

STATE OF TENNESSEE  
FISCAL YEAR 2016-17 ANNUAL ACTION PLAN  
FOR HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS



TENNESSEE HOUSING DEVELOPMENT AGENCY  
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT  
TENNESSEE DEPARTMENT OF HEALTH

# Executive Summary

## AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

### 1. Introduction

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 the funding of HUD's five formula grant programs: Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), National Housing Trust Fund (NHTF), and Housing Opportunities for Persons Living with AIDS (HOPWA) Program. The Fiscal Year (FY) 2016-17 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, 2016 through June 30, 2017.

The names of the grant programs, the administering state agencies, and the allocations for FY 2016-17 are as follows:

- National Housing Trust Fund (NHTF) administered by Tennessee Housing Development Agency (THDA), allocation: \$3,000,000  
Community Development Block Grant (CDBG) administered by the Tennessee Department of Economic and Community Development (ECD), allocation: \$28,837,616
- HOME Investment Partnerships Program (HOME) administered by Tennessee Housing Development Agency (THDA), allocation: \$9,582,308
- Emergency Solutions Grant (ESG) administered by Tennessee Housing Development Agency (THDA), allocation: \$2,932,401
- Housing Opportunities for Persons with AIDS (HOPWA) Program administered by the Tennessee Department of Health (DOH), allocation: \$963,180

The Annual Action Plan describes the amounts and source of the five formula grant funds expected to be made available during FY 2016-17 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 Tennessee Housing Trust Fund, the Community Investment Tax Credit (CITC) Program, and the Homeownership Programs.

#### CDBG Substantial Amendment

The CDBG program currently has unexpended funds in the amount of \$18,000,000. The proposed uses are the subject of this substantial amendment. A detailed explanation of each proposed use of these funds is located in AP-25 Allocation Priorities and AP-30 Methods of Distribution. See the following items and pages for more information:

1. Asset-based Planning – pg 48
4. CDBG Workforce Development – pg 60
7. Gatlinburg Wildfire Recovery – pg 73
11. LiftTN: Microenterprise – pg 88
13. Project 95 – pg 97
14. Retail Academy – pg 100
15. Southwest Haywood County Emergency Medical Services Facility – pg 104
15. Stanton Wastewater Improvement – pg 107

## **2. Summarize the objectives and outcomes identified in the Plan**

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Also contained in the FY 2016-17 Annual Action Plan are the specific goals the administering agencies, known collectively as the Consolidated Planning Partners, hope to address in the coming year, as they relate to the five-year Consolidated Plan, and the goal outcome indicators by which the administering agencies will measure performance. The specific goals of the 2015-19 Consolidated Plan are:

1. Create and maintain affordable rental and homeownership stock with the construction of new affordable housing, rehabilitate existing affordable housing, provide down-payment assistance, and provide tenant-based rental assistance to eligible populations.
2. Support homeless facilities to ensure they can continue to meet the needs of Tennessee's homeless population and provide resources to support those who are homeless or at risk of homelessness.
3. Provide resources to preserve affordable housing options for those persons with HIV/AIDS.
4. Provide resources to cities and communities to update and repair water and sewer systems. Also, create the base of infrastructure that will provide for a high quality of life for individuals, productive capacity for communities, and that will support economic development.
5. Provide communities with resources to revitalize public and community infrastructure and assets to improve the livability of communities.
6. Provide resources to cities and communities to support job creation, job training, and other job related opportunities.
7. Deliver community development programs in a manner that provides maximum assistance not only to economically disadvantaged individuals, but also to economically disadvantaged or low-to moderate-income areas of the state.
8. Affirmatively further fair housing by providing training and technical assistance to communities, organizations, realtors, lenders, and other stakeholders. Also provide fair housing counseling, outreach, and education to households, organizations, realtors, lenders, and other stakeholders.

For each of the eight goals, action steps were developed in the five-year Consolidated Plan, designed to address these goals. The action steps and the ways in which each of the programs propose to address the goals are also discussed. The Consolidated Planning Partners have developed planning documents, included in the appendix of the Annual Action Plan, to better link HUD's grant objectives to the State of Tennessee's objectives, action steps, activities, and performance measures.

### **3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The state is currently implementing the FY 2015-16 Annual Action Plan. Accomplishments for the FY 2015-16 Annual Action Plan will be reported in the FY 2015-16 *Consolidated Annual Performance and Evaluation Report (CAPER)* in September 2016. The FY 2014-15 CAPER reflects the performance and accomplishments with FY 2014-15 program funding. The CDBG, HOME, ESG, and HOPWA programs received a combined allocation of \$38,930,585. Accomplishments during FY 2014-15 include:

- HOPWA – The Tennessee Department of Health (DOH) awarded \$910,900 to the seven project sponsors across the state that directly administer the program. HOPWA funds are used to provide assistance in the following five categories: housing information services, housing assistance (short-term rent, mortgage, and utility payment program); supportive services; permanent housing placement; and ongoing housing assessment plans. The HOPWA program reported activity for 441 individuals with HIV/AIDS and 306 affected family members as beneficiaries of HOPWA services.
- CDBG – A total of 82 contracts were awarded to city governments, county governments, and other subrecipients totaling \$29,369,086 through the CDBG program. This amount included the FY 2014-15 award amount plus additional funds that were recaptured, unspent funds from completed projects from previous years. A total of 181,245 low- and moderate-income (LMI) persons were assisted.
- HOME – In total, THDA distributed \$16,683,138 in program funds during FY 2014-15. This included \$14,282,052 in funds from Program Years 2012 and 2013 in the Urban and Rural rounds. THDA also distributed \$969,914 of 2012 Supportive Housing program funds and \$1,431,172 of 2013 Community Housing Development Organization (CHDO) program funds. A total of 452 housing units were assisted with HOME dollars, funded by previous allocations but completed during the FY2014-15. Of those 452 housing units, 57 households considered very low-income.
- ESG – A total of \$3,362,892 was made available for the ESG program through a combination of FY 2013 and FY 2014 funding. A total of 47 contracts were awarded during this reporting period. The 2013 ESG funding round awarded the first \$100,000 of ESG funds to seven Mental Health Regional Housing Coordinators who provide homeless assistance programs for the mentally disabled. During this reporting period, 52 percent of the remaining 2013 funds were awarded to

11 entitlement cities in a formula-based allocation. The remaining 48 percent was awarded on a competitive basis to non-profits throughout the state. During this reporting period, \$2,226,946 was awarded for street outreach, the operation and maintenance of homeless shelters, essential services, homeless prevention, rapid re-housing, data collection, and administrative costs. The 2014 ESG funding round awarded the first \$100,000 of ESG funding to two non-profit agencies who provide services to homeless youth. The City of Knoxville was ineligible to continue as a participating jurisdiction under ESG and therefore received a special set-aside allocation of \$130,308. The remaining funds were placed in a special competitive application round in the fall of 2014. Eleven applicants were funded for a total of \$823,591. The remaining 2014 ESG funding was awarded during the 2015 ESG funding round. Total ESG funding during the reporting period assisted 15,354 low-, very low-, and extremely low-income persons. Nearly 80 percent of the total beneficiaries served with ESG funds were extremely low-income persons.

#### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

Public input was solicited during the public comment period of April 1st through May 1st, 2016. The State of Tennessee solicited citizen participation through the use of email invitations, newsletters, and postings to state websites, development district websites, and social media accounts (Facebook and Twitter). Public notices were translated into Spanish, Arabic, Somali, Badini, and Sorani. Additional accommodations such as translation services into other languages or interpreter services for persons with disabilities were available upon request. Public notices informing communities of the public comment period were also published in the following newspapers:

- Chattanooga Times Free Press – Chattanooga
- The Commercial Appeal – Memphis
- The Daily Herald – Columbia
- El Crucero de Tennessee – Nashville
- Herald-Citizen – Cookeville
- The Jackson Sun – Jackson
- Johnson City Press- Johnson City
- Knoxville News Sentinel – Knoxville
- La Campana – Franklin
- La Presnsa Latina – Memphis
- The Leaf Chronicle – Clarksville
- State Gazette – Dyersburg
- The Tennessean – Nashville

NHTF: In preparation for the NHTF, THDA conducted an online survey from February 4-18, 2016. The survey was completed by 479 respondents and guided the development of the NHTF in Tennessee. THDA also held a public comment period from June 6th to July 6th, 2016 and marketed the public comment period and hearings through English and Spanish language newspaper publications spread across the state, social media, email correspondences, and via state and development district websites. During the public comment period, there were three public hearings, one in each grand division of the state, to collect feedback on the NHTF plans and priorities. Accommodations such as translation services or interpreter services for persons with disabilities were available upon request.

CDBG Minor Amendment: In preparation for the addition of \$3,572,350 in unexpended and recovered funds to the Action Plan, TNECD hosted three public meetings to receive comments from the public about the use of these funds. Additionally, preliminary comments were received regarding the plan to use an additional \$18.5 million of unexpended funds. In total, 126 individuals attended these hearings: 37 in Farragut, 42 in Nashville, and 47 in Jackson. These public hearings were advertised on the CDBG website and via email. Additionally, comments were received via email by the September 2, 2016 deadline to end public comments.

CDBG Substantial Amendment: TNECD took additional public participation steps for the remaining \$18.5 million of unexpended funds. Advertisements were published in the following newspapers requesting comments.

- Chattanooga Times Free Press – Chattanooga
- The Commercial Appeal – Memphis
- The Jackson Sun – Jackson
- Knoxville News Sentinel – Knoxville
- The Tennessean – Nashville
- Kingsport Times-News – Kingsport

The summary of proposed uses of funds was also posted on the TNECD CDBG website for 30 days, and emails were sent to all CDBG eligible grantees, engineers, administrators, and development districts to elicit comments. THDA also asked the nine development districts to post the link to comment on their respective websites and posted the notice on the state's Consolidated Planning website on [www.THDA.org](http://www.THDA.org).

## **5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

The State of Tennessee received four comments during the public comment period from April 1st to May 1st, 2016. The state received the comments electronically via a Survey Monkey form that which

was translated into Spanish, Arabic, Somali, Badini, and Sorani. The form was accessible through a link on the THDA, Department of Economic and Community Development, and Department of Health's websites. These comments are almost exclusively from residents experiencing housing hardship and are not in direct response to the four grant programs of the Consolidated Plan or this annual Action Plan. Most concerns focused on personal accounts of foreclosure issues, homelessness, and persons living with AIDS/HIV. There was one comment asking why the National Housing Trust Fund was not included in the first version of the Action Plan submitted to HUD. The State of Tennessee did not include the National Housing Trust Fund in the Action Plan until additional guidance was received from HUD. Through the substantial amendment process, this draft of the Action Plan now has the incorporation of the National Housing Trust Fund. One comment appears to be a mistype and did not actually express a comment for the State of Tennessee to consider. The State of Tennessee accepted all responses during the public comment period and addressed concerns applicable to the Annual Action Plan throughout the report. Specific comments and State of Tennessee responses are in the appendix of this report.

CDBG Minor Amendment Comments: The comments regarding the addition of funding to the Regular Round (\$3,572,350) were supportive. Most comments were based on some of the preliminary plans to expend the additional \$18.5 million in unexpended dollars. There was broad support of all of the recommended uses, particularly around the workforce development funding and the support to the Governor's Drive to 55 initiative. Some comments asked clarification about possible eligible uses of these funds and made suggestions that will be considered by ECD. There were some concerns that new program creation (with the funding that is not yet covered by this amendment) may be difficult to do in a short timeframe. One commenter supported the use of unexpended funds for the Stanton sewer system and the EMS center in Haywood County, but wanted all remained unexpended funds to be put to the Regular Round. A regional council of governments surveyed their local officials and found a lack of support for projects earmarked for areas outside of their jurisdiction as well as weak support for the community support for areas with hospital closures and an expansion of the LiftTN microenterprise program. Additionally there was some comment about earmarked counties being perhaps ineligible for the additional funding made available for the regular round expansion. The complete set of comments can be found in the appendix of this report.

CDBG Substantial Amendment Comments: Overall, there were 19 comments received. This is in addition to the comments that were received during outreach for the minor amendment mentioned above. The tone of the comments was generally positive with many questions about if the funds could be used for particular projects, notably if the funds were being used for new projects or projects that were not accepted under the regular round. Megacite related funding was also addressed. A list of comments with responses can be found in the appendix of this report.

## **6. Summary of comments or views not accepted and the reasons for not accepting them**

The State of Tennessee accepted all responses during the public comment period and addressed concerns applicable to the Annual Action Plan throughout the report. Specific comments and State of Tennessee responses are in the appendix of this report.

## **7. Summary**

Significant efforts were undertaken to obtain public input through postings to state websites, social media, newsletters, and newspaper advertisements. All objectives and goals within the plan address specific priority needs identified by extensive data and the public. The state continually obtains public input annually to ensure the plan is up to date and continues to address current community needs.



**PR-05 Lead & Responsible Agencies - 91.300(b)**

**1. Agency/entity responsible for preparing/administering the Consolidated Plan**

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role		Name	Department/Agency
CDBG Administrator	TENNESSEE	Department of Economic and Community Development	
HOPWA Administrator	TENNESSEE	Department of Health	
HOME Administrator	TENNESSEE	THDA, Community Programs	
ESG Administrator	TENNESSEE	THDA, Community Programs	

**Table 1 – Responsible Agencies**

**Narrative**

While the Tennessee Housing Development Agency has been designated as the lead agency for Tennessee’s Consolidated Planning requirements, all of the administering agencies of the five grant programs participate in the development of the Annual Action Plan and the implementation of their respective programs. The FY 2016-17 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.

**Consolidated Plan Public Contact Information**

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## **AP-10 Consultation - 91.110, 91.300(b); 91.315(l)**

### **1. Introduction**

The State of Tennessee consulted with several local and regional service providers, community organizations, government entities, public and private housing providers, Tennessee Continuum of Care agencies, and residents while developing this annual Action Plan. The consultation process primarily consisted of communication through state websites, social media, newspaper public notices, email correspondence with these stakeholders. Specifically for the email correspondence with stakeholders, the State of Tennessee included links to the draft Action Plan and sought feedback on specific program modifications, new initiatives, and the funding prioritizations of housing, community, and economic development programs.

These efforts are in addition to periodic consultation throughout the year and the recent public comment period of the state's substantial amendment of the 2015-2019 Consolidated Plan and Fy 2016-17 Annual Action Plan. The state also solicited comments and feedback during workshops and informational meetings related to the five formula grant programs under this Annual Action Plan.

#### **Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies**

All of the above mentioned outreach efforts included staff and representatives from governmental health, mental health, and service agencies. Most specifically, the Department of Health and Mental Health were instrumental in crafting our HIV/AIDS assessment and our lead-based poison prevention approach.

#### **Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness**

THDA administers Emergency Solutions Grant (ESG) contracts for the Tennessee Balance of State and Continuum of Care. Because service delivery structure and extent of homelessness differ regionally throughout Tennessee, THDA works with local continua continuously while administering the ESG Program.

THDA is a member of numerous consortia that assist low-income households and those who are homeless in Tennessee. THDA coordinates with these groups to help align services regionally. Specific to the Consolidated Plan and Action Plan, in 2015 THDA communicated with these groups through focus groups and presentations at local events to better understand the needs of the homeless population to include in the Consolidated Plan and Action Plan.

**Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

As previously mentioned, THDA administers ESG contracts for the Tennessee Balance of State and Continuum of Care (CoC) except in entitlement jurisdictions that receive their own allocation of ESG funds (Chattanooga, Memphis, and Nashville-Davidson County). THDA regularly attends CoC meetings and works closely with the CoC to administer the ESG program and address service gaps to homeless populations. THDA presented information on the Action Plan 15 times throughout the planning process of the Consolidated Plan and Action Plan in calendar year 2015 to service providers and other stakeholders that address homelessness and affordable housing needs. THDA requested feedback from the CoC during the public comment period for the reporting period of this Action Plan.

**2. Agencies, groups, organizations and others who participated in the process and consultations**

**Table 2 – Agencies, groups, organizations who participated**

1	<b>Agency/Group/Organization</b>	HABITAT FOR HUMANITY OF GREATER NASHVILLE
	<b>Agency/Group/Organization Type</b>	Services - Housing
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Through the Housing Needs Assessment / Survey and presentation
2	<b>Agency/Group/Organization</b>	TN Commission on Aging and Disability
	<b>Agency/Group/Organization Type</b>	Other government - State
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Non-Homeless Special Needs Market Analysis
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Through the Housing Needs Assessment / Survey and focus group
3	<b>Agency/Group/Organization</b>	TN Council on Developmental Disabilities
	<b>Agency/Group/Organization Type</b>	Other government - State
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Non-Homeless Special Needs Market Analysis
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Through the Housing Needs Assessment / Survey and focus group
4	<b>Agency/Group/Organization</b>	Tennessee Department of Mental Health and Substance Abuse Services
	<b>Agency/Group/Organization Type</b>	Other government - State

<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Market Analysis
<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Through the Housing Needs Assessment / Survey and focus group

**Identify any Agency Types not consulted and provide rationale for not consulting**

The State of Tennessee consulted with, or contacted to request comments and input, all relevant agencies.

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care		
Tennessee Labor Education Alignment Program (LEAP)	Tennessee State Legislature	The goals of improving the workforce and infrastructure within the state overlap with LEAP's goal to address ongoing problems with poor alignment among key stakeholders in the state's education and workforce development systems.

**Table 3 - Other local / regional / federal planning efforts**

**Narrative**

## **AP-12 Participation - 91.115, 91.300(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting**

The State of Tennessee solicited citizen participation through the use of email correspondence, postings to state and development district websites, and social media accounts (Facebook and Twitter). The state also published newspaper public notices to inform citizens of the public comment period for the Action Plan. Public notices informing citizens of the public comment period were published in the following newspapers:

- Chattanooga Times Free Press – Chattanooga
- The Commercial Appeal – Memphis
- The Daily Herald – Columbia
- El Crucero de Tennessee – Nashville
- Herald-Citizen – Cookeville
- The Jackson Sun – Jackson
- Johnson City Press – Johnson City
- Knoxville News Sentinel – Knoxville
- La Campana – Franklin
- La Prensa Latina – Memphis
- The Leaf-Chronicle – Clarksville
- State Gazette – Dyersburg
- The Tennessean - Nashville

Public input was solicited through these modes of communication during the Action Plan public comment period of April 1, 2016 until end of day May 1, 2016. THDA also created a space to submit comments and questions on the THDA website during the public comment period. This same process took place for the National Housing Trust Fund online survey from February 4th to February 18th, 2016 and the public comment period for the substantial amendment from June 6th to July 6th, 2016. During the public comment period for the substantial amendment, there were three public hearings, one in each grand division of the state, to collect feedback on the NHTF plans and priorities. Accommodations such as translation services or interpreter services for persons with disabilities were available upon request.



CDBG Minor Amendment: three public meetings were held about the additional funds to the Regular Round program as well as the new programs that may be funded with the balance of unexpended dollars. Public comments were also solicited by email and website announcement.

CDBG Substantial Amendment:

In addition to the three public meetings held about the additional funds to the Regular Round program as well as the new programs that may be funded with the balance of unexpended dollars, public comments were also solicited by email and website announcement. Advertisements were also run in the following newspapers:

- Chattanooga Times Free Press – Chattanooga
- The Commercial Appeal – Memphis
- The Jackson Sun – Jackson
- Knoxville News Sentinel – Knoxville
- The Tennessean – Nashville
- Kingsport Times-News - Kingsport

Overall, there were 19 comments received. The tone of the comments was generally positive with many questions about if the funds could be used for particular projects, notably if the funds were being used towards brand new projects or projects that were not accepted under the regular round. Megasite related funding was also addressed.

**Citizen Participation Outreach**

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in the Chattanooga Times Free Press twice.	No comments were received.	NA	
2	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in The Commercial Appeal in Memphis TN.	No comments were received.	NA	
3	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in The Daily Herald in Columbia TN.	No comments were received.	NA	
4	Newspaper Ad	Non-English Speaking - Specify other language: Spanish	Newspaper ad was published in El Crucero De Tennessee in Nashville	No comments were received.	NA	
5	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in Herald-Citizen in Cookeville TN.	No comments were received.	NA	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
6	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in The Jackson Sun in Jackson TN.	No comments were received.	NA	
7	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in Johnson City Press in Johnson City TN.	No comments were received.	NA	
8	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in Knoxville News Sentinel in Knoxville TN	No comments were received.	NA	
9	Newspaper Ad	Non-English Speaking - Specify other language: Spanish	Newspaper ad was published in La Campana in Franklin TN	No comments were received.	NA	
10	Newspaper Ad	Non-English Speaking - Specify other language: Spanish	Newspaper ad was published in La Prensa Latina in Memphis TN	No comments were received.	NA	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
11	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in The Leaf-Chronicle in Clarksville TN	No comments were received.	NA	
12	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in State Gazette in Dyersburg TN	No comments were received.	NA	
13	Newspaper Ad	Non-targeted/broad community	Newspaper ad was published in The Tennessean in Nashville TN.	No comments were received.	NA	
14	Internet Outreach	Non-targeted/broad community	Public notice published on State of Tennessee websites: THDA, DOH, ECD, TN.gov	4 comments were received and accepted. A full summary of the comments are included in the appendix of this Action Plan.	NA	<a href="https://thda.org/about-thda/public-notice-and-comment">https://thda.org/about-thda/public-notice-and-comment</a>
15	Internet Outreach	Non-targeted/broad community	Public notice published on Tennessee Development District websites	No comments were received.	NA	<a href="http://www.ucdd.org/housing---family-services.html">http://www.ucdd.org/housing---family-services.html</a>

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
16	Public Hearing	Non-targeted/broad community	6 people were in attendance of this public hearing in Alcoa TN	If comments were received from attendees of public hearings, they submitted them electronically through our website and is included in the appendix.	NA	
17	Public Hearing	Non-targeted/broad community	1 person was in attendance of this public hearing in Millington TN	If comments were received from attendees of public hearings, they submitted them electronically through our website and is included in the appendix.	NA	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
18	Public Hearing	Non-targeted/broad community	3 people were in attendance of this public hearing in Nashville TN	If comments were received from attendees of public hearings, they submitted them electronically through our website and is included in the appendix.	NA	
19	Internet Outreach	Non-targeted/broad community	Public notice published on State of Tennessee websites: THDA, DOH, ECD, TN.gov	4 comments were received and accepted for the National Housing Trust Fund substantial amendment. A full summary of the comments are included in the appendix of this Action Plan.	NA	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
20	Public Meeting	Non-targeted/broad community  local, county and regional governments	126 people attended the public hearings in three cities in August 2016.	Please see attached appendix for a description of comments received.	NA	
21	Internet Outreach	Non-targeted/broad community  local, county and regional governments	At least 20 comments were received (one in the form of survey responses from six elected officials) via email as a result of internet and email outreach.	Please see attached appendix for the complete set of comments.	NA	

**Table 4 – Citizen Participation Outreach**

## Expected Resources

### AP-15 Expected Resources – 91.320(c)(1,2)

#### Introduction

The following table summarizes the anticipated resources, broken down by program type, allocated by the State of Tennessee during year two



of the Consolidated Plan’s planning period (FY 2015-2019).

**Anticipated Resources**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	25,265,266	1,216,486	21,800,000	48,281,752	75,000,000	TNECD receives CDBG funds for the non-entitlement areas of the state. These funds and any program income or recovered funds are used primarily for public facility projects across the state. Minor and Substantial Amendments: The prior year resources included the unexpended funds that will be used for:- Public infrastructure- Public facilities- Workforce development- Microenterprise assistance- Planning activities- Funding additional 2016 applications

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	9,582,308	5,413	174,121	9,761,842	30,000,000	THDA receives HOME funds for the cities, counties and profits outside of local participating jurisdictions. The funds and any program income or recovered funds are used to promote the production, preservation and rehabilitation of single family housing for low-income households.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	963,180	0	0	963,180	3,000,000	TDOH receives HOPWA funds for housing activities that benefit low-income persons living with HIV/AIDS and their families.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,932,401	0	0	2,932,401	8,000,000	THDA receives ESG funds to provide the services necessary to help homeless persons or those at risk of being homeless quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Housing Trust Fund	public - federal	Multifamily rental new construction Multifamily rental rehab	3,000,000	0	0	3,000,000	9,000,000	The National Housing Trust Fund (NHTF) is a new affordable housing production program that will complement existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families.
LIHTC	public - federal	Acquisition Multifamily rental new construction Multifamily rental rehab	150,000,000	0	0	150,000,000	450,000,000	The LIHTC program allocates federal tax credits to developers of low income rental housing. Allocations are made on the front end for 10 years. The dollars reflected above are the 10-year values of the allocations to be made during the ConPlan period.

Other	public - federal	Acquisition Economic Development Homeowner rehab Housing Public Improvements Other	12,000,000	0	0	12,000,000	30,000,000	<p>Funding from 2008, 2010 and 2013 disasters were provided to TN, totaling \$137,234,407. TNECD plans to spend down all disaster funds that are currently allocated to the state during the period of the Con Plan. That is approximately \$13M in 13 CDBG-DR funds, \$30M in 2008-DR funds, and \$8M in 2010-DR funds. Some of the Round 1 Shelby County activities under the B-13-DS-47-0001 disaster grant were unable to meet the expenditure timeline set forth in the grant, leading to the recapturing of \$1,183,537 of funds. The funds were recaptured from the funds obligated to non-Shelby County grants. TNECD proposes to use CDBG program income funds under the "CDBG funds as Match" waiver to cover the recaptured amount and honor the obligations to these grantees. TNECD submitted an application for disaster recovery and resiliency funds during FY</p>
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Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
								2015. If those funds are awarded, they will be obligated and a portion of them will be expended during the period of the Con Plan. If any new disaster declarations result in an allocation, TNECD will attempt to obligate those funds as quickly as possible.
Other	public - federal	Other	450,000	0	0	450,000	1,350,000	Leveraged Ryan White funds.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - federal	Rental Assistance	196,000,000	0	0	196,000,000	628,000,000	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 2014, the Division had 395 contracts, representing 34,828 families, and monthly HAPs averaging approximately \$13.2 million per month. During FY 2015-16, it is anticipated that the number of contracts, number of units and amount of HAPs per month to be stable.



Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - state	Homebuyer assistance	550,000	0	0	550,000	1,050,000	THDA requires homebuyer education for one of our home loan programs and encourages it for everyone considering homeownership. The purpose of homebuyer education is not only to assist people with purchasing homes, but also to help them become successful homeowners. THDA provides approved local nonprofit organizations and UT Extension agents with materials to teach first-time homebuyer education classes and hosts certification training for homebuyer education providers.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - state	Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership Short term or transitional housing facilities Transitional housing	7,500,000	0	0	7,500,000	22,500,000	The Housing Trust Fund (HTF) funds five programs to address unmet housing needs in Tennessee. The Competitive Grants program targets rental housing needs across the state for low and very low income residents. Other programs address rural housing needs, housing modifications for persons with disabilities, home repair for the elderly and new home construction and purchase for low income Tennesseans.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - state	Other	4,000,000	0	0	4,000,000	12,000,000	CITC - Financial institutions may obtain a credit against the franchises' excise tax liability when qualified loans, investments, grants, or contributions are extended to eligible non-profit organizations, development districts, public housing authorities, or THDA for activities that create or preserve affordable housing, help low-income Tennesseans obtain affordable housing, or activities that help build the capacity of eligible non-profit organizations who provide housing opportunities for low income Tennesseans.

Table 5 - Expected Resources – Priority Table

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

HOME Investment Partnerships Program: For HOME, THDA will continue to provide the required federal match. Although no local match is required from applicants, THDA will count toward its marching requirement any nonfederal project funds that qualify as match under the HOME

rule. In the scoring matrix, any project that has leveraged funds will receive additional points.

Emergency Solutions Grant Program (ESG): The ESG program requires that grantees provide a dollar for dollar match for ESG funds. Each grantee must provide 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.

Housing Opportunities for Persons with AIDS/HIV (HOPWA): HOPWA does not require a match for their grants.

National Housing Trust Fund (NHTF): THDA will provide a preference for applications that include the use of non-THDA, federal and non-federal resources towards the development of the housing. THDA will not consider rental assistance provided for the purposes of this category. THDA will award points based on the actual percentage of other non-THDA funds in the project against the total development costs of the project. In order to receive points, written documentation committing the non-THDA funds must be included in the application.

**If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The TN CDBG program awards many projects each year that will be completed on publicly-owned property, particularly water and sewer system improvement projects where work is often done at water and wastewater treatment plants or other similar properties.

**Discussion**

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

#### Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Creation and preservation of affordable housing	2015	2019	Affordable Housing	Non-Entitlement Statewide Grant Allocation Priority	Fair housing Infrastructure, disinvestment, disaster recovery Limited housing opportunities	CDBG: \$1,536,040 HOME: \$9,582,308 Housing Trust Fund: \$3,000,000 LIHTC: \$150,000,000 Community Investment Tax Credits: \$4,000,000 Homebuyer Education: \$550,000 Housing Choice Vouchers: \$31,000,000 Section 8 Project Based Contract Administration: \$165,000,000 Tennessee Housing Trust Fund: \$7,500,000	Rental units constructed: 44 Household Housing Unit Rental units rehabilitated: 10 Household Housing Unit Homeowner Housing Added: 5 Household Housing Unit Homeowner Housing Rehabilitated: 400 Household Housing Unit Direct Financial Assistance to Homebuyers: 10 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Preserve homeless facilities & supportive services	2015	2019	Homeless	Non-Entitlement Statewide Grant Allocation Priority	Limited housing opportunities	ESG: \$2,931,401	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 1202 Households Assisted Tenant-based rental assistance / Rapid Rehousing: 1160 Households Assisted Homeless Person Overnight Shelter: 15406 Persons Assisted Homelessness Prevention: 4230 Persons Assisted
3	Preserve housing for persons with AIDS/HIV	2015	2019	Affordable Housing Non-Homeless Special Needs	Non-Entitlement Statewide Grant Allocation Priority	Fair housing Limited housing opportunities Limited non-housing supportive services	HOPWA: \$963,180	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 400 Households Assisted Tenant-based rental assistance / Rapid Rehousing: 439 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Physical infrastructure development	2015	2019	Non-Housing Community Development	Non-Entitlement Statewide Grant Allocation Priority	Fair housing Infrastructure, disinvestment, disaster recovery	CDBG: \$25,920,901 CDBG-DR: \$5,000,000	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 234619 Households Assisted
5	Revitalize disinvested areas & improve livability	2015	2019	Non-Housing Community Development	Non-Entitlement Statewide Grant Allocation Priority	Infrastructure, disinvestment, disaster recovery	CDBG: \$7,892,266 CDBG-DR: \$8,000,000	Other: 27 Other
6	TA, Job/Business Development, Administration	2015	2019	Non-Housing Community Development	Non-Entitlement Statewide Grant Allocation Priority	Infrastructure, disinvestment, disaster recovery Limited non-housing supportive services	CDBG: \$11,630,305	Other: 19 Other
7	Target economic distress	2015	2019	Non-Housing Community Development	Non-Entitlement Statewide Grant Allocation Priority	Infrastructure, disinvestment, disaster recovery	CDBG: \$2,000,000	Businesses assisted: 20 Businesses Assisted Other: 20 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	Fair housing	2015	2019	Affordable Housing Public Housing Homeless	Non-Entitlement Statewide Grant Allocation Priority	Fair housing Limited housing opportunities	CDBG: \$4,978 HOPWA: \$1,000 HOME: \$3,000 Homebuyer Education: \$275,000	Other: 1500 Other

Table 6 – Goals Summary

### Goal Descriptions

1	<b>Goal Name</b>	Creation and preservation of affordable housing
	<b>Goal Description</b>	Create and maintain affordable rental and homeownership stock with the construction of new affordable housing, rehabilitate existing affordable housing, provide down payment assistance and provide tenant-based rental assistance to eligible populations.
2	<b>Goal Name</b>	Preserve homeless facilities & supportive services
	<b>Goal Description</b>	Preserve homeless facilities to ensure they can continue to meet the needs of Tennessee's homeless population and provide resources to support those who are homeless or at risk of homelessness.



3	<b>Goal Name</b>	Preserve housing for persons with AIDS/HIV
	<b>Goal Description</b>	<p>The goal of HOPWA Short term rent, mortgage and utility assistance (STRMU) is to help maintain stable living environments for households who are experiencing a financial crisis and the potential loss of their housing arrangement. STRMU assistance is a tool for the prevention of homelessness. In FY 16-17, the State HOPWA program will assist an estimated 400 households to access or maintain housing. In addition, the State’s goal is to improve access to care and support, including the following supportive services mental health, transportation, nutritional, housing information system and non-case management services to 400 households. In 2016-17, The Tennessee Department of Health Request for Grant proposal (RFGP) has asked that all funded project sponsors begin to offer Permanente Housing Placement –PHP to address the need for rent deposits in a move (first and last), utility deposits as well as provide clients with the necessary ID i.e. drivers licenses to get into permeate housing. The Tennessee Department of Health 2017 FY will begin in July 1, 2016 the Tennessee Department wanted to begin offering Tenant based Rental Assistance- TBRA. In FY 16-17, the State of HOPWA program will assist 20 households with FBH-Transitional/Short-term Facilities to house clients in Emergency shelter using the Hotel Motel Voucher. At this time RFGP’s and proposals have yet to be due to the department but we expect at the least to begin offering this service within the State of TN to at least two households who are in need of 12 months of rental assistance who are difficult to place. When applicable, the 7 regional HOPWA project sponsors (Chattanooga CARES, Columbia CARES, Nashville CARES, ETHRA- East Tennessee Human Resource Agency, Frontier- Hope of Tennessee, WTLS-West Tennessee Legal Services, UCHRA-Upper Cumberland Human Resource Agency) will leverage resources using Ryan White Part B (payer of last resort) and other federal, state, local and private and in-kind resources for the provision of HIV/AIDS housing services to HOPWA clients. Assistance could include but are not limited to dental, nutrition, transportation, case management and clothing. The intent of this initiative is to provide the incentive and leverage for local governments, the not profits sector, and the private sector to invest resources that expand and strengthen supportive housing opportunities.</p>

4	<b>Goal Name</b>	Physical infrastructure development
	<b>Goal Description</b>	<p>Provide resources to cities and communities to update and repair water and sewer systems. Also, create the base of infrastructure that will provide for a high quality of life for individuals, productive capacity for communities, and that will support economic development.</p> <p>CDBG Substantial Amendment: continues this work</p> <p>Program Income (PI) will be used for Urgent Need activities</p> <p>CDBG Annual Allocation: \$18,878,321</p> <p>CDBG-DR: \$5,000,000</p> <p>CDBG Unexpended Funds (Minor Amendment): \$2,397,606</p> <p>CDBG Unexpended Funds (Substantial Amendment): \$3,000,000</p> <p>CDBG Program Income: \$1,644,974</p>
5	<b>Goal Name</b>	Revitalize disinvested areas & improve livability
	<b>Goal Description</b>	<p>Provide communities with resources to revitalize public and community infrastructure and assets to improve the livability of communities.</p> <p>CDBG Substantial Amendment: continues this work</p> <p>CDBG Annual Allocation: \$3,740,622</p> <p>CDBG Unexpended Funds (Minor Amendment): \$1,402,394</p> <p>CDBG Unexpended Funds (Substantial Amendment): \$2,500,000</p> <p>CDBG-DR: \$8,000,000</p> <p>CDBG Program Income: \$249,250</p>

6	<b>Goal Name</b>	TA, Job/Business Development, Administration
	<b>Goal Description</b>	<p>Provide resources to cities and communities to support job creation, job training, and other job related opportunities.</p> <p>CDBG Substantial Amendment: Workforce Development - Assist in the construction and improvement of technical colleges to increase job training in rural low-and-moderate income areas of the state. Provide assistance to microenterprises.</p> <p>CDBG Annual Allocation: \$605,305 (Administration)</p> <p>CDBG Unexpended Funds (Substantial Amendment): \$11,000,000</p> <p>CDBG Program Income: \$25,000</p>
7	<b>Goal Name</b>	Target economic distress
	<b>Goal Description</b>	<p>Deliver community development programs in a manner that provides maximum assistance not only to economically disadvantaged individuals, but also to economically disadvantaged or low- to moderate-income areas of the state.</p> <p>CDBG Substantial Amendment: Planning - Assist economically distressed and at-risk communities develop asset-based strategic plans to guide future economic and community development. Assist communities in developing a plan/strategy to increasing retail development to encourage economic growth. Work with the most distressed county in the state to provide an opportunity for them to create jobs.</p> <p>CDBG Annual Allocation: \$500,000</p> <p>CDBG Unexpended Funds (Substantial Amendment): \$1,500,000</p>
8	<b>Goal Name</b>	Fair housing
	<b>Goal Description</b>	Affirmatively furthering fair housing by providing training and technical assistance to communities, organizations, realtors, lenders and other stakeholders. Also provide fair housing counseling, outreach, and education to households, organizations, realtors, lenders and other stakeholders.

**Table 7 – Goal Descriptions**

## AP-25 Allocation Priorities – 91.320(d)

### Introduction

Tennessee will address the strategic housing and community needs as articulated in the Consolidated Plan through the four Consolidated Planning grants and other resources that the state and HUD provide to address this need.

### Funding Allocation Priorities

	Creation and preservation of affordable housing (%)	Preserve homeless facilities & supportive services (%)	Preserve housing for persons with AIDS/HIV (%)	Physical infrastructure development (%)	Revitalize disinvested areas & improve livability (%)	TA, Job/Business Development, Administration (%)	Target economic distress (%)	Fair housing (%)	Total (%)
CDBG	3	0	0	57	16	23	1	0	100
HOME	99	0	0	0	0	0	0	1	100
HOPWA	0	0	100	0	0	0	0	0	100
ESG	0	99	0	0	0	0	0	1	100
Housing Trust Fund	100	0	0	0	0	0	0	0	100
LIHTC	100	0	0	0	0	0	0	0	100
Other CDBG-DR	0	0	0	38	62	0	0	0	100
Other Community Investment Tax Credits	100	0	0	0	0	0	0	0	100
Other Homebuyer Education	50	0	0	0	0	0	0	50	100

Other Housing Choice Vouchers	100	0	0	0	0	0	0	0	100
Other Leveraged Funds Ryan White	0	0	100	0	0	0	0	0	100
Other Section 8 Project Based Contract Administration	100	0	0	0	0	0	0	0	100
Other Tennessee Housing Trust Fund	100	0	0	0	0	0	0	0	100

**Table 8 – Funding Allocation Priorities**

### **Reason for Allocation Priorities**

Affordable housing and community development are the central needs addressed by the Consolidated Plan. The allocation priorities reflect the deep need for affordable housing in Tennessee both with the HUD resources provided to the state and other state resources dedicated to improving affordability and quality in housing for extremely low-, very low-, low- and moderate-income Tennesseans. As described in the Needs Assessment, Market Analysis, and Housing & Community Needs Survey responses, there is a continuing need for additional affordable housing opportunities across the state.

The majority of Tennessee’s housing stock, 36% owner-occupied and 42% renter-occupied, was built between 1950 and 1979. Furthermore, 11.2% of the total units were built prior to 1950. Based on the age of most of the housing stock alone, there is a need for rehabilitation of both rental and ownership units. Further, feedback from stakeholders collected in the Housing & Community Needs Survey states a general need for owner- and rental-occupied rehabilitation. According to the Housing Affordability table in section MA-15, there were 187,325 renter households with less than 30 percent of AMI in Tennessee from 2007-2011. During the same time period, there were 70,610 rental units affordable to households in this income level (this does not include public housing, HVC, or other subsidized housing). In addition to the general needs for affordable housing, there is a high need for the development, rehabilitation, and provision of associated housing services and facilities for homeless and non-homeless special populations, especially persons with disabilities and rural homeless. As noted in the Needs Assessment of the Consolidated Plan, there are needs for accessible units, homeless facilities, and housing assistance to adequately serve these populations.

Additionally, based on stakeholder and citizen feedback, there is a general need for infrastructure, community facilities, and economic development activities through business assistance and development programs and downtown revitalizations. Many communities in Tennessee have delayed improvements and maintenance to infrastructure and community facilities, heightening the need for these activities. Many communities in Tennessee are still recovering from the economic recession and recent natural disasters, resulting in a need for continued economic development and revitalization activities.

HOPWA: the proposed distribution of funds address all of our priority need housing areas to include but not limited to preserving affordable housing, provide suitable living environments, permanent housing placement- PHP, short term rent, mortgage and utility assistance STRMU, tenant-based rental assistance –TBRA, Supportive Services- SS to the extent that it is driven by applicant demand of these activities and federal and State statutory or regulatory requirements for the use of these funds to prevent and or alleviate homelessness among people living with HIV/AIDS.

Disaster Recovery Needs: The State will continue the use of the Disaster Recovery funds to rebuild, reestablish, and improve communities that were impacted by presidentially declared disasters in 2008, 2010, and 2011. The State will also utilize funding awarded as part of the National Disaster Resilience Competition to develop and build a mindset of using HUD and other leveraged funds to become more resilient to natural and economic disasters.

CDBG Substantial Amendment: See Appendix for full breakdown of allocation priorities for unexpended funds

### **How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?**

Each of the five Consolidated Planning Programs has their own method of distribution. Each method is intended to ensure that all non-entitlement areas can compete for these funds. Program specific need-based preferences can be found in these methods of distribution.

One recent programmatic decision warrants additional mention. In 2014, THDA amended its HOME Program Description to restrict eligible activities to homeowner rehabilitation and homebuyer downpayment assistance in its Urban/Rural allocations and the development of units for homeownership by Community Housing Development Organizations (CHDOs) in its CHDO set-aside. All rental development previously eligible under the state’s HOME Program was moved to THDA’s Housing Trust Fund Competitive Grants and will now also be the National Housing Trust Fund. There is a deep need in all of these types of housing efforts and the provision of state funds in the rental housing sector is a reflection of

our commitment to address each of these needs.

## AP-30 Methods of Distribution – 91.320(d)&(k)

### Introduction

Each of the five Consolidated Planning Programs has their own method of distribution. Each method is intended to ensure that all eligible areas can compete for these funds and statewide for the National Housing Trust Fund. Program specific need-based preferences can be found in these methods of distribution.

### Distribution Methods

**Table 9 - Distribution Methods by State Program**

<b>1</b>	<b>State Program Name:</b>	Asset-Based Planning
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee will allocate CDBG funds to continue the Asset-Based Planning initiative. Counties participating in this program work to identify and assess the various assets within the county and determine short and long term goals to enhance and improve those assets. The funding will be granted to the University of Tennessee Institute for Public Service to manage this program, conduct planning events, and develop output materials and data, including planning reports. Public meetings were held in August of 2016 to discuss the application and award process of these grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. Approximately 150 people attended. An additional application workshop will take place in early months of 2017



<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>The program will target all Tier 4 counties. Due to this determination, applications will not be necessary for participation. However, participating counties are expected to meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Ensure the appropriate individuals are involved and the important organizations are represented at the event. Examples are city mayors within the county, chambers of commerce, school superintendents, healthcare administrators, council members, and interested citizens.</li> <li>• Involvement in the planning process by working with other representatives of the county and not being combative or overly critical of other suggestions.</li> <li>• Recognize challenges that impede the development of potential assets within the county</li> <li>• Develop short and long term goals for the county and the communities within to enhance the most important assets.</li> </ul>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>\$200,000 (from unexpended funds via the substantial amendment) is allocated to this program. There are not multiple funding categories for this program.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The maximum threshold request of for this grant will be \$200,000.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Number of counties developing asset-based plans. Tracking the types of assets recognized by each participating county. Identify resources available to enhance most important assets.</p>

<b>2</b>	<b>State Program Name:</b>	CDBG - Economic Development
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	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.

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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.</li> <li>3. 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.</li> </ol>
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	<ol style="list-style-type: none"> <li>4. All federal requirements that apply to the community development projects in the annual competition apply to the economic development program.</li> <li>5. 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.</li> <li>6. 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.</li> </ol>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>

<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>
<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>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.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>Grant threshold for economically distressed counties: \$750,000 Grant threshold for all other counties: \$500,000</p>

	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Number of projects expected to be completed under each of the activity descriptions based on prior grant years.
3	<b>State Program Name:</b>	CDBG - Regular Round
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee holds an annual round of applications open to all non-entitlement jurisdictions that do not have a grant open at the time of application. A public meeting was held in September of 2015 to discuss the application and award process of the 2016 grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. More the 70 people were in attendance.



<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>All applications must meet 4 criteria, before being scored:</p> <ol style="list-style-type: none"> <li>1. Meet a National Objective</li> <li>2. Be an eligible activity</li> <li>3. Be a non-entitlement jurisdiction</li> <li>4. Be an eligible community development objective  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.  Job Opportunity Development - to implement programs that will create a climate that is receptive to and encourages the growth of private sector jobs.  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.  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.  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.</li> </ol> <p>For State Fiscal Year 2016-17 applicants may apply for funding from one of 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.</p> <p>Applications are scored based on the following criteria:</p> <ul style="list-style-type: none"> <li>• Community Need</li> <li>• Latest annual county unemployment rate  Target area/Census per capita income  2005-2014 average county unemployment rate  2013 per capita income</li> <li>• Project Need  Project need points measure the degree to which there is a need for the project (no existing facilities or existing facilities are inadequate).  Due to the different types of projects, project need points are structured differently based on project type.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Project FeasibilityProject Feasibility is not scored and is instead a threshold for water/sewer projects. The feasibility of Community Livability projects are based on 1) quality of design, 2) cost effectiveness, 3) Alternatives, 4) Adequacy of operating budget, 5) Quality of documentation that the project will solve the problem. Housing feasibility is based on the assessment of the amount of work needed as proposed and the magnitude of the problems.</li> <li>• Project Impact Project Impact is scored on the CDBG cost per person and the CDBG cost per LMI person (based on county LMI percentage) for all applications. The rate factor is also included for water/sewer applications.</li> <li>• Project EssentialnessProject 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.</li> <li>• Economic Development Up to 10 additional points are available to applications that exhibit economic development impacts as a result of the project.</li> </ul>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<table border="0"> <tr> <td>Water and Sewer Projects</td> <td>\$21,028,055</td> </tr> <tr> <td>Community Livability Projects</td> <td>\$5,143,016</td> </tr> <tr> <td>Housing Projects</td> <td>\$1,561,040</td> </tr> <tr> <td>Commercial Façade Projects</td> <td>\$500,000</td> </tr> <tr> <td>Administration and Tech. Assistance</td> <td>\$757,958</td> </tr> <tr> <td><b>Total</b></td> <td><b>\$25,265,266</b></td> </tr> </table> <p>The CDBG program for this fiscal year has \$27,022,696 of additional funds. Within this Action Plan, estimates were assigned based on percentages spent per CDBG category however depending on need, those amounts may be updated.</p>	Water and Sewer Projects	\$21,028,055	Community Livability Projects	\$5,143,016	Housing Projects	\$1,561,040	Commercial Façade Projects	\$500,000	Administration and Tech. Assistance	\$757,958	<b>Total</b>	<b>\$25,265,266</b>
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<b>Total</b>	<b>\$25,265,266</b>												
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>Community Livability grants have a max threshold request of \$300,000. Water, sewer, and housing have thresholds of \$500,000. Commercial Façade grants have a threshold of \$100,000. Community Livability projects have the potential of \$15,000 bonus and water/sewer \$25,000 bonus based on if the applicant is located in a ThreeStar county.</p>												

	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<ul style="list-style-type: none"> <li>Number of projects expected to be completed under each of the activity descriptions based on prior grant years. Additionally, the CDBG program tracks each project upon close as meeting on the following outcome categories: Accessibility/Availability/Affordability Sustainability</li> </ul>
4	<p><b>State Program Name:</b></p>	CDBG Workforce Development
	<p><b>Funding Sources:</b></p>	CDBG
	<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>The State of Tennessee’s method of distribution will be to fund additional projects from the Drive to 55 Capacity Building Fund Initiative. The program awarded grants to post-secondary education institutions to create or expand degrees and certification programs throughout the state. Over \$100 million dollars in requests were submitted with only \$24 million of grant funds available. CDBG funds will be used to assess the first unfunded TCAT (Tennessee College of Applied Technology) projects on the ranking list for CDBG eligibility.</p> <p>This method will fund construction activities or capital purchase of large equipment needed for the workforce development program. Public service activities will not be eligible.</p> <p>Public meetings were held in August of 2016 to discuss the application and award process of these grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. Approximately 150 people attended.</p> <p>All awardees will meet the national objective of benefiting low- to moderate- income persons, and TNECD will review the projects for eligible activities and awardees for eligibility.</p>

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>All applications must meet 4 criteria, before being scored:</p> <ol style="list-style-type: none"> <li>1. Meet a National Objective</li> <li>2. Be an eligible activity</li> <li>3. Service a non-entitlement jurisdiction</li> <li>4. Be an eligible workforce development activity. Exhibit how the construction or rehabilitation of a building or the purchase of large equipment will be used to enhance workforce development.</li> </ol> <p>ECD will rely on the scoring and ranking of the applications that was conducted during the Drive to 55 funding round and verify through a supplemental application the project meets the requirements and qualifications of the CDBG program.</p>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>The CDBG Workforce Development program is being allocated \$10,000,000 of funding (from unexpended funds via the substantial amendment) to fund additional Drive 55 Capacity Building Fund applications.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>There are no specific grant limits under this project. ECD will fund down the ranking list at the requested amounts for the projects.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcome measures will be available to be requested for 3 years after construction completion and will include:</p> <ul style="list-style-type: none"> <li>• Number of students/participants enrolled</li> <li>• Number of students/participants trained</li> <li>• Number of students/participants placed in employment</li> <li>• Average wage of students/participants placed</li> </ul>



<b>5</b>	<b>State Program Name:</b>	ESG - Set Aside
	<b>Funding Sources:</b>	ESG
	<b>Describe the state program addressed by the Method of Distribution.</b>	<p>The 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. THDA will spend up to 7.5% 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 as well as other successful local government applicants. Non-profit agencies are not eligible to receive funds for administration.</p> <p>THDA will implement a Small Cities Set-Aside for FY 2016. THDA will allocate 38% of the remaining ESG funds on a formula basis to the twelve 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, Knoxville, Morristown, Murfreesboro and Oak Ridge. This set-aside percentage is for FY16 and will serve as a transition step as we will eliminate the Small City Set-Aside within the ESG program for the FY17 program cycle. The existing set-aside structure provides an extra layer of administration and complexity to the program that can be reduced if all resources are directly awarded by THDA to the nonprofit entities.</p>

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>Agencies applying for 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.</p> <p>For complete criteria, please consult the ESG Program Description and Policies and Procedures Manual at <a href="http://thda.org/business-partners/esg">http://thda.org/business-partners/esg</a></p>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>NA</p>

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>Non-profits compete in the competitive round of ESG funds (see below). However, local government recipients may distribute all or a part of their ESG funds to eligible, private 501(c)(3) non-profit organizations for allowable ESG activities. Once a year, THDA hosts grantee workshops three locations in state, website, notify CoC lead agencies to distribute that include community and faith based organization.</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>The funding categories within ESG are: Street Outreach; Emergency Shelter; Prevention and Rapid Re-housing.</p> <p>Expenditure limits of combined Street Outreach and Emergency Shelters cannot exceed 60% of the maximum grant of \$100,000.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>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 576 and 91, as amended.</p> <p>An applicant must apply for at least \$35,000 and may apply for a maximum of \$100,000 in ESG funding.</p>

	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>The Tennessee ESG Policies and Procedures Manual instructs grantees to adopt performance standards consistent with HUD and THDA program requirements. Examples of outcome measures expected are :reducing the average length of time a person is homeless; reducing returns to homelessness; improving program coverage; reducing the number of homeless individuals and families; reducing the number of chronically homeless individuals and families; improving employment rate and income amounts of program participants; reducing first time homelessness; preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs.</p> <p>Although THDA understands many sub-recipients have chosen to provide one-time emergency rent or utility assistance to prevent homelessness, sub-recipients receiving ESG funds should use all available resources that will ensure the ongoing housing stability of program participants.</p>
6	<p><b>State Program Name:</b></p>	<p>ESG Competitive Grants</p>
	<p><b>Funding Sources:</b></p>	<p>ESG</p>
	<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>The 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.</p> <p>For FY16, THDA will also open up the ESG competition to local units of government and allow nonprofits in the ESG entitled communities of Chattanooga, Memphis and Nashville to apply directly to THDA for resources. For the upcoming allocation round, we will not only have approximately \$3M in 2016 resources but \$1.2M in 2015 resources that were not allocated last year. This change will provide an opportunity to make these resources available in communities which account for over 40% of all homelessness in the state based on 2014 Point in Time Counts and support local Continuum of Care efforts to address this issue. The remaining ESG funds available after 7.5% admin and the Small Cities Set-Aside will be allocated to eligible applicants in a competitive grant application process.</p>

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>ESG applicants are scored on the following sets of criteria, and given scoring points accordingly: PROGRAM DESIGN (up to 25 points); APPLICANT CAPACITY (up to 30 points); FISCAL INFORMATION (up to 30 points); CRITICAL NEED (up to 10 points); DOMESTIC VIOLENCE SHELTERS (up to 5 points).</p> <p>For complete criteria, please consult the ESG Program Description and Policies and Procedures Manual at <a href="http://thda.org/business-partners/esg">http://thda.org/business-partners/esg</a></p>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>NA</p>

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>Non-profits compete in the competitive round of ESG funds. Additionally, local government recipients may distribute all or a part of their ESG funds to eligible, private 501(c)(3) non-profit organizations for allowable ESG activities. Once a year, THDA hosts grantee workshops three locations in state, website, notify CoC lead agencies to distribute that include community and faith based organization. Non-profit organizations are eligible to receive funds only if such funding is approved by the local government jurisdiction where programs are based.</p> <p>Non-profits must be an eligible non-profit agency as defined in the ESG Program Description.</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>The funding categories within ESG are: Street Outreach; Emergency Shelter; Prevention and Rapid Re-housing.</p> <p>Expenditure limits of combined Street Outreach and Emergency Shelters cannot exceed 60% of the maximum grant of \$100,000.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>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 576 and 91, as amended.</p> <p>An applicant must apply for at least \$35,000 and may apply for a maximum of \$100,000 in ESG funding.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>The Tennessee ESG Policies and Procedures Manual instructs grantees to adopt performance standards consistent with HUD and THDA program requirements. Examples of outcome measures expected are: reducing the average length of time a person is homeless; reducing returns to homelessness; improving program coverage; reducing the number of homeless individuals and families; reducing the number of chronically homeless individuals and families; improving employment rate and income amounts of program participants; reducing first time homelessness; preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs.</p>



<b>7</b>	<b>State Program Name:</b>	Gatlinburg Wildfire Recovery
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee will coordinate with the City of Gatlinburg and Sevier County to determine long-term recovery needs as a result of the wildfires that occurred in November 2016 and how to prevent a future disaster.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>All applications must meet 3 criteria, before being scored:</p> <ol style="list-style-type: none"> <li>1. Meet a National Objective</li> <li>2. Be an eligible activity</li> <li>3. Be a recovery need as a result of the wildfire</li> </ol> <p>An application will be reviewed for compliance with CDBG rules and regulations, but it will not be competitive. Additionally, the application must address the proposed effectiveness through resilient outputs and outcomes of the project.</p>
	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	All CDBG manuals and applications materials are available on the ECD website and by request.

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>\$1,000,000 is allocated to this program (from unexpended funds via the substantial amendment). There are not multiple funding categories for this program.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>NA</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Number of projects expected to be completed under each of the activity descriptions based on prior grant years. Additionally, the CDBG program tracks each project upon close out as meeting at least one of the following outcome categories: Accessibility/Availability/Affordability/Sustainability. Number of people with improved fire protection or service.</p>

<b>8</b>	<b>State Program Name:</b>	HOME - CHDO Round
	<b>Funding Sources:</b>	HOME
	<b>Describe the state program addressed by the Method of Distribution.</b>	<p>Activities under the HOME Program must address the housing needs of low-income households. Eligible activities include: <i>Housing Rehabilitation</i> - the use of HOME funds will be limited to the rehabilitation of existing housing units. A maximum of \$40,000 per house for rehabilitation costs (excluding building inspections, LBP inspections, energy related inspections, administration) will be allowed; <i>Homeownership programs</i> - are restricted to a soft second mortgage necessary to qualify the household for permanent financing; <i>CHDO Operating Expenses, Developer's Fees and CHDO Proceeds</i>; and <i>Project Soft Costs</i> - in planning their programs, applicants may include the costs for inspections and work write-ups as a project-related soft cost. There is a limit to these costs of 7% of the hard costs of the rehabilitation or construction, not to exceed \$2,100 or be less than \$500.</p>

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<ol style="list-style-type: none"> <li><b>1. CAPABILITY Up to 50 points:</b> The proposed project demonstrates exceptional planning and readiness and the organization demonstrates sufficient capacity beyond threshold.</li> <li><b>2. NEED Up to 50 points:</b> 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 percentage of owner households that are low income; the percentage of low income owner households with cost burden or other problems; and the percent of affordable owner units built before 1960. For multi-county projects, the need score is calculated proportionately according to the number of units proposed for each county.</li> <li><b>3. NOT PROPORTIONALLY SERVED Up to 50 points:</b> 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. For multi-county projects, this score is calculated proportionately according to the number of units in each county.</li> <li><b>4. DISASTER AREAS 10 points:</b> 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.</li> <li><b>5. LEVERAGE Up to 10 points:</b> 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.</li> </ol>
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<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>NA</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p><b>CHDO Set-aside.</b> Fifteen percent (15%) of the total 2015 HOME allocation and 2016 HOME allocation will be reserved for eligible applications from CHDOs, including CHDOs located in Local PJs. The THDA HOME funding to successful CHDO applicants in the Local PJs will be reduced by the amount of funding the CHDO receives from the Local PJs to keep within the \$500,000 maximum grant.</p> <p>Beginning with the 2015 HOME allocation, HUD will no longer consider a PJ as meeting its 24-month CHDO commitment through a cumulative total of CHDO commitments since 1992, , and each grant year must meet its own 24-month commitment deadline. This means that a successful CHDO that receives an allocation of 2015 CHDO funds, must commit those funds to specific units no later than July 31, 2017 and a successful CHDO that receives an allocation of 2016 CHDO funds, must commit those funds to specific units no later than July 31, 2018. In addition, the execution of a HOME Working Agreement and the establishment of a CHDO sub-grant in IDIS is insufficient to meet this requirement. HUD will recapture any 2015 CHDO funds not committed to <u>specific CHDO activities by July 31, 2017</u> and will recapture any 2016 CHDO funds not committed to <u>specific CHDO activities by July 31, 2018</u>. CHDO applicants need to be aware of these dates and have a pipeline of eligible home buyers so they can begin their projects as soon as the environmental reviews are completed.</p> <p>If in the opinion of THDA, the applications submitted do not contain viable proposals or are from a CHDO that lacks the organizational potential to comply with all HOME affordability requirements, THDA may choose not to award all of the FY 2015 or 2016 CHDO funds in the current application round.</p>
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	<b>Describe threshold factors and grant size limits.</b>	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 in any one county. The THDA HOME funding to successful CHDO applicants in the Local PJs will be reduced by the amount of funding the CHDO receives from the Local PJs to keep within the \$500,000 maximum grant.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	The expected outcome measure is that the activities under the HOME Program effectively address the housing needs of low-income households.
9	<b>State Program Name:</b>	HOME Program
	<b>Funding Sources:</b>	HOME
	<b>Describe the state program addressed by the Method of Distribution.</b>	Activities under the HOME Program must address the housing needs of low-income households. Eligible activities include: <i>Housing Rehabilitation</i> - the use of HOME funds will be limited to the rehabilitation of existing housing units. A maximum of \$40,000 per house for rehabilitation costs (excluding building inspections, LBP inspections, energy related inspections, administration) will be allowed. <i>Homeownership programs</i> - are restricted to a soft second mortgage necessary to qualify the household for permanent financing.



<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>1. <b>PROGRAM DESIGN Up to 35 points:</b> The proposed program demonstrates exceptional planning, readiness and administrative capability. All necessary components to accomplish the project have been identified in the application.</p> <p><b>NEED Up to 50 points:</b> 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 facilities; the percentage of homes lacking complete 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.</p> <p><b>NOT PROPORTIONALLY SERVED Up to 50 points:</b> THDA shall award up to 50 additional points to applications submitted from areas where the amount of prior 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.</p> <p><b>DISASTER AREAS : 10 points</b> 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.</p> <p><b>LEVERAGE Up to 10 points:</b> 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.</p> <p><b>ENERGY CONSERVATION Up to 5 points:</b> THDA shall award up to 5 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.</p>
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<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>NA</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>HOME 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 ten percent (10%) of its HOME allocation for administrative and planning expenses. THDA will use four percent (4%) of these funds for its own administrative expenses. The remaining six percent (6%) is available to pay the administrative costs of local governments and non-profit grant recipients. THDA will also set-aside up to 5% of its HOME allocation for CHDO operating expenses. Any funding remaining in the set-aside for CHDO operating expenses after all eligible CHDOs have been funded will be transferred to the Urban/Rural allocation. The balance of THDA's FY 2015-2016 HOME allocation, not including the 10% for administration CHDO set-aside and the 5% for CHDO operating expenses, will be divided as follows:</p> <p><b>Urban/Rural Allocation.</b> Seventy percent (70%) of the 2015 and 2016 HOME funds will be allocated for eligible projects in Urban and Rural areas of the State. The urban areas include the following counties: Anderson, Blount, Bradley, Carter, Coffee, Dyer, Gibson, Hamilton, Hamblen, Haywood, Loudon, Madison, Maury, Montgomery, Putnam, Roane, Rutherford, Sumner, Unicoi, Williamson and Wilson. All other counties are considered Rural. The urban allocation is 44% of the remaining 70% of the funding, and the rural allocation is 56%. 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 all the funds are awarded. There is a \$750,000 maximum grant per county. 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.</p> <p>HOME awards will be in the form of a grant. Grantees will be required to repay any HOME funds expended on projects that are not completed and ready for occupancy within 3 years of the date the</p>
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		Written Agreement is executed between the Grantee and THDA. Grantees may also be required to repay HOME funds as described in the Working Agreement.
	<b>Describe threshold factors and grant size limits.</b>	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 in any one county.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	The outcome measure is that the activities under the HOME Program effectively address the housing needs of low-income households.
10	<b>State Program Name:</b>	HOPWA
	<b>Funding Sources:</b>	HOPWA

<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>The State is divided into seven (7) HOPWA regions (East Tennessee, North East Tennessee, Upper Cumberland, Mid Cumberland, Mid Cumberland, South Central Tennessee, West Tennessee and South East Tennessee). For FY 2016-17, the HOPWA allocation will be distributed through a formula process based on the reported HIV and AIDS case data provided by CDC. And further adjusted base on the seven (7) State of TN HOPWA Regions listed below for FY 2016-2017:</p> <ul style="list-style-type: none"> <li>• East Tennessee - \$255,522</li> <li>• North East Tennessee - \$90,147</li> <li>• Upper Cumberland - \$45,234</li> <li>• Mid Cumberland - \$53,093</li> <li>• South Central Tennessee - \$69,455</li> <li>• West Tennessee - \$141,476</li> <li>• South East Tennessee - \$220,073</li> </ul>
<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>Pursuant to HOPWA regulations, changes in eligibility jurisdictions for HOPWA may occur if a metropolitan area reaches a population of more than 500, 000 and has a least 1,500 cumulative AIDS cases. The State’s method of distributing selects projects and proposals targeted at meeting local needs and taking steps to affirmatively further fair housing during implementation and supportive service gaps.</p>

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>NA</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>

<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>The method of selecting sponsors is through soliciting grant proposals to include grass roots faith-based and other community-based organizations. The purpose of this Request for Grant Proposal (RFGP) is to define the State’s minimum requirements, solicit grant proposals and gain adequate information from which the State can evaluate the services potential project sponsors propose to provide. The RFGP process for HOPWA is based on a five-year cycle, which was last issued in 2012 and will end June 30th, 2016. The new RFGP is in process and project sponsors will be selected in May of 2016 and begin July 1, 2016. The contracts for these agencies are renewed annually for up to five years. However, the States 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 will contract 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 are evaluated on criteria such as technical services, organization, experience, and budget to name a few. Funds were awarded to sponsors who submitted proposals that best met, or exceeded the required criteria and provided a detailed budget, which best met he needs of HOPWA clients.</p>
<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>To address urgent needs of People living with AIDS/HIV and to assist in meeting the State’s goal, project sponsors may select from the following eligible HOPWA activities:</p> <ul style="list-style-type: none"> <li>•STRMU- Short term rent, mortgage and utility assistance - \$500,000</li> <li>•TBRA- Tenant based rental assistance - \$19,000</li> <li>•Supportive Services to include nutrition, transportation, housing information services, and non-medical case management - \$200,000</li> <li>•PHP- Permanente Housing Placement - \$14,300</li> <li>- Facility-Based Short-term/Transitional Housing - \$5,000</li> </ul> <p>Project sponsor may also use funds for allocation of indirect cost of no more than 7% for grant administration.</p>

	<b>Describe threshold factors and grant size limits.</b>	Project sponsors may also use funds for allocation of indirect cost of no more than 7% for grant administration. Also, the Tennessee Department of Health will not exceeded the 3% administrative cap for the HOPWA program.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	The state envisions the use of STRMU services and permanent housing placement to enhance the availability and sustainability by way of prevention of homelessness. HOPWA is also exploring the opportunity to provide tenant-based rental assistance to prevent homelessness among this population. The 7 project sponsors across the State will implement supportive services of various types to prevent homelessness. Our goal include meeting more with Project sponsors by leading the development of resources needed to advance services adequately and timely to prevent homelessness. This will be accomplished through monthly conference calls and training and though bi-annual statewide meetings to discuss challenges, barriers, outcomes and new ideas to improving care. For additional information to HOPWA goals see AP-70 HOPWA Goals-90.320(k)(4) in the State’s action plan.
<b>11</b>	<b>State Program Name:</b>	LiftTN: Microenterprise, Rural Edition
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee will a hold round of applications open to communities, non-profit organizations, and higher education institutions to provide microenterprise assistance programs to non-entitlement jurisdictions. Public meetings were held in August of 2016 to discuss the application and award process of these grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. Approximately 150 people attended. An additional application workshop will take place in early months of 2017.



<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>All applications must meet 4 criteria, before being scored:</p> <ol style="list-style-type: none"> <li>1. Meet a National Objective</li> <li>2. Be an eligible activity</li> <li>3. Service a non-entitlement jurisdiction</li> <li>4. Assist microenterprise businesses, defined as businesses with five (5) or fewer employees including the owner</li> </ol> <p>Applications are scored based on the following criteria:</p> <ol style="list-style-type: none"> <li>1. Collaboration and partnerships with other organizations or agencies.</li> <li>2. The sustainability of the program after the grant period ends.</li> <li>3. The amount of leveraged funds from other sources. Points will be awarded based on the proportionate amount of leveraged funds to grant funds.</li> <li>4. The innovativeness or creativeness of the program.</li> <li>5. Targeting Tier 4 counties. This is a state designation based on an indexed score of poverty rate, unemployment rate, and per capita market income.</li> <li>6. The organizational capacity to manage the grant program to best position it for success.</li> </ol>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request. Applications workshops and notices will be available to potential applicants.</p>

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>The LiftTN Microenterprise assistance program is being allocated \$1,000,000 of funding (from unexpended funds via the substantial amendment).</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>A maximum sub-grant of \$100,000 will be awarded for smaller target area activities, while a maximum sub-grant of \$200,000 will be awarded for larger regional activities</p>

	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcome measures may vary slightly for grantees based on the activity structures. Each grantee must track the demographics of the assisted microenterprises. These include:</p> <ul style="list-style-type: none"> <li>• Number of LMI-owned businesses assisted</li> <li>• Number of minority-owned businesses assisted</li> <li>• Number of woman-owned businesses assisted</li> <li>• Number of veteran-owned businesses assisted</li> </ul> <p>Each grantee will also be required to submit a proposed estimate of economic success that could differ based on the number of microenterprises/entrepreneurs assisted, the type of business, and the geographic location. The measures may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Percentage of increased profits</li> <li>• Percentage of increased sales</li> <li>• Hiring of additional employees</li> <li>• Retention of current employees</li> </ul>
12	<p><b>State Program Name:</b></p>	National Housing Trust Fund
	<p><b>Funding Sources:</b></p>	Housing Trust Fund
	<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>The National Housing Trust Fund (NHTF) is an affordable housing production program that will complement existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families.</p>

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p><b>Geographic Diversity.</b>THDA will accept/consider proposals that are consistent with the State's certification to AFFH. THDA will establish a minimum score threshold that must be received to be eligible for NHTF funding. This minimum score ensures that sound, well-designed, and financially viable rental housing will be financed using the NHTF. THDA will rank applications by TN grand division that receive the minimum score. THDA will select the highest scoring application from each grand division. If additional funding is available, THDA will rank all remaining applications in a single ranking score. Those remaining applications that receive the highest score will be selected until funding runs out. Given the limited funding available statewide and to disperse the NHTF across Tennessee, THDA reserves the right to limit funding to only one award per county. THDA reserves the right to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant. In such instances and at its sole and absolute discretion, THDA may move to the next lower scoring project to meet its commitment obligations under the NHTF.</p> <p><b>Ability to obligate NHTF funds.</b>THDA will evaluate the experience of the entire proposed team with owning, developing and managing projects of similar size and scope serving the intended population proposed. Applicants and their development team must undergo an evaluation by THDA of their capacity to carry out the proposed housing project. THDA will evaluate the experience and capacity of the organization to ensure compliance with the requirements and regulations of all Federal, State and local housing programs used in conjunction with NHTF funds; THDA will evaluate the history of the applicant and their team in serving the community in which the NHTF-assisted housing is proposed.</p> <p><b>Ability to undertake eligible activities in a timely manner.</b>Applicant must be capable of undertaking and completing NHTF-funded activities in a timely manner. THDA will evaluate past performance of the applicant in completing THDA funded activities.</p> <p><b>For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low-income families.</b>THDA will provide a preference for applications which propose to preserve existing housing with project-based rental assistance and for proposals with binding commitments of project-based vouchers to the project.</p> <p><b>For rental housing, the duration of the units' affordability period.</b>All rental developments assisted with NHTF resources will have a 30 year affordability period.</p>
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	<p><b>Merits of the application in meeting the State's priority housing needs.</b> THDA will prioritize applications in county's with a higher rental housing need based on variables determined by THDA, which may include, but is not limited to, percent of extremely low-income renters, population growth rate, vacancy rate, and the pipeline of rental housing under construction. Additionally, THDA will provide a priority for applications located in census tracts of opportunity based on variables to be determined by THDA, which may include median gross rent, high cost burden, proximity to employment, high workforce participation, low levels of abandoned housing, rental market vacancy rate, and the pipeline of rental housing under construction.</p> <p><b>Extent to which application makes use of non-federal funding sources.</b> To encourage the diversity of funding, THDA will provide a preference for applications that include the use of non-THDA, federal and non-federal resources towards the development of the housing. THDA will not consider rental assistance provided for the purposes of this category. THDA will award points based on the actual percentage of other non-THDA funds in the project against the total development costs of the project.</p>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>In total, 10% of funding will serve as an administrative fee for THDA. Up to 33% of funding may be used for operating cost assistance and operating cost assistance reserves for NHTF assisted housing for which project-based rental assistance is not available. The State reserves the right to reallocate uncommitted operating funds to development costs if qualified applications for operating funds are insufficient to award all operating funds.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The grant minimum is \$250,000 and the grant maximum is \$750,000. There is no difference in minimum or maximum for non-entitlement, entitlement, urban and rural jurisdictions. THDA reserves the right to limit the number of grants per county to ensure that needs in a range of counties are met.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>The outcome measure is that the activities under the NHTF effectively address the housing needs of extremely low-income households.</p>



<b>13</b>	<b>State Program Name:</b>	Project 95
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee will allocate a one-time use of funds to assist in the construction a call center for employment opportunities in the most economically distressed county in the state as part of Project 95. Project 95 is a joint initiative among state departments to improve to health, economic viability, and quality of life in the State’s most distressed county. Public meetings were held in August of 2016 to discuss the application and award process of these grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. Approximately 150 people attended. An additional application workshop will take place in early months of 2017
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	No application period is open for this allocation. The project was identified based on multiple criteria: <ul style="list-style-type: none"> <li>1. Providing economic opportunity to the residents of Tennessee’s most economically distressed county</li> <li>2. Providing economic opportunity to the residents of a county with an HUD designated LMI percentage of 57.8%</li> <li>3. The innovative opportunity to impact a county through a multi-faceted, inter-departmental initiative.</li> </ul>

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>\$1,000,000 is allocated to this program (from unexpended funds via the substantial amendment). There are not multiple funding categories for this program.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The max threshold request of for this grant will be \$1,000,000.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>The CDBG program tracks each project upon close out as meeting at least one of the following outcome categories: Accessibility/Availability/Affordability/Sustainability. The grant will also measure number of new available jobs and the estimated economic impact of the project.</p>

<b>14</b>	<b>State Program Name:</b>	Retail Academy
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee will allocate CDBG funds for scholarships to communities to participate in the Retail Academy. Participants will learn how to best position their communities increased retail presence and strategy to recruit retail businesses. Public meetings were held in August of 2016 to discuss the application and award process of these grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. Approximately 150 people attended. An additional application workshop will take place in early months of 2017
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>All applicants must meet the following criteria:</p> <ol style="list-style-type: none"> <li>1. Must be a community located in a Tier 4 county</li> <li>2. Must be a non-entitlement jurisdiction</li> </ol> <p>Applications will be scored based on the following criteria:</p> <ul style="list-style-type: none"> <li>• Project Need:Current sales tax revenueCurrent number of retail establishments</li> <li>• Project Impact:Latest annual county unemployment rate,2006-2015 average county unemployment rate,2014 per capita income</li> <li>• Project Feasibility:Capacity and commitment of retail teamSigned letter of commitment from the communityAgreement to program requirements</li> </ul>

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>\$300,000 is allocated to this program (from unexpended funds via the substantial amendment). There are not multiple funding categories for this program.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The max threshold request of for this grant will be \$10,000.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Number of communities receiving training. Quarterly reports from participants after training. Number of new retail establishments within 3 years of training</p>

<b>15</b>	<b>State Program Name:</b>	Southwest Haywood County Emergency Medical Services Facility
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee will allocate a one-time use of funds to assist in the construction an Emergency Medical Services facility in the southwest region of Haywood County. The Memphis Regional Megasite, located in the same region, is expected to create thousands of new jobs and lead to increased population growth. Improved emergency services for the area will be needed. Public meetings were held in August of 2016 to discuss the application and award process of these grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. Approximately 150 people attended. An additional application workshop will take place in early months of 2017
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	No application period is open for this allocation. The project was identified based on multiple criteria: <ul style="list-style-type: none"> <li>1. Impacting a community within a distressed county (in the bottom 10% of all counties nationwide in poverty rate, unemployment rate, and per capita market income).</li> <li>2. The need to prepare for population growth in a rural region and the emergency services needed to protect and respond to emergencies for that population.</li> <li>3. The innovative opportunity to create a regional, multi-county emergency services agreement in a rural area.</li> </ul>

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>



<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>\$2,500,000 is allocated to this program (from unexpended funds via the substantial amendment). There are not multiple funding categories for this program.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The max threshold request of for this grant will be \$2,500,000.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>The CDBG program tracks each project upon close out as meeting at least one of the following outcome categories: Accessibility/Availability/Affordability/Sustainability. The grant will also measure the estimated improvement in response average response times to emergencies and any adjustment to ISO rating.</p>

<b>16</b>	<b>State Program Name:</b>	Stanton Wastewater Improvement
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State of Tennessee will allocate a one-time use of funds to reroute and improve the Stanton Wastewater Treatment System. The town is designated 65.9% LMI by HUD, and is in need of the improvements. The system will be rerouted into the system for the Memphis Regional Megasite. Public meetings were held in August of 2016 to discuss the application and award process of these grants. All local officials from eligible non-entitlement jurisdictions, along with administrators and engineers who frequently work with CDBG projects, were invited to participate and offer comments. Approximately 150 people attended. An additional application workshop will take place in early months of 2017
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	No application period is open for this allocation. The project was identified based on multiple criteria: <ol style="list-style-type: none"> <li>1. Improved wastewater treatment for a community that is HUD designated as LMI qualified with an LMI percentage of 65.9%.</li> <li>2. Impacting a community within a distressed county (in the bottom 10% of all counties nationwide in poverty rate, unemployment rate, and per capita market income).</li> <li>3. The cost effectiveness of rerouting the system through a larger system.</li> <li>4. The positive environmental impact of removing a wastewater discharge point from a stream that feeds the Hatchie River, the longest naturally meandering river in the Lower Mississippi River Basin.</li> </ol>

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>NA</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>NA</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>\$2,000,000 is allocated to this program (from unexpended funds via the substantial amendment). There are not multiple funding categories for this program.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The max threshold request of for this grant will be \$2,000,000.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>The CDBG program tracks each project upon close out as meeting at least one of the following outcome categories: Accessibility/Availability/Affordability/Sustainability. The grant will also measure the estimated environmental impact of rerouting the system.</p>

## **Discussion**

NHTF: information will be available via the THDA website.

## AP-35 Projects – (Optional)

### Introduction

2016 Projects

#	Project Name
1	2016-2019 State of Tennessee TNH16F999 (TN)
2	2016-2019 Nashville CARES TNH16F999 (NC)
3	2016-2019 Chattanooga CARES TNH16F999 (CC)
4	2016-2019 West TN Legal Services TNH16F999 (WTLS)
5	2016-2019 Positively Living TNH16F999 (PL)
6	2016-2019 Upper Cumberland Human Resource Agency TNH16F999 (UCHRA)
7	2016-2019 Frontier Health TNH16F999 (FH)
8	2016-2019 Columbia CARES TNH16F999 (Col C)

**Table 10 – Project Information**

**Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

## AP-38 Project Summary

### Project Summary Information

Table 11 – Project Summary

1	<b>Project Name</b>	2016-2019 State of Tennessee TNH16F999 (TN)
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	:
	<b>Description</b>	Offer prevention services aimed at homeless to HIV/AIDS individuals and beneficiaries through seven (7) non-profit service providers: Columbia CARES, Nashville CARES, Chattanooga CARES, West TN Legal Services (WTLS), Frontier MH, Upper Cumberland Human Resource Agency (UC), East TN Human Resource Agency (ETHRA).
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
2	<b>Project Name</b>	2016-2019 Nashville CARES TNH16F999 (NC)
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	:

	<b>Description</b>	HIV/AIDS homeless prevention
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
<b>3</b>	<b>Project Name</b>	2016-2019 Chattanooga CARES TNH16F999 (CC)
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	:
	<b>Description</b>	Homeless prevention services for HIV/AIDS individuals and beneficiaries
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
<b>4</b>	<b>Project Name</b>	2016-2019 West TN Legal Services TNH16F999 (WTLS)
	<b>Target Area</b>	
	<b>Goals Supported</b>	



	<b>Needs Addressed</b>	
	<b>Funding</b>	:
	<b>Description</b>	Provide homeless prevention services for HIV/AIDS individual and beneficiaries
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
5	<b>Project Name</b>	2016-2019 Positively Living TNH16F999 (PL)
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	:
	<b>Description</b>	Provides homeless prevention service to HIV/AIDS individuals and beneficiaries
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
	<b>Project Name</b>	2016-2019 Upper Cumberland Human Resource Agency TNH16F999 (UCHRA)

6	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	:
	<b>Description</b>	Provide HIV/AIDS homeless prevention services for diagnosed individuals and beneficiaries
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
7	<b>Project Name</b>	2016-2019 Frontier Health TNH16F999 (FH)
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	:
	<b>Description</b>	Provide HIV/AIDS homeless prevention services for diagnosed individuals and their beneficiaries
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	

	<b>Planned Activities</b>	
<b>8</b>	<b>Project Name</b>	2016-2019 Columbia CARES TNH16F999 (Col C)
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	:
	<b>Description</b>	Provide homeless prevention service for HIV/AIDS individuals and beneficiaries.
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	



**AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)**

**Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?**

No

**Available Grant Amounts**

NA

**Acceptance process of applications**

NA

**AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)**

**Will the state allow units of general local government to carry out community revitalization strategies?**

No

**State’s Process and Criteria for approving local government revitalization strategies**

NA

## AP-50 Geographic Distribution – 91.320(f)

### Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

Funds are directed to the areas of the state with greatest need and/or areas that have had disproportionately fewer funds made available to them. HOME uses the Not Proportionally Served measure to advantage counties not receiving as many funds per capita than other counties. The HOME competition divides the resources between urban and rural counties so as to ensure a mixture of urban/city served by the state's HOME program.

All applicants for the TN CDBG program are considered and scored in the same way. All applicants (other than those considered under the slums and blight and urgent need national objectives) must serve at least 51% LMI households. There is not a specific geographic distribution planned.

NHTF: non-profit and for-profit entities in both entitlement and non-entitlement jurisdictions statewide are eligible to apply for NHTF dollars however there will be a preference for areas of the state with the greatest need and/or projects that develop housing for extremely low-income households (residents earning less than 30% AMI) in areas of opportunity, as defined by the opportunity score developed by THDA.

### Geographic Distribution

Target Area	Percentage of Funds
Non-Entitlement Statewide Grant Allocation Priority	100

Table 12 - Geographic Distribution

### Rationale for the priorities for allocating investments geographically

CDBG: In the past, geographic location was not part of the method of distribution for CDBG. Projects are selected based solely on how they compare to the other similar projects and if the eligible applicants have open projects. However, for the substantial amendment, certain projects were awarded with a new batch of unexpected funds based on a number of factors found in the appendix.

HOME: Is competitive within certain categories. HOME funds are made available for competition as follows: 15% to the CHDO set-aside, 10% to the Supportive Housing Development set-aside, and 65% 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 allocation is 44% of the funds allocated to urban and rural areas and the rural allocation is 56% of the funds allocated to urban and rural areas. Local PJs are local governments in Tennessee that receive HOME funds directly from HUD: Bristol, Johnson City, Bluff City, Kingsport, Sullivan County, Washington

County, Chattanooga, Clarksville, Jackson, Knoxville, Memphis, Nashville-Davidson, Knox County and Shelby County. Urban and rural designations are based on the percent of the county's population who live in areas designated as rural.

ESG: THDA will spend up to 7.5% 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 as well as other successful local government applications in the Competitive Round. Non-profit agencies are not eligible to receive funds for administration. For FY16 THDA plans to allocate 38% of the ESG funds on a formula basis to the 12 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: Bristol, Clarksville, Cleveland, Franklin, Hendersonville, Jackson, Johnson City, Kingsport, Knoxville, Morristown, Murfreesboro and Oak Ridge. The remaining ESG funds after the Small Cities Set-Aside and administration are will be allocated to eligible applicants in a competitive grant application process.

HOPWA: Pursuant to HOPWA regulations, changes in eligible jurisdictions for HOPWA may occur if a metropolitan area reaches a population of more than 500,000 and has at least 1,500 cumulative AIDS cases. EMSAs receive HOPWA funds directly from HUD annually. At the inception of State HOPWA, it was determined that State HOPWA would serve non-EMSAs only. The State is divided into seven HOPWA regions (East Tennessee, North East Tennessee, Upper Cumberland, Mid Cumberland, Mid Cumberland, South Central Tennessee, West Tennessee and South East Tennessee). The State intends to enter into a grant agreement with the seven regions for FY16-17 with the option to renew for up to four additional years. The formula for regional distribution of funds will be determined by the ratio of HIV/AIDS cases reported in each region to the total number of cases reported statewide.

NHTF: non-profit and for-profit entities in entitlement and non-entitlement jurisdictions statewide are eligible to apply for NHTF funds. In total, 10% of funds will serve as an administrative fee for THDA. Up to 33% may be used for operating cost assistance and operating cost assistance reserves for NHTF assisted housing for which project-based rental assistance is not available. The State reserves the right to reallocate uncommitted operating funds to development costs if qualified applications for operating funds are insufficient to award all operating funds.

## **Discussion**



## Affordable Housing

### AP-55 Affordable Housing – 24 CFR 91.320(g)

#### Introduction

The state supports multiple housing goals with the Consolidated Plan programs. A summary of the one-year goals are presented below.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	0
Special-Needs	900
Total	900

**Table 13 - One Year Goals for Affordable Housing by Support Requirement**

One Year Goals for the Number of Households Supported Through	
Rental Assistance	1,560
The Production of New Units	63
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	1,623

**Table 14 - One Year Goals for Affordable Housing by Support Type**

#### Discussion

A number of other affordable housing activities taken on by the state are not reflected in the numbers above. Much of the ESG assistance provided is not a dedicated unit, as is required to be reported above, but instead is support for a homeless household. In all, we expect to assist directly or indirectly around 15,000 homeless households.

NHTF: The State of Tennessee estimates that it will develop 24 affordable housing units for extremely low-income households with funds from this program year.

## **AP-60 Public Housing - 24 CFR 91.320(j)**

### **Introduction**

#### **Actions planned during the next year to address the needs to public housing**

THDA continues to engage in research on the Rental Assistance Demonstration (RAD) program. During this Consolidated Planning period we held meetings with Public Housing Agencies (PHAs) on the RAD waiting list and conducted a survey of PHAs related to RAD and prepared information and presentations to the THDA Low Income Housing Tax Credit (LIHTC) committee of the THDA Board of Directors. The 2016 Qualified Allocation Plan (QAP) for the LIHTC program includes a PHA set-aside with preference (points) for applicants with a RAD project. The 2015 QAP also included a PHA set-aside with preference (points) for applicants with a RAD project.

#### **Actions to encourage public housing residents to become more involved in management and participate in homeownership**

THDA manages a Family Self Sufficiency (FSS) program for its Housing Choice Voucher (HCV) Program participants, which includes financial counseling and pre-purchase homeownership counseling for participants. THDA also offers a homeownership voucher option to participants of the FSS program. THDA is not able to offer these services to families participating in other PHA public housing or HCV programs.

#### **If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

NA

### **Discussion**

## **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

### **Introduction**

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; and
5. To provide emergency intervention assistance and rapid re-housing services to prevent homelessness and to obtain permanent housing.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

#### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

Eligible street outreach activities among ESG grantees include: Essential services to eligible participants 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 are also eligible.

**Eligible Program Participants:** Unsheltered individuals and families who qualify as homeless under Category 1 of HUD's Definition of Homelessness

#### **Allowable Activities:**

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

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

Eligible emergency shelter activities among ESG grantees include: essential services and operational expenses.

**Eligible Participants:** Individuals and families who qualify as homeless under Categories 1 and 4 of HUD’s Definition of Homelessness.

#### **Allowable Activities:**

*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: Assistance in obtaining permanent housing; Medical and psychological counseling and supervision; Employment counseling; Nutritional counseling; Substance abuse treatment and counseling; 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; Other services such as child care, legal services, life skills training, transportation, job placement and job training; and Staff salaries necessary to provide the above services. 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.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals**

## **and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

Eligible rapid-rehousing activities among ESG grantees include: Activities related to help a homeless individual or family to move into permanent housing.

**Eligible Participants:** Individuals and families 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:** *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 9 months) rental and/or utility assistance.

### Short and Medium Term Rental Assistance Requirements and Restrictions

- Compliance with FMR (Fair Market Rents) and Rent Reasonableness;
- 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
- Compliance with minimum habitability standards;
- 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;
- A standard and legal lease must be in place;
- 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
- 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).
- The Grantee must develop an individualized plan to help the program participant remain in permanent housing after the ESG assistance ends.
- *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; HMIS data collection and submission; credit repair counseling; budget classes; and monitoring and re-evaluating

program participants.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

Eligible prevention activities among ESG grantees include: 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% of Area Median Income 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”.

**Allowable Activities for Prevention and Rapid Re-Housing:** *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 9 months) rental and/or utility assistance.

#### Short and Medium Term Rental Assistance Requirements and Restrictions

- Compliance with FMR (Fair Market Rents) and Rent Reasonableness;
- 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;
- Compliance with minimum habitability standards;
- 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;
- A standard and legal lease must be in place;
- 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
- 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).

- The Grantee must develop an individualized plan to help the program participant remain in permanent housing after the ESG assistance ends.
- *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; HMIS data collection and submission; credit repair counseling; budget classes; and monitoring and re-evaluating program participants.

Some populations with specialized needs have also been prioritized to ensure they are helped with their housing needs. The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) will use their 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.

## **Discussion**

Outside of the ESG funding priorities, THDA has a strategic priority to address the housing needs of youth transitioning out of foster care and ex-offenders. To support the development of affordable housing for these populations, THDA has provided competitive grants and additional points to PHAs and other non-profit housing providers through our Housing Trust Fund to construct units for youth transitioning out of foster care and ex-offenders.

**AP-70 HOPWA Goals – 91.320(k)(4)**

<b>One year goals for the number of households to be provided housing through the use of HOPWA for:</b>	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	400
Tenant-based rental assistance	2
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	17
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	20
Total	439



## **AP-75 Barriers to affordable housing – 91.320(i)**

### **Introduction**

The Tennessee Consolidated Planning Partners are committed to affirmatively furthering fair housing. We continue to take steps to remove barriers to affordable housing that were identified in Tennessee's Analysis of Impediments to Fair Housing Choice.

### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

TNECD supports statewide and local fair housing trainings and other educational events that address the various barriers to fair housing. TNECD supports to implementation of fair housing ordinances and policies for local governments. Additionally, TNECD is working with THDA and the TN Fair Housing Council to develop a fair housing guide directed specifically to local government officials and employees.

For FY16-17 THDA will complete the following actions in support of our annual action plan for affirmatively further fair housing. Sponsor, support, participate and attend the following three statewide fair housing conferences across the state:

- Provide THDA fair housing education to all THDA employees through: Customized program training for program staff; fair housing overview training for other THDA staff; establish fair housing training as a component in annual refresher training.
- Enhance sub-recipient, owner and managers training by adding fair housing, renters' rights and Title VI training to each THDA sponsored workshop during. This is expected to begin in July 2016.
- Develop a page to be added to TNHousingSearch.org that identifies fair housing issues and renters' rights responsibilities along with contact information for questions on discrimination. There are also plans to revamp of the Resources page which will include fair housing information.
- In April 2016, THDA sponsored, supported and attended the Fair Housing and Disabilities training conducted by West Tennessee Legal Services. THDA plans to do the same in the fiscal year of this Action Plan and expand these trainings later this year and into 2017.
- Sponsor, support and attend the workshops on Fair Housing Lending conducted by West Tennessee Legal Services in September 2016.
- Sponsor, support and attend the Knoxville Livability Summit to educate persons with disabilities on fair housing issues and help them find accessible housing opportunities.
- Work with the TN Human Rights Commission and TN-ECD to develop best practices fair housing training materials for sub-recipients, grantees and program participants at THDA and TN-ECD.
- THDA presented fair housing training for PHA at TAHRA's Spring Workshop in 2016 and plans to

expand on that training for future TAHRA workshops.

- THDA was a panelist at the NCSHA Housing Credit Connect on the Compliance with Fair Housing and Accessibility Session in June 2015. We continue to provide our fair housing insights and best practices through our membership to NCSHA.
- THDA sponsored AFFH training for developers of affordable housing by Mark Shelbourne at the Governor's Housing Conference in October 2015. THDA is considering this same sort of training at future Governor's Housing Conferences.
- Develop the AFFH Guidebook for local governments and municipalities with TN-ECD and the TN Fair Housing Council. THDA has reached out to MTAS for assistance in adding a fair housing component to their training for new local government officials.
- Develop and implement a streamlined reasonable accommodation process to assist persons with disabilities request and receive reasonable accommodations to the Housing Choice Voucher program.

## **Discussion**

In addition to the actions we plan to affirmatively further fair housing, we plan to continue participation in the discussion around the taxation of the Low Income Housing Tax Credits in affordable housing developments. As was mentioned in the Consolidated Plan, efforts to study the effect of this taxation on existing and future properties was completed by Tennessee Advisory Council on Intergovernmental Relations. THDA has worked with the General Assembly and other stakeholders to educate the public on the impact to affordability housing that a statewide implementation of this tax may have.

## **AP-85 Other Actions – 91.320(j)**

### **Introduction**

#### **Actions planned to address obstacles to meeting underserved needs**

Tennessee is committed to tackling the needs identified in the Consolidated Plan. Needs that include affordable housing, community development and infrastructure, and housing and services for the homeless and those with special needs. Each program uses the information on need to inform their program actions. Funds are directed to the areas of the state with greatest need and/or areas that have had disproportionately fewer funds made available to them. HOME uses the Not Proportionally Served measure to advantage counties not receiving as many funds per capita than other counties. CBDG uses the Ability to Pay measure that determines the level of local financial contribution that is required, allowing impoverished communities receiving grants to receive more funds. This ability-to-pay determination includes per capita income, the value of taxable property, and the value of taxable sales. The National Housing Trust Fund will use an opportunity score in order to promote the production of affordable housing in areas of opportunity. This will enable residents in need to have more access to opportunity and resources.

#### **Actions planned to foster and maintain affordable housing**

The State of Tennessee will continue to invest HOME and CBDG funds to promote the production, preservation, and rehabilitation of affordable housing for individuals and families of low- and very low-income. The state will also invest National Housing Trust Fund dollars to promote the production, preservation, and rehabilitation of affordable housing for individuals and families of extremely low-income. The state will also invest in community infrastructure to support communities that are home to low income households. ESG and HOPWA also provide affordable housing both permanent and short term to special needs populations to support their affordable housing needs. The state also maintains relationships with local organizations which provide alternative housing services to fill the gaps between government-funded programs. This has been an important part to both fostering and maintaining affordable housing throughout the state.

Additional efforts are being made, both through regulatory and development avenues, to find new ways of providing quality, affordable housing. Energy efficiency improvements to the existing housing stock, emergency repair programs, and low-income housing tax credits are just some of the housing considerations being made to foster more housing that is affordable and in close proximity to resources and services. Further, THDA launched the Tennessee Housing Trust Fund which targets assistance to persons of very low income, those earning 50% or less of the area median income. Within the Housing Trust Fund, competitive grants support the chronically homeless, persons with mental retardation or

mental illness, citizens with developmental disabilities, single mothers recovering from substance addiction or physical abuse, veterans with multiple needs and ex-offenders re-entering society. In 2006, the Housing Trust Fund was established with \$12 million of THDA funds, over a two-year period. Currently, the Housing Trust Fund is \$7.5 million per year. This allows for complimentary housing activities in addition to those funding with CDBG and HOME funds, providing or maintaining critical affordable housing throughout Tennessee.

THDA developed the Low-Income Housing Tax Credit Program Qualified Contract Guide to assist buyers that are willing to purchase and maintain properties that are eligible to opt-out of the LIHTC program. THDA is developing a network of qualified purchasers and will market qualified LIHTC properties on their website to find the best sales contracts which will maintain the affordable housing inventory in Tennessee.

### **Actions planned to reduce lead-based paint hazards**

The State of Tennessee addresses hazards of lead based paint in the state through the following programs/initiatives. 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 state.

Lead-based paint policies are also in effect for the CDBG, NHTF, and HOME programs in the state. Specifically, grantees must give participants notice of possible lead hazards within the unit when the house is 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.

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](http://www.hud.gov/lea).

The Tennessee Department of Health, Childhood Lead Poisoning Prevention Program, provides lead poisoning information such as lead sources and prevention tips for parents and health care professional.

The Prevention Programs requires TennCare, the state health system for uninsured persons, to test children enrolled in the program. All children, regardless of payer source, with elevated blood lead levels receive case management services. Children with a blood lead level that repeats elevated or is > 20 µg/dl may receive an environmental investigation per the physician's request. The department links with the Tennessee Department of Environment and Conservation's information on lead assessment and abatement programs.

### **Actions planned to reduce the number of poverty-level families**

In all the work done by the Consolidated Partners to address housing and community development needs, low, very low and extremely low households are being served. Through the services provided through the five programs addressed in this plan and the other resources brought to bear on housing and community development needs across the state, the economic well-being of families is being addressed through safe, sound affordable housing and communities.

CDBG – For several years, the CDBG program did not separate extremely low-, very low-, and low-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 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 2015, 66 percent of HOME beneficiaries were very low-income households.

NHTF - The NHTF exclusively serves extremely low-income households earning less than 30% AMI. This is a new program therefore the statistics on previous clients served through this program are not available.

Additionally, the state coordinates resources so that services to households at or below 80% AMI are effectively administered. Continued coordination efforts include plans to further address the housing needs of youth transitioning from foster care and to support the housing needs for non-traditional

students pursuing post-secondary education degrees.

### **Actions planned to develop institutional structure**

Please see below.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

To address this as well as the development of the institutional structure, it is important to recognize the grantees in the Consolidated Planning programs as well as the partnerships each of the state Consolidated Planning partners foster above and beyond these four programs. By using CHDOs, local and regional governments, and social service agencies, the State has invested in the existing structure to implement our programs while requiring and monitoring a level of quality that improves the housing affordability and quality of the units impacted by these funds.

Additionally, THDA remains a strong supporter of the state and regional Affordable Housing Coalitions. We remain committed to providing staffing support to the Coalitions as they continue their transition to full independence from THDA. The Coalition is made up of 251 members. Of these 100 are non-profits, 48 are municipal entities (including PHA's), 35 represent financial institutions (including CDFI's), 11 are state or Federal government officials, and 57 are other (including developers, realtors, consultants, property managers, etc.).

THDA has a Lender/Realtor Advisory Board that assists us in ensuring that our programs are responsive to the needs of our consumers and our partners.

Our grantees are local governments, regional Development Districts and not-for-profits. Each of these partnerships adds strength to the overall institutional structure as well as the strong public-private partnerships that exist through out the state.

Additionally, THDA promotes participation and the active involvement of HCV residents in all aspects of the Housing Choice Voucher program mission and operation. HCV participants are invited to serve on a Resident Advisory Board to represent their interests. THDA's Resident Advisory Board is composed of active HCV participants who provide supportive assistance to HCV personnel. The Resident Advisory Board consist of a maximum of fifteen (15) members. If more than fifteen (15) persons volunteer for the Board, THDA utilizes a random selection process to ensure proportionate representation from the East, West and Middle divisions of the state. In addition, as required by the federal regulations, the THDA Board of Directors includes one eligible resident board member who is eligible to vote on Housing Choice Voucher program issues. The goal of the Resident Advisory Board is to positively impact the

overall quality and delivery of HCV services and improve the overall quality of life for HCV participants.

## **Discussion**

## Program Specific Requirements

### AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

#### Introduction

#### Community Development Block Grant Program (CDBG)

##### Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	2,713,882
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>2,713,882</b>

#### Other CDBG Requirements

1. The amount of urgent need activities	1,000,000
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	95.00%

#### HOME Investment Partnership Program (HOME)

##### Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is



as follows:

NA

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

CHDOs must use HOME funds to develop units for homeownership, including new construction 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*. The CHDO must be the owner-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, but not less than \$1,000. 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 nine 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, but not less than \$1,000. All grant recipients using HOME for soft second mortgages must use the THDA single-family underwriting template to determine the amount of HOME assistance, and must submit the determination to THDA for review and final approval. If the underwriting template indicates that the homebuyer does not have an unmet need for the soft second mortgage, the grant recipient may not provide direct HOME assistance to that homebuyer. The amount of the soft second mortgage is the “direct HOME subsidy” provided to the homebuyer and subject to recapture.

The soft second mortgage will have 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 or vacated. If the unit is sold or transferred during the affordability period, the amount of the HOME subsidy subject to recapture will be reduced by twenty percent (20%) per year of occupancy by the initial homebuyer. If the unit is leased or vacated during the affordability period, the entire HOME subsidy must be repaid.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

*Down Payment Programs by Local Communities or Non-CHDO Non-Profit Orgs:* A grant recipient who is a local community or a non-CHDO non-profit organization may provide down payment 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, but not less than \$1,000. There will be an affordability period of 5 years, secured by a Note and Deed of Trust between the grant recipient and the homebuyer. The HOME loan is forgiven at the end of the fifth year if the unit remains in compliance with HOME requirements. This means that the property remains the primary residence of the initial buyer and is not leased or vacated. If the property is sold or transferred at the end of the affordability period, the homebuyer has complied with these recapture provisions. If the unit is sold or transferred during the affordability period, the amount of the HOME subsidy subject to recapture will be reduced by 20% per year of occupancy by the initial homebuyer. If the unit is leased or vacated during the affordability period, the entire HOME subsidy must be repaid.

*CHDOS:* At the time of the sale of the unit to an eligible homebuyer, the CHDO 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, but not less than \$1,000. There will be an affordability period of five years, secured by a Note and Deed of Trust between the CHDO and the homebuyer. The HOME loan is forgiven at the end of the 5th year if the unit remains in compliance with HOME requirements. This means that the property remains the primary residence of the initial homebuyer and is not leased or vacated. If the property is sold or transferred at the end of the affordability period, the homebuyer has complied with these recapture provisions. If the unit is sold or transferred during the affordability period, the amount of the HOME subsidy subject to recapture will be reduced by 20% per year of occupancy by the initial homebuyer. If the unit is leased or vacated during the affordability period, the entire HOME subsidy must be repaid.

*Sale/Transfer of the Property:* The HOME-assisted homebuyer may sell or otherwise transfer the unit on or before the end of the affordability period to any willing buyer at any price, and the amount of the HOME subsidy subject to recapture will be reduced by 20 percent per year of occupancy by the initial buyer. The amount subject to recapture is limited by the availability of net proceeds. The net proceeds are the sales price minus superior non-HOME loan repayments minus closing costs. If the net proceeds are not sufficient to recapture 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, then 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. "Capital improvement investment" investment means the improvements to the property made at the homeowner's expense (and not through some other form of subsidy), as evidenced by receipts or cancelled checks detailing the capital improvements made. Capital improvements do not include items of maintenance, deferred maintenance or cosmetic improvements. 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)(3).

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

NA

**Emergency Solutions Grant (ESG)  
Reference 24 CFR 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

The written standards for providing ESG assistance, *The Emergency Solutions Grant Program Policies and Procedures* are attached and can also be found at the THDA website <https://s3.amazonaws.com/thda.org/Documents/Business-Partners/Grant-Administrators/ESG-Program/ESG-Policies-and-Procedures.pdf>

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Tennessee has seven Continuums of Care under the ESG funding umbrella. Each CoC is attempting to address the coordinated assessment system in a way that meets the needs of the individual region. For instance, the Cities of Murfreesboro and Chattanooga, have centralized physical locations for those needing assistance. While effective for a city, the model does not work for the other CoC regions that cover eight to 23 counties. In Upper East Tennessee, led by Appalachian Regional Homeless Coalition (ARCH), there are three physical intake locations in Bristol, Kingsport and Johnson City at the Salvation Army offices. West Tennessee, led by TN Homeless Solutions, has created a hotline to assess over the phone and refer potential clients to the closest agency for services. The remaining CoCs (Homeless Advocacy for Rural TN, TN Valley Coalition to End Homelessness and Buffalo Valley) have opted for a centralized system of intake for their Continuum agencies. Using the 'No Wrong Door' philosophy each agency within a Continuum uses the same intake process/paperwork within that region.

3. Identify the process for making sub-awards and describe how the ESG allocation available to

private nonprofit organizations (including community and faith-based organizations).

The method of distribution across the geographic areas both with set asides and competition for funds is described in the AP-30 Method of Distribution section.

The State of Tennessee, through THDA, will accept applications for the ESG program from non-profit organizations. Non-profit applicants must submit **PART V: Non-Profit Checklist** with supporting documentation, and **PART VI: Non-Profit Board Composition**.

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

- Be organized and existing as a non-profit agency 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;
- Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual;
- 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;
- Have standards of financial accountability that conform to 24 CFR 84.21, Standards of Financial Management Systems; and
- Have an IRS designation under Section 501(c)(3) or Section 501(c)(4) of the federal tax code. A 501(c)(3) non-profit applicant may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary materials with the IRS and received a response from the IRS demonstrating 501(c)(4) status.
- Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.
- 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 **PART VII: 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.*

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR

576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

It is a requirement for all ESG subrecipients to formulate homelessness participation in their program. It is required information on the application. All grantees either have a homeless or formerly homeless individual on staff or on the board, or they have incorporated a process to involve the homeless to participate in policy-making decisions.

#### 5. Describe performance standards for evaluating ESG.

The Tennessee ESG Policies and Procedures Manual instructs grantees to adopt performance standards consistent with HUD and THDA program requirements.

**Performance Standards/Measures:** THDA must ensure that programs and activities funded through the ESG program meet certain Performance Standards as set by the local Continuum of Care, THDA, and HUD. The following is an example of the types of Standards that THDA and its sub-recipients will be required to meet in order to demonstrate success of the ESG program:

- Reducing the average length of time a person is homeless
- Reducing returns to homelessness
- Improving program coverage
- Reducing the number of homeless individuals and families
- Reducing the number of chronically homeless individuals and families
- Improving employment rate and income amounts of program participants
- Reducing first time homelessness
- Preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs

Although THDA understands many sub-recipients have chosen to provide one-time emergency rent or utility assistance to prevent homelessness, sub-recipients receiving ESG funds should use all available resources that will ensure the ongoing housing stability of program participants.

## Discussion

Please note that each year, TNECD typically funds 2-3 urgent need activities during a program year. This is dependent on circumstances and can change from year-to-year.