



**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

February 14, 2023

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

Dear Mr. Perrey:

**SUBJECT: 2021 Annual Community Assessment (ACA)  
State of Tennessee**

The Knoxville Office of Community Planning and Development (CPD) wants to thank you and your staff for all you are doing to serve the CPD program needs of your communities during these unprecedented times.

The provisions of the Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require the annual submission of performance reports by grant recipients receiving federal assistance through programs covered under these Acts. Additionally, these Acts require that a determination be made by the Secretary of the U.S. Department of Housing and Urban Development (HUD) that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received.

The Consolidated Plan regulations at 24 CFR 91.525 require HUD to evaluate and report to the public on a community's overall progress in the management of its program funds, compliance with the Consolidated Plan, the accuracy of performance reports, and the extent to which progress has been achieved toward the statutory goals identified in Section 91.1. This letter serves to apprise you of our assessment of the State of Tennessee's overall progress.

In making our evaluation, we relied primarily upon the State's Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2021. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA), Emergency Solutions Grants (ESG), Housing Trust Fund (HTF), Recovery Housing Program (RHP), CARES Act and ARP Act programs. This letter is a summary of our review of the State's overall performance.

The State's CAPER and the individual grant year reports were received on December 20, 2022. The reports covered Tennessee's July 1, 2021, to June 30, 2022, program year. The State's Integrated Disbursement and Information System (IDIS) reports were also reviewed for the same time period. Our review of both housing and non-housing projects identified in these reports indicates that the highest priority community development needs in the State's Consolidated Plan are being addressed. 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 has been marked as reviewed and approved in IDIS.

**CDBG:** The State continues to make progress in distributing grant funds for the program year to its grantees in a timely manner.

The CDBG timeliness standard at 24 CFR 570.494 requires that all of a grantee's annual grant, excluding State administration, must be obligated and announced to units of local government within 15 months of the State signing the grant agreement with HUD. In 2021, 95.25 percent of the State's CDBG expenditures were budgeted for activities that benefited low and moderate-income persons, exceeding the 70 percent minimum program requirement. Public service expenditures were at .05 percent, which is below the statutory limit of 15 percent. Please ensure that no more than the statutory maximum of 15 percent is allocated for these activities. Administrative and planning spending was 2.29 percent, which is below the 20 percent cap.

Based on a preliminary analysis of IDIS reports available to our office, the State enters data and reports on CDBG accomplishments in this system. Please continue to record project descriptions, matrix codes, expenditures, and proposed and actual accomplishments in IDIS on a timely basis.

**CDBG-CV:** The State executed its CDBG-CV grant agreement on September 17, 2020. CDBG-CV grantees must expend 80 percent of the funds within three years and 100 percent within six years. Per the PR26 Activity Summary generated on January 10, 2023, the State has an expenditure rate of .15 percent. Planning and administration expenditures were at .15 percent, which is less than the statutory maximum of 20 percent for these activities.

**HOME Program:** The HOME Program regulations at 24 CFR 92.300 require at least 15 percent of the HOME allocation be set-aside for Community Housing Development Organizations (CHDOs). A PR27 Status of HOME Grants report generated January 6, 2023, shows the grantee's CHDO requirement for its FY2021 HOME grant is \$2,155,117.65 with 22.20 percent distributed. The Consolidated Appropriations Act of 2019 suspended the 24-month CHDO *commitment* requirement and continued the suspension of the 24-month commitment requirement for regular HOME funds. Both deadline requirements are suspended through December 31, 2023.

Please also ensure that complete information for each HOME project is entered in the system within 120 days of making the final draw. This is required in the HOME regulations at 24 CFR 91.502(d). Complete and accurate information on the results and benefits of your programs is essential in order to measure performance in meeting the needs of low- and moderate-income citizens.

**HOME-ARP:** On March 11, 2021, the American Rescue Plan Act of 2021 (P.L. 117-2) was signed into law. Section 3205 of the ARP Act authorized funding for the HOME-ARP program. Per CPD Notice 21-10, recipients of HOME-ARP funds were required to develop an allocation plan as an amendment to its 2021 Annual Action Plan.

This Office received the State's allocation plan on October 11, 2022, and approved it on November 29, 2022. As of January 6, 2023, the State's administrative and planning expenditures were .11 percent, which is below the allowable limit of 15 percent. The period of performance for HOME-ARP grants ends on September 30, 2030.

**ESG:** The State is on track to meet the requirement at 24 CFR § 576.203(b) which requires that ESG grants be expended in full within 24 months. According to a PR91 Financial Summary report generated on January 9, 2023, the grantee's 2020 ESG grant is 100 percent drawn and must have 100 percent drawn by September 30, 2022. The grantee's 2021 ESG grant is 100 percent drawn and must be 100 percent drawn by August 18, 2023.

**ESG-CV:** According to the CPD Notice 22-06, 50 percent of all ESG-CV (Rounds 1 and 2) must be expended by June 16, 2022, and 100 percent by September 30, 2023. According to a PR91 Financial Summary report generated on February 2, 2023, the grantee has drawn 91.10 percent of its 2020 ESG grant. For recipients of reallocated funding, the expenditure deadline is June 30, 2024.

**HOPWA:** The grantee is on track to meet the requirements at 24 CFR § 574 and has included its approved HOPWA CAPER in the IDIS system. Per each executed grant agreement, the period of performance begins on the date that the grant agreement is executed and ends three years thereafter.

**HOPWA-CV:** According to the CARES Act, 100 percent of all HOPWA-CV funds awarded to grantees must be expended in full within three years of the date the executed grant agreement was signed. According to a LOCCS report generated on January 6, 2023, the grantee's HOPWA-CV grant is 95.86 percent drawn.

**HTF:** According to a PR108 Financial Summary report generated on January 10, 2023, the State's 2017 HTF grant is zero percent drawn and must be 100 percent drawn by September 15, 2026. The State has a plan to meet the requirement that HTF grants be expended in full within five years and that grants be fully committed in two years. The State's 2020 HTF grant is 51.04 percent committed and must be 100 percent committed by September 15, 2023.

**RHP:** As of January 6, 2023, the State has expended zero percent of its FY20 RHP grant. The State has a plan in place to meet the FY20 RHP requirement that 100 percent of grant funds be expended by September 1, 2027. Additionally, the State must expend 30 percent of grant dollars from the date funds became available for obligation. As of January 6, 2023, the State has expended zero percent of its RHP funds and has until February 17, 2023, to meet the first-year 30 percent expenditure deadline.

HUD acknowledges the State's programmatic accomplishments during the program year. Based on our review we have concluded that the State has the capacity to carry out its CPD programs and has met its reporting requirements.

The State also included in its CAPER its efforts to affirmatively further fair housing and identify impediments to fair housing. The State has funded programs that affirmatively further fair housing, as well as reviewing zoning ordinance revisions and amendments for potential conflicts with the Fair Housing Act. We commend you for these efforts.

Program Participants are reminded that the legal obligation to affirmatively further fair housing remains in effect under the Fair Housing Act, Title VI of the Civil Rights Act, Section 109 of the Housing and Community Development Act, and other civil rights related authorities. Please be aware that a jurisdiction could be subject to a compliance review to determine whether, as a recipient of HUD funds, it is in compliance with applicable civil rights laws and their implementing regulations if its certification to affirmatively further fair housing is in question. The Office of Fair Housing and Equal Opportunity (FHEO) initiates most compliance reviews based on risk analyses, issues raised during a limited monitoring review, or when a civil rights problem is detected through HUD program monitoring. FHEO is available to provide technical assistance regarding affirmatively furthering fair housing upon your request.

We ask that you review our assessment of your performance and provide any comments that you may have within 35 days of the date of this letter. Upon receipt, we will evaluate your comments and make any revisions that are deemed appropriate. If you do not have any comments, we request that you formally notify us of that fact within the 35-day timeframe. Where no comments are received within the designated timeframe, our initial letter will serve as our final assessment of the State's performance for this program year. To facilitate and expedite citizen access to our performance letter, we request that you inform the general public and interested citizen organizations and non-profit entities of its availability. If for any reason, the State chooses not to do so, please be advised that our office is obligated to make the letter available to the public. We appreciate your cooperation in this matter.

We look forward to continuing to work with you and members of your staff to accomplish Departmental goals and mutual objectives to develop viable communities. We would also be pleased to provide you with any information on resources that may be available to your community.

If you need assistance, or if you have any questions concerning the content of this letter please contact Calvin Whitaker, Senior CPD Representative, at (865) 474-8226, or by email at [calvin.r.whitaker@hud.gov](mailto:calvin.r.whitaker@hud.gov). Our telephone text (TTY) number for the hearing impaired is (866) 503-0264.

Sincerely,



Erik D. Hoglund, Director  
Office of CPD, Knoxville

cc:

The Honorable Bill Lee, Governor  
Mr. Don Watt, THDA  
Mr. Kent Archer, ECD

Mr. Stuart McWhorter, ECD  
Ms. Brooxie Carlton, ECD