of the Commercial Façade Improvement program and ensuring the smallest communities in the state receive adequate funds would continue. Potential changes that were discussing included expanding the economic development program to include a microenterprise program as well as slightly adjusting some of the scoring and moving toward more strategic applications. Additionally changes to the ThreeStar incentive were proposed. The presentation with proposed changes was placed on the ECD-CDBG website and partners not in attendance at the meeting were notified. Comments on the proposed changes were accepted by the Director of Federal Programs for a week after the meeting and all were invited to submit comments.

Comments were reviewed by the Federal Programs staff to determine what changes were supported by the communities. Few comments were received, but many administrators asked for an application workshop to discuss tips for completing applications and ways to make the application process more consistent, and a workshop was scheduled for December. Based on the comments, the changes made the previous year including using approximately $200,000 from the allocation for a commercial façade improvement project, reviewing the ranking to ensure communities with less than 3,000 people received at least $5 million in funding and continuing to look into the development of a micro-grant or micro-loan program would remain in place. The ThreeStar incentive would be increased and the scoring would be changed so that all ThreeStar communities could take advantage of the incentive. The consensus was reported to the communities and administrators in an email and through the December application workshop. They are also reflected in the following sections of the Annual Action Plan.

**2. National Objectives**

The federal authorizing legislation for the CDBG program requires that the program activities be used to accomplish at least one of three national objectives, these being

A. Activities benefiting low and moderate income (LMI) persons;

B. Activities which aid in the prevention or elimination of slums or blight;

C. Activities designed to meet community development needs having a particular urgency. These have been defined as activities designed to alleviate existing conditions that pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the recipient is unable to finance the activity on its own, and that other sources of funding are not available. This condition is sometimes called an "imminent threat" to the health and safety of the community.

**3. Community Development Objectives**

The objectives of the Tennessee CDBG program are the following:

A. Physical Infrastructure Development - to create the base of infrastructure that will provide for a high quality of life for individuals and productive capacity for communities.

B. Job Opportunity Development - to implement programs that will create a climate that is receptive to and encourages the growth of private sector jobs.

C. Human Resources Development - to develop a human resource base that is healthy and capable of working at full capacity and that has the skills and education that enable them to do so.

D. Target Economic Distress - to deliver community development programs in a manner that provides maximum assistance not only to economically disadvantaged individuals, but also to economically disadvantaged areas of the state.

E. Maximize Grantees - to use the resources available to the state in a manner which will maximize the number of grantees and, therefore, beneficiaries of the programs.

**4. Eligible Recipients of Funds**

Eligible applicants shall be city and county governments in Tennessee, except those cities of population over 50,000 and all principal cities of Metropolitan Statistical Areas (MSA). Local governments excluded from the state-administered CDBG program include: the cities of Bristol, Chattanooga, Clarksville, Cleveland, Franklin, Hendersonville, Jackson, Johnson City, Kingsport, Knoxville, Memphis, Morristown, Murfreesboro, Oak Ridge, the Metropolitan Government of Nashville-Davidson County, and the counties of Knox and Shelby.

**5. Eligible Activities**

Local governments may undertake a wide range of activities under the CDBG program. Eligible activities include:

A. Acquisition of real property;

B. Acquisition, construction, reconstruction, or installation of public works facilities (except for buildings for the general conduct of government), and site or other improvements;

C. Code enforcement in deteriorated or deteriorating areas;

D. Clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements;

E. Disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to Title I of the Fair Housing Act of 1949 or its retention for public purposes;

F. Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

G. Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under Title I;

H. Provisions of public services;

I. Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of activities under Title I of the Fair Housing Act of 1949;

J. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949;

K. Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

L. Activities necessary to develop a comprehensive community development plan;

M. Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities;

N. Activities which are carried out by public or private non-profit entities;

O. Assistance to neighborhood-based non-profit organizations, local development corporations, or entities organized under Section 301(d) of the Small Business Investment Act of 1958;

P. Activities necessary to the development of a comprehensive community-wide energy use strategy;

Q. Provision of assistance to private, for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project;

R. Rehabilitation or development of housing assistance under Section 17 of the United States Housing Act of 1937;

S. Provision of assistance to facilitate substantial reconstruction of housing owned and occupied by LMI persons (1) where the need for the reconstruction was not determinable until after rehabilitation had already commenced, or (2) where the reconstruction is part of a neighborhood rehabilitation effort and the grantee (a) determines the housing is not suitable for rehabilitation, and (b) demonstrates that the cost of substantial reconstruction is significantly less than the cost of new construction and less than the fair market value of the property after substantial reconstruction;

T. Assistance for the development, establishment, and operation for an emergency telephone number system, not to exceed two years after its establishment, if: (1) such system will contribute substantially to the safety of the residents of the area served by such system, (2) not less than 51 percent of the use of the system will be by persons of low and moderate income, and (3) other Federal funds received by the grantee are not available for the development, establishment, and operation of such system due to the insufficiency of the amount of such funds, the restrictions of the use of such funds, or the prior commitment of such funds for other purposes by the grantee;

U. Homeownership assistance.

**6. <u>Grant Categories</u>**

For State Fiscal Year 2014-15, applicants may apply for funding under five different program categories: Economic Development, Water/Sewer, Housing Rehabilitation, Community Livability and Commercial Façade Improvements. All Urgent Need/Imminent Threat projects must also fall into one of the program categories.

A. Economic Development - projects include activities where a majority of funds are used to promote the creation or retention of jobs and enhance income through industrial locations and expansions where the funds are used as loans, and also to provide needed infrastructure to industries where funds are used as grants. This program has not been widely used in the past and loan repayment funds are used to fund regular round or urgent need CDBG projects if available. Each year ECD will assess the amount of funds in the loan repayment account to determine if a portion of those funds should be used for regular round projects, urgent need projects or a microenterprise program.
Projects in the economic development category may also include loans and grants to microbusinesses to assist them in creating new jobs. Further plans for this program category will be developed throughout the year. Listening sessions will be held across the state with potential partners and a plan will be developed.

B. Water/Sewer - project funds will be targeted at improving and extending water and sewer line systems, expanding water and wastewater treatment plant capacities, improving water and wastewater treatment processes, addressing environmental needs and addressing conditions detrimental to health, safety, or public welfare.

C. Housing Rehabilitation - funds are targeted in communities with areas of substandard or dilapidated housing and community facilities in LMI neighborhoods.

D. Community Livability - projects are activities designed to provide other community development services to meet health and safety needs of the communities, particularly to benefit LMI persons. These projects can include purchasing fire trucks or ambulances, repaving roads, assisting with the building of community centers, treatment centers or other public service buildings not for the general use of government.

Set-Aside funds may be used for projects with high project need but with other scores so low that the project did not rank high enough to be funded.

All funds awarded under the categories of Community Livability, Water/Sewer, and Housing Rehabilitation and Commercial Façade Improvements qualifying under the LMI objective must be spent in LMI target areas identified by the applicant unless the community is 100 percent eligible (51% or more LMI).

## 7. Funding Levels

Shown below are the proposed funding categories for the fiscal year as well as the breakdown of funds by activity type.

| | |
|---|---|
| Economic Development – funding for these projects comes from the loan repayments from past projects and is therefore not deducted from the 2014 funds total | ($2,000,000) |
| Water and Sewer projects | $20,206,023 |
| Community Livability projects | $3,000,000 |
| Housing projects | $1,000,000 |
| Commercial Façade Improvements | $200,000 |
| Administration and Technical Assistance | $754,000 |
| **TOTAL** | **$25,160,023** |

Funding for Economic Development projects must first come from program income that is a result of repayment of past economic development loans. If those funds are not used, no funding from the regular round will be used. If most of that funding is used before the award of community development grants, some funding could be used to fund more economic development projects. The funds currently available for economic development projects will be used for community development projects if it is determined by the Director of Federal Programs and ECD Senior Advisor, Grant Programs that the funds will not be needed for economic development projects or program expenses to manage current projects. A Set-Aside ($1,000,000) is designed to permit funding for meritorious community livability, water, sewer, or housing rehabilitation projects (those with high project need) but where scores in the selection criteria are low and the total points earned are lower than required for funding. Set-Aside projects must meet all program requirements. Funds not utilized from the Set-Aside will be returned to other categories.

A 50 percent change in any category will also be permitted to facilitate proper program management and allow administrative flexibility, and the funds so reduced shall be allocated to other categories.

For all years, program recoveries of both recaptured and reallocated funds shall be re-appropriated to any categories and distributed in accordance with the Final Statement.

If additional funds become available, they will be allocated using the same percentages outlined above, with the State reserving the right to apply this 50 percent flexibility to any of the categories.

Under certain circumstances, the State may increase funding on economic development projects previously funded in order to protect the State's investment in the project.

Where grants to local governments are loaned to private for-profit business, the State requires loan repayments. These repayments will be returned to the State and will be used for CDBG eligible activities. Up to 2 percent of this program income can be used by the State for administration. In the event that program income is generated in a non-economic development project, the income will remain at the local level to be used for the same activity.

## 8. Project Eligibility Criteria for Community Development Projects

### 2014 “Regular Round” Applications

An application workshop was held on December 17, 2013 to discuss requirements for the 2014 applications for water/sewer, community livability and housing rehabilitation projects (ECD refers to these projects as our “Regular Round” projects). Appendix E contains the presentation from that meeting that served as the timeline and instructions for possible grantees. All administrators and engineers were invited to the training and more than 60 people were present. The training materials were made available to communities, administrators and engineers who could not attend the meeting. Any change from previous eligibility requirements was discussed and many of the requirements were clarified.

### Commercial Façade Program

Appendix F contains the Application Handbook for the Façade Improvements Grant which was updated for the 2014-2015 program year.

### Imminent Threat Projects

Imminent threat projects (those meeting the national objective of imminent threat/urgent need) will be approved if all selection criteria and thresholds are met as evaluated by a team of professionals from ECD (and other agencies, if needed). Pre-applications will be accepted for Imminent Threat projects at any time. The applications must address the following issues:

a. Nature of problem/documentation;

b. How long problem has existed;

c. Explanation of why this problem is now so critical;

d. Any previous measures undertaken to correct problem;

e. Alternatives;

f. Projected date that problem must be corrected;

g. Why local and other funds are not available to correct the problem.

Urgent need problems must be unique, unforeseen, and have developed to a critical stage in the last 18 months. Their continuation must represent a serious threat of loss of life or to public health and safety.

The information will be reviewed by ECD staff and the ECD Loan and Grant Committee. Assistance will be requested of the Tennessee Department of Environment and Conservation (TDEC) or engineers if needed. A written determination will be made whether or not it meets the urgent need national objective; if so, a full application will be prepared by the grantee.

## 9. Project Eligibility Criteria for Economic Development Projects

A. The only purpose of the CDBG economic development program is to generate employment opportunities for Low-Moderate Income persons. Each application must contain a commitment by a private business that it will locate or expand as a result of the CDBG assistance and that at least 51 percent of the jobs to be created or retained will be taken by LMI persons.

B. Only basic-type economic activities will be supported. These are businesses which export more than half of their products or services outside of Tennessee, generating income that supports the growth of the non-basic sector (retail, local services, etc.). Manufacturing is the classic basic economic activity, but businesses other than manufacturing will be considered if they can meet the test for a basic economic activity.

C. Applications are reviewed on a first-come, first-served basis and need not be submitted on any particular date. *Applications submitted must be complete.* Incomplete applications will be returned to the applicant community with a copy of the transmittal letter to the company and the application preparer. Once the complete application is received, it will be reviewed as a new application and will not assume its former position in the order of review.

D. Local governments are required to hold two public meetings. The first meeting, which must be advertised in a local public paper at least one week prior to the date of the meeting, is designed to solicit information about the community needs and how CDBG funds can best be used to address these needs. Communities are required to present information about how much money is available, what types of projects are being considered, and what activities are eligible. After the grant is awarded, a second public hearing must be held to discuss the impact/accomplishments of the project.

E. The maximum loan or grant any community/company may receive is $500,000. A community's Three Star status can improve the amount the community is eligible for. Economically Distressed Counties which meet threshold tests for income, unemployment, and poverty may receive up to $750,000. The amount of financing is negotiated with the company and is usually less than the maximum amounts available depending on the location of the project. The maximum term of a loan for equipment is seven years for any project. Special economic development incentives are provided for economically distressed counties. These are increasing the loan amount limits, extending the term of industrial buildings, and reducing the interest rates in economically distressed counties. Economically Distressed Counties (EDC) are those which are among the 10 worst counties for each of the following: unemployment, income, and poverty. The Commissioner of Economic and Community Development may designate additional counties as EDC if they exhibit substantial characteristics of economic distress such as major loss of employment, recent high unemployment rates, traditionally low levels of family incomes, high levels of poverty, and high concentrations of employment in declining industries.

F. All federal requirements that apply to the community development projects in the annual competition apply to the economic development program.

G. Interest rates have been established which fluctuate as the prime rate fluctuates. The prime rate will be established quarterly on the first day of the following months: January, April, July and October as quoted in the Wall Street Journal. The base prime rate will be for the quarter in which the loan is approved by ECD Loan and Grant Committee. Once the base prime rate is established, it will be in effect for the life of the loan. The only adjustments to the loan's interest rate will be the adjustment made every five years, but this will not change the base rate set at the time the loan was approved by ECD Loan and Grant Committee, only the points below the set prime rate.

Loan terms and rates are presented on the following chart. Note that in no case shall the effective rate of interest charged on CDBG loans be less than one percent.

| **PROVISION** | **Economically Distressed** | **Other Counties** |
|---|---|---|
| Maximum Loan/Grant | $750,000 | $500,000 |
| Maximum Term on Building | 20 Years | 15 Years |
| Maximum Term on Equipment | 7 Years | 7 Years |
| Minimum Interest Rate: | | |
| Years 1-5 | 5 PBP | 3 PBP |
| Years 6-10 | 4 PBP | 2 PBP |
| Years 11-20 | 3 PBP | 1 PBP |
| PBP means percentage points below prime. | | |

H. Applicants for start-up funding must have 20 percent equity and at least 30 percent of project financing must come from private sources. Any start-up applicant must have not only adequate working capital based on reasonable project success, but the potential for a second line of working capital should business conditions require it. Applications for start-up businesses will take approximately one month longer than other applications to review and make recommendations.

I. A pre-application meeting is required for all economic development projects. This is to provide advice and give companies and communities the opportunity to ask questions.

J. Companies applying for CDBG loan assistance must demonstrate their ability to ensure loan repayment. The state will determine the adequacy of public benefit by comparing the amount of loan funds requested, the number of jobs being generated, and the economic conditions in the country in which the loan will be made.

**10. <u>Project Selection Criteria for Community Development Projects in the Annual Competition</u>**

A. Point Allocation

The allocation of funds for community development projects in the annual competition will be on a competitive basis because the demand for funds far exceeds the amounts available. ECD will utilize an annual grant cycle for Community Livability, Water/Sewer and Housing Rehabilitation grants. Units of local government will submit applications to ECD by the aforementioned deadline using the CDBG application package made available to them on the ECD CDBG website.

Selection Criteria for projects in the annual competition shall be objective and quantitative and shall be based on project need, project feasibility, project impact, community need, project essentialness (for Community Livability only) and effect on a community's economic development

Points for projects in the annual competition in various categories will be rated by staff evaluation with maximum points as shown below:

| | Community Need | Project Need | Project Feasibility | Project Impact | Project Essentialness | Economic Development |
|---|---|---|---|---|---|---|
| Water and Sewer | 100 | 100 | Threshold | 100 | 0 | 10 |
| Community Livability | 100 | 50 | 50 | 50 | 50 | 10 |
| Housing Rehabilitation | 100 | 50 | 50 | 50 | 0 | 10 |

The points for each criteria (community need, project need, etc.) will be totaled and the individual projects will be ranked from highest to lowest based on the total number of points earned. Projects in one category will not compete against projects in another category (i.e. community livability projects will not compete with those in the housing category). Projects will be approved in each category based on the total number of points earned, subject to the amount of money allocated to that category.

The selection criteria for Set-Aside projects will not be quantitative. The Set-Aside category was established to allow the state the flexibility to address situations where the selection criteria failed to operate as envisioned and meritorious projects did not score enough total points to be approved.

Therefore, the approval of Set-Aside projects must necessarily be subjective. Nevertheless, there are certain factors that will be considered when approving projects under the Set-Aside category.

Principal among these is the following:
- The project need;
- The ability of the applicant to finance the project locally;
- The potential loss of other funding that has been committed;
- The number and percentage of LMI residents.

Project application materials will be supplemented, as appropriate, by site visits and by informed opinions of state agencies knowledgeable about particular projects. In particular, water and sewer system projects are reviewed by staff at the Tennessee Department of Environment and Conservation (TDEC).

The ranking of applicants is approved by the Governor's Office and the ECD Loan and Grant Committee before awards are made. Set-aside projects are selected by the Governor's office with guidance from ECD at the time the ranking is approved.

B. Community Need Points

Community need is a measure of economic distress based on unemployment and income, and is calculated as follows:
- Latest annual county unemployment rate
- Target area per capita income
- 2003-2012 average county unemployment rate
- 2009 per capita income

C. Project Need Points

Project need points measure the degree to which there is a need for the project (no existing facilities or existing facilities are inadequate). Because of the different types of projects, project need points must be structured differently for different types of projects. Listed below are the methods of calculating project need points for water, wastewater, and community livability projects.

1) Water Line Extensions

Project need for water line extensions relates to deficiencies with private sources (wells, springs, etc.) and is based upon a) water quantity problems which are measured by days of water shortage, b) water quality problems as measured by bacteria content, or c) water quality problems as measured by mineral content. Water testing is required to document bacteria and mineral problems; surveys of affected residents measure shortage.

2) Water System Projects

a. Water Treatment Plants

Project need for water treatment plants is based on the ability of the existing plant to provide the quantity and quality of water required to meet customer needs and standards of TDEC. Quantity problems are evaluated based on the percent of the existing capacity being utilized. Quality problems are evaluated by engineers in TDEC.

b. Water Distribution Facilities

Water distribution problems relate to deficiencies in existing distribution facilities and are based upon a) lack of water storage, b) pressure problems, or c) water loss. The adequacy of storage is measured against TDEC's requirement for storage capacity equal to 24 hours average usage. Pressure problems are documented by pressure tests. Water loss is calculated based on the difference between water produced and water sold.

c. Water Source Development

Water source problems are documented by the ability of the current source to meet projected demands for quantity or quality of water.

3) Sewer System Projects

Sewer system projects are those eligible for Federal funding from the Environmental Protection Agency (EPA). The CDBG evaluation system is based upon the points assigned by TDEC for the EPA priority list plus 100 points for new treatment plants or innovative alternatives, 75 points for sewer plant rehabilitation, upgrade, and/or additions to a plant, 50 points for line rehabilitation to reduce infiltration and inflow, or 25 points for interceptors. A combination of these points can also be issued. Points are totaled and distributed based on a 100-point scale.

4) Sewer Line Extensions

Project need for sewer line extensions is based upon septic tank failure rates. Testing of all septic tanks in the target area is required. Gray water problems alone do not count as septic tank failures.

5) Community Livability

Project need points for community livability projects are subjective because of the wide variety of projects that may be submitted under the community livability category. Project need points reflect the degree to which there is a need for the project. The adequacy of documentation to substantiate the nature and magnitude of the problem is very important. Scores of three ECD reviewers will be averaged.

6) Housing Rehabilitation

Project need points for housing applications will be based on two factors as follows:

a. Percent of substandard houses to be rehabilitated with CDBG funds in the target area;
b. Percentage of residents who are 62 years of age or above, and/or female head of household, and/or handicapped.

D. Project Feasibility Points

1) Water/Sewer

Project feasibility for water and sewer projects is a threshold. All projects will be reviewed for technical feasibility by TDEC staff. If they do not meet this threshold, they will not be allowed to compete for funding.

2) Community Livability

Project feasibility points for community livability projects will be based upon the following considerations:

a. Quality of design compared to accepted standards;
b. Cost effectiveness, designed to create greatest benefit for least cost;
c. Alternatives examined;
d. Adequacy of operating budget;
e. Quality of documentation that the project will solve the problem.

3) Housing Rehabilitation

Project feasibility points for housing applications will be based on the following considerations:

a. A total of up to 25 points based on an assessment of whether the work proposed in the application can be accomplished with the funds available (including CDBG and other funds);
b. A total of up to 25 points based on the relative magnitude of the problems identified in each application based on observations made on site visits and pictures provided in the application.

E. Project Impact Points

1) Water/Sewer

Project impact points for water and sewer projects will be calculated as follows:

| | |
|---|---|
| a. CDBG cost per person; | 25 points |
| b. CDBG cost per LMI person; | 25 points |
| c. LMI percent; | 30 points |
| d. Rate factor; | 20 points |
| **Total** | **100 points** |

2) Community Livability

Again, because of the variety of community livability projects that may be submitted, the calculation of project impact points must be able to be used for a variety of projects. Therefore, project impact points will be assigned as follows:

| | |
|---|---|
| a. CDBG cost per person; | 25 points |
| b. CDBG cost per LMI person; | 25 points |
| **Total** | **50 points** |

3) Housing Rehabilitation

Project impact points for housing applications will be based on the following considerations:

| | |
|---|---|
| a. LMI Percentage; | 25 points |
| b. Cost per LMI person; | 25 points |
| **Total** | **50 points** |

F. Project Essentialness Points

Project essentialness points apply only to community livability projects and are designed to assess the degree to which the project is essential for the maintenance of safe and tolerable living conditions. Scores of three ECD reviewers will be averaged. Project essentialness points are subjective and are assigned as follows:

| | |
|---|---|
| a. Extremely Critical – restricted to life threatening situations; | Up to: 50 points |
| b. Critical – related to solving health and safety problems; | 30 points |
| c. Important – improves living conditions, quality of life; | 20 points |
| d. Needed – removes inconvenience, improves quantity or quality of public services; | 10 points |
| e. Not Needed – does not address current problem | 0 points |

G. Economic Development Points

For the 2014-2015 application year, 10 additional points are available on applications where the community can show that the project will positively affect Economic Development in their communities. Projects that have the potential to affect Economic Development will be awarded five points. Applicants describe these effects in their program narratives and two ECD reviewers agree on a score.

H. Commercial Façade Improvements

Commercial façade improvement grants will be scored as described in Appendix F and on the application. Applications will be scored by the Federal Programs staff and staff from the ECD Strategy Division. The scores from these reviewers will be averaged and the top applicants will be awarded up to $25,000 until the total of $200,000 has been reached.

**11. <u>Project Selection Criteria for Economic Development Projects</u>**

A. Economic development projects must create and/or retain jobs. The creation of private investment without the creation and/or retention of jobs will not qualify a project for CDBG assistance. Of the jobs created and/or retained, 51 percent must go to individuals who, prior to employment in the assisted business, were classified as having low or moderate-income. Subsection I provides additional information regarding public benefit issues related to jobs created and/or retained compared to CDBG investments.

B. The project costs of activities assisted with CDBG funds must be reasonable. For construction projects, reasonableness will be determined by competitive bidding, including the use of Davis-Bacon wage rates. For the acquisition of equipment, reasonableness will be determined by industry standards. For the acquisition of used equipment, industry standards will be determined through the appraisal of equipment to be purchased, with the asking price of the equipment being compared to the appraisal. For new equipment, industry standards will be based on recent experience with similar equipment. The borrower also has a vested interest in obtaining reasonable costs since the equipment loan must be repaid. The state will retain the final determination of reasonableness which will be based on cost comparison with recently funded similar projects.

C. To the extent practicable, reasonable financial support must be committed for project activities from non-federal sources prior to the disbursement of federal funds.

D. To the extent practicable, any grant funds to be provided for project activities must not substantially reduce the amount of non-federal financial support for the activities.

E. Project activities must be financially feasible. Non-CDBG funds in a project must be sufficient to complete the project as proposed. When an infrastructure grant is involved, the assisted business must demonstrate a high expectation of success and long-term employment of low and moderate-income individuals. When a building or equipment loan is involved, the business must demonstrate a high expectation of success and repayment of the federal funds.

F. In determining a high expectation of success which includes the long-term employment of low and moderate-income individuals and the repayment of federal funds, the Committee will consider the following:

1) Historical financial statements.
2) Projected financial statements.
3) Dun and Bradstreet and/or business credit reports on the company.
4) Marketing plan.
5) Resumes of management to document operational expertise of the company.
6) Financial strength of the owner(s) of the company, including personal credit bureau reports.

In analyzing the historical and projected financial statements, comparisons are made to industry standards such as those contained in the Robert Morris Associates Annual Statement Studies (including debt to assets, profit to assets, profit to net worth, receivables, inventory, payables, etc.). Significant deviations from industry standards will result in a more in-depth review.

Dun and Bradstreet and business credit bureau reports are reviewed to identify any recent problems the company may have had.

Marketing plans are reviewed to assess current and future customers, and their continued interest in purchasing goods and services from the company.

Management expertise is reviewed to determine the level of experience in the industry and the management skills of who will operate the company.

The financial strength of the owner(s) of the company is assessed to ensure their ability to provide additional funding to the company if necessary. This may include discussion and verification of personal assets with owners' bankers.

G. To the extent practicable, project activities assisted with CDBG funds must not provide more than a reasonable return on investment to the owner. The reasonableness of return on investment will take into consideration industry standards such as those contained in the Robert Morris Associates Annual Statement Studies. Projects which, as a result of the CDBG assistance, will have an unreasonably high return on investment will not be considered for assistance.

H. To the extent practicable, grant amounts used for the costs of project activities will be disbursed on a pro-rata basis with the amounts of other sources.

I. The public benefit provided by the project activities must be appropriate relative to the amount of assistance provided by grant funds. In determining appropriateness, the Committee will consider such factors as the number of jobs being created, the number of jobs being created for low and moderate-income individuals, unemployment rates, income levels, poverty rates, recent plant closings, reliance on declining industries, isolation from centers of population and inadequate transportation facilities, labor force characteristics, and the amount of CDBG funds per full time equivalent job to be created or retained. HUD's threshold test of public benefit regardless of location is the creation or retention of at least one full-time equivalent permanent job per $35,000 of CDBG funds used. Historically, Tennessee grants have created one job for each $7,500 and rarely have exceeded one job per $15,000, and the state would expect that trend to continue. There may be exceptional cases, however, where it is appropriate for the cost per job to exceed $15,000. These grants will be looked at on a case by case basis, considering the factors listed above that determine the appropriateness of the funding level. However, in no case will the state fund a project in excess of the HUD threshold of $35,000 per job.

Grant and loan requests are presented to the ECD Loan and Grant Committee which consists of the Commissioner of ECD, the Chief of Staff of ECD, the Assistant Commissioners of ECD, and the General Counsel of ECD. The final disposition of the grant or loan request may be approval, denial, approval with conditions, or re-negotiation based on these same criteria.

The final decision on the loan or grant will be made by the Committee based on the following considerations:

1) Does the project meet the basic federal requirements (especially LMI and public benefit test)?
2) Are the number and type of jobs to be generated appropriate for the amount of assistance being requested?
3) Is the level of risk acceptable? Based on the analysis of the business plan, marketing plan, historical and projected financial statements, and the organizational structure and expertise of the management of the company, does it appear that the company will remain in production for a significant period of time meeting its employment obligations, and if a loan is involved that the loan will be repaid.

The funding decision for economic development is necessarily subjective by the Committee, but it is based on specific criteria which are designed to identify those companies which hold promise for long-term success and continued employment of LMI persons.

Unlike the community development projects in the annual competition, it is not possible to use a point system to select economic development projects for funding. Because of this, the economic development program operates very much like a bank, with loan officers gathering as much information about a project as possible, analyzing this information and making a recommendation regarding funding, with the final decision regarding funding being the responsibility of a Loan/Grant Committee.

Each business requesting CDBG assistance is required to provide the following information:

- Business plan;
- Marketing plan;
- Historical financial statements;
- Projections;
- Resumes.

This information is thoroughly analyzed and verified. This involves checking with customers, suppliers, banking references, and others that may provide information on the business and the principals in the business.

**12. Ability to Pay**

Each CDBG grant (not loan), except those for housing and Commercial Façade Improvements, is based upon an ability-to-pay calculation that determines the level of local financial contribution that is required. This ability-to-pay determination includes per capita income, the value of taxable property, and the value of taxable sales. Housing projects do not require a match from the community and therefore ability-to-pay is not calculated. Commercial Façade Improvements are required to be matched at 25% which can come from the community, the sponsoring organization, the businesses affected by the projects or a combination of any of these. Up to half of the required match can be in-kind services provided by the community or businesses.

User-financed projects are based on per capita income only. Tax financed projects are based on per capita income, property values, and sales.

Depending on the service area of the project, ability-to-pay is calculated for municipalities only, rural county only, and the county as a whole. The correct application of these different indices is as follows:

A. For county applications where 75 percent of the beneficiaries are located in the county, use the county rural rate;
B. For county applications where 75 percent of the beneficiaries are located in an incorporated area, use the city rate;
C. For county applications that do not have 75 percent of the beneficiaries located in either the county or city, use the county aggregate rate;
D. For city applications, use the city rate;
E. For economic development applications, use the tax financed rate;
F. For county economic development applications, use the county aggregate rate.

Grant rates range from 60 to 100 percent for economic development projects and 70 to 100 percent for community development projects.

**13. ThreeStar Incentive**

Due to changes in the ThreeStar program, all communities that participate in the program for the 2014-2015 program year can deduct 4% from the Ability-to-Pay percentage up to the maximum amount. A list of ThreeStar communities will be provided by the ECD Strategy Division in March of 2014. This will used in the scoring of applications for the 2014 awards. Additionally, after discussion in the public meeting, it was determined that in order for the most communities to take advantage of the ThreeStar incentive, applicants who are ThreeStar communities would be able to apply for up to $525,000 for water and sewer and housing projects and $315,000 for community livability projects.

# HOME PROGRAM
# METHOD OF DISTRIBUTION AND PROGRAM DESCRIPTION

## 1. Introduction

The Tennessee Housing Development Agency (THDA) administers the federally funded HOME program to promote the production, preservation and rehabilitation of housing for low-income households. The State of Tennessee's allocation for the 2014 HOME Program is **$10,096,577**. The purpose of this section is to describe the method of distribution of HOME funds within Tennessee for meeting housing and community development policies and objectives. This section will describe all criteria used to select applications for funding, including the relative importance of the criteria.

HOME funds are awarded through a competitive application process to cities, counties and non-profit organizations outside local participating jurisdictions. Local participating jurisdictions (PJs) are those local governments in Tennessee that receive HOME funds directly from the Department of Housing and Urban Development (HUD). The Local PJs are Clarksville, Chattanooga, Jackson, Knoxville, Memphis, Nashville-Davidson County, Knox County, Shelby County and the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Kingsport, Johnson City, Bluff City, Sullivan County, and Washington County, excluding the Town of Jonesborough). Community Housing Development Organizations (CHDOs) and non-profit organizations located within a local PJ may apply for projects located outside of the local PJ. An applicant must apply for at least $100,000 and may apply for a maximum HOME grant of $500,000. There is a $750,000 limit on the amount of HOME funds that can be awarded to any one county.

On December 16, 2011, HUD published a new proposed regulation for the HOME Program, which made significant changes to the HOME rule. Because the new HOME rule would apply to any grants with 2012 funds, THDA opted not to accept any applications for 2012 until the new rule was released. The new rule was not published until July 24, 2013; therefore, THDA did not accept any applications or award any HOME funds during FY 2012-13. During FY 2013-14, THDA awarded a CHDO round of 2012 funds in the fall of 2013, and will award the Urban/Rural and Supportive Housing Development round of 2012 and 2013 funds by July 1, 2014. Fiscal Year 2013 and 2014 CHDO funds are planned to be awarded in the fall of 2014, and the Urban/Rural round of 2014 and 2015 funds are planned to be awarded in May of 2015.

## 2. The HOME Program

The HOME program is governed by Title 24 Code of Federal Regulations, Part 92. Those regulations are incorporated by reference in this Program Description. The federal regulations take precedence over this program description in cases of conflicting requirements.

A. Eligible Applicants

The State of Tennessee, through THDA, will accept applications for the HOME program from cities, counties, CHDOs, and private, non-profit organizations.

To be eligible the non-profit organization must:

1) Be organized under Tennessee law, as evidenced by a Certificate of Existence from the Tennessee Secretary of State and dated within six months of the application due date;

2) Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual;

3) Have among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws, and experience in the provision of housing to low income households;

4) Have standards of financial accountability that conform to 24 CFR 84.21, *Standards of Financial Management Systems*; and

5) Have an IRS designation under Section 501(c)(3) of the tax code. *Non-profit applicants may not submit an application until they have received their 501(c)(3) designation from the IRS.*

THDA will also accept HOME applications from Community Housing Development Organizations (CHDOs). A CHDO is a private, non-profit organization that meets all the requirements for a non-profit listed above, plus the following additional requirements:

1) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit entity, but:

a. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer or real estate management firm;

b. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and

c. The CHDO must be free to contract for goods and services from vendors of its own choosing.

d. Officers and employees of the for-profit entity may not be officers or employees of the CHDO, and the CHDO may not use office space of the for-profit entity.

2) Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees governmental entity. Board members appointed by a government entity may not appoint the remaining two-thirds of the board members. The officers or employees of a government entity may not be officers or employees of a CHDO.

3) Maintains accountability to low-income community residents by:

a. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and

b. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, site selection, development, and management of affordable housing.

4) Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a CHDO, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of 24 CFR 92.300(a)(2). A non-profit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization.

5) Has a history of serving the community within which the housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created CHDO formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

CHDOs may only apply for HOME funding for projects in which the CHDO is the owner, sponsor or developer. With their permission, unsuccessful CHDO applicants will be referred to the HUD Technical Assistance provider to develop capacity.

Applicants with prior HOME grants must also have *requested* (submitted an official Request for Payment Form with supporting documentation) the following percentages of their grants by February 28, 2015 to be eligible for the 2014 HOME program:

| HOME Grant Year | Spend Down Requirement |
|---|---|
| 1992 – 2011 | 100% |
| 2012 | 25% |
| 2013 | 25% |

These spending requirements also apply to applications from CHDOs. In addition, CHDOs that were funded for homeownership programs that generate CHDO proceeds will have to demonstrate a need for additional HOME funds and documentation that neighborhood market conditions demonstrate a need for the project to be eligible for the 2014 HOME program.

Subject to review by the Grants Committee of the THDA Board of Directors, applicants who have not submitted required documentation to close a prior grant or applicants found in material non-compliance with THDA program requirements for prior HOME grants or other THDA programs are disqualified.

B. Allocation of Funds

HOME funds committed to the State of Tennessee, through THDA, will be allocated as promulgated in the State of Tennessee's Consolidated Plan, as amended. THDA will spend up to ten percent of its HOME allocation for administrative and planning expenses. THDA will use four percent of these funds for its own administrative expenses. The remaining six percent is available to pay the administrative costs of local governments and non-profit grant recipients. The balance of THDA's 2014 HOME allocation will be divided as follows:

*CHDO Set-aside:* Fifteen percent of the total allocation will be reserved for eligible applications from CHDOs outside local PJs or from CHDOs located in local PJs, but proposing projects outside the local PJs. THDA will also accept applications for the CHDO set-aside for projects in Clarksville, Jackson, Knox County and Shelby County. The THDA HOME funding to successful applicants for projects in these four jurisdictions will be reduced by the amount of funding the CHDO receives from the local PJ to keep within the $500,000 maximum grant. THDA will allocate up to five percent of the CHDO set-aside for CHDO operating expenses. Funds not committed to CHDOs within 24 months will be recaptured by HUD. If in the opinion of THDA, the applications submitted do not represent CHDOs with viable proposals or with the organizational potential to comply with all HOME affordability requirements, THDA may choose not to award all of the FY 2014 CHDO funds in the current application round.

*Supportive Housing Development Set-aside:* Ten percent of the total allocation will be reserved for eligible applicants proposing projects to develop supportive housing. *Supportive housing projects are limited to rental activities*. They include, but are not limited to, housing designed for persons with a specific type of disability who could not reside in housing that is available to the general public due to a condition that can be either a permanent or temporary disability. There must be on-going, on-site services because without the on-site services, the disabled persons would be unable to maintain themselves in housing. *Supportive housing applications must include documentation of on-going, on-site support services.* In a mixed project, over 50 percent of the units must be targeted to households requiring supportive services to be considered an eligible applicant for the Supportive Housing set-aside. Supportive housing projects will be scored and ranked on a separate supportive housing matrix. See *Eligible Activities, Section C, Supportive Housing Development* for additional information. If there are not enough applicants for the Supportive Housing Development Set-aside, the remaining funds will be combined with the funds in the Urban/Rural Allocation.

*Urban/Rural Allocation:* The remaining 65 percent of the HOME funds will be allocated for eligible projects in Urban and Rural areas of the State. The Urban areas are defined by population density in the same way as in the Low Income Housing Tax Credit Program. The urban areas include the following counties: Anderson, Blount, Bradley, Carter, Coffee, Dyer, Gibson, Hamilton, Hamblen, Haywood, Madison, Maury, Montgomery, Putnam, Roane, Rutherford, Sumner, Unicoi, Williamson and Wilson. All other counties are considered Rural. Of the remaining 65 percent, the urban allocation is 44 percent of the remaining amount and the rural allocation is 56 percent of the remaining amount. The percentages are based on the low-income population in the designated urban and rural counties. However, the urban areas do not include the low income populations of the local participating jurisdictions of Chattanooga, Clarksville, Jackson, Knox County, Memphis, Metropolitan Nashville-Davidson County, Shelby County, Sullivan County and Washington County, excluding the Town of Jonesborough. There will be an urban and a rural matrix and the applicants will be scored, ranked and funded until the funds are used. There will be a $750,000 maximum grant per county in each region. Grants to successful applicants in the same county will be reduced proportionately should there be multiple successful applicants from the same county with a minimum grant of $250,000, however, the THDA Board of Directors may award less than $250,000 should there be more than three successful applicants from the same county.

HOME awards will be in the form of a grant. There is, however, an exception for rental housing projects. For small rental projects (those with less than 12 units) the HOME funds awarded to a successful applicant can be in the form of a loan or grant. For rental projects of 12 or more units, HOME funds will be awarded to successful applicants only in the form of a loan, subject to terms and conditions approved by THDA.

Grantees will be required to repay any HOME funds expended on projects that are not completed and ready for occupancy within four years of the date the Written Agreement between the Grantee and THDA is executed.

C. Eligible Activities

There are specific eligible activities under the HOME Program that must address the housing needs of low-income households. Housing includes manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing and group homes. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, half-way houses, housing for students or dormitories (including farmworker dormitories). Eligible housing activities include:

1) Homeowner rehabilitation programs

*Housing Rehabilitation:* The use of HOME funds will be limited to the rehabilitation of existing structures. A maximum of $40,000 per house for rehabilitation costs (excluding building inspections, LBP inspections, energy related inspections and administration) will be allowed. Dilapidated structures which require reconstruction are not eligible and should not be scored. Priority should be given to repair or replacement of roofs, HVAC systems, electrical systems, plumbing systems, foundation problems, water supply issues, exterior painting to maintain the structure and limited interior painting. The structure must exhibit at least one code violation as revealed by a code inspection.

HOME regulations require that after the work is complete, the structure must meet the building code enforced for that location or the applicable International Code. Units assisted with HOME funds must require at least $1,000 of rehabilitation work to bring the unit into compliance with the applicable codes. Structures that cannot be brought up to code within the maximum grant funds would be ineligible.

*Housing Rehabilitation Costs and Lead-based Paint*: If a unit to be rehabilitated was built after 1978, the rehabilitation costs are capped by the HOME subsidy limits. All units built prior to 1978 will require a risk assessment by a qualified lead inspector. If the risk assessment of a pre-1978 unit discloses no lead, then the cap for rehabilitation costs will be $40,000. If the risk assessment for a pre-1978 unit reveals the presence of lead-based paint and the estimated rehabilitation costs are less than $25,000, then standard treatments will apply and the HOME subsidy for rehabilitation is limited to $25,000. If the risk assessment reveals the presence of lead-based paint and the estimated rehabilitation costs exceed $25,000, then abatement will be required by a qualified abatement contractor to provide assistance up to $40,000.

2) Homeownership Programs

*CHDO* – Homeownership programs include construction financing or acquisition and substantial rehabilitation of substandard single-family dwellings. HOME funds *are to be used as the primary method of financing* (without interest cost) for *the development of affordable single-family units* either through new construction or acquisition and rehabilitation of substandard units by the CHDO. The CHDO must be the owner, sponsor or developer of the project. At the time of permanent financing the HOME funds are repaid to the CHDO as CHDO proceeds and are used to develop additional single-family units for homeownership. A CHDO must allow up to $14,999 of HOME funds to remain with the unit as a soft second mortgage as necessary to qualify the household for permanent financing. THDA requires that a subsidy remain in the financing when the unit is sold so affordability is based on the less restrictive recapture provision of the HOME regulations. Any homeownership unit developed by a CHDO that cannot be sold to an eligible homeowner within six months of project completion must be converted to rental housing and rented to an income eligible tenant.

*Cities, counties and non-profit organizations (non-CHDO)* – Homeownership programs are restricted to a soft second mortgage necessary to qualify the household for permanent financing.

*Soft second mortgages* – Any HOME funds used for a soft second mortgage in homeownership programs are limited to the lesser of $14,999 in HOME funds or the amount of HOME funds necessary to qualify the household for permanent financing. There will be an affordability period of five years which is forgiven at the end of the fifth year if the unit remains in compliance, i.e., the unit remains the permanent residence of the initial buyer and is not leased.

*Sales Price Limits* – The sales price limit for homeownership programs are the Property Value Limits. See Appendix G: Property Value Limits Existing Homes HOME Purchase Price and New Homes HOME Purchase Price.

*Underwriting* – Front and back end ratios may not exceed 29 percent and 41 percent, respectively. Lower ratios are encouraged.

*Permanent Financing* – Under homeownership programs, THDA expects the use of THDA mortgages whenever suitable. Other financing may be used if it is comparable to a THDA mortgage. Permanent financing is considered comparable if the interest rate does not exceed the prevailing THDA Great Choice interest rate by more than one percentage point and when it is demonstrated that the home buyer represents a commensurate underwriting risk to the lender. All loans must have a fixed interest rate fully amortizing over the 30 year term of the loan. There can be no pre-payment penalty for early payoffs.

*Homebuyer Contribution* – The homebuyer must make a contribution from their own funds equal to one percent of the purchase price of the property.

*Homebuyer Education* – All homebuyers must complete a homebuyer education program from a THDA qualified homebuyer education trainer prior to purchase.

*Neighborhood Market Conditions* – Applicants proposing homeownership projects must document that neighborhood market conditions demonstrate a need for the project and will complete a market study for homeownership programs (Appendix H).

*Deadline for Sale* – Homebuyer units must be sold to an eligible homebuyer within six months of project completion. If a homebuyer unit is not sold to an eligible homebuyer within nine months of project completion, the unit must be converted to rental housing for the appropriate rental affordability period or the HOME funds must be repaid by the grant recipient to THDA.

It is expected that the grantee will not only shepherd the homebuyer through the home buying process, but also work toward fostering an on-going relationship with the homebuyer. This includes facilitating additional homeowner counseling, verifying homeowner occupancy requirements on an annual basis, and monitoring mortgage default issues.

3) Rental Housing Programs

*New construction of rental housing units.*

*Acquisition and/or rehabilitation of rental housing units.*

*Supportive Housing Development* – New Construction, acquisition and/or rehabilitation of housing, including transitional housing, single-room occupancy housing and group homes, for persons with a physical, emotional or mental disability who require on-site supportive services to maintain themselves in housing.

A person will be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that is attributable to a mental or physical impairment or combination of mental and physical impairments; is manifested before the person attains age 22; is likely to continue indefinitely; results in substantial functional limitations in three or more of the following areas of major life activity:  self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated

*Transitional housing* is designed to provide housing and appropriate on-site support services to persons, including (but not limited to) deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children; and has as its purpose facilitating the movement of individuals and families to independent living within a time period that is set by the grantee or project owner before occupancy.

*Group Home* means housing occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the unit, and (except in the case of shared one-bedroom units) separate private space for each household. On-site supportive services must be provided. A group home is generally a large single-family unit, and is considered a one-unit project.

The subsidy limit is based upon the number of bedrooms in the unit, including bedrooms occupied by resident support service providers.

Rents for HOME-assisted group homes are based upon the number of bedrooms in the unit, excluding bedrooms occupied by live-in support service providers, with each household paying its proportionate share of the total unit rent.

*Single Room Occupancy (SRO)* housing means housing consisting of clearly identifiable separate dwelling units that are the primary residence of its occupant or occupants. If the project consists of new construction, or conversion of non-residential space, then the unit must contain either food preparation or sanitary facilities (and may contain both). For acquisition or rehabilitation of an existing residential structure or a hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by the tenants. The provision of on-site supportive services is required.

The maximum per unit subsidy is the subsidy for zero-bedroom units times the number of HOME-assisted units in the structure. However, in no event may the maximum subsidy exceed the actual development cost of the HOME-assisted units based on their proportionate share of the total development cost.

If the HOME-assisted SRO unit has neither food preparation nor sanitary facilities, or only one, the rent may not exceed 75% of the Fair Market Rent (FMR) for a zero bedroom unit.

If the HOME-assisted SRO unit has both food preparation and sanitary facilities in the unit, the High and Low HOME rent requirements of the HOME program apply.

Designation of a project as SRO housing must be consistent with local zoning and building code classifications. The applicant must provide documentation that the proposed project is eligible to be designated SRO housing.

Applicants proposing rental projects must document that neighborhood market conditions demonstrate a need for the project and will complete a market study (Appendix H).

Applicants proposing rental housing programs will need to complete a Rental Housing Feasibility Worksheet. HOME funds are used as gap financing, and the applicant must demonstrate a need for the HOME funds. If the project development costs require additional financing, documentation must be provided that the other financing has been secured. If the project can support a debt, other financing will be a threshold requirement. EXCEPTION: Rental projects funded under the Supportive Housing Development Set-Aside are not required to have additional debt due to the extremely low income of the clientele being served.

Rental projects must be fully occupied by income eligible tenants within six months of completion of construction or acquisition and rehabilitation. If not, the grant recipient must report to THDA on current marketing efforts in a form and with substance as required by THDA. If a rental project has not achieved initial occupancy within 18 months of completion, all HOME funds invested in the rental project must be repaid to THDA.

4) CHDO Operating Expenses, Developer's Fees and CHDO Proceeds.

*CHDO Operating Expenses* – CHDO may request up to seven percent of the grant as CHDO operating expenses to help with the administrative costs of operating a housing program. Operating expenses are separate from project funds.

*Developers Fee*s – A CHDO may also request an eight percent developer's fee if the CHDO is acting as a developer of housing. The developer's fee is eight percent of the HOME funds used to construct or acquire and rehabilitate the unit. The developer's fee is a project soft cost and counts against the maximum per unit subsidy limit.

*CHDO Proceeds* – CHDO proceeds are the HOME funds returned to a CHDO upon the sale of a unit developed by the CHDO from the buyer's permanent financing. The CHDO must use its CHDO proceeds to develop more housing. A CHDO may use 15 percent of the CHDO proceeds for operating expenses, seven percent for administration and eight percent for developer's fees. Once the CHDO proceeds are used a second time to develop more housing, the HOME restrictions on the use of proceeds are eliminated.

5) Project Soft Costs

In planning their programs, applicants may include the costs for inspections and work write-ups as a project soft cost. These project soft costs are limited to seven percent of the hard costs of the rehabilitation or construction, not to exceed $2,100 or be less than $500. In addition to the costs for inspections and work write-ups, the costs for lead-based paint inspections, risk assessments and clearance testing, and architectural and engineering fees are also paid as project soft costs. All project soft costs count toward the maximum per unit subsidy limit.

D. Prohibited Activities

1) Provide project reserve accounts, or operating subsidies;

2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;

3) Provide non-federal matching contributions required under any other Federal program;

4) Provide assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing);

5) Carry out activities authorized under 24 CFR Part 968 (Public Housing Modernization);

6) Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages);

7) Provide assistance (other than assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by HUD and THDA in the written agreement. However, additional HOME

funds may be committed to a project up to one year after project completion, but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount;

8) Pay for any cost that is not eligible under 24 CFR 92.206 through 92.209;

9) Provide assistance to private, for-profit owners of rental properties;

10) Provide assistance to projects that propose combining HOME funds with HUD 811 or 202 projects; and

11) Provide assistance for a homeowner rehabilitation project by a CHDO from the 15 percent CHDO set-aside. A CHDO funded through the 15 percent CHDO Set-aside can only participate in the HOME program if they are the owner, sponsor or developer of a project.

E. Layering

Layering is the combining of other federal resources on a HOME-assisted project that results in an excessive amount of subsidy for the project. Such activity is prohibited. Grantees will analyze each project to insure that only the minimum amount of assistance is allocated to the project. In no case may the amount of HOME funds exceed the Maximum per Unit Subsidy Limit.

F. Match and Leverage

For the FY 2014 HOME program, THDA will continue to provide the required federal match. Although no local match is required from applicants, THDA will count toward its matching requirement any non-federal project funds that qualify as match under the HOME rule.

In the scoring matrix, any project that has leveraged funds will receive additional points. Leveraged funds are funds provided by the local governments, grants from other sources and cash from program beneficiaries. Loan proceeds from a lending institution do not count as leverage. However, the savings generated from a below market interest rate will count as leverage. Administrative funds, *anticipated* fund-raising revenues, THDA BUILD loan funds, and construction loans do not count toward leverage. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years.

The value of donated labor, materials and land will count toward leverage. The value of unskilled labor is set at the current minimum wage, and the value of skilled labor is set at twice the current minimum wage. The value of land and/or a building donated or acquired for a project prior to the application will count as leverage, but there must be an appraisal or tax assessment included in the application to document its value. In order to count donated supplies or materials, only the documented value of the actual goods or materials will be considered and they must be legitimately required by the program. The donor must provide a letter to confirm the amount of the supplies or materials. Proposed discounts will not count as leverage.

In addition, for rental projects, HOME funds are to be used as gap funding, and the applicant must demonstrate a need for the HOME funds. If development costs require other financing, documentation must be provided that the other financing has been secured. If a rental project can support debt, other financing will be a threshold requirement.

G. Home Program Requirements

1) Income Limits

HOME funds may be used to benefit only low-income or very low-income households. "Low-income households" are individuals or households whose income does not exceed 80 percent of the area median income (AMI), adjusted for household size. "Very low-income households" are individuals or households whose income does not exceed 50 percent AMI, adjusted for household size.

For a rental property, the income limits apply to the incomes of the tenants, not to the owners of the property. At initial occupancy, 90 percent of the tenant households must have incomes below 60 percent AMI, adjusted for household size.

The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the beneficiary's spouse, and any other household member residing in the home or rental unit. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

Median income for an area or the state shall be that median income estimated by HUD. Median incomes change when HUD makes revised estimates. HUD publishes income limits for the HOME program on an annual basis. The 2014 HOME income and rent limits are effective on May 1, 2014.

2) Forms of Assistance

*Homeowner rehabilitation* – Assistance from grant recipients to program beneficiaries will be limited to forgivable grants that are completely forgiven after a specified period of time as long as the beneficiary adheres to the conditions of the grant.

*Homeownership programs* – Assistance from grant recipients to program beneficiaries as soft second mortgages will be limited to loans which are forgiven at the end of five years.

*Rental programs* – For small rental projects (those with less than 12 units), HOME funds will be awarded to a successful applicant in the form of a grant. For rental projects of 12 or more units, HOME funds will be awarded to successful applicants only in the form of a loan, subject to terms and conditions approved by THDA.

Applicants may request approval from THDA to provide loans which generate program income. During the time the HOME grant is active, draw requests must be reduced by accumulated program income before drawing down “new” HOME funds. Once a HOME grant is closed out, program income must be accounted for and reported to THDA at least quarterly. A Grantee may also elect to return accumulated program income to THDA on a quarterly basis.

3) Compliance Period

*Homeowner rehabilitation* – Grants for homeowner rehabilitation projects shall have a compliance period of at least five years with a forgiveness feature of 20 percent annually. In order to enforce the compliance period, THDA will require that homeowners sign both a grant note and a deed of trust.

If the homeowner of a property that has been rehabilitated dies during the compliance period and the property is inherited by heirs, the property may be rented without repaying the unforgiven portion of the HOME subsidy to THDA. However, if the house is sold by the heirs of the deceased during the compliance period, the remaining unforgiven portion must be repaid to THDA. This policy may be applied retroactively to prior HOME projects as needed.

*Homeownership Programs* **–** A grant recipient who is a local community or a non-CHDO non-profit organization may provide downpayment and closing cost assistance as a soft second mortgage in an amount equal to the lesser of $14,999 in HOME funds or the amount of HOME funds necessary to qualify a household for permanent financing. There will be an affordability period of five years which is forgiven at the end of the fifth year if the unit remains in compliance, i.e., remains the primary residence of the initial buyer and is not leased. If the unit does not remain in compliance, the entire HOME investment must be repaid.

A must leave up to $14,999 of HOME funds in the unit as a soft second mortgage in an amount equal to the lesser of $14,999 in HOME funds or the amount of HOME funds necessary to qualify a household for permanent financing. There will be an affordability period of five years which is forgiven at the end of the fifth year if the unit remains in compliance, i.e., remains the primary residence of the initial homebuyer and is not leased.

If the HOME-assisted unit is sold on or before the end of the affordability period, the amount of the HOME subsidy subject to recapture will be reduced by 20 percent per year. If the remaining outstanding principal balance of the HOME Note plus the amount of the down payment made by the homeowner, if any, plus the amount of any capital improvement investment made by the homeowner exceeds the amount of net proceeds available as a result of the sale, the Grantee shall recapture a pro rata share of the net proceeds of the sale in lieu of the full remaining outstanding principal balance of the HOME Note. The pro rata amount to be recaptured shall be calculated in accordance with the HOME Program Regulations at 24 CFR 92.254(a)(5)(ii)(A)(5). In order to enforce the affordability period, THDA will require that the grant recipient obtain a note and a recorded deed of trust from the homebuyer.

For CHDOs using HOME funds for construction financing to develop units for homeownership, the affordability period will be based on the amount of HOME funding invested in the unit. In order to enforce the provisions of the Working Agreement, THDA will require that a restrictive covenant be recorded against the property prior to drawing down HOME funds.

| Homeownership Assistance HOME Subsidy per Unit | Minimum Period of Affordability |
|---|---|
| Under $15,000 | 5 Years |
| $15,000 - $40,000 | 10 Years |
| Over $40,000 | 15 Years |

*Rental Housing Projects* **–** Grants for rental housing projects will be subject to affordability requirements based upon the project type and the amount of HOME subsidy per unit. See *Section H-4, Affordability Terms For Rental Projects*. Prior to drawing down HOME funds, owners of rental projects will be required to sign a grant note, deed of trust and restrictive covenant to enforce the HOME affordability period.

4) Level of subsidy

The minimum level of subsidy for any unit size is $1,000. The maximum level of subsidy is shown in the table below.

| Unit Size | Max HOME Dollars |
|---|---|
| 0-BEDROOM (EFFICIENCY) LIMIT | $55,339 |
| 1-BEDROOM LIMIT | $63,438 |
| 2-BEDROOM LIMIT | $77,140 |
| 3-BEDROOM LIMIT | $99,794 |
| 4-BEDROOM OR MORE LIMIT | $109,543 |

5) Property Standards

The new HOME rule makes significant revisions to property standards at 24 CFR 92.251 which become effective January 24, 2015. HUD will be providing additional guidance on property standards. The State will be required to adopt written rehabilitation standards for all HOME-assisted rehabilitation activities including homebuyer acquisition and rehabilitation and homeowner rehabilitation.

Property standards must be met when HOME funds are used for a project. Any housing constructed or rehabilitated with HOME program funds must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion.

*New Construction* – In the absence of a local code, new construction of multi-family apartments of three or more units must meet the current edition of the International Building Code; and new construction of single-family units or duplexes must meet the current edition of the International Residential Code for One- and Two-Family Dwellings. The units must also meet accessibility requirements and mitigate disaster impact as applicable per State and local codes, ordinances, etc. THDA must review and approve written costs estimates and determine cost reasonableness prior to putting the project out to bid.

*Rehabilitation* – In the absence of local codes, rehabilitation of existing rental units or existing homeowner units must meet the current edition of the International Existing Building Code and the current edition of the International Property Maintenance Code. Until HUD develops a list of Uniform Physical Condition Standards (UPCS) rental units must, at a minimum, continue to meet Section 8 Housing Quality Standards (HQS) on an annual basis.

The International Code books are available from:

International Code Council
4051 Flossmoor Road
Country Club Hills, IL  60478-5795
Telephone:  888-ICC-SAFE (888-422-7233) and press 0
Fax:  (708) 799-4981 or 1-800-214-7167

Website: www.iccsafe.org

*Energy Code* – New construction projects must also meet the 2006 International Energy Conservation Code. Copies of the Energy Code may also be obtained from the International Code Council at the address listed above.

*Energy Conservation* – In addition to meeting the 2006 International Energy Conservation Code, new construction projects must be Energy Star qualified and certified by an independent HERS rater or achieve a Home Energy Rating System (HERS) index of 85 or less when tested by a certified rater.

*Section 504* – Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted activities and programs on the basis of handicap, and imposes requirements to ensure that qualified individuals with handicaps have access to these programs and activities.

For new construction of multi-family projects (five or more units), a minimum of five percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and at a minimum, an additional two percent of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a HOME-assisted project, regardless of whether they are all HOME-assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are HOME-assisted, the accessible units may be either HOME-assisted or non-HOME-assisted.

The Section 504 definition of substantial rehabilitation for multi-family projects includes construction in a project with 15 or more units for which the rehabilitation costs will be 75 percent or more of the replacement cost. In such developments, a minimum of five percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional two percent, at a minimum, (but not less than one unit) must be accessible to individuals with sensory impairments. As in the case of new construction, the total number of units in a HOME-assisted, regardless of whether they are all HOME-assisted, is used as the basis for determining the minimum number of accessible units, and, in a project where not all of the units are HOME-assisted, the accessible units may be either HOME-assisted or non-HOME-assisted.

When rehabilitation less extensive than substantial rehabilitation is undertaken in projects of 15 or more units, alterations must, to the maximum extent feasible, make the units accessible to and usable by individuals with handicaps, until a minimum of five percent of the units (but not less than one unit) are accessible to people with mobility impairments. For this category of rehabilitation, the additional two percent of units requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible.

*Fair Housing Act of 1968, as amended – New Construction* – In buildings that are ready for first occupancy after March 13, 1991 that have an elevator and four or more units, the public and common areas must be accessible to persons with disabilities; doors and hallways must be wide enough for wheelchairs; and all units must have the following:

- An accessible route into and through the unit;
- Accessible light switches, electrical outlets, thermostats and other environmental controls;
- Reinforced bathroom walls to allow later installation of grab bars; and

- Kitchens and bathrooms that can be used by people in wheelchairs.

If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units.

These requirements for new construction do not replace any more stringent standards in State or local law.

6) After Rehabilitation Property Value

F*or homeowner rehabilitation projects*, the maximum after rehabilitation value permitted for the type of single-family housing (1-4 family residence, condominium, cooperative unit, combination manufactured home and lot) shall not exceed 95 percent of the median purchase price for the area as established by HUD. The after rehabilitation value is determined by adding the appraised value of the land and improvements from the county assessor's office and the cost of the rehabilitation (construction hard costs plus project soft costs). See Appendix G: Property Value Limits – Existing Homes HOME Purchase Price.

7) Sales Price Limits

The sales price limit for homeownership programs are the same as the Property Value Limits for homeowner rehabilitation programs. See Appendix G: Property Value Limits – Existing Homes HOME Purchase Price and New Homes HOME Purchase Price.

H. Additional Requirements for Rental Housing Programs

1) Income and Rent Requirements for HOME Tenants at Initial Occupancy

Rental housing will qualify as affordable only if, INITIALLY, the income composition is as follows:

*Five or more units* – In the case of projects with five or more rental units or in the case of an owner of multiple one or two unit projects with a total of five or more rental units:

- 20 percent of the HOME-assisted rental units must be occupied by tenants who have annual incomes that are 50 percent or less of median income, adjusted for household size, and must pay the Low HOME rents;
- 70 percent of the HOME-assisted rental units must be occupied by tenants who have annual incomes that are 60 percent or less of median income, adjusted for household size, and may pay the High HOME rents; and
- The remaining 10 percent of the HOME-assisted rental units must be occupied by tenants who have annual incomes that are 80 percent or less of median income, adjusted for household size, and may pay the High HOME rents.

*Four or less units* – If the five or more unit rule does not apply to your project, then the tenants may pay the High HOME rents and the income composition *at initial occupancy is:*

- 10 percent of the HOME-assisted rental units must be occupied by tenants who have annual incomes that are 80 percent or less of median income, adjusted for household size; and

- 90 percent of the HOME-assisted rental units must be occupied by tenants who have annual incomes that are 60 percent or less of median income, adjusted for household size.

2) Long Term Occupancy Requirements for HOME Tenants

Owners of rental property are required to maintain occupancy of units by low-income and very low-income persons for an affordability period ranging from five to 20 years.

*Five or more units* – In the case of projects with five or more rental units or in the case of an owner of multiple one or two unit projects with a total of five or more rental units:

- During the applicable affordability period, 80 percent of the HOME-assisted units must be occupied by persons with incomes at or below 80 percent of median income, adjusted for household size, and may pay the High HOME rents;
- 20 percent of the HOME-assisted units must be occupied by households with incomes at or below 50 percent of area median income, adjusted for household size, and must pay the Low HOME rents.

*Four or less units* – In the case of projects with less than five rental units, all of the tenants may pay the High HOME rents and have incomes at or below 80 percent of area median income, adjusted for household size.

Tenants whose annual incomes increase to over 80 percent of median may remain in occupancy but must pay no less than 30 percent of their adjusted monthly income for rent and utilities.

HOME-assisted units retain their HOME designation for the entire period of affordability. However, units that are designated as Low HOME rent units and High HOME rent units can, but are not required to, "float" within the HOME-assisted units to maintain compliance with long-term occupancy requirements.

3) Rent Levels

Every HOME assisted unit is subject to rent controls designed to make sure that rents are affordable to low or very low-income households. These maximum rents may be referred to as HOME rents. THDA must review and approve rents proposed by the owner of the units on an annual basis to insure that the rents are within program guidelines.

Rents are controlled for the length of the applicable affordability period. These rents are determined on an annual basis by HUD. The owner will be provided with these rents, which include all utilities. *The cost of utilities paid by tenants must be subtracted (using applicable utility allowances) from the published HOME rents to determine the maximum allowable rents.* HOME rents are not necessarily representative of market conditions and HOME rents may increase or decrease from year to year. Regardless of changes in fair market rents and in median income over time, the HOME rents for a project are not required to be lower than the HOME rents for the project in effect at the time of project commitment. HOME rents represent the following:

- *HIGH HOME RENTS.* The *lesser* of Fair Market Rents for existing units as determined by HUD *or* 30 percent of 65 percent of median income, adjusted for household size.

- *LOW HOME RENTS*. This rent is equal to 30 percent of 50 percent of median income, adjusted for household size.

THDA will establish the maximum monthly allowances for utilities and services (excluding telephone) and update the allowances annually for each HOME rental project that becomes available for occupancy after January 24, 2015. THDA will use the HUD Utility Schedule Model or otherwise determine the utility allowance for the project based on the type of utilities being used. HOME rental projects will no longer be allowed to use utility allowance provided by the local public housing authority.

Each Grantee should be aware of the market conditions of the area in which the project is located. The High HOME rents and Low HOME rents are maximum rents which can be charged. Each project should show market feasibility not based upon the High and Low HOME rents, but rather upon area housing markets and HOME occupancy requirements which demand occupancy by low-income persons. Rents shall not exceed the published High and Low HOME rents, adjusted for utility arrangements and bedroom size. However, because these rents must also be attractive to lower income tenants, actual rents may be lower than the High and Low HOME rents. Programs should be designed so they take into consideration the market feasibility of projects funded.

4) Affordability Terms for Rental Projects

HOME assisted Rental units are rent and income controlled for varying lengths of time depending upon the average amount of HOME funds invested per unit:

| Activity | $ Per HOME Unit | Affordability Period |
|---|---|---|
| Rehabilitation or Acquisition of existing housing | Less than $15,000 | 5 years |
| Rehabilitation or Acquisition of existing housing | $15,000 - $40,000 | 10 years |
| Rehabilitation or Acquisition of existing housing or rehabilitation involving refinancing | Over $40,000 | 15 years |
| New Construction or Acquisition of New Housing | | 20 years |

5) Grantee's On-going Obligations for Rental Property

After the project is officially closed out by letter to the grant recipient, the project will continue to be monitored by the Community Programs Division for long-term compliance. Each grant recipient will be monitored annually to determine each project's compliance with the HOME Rules and Regulations. Each grant recipient will also be monitored for adherence to its contract with THDA.

The rental housing long term monitoring requirements are the responsibility of the grant recipient. They are responsible for:

- Annual income certification of tenants; and
- Adherence to the HOME rent and income composition guidelines; and
- Compliance with the Standard Housing Codes and Section 8 Housing Quality Standards until the new Uniform Physical Condition Standard (UPCS) lists are developed by HUD and compliance with UPCS thereafter; and
- Reporting to THDA in a form and with substance as required by THDA.

I. HOME Relocation Requirements

***THDA DISCOURAGES PROJECTS INVOLVING DISPLACEMENT OR RELOCATION of households. Prior to application, contact THDA if you are planning any project that may involve displacement or relocation.***

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), and its implementing regulations, 49 CFR Part 24 requires relocation assistance where acquisition has occurred under the Uniform Act. In addition, the Uniform Act coverage was expanded in 1987 amendments to cover displacement of individuals resulting from rehabilitation, demolition or private acquisition carried out under a federally assisted project or program.

Section 104(d) of the Housing and Community Development Act ("The Barney Frank Amendments") and HUD's Residential Anti-Displacement and Relocation Assistance Plan include additional relocation requirements. This extra level of relocation protection may be triggered for low-income households when units are converted or demolished with CDBG, Urban Development Action Grants (UDAG), or HOME funds. In addition, when Section 104(d) is triggered, jurisdictions may need to replace any low/moderate-income dwelling units that are lost due to the conversion or demolition. This section refers only to residential relocation. If non-residential (commercial/industrial) relocation is involved, contact THDA.

Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives is essential in making HOME program decisions. Concerns about relocation may cause an administrator to consider establishing a preference for vacant buildings. However, administrators should also consider that vacant buildings are often deteriorated. Rehabilitating an occupied building even with the cost of assisting tenants to remain or relocate, may be less costly than rehabilitating a vacant building. In occupied buildings, program administrators must consider whether occupants will be able to return after rehabilitation and whether Section 8 assistance is available to help meet relocation costs. Selecting vacant projects does not relieve all relocation concerns. Vacant buildings in good condition may have been recently occupied. If so, the program administrator must consider whether the owner removed the tenants in order to apply for HOME assistance for a vacant building. If so, these tenants are displaced persons.

Skilled staff can save the local program money and build goodwill with owners and tenants. Failure to understand and follow relocation requirements can result in unnecessary costs for the local program. It is possible for uninformed owners and staff to take steps that would obligate the local program to provide significant relocation benefits and services. Early briefings for owners and program staff on relocation rules are essential. Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition consolidates relocation requirements for HOME and other HUD programs in one document. It is available from HUD Field Offices or by contacting THDA. HUD informational booklets for persons who are displaced or whose property is to be acquired are also available from HUD Field Offices or from THDA.

Uniform Act (URA) requirements are triggered at the time the application is being prepared, and additional requirements are triggered at the time the working agreement is signed between the owner and the grantee and when rehabilitation is completed. Treatment of displaced persons depends upon whether the displaced person is: (1) a tenant or owner; (2) a business or household; and (3) has income above or below the Section 8 Lower Income Limit.

*WHO IS A DISPLACED PERSON?* **–** Any person (household, individual, business, farm, or non-profit organization) that moves from the real property, permanently, as a direct result of rehabilitation, demolition, or acquisition for a project assisted with HOME funds. Relocation requirements apply to all occupants of a project/site for which HOME assistance is sought even if less than 100 percent of the units are HOME assisted.

*WHO IS NOT A DISPLACED PERSON?* – A tenant evicted for cause, assuming the eviction was not undertaken to evade URA obligations. A person with no legal right to occupy the property under State or local law (e.g., squatter). A tenant who moved in after the application was submitted but before signing a lease and commencing occupancy, was provided written notice of the planned project, it's possible impact on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under URA) as a result of the project. A person, after being fully informed of their rights, waives them by signing a Waiver Form.

*HOW IS DISPLACEMENT TRIGGERED?*

*Before Application* – A tenant moves permanently from the property before the owner submits an application for HOME assistance if THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the HOME project. (e.g., THDA determines that the owner displaced tenants in order to propose a vacant building for HOME assistance.)

*After Application* – A tenant moves permanently from the property after submission of the application, or, if the applicant does not have site control, the date THDA or the local program administrator approves the site because: (1) the owner requires the tenant to move permanently; or (2) the owner fails to provide timely required notices to the tenant; or (3) the tenant is required to move temporarily and the owner does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable.

*After Execution of Agreement* – A tenant moves permanently from the project after execution of the agreement covering the acquisition, rehabilitation or demolition because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project.

J. HOME Residential and Anti-Displacement and Relocation Assistance Plan

THDA will replace all occupied and vacant habitable lower income housing demolished or converted to a use other than as lower income housing in connection with a project assisted with funds provided under the HOME Investment Partnership Act.

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a working agreement committing THDA to provide funds for a project that will directly result in the demolition or conversion, THDA will make public by and submit to the HUD/Knoxville HOME coordinator certain information. Each applicant proposing demolition or any reduction in lower income housing units must submit the following information to THDA:

1) A description of the proposed assisted project;

2) The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to a use other than as lower income housing as a result of an assisted project;

3) A time schedule for the commencement and completion of the demolition or conversion;

4) To the extent known, the address, number of bedrooms and location on a map of the replacement housing that has been or will be provided;

5) The source of funding and a time schedule for the provision of the replacement housing;

6) The basis for concluding that the replacement housing will remain lower income housing for at least 10 years from the date of initial occupancy; and

7) Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

K. Equal Opportunity and Fair Housing

No person in the United States shall on the grounds of race, color, religion, sex, familial status, national origin, age, or disability be excluded from participation, denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds. The following Federal requirements as set forth in 24 CFR 5.105(a), Nondiscrimination and equal opportunity, are applicable to HOME projects:

| | |
|---|---|
| Fair Housing Act | 24 CFR Part 100 |
| Executive Order 11063, as amended (Equal Opportunity in Housing) | 24 CFR Part 107 |
| Title VI of the Civil Rights Act of 1964 (Nondiscrimination in Federal programs) | 24 CFR Part 1 |
| Age Discrimination Act of 1975 | 24 CFR Part 146 |
| Section 504 of the Rehabilitation Act of 1973 | 24 CFR Part 8 |
| Section 109 of Title I of the Housing and Community Development Act of 1974 | 24 CFR Part 6 |
| Title II of the Americans with Disabilities Act | 42 U.S.C. §12101 *et seq*. |
| Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity | 24 CFR Parts 5, 200, 203, 236, 400, 570, 574, 882, 891 and 982 |
| Section 3 of the Housing & Urban Development Act of 1968 | 24 CFR 135 |
| Executive Order 11246, as amended (Equal Employment Opportunity Programs | 41 CFR 60 |
| Executive Order 11625, as amended (Minority Business Enterprises) | |
| Executive Order 112432, as amended (Minority Business Enterprise Development) | |

| | |
|---|---|
| Executive Order 12138, as amended (Women's Business Enterprise) | |

Section 3 requires that the employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low-income persons, particularly those who are recipients of government assistance for housing.

Executive Orders 11625, 12432, and 12138 (Minority/Women's Business Enterprise) require that PJs and local programs must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. Local programs must also develop acceptable policies and procedures if their application is approved by THDA.

The HUD Office of Fair Housing also includes the following fair housing laws and Presidential Executive Orders which are not included in 24 CFR 5.105(a) but which are applicable to federally-assisted programs:

| | |
|---|---|
| Architectural Barriers Act of 1968 | 42 U.S.C. §4151 *et seq.* |
| Executive Order 12892, as amended (Affirmatively Furthering Fair Housing) | |
| Executive Order 12898 | |
| Executive Order 13166 (Limited English Proficiency) | |
| Executive Order 13217 (Community-based living arrangements for persons with disabilities) | |

In addition to the above requirements, the PJ and local programs must assure that its Equal Opportunity and Fair Housing policies in the HOME Program are consistent with its current Consolidated Plan. The Fair Housing Act and other federal regulations require federal agencies, state and local jurisdictions receiving housing and community development funding to take steps to affirmatively further fair housing. Objectives to affirmatively further fair housing include: analyzing and eliminating housing discrimination in the jurisdiction, promote fair housing choice for all persons, provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin, promote housing that is structurally accessible to, and usable by, all persons particularly persons with disabilities, and to foster compliance with the nondiscrimination provisions of the fair housing act.

L. Site and Neighborhood Standards

*General* – Housing provided through the HOME program must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and HUD regulations issued pursuant thereto; and promotes greater choice of housing opportunities.

*New rental housing* – In carrying out the site and neighborhood requirements for new construction of rental housing, the grantee is responsible for making the determination that proposed sites for new construction meet the requirements in 24 CFR 983.57 which places limiting conditions on building in areas of "minority concentration" and "racially mixed" areas.

These rules are complex and subject to interpretation. Several common sense actions will help in deciding on projects. Avoid action which would ultimately increase the racial segregation in your communities. Review rental new construction plans with your HUD field office. Try to get input from the Fair Housing person and the program person. Identify and address community concerns about projects to the greatest extent possible before committing funds.

M. Affirmative Marketing

Prior to beginning a HOME project, grant recipients must adopt affirmative marketing procedures and requirements for all HOME rental and homebuyer projects with five or more units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. These must be approved by THDA prior to any HOME funds being committed to a project. Requirements and procedures must include:

1) Methods for informing the public, owners and potential tenants about fair housing laws and the local program's policies;

2) A description of what owners and/or the program administrator will do to affirmatively market housing assisted with HOME funds;

3) A description of what owners and/or the program administrator will do to inform persons not likely to apply for housing without special outreach;

4) Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness; and

5) Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

N. Environmental Review

In implementing the HOME program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (NEPA) and the related authorities listed in HUD's regulations at 24 CFR Parts 50 and 58.

THDA as the Participating Jurisdiction and the units of local government funded by THDA will be responsible for carrying out environmental reviews. THDA will approve the release of funds for local governments and must request the release of funds from HUD for any projects of CHDOs or non-profit organizations. The CHDOs and non-profit organizations will be responsible for gathering the information required for the environmental reviews. HOME funds cannot be committed until the environmental review process has been completed. Commitments for expenditures made prior to the approval of the environmental review cannot be reimbursed with HOME funds.

O. Lead-based Paint

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.) and 24 CFR Part 35, Subparts C through M. The lead-based paint provisions of 982.401(j) also apply, irrespective of the applicable property standard under 24 CFR 92.251. The Lead-Based Paint regulations are available at www.hud.gov/lead or by contacting 1-800-424-LEAD (5323). In a rental project in which not all units are assisted with HOME funds, the lead-based paint requirements apply to all units and common areas in the project.

P. Labor Standards

Davis-Bacon wage compliance and other Federal laws and regulations pertaining to labor standards apply to all contracts for rehabilitating or constructing 12 or more units assisted with HOME funds. The contract for construction must contain the applicable wage provisions and labor standards. Davis-Bacon does not apply to projects using volunteer labor or to sweat equity projects.

Q. Debarment and Suspension

Local programs must require participants in lower-tier transactions covered by 24 CFR 24 to certify that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction.

R. Flood Plains

*HOME funds may not be used to construct housing* in an area identified by the Federal Emergency Management Agency as having special flood hazards. In addition, THDA discourages the rehabilitation of units located in special flood hazard areas, but in a few instances and with written permission from THDA, houses located in a floodplain may be assisted. The community must be participating in the National Flood Insurance Program and flood insurance must be obtained on the unit.

S. Conflict of Interest

In the procurement of property and services, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the conflict of interest provisions of the HOME Rule as stated below apply:

The HOME conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of THDA, a State recipient or subrecipient receiving HOME funds. No person listed above who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent, elected or appointed official, or consultant of the owner, developer or sponsor or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the owner, developer or sponsor) whether private, for profit or non-profit (including a CHDO when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project during the required period of affordability specified in 92.252(e) or 92.254(a)(4). This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

Grant recipients should avoid conflicts of interest in administering their HOME programs as THDA does not routinely consider requesting exceptions to the conflict of interest provisions from HUD.

T. Procurement

It is important to keep the solicitation of bids for goods and services as well as professional services contracts open and competitive. Cities, counties and non-profit organizations must follow their procurement policies and meet state and federal requirements. At a minimum, cities and counties must comply with 24 CFR 85.36 and non-profits (including CHDOS) must comply with 24 CFR 84.40 – 84.48.

Applicants should obtain three to five bids using formal advertising or requests for proposals for the procurement of professional services such as grant administration, inspections and work write-ups. There must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

U. Application and Evaluation Procedure

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria includes: submission of a complete application; proposal of an eligible activity; proposal of a project that in the opinion of THDA is physically, financially and administratively feasible; proposal of a project that meets the requirements of 24 CFR Part 92, as amended; and documentation of an approved growth plan and the formation of a Joint Economic and Community Development Board (JECDB) prior to the submission of the 2014 HOME application. Threshold requirements for special needs applications includes documentation that funding for support services for program beneficiaries has been secured.

Additional requirements for non-profit organizations, including CHDOs, are listed in Appendix I: Non-Profit checklist/CHDO Designation. Documentation must be submitted, along with the completed checklist, to demonstrate that the organization meets threshold requirements and has the capacity to provide affordable housing for low-income households, including administration of the proposed project.

Applications meeting the threshold criteria will be scored and ranked in descending numerical order within the nine Urban/Rural rounds, the Supportive Housing Development round or the CHDO round, based on the following categories:

***URBAN/RURAL AND SUPPORTIVE HOUSING MATRICES*** ***Up to 160 Points***

**1) Program Design** **Up to 35 points**

The proposed program demonstrates exceptional planning, readiness and administrative capability. All necessary components to accomplish the project have been identified in the application.

➢ Program administrators with the following characteristics have been identified:

- The administering agency has personnel that is knowledgeable in grant administration;
- Has relevant experience in the administration of housing grants; and/or has otherwise shown the capability to administer the project;
- Has the ability of to follow the timeframe of the Implementation Plan of the Working Agreement;
- Is able to draw down funds in a timely manner;
- Has a lack of monitoring findings; and
- Responds appropriately to client concerns or complaints, contractor's concerns or complaints, and information requests from THDA staff.

➢ Individuals/firms providing architectural, construction management and/or inspection services have been identified and are qualified to perform the services.

➢ If applicable, the lead inspector and/or risk assessors have been identified and are qualified to perform the services.

➢ If the applicant is a local community, the local government is involved in the administration of the project.

➢ For Rental Projects:

- Potential sites have been identified in the application.
- If not a Supportive Housing Development project, there is a demonstrated capacity to secure financial arrangements which exceed threshold.
- The applicant has experience in rental housing oversight and staff with demonstrated development experience.
- There has been an examination of neighborhood market conditions demonstrating a need for the proposed housing and the anticipated housing types, as well as the target locations or neighborhoods for which the housing is intended. Applicants proposing rental projects are required to conduct an analysis of the demographic trends and market conditions within the proposed target area to demonstrate a market for the type and number of housing units proposed in the application.

**2) Need** **Up to 50 points**

THDA has calculated need factors using housing statistics for counties. Factors are based on percentages rather than absolute numbers. For homeowner projects, the need factors used are the percentage of owner households that are low-income; the percentage of owner households with cost burden; the percentage of affordable owner units built before 1960; the percentage of homes lacking complete kitchen and/or plumbing facilities; and the percentage of food stamp recipient households in the county.

For rental projects, the county need factors used are; the percentage of tenant households that are low-income; the percentage of low-income tenant households with cost burden; and the percentage of affordable units built before 1960 occupied by tenant households; the percentage of homes lacking complete kitchen and/or plumbing facilities; and the percentage of food stamp recipient households in the county.

For multi-county projects, the need score is calculated proportionately according to the number of units proposed for each county.

**3) Not Proportionately Served** **Up to 50 points**

THDA shall award up to 50 additional points to applications submitted from areas where the amount of THDA and HOME funding is below the state average. The formula for awarding these points is based on the percentage of 1992 - 2013 HOME dollars awarded in each county.

**4) Disaster Areas** **10 points**

THDA shall award 10 additional points to applications for projects located in counties that have been declared a presidential disaster area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act in the year prior to the application due date.

**5) Leverage** **Up to 10 points**

THDA shall award up to 10 additional points to applications that include the use of funds from other sources. THDA will award points in this category based on the actual percentage of other funds in the project. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. In order to receive points, there must be written documentation of the leveraged funds in the application.

**6) Energy Conservation** **Up to 5 points**

THDA shall award up to five additional points to applications for rehabilitation that include an independent energy audit and, to the extent feasible, incorporate the recommendations of the audit report in the rehabilitation work write-up.

***CHDO MATRIX*** ***Up to 175 Points***

**1) CAPABILITY** **Up to 50 points**

The proposed project demonstrates exceptional planning and readiness. Up to 25 points

- The program design is complete and all necessary components to accomplish the project are identified in the application.
- Sites have been identified and CHDO has site control.
- For rental projects, the feasibility worksheet is complete and demonstrates need for HOME funds.
- CHDO has the capacity to secure other funding for the project. Commitment letters are included in the application.

- There has been an examination of neighborhood market conditions demonstrating a need for the proposed housing and the anticipated housing types, as well as the target locations or neighborhoods for which the housing is intended. CHDOs proposing rental projects or homeownership projects are required to conduct an analysis of the demographic trends and market conditions within the proposed target area to demonstrate a market for the type and number of housing units proposed in the application.

The organization demonstrates sufficient capacity beyond threshold. Up to 25 points

- The organization has produced successful affordable housing projects of similar size, scope and complexity.
- The organization has a demonstrated capacity to manage rental or homeownership programs.
- The organization has paid staff with demonstrated development experience.
- The agency's budget reflects multiple sources of funding.
- If previous experience under HOME:
  - Has the ability to conform to the timeframe of the Implementation Plan of the HOME Working Agreement;
  - Has the ability to draw down funds in a timely manner;
  - Has the ability to complete a project within the contract period;
  - Has a lack of monitoring findings; and
  - Appropriately responds to client concerns or complaints, and requests for information from THDA staff.

**2) Need** **Up to 50 points**

THDA has calculated need factors using housing statistics for counties. Factors are based on percentages rather than absolute numbers. For homeownership projects, the need factors used are percentage of owner households that are low-income; the percentage of owner households with cost burden; the percentage of affordable owner units built before 1960; the percentage of homes lacking complete kitchen and/or plumbing facilities; and the percentage of food stamp recipient households in the county.

For rental projects, the county need factors used are the percentage of tenant households that are low-income; the percentage of low income tenant households with cost burden; and the percentage of affordable units built before 1960 occupied by tenant households; the percentage of homes lacking complete kitchen and/or plumbing facilities; and percentage of food stamp recipient household in the county.

For multi-county projects, the need score is calculated proportionately according to the number of units proposed for each county.

**3) Not Proportionately Served** **Up to 50 points**

THDA shall award up to 50 additional points to applications submitted from areas where the amount of THDA and HOME funding is below the state average. The formula for awarding these points is based on the percentage of 1992 - 2013 HOME dollars awarded in each county.

**4) Disaster Areas** **10 points**

THDA shall award 10 additional points to applications for projects located in counties that have been declared a presidential disaster area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act in the year prior to the application due date.

**5) Leverage** **Up to 10 points**

THDA shall award up to 10 additional points to applications that include the use of funds from other sources. THDA will award point in this category based on the actual percentage of other funds in the project. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. In order to receive point, there must be written documentation for the leveraged funds in the application.

**6) Energy Conservation** **Up to 5 points**

THDA shall award up to 5 additional points to applications for rental rehabilitation that include an independent energy audit and, to the extent feasible, incorporate the recommendations of the audit report in the rehabilitation work write-up.

# EMERGENCY SOLUTIONS GRANT
# METHOD OF DISTRIBUTION AND PROGRAM DESCRIPTION

## 1. Introduction

The Emergency Shelter Grants Program was established by the Homeless Housing Act of 1986 in response to the growing issue of homelessness in the United States. In 1987, the program was incorporated into Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. Sec. 1137111378), now known as the McKinney-Vento Homeless Assistance Act. ESG funds are administered by The Tennessee Housing Development Agency (THDA) and are awarded by U.S. Department of Housing and Urban Development.

The Emergency Solutions Grant (ESG) Program was created to replace the Emergency Shelter Grant program when the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) was signed into law on May 20, 2009. The HEARTH Act amended and reauthorized the McKinney-Veto Homeless Assistance Act, and included major revisions to the existing Emergency Shelter Grant Program.

The new ESG Program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those persons to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The change in program name reflects the change in program's focus from addressing the needs of the homeless in emergency or transitional shelters to assisting people to regain stability in permanent housing.

The State's allocation for ESG in FY 2014 is **$2,734,930**. The purpose of this Program Description is to explain the requirements and the application process for the ESG Program. Agencies applying for 2014 ESG funding must include in their application documentation that is supported by data showing: 1) need for the program; 2) evidence of homelessness or at-risk of homelessness population within the community; 3) a plan that summarizes how funds will be used to address the unmet needs of their community; and 4) evidence that the applicant has collaborated with the local Continuum of Care (CoC) and that activities selected will help the CoC to meet its goals to address and end homelessness. Preference is given to applicants whose programs will help to meet priorities identified by HUD, the State of Tennessee, and the local Continuum of Care. Programs that will provide access to permanent rapid re-housing of homeless individuals and families, defined as a Critical Need Priority by HUD, are preferred.

ESG funds are awarded on a competitive basis to the Small City Entitlement Communities and, on a competitive basis, to 501(c)(3) non-profit organizations outside the CDBG entitlement communities that receive their own ESG funding directly from the U. S. Department of Housing and Urban Development (HUD). The Tennessee entitlement communities that receive their own allocation of ESG funds are Chattanooga, Knoxville, Memphis and Nashville-Davidson County.

ESG contracts will begin on July 1, 2014 and end on June 30, 2015 for Program Year 2013 funding. An applicant must apply for at least $35,000 and may apply for a maximum of $75,000 in ESG funding. Program Year 2014 funding could be allocated in the fall of 2014.

## 2. The Emergency Solutions Grant Program

The ESG program is governed by Title 24 Code of Federal Regulations, Part 576. Those regulations are incorporated by reference in this Program Description. The federal regulations take precedence over this program description in cases of conflicting requirements.

The objectives of the ESG program are:

1) To help improve the quality of emergency shelters for the homeless;
2) To help meet the costs of operating and maintaining emergency shelters;
3) To provide essential services so that homeless individuals have access to the assistance they need to improve their situation;
4) To provide street outreach services to the homeless;
5) To provide emergency intervention assistance and rapid-rehousing services to prevent homelessness and to obtain permanent housing; and
6) To improve data collection and performance evaluation.

A person is considered homeless only when he/she resides in one of the places described in the categories below:

**Category 1 – *Literally Homeless*** – An individual or family who lacks a fixed, regular and adequate nighttime residence, meaning:

1) Has a primary nighttime residence that is a public or private place not meant for human habitation;
2) Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs); or
3) Is exiting an institution where the individual or family has resided for 90 days or less **and** who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

**Category 2 – *Imminent Risk of Homelessness*** – An individual or family who will imminently lose their primary nighttime residence, provided that:

1) Residence will be lost within **14** days of the date of application for homeless assistance;
2) No subsequent residence has been identified; and
3) The individual or family lacks the resources or support networks needed to obtain other permanent housing.

**Category 3 – *Homeless under other Federal Statutes*** – Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homes under this definition, but who:

1) Are defined as homeless under the other listed federal statutes located at 24 CFR part 576.1 "Definitions";
2) Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;

3) Have experienced persistent instability as measured by two moves or more during the preceding 60 days; and
4) Can be expected to continue in such status for an extended period of time due to special needs or barriers.

**Category 4 – *Fleeing/Attempting to flee Domestic Violence*** – Any individual or family who:

1) Is fleeing, or is attempting to flee, domestic violence;
2) Has no other residence; and
3) Lacks the resources or support networks to obtain other permanent housing.

** Individuals and families who meet the criteria of Category 4 may be served under Rapid Rehousing or Prevention, depending on their housing situation at the time of assistance. For instance, if the individual or family is residing in a domestic violence shelter, then they automatically qualify as homeless under Category 1. If the individual or family is still living in a home but need to move due to the domestic violence situation, they may qualify for prevention if they meet the 30 percent income eligibility requirement.*

**A. Consistency with the Consolidated Plan**

ESG activities are focused on helping meet the needs of emergency homeless shelters and programs in under-served areas of the state outside of Entitlement Cities. The State is particularly interested in developing and expanding shelter programs in rural areas that lack ready access to other homeless funds. The State is also placing a priority on shelter programs serving families and on transitional living shelters that provide an array of supportive services in addition to living arrangements for a period of at least six months. ESG proposals will be evaluated for consistency with the State of Tennessee's Consolidated Plan, as amended. The State's Consolidated Plan identifies the need for the following types of emergency shelters:

1) Emergency Family Shelters – With the increase of homeless single and two-parent families noted statewide, there is a need for 24-hour emergency family shelters.

2) Emergency Elderly and Disabled Shelters – Small, non-traditional shelter arrangements for the frail, elderly and disabled elderly will protect this vulnerable group. Such shelters could exist in a family home system or be tied to an existing service center for the elderly that could make needed services more accessible.

3) 24-Hour Emergency Shelters for the Employed – Most shelters require participants to vacate the shelter during the day. Shelter residents who become employed or who enter the shelter employed may work odd shifts and require access for sleeping, etc. A small shelter for the employed would accommodate second and third shift employees and make available employment support services.

4) Shelters for the Mentally Ill – The actions of chronic mentally ill homeless persons can be very distressing to others as well as themselves. Emergency shelters for the chronic mentally ill would allow for a more appropriately controlled environment that would ultimately serve the support needs of these clients.

## B. Allocation of Funds

ESG funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee's Consolidated Plan, as amended. THDA will spend up to 7.5 percent of its ESG allocation for administrative and planning expenses. THDA will share the amount available for administration with the small city entitlement communities that do not receive their own ESG allocation from HUD. **Non-profit agencies are not eligible to receive funds for administration.**

**THDA Targeted Set-Aside** – For the 2014 ESG program, THDA will allocate $100,000 of ESG funding that does not require matching funds to the Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD). TDMHDD will use the ESG funds for homeless assistance and prevention activities through its established network of housing agencies providing services to clients being discharged from medical and mental health facilities.

**Knoxville Set-Aside –** For the 2014 ESG program, the HUD Knoxville Field Office has requested that THDA provide ESG funding for the City of Knoxville which has lost its direct ESG allocation.

The remaining ESG funds will be allocated as follows:

**Small Cities Set-Aside** –THDA will allocate 52 percent of the remaining ESG funds on a formula basis to the eleven CDBG entitlement cities that do not receive ESG grants, but are expected to address homelessness through the "Continuum of Care" described in their Consolidated Plans. These cities are: Bristol, Clarksville, Cleveland, Franklin, Hendersonville, Jackson, Johnson City, Kingsport, Morristown, Murfreesboro and Oak Ridge.

**Competitive Allocation** –The remaining 48 percent of the ESG funds will be allocated to eligible applicants in a competitive grant review process.

## C. Eligible Applicants

The State of Tennessee, through THDA, will accept applications for the ESG program from non-profit organizations.

To be eligible to apply for ESG funding the non-profit organization must:

1) Be organized under Tennessee law, as evidenced by a Certificate of Existence from the Tennessee Secretary of State dated within six months of the application due date;
2) Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual;
3) Be established for charitable purposes and whose activities include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness, as evidenced in its charter, articles of incorporation, resolutions or by-laws, and experience in the provision of shelter and services to the homeless;
4) Have standards of financial accountability that conform to 24 CFR 84.21, Standards of Financial Management Systems;
5) Have an IRS designation under Section 501(c)(3) of the tax code. Non-profit applicants may not submit an application until they have received their 501(c)(3) designation from the IRS; and

6) Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.
7) Submit certification of participation in local Continuum of Care activities and HMIS reporting.

Non-profit organizations are eligible to receive funds only if such funding is approved by the local government jurisdiction where programs are based. Each application from a nonprofit should contain a Certification of Local Government Approval specific to housing and service locations that it controls within each jurisdiction. This Attachment must be submitted to THDA at the time of application. If the organization intends to provide homeless assistance in a number of jurisdictions, the certification of approval must be submitted by each of the units of local government in which the projects are to be located. *Housing agencies funded by TDMHSAS are not eligible to apply for ESG funds through the Competitive Allocation.*

**D. Eligible Activities**

**1)** ***Street Outreach:*** Essential services to eligible participants that are provided on the street or in parks, abandoned buildings, bus stations, campgrounds, and in other such settings where unsheltered persons are staying. Staff salaries related to carrying out street outreach is also eligible.

*Eligible Program Participants:* Unsheltered individuals and families

*Allowable Activities:*

a. Engagement – Activities to locate, identify, and build relationships with unsheltered homeless persons for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or social services and housing programs. Eligible costs include: initial assessment of need and eligibility; providing crisis counseling; addressing urgent physical needs; and actively connecting and providing information and referral. Eligible costs also include the cell phone costs of outreach workers during the performance of these activities.

b. Case Management – Assessing housing and service needs, and coordinating the delivery of individualized services. Eligible costs include: using a Continuum of Care centralized or coordinated assessment system; initial evaluation including verifying and documenting eligibility; counseling; helping to obtain Federal, State and local benefits; providing information and referral to other providers; and developing an individualized housing/service plan.

c. Emergency Health Services – Outpatient treatment of urgent medical conditions by licensed medical professionals; and providing medication and follow-up services.

d. Emergency Mental Health Services – Outpatient treatment of urgent mental health conditions by licensed professionals; medication costs and follow-up services.

e. Transportation – Travel by outreach workers or other service providers during the provision of eligible outreach activities; costs of transportation of clients to emergency shelters or other service providers; and costs of public transportation for clients.

f. Services to Special Populations – Essential Services that have been tailored to address the needs of *homeless youth, victims of domestic violence, and related crimes/threats, and/or people living with HIV/AIDS* who are literally homeless.

**2)** ***Emergency Shelter:*** Rehabilitation of an existing shelter or conversion of a building for the purposes of providing emergency shelter, essential services and operational expenses.

*Eligible Participants*: Individuals and families who are homeless.

*Allowable Activities*:

a. Renovation, major rehabilitation or conversion – Renovation means rehabilitation that involves costs of 75 percent or less of the value of the building before renovation. Major rehabilitation means rehabilitation that involves costs in excess of 75 percent of the value of the building before rehabilitation. Conversion means a change in the use of the building to an emergency shelter for the homeless, where the cost of conversion exceeds 75 percent of the value of the building after conversion.

   All renovation, rehabilitation or conversion work proposed for buildings constructed prior to 1978 must comply with Lead-Based Paint Regulations at 24 CFR Part 35, Subpart J, as applicable.

   Grantees receiving ESG assistance for major rehabilitation or conversion must maintain the building as a shelter for homeless individuals and families for 10 years; grantees receiving ESG assistance for renovations must be maintained as a shelter for homeless individuals and families for three years.

b. Essential Services – This includes services concerned with employment, health, drug abuse, education and staff salaries necessary to provide these services and may include, but are not limited to:

   1. Assistance in obtaining permanent housing;
   2. Medical and psychological counseling and supervision;
   3. Employment counseling;
   4. Nutritional counseling;
   5. Substance abuse treatment and counseling;
   6. Assistance in obtaining other Federal, State and local assistance including mental health benefits; employment counseling; medical assistance; Veteran's benefits; and income support assistance such as Supplemental Security Income, Food Stamps and Aid to Families with Dependent Children;
   7. Other services such as child care, legal services, life skills training, transportation, job placement and job training; and
   8. Staff salaries necessary to provide the above services.

c. Operating expenses – Payment of eligible operation costs related to the operation of emergency and transitional housing, including but not limited to, maintenance, operation, rent, repair, security, fuel, equipment, insurance, utilities, food and furnishings.

Expenditure limits of combined Street Outreach and Emergency Shelters cannot exceed 60 percent of the $75,000 maximum grant.

**3)** ***Prevention Activities:*** Activities related to preventing persons from becoming homeless and to assist participants in regaining stability in their current or other permanent housing.

*Eligible Participants:* Extremely low-income individuals and families with household incomes of at or below 30 percent of Area Median Income (AMI) who qualify as homeless under Categories 2, 3 and 4 of HUD's Definition of Homelessness or any category of HUD's Definition of "At Risk of Homelessness."

**4)** ***Rapid Re-Housing Activities*****:** Activities related to help a homeless individual or family to move into permanent housing.

*Eligible Participants:* Extremely low-income individuals and families with household incomes of at or below 30% of Area Median Income who meet the definition of "homeless" who live in an emergency shelter or other place described in the definition provided by HUD.

*Allowable Activities for Prevention and Rapid Re-Housing:*

1) Financial Assistance – Rental application fee (excludes pet deposit); moving costs; security deposit for rental or utility; payment of rental arrears up to six months; and short-term (up to 3 months) or medium-term (up to 6 months) rental and/or utility assistance.

   Short and Medium Term Rental Assistance Requirements and Restrictions

   1. Compliance with Fair Market Rents (FMR) and Rent Reasonableness;
   2. For purposes of calculating rent, the rent must equal the sum of the total rent, any fees required for rental (excluding late fees and pet deposits), and, if the tenant pays separately for utilities (excluding telephone) the monthly allowance for utilities as established by the public housing authority for the area in which the housing is located;
   3. Compliance with minimum habitability standards;
   4. Tenant based rental assistance means that participants select a housing unit in which to live and receive rental assistance. Project based rental assistance means that grantees identify permanent housing units that meet ESG requirements and enter into a rental assistance agreement with the owner to reserve the unit and subsidize it so that eligible program participants have access to the unit;
   5. A standard and legal lease must be in place;
   6. No rental assistance can be provided to a household receiving assistance from another public source for the same time period (with the exception of rental arrears); and
   7. Participants must meet with a case manager at least monthly for the duration of the assistance (participants who are victims of domestic violence are exempt if meeting would increase the risk of danger to client).
   8. The Grantee must develop an individualized plan to help the program participant remain in permanent housing after the ESG assistance ends.

2) Housing Relocation and Stabilization Services – Housing search and placement; assessment of housing barriers and needs; landlord mediation; legal services resolving landlord/tenant

matters; assistance with submitting rental applications and leases; assessment of housing for habitability, lead-based paint and rent reasonableness; case management; Homeless Management Information System (HMIS) data collection and submission; credit repair counseling; budget classes; and monitoring and re-evaluating program participants.

**5)** ***Homeless Management Information System (HMIS):*** Eligible costs include hardware; software; equipment costs; staffing for operating HMIS data collection, monitoring and analysis; reporting to the HMIS Lead Agency; training on HMIS use; and obtaining technical support.

Local government recipients may distribute all or a part of their ESG funds to eligible, private non-profit organizations for allowable ESG activities.

For each of the eligible activities, THDA reserves the right to adjust funding requests to remain within the required percentages.

**E. Ineligible Activities**

1) Under Street Outreach Services, ESG funds may not be used for the following:

   a. Emergency medical and/or mental health services accessible or available within the area under an existing program; and

   b. Maintenance of existing services already being provided within the past 12 months prior to funding.

2) Under Emergency Shelter Services, ESG funds may not be used for the following:

   a. Acquisition of real property;

   b. New construction of an emergency shelter for the homeless;

   c. Property clearance or demolition;

   d. Rehabilitation administration, such as the preparation of work specifications or inspections;

   e. Staff training or fund raising activities associated with rehabilitation;

   f. Salary of case management supervisor when not working directly on participant issues;

   g. Advocacy, planning, and organizational capacity building;

   h. Staff recruitment and/or training;

   i. Transportation costs not directly associated with service delivery;

   j. Recruitment or on-going training of staff;

k. Depreciation;

l. Costs associated with the organization rather than the supportive housing project (advertisements, pamphlets about the agency, surveys, etc.);

m. Staff training, entertainment, conferences or retreats;

n. Public relations or fund raising;

o. Bad debts or bank fees; and

p. Mortgage payments.

3) Under Prevention and Rapid-Rehousing Activities, ESG funds may not be used for the following:

a. Mortgage payments;

b. Pet deposits;

c. Late fees incurred if grantee does not pay agreed rental subsidy by agreed date;

d. Payment of temporary storage fees in arrears;

e. Payment of past debt not related to rent or utility; and

f. Financial assistance to program participants who are receiving the same type of assistance through other public sources or to a program participant who has been provided with replacement housing payments under URA during the same time period.

4) Under HMIS: Activities funded under this activity must comply with HUD's standards on participation, data collection, and reporting under a local HMIS.

**F. Matching Funds**

The ESG program requires a dollar for dollar match for the ESG funds. Each application should contain a Certification of Matching Funds. All grantees must supplement their ESG funds with equal amounts of funds or in-kind support from non-ESG sources. Certain other federal grants contain language that may prohibit their being used as a match. Matching funds or in-kind support must be provided after the date of the grant award to the recipient and within the period of the ESG contract with THDA. The recipient may not include funds used to match any previous ESG grant.

**G. Other Federal Requirements**

1) *Non-discrimination and Equal Opportunity* – Grantees must make facilities and services available to all on a nondiscriminatory basis, and publicize the facilities and services. The procedures a Grantee uses to convey the availability of such facilities and services should reach persons with handicaps or

persons of any particular race, color, religion, sex, familial status, disability or national origin within their service area who may qualify for them. If not, the Grantee must establish additional procedures that will ensure that these persons are made aware of the facilities and services. Grantees must adopt procedures to disseminate information to anyone who is interested regarding the existence and location of handicap accessible services or facilities.

Grantees must also comply with the requirements of 24 CFR Parts 5, 200, 203, *et al.* Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity.

2) *Lead-based Paint* – Housing assisted with ESG funds is subject to the Lead-Based Paint Poisoning Prevention Act and the Act's implementing regulations at 24 CFR Part 35, Subparts C through M for any building constructed prior to 1978. Grantees using ESG funds only for essential services and operating expenses must comply with Subpart K to eliminate as far as practical lead-based paint hazards in a residential property that receives federal assistance for acquisition, leasing, support services or operation activities. Grantees using ESG funds for renovation, major rehabilitation or conversion must comply with Subpart J to eliminate as far as practical lead-based paint hazards that receives federal assistance for rehabilitation. The Lead-Based Paint Regulations are available at www.hud.gov/lea.

3) *Property Management Standards* – In addition to the three-year or ten-year compliance period required for projects that use ESG funds for rehabilitation, renovation or conversion, recipients of ESG funds are also required to follow uniform standards for using and disposing of capital improvements and equipment. Equipment is defined as having a useful life of at least one year and a per unit value of $5,000 or more.

4) *Relocation and Displacement* – Grantees are required to take reasonable steps to minimize the displacement of persons, families, individuals, businesses, non-profit organizations or farms as a result of administering projects funded through ESG. Any persons displaced by the acquisition of property must be provided with relocation assistance (24 CFR 576.59).

5) *Environmental Review* – In implementing the ESG program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (NEPA) and the related authorities listed in HUD's regulations at 24 CFR Part 58. THDA as the Responsible Entity and the units of local government funded by THDA will be responsible for carrying out environmental reviews.

   THDA will review the release of funds for local governments and must request the release of funds from HUD for any projects of non-profit organizations. The non-profit organizations will be responsible for gathering the information required for the environmental reviews. ESG funds cannot be committed until the environmental review process has been completed. Commitments for expenditures made prior to the approval of the environmental review cannot be reimbursed with ESG funds.

6) *Conflict of Interest* – Each ESG recipient must adopt a conflict of interest policy which prohibits any employee, persons with decision making positions or having information about decisions made by an organization, from obtaining a personal or financial interest or benefit from the organization's activity, including through contracts, subcontracts, or agreements (24 CFR 576.57).

7) *Asbestos* – Prior to renovation, Tennessee State law requires an asbestos inspection for any structure that is not a residential building having four or fewer dwelling units. The costs of asbestos removal may be included in the grant request.

8) *Contractual Agreement* – All recipients must enter into a contractual agreement with THDA. This Working Agreement includes all requirements contained in the ESG Final Rule (24 CFR Part 576) in addition to all other applicable rules and regulations. The Working Agreement will include, but is not limited to the following:

   a. *Building Standards* – Recipients must ensure that any building for which Emergency Solutions Grants are used for renovation, conversion or major rehabilitation will meet the local government standards for safety and sanitation.

   b. *Certification of Assistance* – Recipients must certify that on-going assistance will be provided to homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision and other services essential for achieving independent living and other federal, state local and private assistance available for such persons.

   c. *Confidentiality* – Recipients must develop procedures to ensure the confidentiality of victims of domestic violence.

   d. *Drug and Alcohol-free Facilities* –Recipients must administer a policy designed to ensure that each assisted homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries.

   e. *Client Participation* – Recipients must involve the homeless individuals and families in the maintenance and operation of facilities, and in the provision of services to residents of these facilities to the maximum extent possible. The involvement of homeless persons is required through the Housing and Community Development Act of 1992.

   f. *Procurement Procedures* – Each ESG recipient must have an appropriate procurement procedure in place. At a minimum, three telephone bids must be obtained for any equipment or furniture purchases to be charged totally or in part to ESG.

   g. *Fair Housing* – All ESG recipients must perform and document action in the area of enforcement and/or promotion to affirmatively further fair housing. During the grant year recipients must carry out a minimum of one activity to promote fair housing. Non-discrimination and equal opportunity are applicable to ESG programs (24 CFR 5.105(a) as amended).

h. *Terminating Assistance* – All ESG recipients must have a formal process for terminating assistance to an individual or family. At a minimum, there must be an appeals procedure with one level of administrative review for clients who are evicted or refused service from the facility for any reason.

i. *Reporting Requirements* – Each ESG recipient must complete periodic reporting forms as required by THDA.

j. *HMIS Participation* – All ESG recipients must certify that they will fully utilize the Homelessness Management Information System (HMIS) for their area. While recipients must work with their local HMIS administrator, please note that different areas within the state may use different systems and/or system administrators. The applicant should work with their local CoC to coordinate HMIS access and technical assistance. The ESG recipient assumes full responsibility for all reporting to THDA. Please check the following website for local CoC contact information and for information on the geographic areas covered by each CoC: http://www.thda.org/commpros/hprp/cocmap.pdf

   Please note that domestic violence programs are exempt from the HMIS requirement, however they will be required to provide aggregate data for reporting purposes.

11) *Written Standards for Provision of ESG Assistance* – As a state recipient of ESG funds, THDA requires subrecipients to establish and implement written standards as required under 24 CFR 91.320 (k)(3)(i) and 576.400 (e)(2) and (e)(3). Subrecipients will establish their own written standards, which are intended to fit the unique needs of the communities they serve, and will be submitted to THDA for review with the application for funds. The State requires written standards to be established for each area covered by a CoC or area over which the services are coordinated and followed by each subrecipient providing assistance.

At a minimum, written standards must include:

a. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG;

b. Standards for targeting and providing essential services related to street outreach;

c. Policies and procedures for admission, diversion, referral and discharge by emergency shelters assisted under ESG, including standards regarding the length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;

d. Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;

e. Policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers (see 576.400(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable);

f. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.

g. Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance;

h. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and

i. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receives assistance, or the maximum number of times the program participant may receive assistance.

12) *Performance Standards* – Subrecipients are required to establish and implement performance standards, as part of the application for funds, in order to evaluate ESG activities and service providers' effectiveness. Specifically, performance standards should evaluate how effective the service provider:

a. Targets those who need assistance most;

b. Reduces the number of people living on the streets or emergency shelters;

c. Shortens the time people spend homeless; and

d. Reduces each program participant's housing barriers or housing stability risks.

13) *Description of CoCs and Consultation* – As a state recipient of ESG funds, THDA will hold a consultation with the CoCs to discuss the following:

a. Determine how to allocation ESG funds for each program year;

b. Develop the performance standards for, and evaluating the outcomes of, projects and activities assisted by ESG funds; and

c. Develop funding, policies, and procedures for the administration and operation of the Homeless Management Information System (HMIS)

THDA staff have been in regular contact with CoCs and ESG Entitlement cities before and after the Interim Rule was published to lay the groundwork for statewide coordination and encourage CoCs to work with their ESG entitlement communities. THDA also worked to coordinate the funding of ESG programs to address the CoC's most critical needs. These conversations were frequent and ongoing.

On June 12, 2013, THDA met with the Continuum of Care agencies, as well as current homeless service providers during HUD's annual state conference in Knoxville, TN. Our goal was to identify the most critical gaps in service delivery to homeless persons. The meeting was well attended. THDA began the meeting by presenting the larger context of furthering the move towards Rapid Rehousing programs that incorporate other community services. THDA then reviewed each of the eligible activity components under the new Emergency Solutions Grant and solicited commentary on funding priorities.

THDA also consults annually with the Regional Housing Coordinators who work with the mentally disabled. Our $100,000 set aside unmatched funds are allocated yearly to fund the housing programs in 7 regions across the state.

**H. Application and Evaluation Procedure**

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria include: submission of a complete application; proposal of an eligible activity; proposal of a project that in the opinion of THDA is physically, financially and administratively feasible; proposal of a project that meets the requirements of 24 CFR Part 576, as amended. Additional requirements for non-profit organizations are a Non-Profit Checklist and a Non-Profit Board Composition, which are included in the application. Documentation must be submitted along with the completed checklist to demonstrate that the organization meets threshold requirements and has the capacity to provide shelter, essential services and/or operations for programs serving the homeless. Applications meeting the threshold criteria will be scored and ranked in descending numerical order.

Key applicant eligibility factors include:

1) Either non-profit or unit of local government;

2) No outstanding findings or other issues;

3) Experienced homeless services/prevention provider;

4) Must be able to meet recordkeeping and reporting requirements including HMIS utilization; and

5) Must be able to meet HMIS requirements (exception of domestic violence programs)

**ESG Competitive Allocation Rating Scale** **100 points**

**1) Needs Score** **Up to 25 points**

THDA calculates need factors using poverty statistics for counties. Factors are based on percentages rather than absolute numbers. The need factors used are the percentage of households that are low-income (80 percent or less of AMI); percentage of population receiving food stamps, percentage of reported domestic violence victims, unemployment rates, and percentage of homeless reported.

**2) Program Design** **Up to 10 points**

The proposed program design demonstrates exceptional planning, readiness and administrative capability. All necessary components to accomplish the project have been identified in the application. Program administrators and qualified staff have been identified. Project is reasonable and expenses are allowable by category funded. Project meets objectives of the local Continuum of Care.

**3) Applicant Capacity** **Up to 25 points**

Documentation of applicant's administrative capacity to administer the ESG program and experience with grant funding. Documentation of the applicant's experience in serving the homeless in their community and assisting clients in maintaining permanent housing. Consideration will be given to applicants that have shown an ability to turn in pay requests with appropriate documentation on a timely basis and turn in reports as requested.

**4) Fiscal Information** **Up to 25 points**

Completeness of budget. Clear and specific documentation of match, source(s) and level of committed cash match. This criterion will include a review of past expenditure of ESG funds. *Attention will be paid towards agencies that draw their funds down as needed and in a timely manner.*

**5) Critical Need** **Up to 10 points**

THDA will award up to 10 points to applications for projects focused on Rapid Re-Housing activities by applicants who have experience in providing these activities in accordance with HUD's guidelines.

**6) Domestic Violence Shelters** **Up to 5 points**

THDA recognizes that while the risk factors for homelessness are also risk factors for domestic violence – they are not the only risk factors. We recognize that domestic violence cannot be necessarily be tracked in the same way as other subgroups of the homeless. Therefore, up to five additional points will be granted to domestic violence shelters in areas of reported incidents.

# HOPWA PROGRAM
# METHOD OF DISTRIBUTION AND PROGRAM DESCRIPTION

## 1. Introduction

The Housing Opportunities for Persons With AIDS (HOPWA) Program is the only Federal program dedicated to the housing needs of people living with HIV/AIDS. Under the HOPWA Program, HUD makes grants to local communities, States, and nonprofit organizations for projects that benefit low-income persons living with HIV/AIDS and their families. The State of Tennessee, through the Department of Health (DOH), HIV/AIDS/STD Section, administers HOPWA funds across 79 of Tennessee's 95 counties. The 79 counties are divided into seven regions and each of the seven regions has one not-for-profit agency that is the Project Sponsor for HOPWA. The remaining 16 counties are served by the two Eligible Metropolitan Statistical Areas (EMSA) in the state, Nashville EMSA and Memphis EMSA, which receive HOPWA funds directly from HUD.

Nashville EMSA includes the following counties: Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale Williamson and Wilson.

Memphis EMSA includes the following counties: Fayette, Shelby and Tipton.

The State of Tennessee's allocation for the HOPWA program for FY 2014 is **$939,055**. The DOH will contractually award the funds to seven Project Sponsors across the state, retaining no more than three percent of the allocation for administrative costs. The seven Project Sponsors were originally selected in 2010 using a request for grant proposal (RFGP) process for not-for-profit organizations and/or Community-Based Organizations (CBOs). The RFGP process for HOPWA is based on a five-year cycle, and uses multiple factors taken from 24 CFR Part 574 Section 500, HOPWA Oversight Resource Guide 2010; CFR 85; and OMB Circular, 570.502 and 570.506. All of the original Project Sponsors selected in 2010 have been retained. The contracts for these agencies are renewed annually for up to five years; however, the State reserves the right to terminate a contract should there be substandard performance by a Project Sponsor. In the event a contract is terminated, the State will solicit new agency proposals.

The Department of Health contracts with established not-for-profit agencies that continually show both the capability to plan for, as well as the ability to provide direct intervention and housing assistance to eligible clients and their families. Proposals were submitted by the Project Sponsors and evaluated on criteria such as technical services, organization, experience, and budget reasonableness, to name a few. Funds were originally awarded as available to sponsors who submitted proposals that best met, or exceeded, the required criteria and provided a detailed budget meeting the needs of HOPWA clients. Renewal of the contract is determined by periodic evaluation of the Project Sponsors achieving or exceeding the requirements outlined in the Scope of Services, which is found in each Project Sponsor's contract.

In preparation for the development of the 2010 RFGP, the HIV/AIDS/STD Section staff reviewed the previous RFGP, incorporating any revisions, changes and deletions that had occurred since the original submission. The RFGP recommended the use of HOPWA funds for projects that address needs in the following areas:

A. Housing Information Services Program

The Housing Information Services Program includes, but is not limited to, counseling, information and referral services to help eligible clients locate, acquire, finance and maintain housing. This may also include fair housing counseling for eligible beneficiaries who may encounter discrimination as described in the Federal and State Fair Housing Act.

B. Short-term Rent, Mortgage and Utility Payments Program

The Short-term Rent, Mortgage and Utility Payments Program (STRMU) is intended to prevent homelessness of the tenant or the mortgagor of a dwelling over a time specified by HUD.

C. Supportive Services Program

The Supportive Services Program includes, but is not limited to, health, mental health, assessment, drug and alcohol abuse treatment and counseling, day care, nutritional services, intensive care when required, and assistance in gaining access to local, state and federal government benefits and services. Health services may only be provided to clients with AIDS or related diseases, and not to family members (see the definition of Family Member in Section 2. D.).

D. Ongoing Housing Assessment Plan

The Ongoing Housing Assessment Plan includes, but is not limited to, systematic reviews of housing needs and involves development of individual informational data where Project Sponsors investigate history of homelessness and current health issues so as to assist individuals manage resources, track progress and access community care, where available.

The HIV/AIDS/STD Section issued an RFGP in 2010 for the three activities, which HUD later separated into four. This encouraged the maximum use of HOPWA funds for HIV infected clients and their family members threatened with homelessness. Proposals were reviewed by a panel of persons with expertise in AIDS health care, housing, and homelessness issues. Evaluators adhered to all aspects of the federal and State regulations governing HOPWA financial and resource management criteria and program goals. Additional consideration included the level of local or regional networking among area HIV service organizations; plans to identify HIV positive persons who are homeless but not part of any HIV support system; plans to serve both rural and urban residents; and the development of emergency housing plans for HIV positive persons.

**2. Program Plan**

A. Background and Need

Each plan includes a "Background and Need" section that: (a) identifies the applicant's HIV-specific program to date, concentrating heavily on specific client-related services, (b) analyzes the applicant's client caseload, concentrating specifically on data to show the need for HIV housing related services and activities, (c) documents how other HIV specific agencies have been consulted to decide local needs for housing related services, and (d) assesses for previous HOPWA grant recipients, the detailed demographic breakdown of their clients, including the three low-income categories.

B. Program Plan

Based upon the information identified in the "Background and Need" section, each proposal provides a "Program Plan" that identifies each activity selected for inclusion in the proposal, as well as an estimate of the number of clients expected to be served.

The program plan outlines procedures expected to be initiated within each selected activity: (a) housing information services; (b) counseling and referral services; (c) eligible clients to locate, acquire, finance, and maintain housing; (d) homelessness of eligible clients; (e) assists with short-term rent, mortgage and utility payments; and (f) supportive services.

C. Outreach and Networking

Each plan includes a means by which potentially eligible applicants and clients are notified of the availability of housing assistance. The plan also addresses individuals in need in the surrounding rural areas, as appropriate, as well as individuals who may be HIV infected and homeless, but not part of any existing HIV support system.

Each applicant includes a local and/or regional networking plan involving agencies that provide HIV related services that will be used for service referrals. Organizations participating in this network included local and regional health department AIDS programs, other HIV-related Community-Based Organizations, alcohol and drug abuse HIV outreach agencies, HIV specific clinics, counseling and testing sites, homeless shelters and soup kitchens, local social service agencies, local Red Cross and Planned Parenthood organizations, and other agencies involved in specified areas.

All plans will develop and describe procedures for interagency referral and follow-up. Documentation is maintained to ensure other needed services are discussed and information is placed on application identifying available services; this information is then made available to clients.

D. Definition of Family Member

HUD defines "family" as a household composed of two or more related persons. The term "family" also includes one or more *eligible* persons living with another person or persons who are determined to be important to their care or wellbeing. Additionally, it includes the surviving member or members of any family described in this definition who are living in a unit, helped under the HOPWA program, with the person with AIDS at the time of his or her death. This definition gives consideration to relationships outside traditional marriage between opposite sexes, but is specific enough to prevent situations where an individual receives housing assistance and subsequently provides a place to live for one or more friends or acquaintances.

E. Geographic Target Area

The geographic target area to be covered by the awarded funds is detailed by each applicant. In the event the target area was limited to a metropolitan city, the plan addresses how needs/inquiries from clients in surrounding rural areas would be managed. All Tennessee counties not served by HOPWA EMSAs will be served by the State HOPWA program in FY 2014-2015.

F. Plan to Address the CPD Outcome System

The State envisions the use of STRMU services to enhance the availability and sustainability through Enhanced Suitable Living Environments by way of the prevention of homelessness in our client population. The seven Project Sponsors across the State will implement supportive services of various types depending on the availability of funds, but at present we are primarily capable of only addressing the prevention of homelessness. More information on the ways in which HOPWA activities specifically address the CPD Outcome System can be found in State Table 3C, which is included in Appendix C of this document.

## 3. HOPWA Monitoring and Oversight

One of the guiding activity goals involves action steps to strengthen our knowledge of programmatic accountability outcomes using a fiscal risk assessment recommended by HUD. It divides program-wide planning and developmental category elements for participants into client base outcomes that would involve historical appraisal of budgets and invoices, separation of program and fiscal duties, adherence to eligibility standards and code of conducts policies.

HUD suggested in various circulated publications that planning should occur at the project sponsor level as well as grant management levels. The Tennessee Department of Health, HIV/STD Program used both remote and onsite monitoring techniques to evaluate all seven HOPWA Project Sponsors. There were remote desk audit and on-site reviews that tracked conformance to historic factors. The purpose of this risk appraisal was to identify any patterns of non-conformance to HUD rules and expand our reviews and subsequent training efforts into areas not previously found to be historically documented and validated both remotely and on-site. Also, in an effort to strengthen current statewide HOPWA operations, plans to expand our data collection include fiscal operations as well. Fiscal policy was reviewed and support documentation between budgets and invoices used to validate reports for staff times, eligibility documentation, housing assessments and fiscal balances.

## 4. Methodology for Formula Distribution

At the time of this report, the allocation for the FY 2014-15 HOPWA program $939,055. The percentage for regional distribution of funds awarded to each of the Project Sponsors identified below is determined by the number of persons living with HIV/AIDS in the various regions throughout the State of Tennessee. The percentage of funds distributed throughout the regions of the state generally remain consistent. The estimated funding for FY 2014 will be distributed as follows:

| Project Sponsor | % of Funds | Funding Award |
|---|---|---|
| Chattanooga CARES | 22% | $200,394 |
| Columbia CARES | 9% | $81,980 |
| East TN HRA (Positively Living) | 30% | $273,265 |
| Frontier Health (Hope for Tennessee) | 11% | $100,197 |
| Nashville CARES | 6% | $54,653 |
| Upper Cumberland HRA | 7% | $63,762 |
| West Tennessee Legal Services | 15% | $136,633 |
| ***Total Regional Distribution*** | ***100%*** | ***$910,883*** |
| | | |
| State Administration | | $28,172 |
| | | |
| **Total** | | **$939,055** |

*HRA= Health Resources Agency, CARES = Nashville Community AIDS Resources Education Services, Chattanooga Council on AIDS Resources Education and Support, Columbia Comprehensive AIDS Resources Education Services*

Percentages of incidence changed slightly due to the movement of service areas and jurisdictions based on the OMB designations and changing disease incidence by region. The 2010 RFGP was revised to reflect those percentage changes. Adjustments in the contract amounts will be made each year to reflect changes in the percentage of AIDS cases in each region.

Additionally, approximate estimates of funding distributed among the four major HOPWA Program activities include:

| Program Activity | Approximate Percentage of Available Funds |
|---|---|
| Housing Information Service Program | 5% |
| STRMU | 50% |
| Supportive Services | 35% |
| Ongoing Housing Assessment Plan | 10% |

**Method of Distribution**
**Consolidated Formula Programs, Summary**

| CDBG | Min Amt. | Max Amt. |
|---|---|---|
| Competitive | $23,406,023 | $23,406,023 |
| Formula | 0 | 0 |
| Retained for State Project | 0 | 0 |
| Non-Competitive | $1,000,000 | $1,000,000 |
| State Administration of Program | $754,000 | $754,000 |
| **Approximate Total** | **$25,160,023** | **$25,160,023** |

| HOME | Min Amt. | Max Amt. |
|---|---|---|
| CHDO Round | $1,514,487 | $1,514,487 |
| Supportive Housing Development | $1,009,657 | $1,009,657 |
| Urban/Rural Allocation | $6,562,776 | $6,562,776 |
| Administration | $1,009,657 | $1,009,657 |
| **Approximate Total** | **$10,096,577** | **$10,096,577** |

| ESG | Min Amt. | Max Amt. |
|---|---|---|
| THDA Targeted Set-Aside | $100,000 | $100,000 |
| Small Cities Set-Aside | $1,327,498 | $1,327,498 |
| Competitive Allocation | $1,225,384 | $1,225,384 |
| Administration | $82,048 | $82,048 |
| **Approximate Total** | **$2,734,930** | **$2,734,930** |

| HOPWA | Min Amt. | Max Amt. |
|---|---|---|
| Housing Information Service Program | $45,544 | $45,544 |
| STRMU | $455,442 | $455,442 |
| Supportive Services | $318,809 | $318,809 |
| Ongoing Housing Assessment Plan | $91,088 | $91,088 |
| State Administration of Program | $28,172 | $28,172 |
| **Approximate Total** | **$939,055** | **$939,055** |

# METHOD OF DISTRIBUTION OF FUNDS
# OTHER FEDERAL AND NON-FEDERAL RESOURCES

***Other Federal Resources to be Made Available***

A. HUD Section 8 Tenant Based Rental Assistance Program

While several agencies throughout the state administer the Section 8 Tenant Based program, THDA's program is authorized to operate in all 95 counties. THDA's Section 8 Tenant Based program is administered through field offices across the state. Each field office serves area counties, maintains a waiting list of potential recipients and receives an allocation of vouchers based on the area served. Issuing of Section 8 vouchers is a continual process and occurs throughout the year. THDA currently serves approximately 6,000 families through this program.

B. HUD Section 8 Contract Administration Program

Since 2000, the THDA Contract Administration Division has had responsibility for administration of Section 8 Project Based HAP Contracts throughout the state. As of the end of calendar year 2013, the Division had 397 contracts, representing 34,462 units, and monthly Housing Assistance Payments (HAP) that average approximately $12,543,691 per month. The Contract Administration Division expects the number of contracts, number of units and amount of HAPs per month to be stable for calendar year 2014.

C. Low Income Housing Tax Credit Program (LIHTC)

As tax credit authority is made available to the State from the Internal Revenue Service, tax credits are offered on a competitive basis to eligible applicants throughout the state. THDA administers the program and offers one application cycle annually based on level of tax credit authority, demand and the quality of applications submitted. The method of distribution for the State's 2014 tax credit allocation is detailed in the 2014 Low-Income Housing Tax Credit Qualified Allocation Plan (QAP), as required by Section 42. The QAP incorporates all requirements of Section 42 unless more stringent requirements, as permitted under Section 42, are included. A public hearing was held to solicit comments.

The goal of the 2014 QAP is to use the Tax Credits allocated to Tennessee for 2014 to create, maintain, and preserve affordable rental housing for low-income households. Specific objectives of the 2014 QAP are to:

1. Make rental units affordable, in the areas of greatest need, to households with as low an income as possible and for the longest time period possible;
2. Encourage development of appropriate housing units for persons with special needs, including the elderly, the homeless and the disabled;
3. Allocate only the minimum amount of Tax Credits necessary to make a development financially feasible and viable throughout the credit period;
4. Encourage Non-Profit entities to develop rental housing for low-income households;
5. Encourage fair distribution of Tax Credits among counties and developers; and
6. Allocate Tax Credits fairly.

The complete 2014 QAP can be found on THDA's website at http://www.thda.org/index.aspx?nid=141.

***Other Non-Federal Resources to be Made Available***

E. THDA Homeownership Program

Through the issuance of tax exempt mortgage revenue bonds, THDA makes homeownership funds available for first-time, low- and moderate-income homebuyers. THDA does not serve as a direct lender, but works with approximately 115 originating agents (OAs) throughout the state. The originating agents complete the application process, underwrite the loan based on insurer's guidelines and then send a duplicate file to THDA for compliance underwriting. THDA then issues a commitment of funding, to the originating agent and will close soon thereafter.

At present, the agency has two Homeownership programs. Income limits and acquisition limits apply to each.

The Great Choice Loan Program offers 30-year, fixed rate mortgages to qualified first-time, repeat and military veteran homebuyers. Great Choice loans are designed to help low- to moderate-income Tennesseans purchase modest homes and can be used in conjunction with FHA, VA, USDA-RD and uninsured conventional loans. Borrowers must meet the minimum qualifications: satisfactory credit history, income that does not exceed the maximum income limits and a home whose purchase price does not exceed the maximum acquisition price limits.

The Great Choice Loan Program consists of two parts: Great Choice and Great Choice Plus.

- Great Choice is the 30-year, fixed rate mortgage loan referenced above.
- Great Choice Plus is an optional zero percent interest second mortgage to provide homebuyers with down payment assistance up to four percent of the purchase price of the home.

Borrowers do not have to receive a Great Choice Plus loan in order to receive a Great Choice loan. However, any borrower receiving down payment assistance through a Great Choice Plus loan MUST receive a Great Choice loan.

The Veteran Homeownership for the Brave program offers a below market interest rate to qualified members of the United States military, National Guard, veterans and some widowed military spouses. A 50 basis point rate reduction applies to the Great Choice loan program, based on the current THDA rate at the time of the loan submission. The following government insured loan products are available: FHA, VA and USDA/RD 30-year fixed rate mortgages. The income and acquisition cost limits of the Great Choice loan program applies to Veteran Homeownership for the Brave.

Additionally, all Great Choice Plus and Homeownership for the Brave homebuyers must participate in an eight-hour THDA-approved homebuyer education course.

The New Start Program, which offers a no interest loan, started in July 2001. It is designed to support homebuyers with lower incomes than borrowers in other current THDA programs (the Great Choice and Great Choice Plus Programs) and to promote new construction. The New Start Loan Program is delivered through non-profit organizations (the "New Start Program Partner" or "Program Partner") with established programs for the construction of single family housing for low- and very low-income households. The New Start Program Partner is responsible for selecting the homebuyer, determining eligibility, constructing the home, providing homebuyer education, and originating the New Start Loan. The New Start Program is a two-tiered program. Tier I offers a zero percent loan for borrowers who earn 60 percent or less of the state median income. Tier II allows a slightly higher income (70 percent of the state median income), and the borrower pays a rate of one-half of the interest rate on the Great Choice Program.

F. Community Investment Tax Credit (CITC)

Financial institutions may obtain a credit against the sum total of taxes imposed by the Franchise and Excise Tax Laws when qualified loans, qualified investments, grants or contributions are extended to eligible housing entities for engaging in eligible low-income housing activities. The amount of the credit shall be applied one time and will be based on the total amount of the loan, investment, grant, or contribution; or the credit may be applied annually for qualified loans and qualified low rate loans and will be based on the unpaid principal balance of the loan. The amount of the credit shall be as follows:

- Five percent of a qualified loan or qualified long term-term investment; *OR* three percent annually of the unpaid principal balance of a qualified loan as of December 31 of each year for the life of the loan, *OR* 15 years, whichever is earlier.
- Ten percent of a qualified low rate loan, grant, or contribution; *OR* five percent annually of the unpaid principal balance of a qualified low rate loan as of December 31 of each year for the life of the loan, *OR* 15 years, whichever is earlier.

The program is administered in cooperation with the Tennessee Department of Revenue. THDA will certify the housing entity and activity as eligible to receive the tax credits. The Tennessee Department of Revenue will award the tax credits to the financial institutions. The eligible housing entity will be required to maintain records as requested by THDA to ensure that affordable housing opportunities are being provided.

G. BUILD Loan Program

In November 2005, THDA initiated the BUILD Loan Program to build the capacity of nonprofit organizations to provide affordable housing to low-income Tennesseans. The approximately $5.0 million loan program supports the production of affordable housing by providing low interest short term loans to eligible nonprofit organizations. BUILD loan funds may be used for new construction, land acquisition, development activities, and site preparation.

Applications will be evaluated based on organizational status, mission, financial management and strength, organizational development capacity, project or activity eligibility and viability, and if applicable, compliance with federal, state, and/or local regulations.

H. Emergency Repair Program for the Elderly

THDA created a statewide Emergency Repair Program for the Elderly (ERP) in January 2007 and, upon approval of its Board of Directors, allocates $2 million annually for the Emergency Repair Program for the Elderly. The program provides grants to low income, elderly homeowners who are 60 years or older to correct, repair, or replace an essential system and/or a critical structural problem. The purpose of the program is to stabilize the elderly homeowner's residence by making rapid, essential repairs to make the home livable. This is not a comprehensive homeowner rehabilitation program.

The Emergency Repair Program is administered through Tennessee's Development Districts or Human Resource Agencies to help ensure that the program is available state-wide. The program operates on a two-year contract with each administering agency receiving a total allocation of $222,222: $200,000 for emergency repairs and $22,222 for administration.

## III. GEOGRAPHIC DISTRIBUTION OF FUNDS

In general, the four consolidated formula programs described in the Action Plan reach all areas of the State of Tennessee through a state-wide distribution of funds, with the exception of entitlement areas, which receive their own funding directly from HUD. Each program has exceptions to the statewide distribution. The ways in which funds are distributed geographically for each program are as follows:

1. CDBG

The State CDBG program is competitive for all city and county governments in Tennessee except for those CDBG entitlement cities which receive direct funding from HUD. Local governments excluded from the state-administered CDBG program include: the cities of Bristol, Chattanooga, Clarksville, Cleveland, Franklin, Hendersonville, Jackson, Johnson City, Kingsport, Knoxville, Memphis, Morristown, Murfreesboro, Oak Ridge, the Metropolitan Government of Nashville-Davidson County, and the counties of Knox and Shelby.

2. HOME

The State HOME program is competitive within certain categories. As explained in the method of distribution narrative, HOME funds are made available for competition as follows: 15 percent to the CHDO set-aside, 10 percent to the Supportive Housing Development set-aside, and 65 percent allocated for urban and rural areas of the state, based upon the percentage of low-income households in the designated urban and rural counties, excluding local HOME Participating Jurisdictions (PJs). The urban areas of the state include the following counties: Anderson, Blount, Bradley, Carter, Coffee, Dyer, Gibson, Hamilton, Hamblen, Haywood, Madison, Maury, Montgomery, Putnam, Roane, Rutherford, Sumner, Unicoi, Williamson and Wilson. All other counties are considered rural. The urban allocation is 44 percent of the remaining 65 percent of the funding and the rural allocation is 56 percent. Local PJs are those local governments in Tennessee that receive HOME funds directly from HUD and include: the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Johnson City, Bluff City, Kingsport, Sullivan County and Washington County, excluding the town of Jonesborough), Chattanooga, Clarksville, Jackson, Knoxville, Memphis, Nashville-Davidson, Knox County and Shelby County.

3. ESG

ESG funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee's Consolidated Plan, as amended. THDA will spend up to 7.5 percent of its ESG allocation for administrative and planning expenses. THDA will share the amount available for administration with the small city entitlement communities that do not receive their own ESG allocation from HUD. Non-profit agencies are not eligible to receive funds for administration.

THDA plans to allocate the $100,000 of ESG funding that does not require matching funds to the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS). TDMHSAS will use the ESG funds for homeless assistance and prevention activities through its established network of housing agencies providing services to clients being discharged from medical and mental health facilities.

In April 2014, HUD requested ESG subgrantee designation for the City of Knoxville under the State of Tennessee ESG Program. THDA is currently developing plans to adopt a set aside round of funding for Knoxville.

THDA will plan to allocate 52 percent of the remaining ESG funds on a formula basis to the eleven CDBG entitlement cities that do not receive ESG grants, but are expected to address homelessness through the "Continuum of Care" described in their Consolidated Plans. These cities are: Bristol, Clarksville, Cleveland, Franklin, Hendersonville, Jackson, Johnson City, Kingsport, Morristown, Murfreesboro and Oak Ridge.

The remaining 48 percent of the ESG funds are planned to be allocated to eligible applicants in a competitive grant application process.

4. HOPWA

The State HOPWA program allocates funds by region in the state to Project Sponsors. Project Sponsor regions cover all of the counties in the state not covered by the HOPWA EMSA entitlements (Nashville EMSA and Memphis EMSA). The seven Project Sponsors and the counties they serve are as follows:

Chattanooga CARES: Bledsoe, Bradley, Franklin, Grundy, Hamilton, Marion, McMinn, Meigs, Polk, Rhea and Sequatchie.

Columbia CARES: Bedford, Coffee, Giles, Lawrence, Lewis, Lincoln, Marshall, Maury, Moore, Perry and Wayne.

East Tennessee Human Resources Agency (Positively Living): Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Monroe, Morgan, Roane, Scott, Sevier and Union.

Frontier Health (Hope for Tennessee): Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington.

Nashville CARES: Houston, Humphreys, Montgomery and Stewart.

Upper Cumberland Human Resource Agency: Clay, Cumberland, DeKalb, Fentress, Jackson, Overton, Pickett, Putnam, Van Buren, Warren and White.

West Tennessee Legal Services: Benton, Carroll, Chester, Crockett, Decatur, Dyer, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Lake, Lauderdale, Madison, McNairy, Obion and Weakley.

# IV. Summary of Priorities and Objectives

The HUD Performance Measurement Outcome System states the following three objectives: to create a suitable living environment, to provide decent housing, and to create economic activities. In its five-year Consolidated Plan, the State of Tennessee developed four priority areas, which compliment HUD's objectives and contain a list of action steps, which serve as objectives in meeting the State's priority areas. Each of the priority areas relate to housing and non-housing community development needs and include the following:

**Housing**

**1) Preserve affordable housing stock, increase the amount of affordable housing and increase home ownership opportunities**

**Action Steps**

A. Preserve the affordable housing stock through housing rehabilitation targeted toward low-very low and moderate-income populations in the state.
B. Encourage the production of multifamily housing to serve low-income individuals in the state.
C. Target funds towards housing for elderly residents in the state with emphasis on handicapped accessibility.
D. Encourage preservation of 2-3 bedroom affordable housing for low-income families in the state.
E. Increase/maintain the number of housing facilities in the state for homeless individuals.
F. Increase homeownership rates, especially among lower income and minority households.

**Non-Housing Community Development**

**2) Provide for the viability of communities through ensuring infrastructure, community livability, health and safety, and economic development**

**Action Steps**

G. Provide for the safety and well-being of low and moderate-income families in the state by improving the quality and quantity of water in areas which do not have safe, reliable water sources.
H. Provide safe, reliable wastewater services to low and moderate-income families in underserved areas of the state.
I. Provide economic development opportunities through the financing of infrastructure development, manufacturing facilities and equipment that support job creation for low and moderate-income people.
J. General enhancement of quality of life in low and moderate-income neighborhoods throughout the state.

**3) Provide for the housing and supportive services needs of homeless individuals and other special needs populations**

**Action Steps**

K. Support the acquisition or rehabilitation of facilities to house homeless persons or those at risk for homelessness.
L. Provide funds to assist persons at risk for homelessness.
M. Increase the amount of services provided to mentally ill homeless.
N. Encourage programs to support children in homeless facilities to receive preventative and emergency medical care, as well as other developmental or cognitive services.
O. Provide supportive services and housing-related services for persons who are HIV positive or have AIDS.

**4) Affirmatively further fair housing and ensure access to business opportunities in the state for women and minority-owned businesses**

**Action Steps**

P. Conduct an Analysis of Impediments to Fair Housing Choice in the state.
Q. Convene fair housing and Title VI workshops in the state for local governments, grantees, housing providers, advocates and consumers.
R. Provide fair housing information throughout the state informing citizens of their housing rights.
S. Encourage reporting of fair housing violations by making citizens aware of their rights and providing information on access to fair housing advocates and organizations in the state.

The activities for each of the four formula programs, which specifically address the priority areas, action steps and HUD's Performance Measurement Outcome System, are included in State Table 3B, State Annual Affordable Housing Goals and Table 3C, Annual Action Plan Planned Project Results. These tables are included in Appendices C and D of this document. A brief summary of the activities and their relationship to HUD's Performance Measurement Outcome System and the State's priority areas are below.

CDBG funds will be used for acquisition, public facilities, clearance and demolition, relocation, housing rehabilitation and economic development activities. CDBG activities contribute to the availability and accessibility of economic opportunities, providing decent and affordable housing and sustaining a suitable living environment. Housing rehabilitation and clearance and demolition funds preserve the affordable housing stock and serve to revitalize deteriorating neighborhoods. Funds for public facilities projects include water and sewer services to low-income areas and their residents, thereby improving the safety and livability of neighborhoods and communities. Economic development activities increase access to opportunity, capital and jobs.

HOME funds will be used for homeowner rehabilitation, rental acquisition and/or rehabilitation, rental new construction, homebuyer new construction and down payment assistance. All of the HOME activities contribute to providing affordable and decent housing, improving the availability and accessibility to decent housing and sustaining affordable housing. Homeowner and rental rehabilitation funds preserve the affordable housing stock and sustain the amount of decent housing available in communities. Rental new construction, homebuyer new construction and down payment activities increase the amount of affordable housing and increase homeownership activities throughout the state.

ESG funds will be used for rapid re-housing, homelessness prevention, street outreach and emergency shelter activities. All of the ESG activities contribute to providing decent housing for program beneficiaries. Homeless assistance, street outreach and emergency shelter activities provide funds for the housing and supportive service needs of homeless individuals and families. Homelessness prevention activities provide funds and support for persons at risk of homelessness.

HOPWA funds will be used for operation of housing information services, short-term mortgage and utility payments, supportive services and the permanent housing placement program. All HOPWA activities improve the affordability of decent housing under HUD's Performance Measurement Outcome System. All of the HOPWA activities seek to provide housing and supportive services for special needs persons who are HIV positive or have AIDS, as well as their family members.

The Section 8 program provides rental assistance and incorporates the Family Self-Sufficiency program into its operations. The Section 8 to Homeownership program allows eligible voucher participants to utilize the voucher to pay a portion of their mortgage. Family Self-Sufficiency provides a five-year plan for Section 8 tenants that helps direct them to the skills, services and jobs they need to eventually reduce or eliminate the need for public assistance. Both of these programs contribute to the affordability of decent housing and work to increase homeownership rates, particularly among low-income and minority households.

The THDA Homeownership program provides low interest loans to low- and moderate-income borrowers. This activity increases the availability of affordable housing and makes mortgage financing available at reasonable rates. The THDA Homeownership program increases ownership rates, particularly among low-income and minority households.

The THDA Homebuyer Education Initiative (HBEI) provides training in areas of the state where homebuyer educational resources are limited or non-existent. THDA has provided Train the Trainer sessions and serves as a clearinghouse for homebuyer education resources and information. THDA has added a mentoring program to the HBEI designed to provide HBEI providers an opportunity to receive direct training and technical assistance on homebuyer education program marketing, implementation and sustaining program viability. The program brings together successful providers directly with those providers who are either initially starting or require additional technical assistance.

CITC and BUILD both provide opportunities for the development of affordable housing throughout the state and encourage the production of multifamily housing to serve low-income individuals.

## V. OUTCOME MEASURES

In order to quantify the priorities and objectives associated with the State's priority areas and HUD's Performance Measurement Outcome System, the consolidated planning partners have completed Table 3B, State Annual Housing Goals and Table 3C, Annual Action Plan Planned Project Results. These tables have been completed for the four formula programs and can be found in Appendices C and D of this document.

For the CDBG and HOME Programs, the performance indicators include the number of units or projects expected to be completed under each of the activity descriptions. Approximations of the number of units or projects to be completed are based on the level of funding and units/projects completed during prior grant years. The performance of ESG and HOPWA activities include the number of clients served under each of the programs' activities. Approximations of the expected number of clients to be served were also developed using information from prior years regarding the number of clients served in each eligible category, based on the amount of available funding. The performance indicators, which are intended to measure the outcomes of the four formula programs' activities, and the expected number to be completed during Fiscal Year 2014-15 can be found in Table 3C, Annual Action Plan Planned Project Results (Appendix D).

## VI. AFFORDABLE HOUSING GOALS

The number of homeless, non-homeless and special needs households to be provided affordable housing, using funds made available to the State through each of the four formula programs, can be found in Table 3C Annual Action Plan Planned Project Results (Appendix D). The aggregate results of the four programs are included in the column titled "Expected Annual Number of Units to Be Completed" of Table 3B (Appendix C). Approximations for the number of units and households served under each of the four formula programs are based upon the expected federal allocations and are subject to change.

## VII. HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES

The ESG and HOPWA programs specifically address homeless and other special needs activities. The supportive needs activities through the HOME Program also address special needs populations. ESG will address the needs of homeless persons or those at risk of homelessness through street outreach, emergency shelter, rapid re-housing and homelessness prevention activities. Complete details regarding each of these activities may be found in Section III. Method of Distribution and Program Descriptions. The number of clients to be served under each of these activities is found in Table 3C, Annual Action Plan Planned Project Results (Appendix D).

The HOPWA program will specifically address homeless and other special needs activities to low-income clients who are HIV positive or have AIDS and their families, as outlined in 24 CFR 500-700. Specific activities include: housing information services, short-term mortgage and utility payments, supportive services and the permanent housing placement program. More information about each of these activities may be found in Section III. Method of Distribution and Program Descriptions. The number of clients to be served under each of the HOPWA activities may be found in Table 3C, Annual Action Plan Planned Project Results (Appendix D).

The HOME program also works to provide housing for those with special needs through the supportive housing development allocation of HOME funds. Ten percent of the total allocation will be reserved for eligible applicants proposing rental projects serving special needs populations with appropriate on-site services. Activities in the supportive needs housing category are limited to rental housing and include housing designed for persons with a specific type of disability who could not reside in housing that is available to the general public due to a condition that can be either a permanent or temporary disability.

# VIII. Other Actions

### Lead Based Paint

The State of Tennessee addresses hazards of lead based paint in the state through the programs and initiatives discussed in this section.

The Tennessee Department of Health, Childhood Lead Poisoning Prevention Program, provides lead poisoning facts such as lead sources and prevention tips for parents and health care professionals. The Prevention Programs requires TennCare, the state health system for uninsured persons, to test children enrolled in the program. The department coordinates with the Tennessee Department of Environment and Conservation's information on lead assessment and abatement programs.

In May 1999, by State legislation, the Tennessee Department of Environment and Conservation (TDEC) was given the necessary authority to have lead-based paint training in the state. The legislation also gave TDEC the authority to monitor lead abatement in the state to assure that contractors and owners of units comply with applicable laws. The division of solid waste management of TDEC received authorization from the Environmental Protection Agency (EPA) on January 17, 2001, to administer the program in the state. The State has established guidelines for training of lead-abatement contractors and their workers in the Tennessee.

Lead-based paint policies are also in effect for the CDBG and HOME programs in Tennessee. Specifically, grantees must give participants notice of possible lead hazards within the unit when the house is dated pre-1978, informing them of possible lead dangers.

For families with children under age seven, grantees must inspect units that might have lead contamination and provide the necessary abatement or encapsulation activities. Families must be given a federally approved pamphlet on lead poisoning prevention.

### Low-Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) program is administered by THDA. The tax credits are allocated through an application cycle that includes a selection process, determination of credit amounts, preliminary award letters, carry-over allocations and placed in service applications. Ten percent of the total state authority is reserved for qualified not-for-profit applicants. The goal of the allocation strategy is to utilize the tax credits allocated to Tennessee to the fullest extent possible to create, maintain, and preserve affordable rental housing for low-income households.

The specific strategy for coordinating the LIHTC program with the development of housing affordable to low- and moderate-income families consists of the following:

1. Make rental units affordable, in the areas of greatest need, to households with as low an income as possible and for the longest time period possible;
2. Encourage development of appropriate housing units for persons with special needs, including the elderly, the homeless and the disabled;
3. Allocate only the minimum amount of Tax Credits necessary to make a development financially feasible and viable throughout the credit period;

4. Encourage Non-Profit entities to develop rental housing for low-income households;
5. Encourage fair distribution of Tax Credits among counties and developers; and
6. Allocate Tax Credits fairly.

**Public Housing Resident Initiatives**

The Section 8 Rental Assistance program, administered by THDA, encourages public housing residents to become involved in management and participate in homeownership. The THDA Section 8 to Homeownership Program offers a mortgage subsidy to low-income families who are not able to afford a mortgage payment for a home in the area where they reside without some financial assistance. In the Housing Choice Voucher program, families typically pay 30 percent of their monthly-adjusted income (or the family's Total Tenant Payment) toward homeownership expenses and THDA pays the difference between the family's Total Tenant Payment and the actual monthly mortgage payment. The mortgage assistance payment must be paid directly to the lender or loan servicing company, and not to the family.

The Quality Work Responsibility Act and the requirement of the Public Housing Authorities (PHA) to develop a five-year plan have altered the relationship between the State of Tennessee and the public housing authorities. The State supports local PHA initiatives that provide self-sufficiency assistance to residents, encourages literacy, and provides safe places for children residing in public housing. The State further supports initiatives that serve the elderly and those with disabilities in public housing. The State is currently required to review and sign off on the five-year plans of PHAs and attempts to support PHAs by streamlining the review process. The State also ensure that residents have been informed of the impact that such five-year plans have on their organizations.

Of special concern are those instances when Public Housing Authorities request demolition of public housing units. The State recognizes that in some cases demolition of units is necessary in order to have safe and financially viable public housing. In an effort to minimize loss of much needed affordable housing the State has specific guidelines in place for proposals to demolish or reduce public housing units. These guidelines give public housing authorities flexibility to demolish units in extreme circumstances, but also give the State the needed flexibility to request additional information. A determination can then be made by the State regarding whether the specific request is consistent with the Consolidated Plan.

A copy of the guidelines for the consistency with the State's plan is located in Appendix IV of the five-year Consolidated Plan and online at www.thda.org. The guidelines may be accessed by clicking on the Research and Planning Section of the webpage.

**Barriers to Affordable Housing**

The State of Tennessee's five-year plan identified a number of barriers to affordable housing. Among the barriers identified included: growth rates in some areas of the state that may impact housing costs, neighborhood resistance to the development of affordable housing, absence of infrastructure, water and wastewater services, and a lack of adequate zoning, building and code enforcement at the local level. The State of Tennessee works to address barriers to affordable housing and affirmatively furthers fair housing through the following goals and action steps:

1. Increase the amount of affordable housing stock.

2. Rehabilitate the current housing stock to maintain affordable units and decrease the number of deteriorated units.
3. Provide infrastructure improvements to encourage the construction of affordable homes and rehab of existing homes.
4. Encourage the preservation of existing affordable housing units.
5. Use housing subsidies to make housing more affordable to low-income families.

Since the completion and approval of the five-year consolidated plan, the Consolidated Partners had identified the lack of a state-wide Analysis of Impediments to Fair Housing Choice (AI) as another barrier to affordable housing. In January 2013, the State of Tennessee entered into a contract with Western Economic Services (WES) to complete a state-wide AI study. The report was finalized on July 12, 2013. More information on the state-wide AI is included in Section VII. Other Actions, Affirmatively Furthering Fair Housing.

**Anti-Poverty Strategy**

Tennessee's anti-poverty strategy is designed to examine how both the CDBG and the HOME programs address the needs of individuals in the state with incomes below 30 percent of the area median income (AMI). While both the HOME program and the CDBG program serve persons up to 80 percent of the AMI, it is important to note that both programs recognize the special circumstances faced by extremely low- or very low-income individuals and families. The ways in which the State addresses the circumstances of very low- and low-income persons and families is described below.

CDBG – For several years the CDBG program did not separate low- and moderate-income beneficiary data to show participants below 30 percent of the AMI. ECD is now collecting data on program participants below 30 percent of the AMI. Also, as a part of its scoring mechanism for housing rehabilitation, project need points are awarded based on the number of persons with higher poverty levels in the state, specifically persons 62 years of age or above, and/or female heads-of-household, and/or disabled individuals.

HOME – The HOME Program serves very low- and low-income households. Very low-income households are defined as those households whose annual income is 50 percent or less of the area median income (AMI) for the county in which the household resides. Low-income households are defined as those households whose annual income is between 50 percent and 80 percent of the AMI for the county in which the household resides. Additionally, the THDA Board of Directors has expressed intent that very low-income persons be served.

In addition to the HOME and CDBG programs, the State's anti-poverty strategy is addressed through other initiatives in the state, such as Workforce Development/Investment which involves a consortium of agencies in the state working together to assist persons in poverty find employment. The Family Self-Sufficiency Program and the Families First Program (Temporary Assistance for Needy Families/TANF Program) provide child care, help with transportation, as well as a number of other services to assist low-income families in finding and maintaining employment.

**Coordination of Public and Private Housing and Social Service Agencies**

The four formula programs that are addressed and applied for within the Action Plan are carried out by entities other than the State and include local governments and nonprofit organizations. These entities are responsible for conducting the actual activities associated with each program. Of the other federal and non-federal resources discussed in this plan, the Section 8 Housing Choice Voucher Program for the counties covered by THDA is the only program directly administered in its entirety by THDA for the State of Tennessee.

The Low Income Housing Tax Credit program is awarded to other entities, and the Homeownership program is carried out by local lenders. Coordination with social service agencies occurs primarily at the local level with the exception of the Section 8 program. THDA, who administers Section 8, works very closely with other State agencies including the Tennessee Department of Human Services, the Tennessee Department of Health, and the Tennessee Department of Mental Health and Developmental Disabilities. This coordinated effort is expected to continue.

The State will continue to support applications from other entities for HUD program funds for both formula/entitlement programs and competitive programs.

**Affirmatively Furthering Fair Housing**

In January 2013, the State of Tennessee entered into a contract with Western Economic Services (WES) to complete a state-wide Analysis of Impediments to Fair Housing Choice (AI) study. ECD led the project and collaborated with THDA and DOH. The report was finalized on July 12, 2013. The executive summary from the AI can be found in Appendix J.

The State has developed activities to address the findings contained in the AI and has developed a comprehensive Fair Housing Plan to overcome the impediments. The AI categorizes the impediments as either private sector or public sector impediments and the Fair Housing Plan organizes them in a similar manner. The State intends to take a comprehensive approach in addressing both private and public sector impediments by conducting, encouraging and/or facilitating the actions identified in the AI. The findings, actions and objectives recommended in the report, and the activities and objectives developed by the Consolidated Partners, as well as the estimated cost and timeframe to complete the activity in order to address the impediments, are found in the Fair Housing Plan.

The Fair Housing Plan is continually evolving and updated at least annually. Each activity in the plan addresses one or more of the impediments identified in the AI. Many of the activities that address the impediments are reoccurring activities, such as educating staff, subrecipients and partners, and participating in fair housing conferences across the state. The State's activities to affirmatively further fair housing during FY 2014-15 can be found in the most recent update of the Fair Housing Plan (Appendix K).

Each of the Consolidated Partners is currently involved in activities to affirmatively further fair housing as outlined in the Fair Housing Plan and will conduct additional activities during FY 2014-15 not anticipated in the Fair Housing Plan as those opportunities arise. Additionally, each of the four formula programs requires subrecipients to follow all federal and state laws with regards to fair housing and is outlined in the program descriptions contained in this document.

## IX. MONITORING AND COMPLIANCE

Each state department responsible for the administration and delivery of the four programs addressed in the Action Plan has developed standards and procedures for monitoring the activities through the development of program guidelines and through ongoing monitoring of program recipients, such as regular monitoring visits and required progress reports. These activities insure that the ultimate recipients of program funds are carrying out the objectives of the program as described in the five-year Consolidated Plan and annual Action Plans.

## X. CITIZEN PARTICIPATION

The State intends to provide for and encourage citizens to participate in the development of Consolidated Plans, substantial amendments to Consolidated Plans, Annual Action Plans, and Consolidated Annual Performance and Evaluation Reports (CAPERs). The State sought input and comment from the public, consistent with the State's Citizen Participation Plan, and outreach for comments was focused around the 15 day comment period from April 21 through May 5, 2014. Efforts to gain citizen participation included the following:

A full draft of this plan, notice of the comment period, and a place for the submission of online comments were posted to www.thda.org. Notice of the comment period was posted in the six following languages: English, Spanish, Arabic, Somali, Kurdish Badini and Kurdish Sorani. THDA's website is ADA compliant so that outreach to those with disabilities is inherent to what is posted online. The website also features a button that links to www.google.translate.com which translates the site into additional languages to further assist those with limited English proficiency. Problems with our translation vendor's translations of Kurdish Badini and Kurdish Sorani led us to remove these notices until a proper translation was secured. A proper Badini translation was made available during the final week of the comment period.

The Tennessee Department of Economic and Community Development's CDBG webpage, http://www.tn.gov/ecd/CDBG/index.shtml, included an Executive Summary, notices of the plan in six languages and links to the full draft for online submission of comments.

The Tennessee Department of Health's HOPWA webpage, http://health.state.tn.us/STD/HOPWA.shtml, included notices of the plan in six languages and links to the full draft for online submission of comments.

THDA distributed information to each of Tennessee's nine Development Districts, including public notices in six different languages, the Executive Summary and a public notice poster in both Spanish and English in order to increase the plan's availability across the state. The nine Development Districts were asked to post the public notices of the plan as well as links to the full draft for online submission of comments. The Development Districts have a contractual obligation to assist the State with housing outreach in their respective regions.

THDA posted solicitation for comments on Facebook and Twitter with a link to the comment page. The Facebook posts, eight posts across the fifteen day comment period, provided a description of the Consolidated Planning process as well as a summary of each of the four formula grant programs as well as the public notice in English and Spanish. The social media accounts received multiple “Likes” and several “Retweets” during the 15 day public comment period.

A notice for public comment was posted in both English and Spanish, unless otherwise noted, in the following newspapers beginning April 21, 2014:

- The Commercial Appeal
- The Jackson Sun
- The Tennessean
- Clarksville Leaf-Chronicle
- Chattanooga Times Free Press (English only) (published April 22, 2014)
- Knoxville News Sentinel (published April 22, 2014)
- Johnson City Press
- La Prensa Latina (Spanish only)
- El Crucero de Tennessee (Spanish only)
- Noticias Libres (Spanish only)
- La Campana (Spanish only)

The notices were published during the week of April 21, 2014. The notices were coordinated through the Tennessee Press Service. Through a miscommunication with our vendor, notices in Chattanooga and Knoxville were not posted until the day after the comment period began. However, with the multitude of other outreach efforts, we think these cities were reached in other ways in the day that preceded their newspaper’s notice.

An email request for comments on the FY 2014-15 Action Plan was sent out to numerous housing stakeholders as well as organizations that regularly work with members of protected classes under the Fair Housing Act. An email and copies of notices were sent out to the following groups:

- The Area Agencies on Aging and Disability
- The NAACP
- The Centers for Independent Living
- The Disability Resource Center
- The TN Council on Developmental Disabilities
- Tennessee Disability Coalition
- Hispanic Chambers of Commerce
- TN Immigrant and Refugee Coalition
- The membership of the Tennessee Affordable Housing Coalition
- Fair Housing Organizations
- The TN Association of Housing and Redevelopment Agencies (TAHRA)
- The Emergency Solutions Grant Program grantees
- The HOME Program grantees
- The CHDOs
- The HOPWA grantees and partners
- The CDBG grantees
- The TN Department of Mental Health and Substance Abuse Services Regional Housing Facilitators

The comment period for the Action Plan is 15 days, as is specified in the Citizen Participation Plan. The State received four comments on the FY 2014-15 Annual Action Plan. One commenter commended the State on its use ESG funds towards the THDA Targeted Set Aside. Additionally, the State was commended on its use of HOME funds towards supportive housing. The commenter recommended that the set aside for supportive housing be expanded to the development of housing for persons with disabilities that have off-site supportive services as well as on-site supportive services. Currently, the State views on-site supportive services as a requirement of supportive housing. It has also been suggested that the use of CDBG funds for housing rehabilitation be allowed to include targeted communities in LMI census tracts versus LMI neighborhoods. Currently, the State allows LMI neighborhoods to include streets, census tracts, or communities as determined by the applicant. A second commenter suggested that the State focus more HOME and CDBG resources towards manufactured home replacement as well as increasing the State's Energy Star manufactured home production. Currently, manufactured homes are eligible for the housing rehabilitation funds in the CDBG program. Manufactured homes are rehabilitated or replaced if necessary. All rehabilitation and reconstruction projects under the CDBG program are required to meet Energy Star requirements. The State recently eliminated manufactured home rehabilitation from its HOME program description as it was found not cost effective. However, all new construction under the HOME program must be Energy Star certified. The remaining two comments were general acknowledgements and support of our Annual Action Plan. We appreciate the comments on our plan and will use them to inform relevant future discussions. Additionally, comments on programs outside of the Consolidated Planning Programs will be forwarded to the relevant program staff.

The State continues to look for additional ways to improve its reach and increase the likelihood that those who wish to make comments know when, where, and how to make them. The citizen participation efforts and public comments can be found in Appendix L. The State will continue to increase its efforts in both reaching a broader audience, including eligible members of protected classes, and in soliciting participation in the Annual Action Plan preparation process.

# APPENDIX A:

## SF-424 FORMS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

OMB Number: 4040-0004
Expiration Date: 8/31/2016

# Application for Federal Assistance SF-424

| | | |
|---|---|---|
| * 1. Type of Submission: | * 2. Type of Application: | * If Revision, select appropriate letter(s): |
| ☐ Preapplication | ☒ New | |
| ☒ Application | ☐ Continuation | * Other (Specify): |
| ☐ Changed/Corrected Application | ☐ Revision | |

* 3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

**State Use Only:**

6. Date Received by State:

7. State Application Identifier:

**8. APPLICANT INFORMATION:**

* a. Legal Name: State of Tennessee

* b. Employer/Taxpayer Identification Number (EIN/TIN): 62-6001445

* c. Organizational DUNS: 8790159230000

**d. Address:**

* Street1: 312 Rosa L. Parks Avenue, 26th Floor

Street2:

* City: Nashville

County/Parish: Davidson

* State: TN: Tennessee

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 37243

**e. Organizational Unit:**

Department Name: TN Dept of Econ/Community Dev

Division Name: Policy & Federal Programs

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: Ms.

* First Name: Brooxie

Middle Name:

* Last Name: Carlton

Suffix:

Title: Director of Federal Programs

Organizational Affiliation:

* Telephone Number: 615-741-8806

Fax Number: 615-253-1870

* Email: brooxie.carlton@tn.gov

## Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

U.S. Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**

14-228

CFDA Title:

Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

*** 12. Funding Opportunity Number:**

* Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Add Attachment | Delete Attachment | View Attachment

*** 15. Descriptive Title of Applicant's Project:**

State Community Development Block Grant Small Cities Program

Attach supporting documents as specified in agency instructions.

Add Attachments | Delete Attachments | View Attachments

## Application for Federal Assistance SF-424

**16. Congressional Districts Of:**

* a. Applicant: TN-005

* b. Program/Project: TN-all

Attach an additional list of Program/Project Congressional Districts if needed.

[ ] Add Attachment | Delete Attachment | View Attachment

**17. Proposed Project:**

* a. Start Date: 07/01/2014

* b. End Date: 06/30/2015

**18. Estimated Funding ($):**

| | |
|---|---|
| * a. Federal | 25,160,023.00 |
| * b. Applicant | |
| * c. State | |
| * d. Local | |
| * e. Other | |
| * f. Program Income | |
| * g. TOTAL | 25,160,023.00 |

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on ________.

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

☐ Yes ☒ No

If "Yes", provide explanation and attach

[ ] Add Attachment | Delete Attachment | View Attachment

**21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix: Mr.

* First Name: Bill

Middle Name:

* Last Name: Haslam

Suffix:

* Title: Governor, State of Tennessee

* Telephone Number: 615-741-2001

Fax Number:

* Email: bill.haslam@tn.gov

* Signature of Authorized Representative: [signature]

* Date Signed: 5-14-14

OMB Number: 4040-0004
Expiration Date: 8/31/2016

## Application for Federal Assistance SF-424

| | | |
|---|---|---|
| * 1. Type of Submission: | * 2. Type of Application: | * If Revision, select appropriate letter(s): |
| ☐ Preapplication | ☒ New | |
| ☒ Application | ☐ Continuation | * Other (Specify): |
| ☐ Changed/Corrected Application | ☐ Revision | |

* 3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

**State Use Only:**

6. Date Received by State:

7. State Application Identifier:

**8. APPLICANT INFORMATION:**

* a. Legal Name: State of Tennessee

* b. Employer/Taxpayer Identification Number (EIN/TIN): 62-6001445

* c. Organizational DUNS: 8780474890000

**d. Address:**

| | |
|---|---|
| * Street1: | 502 Deaderick Street, 3rd Floor |
| Street2: | |
| * City: | Nashville |
| County/Parish: | Davidson |
| * State: | TN: Tennessee |
| Province: | |
| * Country: | USA: UNITED STATES |
| * Zip / Postal Code: | 37243 |

**e. Organizational Unit:**

Department Name: TN Housing Development Agency

Division Name: Community Programs

**f. Name and contact information of person to be contacted on matters involving this application:**

| | | | |
|---|---|---|---|
| Prefix: | Ms. | * First Name: | Coralee |
| Middle Name: | | | |
| * Last Name: | Holloway | | |
| Suffix: | | | |

Title: Director of Community Programs

Organizational Affiliation:

* Telephone Number: 615-815-2031

Fax Number: 615-564-2700

* Email: cholloway@thda.org

## Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

U.S. Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**

14-239

CFDA Title:

Home Investment Partnerships Program

*** 12. Funding Opportunity Number:**

* Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Add Attachment | Delete Attachment | View Attachment

*** 15. Descriptive Title of Applicant's Project:**

State HOME Investment Partnerships Program

Attach supporting documents as specified in agency instructions.

Add Attachments | Delete Attachments | View Attachments

## Application for Federal Assistance SF-424

**16. Congressional Districts Of:**

* a. Applicant: TN-005

* b. Program/Project: TN-all

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment | Delete Attachment | View Attachment

**17. Proposed Project:**

* a. Start Date: 07/01/2014

* b. End Date: 06/30/2015

**18. Estimated Funding ($):**

| | |
|---|---|
| * a. Federal | 10,096,577.00 |
| * b. Applicant | |
| * c. State | |
| * d. Local | |
| * e. Other | |
| * f. Program Income | |
| * g. TOTAL | 10,096,577.00 |

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on ______.

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

☐ Yes ☒ No

If "Yes", provide explanation and attach

Add Attachment | Delete Attachment | View Attachment

**21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix: Mr.

* First Name: Bill

Middle Name:

* Last Name: Haslam

Suffix:

* Title: Governor, State of Tennessee

* Telephone Number: 615-741-2001

Fax Number:

* Email: bill.haslam@tn.gov

* Signature of Authorized Representative: Bill Haslam

* Date Signed: 5-14-14

OMB Number: 4040-0004
Expiration Date: 8/31/2016

# Application for Federal Assistance SF-424

| | | |
|---|---|---|
| * 1. Type of Submission: | * 2. Type of Application: | * If Revision, select appropriate letter(s): |
| ☐ Preapplication | ☒ New | |
| ☒ Application | ☐ Continuation | * Other (Specify): |
| ☐ Changed/Corrected Application | ☐ Revision | |

* 3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

**State Use Only:**

6. Date Received by State:

7. State Application Identifier:

**8. APPLICANT INFORMATION:**

* a. Legal Name: State of Tennessee

* b. Employer/Taxpayer Identification Number (EIN/TIN): 62-6001445

* c. Organizational DUNS: 8780474890000

**d. Address:**

* Street1: 502 Deaderick Street, 3rd Floor

Street2:

* City: Nashville

County/Parish: Davidson

* State: TN: Tennessee

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 37243

**e. Organizational Unit:**

Department Name: TN Housing Development Agency

Division Name: Community Programs

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: Ms.

* First Name: Coralee

Middle Name:

* Last Name: Holloway

Suffix:

Title: Director of Community Programs

Organizational Affiliation:

* Telephone Number: 615-815-2031

Fax Number: 615-564-2700

* Email: cholloway@thda.org

## Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

U.S. Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**

14-231

CFDA Title:

Emergency Solutions Grant Program

*** 12. Funding Opportunity Number:**

* Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Add Attachment | Delete Attachment | View Attachment

*** 15. Descriptive Title of Applicant's Project:**

State Emergency Solutions Grant Program

Attach supporting documents as specified in agency instructions.

Add Attachments | Delete Attachments | View Attachments

## Application for Federal Assistance SF-424

**16. Congressional Districts Of:**

* a. Applicant: TN-005

* b. Program/Project: TN-all

Attach an additional list of Program/Project Congressional Districts if needed.

[ ] Add Attachment | Delete Attachment | View Attachment

**17. Proposed Project:**

* a. Start Date: 07/01/2014

* b. End Date: 06/30/2015

**18. Estimated Funding ($):**

| | |
|---|---|
| * a. Federal | 2,734,930.00 |
| * b. Applicant | |
| * c. State | |
| * d. Local | |
| * e. Other | |
| * f. Program Income | |
| * g. TOTAL | 2,734,930.00 |

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on [ ].

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

☐ Yes ☒ No

If "Yes", provide explanation and attach

[ ] Add Attachment | Delete Attachment | View Attachment

**21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix: Mr. * First Name: Bill

Middle Name:

* Last Name: Haslam

Suffix:

* Title: Governor, State of Tennessee

* Telephone Number: 615-741-2001 Fax Number:

* Email: bill.haslam@tn.gov

* Signature of Authorized Representative: [signature] * Date Signed: 5-14-14

OMB Number: 4040-0004
Expiration Date: 8/31/2016

## Application for Federal Assistance SF-424

| | | |
|---|---|---|
| * 1. Type of Submission: ☐ Preapplication ☒ Application ☐ Changed/Corrected Application | * 2. Type of Application: ☒ New ☐ Continuation ☐ Revision | * If Revision, select appropriate letter(s): <br> * Other (Specify): |
| * 3. Date Received: | 4. Applicant Identifier: | |
| 5a. Federal Entity Identifier: | 5b. Federal Award Identifier: | |

**State Use Only:**

| | |
|---|---|
| 6. Date Received by State: | 7. State Application Identifier: |

**8. APPLICANT INFORMATION:**

* a. Legal Name: State of Tennessee

| | |
|---|---|
| * b. Employer/Taxpayer Identification Number (EIN/TIN): 62-6001445 | * c. Organizational DUNS: 1726362680000 |

**d. Address:**

| | |
|---|---|
| * Street1: | 710 James Robertson Parkway, 4th Floor |
| Street2: | |
| * City: | Nashville |
| County/Parish: | Davidson |
| * State: | TN: Tennessee |
| Province: | |
| * Country: | USA: UNITED STATES |
| * Zip / Postal Code: | 37243 |

**e. Organizational Unit:**

| | |
|---|---|
| Department Name: TN Dept. of Health | Division Name: HIV/AIDS/STD Section |

**f. Name and contact information of person to be contacted on matters involving this application:**

| | | | |
|---|---|---|---|
| Prefix: | Mr. | * First Name: | Tommy |
| Middle Name: | | | |
| * Last Name: | Brame | | |
| Suffix: | | | |

Title: Director of HIV/STD Program

Organizational Affiliation:

| | |
|---|---|
| * Telephone Number: 615-532-7914 | Fax Number: 615-741-3691 |

* Email: tommy.brame@tn.gov

## Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

U.S. Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**

14-241

CFDA Title:

Housing Opportunities for Persons with AIDS

*** 12. Funding Opportunity Number:**

* Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Add Attachment | Delete Attachment | View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Housing Opportunities for Persons with AIDS (HOPWA)

Attach supporting documents as specified in agency instructions.

Add Attachments | Delete Attachments | View Attachments

## Application for Federal Assistance SF-424

**16. Congressional Districts Of:**

* a. Applicant: TN-005

* b. Program/Project: TN-all

Attach an additional list of Program/Project Congressional Districts if needed.

[ ] Add Attachment | Delete Attachment | View Attachment

**17. Proposed Project:**

* a. Start Date: 07/01/2014

* b. End Date: 06/30/2015

**18. Estimated Funding ($):**

| | |
|---|---|
| * a. Federal | 939,055.00 |
| * b. Applicant | |
| * c. State | |
| * d. Local | |
| * e. Other | |
| * f. Program Income | |
| * g. TOTAL | 939,055.00 |

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on ______.

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

☐ Yes ☒ No

If "Yes", provide explanation and attach

Add Attachment | Delete Attachment | View Attachment

**21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix: Mr.

* First Name: Bill

Middle Name:

* Last Name: Haslam

Suffix:

* Title: Governor, State of Tennessee

* Telephone Number: 615-741-2001

Fax Number:

* Email: bill.haslam@tn.gov

* Signature of Authorized Representative: [signature]

* Date Signed: 5-14-14

# APPENDIX B:

## CERTIFICATIONS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

## STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

**Affirmatively Further Fair Housing --** The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

**Anti-displacement and Relocation Plan --** It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

**Anti-Lobbying --** To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts

under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

**Authority of State** -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

**Consistency with plan** -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

**Section 3** -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

Signature/Authorized Official

5-14-14
Date

Governor of Tennessee
Title

**Specific CDBG Certifications**

The State certifies that:

**Citizen Participation** -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

**Consultation with Local Governments** -- It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;

2. It engages in or will engage in planning for community development activities;

3. It provides or will provide technical assistance to units of local government in connection with community development programs; and

4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

**Local Needs Identification** -- It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

**Community Development Plan** -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

**Use of Funds** -- It has complied with the following criteria:

1. Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available);

2. Overall Benefit. The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 199 , , and . (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

3. Special Assessments. The state will require units of general local government that receive CDBG funds to certify to the following:

   It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

   However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

   It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

**Excessive Force** -- It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

**Compliance With Anti-discrimination laws** -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

**Compliance with Laws** -- It will comply with applicable laws.

Signature/Authorized Official

5-14-14
Date

Governor of Tennessee
Title

**Specific HOME Certifications**

The State certifies that:

**Tenant Based Rental Assistance** -- If it intends to provide tenant-based rental assistance:

> The use of HOME funds for tenant-based rental assistance is an essential element of the State's consolidated plan.

**Eligible Activities and Costs** -- It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

**Appropriate Financial Assistance** -- Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing;

Signature/Authorized Official

5-14-14
Date

Governor of Tennessee
Title

## ESG Certifications

Each State that seeks funding under the Emergency Solutions Grants Program must provide the following certifications:

**Matching Funds** – The State will obtain any matching amounts required under 24 CFR 576.201 in a manner so that its subrecipients that are least capable of providing matching amounts receive the benefit of the exception under 24 CFR 576.201(a)(2).

**Discharge Policy** – The State will establish and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, mental health facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent this discharge from immediately resulting in homelessness for these persons.

**Confidentiality** – The State will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project, except with the written authorization of the person responsible for the operation of that shelter.

The State will ensure that its subrecipients comply with the following criteria:

**Major rehabilitation/conversion** – If an emergency shelter's rehabilitation costs exceed 75 percent of the value of the building before rehabilitation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed rehabilitation. If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed conversion. In all other cases where ESG funds are used for renovation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 3 years after the date the building is first occupied by a homeless individual or family after the completed renovation.

**Essential Services and Operating Costs** – If ESG funds are used for shelter operations or essential services related to street outreach or emergency shelter, the subrecipient will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure, so long the applicant serves the same type of persons (e.g., families with children, unaccompanied youth, veterans, disabled individuals, or victims of domestic violence) or persons in the same geographic area.

**Renovation** – Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

**Supportive Services** – The subrecipient will assist homeless individuals in obtaining permanent housing, appropriate supportive services (including medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living), and other Federal State, local, and private assistance available for such individuals.

**Homeless Persons Involvement** – To the maximum extent practicable, the subrecipient will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities, in providing services assisted under the ESG program, and in providing services for occupants of facilities assisted ESG.

**Consolidated Plan** – All activities the subrecipient undertakes with assistance under ESG are consistent with the State's current HUD-approved consolidated plan.

____________________________ 5-14-14
Signature/Authorized Official Date

Governor of Tennessee
Title

**HOPWA Certifications**

The State HOPWA grantee certifies that:

**Activities** -- Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

**Building** -- Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance,

2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

Signature/Authorized Official

5-14-14

Date

Governor of Tennessee

Title

## APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

# APPENDIX C:

## TABLE 3B

## STATE ANNUAL HOUSING

## COMPLETION GOALS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

# Optional Table 3B
# STATE ANNUAL HOUSING COMPLETION GOALS

| Grantee Name: State of Tennessee<br><br>Program Year: 2014 | Expected Annual Number of Units To Be Completed | Actual Annual Number of Units Completed | Resources used during the period | | | |
|---|---|---|---|---|---|---|
| | | | CDBG | HOME | ESG | HOPWA |
| **ANNUAL AFFORDABLE RENTAL HOUSING GOALS (SEC. 215)** | | | | | | |
| Production of new units | 15 | | 0 | 15 | | 0 |
| Acquisition of existing units | 0 | | 0 | 0 | | 0 |
| Rehabilitation of existing units | 1 | | 0 | 1 | | 0 |
| Acq. & Rehab. of existing units | 21 | | 0 | 21 | 0 | 0 |
| Rental Assistance | 1530 | | 0 | 0 | 1030 | 500 |
| **Total Sec. 215 Affordable Rental** | **1567** | | **0** | **37** | **1030** | **500** |
| **ANNUAL AFFORDABLE OWNER HOUSING GOALS (SEC. 215)** | | | | | | |
| Production of new units | 5 | | 0 | 5 | | |
| Acquisition of existing units | 0 | | 0 | 0 | | |
| Rehabilitation of existing units | 114-124 | | 10-20 | 104 | | |
| Acq. & Rehab. of existing units | 0 | | 0 | 0 | | |
| Homebuyer Assistance | 12 | | 0 | 12 | | 0 |
| **Total Sec. 215 Affordable Owner** | **131-141** | | **10-20** | **121** | | **0** |
| **COMBINED RENTAL AND OWNER GOALS (SEC. 215 Only)** | | | | | | |
| Production of new units | 20 | | 0 | 20 | | 0 |
| Acquisition of existing units | 0 | | 0 | 0 | | 0 |
| Rehabilitation of existing units | 115-125 | | 10-20 | 105 | | 0 |
| Acq. & Rehab. of existing units | 21 | | 0 | 21 | | 0 |
| Rental Assistance | 1530 | | 0 | 0 | 1030 | 500 |
| Homebuyer Assistance | 12 | | 0 | 12 | | 0 |
| **Total Sec. 215 Affordable Housing*** | **1698-1708** | | **10-20** | **158** | **1030** | **500** |
| **BENEFICIARY GOALS (SEC. 215 Only)** | | | | | | |
| Homeless households | 634 | | 0 | 0 | 634 | 0 |
| Non-homeless households | 543-553 | | 10-20 | 137 | 396 | 0 |
| Special needs households | 521 | | 0 | 21 | 0 | 500 |
| **Total Sec. 215 Beneficiaries*** | **1698-1708** | | **10-20** | **158** | **1030** | **500** |
| **OVERALL HOUSING GOALS (Sec. 215 + Other Affordable Housing)** | | | | | | |
| Annual Rental Housing Goal | 1567 | | 0 | 37 | 1030 | 500 |
| Annual Owner Housing Goal | 131-141 | | 10-20 | 121 | 0 | 0 |
| **Total Overall Housing Goal** | **1698-1708** | | **10-20** | **158** | **1030** | **500** |

* This total amount for “Combined Total Sec. 215 Goals” and “Total Sec. 215 Beneficiary Goals” should be the same number.

# APPENDIX D:

## TABLE 3C

## ANNUAL ACTION PLAN

## PLANNED PROJECT RESULTS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

| Table 3C – CDBG Program | | | |
|---|---|---|---|
| **Annual Action Plan<br>Planned Project Results** | | | |
| **Outcomes and Objectives** | **Performance Indicators** | **Expected Number** | **Activity Description** |
| SL-1 | Number of persons assisted | 20,000* | Public Facilities and Improvements - Water line or system projects |
| SL-1 | Number of persons assisted | 47,500* | Public Facilities and Improvements - Sewer line or system projects |
| DH-1 | Number of units | 10-20* | Rehabilitation - Housing rehabilitation projects |
| SL-3 | Number of persons assisted | 25,000* | Public Facilities and Improvements - Community livability projects |
| EO-1 | Number of businesses assisted | 2* | Special Economic Development Activities - Economic Development projects |
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***Use one of 9 outcome/objective categories**

| | Availability/Accessibility | Affordability | Sustainability |
|---|---|---|---|
| **Decent Housing** | DH-1 | DH-2 | DH-3 |
| **Suitable Living Environment** | SL-1 | SL-2 | SL-3 |
| **Economic Opportunity** | EO-1 | EO-2 | EO-3 |

**At the time of this report, the allocation for the CDBG Program had not been finalized. Therefore, each of the above numbers is an estimate and is subject to either increases or decreases.*

## Table 3C Emergency Solutions Grant

### Annual Action Plan
### Planned Project Results

| Outcomes and Objectives | Performance Indicators | Expected Number | Activity Description |
|---|---|---|---|
| DH-2 | Number of Clients Served (Unduplicated) | 211* | Rapid Re-Housing: Housing Relocation and Stabilization Services |
| DH-2 | Number of Clients Served (Unduplicated) | 634* | Rapid Re-Housing: Tenant-Based Rental Assistance |
| DH-2 | Number of Clients Served (Unduplicated) | 132* | Homeless Prevention: Housing Relocation and Stabilization Services |
| DH-2 | Number of Clients Served (Unduplicated) | 396* | Homeless Prevention: Tenant-Based Rental Assistance |
| DH-2 | Number of Clients Served (Duplicated) | 52,940* | Street Outreach and Emergency Shelter |
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***Use one of 9 outcome/objective categories**

| | Availability/Accessibility | Affordability | Sustainability |
|---|---|---|---|
| **Decent Housing** | DH-1 | DH-2 | DH-3 |
| **Suitable Living Environment** | SL-1 | SL-2 | SL-3 |
| **Economic Opportunity** | EO-1 | EO-2 | EO-3 |

**At the time of this report, the allocation for the ESG Program had not been finalized. Therefore, each of the above numbers is an estimate and is subject to either increases or decreases.*

| Table 3C – HOME Program | | | |
|---|---|---|---|
| **Annual Action Plan<br>Planned Project Results** | | | |
| **Outcomes and Objectives** | **Performance Indicators** | **Expected Number** | **Activity Description** |
| DH-3 | Number of units | 104* | Homeowner Rehabilitation |
| DH-2 | Number of units | 1* | Rental Rehabilitation |
| DH-2 | Number of units | 21* | Rental Acquisition/Rehabilitation |
| DH-2 | Number of units | 15* | Rental New Construction |
| DH-2 | Number of units | 5* | Homebuyer New Construction |
| DH-2 | Number of units | 12* | Downpayment Assistance |
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***Use one of 9 outcome/objective categories**

| | Availability/Accessibility | Affordability | Sustainability |
|---|---|---|---|
| **Decent Housing** | DH-1 | DH-2 | DH-3 |
| **Suitable Living Environment** | SL-1 | SL-2 | SL-3 |
| **Economic Opportunity** | EO-1 | EO-2 | EO-3 |

**At the time of this report, the allocation for the HOME Program had not been finalized. Therefore, each of the above numbers is an estimate and is subject to either increases or decreases.*

## Table 3C – HOPWA Program

## Annual Action Plan
## Planned Project Results

| Outcomes and Objectives | Performance Indicators | Expected Number | Activity Description |
|---|---|---|---|
| DH-2 | Number of Clients Served | 500 | Housing Information Service Program |
| DH-2 | Number of Clients Served | 500 | Short-term Rent, Mortgage, and Utility Payment (STRMU) Program |
| DH-2 | Number of Clients Served | 900 | Supportive Services Program |
| DH-2 | Number of Clients Served | 500 | Ongoing Housing Assessment Plan |
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***Use one of 9 outcome/objective categories**

| | Availability/Accessibility | Affordability | Sustainability |
|---|---|---|---|
| **Decent Housing** | DH-1 | DH-2 | DH-3 |
| **Suitable Living Environment** | SL-1 | SL-2 | SL-3 |
| **Economic Opportunity** | EO-1 | EO-2 | EO-3 |

**At the time of this report, the allocation for the HOME Program had not been finalized. Therefore, each of the above numbers is an estimate and is subject to either increases or decreases.*

# APPENDIX E:

# CDBG

# APPLICATION WORKSHOP

# PRESENTATION

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

TENNESSEE
Ready to Work

# CDBG Application Workshop

December 17, 2013

## 2014 Calendar

- Applications due February 25, 2014

- Last day for Public Meeting is January 27
- Final Change Orders due January 28
- Final RFPs due February 4
- Close-out paperwork due February 11

## Website

- http://tn.gov/ecd/CDBG/Applications.shtml
- All of the instructions (TASS and PCI calculations) are on the website, not in the application
- Website is regularly updated, so check it often
- Will have to take extra steps to use forms if you use Firefox (possibly Chrome too)

## Public Meetings

- Must advertise twice in a newspaper at least 14 days before and document other attempts to recruit attendees, **particularly minority and low-income attendees**
  - Additional postings, facebook, website
- Publish in the legal section – NOT buried in the classified section – as a display ad
- If the newspaper messes it up, fix it for the second ad and let us know

## Public Meetings

- Make sure everyone signs in – need for them to mark race
- You must go over the possible projects and take suggestions (and consider them) from the audience
- Keep minutes from the meeting – not just an agenda – so we know what was discussed and contributed by the community

## Resolution

- Be careful about including exact matching amounts – could result in having to redo the resolution if the math is wrong
- Do not outline administrator and engineer unless it is clear in the resolution that it is based on ECD approval
- Tell who will provide the match and also have a letter from them

## PER

- Has to be data from 2012-2013
- For water loss projects, we need a chart that outlines the monthly water loss and where those numbers come from
- For an I/I or water loss project, tell us how I/I or water loss will decrease
- Has to match the EFI
- You don't have to include the climate or other general data like that

## Target Area Surveys

- Can use two year old surveys for indirect beneficiary projects
- New surveys for water lines, sewer lines and housing
  - This is due to the significant number of scope changes that we have had
- Appropriate beneficiaries must be surveyed and defined!
  - If a project is in one basin, you need to justify why the entire community would be surveyed

## Target Area Surveys

- You are responsible for proving that the method for obtaining surveys was random
  - School kids are not random
  - Surveys when a bill is paid are not random
- You have to describe how the surveys were obtained
  - Not sufficient to say that they were mailed – need info on to whom, by whom, how they were collected, what happened when they got in an invalid survey, how many respondents they had and if that met the requirements, etc.

## Target Area Surveys

- Have to have a map number that is appropriate and corresponds with map, MSF and test results
- All TAS's have to be signed – if the respondent won't sign it or it is over the phone, then the surveyor needs to sign
- Actual address has to be included (and A/B if it is a duplex/apt)
- Use the 30, 50, 80 box!!

## Maps

- Have to submit one map that shows the target area(s) in relation to city and county boundaries
- Do not have to include each house on the map for indirect beneficiary projects
- Do not submit LMI concentration maps for 2014
- Still need minority concentration maps
  - Minorities are not just AA
- Label all maps

## Map/Survey Forms

- Use the ECD Map/Survey Forms only – they are now completely separate from the application
- Separate Map/Survey Forms for each target area
- New information required on the Direct Beneficiary forms
- FHH is the only one that is asking for households, rather than people

## Utility Input

- Letter needs to come from and be signed by the Utility Manager – even if the utility is owned by the city
- If the utility is contributing funds, we need a resolution or letter from them along with the resolution from the community
- Utility statements need to say:
  - They had input into the project (not just know about it)
  - If they are putting in money, where that comes from and that it has been committed

## PCI Calculation

- MFI is for the entire project – should not be divided out based on jurisdiction
  - MJ PCI calculation gets you to the correct PCI for the entire project
- Follow instructions on when to round

## Target Area Survey Summary

- If you have multiple TAs, then you have a TASS for each TA and for the total
- Round to whole numbers for people and tenth of a decimal for percentages
- Use the directions on the website – ex. K and KK are the same – don't do new calculations

## Rate Factor

- Should be based on 5,000 gallons of water/sewer
- Need the letter from the utility district to state that the rate factor is based on just 5,000 of water/sewer and not taxes or fees
- What to do with minimum charges?
  - What is the consensus?
  - We have tried to be consistent by looking at a minimum charge and a minimum charge for up to a certain amount of water/sewer

## Professional Service Procurement

- Procurement letters come from the community, not administrators
- Send separate letters for engineers and administrators
- Send AT LEAST 3 letters for each service
- Do NOT say in the letter that the community is not planning to change engineers
- Letters are good for two years

## Professional Service Procurement

- You must have documentation in your file on how you selected an engineer and/or administrator
- See the Finance chapter of the manual for guidance
- The system needs to be fair, open and transparent

## Community Livability

- You don't have to repeat information in the supplemental questions, just give it to us once
- But, do give as much hard data as possible and as many specific examples as possible
  - ISO improvement, service area size, state of building, what else will building be used for (proof), # calls each year, specific issues with equipment, response times

## Sewer Systems

- Be clear in the budget and narrative if this project involves plant work and I/I in the system
- Explain why you are working in a certain area and what the outcome of the project will be
- Move toward strategic projects and explaining how your project was selected

## Water Systems

- Have to work with the engineer to estimate decrease in the water loss
- Water loss has to be from July 2012 – June 2013
- Water loss = water purchased – water sold?

## Water Lines

- Need a 10% sample from EACH target area
- Samples have to be collected from water source
- Tests have to be submitted to the lab within 24 hours after collection
- Test results and map survey forms have to have the same address!!!
- Tests can be reused for one year

## Water Lines

- When surveys will count:
  - If 13 and/or 14 are blank - don't count
  - If 13 is blank and 14 is Yes - count
  - If 13 is blank and 14 is No - if tap fees are waived, count; if taps fees are not waived, count if LMI, don't count if non-LMI
  - If 13 is Yes and 14 is blank - if tap fees are waived, count all surveys; if tap fees are not waived, count if LMI, don't count if non-LMI
  - If 13 is No and 14 is Yes/No/blank - don't count
  - If 13 is Yes and 14 is No - if tap fees are waived, count all surveys; if tap fees not waived, count if LMI, don't count if non-LMI
  - If 13 is No and 14 is No - don't count

## Housing

- NO more than 10 houses per application – will not be scored with more than 10
- Scoring "change"
  - No points for % of LMI
  - More points for houses in smaller target area - % of houses to be addressed and % of E, F, D
- We need to know all houses in the Target Area, not just those be rehabbed
- Reconstruction does not equal Relocation

## Multi-Jurisdiction Applications

- If there is a jurisdiction with less than 5% of the beneficiaries, you do not have to complete additional calculations for unemployment and PCI
- If all of the communities are in the same county, you do not have to calculate unemployment rates
- If all beneficiaries have the same rate, you do not have to complete the MJ Rate Factor form
- Round at the end of the calculations

## Project Description

- Should not be copied from the PER – use plain English to say what the project will do, what it will accomplish and who it will benefit
- Brief description gives an overview, project narrative goes into detail

## Economic Development Question

- Cannot just say that the associated construction will increase ED
- The project has to result in ED activities or opportunities
  - If the ISO rating goes down, how will that affect the community
  - If a sewer line can now serve an area, what impact will that have
- No need to give definitions, give info on this project

## Housing and Community Development Needs

- This question is required by HUD and explains why this project was selected and how it relates to the community's other projects
- This is not the same thing as what was discussed in the public meeting
- Answer all of the questions at the top of the page and include any documentation

## Existing Facility Inventory

- This has to match the PER
- Be consistent with million or thousands GPD
- If it is an I/I or water loss project, show on EFI how I/I or water loss will be affected
- There have been problems with updating this document – check it over well

## Budget

- New format (Excel) – 2 tabs
- Keep ERR at $1500 – we can do a budget revision if it is an EA
- Be sure to describe "Professional Fee" and "Other Non-Personnel Expenses" on the budget form and "Engineering (other than design)" in the application – needs good detail

## Three-Star

- Application will be scored as if the community is not taking the decrease in the match
  - Cost per Person and Cost per LMI will not be affected by taking Three-Star match incentive
- Three-Star incentive is limited to $25,000
- There is a spreadsheet to help you figure out project cost and match

## Disclosure Report

- Use the most recent form that is on the website
- Part I
  1. Are you applying for a specific project or activity? NO
  2. Have your received or do you expect to receive assistance within the jurisdiction of the Department (HUD)…NO
- Sign the form

## General Pet Peeves

- If you know there is something wrong in the application, let us know!
- If there is a blank that says “city/county” put the name of the city or county
- We tried to eliminate repeating information, but it is up to you to make all corrections when there is a mistake

## Submitting the Application

- SAVE the application and then hit “Submit”
- Do not need a complete application and all of the supplemental documents as separate files
- Save the application and the supplemental files to the ftp site

## Submitting the Application

- Naming convention
  - For the Project
    - Community Name + Application Type
      - Nashville Water Line Extension, Shelby County Sewer System
  - For the files on the ftp site
    - Brief Description
    - Map Survey Forms, Target Area Surveys, Supplemental Questions, Utility Documents, Public Meeting Documents, PER, Signature Pages, etc.

## Making Corrections

- Moving toward 5 points for a first submission and subtracting a point for each resubmittal
- Submit an entirely new application document when there are changes so we can delete the old one

## Contact Info

TN Department of Economic and Community Development
Office of Federal Programs
Brooxie Carlton, Director
615-741-8806
brooxie.carlton@tn.gov

www.tn.gov/ecd/CDBG

**Find Us on the Web:**

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- twitter.com/investtennessee
- www.youtube.com/tnecd

TENNESSEE
Ready to Work

# APPENDIX F:

## CDBG APPLICATION HANDOUT

## FOR

## FAÇADE IMPROVEMENT GRANTS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

# Tennessee Main Street and Tennessee Downtowns
# Community Development Block Grant
# Commercial Façade Grant Program

## GRANT CRITERIA:

Tennessee Main Street communities and communities that have participated in the Tennessee Downtowns program in Rounds 1, 2 or 3 and have an active Design Committee who did not receive a 2013 Commercial Façade grant are eligible for a grant from the U.S. Department of Housing and Urban Development (HUD) through the Tennessee Department of Economic and Community Development (ECD) for commercial façade improvements. Approximately eight $25,000 grants will be awarded to organizations who can illustrate the need for a façade program and the ability to execute a solid design plan for the façade improvements.

The Community Development Block Grant (CDBG) Commercial Façade grant is reimbursable and all expenditures must take place within the timeframe of the grant period as designated by the grant contract. The grant period begins when all contracts are signed and returned to ECD which is expected to be in the fall of 2014. Applications are due **May 30, 2014.**

The grant applications must be submitted and administered by the local Main Street organization or the sponsoring non-profit organization for the Tennessee Downtowns Program.

Grantees can use up to ten (10) percent of the funding for grantee administration. Additionally, the grant requires 25% matching funds. All expenditures must be requested by reimbursement requests on official forms provided by ECD. All applicants must illustrate the ability to manage this program. Grantees will administer grants to businesses in the identified area for commercial façade improvements. The amount and method of distribution will be determined by the grantee and outlined in the grant proposal.

## ELIGIBLE PROJECTS:

Eligible projects are exterior improvements to for-profit or non-profit businesses including signage, painting, awnings, lighting, display windows, doors, entryways and other approved exterior improvements (interior improvements are not allowed). Contact ECD with questions about other potential activities.

## APPLICATION PROCESS

**Public Meetings**: Potential grantees are required to hold a public meeting that is advertised in the paper at least 10 days before. Additionally, applicants need to invite businesses in the affected area. The public meeting should discuss the grant opportunity, gauge interest from the community, and invite suggestions for the program and application.

**Slum and Blight Designation**: Each project has to meet a national objective as defined by HUD (See CDBG REQUIREMENTS section below for more information). If the prevention or elimination of slums and blight is the national objective, the city council has to pass a resolution declaring the determined area to be blighted and this will be a part of the application.

**Complete Application**: An application should be prepared that completes the documents in this package (ACH and W-9 forms, Title VI survey, application information page, narrative and budget), includes the resolution(s) from the city council and includes photos documenting the need for the project as well as renderings (if available) of improvements. "Soft" commitments from property owners should also be included. These can be letters of support, intention to apply statements, etc.; check with ECD for additional options.

## CDBG REQUIREMENTS

**National Objective**: HUD requires that all projects meet a national objective of principally benefitting persons of low and moderate income, elimination or prevention of slums and blight or elimination of conditions detrimental to health, safety or public welfare.

Low and Moderate Income – The community must consist of more than 51% of people that are designated as low and moderate income. Communities that meet this requirement according to the 2010 census include Celina, Fayetteville, Gallatin, Monterey, Mountain City, Red Boiling Springs, Rockwood, Savannah and Tiptonville. If a community is not included in this list, they can randomly survey residents' incomes to see if the 51% threshold is met. If a community-wide CDBG Regular Round of Disaster application has been submitted in the last 2 years, those surveys could be used.

Slums and Blight – For projects to qualify as aiding in the elimination of slums and blight, they must meet the following requirements:
The area must meet the definition of slum/blighted area under state or local law **and** must meet A **or** B below

A. At least 25% of properties throughout the area experience one or more of the following conditions:
    a. Physical deterioration of buildings of improvements;
    b. Abandonment of properties;
    c. Chronic high occupancy turnover rates or chronic high vacancy rates in commercial/industrial buildings;
    d. Significant declines in property values or abnormally low property values relative to other areas in community; or
    e. Known or suspected environmental contamination
B. At least two public improvements (streets, sidewalks, water, sewer, etc.) in the area in a general state of deterioration.

The target area must be designated as blighted by the city council.

**Environmental Review/SHPO Clearance**: All federally funded projects must complete an Environmental Review and receive clearance from the State Historic Preservation Office

(SHPO). Rehabilitation projects on existing buildings can generally go through a quick environmental review process. If buildings are more than fifty years old or in an historic district, SHPO will review the proposed project before it can begin. ECD will have training for grantees on Environmental Review and SHPO compliance.

**Davis-Bacon Wage Rates**: Any contract over $2,000 that uses CDBG dollars for construction, alteration and/or repair of public buildings or public works must pay those wage rates, fringe benefits and payments without deductions or rebates as determined by the Davis-Bacon Act to all laborers and mechanics working on the project. ECD will have training for grantees on Davis-Bacon compliance.

**Flood Plain Projects**: Projects in the 100-year flood plain require additional review and documentation to ensure that the project should be completed. Flood insurance is required for all structures in a flood plain that use federal funds for improvements or rehabilitation.

**Procurement**: All contractors must be competitively procured according to federal or local procurement standards, whichever is more restrictive. Minority and female contractors should be invited to bid. Davis-Bacon wage rates must be included in bid documents. Bids must be opened publicly, and minutes must be kept of the meeting. Bids should be awarded to the lowest, most responsive bidder. If a community elects not to use the lowest bidder, justification must be made to and approved by ECD.

**Entitlement Communities**: State CDBG funds cannot be used in Entitlement communities including Bristol, Cleveland, Franklin, Jackson, Kingsport, Morristown and Murfreesboro. In future program years, this criterion could change. Entitlement communities receive funding directly from HUD; these communities are encouraged to work with their local governments to set up a façade program with their annual CDBG funds. The state and other communities can be of assistance in setting up this program.

## EVALUATION CRITERIA

Applications will be reviewed according to the following criteria:

Project Need (35 points): Documentation of the need for the project and how it fits into a plan for downtown development.
Photos are important to show project need and points in the section are awarded based on the photos and the description of need (20 points available). Photos should be of buildings that will be part of the program as well as photos of the entire area.
Address how this program will meet the design plan or design guidelines for your community, foster the design aspect of the downtown development plan, and what architectural impact the project will have on your downtown community (15 points available).

Project Impact (20 points): How will this project benefit the downtown, the community, the Tennessee Main Street or Tennessee Downtowns program, individual businesses, etc. Will additional funds be leveraged to increase the impact of the program?

Project Plan (25 points): Describe the plan for the project including how subgrantees will be selected, how the subgrantees will be managed, how the grantee will ensure all regulations and rules are followed, etc. Also describe how you will meet Secretary of the Interior standards and Section 106 guidelines.

Project Feasibility (10 points): Evidence that the project can begin quickly and be completed within one year of contract approval and that those managing the program are qualified.

Community Support (10 points): Evidence in the application that the community is supportive of the project through leveraging of additional funds, letters of support, etc.

Tennessee Main Street communities will receive five (5) additional points on their application.

## APPLICATION

Email the complete application to lindsay.gainous@tn.gov by 4:30 CST on May 30, 2014.

## AWARD AND ANNOUNCEMENT

CDBG Commercial Façade Applications will be reviewed by the staff of the Office of Federal Programs, the Tennessee Main Street Program and Tennessee Downtowns staff and ECD's Grant and Loan Committee. All contracts will be sent directly to grantee for signature and returned to ECD for final signatures and approvals. Contracts must be signed by all parties before work can be performed.

Communities participating in this grant program will be required to submit proper documentation of all grant expenditures. Failure to follow specified uses or accounting requirements may result in loss of program participation.

## CONTACT INFORMATION

State of Tennessee
Department of Economic and Community Development
Tennessee Main Street Program/Tennessee Downtowns, Office of Federal Programs
312 Rosa L. Parks Ave., 3rd Floor
Nashville, TN 37243

Office of Federal Programs:
Phone: 615-741-8806
Brooxie.Carlton@tn.gov

Tennessee Main Street Program/Tennessee Downtowns:
Phone: 615-253-1894
Todd.Morgan@tn.gov

# **APPENDIX G:**

# HOME

# PROPERTY VALUE LIMITS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

## ATTACHMENT TWO: FY 2014 PROPERTY VALUE LIMITS AS DETERMINED BY HUD

**Effective January 1, 2014**

Maximum Property Value after Rehabilitation for Homeowner Rehabilitation Projects
Maximum Purchase Price for Homeownership Projects

| | Existing Units HOME Max Purchase Price | | | | New Units HOME Max Purchase Price | | | |
|---|---|---|---|---|---|---|---|---|
| **COUNTY** | **1-Unit** | **2-Unit** | **3-Unit** | **4-Unit** | **1-Unit** | **2-Unit** | **3-Unit** | **4-Unit** |
| Anderson | $146,000 | $187,000 | $226,000 | $280,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Bedford | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Benton | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Bledsoe | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Blount | $147,000 | $188,000 | $228,000 | $283,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Bradley | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Campbell | $131,000 | $168,000 | $204,000 | $252,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Cannon | $154,000 | $197,000 | $239,000 | $295,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Carroll | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Carter | $147,000 | $188,000 | $228,000 | $283,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Cheatham | $154,000 | $197,000 | $239,000 | $295,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Chester | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Claiborne | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Clay | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Cocke | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Coffee | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Crockett | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Cumberland | $136,000 | $174,000 | $211,000 | $261,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Davidson | $154,000 | $197,000 | $239,000 | $295,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Decatur | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| DeKalb | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Dickson | $154,000 | $197,000 | $239,000 | $295,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Dyer | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Fayette | $180,000 | $230,000 | $278,000 | $345,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Fentress | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Franklin | $133,000 | $170,000 | $206,000 | $255,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Gibson | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Giles | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Grainger | $135,000 | $173,000 | $209,000 | $259,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Greene | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Grundy | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Hamblen | $135,000 | $173,000 | $209,000 | $259,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Hamilton | $147,000 | $188,000 | $228,000 | $283,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Hancock | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Hardeman | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Hardin | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Hawkins | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Haywood | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Henderson | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |

| | Existing Units HOME Max Purchase Price | | | | New Units HOME Max Purchase Price | | | |
|---|---|---|---|---|---|---|---|---|
| **COUNTY** | **1-Unit** | **2-Unit** | **3-Unit** | **4-Unit** | **1-Unit** | **2-Unit** | **3-Unit** | **4-Unit** |
| Henry | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Hickman | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Houston | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Humphreys | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Jackson | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Jefferson | $143,000 | $182,000 | $221,000 | $274,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Johnson | $137,000 | $176,000 | $213,000 | $264,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Knox | $147,000 | $188,000 | $228,000 | $283,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Lake | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Lauderdale | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Lawrence | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Lewis | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Lincoln | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Loudon | $157,000 | $201,000 | $243,000 | $301,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Macon | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Madison | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Marion | $142,000 | $181,000 | $219,000 | $272,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Marshall | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Maury | $138,000 | $176,000 | $214,000 | $264,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| McMinn | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| McNairy | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Meigs | $132,000 | $169,000 | $205,000 | $254,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Monroe | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Montgomery | $133,000 | $170,000 | $206,000 | $255,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Moore | $146,000 | $187,000 | $227,000 | $281,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Morgan | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Obion | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Overton | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Perry | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Pickett | $145,000 | $185,000 | $224,000 | $278,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Polk | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Putnam | $135,000 | $173,000 | $210,000 | $260,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Rhea | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Roane | $142,000 | $182,000 | $220,000 | $273,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Robertson | $154,000 | $197,000 | $239,000 | $295,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Rutherford | $154,000 | $197,000 | $239,000 | $295,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Scott | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Sequatchie | $142,000 | $181,000 | $219,000 | $272,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Sevier | $141,000 | $181,000 | $219,000 | $271,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Shelby | $135,000 | $173,000 | $209,000 | $259,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Smith | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Stewart | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Sullivan | $130,000 | $166,000 | $201,000 | $249,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Sumner | $161,000 | $207,000 | $250,000 | $310,000 | $195,000 | $249,000 | $302,000 | $374,000 |

| | Existing Units HOME Max Purchase Price | | | | New Units HOME Max Purchase Price | | | |
|---|---|---|---|---|---|---|---|---|
| COUNTY | 1-Unit | 2-Unit | 3-Unit | 4-Unit | 1-Unit | 2-Unit | 3-Unit | 4-Unit |
| Tipton | $142,000 | $182,000 | $221,000 | $273,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Trousdale | $154,000 | $197,000 | $239,000 | $295,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Unicoi | $147,000 | $188,000 | $228,000 | $283,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Union | $146,000 | $187,000 | $226,000 | $280,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Van Buren | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Warren | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Washington | $155,000 | $198,000 | $240,000 | $297,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Wayne | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Weakley | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| White | $128,000 | $164,000 | $199,000 | $246,000 | $195,000 | $249,000 | $302,000 | $374,000 |
| Williamson | $253,000 | $324,000 | $392,000 | $485,000 | $273,000 | $349,000 | $422,000 | $523,000 |
| Wilson | $169,000 | $216,000 | $262,000 | $325,000 | $195,000 | $249,000 | $302,000 | $374,000 |

# APPENDIX H:

## HOME MARKET STUDY

## FOR

## RENTAL AND HOMEOWNERSHIP PROJECTS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

# ATTACHMENT THIRTEEN: MARKET STUDY

## PROJECT DESCRIPTION

| **Definition of primary market area** ***(the geographic area from which the project is expected to draw the majority of its residents)*****.** |
|---|
| |

| **Briefly describe the community's target market.** |
|---|
| |

| **Briefly describe the proposed development.** |
|---|
| |

## LOCATION

Provide a brief analysis of neighborhood amenities available including: transportation linkages, shopping, schools, medical services, public transportation, places of worship, recreational amenities and other services such as libraries, community centers, banks, etc.

| Amenity | Description | Distance | Direction (N,S,E,W) |
|---|---|---|---|
| | | | |
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## DEMOGRAPHIC AND HOUSING PROFILE AND TRENDS

Attach demographic data to analysis including the source from which the information was taken from. County-level data should be sufficient for most market areas. Demographic information can be found at the following website: http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml

*At a minimum, demographic data should include the following variables:*

1. *Current total population.*
2. *Population trend.*
3. *Current total households.*
4. *Median household income.*
5. *Median family income.*
6. *Total housing units.*
    a. *Occupied housing units.*
        i. *Owner-occupied housing units.*
        ii. *Population in owner-occupied housing units.*
        iii. *Renter-occupied housing units.*
        iv. *Population in renter-occupied housing units.*
    b. *Vacant housing units.*
        i. *For rent.*
        ii. *For sale.*
    c. *Homeowner vacancy rate (percent)*
    d. *Rental vacancy rate (percent)*
    e. *Total housing units built before 1960 (count & percent)*

**RENTAL PROJECTS – SUPPY AND DEMAND ANALYSIS**

Competing properties may include nearby rental units and other affordable housing options. Refer to HUD's CPD Maps for assistance with online data and mapping:
http://egis.hud.gov/cpdmaps/

| Competing Property | Description | Vacancy Rate | Distance | Direction (N,S,E,W) |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Characteristics of households likely to be attracted to the development. |
|---|
| |

| Have any specific residents been already identified? |
|---|
| |

| Income eligible households. | Number | % |
|---|---|---|
| Total households below 30% Adjusted HOME income limits. | | |
| Total "very low-income" households below 50% Adjusted HOME income limits. | | |
| Total households below 60% Adjusted HOME income limits. | | |
| Total "low-income" households below 80% Adjusted HOME income limits. | | |

http://www.thda.org/DocumentCenter/View/3681

| Competitive advantages or disadvantages of the proposed development for attracting renters. |
|---|
| |

**HOME OWNERSHIP PROJECTS – SUPPLY AND DEMAND ANALYSIS**

Provide data for existing comparable homes for sale.

| Comparable Home Location | Sales Price | Distance | Direction (N,S,E,W) |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| Characteristics of households likely to be attracted to the development. |
|---|
| |

| Income eligible households. | Number | % |
|---|---|---|
| Total households below 30% Adjusted HOME income limits. | | |
| Total "very low-income" households below 50% Adjusted HOME income limits. | | |
| Total households below 60% Adjusted HOME income limits. | | |
| Total "low-income" households below 80% Adjusted HOME income limits. | | |

http://www.thda.org/DocumentCenter/View/3681

| Competitive advantages or disadvantages of the proposed development for attracting buyers. |
|---|
| |

## CONCLUSIONS

| Summarize the most important points of the market study that demonstrate that market conditions exist for the proposed project. |
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| |

# APPENDIX I:

# HOME

# NON-PROFIT CHECKLIST

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

# ATTACHMENT ONE: NON-PROFIT CHECKLIST

1. Legal Name of Organization: ______________________________________________

2. IRS Tax Exempt Number: ______________________________________________

3. ☐ A current Certificate of Existence from the Secretary of State's office. The certificate must be purchased from the Secretary of State's office and must be dated within <u>6 months</u> of the application due date (10/07/2013 to 3/07/2014).

4. ☐ Copy of 501(c)(3) certificate or letter from IRS.

5. ☐ Copy of Charter, By-laws and resolutions.

6. ☐ List of Board members including names, home address, race, occupation, a description of their primary contribution, length of service, income range, and date the term of service expires. (Part V of Application).

7. ☐ One page explanation of how the Board of Directors is involved in the operation of the agency, including how often the Board meets, how the Board monitors and provides oversight for the agency's programs.

8. ☐ Attach the minutes of the most recent Board meeting.

9. ☐ Attach explanation of the formal process by which low income Board members advise the organization in all of its decisions regarding the design, site choice, development, and management of all HOME-assisted affordable housing projects.

10. ☐ List of staff members employed by the organization, including how many are full-time or part-time, their specific responsibilities related to housing programs, and how many years of experience each staff member has in housing development.

11. ☐ Business plan or strategic management plan that demonstrates the agency's short term and long term goals, objectives, and plans to achieve them.

12. ☐ Documentation of operating funds from other sources, including how much annually and from what sources.

13. ☐ Explanation of any other programs, other than the proposed HOME program, operated by the organization, including the program(s) and its funding source(s).

14. ☐ One page explanation of your agency's experience in housing, particularly in providing housing to low and very low income households.

15. ☐ Attachment Ten: Individual Disclosure Forms *completed by the organization's Executive Director, Chairman of the Board and any staff directly involved with decision making for the project.*

16. ☐ Attachment Eleven: Corporate Disclosure Form *signed by the Chairman of the Board or Executive Director on behalf of the organization*.

# **APPENDIX J:**

# STATE-WIDE

# ANALYSIS OF IMPEDIMENTS

# EXECUTIVE SUMMARY

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

# EXECUTIVE SUMMARY

## A. AI PURPOSE AND PROCESS

As a requirement of receiving funds under the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), the Emergency Solutions Grants (ESG) program, and the Housing Opportunities for Persons With HIV/AIDS (HOPWA) program, entitlement jurisdictions must submit certification of affirmatively furthering fair housing to the U.S. Department of Housing and Urban Development (HUD) Office of Community Planning and Development (CPD). This certification must be addressed in the entitlement jurisdiction's five-year Consolidated Plan.

States and communities that receive CPD funds through a formula allocation directly from HUD, and not through a competitive process, are termed "entitlement jurisdictions." As part of the Consolidated Planning process, states and entitlement jurisdictions are required to submit to HUD certification that they are affirmatively furthering fair housing (AFFH). The AFFH certification has three parts:

1. Complete an Analysis of Impediments to Fair Housing Choice (AI),
2. Take actions to overcome the effects of any impediments identified through the analysis, and
3. Maintain records reflecting the analysis and actions taken.

In the *Fair Housing Planning Guide*, page 2-8, HUD notes that impediments to fair housing choice are:

- "Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices [and]
- Any actions, omissions, or decisions which have [this] effect."

The list of protected classes included in the above definition is drawn from the Federal Fair Housing Act, which was first enacted in 1968. However, state and local governments may enact fair housing laws that extend protection to other groups, and the AI is expected to address housing choice for these additional protected classes as well. The Tennessee Human Rights Act added creed to the State's list of protected classes.

## B. PURPOSE AND METHODOLOGY

### PURPOSE

The AI, as part of the AFFH certification, involves a thorough examination of a variety of sources related to housing, the fair housing delivery system, and housing transactions, particularly for persons who are protected under fair housing law. The development of an AI also includes public input and review via direct contact with stakeholders, public meetings to collect input from citizens and interested parties, distribution of draft reports for citizen review, and formal presentations of findings and identified impediments, along with suggested actions to overcome the identified impediments.

The State of Tennessee Department of Economic and Community Development (ECD) carried out this AI to evaluate impediments to fair housing choice within the nonentitlement areas of the State.

Therefore, the purpose of this report is to determine current impediments to fair housing choice at work in the more rural areas of the State of Tennessee and to suggest actions that the State can consider in order to overcome the identified impediments. Thus, this report also represents the first step in the three-part certification process required.

## METHODOLOGY

This AI was conducted through the assessment of a number of quantitative and qualitative sources. Quantitative sources used in analyzing fair housing choice in the State included:

- Socio-economic and housing data from the U.S. Census Bureau,
- Employment data from the U.S. Bureau of Labor Statistics,
- Economic data from the U.S. Bureau of Economic Analysis,
- Investment data from the Community Reinvestment Act,
- Home loan application data from the Home Mortgage Disclosure Act, and
- Housing complaint data from HUD and the Tennessee Human Rights Commission.

Qualitative research included evaluation of relevant existing fair housing research and fair housing law cases from within the State of Tennessee. Additionally, this research involved the evaluation of information gathered from several public input opportunities conducted in relation to this AI. This included the 2013 Fair Housing Survey of 858 stakeholders throughout the State, conducted from February through April of 2013 to investigate fair housing issues in the private and public sectors. Responses to the survey are separated for the nonentitlement areas of the State and included in the main body of this document, and responses from the entitlement areas are tabulated and presented in **Appendix F.**

Also included were three forums held in the State of Tennessee the week of March 18, 2013 to allow public input and reaction to preliminary findings of the AI.

Ultimately, a list of potential impediments was drawn from these sources and further evaluated based on HUD's definition of impediments to fair housing choice, as presented on the previous page. Potential impediments to fair housing choice present within the State of Tennessee were identified, along with actions for the State's jurisdictions to consider for overcoming or ameliorating the possible impediments.

## HOLISTIC APPROACH

This AI reviews both the public and private sector contexts for the State's housing markets, in order to determine the effects these forces have on housing choice. As part of that review, analysis of demographic, economic, and housing data provide background context for the environments in which housing choices are made. Demographic data indicate the sizes of racial and ethnic populations and other protected classes; economic and employment data show additional factors in influencing housing choice; and counts of housing by type, tenure, quality, and cost indicate the ability of the housing stock to meet the needs of the State's residents.

This contextual review of the factors that influence housing choice is essential to a holistic analysis that covers the variety of challenges that State of Tennessee residents may face while exercising a housing choice. Once this contextual background analysis has been performed, detailed review of fair housing laws, cases, studies, complaints, and public involvement data can be more thoroughly analyzed and interpreted. The structure provided by local, state, and federal fair housing laws shapes the complaint and advocacy processes available in the State, as do the services provided by local, state, and federal agencies. Private sector factors in the homeownership and rental markets, such as home mortgage lending practices, have substantive influence on fair housing choice. While the State's jurisdictions may not have the influence or resources to fully address such issues, the analysis provided in this AI assists with the recognition and consideration of potential private sector barriers. In the public sector, policies and codes of local governments and a limited location of affordable rental units can significantly affect the housing available in each area, as well as neighborhood and community development trends.

Complaint data and public involvement feedback further help define problems and possible impediments to housing choice for persons of protected classes, and confirm suspected findings from the contextual and supporting data. Combined, these diverse sets of data provide a robust analysis identifying impediments to fair housing choice for State of Tennessee residents.

Alone, findings from any one of the following sources do not undeniably indicate the existence of an impediment to fair housing choice. However, when combined with results of other AI research, prospective impediments can be found, and in some cases, additional results directly indicate the cause of an impediment to fair housing choice.

## C. Overview of Findings

### Socio-Economic Context

Analysis of demographic, economic, and housing data provides information about the level and results of past housing locational choices. Demographic data indicate the sizes of populations and several protected classes; economic and employment data show economic factors; and counts of housing by type, tenure, quality, and cost indicate the ability of the housing stock to meet the needs of the State's nonentitlement area residents.

According to the Census Bureau, between 2000 and 2011, the population in the nonentitlement areas of the State of Tennessee grew from 3,179,586 to 3,558,774 persons, or by 11.9 percent. Data for population by age showed that the State's population slowly shifted to represent more persons over the age of 55, although the age groups with the largest populations comprised persons aged 5 to 19 and 35 to 54.

Census Bureau data showed that since 2000, the racial and ethnic composition of the nonentitlement areas of the State also changed slightly. While the white and black populations increased the least, by 9.7 and 12.7 percent, respectively, between 2000 and 2010, all other racial and ethnic minorities showed much larger increases in population share. Asian, Hispanic, two or more races, and "other" groups all showed percentage increases of more than 87 percent. Further evaluation of Hispanic population data, in geographic terms, showed increases in the concentration of this group in Census tracts in several rural areas in the State from 2000 to 2010.

Economic data for the State of Tennessee demonstrate the impact of the recent recession. Data from the BLS showed that while the labor force—defined as persons either working or looking for work—did not increase significantly from 2000 to 2011, employment figures declined more dramatically after 1999 and again after 2007. As a result, the overall unemployment rate had increased to 9.7 percent by 2012. Data from the BEA showed that average earnings per job in the State of Tennessee decreased from 2004 to 2009 but increased after that point.

The poverty rate in the nonentitlement areas of the State was 15.9 percent, as reported in the 2011 ACS, compared to 12.7 percent in 2000. Elevated concentrations of poverty may be a concern.

The number of housing units in nonentitlement areas of the State increased by 15.9 percent between 2000 and 2010, or from 1,362,390 to 1,579,005 units. Of the housing units reported in nonentitlement areas of the State in the 2011 ACS, 74.7 percent were single-family units and 16.2 were mobile homes. The 2010 Census showed that 87.7 percent of units were occupied; of these, 75.3 percent were owner-occupied and 24.7 percent were renter-occupied. Of the 128,978 unoccupied housing units counted in nonentitlement areas of the State of Tennessee in 2000, 39,449 were "other vacant" units, which are not available to the marketplace. However, data from the 2010 Census showed that the percentage of this type of unit increased by 64.01 percent, to 64,701 units. However, these "other vacant" units, if located in close proximity to one another, may have a blighting influence.

At the time of the 2000 Census, 1.6 percent of households were overcrowded; this housing problem was more common in renter households than in owner households. In 2000, .8 and .6 percent of all households were lacking complete plumbing or kitchen facilities, respectively, and the number of households with incomplete kitchen facilities had increased in more recent data. Additionally, in 2000, 13.0 percent of households had a cost burden and 8.6 percent of households had a severe cost burden, and 2011 data showed that both of these percentages had increased considerably since that point.

Average rental costs were highest in surrounding the Davidson County metropolitan area and other large cities, as shown in geographic maps. The highest median home values for owner-occupied homes were more concentrated in the Davidson County/Williamson County area.

## REVIEW OF FAIR HOUSING LAWS, STUDIES, AND CASES

A review of laws, studies, cases, and related materials relevant to fair housing in the State of Tennessee demonstrated the complexity of the fair housing landscape. The fair housing laws in the State of Tennessee offer protections beyond the scope of the Federal Fair Housing Act to protect persons based on creed. Review of fair housing cases in nonentitlement areas of the State of Tennessee revealed discriminatory practices in the rental markets related to disability and familial status. Occasionally, there may have been community resistance to the production of affordable housing.

## FAIR HOUSING STRUCTURE

A review of the fair housing profile in nonentitlement areas of the State of Tennessee revealed that several organizations provide fair housing services on the federal, state, and local levels. They all provide outreach and education, complaint intake, and testing and enforcement activities for both providers and consumers of housing. These organizations include HUD, the Tennessee Human Rights Commission, West Tennessee Legal Services, and the Tennessee Fair Housing Council.

## FAIR HOUSING IN THE PRIVATE SECTOR

Evaluation of the private housing sector included review of home mortgage loan application information, small business lending practices, fair housing complaint data, and results from the private sector section of the 2013 Fair Housing Survey.

HMDA data were used to analyze differences in home mortgage application denial rates in nonentitlement areas of the State of Tennessee by race, ethnicity, sex, income, and Census tract. Evaluation of home purchase loan applications from 2004 through 2011 showed that there were 318,160 loan originations and 95,366 denials, for an eight-year average loan denial rate of 23.1 percent. Denial rates were highest in 2011, at 29.7. These HMDA data also showed that American Indian, black, and Hispanic applicants experienced higher rates of loan denials than white or Asian applicants, even after correcting for income. Further, these more frequently denied racial and ethnic groups tended to be more disproportionately impacted in some specific areas of the State.

Analysis of originated loans with high annual percentage rates showed that black and Hispanic populations were also disproportionately issued these types of lower-quality loan products. Black borrowers experienced a rate nearly twice that of white applicants, for example. With high proportions of low quality, high–annual percentage rate loans being issued to these particular groups, the burden of foreclosure tended to fall more heavily upon them.

Analysis of data from the CRA, which is intended to encourage investment in low- and moderate-income areas, showed that business loans did not tend to be directed toward the areas with higher-poverty concentrations in the nonentitlement areas of the State of Tennessee as commonly as they were toward more moderate-income areas.

Fair housing complaint data was requested from HUD and the THRC. HUD data showed that 572 fair housing–related complaints were filed in the State from 2004 through February of 2013. The number of complaints filed with this agency varied by year, ranging from 36 to 96. The protected classes most impacted by discrimination, based on the 111 successfully conciliated complaints, were disability and race, and the most common complaint issues related to:

- Discriminatory terms, conditions, or privileges relating to rental;
- Discriminatory acts under Section 818;
- Failure to make reasonable accommodation; and
- Discriminatory terms, conditions, privileges, or services and facilities.

Complaints filed with the THRC showed that of the 30 complaints where cause for discrimination was found, the most common bases were for disability and family status. The most common issues for these complaints closely matched the issues found commonly in complaints filed with HUD.

Results from the private sector portion of the 2013 Fair Housing Survey, conducted from February to April of 2013 as part of the AI process, showed that some respondents saw possible issues of housing discrimination in the nonentitlement areas of the State of Tennessee's private housing sector. Issues described by respondents regarding the rental markets suggested that some landlords discriminate based on race, color, and sex. In the home sales and lending markets, respondents noted lack of accessible design for persons with disabilities and discrimination based on race or ethnicity.

## FAIR HOUSING IN THE PUBLIC SECTOR

The status of AFFH within the nonentitlement areas of the State of Tennessee's public sector was evaluated through review of the location of publicly assisted housing, interviews with several cities and their policies and practices; and the results of the public sector section of the 2013 Fair Housing Survey.

Evaluation of the distribution of housing vouchers, HUD-assisted rental properties, and other affordable housing in the State demonstrated that these assisted housing options were relatively widely distributed, and tended to be concentrated in areas other than those with the highest poverty rates.

An analysis of the policies and codes of many of the State's largest nonentitlement cities showed that all of these jurisdictions have in place some basic housing definitions such as "dwelling unit" and "family," but most tend to be restrictive and may not be in the spirit of AFFH. Few communities define "disability" in their codes and or have policies in place to offer options for persons in need of modifications to policies for reasonable accommodation. However, housing for seniors and group housing are not consistently addressed in local codes, despite being accommodated in State codes. Some communities lack fair housing ordinances. Across the array of communities contacted, a wide variety of policies and practices exist, several of which are not in the spirit of AFFH and may unwittingly discriminate against several groups. A more complete, consistent, and uniform approach could greatly benefit these communities in the nonentitlement areas of the State.

Results from the public sector section of the 2013 Fair Housing Survey revealed that few respondents in nonentitlement areas of the State of Tennessee believe there are problematic practices or policies within the public sector. However, of those that did, some noted land use policies and zoning laws that particularly impact protected class populations, and others suggested that public transit services are lacking.

### PUBLIC INVOLVEMENT

Public involvement opportunities were an intrinsic part of the development of this AI. Activities included the 2013 Fair Housing Survey to evaluate current fair housing efforts and the three fair housing forums wherein citizens were offered the chance to comment on initial findings of the AI and offer feedback on prospective impediments.

Results of the 2013 Fair Housing Survey showed that the majority of respondents felt that fair housing laws are useful, whereas some respondents were not familiar with fair housing law and few respondents showed familiarity with the classes of persons protected by fair housing law in the State. Many respondents were not aware of appropriate venues to which to refer a victim of housing discrimination. Of the respondents who answered the question, many noted the need for increased fair housing education and outreach activities, and a moderate need was indicated for increased fair housing testing activities.

The public forums held in Jackson, Knoxville, and Nashville in March of 2013 allowed citizens and agencies to voice concerns about barriers to fair housing choice. Comments received at these forums focused on housing availability, particularly for seniors and disabled persons, as well as some neighborhood- and city government-level resistance to such housing.

## D. IMPEDIMENTS TO FAIR HOUSING CHOICE AND SUGGESTED ACTIONS

The *2013 Tennessee Analysis of Impediments to Fair Housing Choice* uncovered several potential issues regarding fair housing in the State. Identification of these items as probable impediments to fair housing choice was based on HUD's definition of impediments as actions, omissions, or decisions that restrict housing choice due to protected class status or actions, omissions, or decisions that have this effect. The identified impediments are supported by evidence uncovered during the AI process, with impediments of higher need being those identified in multiple sources.

These probable impediments are presented on the following pages for the nonentitlement areas of the State of Tennessee. They are accompanied by suggested actions that the jurisdictions in the State may implement in order to alleviate or eliminate these impediments, and are accompanied by measurable objectives. The goal of these actions and measureable objectives is to assist these agencies in offering greater housing choice for all citizens of the State of Tennessee.

# APPENDIX K:

## FAIR HOUSING PLAN

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN

Last Updated: 5/5/14

**Private Sector Impediments**

| Impediments, Suggested Actions and Objectives | Action(s) | Measurement(s) | Responsible Agencies | Timeline | Cost |
|---|---|---|---|---|---|
| **1. Discriminatory terms, conditions, privileges or services and facilities in the rental market**<br><br>*Action 1.1* – Continue to educate landlords and property management companies about fair housing law.<br>*Objective 1.1* – Increase number of outreach and education activities conducted.<br><br>*Action 1.2* – Continue to educate housing consumers in fair housing rights.<br>*Objective 1.2* – Increase number of outreach and education activities conducted.<br><br>*Action 1.3* – Enhance audit and testing activities and document the outcomes of tests<br>*Objective 1.3* – Increase number of testing activities conducted<br><br>Priority: High | 1.1a – Support the Fair Housing Council in providing fair housing training for developers, property managers and the apartment association members in Nashville and Knoxville during the months of May and June. | 1.1a – Fair housing training for non-profit and for profit developers and apartment managers completed. | THDA | May and June 2013<br><br>Completed | $300 |
| | 1.1b – Continue to educate THDA staff who work with rental programs and landlords (Section 8 HCV staff) on an annual basis. The Tennessee Fair Housing Council will conduct in-house training at THDA, which lasts approximately four hours and focuses on fair housing in the rental market. | 1.1b – THDA staff continues training in fair housing issues in the rental market. Training completed in November 2013. | THDA | FY 2014-15 | $2,300 |
| | 1.1c – Continue to educate staff on Fair Housing through attendance at Fair Housing Matters Conference, West Tennessee Fair Housing Celebration and the ECHO Spring Fair Housing Workshop. Provide support and sponsorship to both events and encourage attendance among subrecipients and partners. | 1.1c – Attendance at fair housing events continues, number of staff trained increases. | THDA, ECD | April 2015 | THDA: $3,365<br>ECD: $1,700 |
| | 1.1d – Explore using TN Housing Search to provide an educational piece to approximately 3,700 landlords. TN Housing Search is a searchable database for rental housing with listings in all 95 counties. The education piece, delivered via email, could provide ongoing education on fair housing including: detailed information regarding discrimination in the rental market, examples of prohibited or unlawful conduct and examples of activities that AFFH. | 1.1d – THDA develops educational piece and works with Socialserve (website vendor) to disseminate the information to landlords. | THDA | FY 2014-15 | $506 |
| | 1.1e Increase training of elected officials and landlords in CDBG grantee | 1.1e – Host training sessions in at least two development districts for CDBG grantees. | ECD | FY 2014-15 | $500 |

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| | communities of fair housing responsibilities. | | | | |
| | 1.2a – Continue to give "Fair Housing Equal Opportunity for All" brochure to program beneficiaries and monitor subrecipients to ensure compliance. | 1.2a – Brochure is given to program beneficiaries, ensured through monitoring. | THDA, DOH, ECD | Ongoing | THDA: $316<br>ECD: $250 |
| | 1.2b – Make improvements to fair housing webpage, make AI available for review, add fair housing brochures and educational pieces provided by HUD. | 1.2b – Brochure added, improvements made to website, link becomes more prominent on THDA's website. | THDA, DOH, ECD | Ongoing | THDA: $253<br>ECD: $200<br>DOH: $125 |
| | 1.3a – The State will communicate reasonable accommodation testing as a priority to partners engaged in testing which include: the Fair Housing Council, West Tennessee Legal Services, and the Tennessee Human Rights Commission. | 1.3a – Priority is communicated to testing organizations, testing increases. | THDA, ECD, DOH | FY 2015-16 | THDA: $25 |
| | 1.3b – Continue to monitor subrecipients for compliance with Fair Housing and Equal Opportunity, utilizing Fair Housing and Equal Opportunity checklists. | 1.3b – Subrecipients are monitored for Fair Housing and Equal Opportunity, using checklists. | THDA, ECD, DOH | Ongoing | THDA: $316<br>ECD:$250<br>DOH: $125 |
| **2. Discriminatory acts under Section 818 (coercion, etc.)**<br><br>*Action 2.1* – Continue to educate landlords and property management companies about fair housing law<br>*Objective 2.1* – Increase number of outreach and education activities<br><br>*Action 2.2* – Continue to educate housing consumers in fair housing rights<br>*Objective 2.2* – Increase the number of outreach and education activities conducted | 2.1a – Support the Fair Housing Council in providing fair housing training for developers, property managers and the apartment association members in Nashville and Knoxville during the months of May and June. | 2.1a – Fair housing training for non-profit and for profit developers and apartment managers completed. | THDA | May and June 2013<br><br>Completed | $300 |
| | 2.1b – Continue to educate THDA staff who work with rental programs and landlords (Section 8 HCV staff) on an annual basis. The Tennessee Fair Housing Council will conduct in-house training at THDA, which lasts approximately four hours and focuses on fair housing in the rental market. | 2.1b – THDA staff continues training in fair housing issues in the rental market. Training completed in November 2013. | THDA | FY 2014-15 | $2,300 |
| | 2.1c – Continue to educate staff on Fair Housing through attendance at Fair Housing Matters Conference and West Tennessee Fair Housing Celebration. Provide support and sponsorship to both | 2.1c – Attendance at fair housing events continues, number of staff trained increases. | THDA, ECD | April 2014 (annual) | THDA: $2,665<br>ECD: $1,700 |

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| *Action 2.3* – Enhance audit and testing activities and document the outcomes of tests<br>*Objective 2.3* – Increase number of testing activities conducted<br><br>*Priority: Low* | events and encourage attendance among subrecipients and partners. | | | | |
| | 2.1d – Explore using TN Housing Search to provide an educational piece to approximately 3,700 landlords. TN Housing Search is a searchable database for rental housing with listings in all 95 counties. The education piece, delivered via email, could provide ongoing education on fair housing including: detailed information regarding discrimination in the rental market, examples of prohibited or unlawful conduct and examples of activities that AFFH. | 2.1d – THDA develops educational piece and works with Socialserve (website vendor) to disseminate the information to landlords. | THDA | FY 2014-15 | $506 |
| | 2.2a – Continue to give "Fair Housing Equal Opportunity for All" brochure to program beneficiaries and monitor subrecipients to ensure compliance. | 2.2a – Brochure is given to program beneficiaries, ensured through monitoring. | THDA, ECD, DOH | Ongoing | THDA: $316<br>ECD: $250<br>DOH: $125 |
| | 2.2b – Make improvements to fair housing webpage, make AI available for review, add fair housing brochures and educational pieces provided by HUD. | 2.2a – Brochure added, improvements made to website, link becomes more prominent on THDA website. | THDA, ECD, DOH | Ongoing | THDA: $253<br>ECD: $200 |
| | 2.3a – The State will communicate reasonable accommodation testing as a priority to partners engaged in testing which include: the Fair Housing Council, West Tennessee Legal Services, and the Tennessee Human Rights Commission. | 3.1a – Priority is communicated to testing organizations, testing increases. | THDA, ECD, DOH | FY 2015-16 | THDA: $25 |
| | 2.3b – Continue to monitor subrecipients for compliance with Fair Housing and Equal Opportunity, utilizing Fair Housing and Equal Opportunity checklists. | 3.1b – Subrecipients are monitored for Fair Housing and Equal Opportunity, using checklists. | THDA, ECD, DOH | Ongoing | THDA: $316<br>ECD:$250<br>DOH: $125 |
| **3. Failure to make reasonable accommodation and modification** | 3.1a – The State will communicate reasonable accommodation testing as a priority to partners engaged in testing which include: the Fair Housing Council, West Tennessee Legal Services, and the Tennessee Human Rights Commission. | 3.1a – Priority is communicated to testing organizations, testing increases. | THDA, ECD, DOH | FY 2015-16 | THDA: $25 |

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| *Action 3.1* – Enhance audit and testing activities and document the outcomes of tests<br>*Objective 3.1* – Increase number of testing activities conducted<br><br>*Action 3.2* – Educate housing providers about requirements for reasonable accommodation or modification<br>*Objective 3.2* – Increase number of training sessions conducted<br><br>Priority: Medium | 3.1b – Continue to monitor subrecipients for compliance with Fair Housing and Equal Opportunity, utilizing Fair Housing and Equal Opportunity checklists. | 3.1b – Subrecipients are monitored for Fair Housing and Equal Opportunity, using checklists. | THDA, ECD, DOH | Ongoing | THDA: $316<br>ECD:$250<br>DOH: $125 |
| | 3.2a – Continue to educate staff on Fair Housing through attendance at Fair Housing Matters Conference, West Tennessee Fair Housing Celebration and the ECHO Spring Fair Housing Workshop. Provide support and sponsorship to both events and encourage attendance among subrecipients and partners. | 3.2a – Attendance at fair housing events continues, number of staff trained increases. | THDA, ECD | April 2015 | THDA: $3,365<br>ECD: $1,700 |
| | 3.2b – Support the Fair Housing Council in providing fair housing training for developers, property managers and the apartment association members in Nashville and Knoxville during the months of May and June. | 3.2b – Fair housing training for non-profit and for profit developers and apartment managers completed. | THDA | FY 2014-15 | $300 |
| | 3.2c – Explore using TN Housing Search to provide an educational piece to approximately 3,700 landlords. TN Housing Search is a searchable database for rental housing with listings in all 95 counties. The education piece, delivered via email, could provide ongoing education on fair housing including: detailed information regarding discrimination in the rental market, examples of prohibited or unlawful conduct and examples of activities that AFFH. | 3.2c – THDA develops educational piece and works with Socialserve (website vendor) to disseminate the information to landlords. | THDA | FY 2014-15 | $506 |
| | 3.2d – Continue to educate THDA program staff that work with housing providers and landlords on an annual basis. The Tennessee Fair Housing Council will conduct in-house training at THDA, which will contain components addressing reasonable modification. | 3.2d – Number of THDA staff trained on reasonable accommodation increases. | THDA | FY 2014-15 | $3,500 |
| | 3.2e – Increase training of elected officials and landlords in CDBG grantee | 3.2e – Host training sessions in at least two development districts for CDBG grantees. | ECD | FY 2014-15 | $500 |

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| | communities of fair housing responsibilities. | | | | |
| **4. Discriminatory patterns in home purchase loan denials**<br><br>*Action 4.1* – Educate buyers through credit counseling and home purchase training<br>*Objective 4.1* – Increase number of outreach and education activities conducted<br><br>*Action 4.2* – Educate lenders and developers' counseling and training<br>*Objective 4.2* – Increase number of outreach and education activities conducted<br><br>*Priority: Low* | 4.1a – Continue homebuyer education courses (with fair housing components in the curriculum) for THDA loan programs (required for Great Choice Plus; Homeownership for the Brave and HOME). Continue to support the Homebuyer Education Initiative (HBEI) across the state for homebuyers not utilizing a THDA loan product. | 4.1a – Homebuyer education classes are conducted, program continued and marketed. Serve approximately 1,980 THDA borrowers and 3,773 non-THDA borrowers (depending on demand). | THDA | Ongoing | tbd |
| | 4.1b – Continue to support and train HBEI agencies through provision of NeighborWorks America course curriculum materials and training. | 4.1b – Deliver NeighborWorks American materials to HBEI agencies, training completed. | THDA | Ongoing<br><br>FY 2014-15 | tbd |
| | 4.1c – Continue "Training the Trainer" to certify new Homebuyer Education Trainers throughout the state and continuing education sessions (Peer Sessions) for certified Homebuyer Education Trainers. | 4.1c – "Training the Trainer" and Peer Sessions completed. | THDA | August 2014 | tbd |
| | 4.1d – Continue to support credit counseling through the state-wide Money Smart program, which includes training on banking basics, borrowing, checking accounts, personal budgets, savings, rights of banking consumers, credit and loans. | 4.1d – Money Smart program is marketed on THDA website and training offered in partnership with the Federal Deposit Insurance Corporation as requested by counseling agencies. | THDA | Ongoing | No cost |
| | 4.1e – Continue marketing and outreach on Homebuyer Education Initiative on THDA website. Explore new ways to market homebuyer education and credit counseling. | 4.1e – Website updated, new outreach activities identified. | THDA | Ongoing | $253 |
| | 4.1f – Explore analyzing counseling agency data that is collected to provide agencies feedback to improve program performance. | 4.1f – Decision to analyze data is made, analysis completed and reported to agencies. | THDA | FY 2015-16 | $536 |
| | 4.1g – Continue to find new and improved ways to educate buyers and improve financial literacy through the operation of the Housing Education Advisory Board. | 4.1g – Quarterly meetings of the advisory boards continue. | THDA | Ongoing | $253 |

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| | 4.2 – Invite lenders and developers to the Governor's Housing Summit, which includes fair housing training and education. | 4.2 – Invite lenders and developers to the yearly Governor's Housing Summit. | THDA | FY 2014-15 | $1,000 |
| **5. Discriminatory patterns in predatory lending**<br><br>*Action 5.1* – Educate buyers through credit counseling and home purchase training<br>*Objective 5.1* – Increase number of outreach and education activities conducted<br><br>*Action 5.2* – Educate lenders and developers' counseling and training<br>*Objective 5.2* – Increase number of outreach and education activities conducted<br><br>*Priority: Low* | 5.1a – Continue homebuyer education courses (with fair housing components in the curriculum) for THDA loan programs (required for Great Choice Plus; Homeownership for the Brave and HOME). Continue to support the Homebuyer Education Initiative (HBEI) across the state for homebuyers not utilizing a THDA loan product. | 5.1a – Homebuyer education classes are conducted, program continued and marketed. Serve approximately 1,980 THDA borrowers and 3,773 non-THDA borrowers (depending on demand). | THDA | Ongoing | tbd |
| | 5.1b – Continue to support and train HBEI agencies through provision of NeighborWorks America course curriculum materials and training. | 5.1b – Deliver NeighborWorks American materials to HBEI agencies, training completed. | THDA | Ongoing<br><br>FY 2014-15 | tbd |
| | 5.1c – Continue "Training the Trainer" to certify new Homebuyer Education Trainers throughout the state and continuing education sessions (Peer Sessions) for certified Homebuyer Education Trainers | 5.1c – "Training the Trainer" and Peer Sessions completed. | THDA | August 2014 | tbd |
| | 5.1d – Continue to support credit counseling through the state-wide Money Smart program, which includes training on banking basics, borrowing, checking accounts, personal budgets, saving, rights of banking consumers, credit and loans. | 5.1d – Money Smart program is marketed on THDA website and training offered in partnership with the Federal Deposit Insurance Corporation as requested by counseling agencies. | THDA | Ongoing | No cost |
| | 5.1e – Continue marketing and outreach on Homebuyer Education Initiative on THDA website. Explore new ways to market homebuyer education and credit counseling. | 5.1e – Website updated, new outreach activities identified. | THDA | Ongoing | $253 |
| | 5.1f – Explore analyzing counseling agency data that is collected to provide agencies feedback to improve program performance. | 5.1f – Decision to analyze data is made, analysis completed and reported to agencies. | THDA | FY 2015-16 | $536 |
| | 5.2 – Invite lenders and developers to the Governor's Housing Summit, which | 5.2 – Invite lenders and developers to the yearly Governor's Housing Summit. | THDA | FY 2014-15 | $1,000 |

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| | includes fair housing training and education. | | | | |
| **6. Lack of sufficient education about fair housing law**<br><br>*Action 6.1* – Have the THRC develop a core outreach and education curriculum, with the assistance of other organizations that provide fair housing services, in Tennessee<br>*Objective 6.1* – Track the consistency in fair housing messaging throughout the State of Tennessee.<br><br>*Action 6.2* – Educate the public and housing stakeholders about fair housing law and rights of housing consumers<br>*Objective 6.2* – Increase number of outreach and education activities conducted<br><br>*Action 6.3* – Enhance documentation of fair housing activities conducted throughout the State<br>*Objective 6.3* – Request that the THRC provide such documentation for all activities conducted under the auspices of the core curriculum<br><br>*Priority*: High | 6.1 – Discuss with THRC opportunities to develop an outreach and education curriculum on fair housing with other organizations in the state that provide fair housing services. | 6.1 – Discuss this opportunity with THRC. | THDA | FY 2014-15 | No cost |
| | 6.2a – Contract with the Tennessee Fair Housing Council or other fair housing education providers to conduct fair housing training at grantee workshops, with an emphasis on duty to affirmatively further fair housing, raising citizen awareness of fair housing law, discrimination in rental, ramifications of failure to make reasonable accommodation, codes, zoning and other priority areas. | 6.2a – Training completed at grantee workshops. | THDA, ECD | FY 2014-15 | THDA: No cost ECD: $1,000 |
| | 6.2b – Research existing tools and resources for subrecipients to assist in providing fair housing training on the local level for citizens (videos, websites, public meetings) with the intent of utilizing in FY 2014-15. | 6.2b – Research complete, tools identified and decision made to proceed or modify use of tools. | THDA, ECD | FY 2014-15 | THDA: $506 ECD: $500 |
| | 6.2c – Implement training for elected officials as part of grant requirements for FY 2014-15 CDBG grantees. | 6.2c – Training for elected officials through the development district or ECD/THDA materials for an elected official in each CDBG community. | THDA, ECD | FY 2014-15 | THDA: $253 ECD: $1,500 |
| | 6.2d – Make improvements to fair housing webpage, improve resources available to consumers, make AI available for review, add fair housing brochures and educational pieces provided by HUD. | 6.2d – Brochure added, improvements made to website, link becomes more prominent on THDA's website. | THDA, ECD, DOH | Ongoing | THDA: $253 ECD: $200 |
| | 6.2e – Explore working with THDA Advisory Boards (Realtor, Lender, Housing Education, Homebuilders and Energy Efficiency and Weatherization) to seek input and identify ways to increase educational opportunities for housing | 6.2e – Attend Advisory Board meetings, describe need for educational opportunities and seek input. | THDA | FY 2014-15 | $253 |

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| | stakeholders and the public on fair housing issues in the private sector. | | | | |
| | 6.2f – Explore opportunities for THDA's newly formed Connect Team to educate housing stakeholders of their duty to AFFH, fair housing law and rights of housing consumers. | 6.2f – Discuss opportunities and ideas with Outreach Team staff, after team is developed. | THDA | FY 2014-15 | $1,012 |
| | 6.2g – Continue training for HOPWA Program Sponsors at annual network meeting and monitor for compliance during monitoring interviews. | 6.2g – Training and monitoring continues. | DOH | Ongoing | $1,698 |
| | 6.3 – Discuss with THRC opportunities to enhance the documentation of fair housing activities. | 6.3 – Contact THRC to discuss documentation opportunities. | THDA | FY 2014-15 | No cost |

Last Updated: 5/5/14

**Public Sector Impediments**

| Impediment/Suggested Action/Objective | Action(s) | Measurement(s) | Responsible Agencies | Timeline | Cost |
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| **1. Lack of local fair housing ordinances or policies**<br><br>*Action 1.1* – Create template fair housing ordinance, resolution, policy or other commitment to AFFH<br>*Objective 1.1* – Present policy to all prospective grantees<br><br>*Action 1.2* – Educate local government staff about fair housing regulations and the statewide commitment to AFFH<br>*Objective 1.2* – Increase number of education activities<br><br>*Action 1*.3 – Increase monitoring and enforcement policies that affirmatively further fair housing choice<br>*Objective 1*.3 – Increase number of monitoring and enforcement activities<br><br>*Priority: High* | 1.1a – Explore opportunities to work with fair housing partners and local/county government associations, including West Tennessee Legal Services and the Fair Housing Council, to develop sample ordinances, resolutions and policies to provide to local governments and subrecipients. | 1.1a – Partnership established and templates completed. | ECD, THDA | FY 2013-14 | THDA: $1,012<br>ECD: $800 |
| | 1.1b – Explore partnerships with the University of Tennessee's Municipal Technical Advisory Service (MTAS) and County Technical Assistance Service (CTAS), the Tennessee Advisory Commission on Intergovernmental Relations and Tennessee's Development Districts to determine best way to reach local governments and present templates. | 1.1b – Establish partnership and determine best method for information delivery. Assess training programs being implemented by Development Districts for local elected officials and how program successes can be expanded upon. | ECD, THDA | FY 2014-15 | THDA: $1,012<br>ECD: $1,000 |
| | 1.1c – After development of templates and assessment of current training programs, present to grantees and local governments within jurisdiction. | 1.1c – Deliver materials to grantees, as well as local governments within the state's jurisdictions. | ECD, THDA | FY 2014-15 | THDA: $506<br>ECD: $400 |
| | 1.1d – Explore making the existence of fair housing ordinances, resolutions or policies a threshold requirement or a point incentive for the 2014 HOME Program grant competition and a bonus item for CDBG applications. | 1.1 d – New requirement explored and decision to move forward is made. The CDBG program will discuss the potential change at the CDBG public meeting held in the fall of 2014 for a change to the FY 2015-16 round of applications. | THDA, ECD | FY 2014-15 | THDA: $253<br>ECD: $200 |
| | 1.2a – Continue to educate local government staff and subrecipients by contracting with the Tennessee Fair Housing Council or other fair housing education providers to conduct fair housing training at grantee workshops, with an | 1.2a – Grantees trained in fair housing at grantee workshops, ECD notices regarding fair housing increased, and attendance at fair housing events increases. | THDA, ECD | Ongoing | THDA: No cost<br>ECD: $4,000 |

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| | emphasis on duty to affirmatively further fair housing, raising citizen awareness of fair housing law, discrimination in rental, the ramifications of a failure to make reasonable accommodation, codes, zoning and other priority areas. Continue to publish ECD notices and promote participation at fair housing events and trainings. | | | | |
| | 1.2b – Explore providing state-wide fair housing trainings or forums with local government officials, housing stakeholders and citizens, that focus on fair housing law, affirmatively furthering fair housing, impediments to fair housing in Tennessee and local actions to overcome impediments. | 1.2b – Meet with West Tennessee Legal Services and Tennessee Fair Housing Council to conduct portions of training for local government officials, make decision to proceed with state-wide fair housing trainings or forums. Encourage attendance by grantees at Fair Housing Matters Conference and West TN Fair Housing Conference. | THDA, ECD, DOH | Ongoing | ECD: $400 |
| | 1.2c - Present AI findings and fair housing activities at Governor's Housing Summit, which is attended by housing stakeholders, citizens and local government officials. | 1.2c – Findings are presented at Governor's Housing Summit. | THDA, ECD | Completed | THDA: $1,000<br>ECD: No cost |
| | 1.3a – Continue to monitor grant programs for compliance with fair housing and equal opportunity, utilizing fair housing and equal opportunity checklists. | 1.3a – Programs are monitored for activity and compliance consistent with information required in checklists. | THDA, ECD, DOH | Ongoing | THDA: $316<br>ECD:$250<br>DOH: $125 |
| **2. Insufficient establishment and enforcement of building codes regarding special needs housing**<br><br>*Action 2.1* – Create examples of building code policies that sufficiently provide for special needs housing such as group homes and accessible housing<br>*Objective 2.1* – Present examples to all prospective grantees | 2.1a – Explore opportunities to work with fair housing partners, including West Tennessee Legal Services and the Fair Housing Council, and local/county government associations, to develop examples of building codes that sufficiently provide for special needs housing to provide to local governments and subrecipients. | 2.1a – Partnership established and examples of codes completed. | ECD, THDA | FY 2014-15 | THDA: $1,012<br>ECD: $800 |
| | 2.1b – Explore partnerships with The University of Tennessee's Municipal Technical Advisory Service (MTAS) and | 2.1b – Establish partnership and determine best method for information delivery. | ECD, THDA | FY 2014-15 | THDA: $1,012<br>ECD: $800 |

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| *Action 2.2* – Educate local government staff about fair housing regulations and the statewide commitment to AFFH<br>*Objective 2.2* – Increase number of education activities conducted<br><br>*Action 2.*3 – Increase monitoring and enforcement of building codes of jurisdictions across the state<br>*Objective 2.*3 – Increase number of monitoring and enforcement activities<br><br>*Priority: Medium* | County Technical Assistance Service (CTAS), the Tennessee Advisory Commission on Intergovernmental Relations and Tennessee's Development Districts to determine best way to reach local governments and present examples of codes. | | | | |
| | 2.1c – After development of building code examples, present to grantees and local governments within the jurisdiction. | 2.1c – Deliver materials to grantees, as well as local governments within the state's jurisdictions. | ECD, THDA | FY 2014-15 | THDA: $506<br>ECD: $400 |
| | 2.2a – Continue to educate local government staff and subrecipients by contracting with the Tennessee Fair Housing Council or other fair housing education providers to conduct fair housing training at grantee workshops, with an emphasis on duty to affirmatively further fair housing, raising citizen awareness of fair housing law, discrimination in rental, failure to make reasonable accommodation, codes, zoning and other priority areas. Continue to publish ECD notices and promote participation at fair housing events and trainings. | 2.2a – Grantees trained in fair housing at grantee workshops, ECD notices regarding fair housing increased, and attendance at fair housing events increases. | ECD, THDA | Ongoing | THDA: No cost<br>ECD: $4,000 |
| | 2.2b – Explore providing state-wide fair housing trainings or forums with local government officials, housing stakeholders and citizens, that focus on fair housing law, affirmatively furthering fair housing, impediments to fair housing in Tennessee and local actions to overcome impediments. | 2.2b – Meet with West Tennessee Legal Services and Tennessee Fair Housing Council to conduct portions of training for local government officials, make decision to proceed with state-wide fair housing trainings or forums. Encourage attendance by grantees at Fair Housing Matters Conference and West TN Fair Housing Conference. | ECD, THDA | Ongoing | ECD: $400 |
| | 2.2c – Present AI findings at Governor's Housing Summit, which is attended by housing stakeholders, citizens and local government officials. | 2.2c – Findings are presented. | ECD, THDA | Completed | THDA: $1,000<br>ECD: No cost |

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| | 2.2d – Encourage and promote THDA's Flexible Home Concepts Program, which is a voluntary certification program created by the TN Council on Developmental Disabilities that encourages builders (single family and multi-family) to voluntarily implement design features that make homes accessible, visitable and convenient for everyone. | 2.2d – Knowledge of Flexible Home Concepts increases, builders voluntarily implement features. | THDA | Ongoing | THDA: $24,678 |
| | 2.3a – Continue to monitor grant programs for compliance with fair housing and equal opportunity, utilizing fair housing and equal opportunity checklists. | 2.3a – Programs are monitored for activity and compliance consistent with information required in checklists. | THDA, ECD, DOH | Ongoing | THDA: $316<br>ECD: $250<br>DOH: $125 |
| **3. Lack of local government understanding of duties of AFFH**<br><br>*Action 3.1* – Educate local government staff about fair housing law and federal formula grant funding requirements to affirmatively further fair housing<br>*Objective 3.1* – Increase number of educational activities conducted<br><br>*Priority: High* | 3.1a – Continue to educate local government staff and subrecipients by contracting with the Tennessee Fair Housing Council or other fair housing education providers to conduct fair housing training at grantee workshops, with an emphasis on duty to affirmatively further fair housing, raising citizen awareness of fair housing law, discrimination in rental, ramifications of a failure to make reasonable accommodation, codes, zoning and other priority areas. Continue to publish ECD notices and promote participation at fair housing events and trainings. | 3.1a – Grantees trained in fair housing at grantee workshops, ECD notices regarding fair housing increased, and attendance at fair housing events increases. | ECD, THDA | Ongoing | THDA: No cost<br>ECD: $4,000 |
| | 3.1b – Explore providing state-wide fair housing trainings or forums with local government officials, housing stakeholders and citizens, that focus on fair housing law, affirmatively furthering fair housing, impediments to fair housing in Tennessee and local actions to overcome impediments. | 3.1b – Meet with West Tennessee Legal Services and Tennessee Fair Housing Council to conduct portions of training for local government officials, make decision to proceed with state-wide fair housing trainings or forums. Encourage attendance by grantees at Fair Housing Matters Conference and West TN Housing Conference. | ECD, THDA, DOH | Ongoing | ECD: $400 |

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| | 3.1c - Present AI findings at Governor's Housing Summit, which is attended by housing stakeholders, citizens and local government officials. | 3.1c – Findings are presented. | ECD, THDA | Completed October 2013 | THDA: $1,000<br>ECD: No cost |
| | 3.1d – Explore partnership with the University of Tennessee's Municipal Technical Advisory Service (MTAS) and County Technical Assistance Service (CTAS), the Tennessee Advisory Commission on Intergovernmental Relations and Tennessee's Development Districts to determine best way to reach local governments and present fair housing training. | 3.1d – Partnerships established and plan for training developed. | ECD, THDA | FY 2014-15 | THDA: $1,012<br>ECD: $800 |
| | 3.1e – Develop a list of recommended Fair Housing activities for CDBG and HOME subrecipients that encourages increased understanding of role in AFFH for local government and other stakeholders in the community. Continue compliance monitoring and increase reporting on fair housing activities, including amount spent on the activities in local communities. | 3.1e – List of activities distributed to subrecipients and changes made to monitoring checklist that ensure data is captured. | ECD, THDA | FY 2014-15 | THDA: $536<br>ECD: $800 |
| | 3.1f – Encourage training of local elected officials as a CDBG Fair Housing Activity. | 3.1f – Training conducted by at least two development districts for local elected officials who are CDBG grantees. Provide training materials for the workshops. | ECD | FY 2014-15 | $1,000 |
| **4. Lack of uniformity of codes and land use policies**<br><br>*Action 4.1* – Create examples of codes and land use policies that are in the spirit of AFFH<br>*Objective 4.1* – Present examples to all prospective grantees | 4.1a – Explore opportunities to work with fair housing partners, including West Tennessee Legal Services and the Tennessee Fair Housing Council, and local/county government associations to develop examples of codes and land use policies to provide to local governments and subrecipients. | 4.1a – Partnership established and examples of codes and land use policies created. | ECD, THDA | Ongoing | THDA: $1,012<br>ECD: $800 |
| | 4.1b – Explore partnership with the University of Tennessee's Municipal Technical Advisory Service (MTAS) and | 4.1b – Establish partnership and determine best method for information delivery. | ECD, THDA | FY 2014-15 | THDA: $1,012<br>ECD: |

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| *Action 4.2* – Educate local government staff about fair housing regulations and the statewide commitment to AFFH<br>*Objective 4.2* – Increase number of education activities conducted<br><br>*Action 4.3* – Increase monitoring and enforcement of policies that affirmatively further fair housing choice<br>*Objective 4.3* – Increase number of monitoring and enforcement activities conducted<br><br>*Priority: Medium* | County Technical Assistance Service (CTAS), the Tennessee Advisory Commission on Intergovernmental Relations and Tennessee's Development Districts to determine best way to reach local governments and present examples of codes and land use policies. | | | | $800 |
| | 4.1c – After development of templates, present to grantees and local governments within jurisdiction. | 4.1c – Deliver materials to grantees, as well as local governments within the state's jurisdictions. | ECD, THDA | FY 2014-15 | THDA: $536<br>ECD: $400 |
| | 4.2a – Continue to educate local government staff and subrecipients by contracting with the Tennessee Fair Housing Council or other fair housing education providers to conduct fair housing training at grantee workshops, with an emphasis on duty to affirmatively further fair housing, raising citizen awareness of fair housing law, discrimination in rental, ramifications of a failure to make reasonable accommodation, codes, zoning and other priority areas. Continue to publish ECD notices and promote participation at fair housing events and trainings. | 4.2a – Grantees trained in fair housing at grantee workshops, ECD notices regarding fair housing increased, and attendance at fair housing events increases. | ECD, THDA | Ongoing | THDA: No cost<br>ECD: $4,000 |
| | 4.2b – Explore providing state-wide fair housing trainings or forums with local government officials, housing stakeholders and citizens, that focus on fair housing law, affirmatively furthering fair housing, impediments to fair housing in Tennessee and local actions to overcome impediments. | 4.2b – Meet with West Tennessee Legal Services and Tennessee Fair Housing Council to conduct portions of training for local government officials, make decision to proceed with state-wide fair housing trainings or forums. Encourage attendance by grantees at Fair Housing Matters Conference and West TN Fair Housing Conference. | ECD, THDA | Ongoing | ECD: $400 |
| | 4.2c - Present AI findings at Governor's Housing Summit, which is attended by housing stakeholders, citizens and local government officials. | 4.2c – Findings are presented. | ECD, THDA | Completed October 2013 | THDA: $1,000<br>ECD: No cost |

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| | 4.3a – Continue to monitor grant programs for compliance with fair housing and equal opportunity, utilizing fair housing and equal opportunity checklists. | 4.3a – Programs are monitored for activity and compliance consistent with information required in checklists. | ECD, THDA | Ongoing | THDA: $316<br>ECD: $250<br>DOH: $125 |

# **APPENDIX L:**

## CITIZEN PARTICIPATION

## EFFORTS

STATE OF TENNESSEE

FY 2014-15 ANNUAL ACTION PLAN