

State of Tennessee

2019-20 Annual Action Plan

Substantial Amendment: CDBG-CV Funding

AP-05 Executive Summary

In December 2019, a new coronavirus known as SARS-CoV-2 was first detected in Wuhan, Hubei Province, People's Republic of China, causing outbreaks of the coronavirus disease COVID-19 that spread globally. The first case was reported in the United States in January 2020. In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic, and President Trump declared the outbreak a national emergency. The majority of states also declared states of emergency with most shutting down large gathering places and limiting the movement of their residents. Although President Biden has now ended the emergency declaration for the COVID-19 pandemic, states continue to use special funding allocated during this period to respond to the pandemic's long-term impacts. Details about proposed activities for this funding are included throughout this amendment document.

Community Development Block Grant (CDBG) Program, administered by the Tennessee Department of Economic and Community Development (ECD), total COVID-19 allocation: \$53,248,623*

- CDBG-CV1 - \$16,813,334
- CDBG-CV2 - \$18,108,488
- CDBG-CV3 - \$18,326,801

*Note: CDBG-CV1, CDBG-CV2, and CDBG-CV3 funds were previously awarded and allocated to goals in prior amendments.

After reviewing current programs and allocations, TNECD proposes redistributing \$15,587,000 of previous CDBG-CV funding to different goals to meet the needs that emerged throughout the COVID-19 pandemic. \$5,587,000 of CDBG-CV funding originally was allocated to the goal of business support. However, there was little interest in the Business Assistance program. \$10,000,000 of CDBG-CV funding originally was allocated to the goal of increasing broadband internet access. Since the initial approval the action plan, however, the State of Tennessee has allocated \$500 million in American Rescue Plan (ARP) funding to this effort, eliminating interest in the Broadband Expansion and Internet Access for PHAs program. As a result, this amendment will shift \$15,587,000 of funding away from the goals of business support and broadband access to a new goal of improving park facilities and open space, as well as allocating some additional funding to the existing goals of addressing food insecurity and childcare assistance. Requests for improvements to park facilities and open spaces grew substantially under the CDBG formula program throughout the pandemic, and this amendment allocates \$9,500,000 (of the \$15,587,000 of CDBG-CV funding) to this goal. The Child Care Assistance and the Addressing Food Insecurity programs also have received much interest, and this amendment allocates \$3,000,000 and \$3,087,000 respectively (of the \$15,587,000 of CDBG-CV funding) to these goals in addition to the funding previously allocated. Please see section AP-20 and AP-25 for more details.

CDBG continues to receive guidance on an ongoing basis to efficiently and effectively implement funding. Waivers, if applicable, may be posted to the HUD exchange (<https://www.hudexchange.info/>) or included in applicable Federal Register notices, or interested parties may contact the Tennessee Department of Economic and Community Development (ECD) for current updates or research@thda.org for information on how the Tennessee Consolidated Planning programs are utilizing waivers.

AP-12 Participation

Previously, the State of Tennessee successfully submitted and was granted a waiver to expedite the citizen's participation process for CARES Act funding. These waivers stated that citizens will be granted no fewer than five days to provide comments on the substantial amendment, and, as the requirements of the Citizen's Participation Plan are waived, reasonable notice would be given based on the grantee's circumstances. The purpose of these waivers was to eliminate timeliness barriers to receiving the CARES Act relief funding.

Since the COVID-19 pandemic is no longer a state of emergency, the waivers granted under CDBG-CV Notice (FR-6218-N-01) have expired. As a result, this substantial amendment abided by all requirements of the Citizen's Participation Plan.

This amendment will be available for public review and comment from October 16 – November 15, 2023 at <https://thda.org/research-reports/consolidated-planning>. A public notice in English and Spanish will be published on State websites (THDA and ECD), as well as Development District websites. In addition, newspapers will be utilized to distribute the notice. Screenshots and tear sheets of these public notices will be included in the appendix.

All notices directed the public to the THDA website where the full amendment draft was posted and an online feedback form was available in English and Spanish for anyone to leave a comment on the draft CDBG-CV plan.

A public hearing will be held on Monday, November 13, 2023 at 10:00 AM in the Tennessee Tower, Multimedia Room on the third floor, located at 312 Rosa L Parks Avenue, Nashville, TN 37207.

Though housing assistance is a great need for Tennesseans and is an eligible CDBG-CV activity, efforts would be duplicated and confused with other State agencies who received larger allocations for these specific housing related activities. For this reason, CDBG-CV chose to focus on other needed activities that were not addressed elsewhere.

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.

Program	Source of Funds	Uses of Funds	Expected Amount Available				Expected Amount Available Remainder of ConPlan	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
CDBG-CV	public - federal	Economic Development Public Services Services Broadband and Internet Access Business Assistance	\$53,248,623	0	0	0	0	Funding allocated under the CARES Act. Funding must be used to address the impacts of the COVID-19 pandemics on communities.

If appropriate, describe publicly 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.

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

Goals >>	TA, Administration	Business Support	Addressing Food Access and Insecurity	Broadband expansion and Internet Access for PHAs	Child Care Assistance	Park Facilities and Outdoor Space
Current CDBG-CV Funding in 2019-2020 Annual Action Plan>>	\$2,661,623	\$5,587,000	\$25,000,000	\$10,000,000	\$10,000,000	N/A
CDBG-CV Funding after Substantial Amendment >>	\$2,661,623	\$0	\$28,000,000	\$0	\$13,087,000	\$9,500,000
2. Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit (Households Assisted)				2,000		89,000
3. Public service activities other than Low/Moderate Income Housing Benefit (Persons Assisted)			50,000	5,000	100	
16. Jobs created/retained (Jobs)			12		150	
17. Businesses assisted (Businesses Assisted)		200	50		35	

Goal Descriptions

6	Goal Name	TA, Administration
	Goal Description	Cost of designing and administering CDBG programs and activities.
7	Goal Name	Business Assistance
	Goal Description	Provide resources to CDFIs and non-profit organization to provide deep technical assistance to Main Street businesses to help the business adapt, recover, and pivot due to COVID impacts.
8	Goal Name	Addressing Food Access and Insecurity
	Goal Description	Improve access to food and resources; support organizations that provide access to food and resources, particularly those in high need areas.
9	Goal Name	Child Care Assistance
	Goal Description	Expand access to daycare by improving existing daycare facilities and improving homes to serve as licensed home-based daycares.
10	Goal Name	Park Facilities and Open Space
	Goal Description	Expand and improve access to open spaces and parks in non-entitlement communities across the state.

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 five Consolidated Planning grants and other resources that the state and HUD provide to address this need.

Funding Allocation Priorities

	TA, Administration (%)	Business Support (%)	Addressing Food Access and Insecurity (%)	Broadband Expansion and Internet Access for PHAs (%)	Child Care Assistance (%)	Park Facilities and Open Space (%)	Total (%)
Current CDBG-CV Allocation Priorities in 2019 – 2020 Annual Action Plan	5	10	0	47	19	N/A	100
CDBG-CV Allocation Priorities after Substantial Amendment	5	0	52	0	25	18	100

Reason for Allocation Priorities

Initially, a survey was released to assess the needs of communities in Tennessee due the impacts of the COVID-19 pandemic. The allocation priorities reflect the over 300 responses from representatives of Local Governments, Local Economic Development Organizations, Non-profit Community Development Organizations, Non-profit Housing Organizations, Local Development Districts, Utility Districts, Consultants to Local Governments, and more.

As other federal and state funding was made available to address needs across the state, TNECD began have more specific conversations with other state departments and strategic partners about needs that were brought up with more frequency.

In the spring of 2023, after HUD issued the 80% expenditure waiver, TNECD revisited the types of activities listed in its allocation priorities. After reviewing current programs and allocations, TNECD proposes redistributing \$15,587,000 of previous CDBG-CV funding to different goals to meet the needs that emerged throughout the COVID-19 pandemic. \$5,587,000 of CDBG-CV funding originally was allocated to the goal of business support. However, there was little interest in the Business Assistance program. \$10,000,000 of CDBG-CV funding originally was originally to the goal of increasing broadband internet access. Since the initial approval the action plan, however, the State of Tennessee has allocated

\$500 million in American Rescue Plan (ARP) funding to this effort, eliminating interest in the Broadband Expansion and Internet Access for PHAs program. As a result, this amendment will shift \$15,587,000 of funding away from the goals of business support and broadband access to a new goal of improving park facilities and open space, as well as allocating some additional funding to the existing goals of addressing food insecurity and childcare assistance. Requests for improvements to park facilities and open spaces grew substantially under the CDBG formula program throughout the pandemic, and this amendment allocates \$9,500,000 (of the \$15,587,000 of CDBG-CV funding) to this goal. The Child Care Assistance and the Addressing Food Insecurity programs also have received a lot of interest, and this amendment allocates \$3,000,000 and \$3,087,000 respectively (of the \$15,587,000 of CDBG-CV funding) to these goals in addition to the funding previously allocated.

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

Introduction

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

Distribution Methods

Table 1 - Distribution Methods by State Program

8	State Program Name:	Addressing Food Access and Insecurity
	Funding Sources:	CDBG-CV
	Describe the state program addressed by the Method of Distribution.	<p>The CARES Act appropriated \$5 billion to supplement the CDBG program to respond to and address the impacts of the COVID-19 pandemic. The Act established funds would be released in three tranches, the first of which is based on the FY20 funding formula. The State of Tennessee is establishing new programs and supplementing some existing programs to distribute these funds based on the needs communicated by the communities and the organizations which support these communities.</p> <p>Due to unprecedented need and use of these funds, the State of Tennessee intends to maintain the flexibility to adjust program allocation amounts to meet the needs and demands of the communities.</p> <p>This program will consist of two sub-programs:</p> <ol style="list-style-type: none"> 1. Support for the five (5) regional food banks that together serve the entire state to increase food purchases and improve distribution of food to partner agencies across the state. 2. Competitive application for counties to increase capacity for local organizations, such as food pantries, to store and distribute food.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>1. Statewide food banks</p> <p>The allocation to each food bank will be distributed based on an existing allocation formula the food banks currently use. All activities must meet the following:</p> <ul style="list-style-type: none">• Activity must meet a National Objective.• Activity must be a CDBG-CV eligible activity.• Each food bank must not be receiving other financial benefits that would create a duplication of benefit. Other benefits will be tracked and reported.• Each food bank must provide a program plan to show how CDBG-CV are intended to be used. <p>2. Competitive grant for counties</p> <p>The full criteria are still being established to select beneficiaries of this program. The following must be met:</p> <ul style="list-style-type: none">• Activity must meet a National Objective.• Applicant must be an eligible entity.• Activity must be a CDBG-CV eligible activity.• Project Need<ul style="list-style-type: none">○ Description of needs of local organizations to benefit from the grant funds○ County unemployment rate compared to pre-pandemic○ County poverty rate○ County food insecurity rates as published by Feeding America• Project Impact<ul style="list-style-type: none">○ Percentage of county population to be served○ Readiness (how quickly can the activity begin after award)○ Leveraged resources• Project Feasibility<ul style="list-style-type: none">○ Timeline○ Sustainability○ Budget○ Organization capacity• Applicant must not be receiving other financial benefits that would create a duplication of benefit. Other benefits will be tracked and reported.
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<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Guidance and applications are being developed.</p>						
<p>Describe how resources will be allocated among funding categories.</p>	<table border="0"> <tr> <td>Total</td> <td style="text-align: right;">\$28,000,000</td> </tr> <tr> <td>1. Statewide food banks</td> <td style="text-align: right;">\$15,000,000</td> </tr> <tr> <td>2. Competitive grant for counties</td> <td style="text-align: right;">\$13,000,000</td> </tr> </table> <p>Will be adjusted based on demand and need.</p>	Total	\$28,000,000	1. Statewide food banks	\$15,000,000	2. Competitive grant for counties	\$13,000,000
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1. Statewide food banks	\$15,000,000						
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<p>Describe threshold factors and grant size limits.</p>	<table border="0"> <tr> <td>1. Statewide food banks</td> <td style="text-align: right;">Formula allocation</td> </tr> <tr> <td>2. Competitive grant for counties</td> <td style="text-align: right;">\$500,000 max</td> </tr> </table>	1. Statewide food banks	Formula allocation	2. Competitive grant for counties	\$500,000 max		
1. Statewide food banks	Formula allocation						
2. Competitive grant for counties	\$500,000 max						
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Number of households/persons assisted Increase in storage and/or distribution capacity</p>						

9	State Program Name:	Child Care Assistance
	Funding Sources:	CDBG-CV

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The CARES Act appropriated \$5 billion to supplement the CDBG program to respond to and address the impacts of the COVID-19 pandemic. The Act established funds would be released in three tranches, the first of which is based on the FY20 funding formula. The State of Tennessee is establishing new programs and supplementing some existing programs to distribute these funds based on the needs communicated by the communities and the organizations which support these communities.</p> <p>Due to unprecedented need and use of these funds, the State of Tennessee intends to maintain the flexibility to adjust program allocation amounts to meet the needs and demands of the communities.</p> <p>This program will consist of two sub-programs:</p> <ol style="list-style-type: none">1. Assistance to daycare facilities and home-based child care2. Pilot program for daycares related to companies. (The projects are intended to help alleviate the child care burden allow parents back into the job market.)
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>1. Assistance to daycare facilities and home-based child care</p> <p>Formula allocations will be distributed to each of the nine (9) local development districts (DD) to provide funding to daycare facilities and home-based child care programs. The formula allocation considers the number of counties each DD serves, the total population served by each DD, the percentage of population that lives in rural areas, the weighted Social Vulnerability scores of each county, and the weighted Economic Status of each county as defined by the Appalachian Regional Commission (ARC).</p> <p>The full criteria are still being established to select beneficiaries of this program. The following must be met:</p> <ul style="list-style-type: none">• Activities must meet a National Objective.• Activity must be a defined CDBG-CV eligible activity.• Each daycare facility must not be receiving other financial benefits that would create a duplication of benefit. Other benefits will be tracked and reported.• Each DD must provide a program plan to show how CDBG-CV are intended to be used and a timeline for use of funds.• Daycares and home-based child care must be licensed or in the pre-licensure program. <p>2. Pilot program for daycares related to companies (Non-competitive. Will be selected in partnership with TN Dept. of Human Resources)</p> <p>Considerations for the pilot program:</p> <ul style="list-style-type: none">• Activity must meet a National Objective.• Proposed use of funds• Project need• Geography• Timeline• Sustainability• Targeted employment (LMI jobs)• Numbers potential employees assisted• Area demographics<ul style="list-style-type: none">○ Unemployment rate○ LMI percentage○ Poverty rate
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	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidance and applications are being developed.
	Describe how resources will be allocated among funding categories.	<ol style="list-style-type: none"> 1. Assistance to daycare facilities and home-based child care \$12,087,000 2. Pilot program for daycares to assist companies recruit for employment \$1,000,000 <p>Will be adjusted based on demand and need.</p>
	Describe threshold factors and grant size limits.	Threshold factors and grants sizes will be determined in each DD program plan. The program plan must be approved by ECD.
	What are the outcome measures expected as a result of the method of distribution?	<p>Number of new child care openings</p> <p>Number of total children benefitted</p> <p>Number of LMI children benefitted</p> <p>Number of new jobs created</p> <p>Number of new businesses established</p>

10	State Program Name:	Park Facilities and Open Space
	Funding Sources:	CDBG-CV

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The CARES Act appropriated \$5 billion to supplement the CDBG program to respond to and address the impacts of the COVID-19 pandemic. The Act established funds would be released in three tranches, the first of which is based on the FY20 funding formula. The State of Tennessee is establishing new programs and supplementing some existing programs to distribute these funds based on the needs communicated by the communities and the organizations which support these communities.</p> <p>Due to unprecedented need and use of these funds, the State of Tennessee intends to maintain the flexibility to adjust program allocation amounts to meet the needs and demands of the communities.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The full criteria are still being established to select beneficiaries of this program. The following must be met:</p> <ul style="list-style-type: none"> • Activity must meet a National Objective. • Applicant must be an eligible entity. • Applicant and assisted businesses must not be receiving other financial benefits that would create a duplication of benefit. • Eligible activities: <ul style="list-style-type: none"> ○ Parks and recreation activities submitted under the 2023 CDBG formula application round. <p>Applications will not be scored for competitiveness. Instead, applications will be reviewed for eligibility, compliance, and value of the project. Applications that do not present a noticeable value to the community and residents will not be funded.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>All CDBG manuals and applications materials are available on the ECD website and by request.</p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>Total \$9,500,000</p> <p>Will be adjusted based on demand and need.</p>

	Describe threshold factors and grant size limits.	\$630,000
	What are the outcome measures expected as a result of the method of distribution?	Number of persons and LMI persons benefitting. Additionally, each application must contain at least one measurable output and outcome related to the project.

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

All applicants for the TN CDBG program are considered and scored based on need. There is not a specific geographic distribution planned.

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

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	0
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
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities (CDBG-CV only)	\$15,974,587
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.	70.00%

Appendix A: Public Outreach