



U. S. Department of Housing and Urban Development

Knoxville Field Office, Region IV
John J. Duncan Federal Building
710 Locust Street, Suite 300
Knoxville, Tennessee 37902-2526

January 20, 2022

D Ralph M. Perrey, Executive Director
Tennessee Housing Development Agency
Andrew Jackson Building, Third Floor
502 Deaderick Street
Nashville, TN 37243

Dear Mr. Perrey:

SUBJECT: Annual Performance Assessment Letter and Report
State of Tennessee, Program Year 2020: July 1, 2020 – June 30, 2021

The Office of Community Planning and Development (CPD) is required to assess the performance of each of its grant recipients at least annually. The review is the result of an ongoing process that assesses the quality of a grantee's performance over a period of time involving continuous communication and evaluation. As the lead agency for the [name of grantee]'s Consolidated Planning Programs, this assessment letter and report are being transmitted to your Office.

In conducting this assessment pursuant to Section 91.525, this Office assessed whether the State of Tennessee's management of its program funds is in compliance with the U. S. Department of Housing and Urban Development's (HUD) approved consolidated plan and its regulations. The scope of this analysis includes a review of the Consolidated Annual Performance and Evaluation Report (CAPER) for the past program year, as well as information obtained through CPD's program and fiscal compliance reviews, including monitoring and audits. Also, this Office assessed whether progress has been made towards the regulatory goals identified in Section 91.1 of the consolidated plan regulations. In addition, the assessment included a review of your jurisdiction's efforts to ensure that housing assisted under our programs is in compliance with contractual agreements and requirements of law. During this assessment, progress under the Consolidated Planning Programs was reviewed, along with any open Neighborhood Stabilization Program, CARES Act funding (CDBG-CV, ESG-CV, HOPWA-CV), Community Development Block Grant – Disaster Recovery, and Continuum of Care grants awarded in jurisdiction. In addition, any CPD -administered grants and initiatives were also reviewed. The CAPER was shared with the Knoxville Field Director's Office and the other HUD program offices for review and comments. No comments were received. The CAPER was found acceptable and approved.

In addition to meeting the mandates of the statutes, the Office of Community Planning and Development (CPD), in consultation with the Offices of Public Housing, Multifamily Housing, Single Family Housing, Chief Counsel, Fair Housing and Equal Opportunity and the Field Office

Director, completed this assessment, which provides a basis for the State and HUD to work together collaboratively in achieving housing and community development goals.

We congratulate the [name of grantee] and the lead agency for the Consolidated Planning Programs, the Tennessee Housing Development Agency, on the accomplishments toward implementing programs and policies, which carried out the strategies, as outlined in the 2020 Consolidated Plan. The submitted CAPER covered the period of July 1, 2020, through June 30, 2021. Using the "e ConPlanning Suite," the Program Year 2021 Consolidated Annual Action Plan was submitted and approved by this Office.

During the 2020 Program Year, the State implemented many worthwhile activities and programs and expended funds in a timely manner. Based on the risk analysis review conducted by CPD, the State was monitored during the Program Year. Because of the coronavirus many local governments were and continue to operate under extenuating circumstances and may need additional time for certain administrative requirements. HUD suspended all corrective actions, sanctions, and informal consultations for CDBG timeliness effective January 21, 2020. As previously advised, this suspension did not eliminate the timely expenditure requirements set forth in 24 CFR 570.902 (entitlements), it just suspended corrective actions, sanctions, and informal consultations for CDBG timeliness violations. On September 30, 2021, the corrective action suspension for violations of the CDBG timeliness standard ended. HUD published a memorandum on October 21, 2021, that provided explanatory background and a temporary change in process for the application of corrective actions for untimely expenditure in the CDBG Entitlement Program. HUD's goal, through the implementation of this process, is to address the expenditure challenges that many grantees are facing right now and to lessen the administrative burdens on HUD personnel in Headquarters and the Field. A copy of this memorandum has been enclosed with this letter.

On September 27, 2021, a HOME waiver memorandum was issued with an effective date of September 30, 2021, that revised or extended HOME program waivers issued through previous memorandums. A summary of the revisions and extensions included in the memorandum as well as the statutory suspensions and waivers not extended through this memorandum. Those statutory suspensions and waivers expired September 30, 2021. A copy of this memo is available at https://www.hud.gov/sites/dfiles/CPD/documents/HOME_General_Suspension_and_Waivers_Ext_20210921.pdf.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27th, 2020. This over \$2 trillion economic relief package provides protection to the American people from the public health and economic impacts of the coronavirus (COVID-19) pandemic. In response COVID-19, HUD has approved new funding through the CARES Act in addition to many waivers and resources to help communities respond to the ongoing health crisis. For the most recent information, please visit HUD's website at <https://www.hud.gov/coronavirus>.

The American Rescue Plan (ARP) provided \$5 billion to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing

housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. These grant funds have been awarded and will be administered through HUD's HOME Program. The 651 State and local Participating Jurisdictions (PJs) that qualified for an annual HOME Program allocation for FY 2021 are eligible to receive HOME-ARP grants. These grants funds can be used for four eligible activities: 1. production or preservation of affordable housing; 2. Tenant-Based Rental Assistance (TBRA); 3. supportive services, homeless prevention services, and housing counseling; and 4. purchase and development of non-congregate shelter. For additional information on HOME-ARP, including submission requirements, please visit the following link: <https://www.hudexchange.info/resource/6480/home-arp-implementation-notice-fact-sheets/>.

Also, I would like to inform you about the HUD Exchange. The HUD Exchange is an online platform for providing program information, guidance, services, and tools to HUD's community partners, including state and local governments, nonprofit organizations, Continuums of Care (CoCs), Public Housing Authorities (PHAs), tribes, and partners of these organizations. Please if you haven't already, sign up to receive email updates on HUD policy guidance, training opportunities, resources, critical deadlines, program support, and more. The address for the HUD Exchange is <https://www.hudexchange.info>.

In October 2021, the Emergency Solutions Grants – CARES Act (ESG-CV) Expense Tools were published on the HUD Exchange to help communities monitor and track their supplemental allocation of ESG-CV program funding to respond to COVID-19 and mitigate its impacts. These tools detailed below along with the guidance provided on the HUD Exchange should assist with the administration of ESG-CV grant funds as well as meeting both the 80 percent expenditure deadline, March 31, 2022, and the 100 percent expenditure deadline on September 30, 2022.

- **ESG-CV Subrecipient Expense and Voucher Tracker:** Assists with subrecipient tracking, categorizing, and reporting of all ESG-CV expenses in the vouchering process. It comes in both a monthly and quarterly version to accommodate different recipient and subrecipient billing cycles.
 - [Monthly Version](#) (XLSX)
 - [Quarterly Version](#) (XLSX)
- **[ESG-CV Recipient Disbursement Ledger Tool](#)** (XLSX): Assists with recipient organizing of ESG-CV disbursement and expense data and can be useful for recipient expense reporting and expenditure progress tracking. It is structured to work in tandem with the Subrecipient Expense and Voucher Tool.

In the review of the CAPER, the information entered in Integrated Disbursement Information System (IDIS), HUD Program Offices comments, and CPD staff discussions/knowledge of the jurisdiction's activities during the 2020 Program Year, the State is recognized for a number of noteworthy accomplishments including the following:

1. Low- and Moderate-Income (LMI) Benefit. The CAPER indicated that 98.75 percent of

the CDBG funds expended during the reporting period benefited LMI persons either through direct benefit activities or activities benefiting low/mod areas.

2. **Affordable Housing Initiatives.** During the Program Year, 2,131 units of rental housing and 185 homeowner units were constructed providing housing opportunities for low-and-moderate-income persons. Four hundred eighty-four homeowner units and 359 units of rental housing were rehabilitated. Tenant-based rental assistance was provided to 35,007 persons across the State.
3. **Assistance to the homeless.** To help homeless persons make the transition to permanent housing and independent living, ESG grantees provided financial assistance for moving costs, security deposits for rental and utilities to 477 extremely low-income persons. Overnight shelter and homeless prevention services were provided to 2,981 persons.
4. **Housing and Services to Persons with HIV/AIDS.** The HOPWA Program is utilized to serve this population. The review of the HOPWA CAPER indicates that funding was distributed to six non-profit agencies across the State. In addition, 1,028 households were provided housing assistance through: short-term rent, mortgage and utility payments (STRMU), Tenant Based Rental Assistance, Transitional Short-term Facilities (Hotel/Motel Vouchers), Permanent Housing Placement, and Supportive Services.

Based on this analysis, this Office has determined that State of Tennessee's overall progress is acceptable. The activities undertaken are consistent with the HUD-approved Consolidated Plan. The State has the continuing capacity to administer the Consolidated Planning programs. As the State goes forward with its housing and community development activities, it is encouraged to pay close attention to the following:

1. **Timely Reporting in IDIS.** Frequent reporting in IDIS is crucial to providing the most accurate data on how funds are being used. Although the quarterly entering of data into IDIS is recommended, more frequent reporting is preferred.
2. **Keeping Grantee User IDIS Accounts Active.** Grantee user IDIS on-line password expires every 90 days; so to ensure access users are advised to use IDIS at least twice a month. Users who do not use IDIS within a 90-day period will find their accounts are de-activated. If a user ID has been de-activated, the user will not be able to access IDIS. Grantee users who wish to renew a lapsed ID must re-submit an IDIS Access Request Form to Knoxville CPD.
3. **Grant Based Accounting.** HUD has updated IDIS to phase out the first-in-first-out (FIFO) accounting methodology. These changes to IDIS ensure that funds are both committed and disbursed in IDIS on a grant-specific basis, instead of using the FIFO (oldest money disbursed first) method that has been used for the CDBG, HOME, and HOPWA Programs to date. Grant funds are already committed and disbursed in IDIS on a grant-specific basis for the ESG Program. For the other formula programs, the initial changes in IDIS implement grant-specific accounting beginning with FY 2015 formula allocations. With these changes, IDIS will specifically tie activity funding/commitment and draws to the

specific grants in IDIS. Funds from pre-2015 grants will continue to be committed and disbursed using the FIFO method.


4. Commitments and Expenditures. Just a reminder that overcommitting funds to an activity may result in not meeting expenditures and timeliness requirements. Please pay close attention to committing and obligating funds for activities. Once a decision is made that excess funds have been allocated, please consider allocating the funds for other essential activities which can assist your jurisdiction in expending the funds in a timely manner to meet expenditure and timeliness deadlines. Also, pay close attention to whether a substantial amendment may be required.
5. Technical Assistance Requests. Technical assistance is available for grantees to implement, operate, or administer CPD-funded programs. To make the TA request contact Knoxville CPD or go to the below website:

<https://www.hudexchange.info/program-support/technical-assistance/Implementation>

In accordance with 24 CFR Section 91.525, if you have comments regarding this letter and enclosed report, please submit them to this Office within 30 days of receipt of this letter. HUD may revise the report after considering your response. If we do not receive comments within the 30-day time period, this report will be considered final and can be made available to the public.

May we take this opportunity to remind you that the Minority Business Enterprise (MBE) Report is due each year within 10 days of September 30th. That information should be submitted to this Office. Also, as a reminder, IDIS has been updated to allow for Section 3 reporting. For additional information pertaining to these updates, please go to this link: [IDIS: Integrated Disbursement and Information System - HUD Exchange](#).

We continue to appreciate the positive working relationship that you and your staff maintain with this CPD Office. We look forward to continuing to support your jurisdiction's efforts meeting the goals in the Consolidated Plan, including assisting your residents with housing and other community development needs. If you have any questions with respect to the enclosed comments or need technical assistance, please do not hesitate to contact Calvin Whitaker, Senior CPD Representative at (865) 474- 8226 or me at (865) 474-8221.

Very sincerely yours,

 Erik Hoglund, Director
 Office of Community Planning
 and Development

Enclosure

cc

Honorable Bill Lee, Governor
 Mr. Don Watt, THDA
 Ms. Cynthia Peraza, THDA
 Commissioner Bob Rolfe, ECD

Mr. Kent Archer, ECD
 Ms. Brooxie Carlton, ECD
 John Copeland, TDH
 Commissioner Lisa Piercey, TDH