

STATE OF TENNESSEE
FISCAL YEAR 2021-22 ANNUAL ACTION PLAN
FOR HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS



TENNESSEE HOUSING DEVELOPMENT AGENCY

TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

TENNESSEE DEPARTMENT OF HEALTH

Table of Contents

| | |
|--|----|
| ES-05 Executive Summary - 91.300(c), 91.320(b) | 2 |
| The Process | 5 |
| PR-05 Lead & Responsible Agencies 24 CFR 91.300(b)..... | 5 |
| PR-10 Consultation – 91.100, 91.110, 91.200(b), 91.300(b), 91.200(l) and 91.315(l) | 6 |
| PR-15 Citizen Participation - 91.115, 91.300(c) | 8 |
| ANNUAL ACTION PLAN YEAR 1 | 9 |
| Expected Resources | 9 |
| AP-15 Expected Resources – 91.320(c)(1,2) | 9 |
| Annual Goals and Objectives | 16 |
| AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e) | 16 |
| AP-25 Allocation Priorities – 91.320(d)..... | 20 |
| AP-30 Methods of Distribution – 91.320(d)&(k)..... | 23 |
| AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii) | 45 |
| AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii) | 45 |
| AP-50 Geographic Distribution – 91.320(f)..... | 46 |
| Affordable Housing | 49 |
| AP-55 Affordable Housing – 24 CFR 91.320(g) | 49 |
| AP-60 Public Housing - 24 CFR 91.320(j)..... | 50 |
| AP-65 Homeless and Other Special Needs Activities – 91.320(h) | 52 |
| AP-70 HOPWA Goals – 91.320(k)(4) | 57 |
| AP-75 Barriers to affordable housing – 91.320(i) | 57 |
| AP-85 Other Actions – 91.320(j) | 61 |
| Program Specific Requirements..... | 65 |
| AP-90 Program Specific Requirements – 91.320(k)(1,2,3)..... | 65 |

Community Development Block Grant Program (CDBG)..... 65
HOME Investment Partnership Program (HOME) 67
Emergency Solutions Grant (ESG)..... 70
Housing Trust Fund (HTF)..... 73
Housing Opportunities for Persons with AIDS (HOPWA)..... 82

DRAFT

Updated on 4/9/2021 to include Housing Trust Fund allocations and minor clarifications.

Executive Summary

ES-05 Executive Summary - 91.300(c), 91.320(b)

1. Introduction

The State of Tennessee 2021-2022 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 listed below. The Annual Action Plan, which covers the period of July 1, 2021 through June 30, 2022, describes the allocations, strategies and activities for carrying out the 2020-2024 Consolidated Planning goals.

The U.S. Department of Housing and Urban Development (HUD) requires the State of Tennessee, as a recipient of federal formula grant funds, to develop a Consolidated Plan every five years. This plan describes the state's housing and community development priorities and multi-year goals, based on an assessment of housing and community development needs, examination of housing and economic market conditions, and analysis of available resources. The Consolidated Plan covers the period of July 1, 2020 through June 30, 2025 and was approved in June 2020.

Federal resources provided by HUD discussed within the plan include:

- Community Development Block Grant (CDBG): This program promotes economic and community development in small cities across the state. CDBG will also be administering a pilot Recovery Housing Program (CDBG-RHP), which was originally scheduled for FY20, but delayed due to the pandemic.
- HOME Investment Partnerships (HOME) Program: This program promotes the production, preservation, and rehabilitation of affordable housing for rent or home ownership for low-income households.
- Housing Trust Fund (HTF): This program promotes the production, preservation, rehabilitation, and operation of affordable rental housing for extremely low-income (ELI) households.
- Emergency Solutions Grants (ESG) Program: This program provides services necessary to support persons that are at-risk of homelessness or are homeless to quickly regain stability in permanent housing.
- Housing Opportunities for Persons with AIDS (HOPWA) Program: This program addresses the housing needs for low-income persons who are living with HIV/AIDS and their families.

The HOME, HTF, and ESG Programs are administered through Tennessee Housing Development Agency (THDA); CDBG and CDBG-RHP are administered by the Tennessee Department of Economic and Community Development (TNECD); and HOPWA is administered by the Tennessee Department of Health (DOH). While THDA is the lead agency responsible for coordinating the development of the Consolidated Planning documents, all of the administering agencies of the five grant programs participated in their development.

The Annual Action Plan contained within describes the amounts expected to be made available during Program Year 2021-22 for the five formula grant programs. It also 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. The State of Tennessee received a total of \$58,777,596 for 2021-2022. Allocations are broken out by program below.

- CDBG - \$28,786,934
- CDBG-RHP - \$889,092
- HOME - \$14,367,451
- HTF - \$9,736,855
- ESG - \$3,220,924
- HOPWA - \$1,776,340

Other affordable housing resources made available to the state or have an impact on the state's performance are discussed in the Consolidated Plan. These include HUD's Section 8 Tenant-Based Housing Choice Voucher (HCV) and Project-Based Contract Administration Programs, the THDA Homebuyer Education Programs, Tennessee's Community Investment Tax Credit Program, the Low-Income Housing Credit (LIHC) Program and the Tennessee Housing Trust Fund Competitive Grants Program.

The Consolidated Planning process is an opportunity for strategic planning and citizen participation to take place comprehensively. The Consolidated Plan serves as a guide for decisions regarding the use of these federal resources and sets forth program goals, specific objectives, and benchmarks for measuring progress.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

The State of Tennessee identified four priority needs for the five-year period covered by the 2020 – 2024 Consolidated Plan. These priority needs include:

- Limited housing opportunities: Preserve affordable housing stock, increase the amount of affordable housing, and increase access to affordable housing for low- and moderate-income families.
- Aging infrastructure, disinvestment in communities, and disaster recovery: Improve the safety and livability of communities through investment in infrastructure, economic opportunities, and disaster recovery.
- Limited non-housing supportive services: Increase availability and awareness of supportive services for persons with HIV/AIDS, homeless persons, and other special populations.
- Affirmatively furthering fair housing: Ensure access to quality housing for protected classes and provide fair housing outreach, education and counseling.

In addition to these priority needs, HUD set forth three basic goals and objectives against which the plan and the state's performance under the plan will be evaluated. These goals include providing decent housing, providing a suitable living environment, and expanding economic opportunities for low- and moderate-income persons.

3. Evaluation of past performance

The State of Tennessee will continue to build upon past progress to increase the number of affordable and accessible housing units, contribute to economic sustainability, and foster community vibrancy in all areas across the state. Tennessee will continue to support program activities which have proven to be effective while also looking for areas where the efficiency or impact of these programs can be improved. Specific information on the state’s performance can be found within the Consolidated Annual Performance and Evaluation Report (CAPER), which is available on THDA’s website: <https://thda.org/research-reports/consolidated-planning>

DRAFT

The Process

PR-05 Lead & Responsible Agencies 24 CFR 91.300(b)

1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

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 |
| HTF Administrator | TENNESSEE | THDA, Community Programs |

Narrative

The HOME, HTF, and ESG Programs are administered by the Tennessee Housing Development Agency (THDA); CDBG and CDBG-RHP are administered by the Tennessee Department of Economic and Community Development (TNECD); and HOPWA is administered by the Tennessee Department of Health (DOH). While THDA is the lead agency responsible for coordinating the development of the Consolidated Plan, all of the administering agencies of the five grant programs participated in the development of the Consolidated Plan. Additionally, developing the plan involved input from citizens, organizations, state, local and federal government officials, developers, public housing authorities and housing professionals.

Consolidated Plan Public Contact Information

Contact Information:

Dhathri Chunduru, PhD
Director, Research and Planning
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick Street, Third Floor
Nashville, TN 37243
P – 615.815.2125
F – 615.564.2700
Research@thda.org

PR-10 Consultation – 91.100, 91.110, 91.200(b), 91.300(b), 91.200(I) and 91.315(I)

NOTE: A description of consultation efforts will be included in the final report.

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 (91.215(I))

During the 2020-24 Consolidated Planning consultation phase, staff and representatives from governmental, health, mental health, environmental, and other service agencies were invited to participate in various forms of feedback activities. Data and conversations from these departments were instrumental in creating our special population analysis, homeless needs assessment, our HIV/AIDS assessment and our lead-based poison prevention approach.

Furthermore, Stakeholder Feedback Sessions: A series of stakeholder feedback sessions meetings and interviews were conducted to discuss issues and opportunities related to housing and community development, including fair housing, , as well as fair housing issues, throughout Tennessee. Individuals representing government and policy makers, nonprofit organizations, affordable housing providers, and other interested parties were invited to participate in interviews and meetings to ensure that the priorities discussed in the Consolidated Plan were inclusive of the needs of all Tennesseans.

Each year, THDA looks for ways to further communication efforts and relationships with other state departments, related agencies, and the public. Recently, additional efforts have been made to partner with Tennessee Continuums of Care for a variety of program goals. Development Districts across the state also assist the Consolidated Planning partners with activities related to and outside of the Consolidated Plan.

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 Grants (ESG) contracts for the Tennessee Balance of State and non-entitlement Continuums of Care (CoCs). Because service delivery structure and the extent of homelessness differ regionally throughout Tennessee, THDA supports local continuums while administering the ESG program. THDA communicated with the CoCs and ESG grantees through feedback sessions at ESG workshops held in January 2020 to better understand the needs of the homeless population, which were included to include in the Consolidated Plan. These meetings offered an opportunity to get feedback for the Consolidated Plan and the, as well as hear feedback on the ESG program as they think about to inform potential changes to policies and procedures.

THDA is a member of numerous consortia that assist low-income households, and those who are experiencing homelessness in Tennessee. THDA coordinates with these groups to help align services regionally. Specific to the Consolidated Plan, THDA communicated with these groups through stakeholder meetings, public hearings, and other feedback channels.

THDA funded the participation of the Tennessee Valley Coalition for the Homeless in the Built for Zero technical assistance initiative through Community Solutions. Through this opportunity, TVCH developed an organizational structure and process to address veteran's homelessness with the CoC.

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

THDA administers ESG contracts for the Tennessee Balance of State and Continuums of Care (CoCs) except in entitlement jurisdictions that receive their own allocation of ESG funds (Chattanooga, Memphis, and Nashville-Davidson County). THDA works closely with the CoCs to administer the ESG program and address service gaps to homeless populations. During the scoring process for ESG resources, THDA seeks CoC feedback regarding the applications submitted.

With increased ESG funding through the CARES Act (ESG-CV), THDA has further partnered with CoCs to assist THDA in distributing that funding according to need and CoC regional goals throughout the pandemic. CoCs help score applicants and assist in reporting efforts for this funding as well. Additionally, the Tennessee Housing Trust Fund awarded CoCs a combined \$500,000 in supplemental grant funding to support plans for CoC-wide responses to the COVID-19 pandemic.

During the development of the Consolidated Plan, CoCs were invited to attend the ESG application workshops held in January in Nashville, Knoxville, and Jackson. At each of these workshops, a member of the Research and Planning staff gave a presentation on the Consolidated Plan and led a discussion of homelessness and the strategy to address it, special populations and populations served, program policies, and ESG resources. ESG staff were present to hear and respond to questions, concerns, and feedback. Summaries of these conversations are available throughout the 2020-2024 Consolidated Plan and are reflected in the ongoing ESG goals.

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

All appropriate agencies received notice of consultation efforts. The lists in this section are not exhaustive. Numerous agencies such as CoC's, Development Districts, local governments, coalitions, formula sub-grantees, nonprofits, state and local agencies were notified of or participated in strategy and consultation efforts throughout the Consolidated Planning period.

PR-15 Citizen Participation - 91.115, 91.300(c)

A full description of citizen participation will be provided in the final report submitted to HUD.

DRAFT

ANNUAL ACTION PLAN YEAR 1

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 2020-2024).

Anticipated Resources

| Program | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|--------------------|---|----------------------------------|--------------------|--------------------------|--------------|---|--|
| | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| CDBG | Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services | \$28,786,934 | \$1,280,710 | \$0 | \$30,067,644 | \$84,000,000 | TNECD (Tennessee Economic and Community Development) receives CDBG funds for non-entitlement areas in the state. These funds, as well as any program income or recovered funds, are used primarily for public facility projects across the state. Program income will be applied to the funding of additional regular round activities. At least \$1,000,000 of recovered funds from prior activities will be held for funding imminent threat projects during the year. At the end of the year excessive balances will be allocated for use in the next program year. |
| CDBG-RHP | Transitional housing construction | \$889,092 | \$0 | \$891,000 | \$1,780,092 | \$0 | CDBG-RHP is a pilot program allocation as part of the SUPPORT Act to develop transitional housing for persons in recovery from a substance-abuse disorder. |
| HOME | Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA | \$14,367,451 | \$0 | \$10,862,782 | \$25,230,233 | \$42,000,000 | THDA receives HOME funds for the cities, counties and nonprofits outside of local participating jurisdictions (PJs) and for CHDO organizations statewide. 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. |
| Housing Trust Fund | Preservation, rehabilitation, and production of new construction of affordable rental housing units | \$9,736,855 | \$0 | \$0 | \$4,334,563 | \$22,500,000 | The Housing Trust Fund (HTF) is an affordable housing production program that complements 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. THDA receives HTF funds to award grants to Public Housing Authorities and Non-Profit Developers to implement eligible affordable rental housing development activities. |

| | | | | | | | |
|-----------------------------------|--|---------------|-----|----------|---------------|--------------|---|
| ESG | Financial assistance Overnight/Day shelter Rapid re-housing (rental assistance) Prevention Rental Assistance Services Case Management Transitional housing | \$3,220,924 | \$0 | \$70,220 | \$3,291,144 | \$10,500,000 | THDA receives ESG funds to provide the services necessary to help homeless persons or those at risk of becoming homeless to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. |
| HOPWA | Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA | \$1,776,340 | \$0 | \$0 | \$1,776,340 | \$5,100,000 | TDOH receives HOPWA funds for housing activities that benefit low-income persons living with HIV/AIDS and their families. |
| Ryan White Funds | Other | \$500,000 | - | - | \$500,000 | - | Leveraged Ryan White funds. |
| LIHC | Acquisition Multifamily rental new construction Multifamily rental rehab | \$393,400,000 | - | - | \$393,400,000 | - | The LIHC 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 are the 10-year values of the allocations to be made during the ConPlan period. |
| Section 8 Contract Administration | Rental Assistance | \$212,500,000 | - | - | \$212,500,000 | - | The Section 8 Contract Administration Division of THDA administers the Project Based Section 8 Rental Assistance 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 2020, the Division had 371 contracts, representing 28,491 units, and monthly HAPs averaging approximately \$17.7 million per month. |

| | | | | | | | |
|------------------------------|---|--------------|---|---|--------------|---|--|
| Homebuyer Education | Homebuyer Education | | | | | | THDA requires homebuyer education for our home loan programs and encourages it for everyone considering homeownership. The purpose of homebuyer education is to assist people with purchasing homes and 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 as well as hosts certification and continuing education courses for homebuyer education providers. THDA is also a HUD Intermediary for the Office of Housing Counseling, administering the oversight of HUD's Housing Counseling Grant to participating agencies. |
| | | \$600,000 | - | - | \$600,000 | - | |
| Tennessee Housing Trust Fund | Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership Short term or transitional housing facilities Transitional housing | | | | | | The Tennessee Housing Trust Fund (THTF) funds six programs to address unmet housing needs in Tennessee. The Competitive Grants program targets rental housing needs across the state for low-, very low-, and extremely low-income residents. Other programs provide housing modifications for persons with disabilities, home repair for the elderly and disabled, new home construction and purchase for low income Tennesseans, and assistance for communities impacted by weather related incidents. |
| | | \$10,000,000 | - | - | \$10,000,000 | - | |

| | | | | | | | |
|--------------------------------|-------------------|---------------|---|---|---------------|---|--|
| CITC | Other | | | | | | CITC - Financial institutions may obtain a credit against the franchise and excise tax liability when qualified loans, investments, grants, or contributions are extended to eligible nonprofit organizations, development districts, public housing authorities, or THDA for activities that create or preserve affordable housing, help low-income Tennesseans obtain affordable housing, or help build the capacity of eligible nonprofit organizations who provide housing opportunities for low income Tennesseans. |
| | | \$310,370,009 | - | - | \$310,370,009 | - | |
| Housing Choice Voucher Program | Rental Assistance | | | | | | The Housing Choice Voucher (HCV) program provides monthly rental assistance to eligible participants who are elderly, disabled, or of very low income. |
| | | \$41,667,836 | - | - | \$41,667,836 | - | |

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

Community Development Block Grant

The CDBG program uses an Ability to Pay (ATP) Index to develop the required local match amounts from the applying local governments. The ATP developed as a requirement of the EPA-backed State Revolving Fund (SRF) for all city and county governments based on factors such as median household income, poverty rate, unemployment rate, food stamp dependency etc. ECD uses this ATP to create a match rate range of 10 to 30 percent. Additionally, local governments can receive a 4% reduction on their match by being located in a county that is actively participating in the ThreeStar program. For application submissions during the FY2021 round, local governments have been provided an additional 4% reduction to address impacts to local government budgets due to COVID-19.

Applicants must submit a local government resolution with the application for the commitment of matching funds. If, upon bidding, the project budget must be increased, the local government must provide a commitment, usually in the form of a resolution, to cover the overage. During the reimbursement process, ECD only reimburses based on the percentage of each budget line item attributed to the grant. For instance, if the construction line item is 50% CDBG-funded, when a request for payment is submitted only 50% of the construction amount invoiced will be reimbursed.

Grants or loans issued in response to infectious disease pandemics (such as the Novel Coronavirus) may or may not include matching or leveraged funding. These determinations will be made once the full scope of resources available is understood at the time of application. In the event that matching or leverage funds are required, a formal, signed commitment of funds will be required before award of the grant or loan is

issued.

CDBG Recovery Housing Program

For the CDBG Recovery Housing Program (CDBG-RHP), a matching requirement will not be established for this pilot program. The amount of funds leveraged for the construction of transitional housing will be considered when determining the locations and entities to be awarded funds for these developments.

HOME Investment Partnership Program

For HOME, THDA will continue to provide the required federal match. Although no local match is required from applicants, THDA will count any nonfederal project funds that qualify as match under the HOME rule toward its matching requirement. In the scoring matrix, any project that has leveraged funds will receive additional points.

Housing Trust Fund

For HTF, THDA will count leveraged funds provided by the applicant and grants from other sources as match funds. A contribution of value in the form of cash, materials or labor in a pre-approved form and method toward the hard development costs of a project is considered leveraged funds. In the scoring matrix, any project that has leveraged funds will receive additional points.

Emergency Solutions Grants (ESG)

The ESG program requires that grantees provide a dollar for dollar match of the 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.

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.

DRAFT

Annual Goals and Objectives

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

Goals Summary Information

DRAFT

| Goal Name | Category | Geographic Area | Anticipated Funding | Goal Outcome Indicator |
|--|--------------------|---|---|---|
| Creation and preservation of affordable housing | Affordable Housing | Non-Entitlement Statewide Grant Allocation Priority | CDBG: \$1,321,826 HOME: \$25,230,233 HTF: \$9,736,855 CITC: \$310,370,009 TN HTF: \$10,000,000 HCV: \$41,667,836 LIHC: \$393,400,000 S8CA: \$212,500,000 | <p>CDBG 10. Homeowner Housing Rehabilitated (Household Housing Units): 12</p> <p>HOME 9. Homeowner Housing Added (Household Housing Units): 25 10. Homeowner Housing Rehabilitated (Household Housing Units): 80 11. Direct Financial Assistance to Homebuyers (Households Assisted): 10 12. Tenant-based rental assistance / Rapid Rehousing (Households Assisted): 25</p> <p>Housing Trust Fund 7. Rental units constructed (Household Housing Units): 25 8. Rental units rehabilitated (Household Housing Units): 25</p> <p>CITC: 7. Rental units constructed (Household Housing Units) 1709 8. Rental units rehabilitated (Household Housing Units) 618 9. Homeowner Housing Added (Household Housing Units) 190 10. Homeowner Housing Rehabilitated (Household Housing Units) 1</p> <p>TN HTF: 7. Rental units constructed (Household Housing Units) 95 8. Rental units rehabilitated (Household Housing Units) 278 9. Homeowner Housing Added (Household Housing Units) 65 10. Homeowner Housing Rehabilitated (Household Housing Units) 277</p> <p>HCV 12. Tenant-based rental assistance / Rapid Rehousing (Households Assisted): 6149 plus 179 mainstream vouchers</p> <p>LIHC 7. Rental units constructed (Household Housing Unit): 2,589 8. Rental units rehabilitated (Household Housing Unit): 1,726</p> |
| Preserve homeless facilities & supportive services | Homeless | Non-Entitlement Statewide Grant Allocation Priority | ESG: \$3,291,144 | <p>12. Tenant-based rental assistance / Rapid Rehousing (Households Assisted) 3,600</p> <p>13. Homeless Person Overnight Shelter (Persons Assisted) 6,900</p> <p>15. Homelessness Prevention (Persons Assisted) 2,000</p> |

| | | | | |
|---|---|---|---|---|
| Preserve housing for persons with AIDS/HIV | Affordable Housing Non-Homeless Special Needs | Non-Entitlement Statewide Grant Allocation Priority | HOPWA: \$1,776,340 Leveraged Funds Ryan White: \$500,000 | 12. Tenant-based rental assistance / Rapid Rehousing (Households Assisted) 35 14. Overnight/ Emergency Shelter/Transitional Housing Beds added (Beds) 77 15. Homelessness Prevention (Persons Assisted) 475 23. Other (Housing Information Services and Resource ID Services): 475 |
| Physical infrastructure development | Non-Housing Community Development | Non-Entitlement Statewide Grant Allocation Priority | CDBG: \$21,000,000 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit (Persons Assisted): 275,000 |
| Revitalize disinvested areas & improve livability | Non-Housing Community Development | Non-Entitlement Statewide Grant Allocation Priority | CDBG: \$5,500,000 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit (Persons Assisted): 150,000 |
| TA, Job/Business Development, Administration | Non-Housing Community Development | Non-Entitlement Statewide Grant Allocation Priority | CDBG: \$963,608 CDBG-RHP: \$44,452 | |
| Create recovery transitional housing | Non-Homeless Special Needs | Non-Entitlement Statewide Grant Allocation Priority | CDBG-RHP: \$844,640 | Persons Assisted: 40 |
| Fair Housing | Affordable Housing Public Housing Homeless | Non-Entitlement Statewide Grant Allocation Priority | Homebuyer Ed: \$600,000 CDBG: \$1,500 | Homebuyer Education Education provided to homeowners: 3,000 |

Goal Descriptions

| | | |
|---|-------------------------|---|
| 1 | Goal Name | Creation and preservation of affordable housing |
| | Goal Description | 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 | Goal Name | Preserve homeless facilities & supportive services |
| | Goal Description | Preserve homeless facilities to ensure they can continue to meet the needs of Tennessee's homeless population as well as provide resources to support those who are homeless or at-risk of homelessness. |
| 3 | Goal Name | Preserve housing for persons with AIDS/HIV |
| | Goal Description | Provide resources to preserve affordable housing options for those persons with HIV/AIDS. |
| 4 | Goal Name | Physical infrastructure development |
| | Goal Description | 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 | Goal Name | Revitalize disinvested areas & improve livability |
| | Goal Description | These projects are activities designed to provide other community development services to meet health and safety needs of the communities, particularly to benefit LMI persons. These projects can include purchasing fire trucks or ambulances, repaving roads, assisting with the building of community centers, treatment centers or other public service buildings not for the general use of government. |
| 6 | Goal Name | TA, Job/Business Development, Administration |
| | Goal Description | Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities. Also, technical assistance to non-profit organizations, local development corporations, and local governing bodies. This goal will also help implement programs that will create a climate that is receptive to and encourages the growth of jobs. |
| 7 | Goal Name | Microenterprise support and development ¹ |
| | Goal Description | This goal aims to support and encourage microenterprise development and growth by funding local governments and non-profits to provide tools, education, and technical assistance. |

¹ Goals 7-9 are not funded for FY21, or have been funded through other means, and have been removed from allocation charts in this report.

| | | |
|----|-------------------------|--|
| 8 | Goal Name | Recidivism reduction through workforce development |
| | Goal Description | This goal aims to provide workforce development training and skills development programs for incarcerated individuals to reduce recidivism, or a return to prison. |
| 9 | Goal Name | Emergency job creation/retention |
| | Goal Description | Intended to respond to the economic impacts of infectious disease pandemics, such as the Novel Coronavirus by providing grants and/or loans to impacted businesses to retain jobs and/or to businesses creating jobs for those lost as a result of the pandemic. |
| 10 | Goal Name | Create recovery transitional housing |
| | Goal Description | Pilot program as part of the SUPPORT Act to develop transitional housing for persons in recovery from a substance-abuse disorder. |
| 11 | Goal Name | Fair housing |
| | Goal Description | 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. Fair housing practices will be integrated into all of our housing activities and therefore cannot be quantified at the state level. It also does not fit into the indicator categories provided. |

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

| | 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 (%) | Create recovery transitional housing | Fair housing (%) | Total (%) |
|-----------------------------------|---|--|--|---|---|--|--------------------------------------|------------------|------------|
| CDBG | 5 | 0 | 0 | 73 | 19 | 3 | 0 | 0 | 100 |
| CDBG-RHP | 0 | 0 | 0 | 0 | 0 | 5 | 95 | 0 | 100 |
| HOME | 99 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 100 |
| HTF | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| ESG | 0 | 99 | 0 | 0 | 0 | 0 | 0 | 1 | 100 |
| HOPWA | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 100 |
| Ryan White Funds | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 100 |
| LIHC | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Section 8 Contract Administration | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Homebuyer Education | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| Tennessee Housing Trust Fund | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| CITC | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Housing Choice Voucher Program | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |

Reason for Allocation Priorities

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, and transitional short term facilities - (FB) hotel motel vouchers 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.

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 its 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.

Since 2014, Tennessee’s HOME Program allows only homeowner rehabilitation, reconstruction and homebuyer down payment assistance in its Urban/Rural allocations and the development of units for homeownership by Community Housing Development Organizations (CHDOs) in its CHDO set-aside. However, THDA will be developing and implementing rental housing development and tenant based rental assistance programs using HOME funds during the program year. Additionally, the Housing Trust Fund and the Tennessee Housing Trust Fund Competitive Grants programs will target households at 30% AMI and 50% AMI, respectively. There is a deep need in all of these types of housing, and the provision of state funds in the rental housing sector is a reflection of our commitment to address each of these needs.

New for FY21, the Pilot Program to Help Individuals In Recovery From a Substance Use Disorder Become Stably Housed (Recovery Housing Program), was authorized under Section 8071 of the Support for Patients and Communities (SUPPORT) Act. The Recovery Housing Program (RHP) allows states and the District of Columbia to provide stable, transitional housing for individuals in recovery from a substance-use disorder. The funding covers a period of not more than two years or until the individual secures permanent housing, whichever is earlier. This new program has a separate allocation from the regular CDBG allocation. TN is planning to model this program after other similar recovery housing programs such as CHI-2 at THDA.

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

Introduction:

The below methods of distribution describe how individual programs will allocate their funding to particular projects and the program parameters used in assessing funding needs. Also included are methods for how competitive applications are assessed and awarded.

Distribution Methods

| | | |
|----------|---|--|
| 1 | State Program Name: | CDBG - Regular Round |
| | Funding Sources: | CDBG |
| | Describe the state program addressed by the Method of Distribution. | 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. Due to the COVID-19 pandemic, a virtual public meeting was held in September of 2020 to discuss the application and award process of the 2021 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 than 100 people were in attendance. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <p>All applications must meet four criteria, before being scored:</p> <ul style="list-style-type: none"> ▪ Meet a National Objective ▪ Be an eligible activity ▪ Be a non-entitlement jurisdiction ▪ Be an eligible community development objective <ul style="list-style-type: none"> • 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. • Community Livability Development - to develop an improved community livability by enhancing emergency and protective services or making improvements to the physical environment. • 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. |

| | |
|--|---|
| | <ul style="list-style-type: none"> • 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. <p>For State Fiscal Year 2021-22, 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> <ol style="list-style-type: none"> 1. Community Need <ul style="list-style-type: none"> • Latest annual county unemployment rate. • Target area/Census tract per capita income • Ten year average county unemployment rate • 5 Year ACS per capita income 2. Project Need: Project need points measure the degree to which there is a need for the project (example: 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. 3. Project Feasibility: Project 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. 4. 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. 5. Project Essentialness: Project essentialness points apply only to community livability projects and are designed to assess the degree to which the project is essential for the maintenance of safe and tolerable living conditions. Scores of three ECD reviewers will be averaged. 6. Economic Development: Up to 10 additional points are available to applications that exhibit economic development impacts as a result of the project. |
| <p>If only summary criteria were described, how can potential applicants access application</p> | <p>All CDBG manuals and applications materials are available on the ECD website and by request.</p> |

| | | | | | | | | | | | |
|--|---|--------------------------|--------------------|-------------------------------|-------------------|------------------|------------------|-------------------------------------|----------------|--------------|---------------------------|
| <p>manuals or other state publications describing the application criteria? (CDBG only)</p> | | | | | | | | | | | |
| <p>Describe how resources will be allocated among funding categories.</p> | <table border="0"> <tr> <td>Water and Sewer Projects</td> <td>\$21,000,000 (71%)</td> </tr> <tr> <td>Community Livability Projects</td> <td>\$5,500,000 (19%)</td> </tr> <tr> <td>Housing Projects</td> <td>\$1,321,826 (4%)</td> </tr> <tr> <td>Administration and Tech. Assistance</td> <td>\$963,608 (3%)</td> </tr> <tr> <td>Total</td> <td>\$28,786,934 (97%)</td> </tr> </table> <p>Program income will be applied to the funding of additional regular round activities. At least \$1,000,000 of recovered funds from prior activities will be held for funding imminent threat projects during the year. At the end of the year, excessive balances will be allocated for use in the next program year.</p> | Water and Sewer Projects | \$21,000,000 (71%) | Community Livability Projects | \$5,500,000 (19%) | Housing Projects | \$1,321,826 (4%) | Administration and Tech. Assistance | \$963,608 (3%) | Total | \$28,786,934 (97%) |
| Water and Sewer Projects | \$21,000,000 (71%) | | | | | | | | | | |
| Community Livability Projects | \$5,500,000 (19%) | | | | | | | | | | |
| Housing Projects | \$1,321,826 (4%) | | | | | | | | | | |
| Administration and Tech. Assistance | \$963,608 (3%) | | | | | | | | | | |
| Total | \$28,786,934 (97%) | | | | | | | | | | |
| <p>Describe threshold factors and grant size limits.</p> | <p>Community Livability grants have a maximum threshold request of \$400,000. Housing has a threshold of \$500,000. Water and sewer have thresholds of \$600,000. Projects located in a ThreeStar participating county have the opportunity for an additional 5% in grant funds.</p> | | | | | | | | | | |
| <p>What are the outcome measures expected as a result of the method of distribution?</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 as meeting on the following outcome categories:</p> <ul style="list-style-type: none"> • Accessibility/Availability • Affordability • Sustainability | | | | | | | | | | |
| <p>2</p> | <p>State Program Name: CDBG – Microenterprise support and development</p> | | | | | | | | | | |
| | <p>Funding Sources: CDBG</p> | | | | | | | | | | |

| | |
|--|---|
| <p>Describe the state program addressed by the Method of Distribution.</p> | <p>The State of Tennessee has a rolling application open for local governments, nonprofit entities, and institutions of higher education to plan, education, training, and provide resources to microenterprises and entrepreneurs. This program is the TN Placemakers program and includes CDBG and state funding sources.</p> |
| <p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p> | <p>Applications that are funded using CDBG funds must meet the following criteria:</p> <ul style="list-style-type: none"> ▪ Meet a National Objective ▪ Be an eligible activity ▪ Be a non-entitlement jurisdiction <p>Applications are scored based on the following criteria:</p> <ol style="list-style-type: none"> 1. Project Need (25 points) <ul style="list-style-type: none"> • How and why did you choose the proposed project? Why is this project important for the community? • Can you demonstrate existing demand for the project (Use specific data if available)? • How will this project assist your current plan of work to support or grow entrepreneurship? • How is this an innovative approach? 2. Project Impact: (25 points) <ul style="list-style-type: none"> • Describe how additional funds will be leveraged to increase the impact of this project? • Provide the expected outcomes for the project. • What is the target area, number of participants, and demographics of participants your project will serve? • Will other partners participate? • What will their role be? • Describe how this project is scalable and replicable. 3. Project Plan (25 Points) <ul style="list-style-type: none"> • What does success look like for this project? • What metrics will you use to determine success (qualitative and quantitative)? • How many jobs do you predict will be created with this project (Provide a conservative and best-case scenario)? • What is your recruitment plan for participation in your program? |

| | |
|---|--|
| | <p>4. Feasibility and Sustainability (25 Points)</p> <ul style="list-style-type: none"> • What is the timeline for execution of this project/program? • Describe the qualifications of the person(s) administering the program, providing the training, and managing the finances. • How will the project be sustained after the funding period concludes? What challenges or barriers do you expect? <p>5. Budget (10 Points):</p> <ul style="list-style-type: none"> • Provide a budget narrative for the proposed budget including information on how the budget was developed. • Is the budget reasonable, comprehensive, and comprehensible? |
| <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>The application and program guidelines are on the ECD website.</p> |
| <p>Describe how resources will be allocated among funding categories.</p> | <p>Funds for the CDBG-CV allocation are being committed to this program. No additional resources from the FY2021 formula allocations will be committed.</p> |
| <p>Describe threshold factors and grant size limits.</p> | <p>Applicants can apply under 3 categories: Assess and Plan, Support and Train, and Build and Sustain. An applicant may apply under any one, two, or all three categories. Category threshold are:</p> <p>Assess and Plan - \$15,000 Support and Train - \$25,000 Build and Sustain - \$75,000</p> |

| | | |
|----------|---|---|
| | | Total Application Threshold - \$100,000 |
| | What are the outcome measures expected as a result of the method of distribution? | Number of projects expected to be completed under each of the activity descriptions based on prior grant years. Number of microenterprises/entrepreneurs served. |
| 3 | State Program Name: | CDBG – Recidivism reduction through workforce development |
| | Funding Sources: | CDBG |
| | Describe the state program addressed by the Method of Distribution. | Public service program targeting incarcerated persons to provide workforce development training and skills development programs expand economic opportunity and reduce recidivism. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <p>This first round will be a pilot round where 3 counties will be selected. The program is structured around a successful program funded by ARC, but only ARC counties are eligible. CDBG will be able to expand this program across the state.</p> <p>Eligible entities and proposals must meet the following:</p> <ol style="list-style-type: none"> 1. Meet a National Objective 2. Be an eligible activity 3. Be a non-entitlement jurisdiction <p>The detailed criteria is still being established, but each sub-recipient will have to exhibit the following:</p> <ul style="list-style-type: none"> • Organizational capacity and personnel to effectively execute the program, including the local elected officials, the local sheriff's office, involvement from supporting industry partners, and personnel available to conduct education and training. • Incarcerated participants that meet the baseline criteria for eligibility, including length of sentence remaining, severity of the offense, level of education, etc. • The capacity and willingness for program sustainability beyond the life of the grant. |
| | If only summary criteria were described, how can potential applicants access application | The program guidelines still in development but will be available on the ECD website. |

| | | |
|----------|---|---|
| | manuals or other state publications describing the application criteria? (CDBG only) | |
| | Describe how resources will be allocated among funding categories. | This pilot program has been put on hold. No additional resources from the FY2021 formula allocations will be committed. The funding for these projects comes from recoveries and program income. |
| | Describe threshold factors and grant size limits. | \$50,000 |
| | What are the outcome measures expected as a result of the method of distribution? | The proposed measures are: <ul style="list-style-type: none"> • Recidivism rates at years 1, 2, and 3 post release. • Time to employment • Starting wage |
| 4 | State Program Name: | CDBG - Emergency job creation/retention |
| | Funding Sources: | CDBG |
| | Describe the state program addressed by the Method of Distribution. | Emergency job creation/retention: Grants and/or loans to respond to the economic impacts of infectious disease pandemics, such as the Novel Coronavirus. The focus will be on impacted businesses to retain jobs and/or to businesses creating jobs for those lost as a result of the pandemic. |
| | Describe all of the criteria that will be used to select | Eligible entities and proposals must meet the following: <ol style="list-style-type: none"> 1. Meet a National Objective 2. Be an eligible activity 3. Be a non-entitlement jurisdiction |

| | |
|---|---|
| <p>applications and the relative importance of these criteria.</p> | <p>Applicants must also be able to meet public benefits standards and agree to federal reporting requirements.</p> <p>The detailed criteria and weighting are still being established, but likely factors will be evaluated will be:</p> <ul style="list-style-type: none"> • Loss of revenue by comparing a period of time before an established date for impact of the outbreak and the time after the established date. • NAICS codes to determine the severity of the economic impact to job sectors. • Geographic unemployment since the established date for impact of the outbreak, probably regionally or county-level. • Number of jobs created or retained. • Number of LMI jobs created or retained. <p>Other criteria may identified in the development of this program.</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>Written guidelines will be developed and made available on the TNECD website.</p> |
| <p>Describe how resources will be allocated among funding categories.</p> | <p>No additional categories are being developed under this program.</p> |
| <p>Describe threshold factors and grant size limits.</p> | <p>\$1,000,000</p> |

| | | |
|---|--|--|
| | What are the outcome measures expected as a result of the method of distribution? | Number of jobs retained or created |
| 5 | State Program Name: | CDBG-Recovery Housing Program |
| | Funding Sources: | CDBG-RHP |
| | Describe the state program addressed by the Method of Distribution. | Pilot program as part of the SUPPORT Act to develop transitional housing for persons in recovery from a substance-abuse disorder. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <p>This will be a pilot program that will use existing programs and state and federal data to determine the greatest areas of need and the existing gaps in transitional housing to prioritize where the transitional housing units will be developed or constructed.</p> <p>The area and/or population served must meet a national objective.</p> <p>ECD will partner with THDA and the Department of Mental Health and Substance Abuse Services to build upon the established Creating Homes Initiative that is focused on development permanent housing for individuals with mental illness, of which substance abuse qualifies. These two agencies have experience in gathering and analyzing the data and developing successful programs to address the housing needs of individuals recovering from substance abuse.</p> |
| | If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only) | Program guidelines and requirements will be developed and available on the CDBG website. |
| Describe how resources will be allocated among funding categories. | No additional categories will be created under the initial pilot program. | |

| | | |
|---|---|---|
| | | |
| | Describe threshold factors and grant size limits. | Maximum grant amount will be \$800,000. |
| | What are the outcome measures expected as a result of the method of distribution? | Number of persons transitioned to permanent housing |
| 6 | State Program Name: | HOME - CHDO Round |
| | Funding Sources: | HOME |
| | Describe the state program addressed by the Method of Distribution. | Activities under the HOME Program must address the housing needs of low-income households. Eligible activities include: <i>Homeownership programs</i> - THDA provides funds for the development of affordable housing for sale to low and moderate income households. THDA provides funds to the CHDO as a grant for the rehabilitation or new construction of units that will be sold to qualified households. Each CHDO must provide an amount of down payment assistance not to exceed \$14,999 for use by the home buyer as a soft second mortgage necessary to qualify the household for permanent financing; CHDOs may retain the remaining balance from the sale of the unit as CHDO proceeds for development of future HOME eligible housing. <i>CHDO Operating Expenses, Developer's Fees; and Project Soft Costs</i> - CHDO's may request up to 7% of the funds awarded as operating expense assistance and up to 8% of the actual hard project costs as a developer fee. Additional qualified soft costs may be charged to each project. All soft costs will count towards the HOME maximum subsidy. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <ol style="list-style-type: none"> 1. CAPABILITY Up to 60 points: The proposed project demonstrates exceptional planning and readiness and the organization demonstrates sufficient capacity beyond threshold. 2. CHDO SERVICE AREA NOT IN A PJ 5 points: THDA shall award up to 5 points to applications submitted from CHDO's where the service area of the CHDO does not include an area designated as an entitlement area/PJ by HUD. 3. PUBLIC PRIVATE PARTNERSHIP FOR NEIGHBORHOOD REDEVELOPMENT 10 Points: To receive points under this criteria, the CHDO must partner with a local unit of government or a local quasi-governmental entity by means of a MOU or other partnership agreement, outside of THDA's contract, for the purpose of the development of affordable housing. 4. MATCH Up to 15 points: THDA shall award up to 15 points to applications that include a committed contribution of eligible match resources towards the project implementation. A commitment of eligible match contribution from an external |

| | |
|--|--|
| | <p>source must be documented in the application from the source providing the contribution. To determine the points awarded, THDA will not round the percentage calculated.</p> <p>5. LEVERAGE Up to 10 points: THDA shall award up to 10 additional points to applications that include the use of funds from other sources. THDA will award point in this category based on the actual percentage of other funds in the project. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. In order to receive point, there must be written documentation for the leveraged funds in the application.</p> <p>6. ENERGY CONSERVATION up to 10 points: For acquisition/rehabilitation and sale type homeownership projects, THDA shall award up to 10 points to applications that, to the extent feasible, include at least three energy conservation measures beyond that required by THDA’s Design Standards for Rehabilitation in the rehabilitation of each unit. For new construction homeownership projects, THDA shall award up to 10 points to applications that agree to construct each single family unit in accordance with the following standards beyond that which is required by THDA’s Design Standards for New Construction.</p> <p>7. UNIVERSAL DESIGN up to 10 points: For new construction or acquisition/rehabilitation type homeownership projects, THDA shall award up to 10 total points to applications that include additional identified universal design features in each unit.</p> <p>8. PRIOR YEAR UNEXPENDED HOME FUNDS DEDUCTIONS Up to -5 Points: CHDOs who administered a HOME grant in prior years who have successfully closed their HOME grant are eligible for application under the 2021 HOME CHDO Mini-Round if the spend down requirement are met, as detailed in Section A, item 14-C. Any grant that successfully closed, but did not commit or expend 100% of the HOME grant funds awarded will be subject to a point deduction. The maximum number of points that can be deducted under this category is 5. The amount of points deducted is contingent upon the balance of HOME grant funds left uncommitted or spent.</p> <p>Applications must receive a minimum threshold score equal to 50% of the total points available under the applicable scoring matrix.</p> |
| <p>Describe how resources will be allocated among funding categories.</p> | <p>CHDO Set-aside. Eighteen percent (18%) of 2021 HOME allocations 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 maximum per county grant.</p> <p>A successful CHDO that receives an allocation of 2021 CHDO funds, must commit those funds to specific units no later than September 30, 2022. If in the opinion of THDA, the applications submitted do not contain viable proposals or are from a</p> |

| | | |
|----------|---|--|
| | | <p>CHDO that lacks the organizational potential to comply with all HOME affordability requirements, THDA may choose not to award any or all of the funds set-aside for CHDOs in the current application round.</p> <p>THDA will not make any funding awards for units in a jurisdiction where the unit cannot be inspected by a state certified building inspector or by a provider as permitted under State law.</p> |
| | Describe threshold factors and grant size limits. | An applicant must apply for at least \$100,000 and may apply for a maximum HOME grant of \$1,00,000. 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 \$1,000,000 maximum grant. |
| | What are the outcome measures expected as a result of the method of distribution? | The expected outcome measure is that the activities under the HOME Program effectively address the housing needs of low-income households. |
| 7 | State Program Name: | HOME Program – Urban and Rural |
| | Funding Sources: | HOME |
| | Describe the state program addressed by the Method of Distribution. | 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 or reconstruction of existing housing units. A maximum investment per unit will be limited by both (1) the federal maximum HOME subsidy limit as adjusted by the number of bedrooms per unit and (2) the after rehabilitation value of the unit permitted under the federal regulations. By regulation, the after rehabilitation value may not exceed 95% of the median purchase price for the area. <i>Homeownership programs</i> - are restricted to down payment assistance necessary to qualify the household for permanent financing. <i>TBRA</i> – to assist youths aging out of foster care. <i>Rental new construction and rehabilitation</i> – to provide funding for these activities in response to grantee requests. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <ol style="list-style-type: none"> PROGRAM DESIGN Up to 50 points: The proposed program demonstrates exceptional planning, readiness and administrative capability. All necessary components to accomplish the project have been identified in the application NEED Up to 10 points: THDA has calculated need factors using housing statistics for counties. Factors are based on percentages rather than absolute numbers. For homeowner projects, the need factors used are the percentage of owner households that are low income; the percentage of owner households with cost burden; the percentage of affordable owner units built before 1960; the percentage of homes lacking complete kitchen 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>3. NOT PROPORTIONALLY SERVED Up to 10 points: THDA shall award up to 40 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 HOME dollars awarded in each county during the previous 10 year period.</p> <p>4. DISASTER AREAS : 5 points THDA shall award 10 additional points to applications for projects located in counties that have been declared a presidential disaster area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act in the year prior to the application due date.</p> <p>5. LEVERAGE Up to 5 points: THDA shall award up to 10 additional points to applications that include the use of funds from other sources. THDA will award points in this category based on the actual percentage of other funds in the project. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. In order to receive points, there must be written documentation of the leveraged funds in the application.</p> <p>6. MATCH Up to 5 points: THDA shall award up to 20 points to applications that include a committed contribution of eligible match resources towards the project implementation. A commitment of eligible match contribution from an external source must be documented in the application from the source providing the contribution. To determine the points awarded, THDA will not round the percentage calculated. For more details about points, please refer to the HOME Program Description in the Appendix.</p> <p>7. ENERGY CONSERVATION Up to 5 points: THDA shall award up to 10 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> <p>8. TENNESSEE GROWTH POLICY ACT 10 points: TCA Section 6-58-109(c) requires THDA to award 10 points on a 100 point scale or a comparable percentage on a different point scale to municipalities or counties with approved growth plans when the local communities apply for HOME funds. Applications from counties not subject to the Tennessee Growth Policy Act will also receive these points.</p> <p>Applications must receive a minimum threshold score equal to 50% of the total points available under the applicable scoring matrix.</p> |
| <p>Describe how resources will be allocated among funding categories.</p> | <p>Urban and Rural Matrices.</p> <p>THDA will make available approximately \$7.45M for use under the Urban and Rural Matrices. 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 45% of the remaining 70% of the funding, and the rural allocation is 55%. 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, Knoxville, Memphis, Metropolitan Nashville-Davidson County, Shelby County, Sullivan County, and Washington County, excluding the</p> |

| | |
|---|--|
| | <p>Town of Jonesborough. THDA will score, rank and fund urban and rural applications separately. THDA may re-allocate funding between the Urban and Rural matrices should an insufficient number of applications receive the minimum threshold score necessary to award all funds allocated under either of the respective matrices. To be considered for funding, an application must receive a minimum threshold score of 95, an amount equal to 50% of the total points available under the urban or rural matrices. All applications will be ranked in descending order from highest to lowest score and HOME funds will be awarded until all funds are awarded or until the lowest scoring application that meets the threshold score is funded. There will be an urban and a rural matrix and the applicants will be scored and ranked. Applications that do not meet the threshold score will not be considered for funding. There is a \$500,000 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 by the close of the grant period. Grantees may also be required to repay HOME funds as described in the Working Agreement.</p> <p>THDA will not make any funding awards for units in a jurisdiction where the unit cannot be inspected by a state certified building inspector or by a provider as permitted under State law.</p> |
| | <p>Describe threshold factors and grant size limits. Applicants under the Urban and Rural matrices 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.</p> |
| | <p>What are the outcome measures expected as a result of the method of distribution? The outcome measure is that the activities under the HOME Program effectively address the housing needs of low-income households.</p> |
| 8 | <p>State Program Name: Housing Trust Fund</p> |
| | <p>Funding Sources: Housing Trust Fund</p> |
| | <p>Describe the state program addressed by the Method of Distribution. The Housing Trust Fund (HTF) 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. For 2021, the HTF program will be restricted to extremely low-income households only.</p> |
| | <p>Describe all of the criteria that will be used to select Geographic Diversity. 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 HTF funding. This minimum score ensures that sound, well-designed, and financially viable rental housing will be financed using the HTF. THDA will rank applications</p> |

| | |
|---|--|
| <p>applications and the relative importance of these criteria.</p> | <p>that receive the minimum score by TN grand division. 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 HTF across Tennessee, THDA reserves the right to limit funding to only one award per county. THDA reserves the right not to 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 HTF.</p> <p>Ability to obligate HTF funds. 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 HTF funds; THDA will evaluate the history of the applicant and their team in serving the community in which the HTF-assisted housing is proposed.</p> <p>Ability to undertake eligible activities in a timely manner. Applicant must be capable of undertaking and completing HTF-funded activities in a timely manner. THDA will evaluate past performance of the applicant in completing THDA funded activities.</p> <p>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. 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>For rental housing, the duration of the units' affordability period. All rental developments assisted with HTF resources will have a 30 year affordability period.</p> <p>Merits of the application in meeting the State's priority housing needs. THDA will prioritize applications in counties 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>Extent to which application makes use of non-federal funding sources. 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</p> |
|---|--|

| | | |
|---|--|--|
| | | 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. |
| | Describe how resources will be allocated among funding categories. | 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 HTF 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. |
| | Describe threshold factors and grant size limits. | The grant minimum is \$250,000 and the grant maximum is \$1,000,000. 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. |
| | What are the outcome measures expected as a result of the method of distribution? | The outcome measure is that the activities under the HTF effectively address the housing needs of extremely low-income households. |
| 9 | State Program Name: | ESG - Set Aside |
| | Funding Sources: | ESG |
| | Describe the state program addressed by the Method of Distribution. | <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. Eligible activities include street outreach, shelter activities, homelessness prevention, rapid re-housing, Homeless Management Information Systems (HMIS) and administration activities.</p> <p>The majority of funding is made available competitively to nonprofit organizations and local units of government serving outside the HUD ESG entitlement communities of Knoxville, Memphis, and Nashville-Davidson County.</p> <p>THDA will allocate \$150,000 each to the cities of Chattanooga, Clarksville, Johnson City, and Murfreesboro. Each of these jurisdictions have either recently lost their direct ESG allocation from HUD or are the location of a major entity serving veterans, a key priority under the Tennessee State Plan to End Homelessness. Each program will operate its ESG program in accordance with its approved Consolidated Plan.</p> <p>THDA will spend up to 7.5 percent of its ESG allocation for administrative and planning expenses. THDA will share the amount available for administration with local governments participating as a "Set-Aside" city through the State's ESG</p> |

| | |
|--|---|
| | <p>program or to local governments which are awarded funding through the State’s funding competition. Nonprofit agencies are not eligible to receive funds for administration.</p> |
| <p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p> | <p>THDA will award funding to organizations based on the following general scoring criteria:</p> <ul style="list-style-type: none"> • Program Design – Up to 40 Points • Applicant Experience and Capacity – Up to 20 Points • Applicant Fiscal Capacity – Up to 20 Points • Coordination with CoC Priorities – Up to 20 Points • <p>For complete criteria, please consult the 2021 ESG Program Description and ESG Guide at https://thda.org/government-nonprofit-partners/emergency-solution-grants-esg-program</p> |
| <p>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)</p> | <p>Nonprofits and local governments located outside the ESG entitlement cities of Knoxville, Memphis, and Nashville-Davidson County may compete in the competitive round for ESG funds (see below). Four local governments (Chattanooga, Clarksville, Johnson City, and Murfreesboro) each receive a set-aside of funding of \$150,000 to distribute all or a part of their ESG funds to eligible, private 501(c)(3) nonprofit organizations for allowable ESG activities.</p> |
| <p>Describe how resources will be allocated among funding categories.</p> | <p>The funding categories within ESG are: Street Outreach; Emergency Shelter; Prevention; Rapid Re-housing; and Data Collection. Eligible applicants may request funding for different categories based on assessed community needs and input from local CoC priorities.</p> |
| <p>Describe threshold factors and grant size limits.</p> | <p>Threshold criteria include: submission of a complete application; proposal of an eligible activity; proposal of a project that meets the requirements of the ESG Regulations; Written ESG Standards, Habitability Standards, Confidentiality and Privacy Policies; and compliance with and participation in the applicable CoC.</p> <p>An applicant must apply for at least \$35,000 and may apply for a maximum of \$150,000 in ESG funding. Nonprofits that apply for the competitive round and apply to their set-aside city cannot be awarded more than \$150,000 in total funding.</p> |

| | | |
|----|--|--|
| | <p>What are the outcome measures expected as a result of the method of distribution?</p> | <p>The Tennessee ESG Guide 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> |
| 10 | <p>State Program Name:</p> | <p>2021 Emergency Solutions Grants Program</p> |
| | <p>Funding Sources:</p> | <p>ESG</p> |
| | <p>Describe the state program addressed by the Method of Distribution.</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>THDA will allocate \$150,000 each to the cities of Chattanooga, Clarksville, Johnson City, and Murfreesboro in a set-aside. 7.5 percent of the ESG funding is made available for the administration of activities by local governments and THDA. The remaining ESG funds will be allocated to eligible applicants in a competitive grant application process.</p> |
| | <p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p> | <p>ESG applicants are scored on the following sets of criteria, and given scoring points accordingly: PROGRAM DESIGN (up to 40 points); APPLICANT CAPACITY (up to 20 points); FISCAL CAPACITY (up to 20 points); COORDINATION WITH COC PRIORITIES (up to 20 points).</p> <p>For complete criteria, please consult the ESG Program Description and ESG Guide available here: https://thda.org/government-nonprofit-partners/emergency-solution-grants-esg-program</p> |
| | <p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general</p> | <p>Nonprofits and local governments 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) nonprofit organizations for allowable ESG activities. Once a year, THDA hosts grantee workshops throughout the state, posts notifications on the THDA website, and notifies CoC lead agencies to notify their CoC members and other agencies, which include community and faith based organizations.</p> |

| | |
|---|--|
| <p>local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p> | <p>Nonprofit organizations are eligible to receive shelter funds only if such funding is approved by the local government jurisdiction where programs are based.</p> <p>Nonprofits must be an eligible nonprofit agency as defined in the 2021 ESG Program Description.</p> |
| <p>Describe how resources will be allocated among funding categories.</p> | <p>The funding categories within ESG are: Street Outreach; Emergency Shelter; Prevention; Rapid Re-housing; and Data Collection.</p> <p>Expenditure limits of combined Street Outreach and Emergency Shelters cannot exceed 60 percent of the entire ESG allocation. THDA reserves the right to adjust applicants' budgets, if needed, to remain within this requirement.</p> |
| <p>Describe threshold factors and grant size limits.</p> | <p>Threshold criteria includes: Submission of a complete application; proposal of an eligible activity; proposal of a project that meets the requirements of 24 CFR Part 576 and 91, as amended; Programs with established written ESG Standards, Habitability Standards, and Confidentiality and Privacy Policies; and compliance with and participation in the applicable Continuum of Care, including its Coordinated Entry system.</p> <p>Nonprofit applicants must also upload required organizational documentation through THDA's Participant Information Management System (PIMS).</p> <p>An applicant must apply for at least \$35,000 and may apply for a maximum of \$150,000 in ESG funding.</p> |
| <p>What are the outcome measures expected as a result of the method of distribution?</p> | <p>The Tennessee ESG Guide 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> |

| | |
|---|--|
| 11 State Program Name: | HOPWA |
| Funding Sources: | HOPWA |
| Describe the state program addressed by the Method of Distribution. | <p>The State is divided into seven (7) HOPWA regions (East Tennessee, North East Tennessee, Upper Cumberland, Mid Cumberland, South Central Tennessee, West Tennessee and South East Tennessee). For FY 2021-2022, 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 based on the seven (7) State of TN HOPWA Regions listed below for FY 2021-2022:</p> <ul style="list-style-type: none"> • East Tennessee (Positively Living) - \$424,500 • North East Tennessee (Frontier Health – HOPE for TN) - \$137,300 • Upper Cumberland (UCHRA) - \$91,300 • Mid Cumberland (Nashville CARES) - \$96,800 • South Central Tennessee (Columbia CARES) - \$129,200 • West Tennessee (WTLS) - \$194,500 • South East Tennessee (Chattanooga CARES) - \$368,800 <p>In the event of a budget increase or decrease, the proposed activities’ budgets will be proportionally increased or decreased to match actual allocation amounts.</p> <p>Remaining FY20 and new FY21 funds may be used to cover COVID-19 response if HOPWA-CV funds become depleted. All current HOPWA activities are also covered under formula HOPWA-CV guidelines. COVID Mega waivers will be utilized until the HUD expiration date or allowable use of COVID Waivers or extensions are granted.</p> |
| Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <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 distribution selects projects and proposals targeted at meeting local needs and taking steps to affirmatively further fair housing during implementation, supportive service gaps, and addressing the regions of the state reporting an increase of homelessness.</p> |

| | |
|---|---|
| <p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p> | <p>Sponsors are solicited through grant proposals that 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 2016 and will end June 30th, 2021. The contracts for these agencies are for one year with the option to renew for four additional years. However, the State reserves the right to terminate a contract should there be substandard performance by a project sponsor. In the event a contract is terminated the State will solicit new agency proposals. The Department of Health 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, etc. Funds were awarded to sponsors who submitted proposals that best met or exceeded the required criteria and provided a detailed budget which best met the needs of HOPWA clients. The next RFGP is planned for March 2021 for the time period July 1, 2021-June 30, 2026.</p> |
| <p>Describe how resources will be allocated among funding categories.</p> | <p>To address urgent needs of persons 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"> • Administration • STRMU- Short term rent, mortgage and utility assistance • TBRA- Tenant based rental assistance • Supportive Services to include nutrition, transportation, housing information services, and non-medical case management • PHP- Permanent Housing Placement • Facility-Based Short-term/Transitional Housing – Hotel/Motel Voucher • HIS- Housing Information Systems • Resource ID <p>Project sponsor may use funds for allocation of indirect cost of no more than 7% for grant administration. The State will draw down admin funds of no more than 3%.</p> |
| <p>Describe threshold factors and grant size limits.</p> | <p>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 exceed the 3% administrative cap for the HOPWA program.</p> |

| | |
|--|--|
| What are the outcome measures expected as a result of the method of distribution? | <p>The state envisions the use of STRMU services, permanent housing placement (PHP) and Short-term Transitional Facilities Hotel/Motel Voucher to enhance the availability and sustainability by way of prevention of homelessness. HOPWA also provides tenant-based rental assistance to prevent homelessness among this population, Housing Information Systems, and Resource ID services will be added in FY21 to better reach potential clients were are having difficulty accessing housing systems in Tennessee. The seven 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 through 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.</p> |
|--|--|

DRAFT

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

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

DRAFT

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 much funds per capita as 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. HOME also awards funding to CHDO's, which can be in either entitlement or non-entitlement areas.

HOME and HTF use a needs score to determine areas of the state with the greatest need based on indicators of low income, poverty, unemployment, public assistance rates, housing conditions, etc. These scores are calculated at the county level and used in the final application scoring for each of the programs. While ESG is not officially using a needs score in this scoring round, they are considering these factors in funding determinations and discussing ways a needs score could be better utilized in future program years.

HTF: Public Housing Authorities (PHAs) and nonprofit entities in both entitlement and non-entitlement jurisdictions statewide are eligible to apply for HTF 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.

CDBG: 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 much funds per capita as 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.

CDBG-RHP: This program plan is still in development. Future guidelines will be posted to the CDBG website.

Geographic Distribution

| Target Area | Percentage of Funds |
|---|----------------------------|
| Statewide Grant Allocation Priority | 13 |
| Non-Entitlement Statewide Grant Allocation Priority | 87 |

Rationale for the priorities for allocating investments geographically

CDBG: Geographic location is not part of the method of distribution for CDBG. Projects are selected based on how they compare to the other similar projects and if the eligible applicants have open projects.

HOME: There are three categories of competition for HOME funds, two of which have a geographic component. HOME funds are made available for competition as follows: 18% to the CHDO set-aside, and 67% 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). Within the 67% allocated for the urban and rural competitions, the urban allocation is 45% of the funds and the rural allocation is 55% of the funds. 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. THDA will spend up to ten percent (10%) of its 2019 HOME allocation for administrative and planning expenses, (four percent (4%) for its own administrative expenses and six percent (6%) is available to pay the administrative costs of local governments and non-CHDO nonprofit grant recipients). Any funds remaining following award under the Urban, Rural, and CHDO matrices will be made available for rental housing development and/or tenant based rental assistance.

HTF: Public housing authorities and nonprofit entities in entitlement and non-entitlement jurisdictions statewide are eligible to apply for HTF 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 HTF 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.

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. Nonprofit agencies are not eligible to receive funds for administration. For FY21, THDA will set aside \$150,000 each to the cities of Chattanooga, Clarksville, Johnson City, and Murfreesboro. Each of these jurisdictions have either recently lost their direct ESG allocation from HUD or are the location of a major entity serving veterans, a key priority under the Tennessee State Plan to End Homelessness. Each program will operate its ESG program in accordance with its approved Consolidated Plan. Eligible activities include street outreach, shelter activities, homeless prevention, rapid re-housing, Homeless Management Information Systems (HMIS) and administration activities. After the small cities set-aside and administration funds are allocated, the remaining ESG funds are will be allocated to eligible applicants in a competitive grant application process to implement any of the

eligible activities noted above. The competitive scoring process weights applications based on the housing need geographically in that CoCs are consulted about applications to meet regional needs and prevent regional duplication of efforts.

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 more than 1,500 persons living with HIV or AIDS and states with more than 2,000 persons living with HIV or AIDS outside of eligible metropolitan areas. 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, South Central Tennessee, West Tennessee and South East Tennessee). The State will enter into a grant agreement with the seven regions for FY21-22. 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.

DRAFT

Affordable Housing

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

Introduction:

The one year estimated goals for households served in different categories by program are below. These goals are not inclusive of all households supported by the five formula programs.

| One Year Goals for the Number of Households to be Supported | HOPWA | ESG |
|---|------------|--------------|
| Homeless | 77 | 4,500 |
| Non-Homeless | 475 | 1,000 |
| Special-Needs | 35 | - |
| Total | 587 | 5,500 |

| One Year Goals for the Number of Households Supported Through | HOPWA | ESG | HTF | HOME | CDBG |
|---|------------|--------------|-----------|------------|-----------|
| Rental Assistance | 475 | 2,500 | - | 30 | - |
| The Production of New Units | - | - | 25 | 20 | - |
| Rehab of Existing Units | - | - | 25 | 75 | 12 |
| Acquisition of Existing Units | - | - | - | - | - |
| Total | 475 | 2,500 | 50 | 125 | 12 |

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 person experiencing homelessness. Additionally, many clients are being served by an influx of ESG-CV, HOPWA-CV, CDBG-CV, and other funding awarded in 2020, in addition to special COVID-19 related programs and legislation in place to assist vulnerable populations. Though we typically expect to assist directly or indirectly around 12,000 homeless, at risk, and special needs persons, figures may vary based on the special financial and regulatory circumstances over 2020-2021.

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

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

During the 2018-19 program year, THDA met with Public Housing Authority (PHA) Executive Directors and conducted a survey related to seniors/65+ persons residing in public housing and services available on site to inform ongoing discussion surrounding the growing need for affordable housing with integrated services among seniors. The 2021 Qualified Allocation Plan (QAP) for the Low Income Housing Credit (LIHC) program includes a set-aside of up to 20% of the state's annual competitive housing credit authority to assist the redevelopment of public housing units. Within the set-aside, THDA prioritizes applications involving public housing authorities (PHAs) which HUD has selected for the Rental Assistance Demonstration (RAD) program. The 2019-20 and 2021 QAPs set aside an additional \$1.7 Million of Tennessee's annual competitive tax credit authority to assist PHAs awarded a Choice Neighborhoods Initiative (CNI) Implementation Grant from HUD. In this way THDA is confronting gentrification and helping serve Tennessee's low-income residents and communities. THDA also uses its discretionary basis boost authority under the Housing and Economic Recovery Act (HERA) to ensure that these transactions are financially viable. Both of these policies will likely continue under the 2022 QAP.

In 2020 THDA incentivized investment in rural rental housing. Pursuant to the Governor's emphasis on serving at-risk and distressed rural counties, THDA amended the 2019-20 QAP to make it easier to produce small developments in these areas. Applications for competitive LIHC have increased maximum credit requests, increased total development cost limits, and use of the basis-boost under HERA. These provisions are only available to proposals to develop rental housing in counties designated as at-risk or distressed by the Appalachian Regional Commission (ARC). This policy produced immediate results. In 2020 THDA awarded \$1.3 million of annual tax credits to an affordable housing development in one of Tennessee's most economically troubled counties. The development will meaningfully increase the availability of affordable rental housing in an underserved rural area. This policy will also likely continue under the 2022 QAP.

To bring awareness to the needs of public housing residents and other affordable housing recipients, the Research and Planning Division of THDA published a report which provided an in-depth look at the age and physical condition of existing affordable housing properties in the state, along with other risk factors for loss of affordable units, such as HUD rental subsidy contract expirations. The report also contains a county-by-county breakdown of the number of Section 8, public housing and USDA units that are greater than 15 years old. This report will help to guide THDA's efforts and resources to help fill this gap of aging affordable housing, including the aging of public housing options in the State of Tennessee.

Additionally, PHA's are eligible applicants for the Housing Trust Fund and THDA has made a considerable effort to communicate with and encourage PHA's to apply for HTF funds to support their RAD conversions.

Actions to encourage public housing residents to become more involved in management and

participate in homeownership

THDA manages the 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 (Section 8 to Homeownership). 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

N/a

DRAFT

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

Introduction

The objectives of the ESG program are:

1. To help meet the costs of operating and maintaining emergency shelters;
2. To provide essential services so that homeless individuals have access to the assistance they need to improve their situation;
3. To provide street outreach services to the homeless; and
4. To provide emergency intervention assistance and rapid re-housing services to prevent homelessness and to obtain permanent housing.
5. To support the data collection efforts of homeless service providers using the Homeless Management Information System of the local CoC or, if a victim service provider a comparable system.

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, Supplemental Nutrition Assistance Program (SNAP) and Families First (Temporary Assistance for Needy Families/TANF); 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 Fair Market Rents (FMR) 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.

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 awards additional points through its THDA funded Competitive Grants program for applications that will construct or rehabilitate affordable rental housing for either youth transitioning out of foster care or ex-offenders.

HOME also offers a small portion of HOME TBRA funds to youth aging out of foster care. TBRA is a flexible program that can provide assistance to individual households to help them afford the housing costs of market-rate units. This program serves one of the most vulnerable and underserved populations in the state. Annually, between 400 and 600 youths age out of foster care. The TBRA program will serve only a small percentage of these for a limited 24-month period. HOME Administrators believe it will be vital to those served acting as a foundation to help them become independent and stable citizens in a difficult economic environment.

AP-70 HOPWA Goals – 91.320(k)(4)

| One year goals for the number of households to be provided housing through the use of HOPWA for: | |
|--|------------------------------|
| Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family | 475 |
| Tenant-based rental assistance | 35 |
| Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds | 109 |
| Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds | 77 |
| | 696 (duplicated) |
| | --- |
| Total | 475 (unduplicated) |

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

Introduction:

Specific public policy related to the cost of housing and the incentives to develop, maintain, or improve affordable housing varies widely throughout the state. Many communities, especially densely populated jurisdictions, have adopted the “home rule,” which means municipalities control most zoning and land use decisions. The state’s “home rule” provisions mean that zoning ordinances are left to the judgment of local governments. While some local jurisdictions use that to further affordable housing goals among others, there is concern that the “home rule” allows communities to use ordinances to keep affordable and multifamily housing—frequently the routes by which lower-income, often minority, households enter a community—from being developed. Depending on how local jurisdictions use this authority, the net effect of these local actions could make housing more expensive rather than less.

Additionally, requirements like background checks and an unwillingness to accept tenants using rental assistance, Housing Choice Voucher waitlist open and closing dates/times prevent case managers from accessing vouchers, long wait list at public housing agencies, prevent potential residents from accessing their units. Low wages and high rents and shortages of affordable housing unit available are barriers to affordable housing.

The CDBG program funds a small portion of housing rehabilitation for LMI homeowner occupied units, but an intended indirect impact of the CDBG funds are to help keep communities affordable by alleviating part of the cost burden on water and wastewater infrastructure improvements. Monthly utility bills are often cited by our local governments as directly affecting the affordability of the residents to continue to live in their communities. Without the inclusion of CDBG funds, these communities would have to raise utility rates to pay for these improvements.

ECD with currently working with the Department of Environment and Conservation (TDEC), the United State Department of Agriculture Rural Development (USDA-RD) state office, the Comptroller of the Treasury, and the University of Tennessee – Knoxville to complete a statewide rate study for water and wastewater. This comprehensive study will allow these departments and agencies to better compare and analyze the impact of water and wastewater rates on the utilities and the communities.

ECD is also making efforts to coordinate more closely with THDA in program alignment, specifically how the housing rehabilitation activities and HOME can be more streamlined and more complimentary of each other.

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

In FY20, THDA released a series of six fair housing briefs based on the Analysis of Impediments research previously conducted. This research also produced the five year Fair Housing Plan that was submitted with the 2020-24 Consolidated Plan. During the process of analysis, several potential issues regarding fair housing in the state have surfaced. Identification of these items as probable impediments to fair housing choice was based on HUD's definition of impediments as actions, omissions, or decisions that restrict housing choice due to protected class status or actions, omissions, or decisions that have this effect. The identified impediments are supported by evidence uncovered during the AI process, with impediments of higher need being those identified in multiple sources. The brief series and Fair Housing Plan are the result of much analysis and collaboration across multiple agencies to provide 5-year fair housing goals and actionable steps to work towards those goals.

Additionally, the Consolidated Planning partners have planned the actions below.

The program managers for HOME, ESG and HTF, along with other THDA program staff, plan to attend Fair Housing trainings and conferences typically occurring in the spring. Attendance at these conferences ensures up to date information about fair housing concerns nationally and locally as well as current information on strategies to affirmatively further fair housing. THDA will also provide training to all grant recipients on fair housing requirements and obligations. Other specific actions from the Fair

Housing Plan will be included in the final report.

HOME & HTF Workshops:

- 2021 Housing Trust Fund Grantee Workshop
- 2021 HOME CHDO Homeownership Development Grantee Workshop
- 2022 HOME Urban Rural Round Application Workshop
- 2021 HOME Urban Rural Grantee Workshop
- 2022 HOME TBRA Application Workshop
- 2022 HOME TBRA Grantee Workshop

ESG Activities:

- Present fair housing workshop in April for ESG staff and ESG funded grantees.
- Provide ESG grantees fair housing education with grantee workshops as well as application workshops though out the funding year.
- An online training and self-assessment for Title VI & Fair Housing for ESG sub-grantees
- ESG makes fair housing logo, posters, fair housing pamphlets and fair housing resources on our ESG THDA home page.

TNECD supports statewide and local fair housing trainings and other educational events that address the various barriers to fair housing. TNECD supports the implementation of fair housing ordinances and policies for local governments.

TNECD serves in a representative role on the Health and Housing Task Force that works to address the impacts and intersections of health, aging, and housing in Tennessee.

HOPWA:

- Explore using TN Housing Search to provide an educational piece to approximately 3,700 landlords. TN Housing Search is a searchable database for rental housing with listings in all 95 counties. The education piece, delivered via email, could provide ongoing education on fair housing including detailed information regarding discrimination in the rental market, examples of prohibited or unlawful conduct and examples of activities that AFFH.
- Continue to educate HOPWA staff who work with rental programs and landlords on an annual basis. The Tennessee Fair Housing Council will conduct in-house training at TDH and Contracted Providers through annual Statewide meetings.
- Continue to monitor subrecipients for compliance with Fair Housing and Equal Opportunity, utilizing Fair Housing and Equal Opportunity checklists.

- Continue to give “Fair Housing Equal Opportunity for All” brochure to program beneficiaries and monitor subrecipients to ensure compliance.
- Support the Fair Housing Council in providing fair housing training for developers and property managers.
- TDH and Contracted staff to attend the following fair housing events when applicable and available.
- TDH intends to engage more with THDA activities around fair housing to align HOPWA with all Housing services in our State through Resource ID implementation.

TNECD and TN DOH have been actively involved with THDA's development of the fair housing plan to commit to fair housing related action items that fall under their program scope.

DRAFT

AP-85 Other Actions – 91.320(j)

Actions planned to address obstacles to meeting underserved needs

Tennessee is committed to tackling the needs identified in the Consolidated Plan: affordable housing, community development and infrastructure, and housing and services for the homeless as well as 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 HOME funds per capita of low-income residents as other counties. CDBG 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 Housing Trust Fund uses a census tract level opportunity score 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. Additionally, the Housing Trust Fund uses a county level needs score.

The HOME and HTF programs use a needs score as a part of the application scoring process in an effort to quantify need per county. The scores may include factors such as extremely or very low-income households, housing problems (overcrowding, cost burden, etc.), characteristics of housing units, persons living in poverty, the population receiving food stamps, and unemployment rates. Each program has its own metrics available in their respective program manuals.

Actions planned to foster and maintain affordable housing

The State of Tennessee will continue to invest HOME and CDBG 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 Housing Trust Fund dollars to promote the production, preservation, and rehabilitation of affordable rental 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.

Affordability has many contributing factors. The CDBG program funds a small portion of housing rehabilitation for LMI homeowner occupied units, but an intended indirect impact of the CDBG funds are to help keep communities affordable by alleviating part of the cost burden on water and wastewater infrastructure improvements. Monthly utility bills are often cited by our local governments as directly affecting the affordability of the residents to continue to live in their communities. Without the inclusion of CDBG funds, these communities would have to raise utility rates to pay for these improvements.

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 funds the Tennessee Housing Trust Fund that targets assistance to persons of very low and extremely low income, those earning 50% or less of the area median income, with specific lower targets under specific TN HTF funded programs. Within the TN Housing Trust Fund, competitive grants support the chronically homeless, persons with intellectual disabilities or mental illness, citizens with developmental disabilities, single mothers recovering from substance addiction or physical abuse, youth exiting the foster care system, large families, veterans with multiple needs, and ex-offenders re-entering society. In 2006, the TN Housing Trust Fund was established with \$12 million of THDA funds over a two-year period. Currently, the TN Housing Trust Fund is funded at \$8.5 million per year. This allows for complementary housing activities in addition to those funded with CDBG and HOME funds, providing or maintaining critical affordable housing throughout Tennessee. THDA implements the Challenge Grant Program which provides initial seed funding to support the fundraising efforts of nonprofit organizations across Tennessee to implement housing activities that represent unique milestones, are part of a broad community initiative, or are part of a significant expansion of work outside the normal day-to-day activities of the organization. This program will provide opportunities to support unique projects that result in significant community or regional impact. THDA developed the Low-Income Housing Credit (LIHC) Program Qualified Contract Guide to assist buyers that are willing to purchase and maintain properties that are eligible to opt-out of the LIHC program. THDA is developing a network of qualified purchasers and will market qualified LIHC properties on its website to find the best sales contracts, which will maintain the affordable housing inventory in Tennessee.

Low Income Housing Credits – Another program that encourages the development and preservation of affordable housing is the Low-Income Housing Credit (LIHC) program. LIHC is a credit against federal income tax liability each year for 10 years for owners and investors in low-income rental housing. The amount of tax credits is based on the portion of the buildings' total depreciable cost basis dedicated to serving qualified low-income residents. THDA ensures that costs are reasonable and determined in compliance with Section 42 of the Internal Revenue Code.

Multifamily Tax-Exempt Bond Authority - The Bond Authority program, like the LIHC program, supports rehabilitation, acquisition and rehabilitation, and new construction of affordable rental units. Local governments use a portion of the state's bond authority to issue bonds in support of housing development. Bond proceeds are loaned to developers to fund construction of affordable rental housing. The bond issuance is a limited obligation of the state through which bond-investors assume financial risk. Proposed developments utilizing tax exempt bonds are eligible for non-competitive Low Income Housing Credits. Tax-Exempt bonds and non-competitive credits help support the conversion of public housing to more financially stable models through RAD.

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 each of the five formula 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.

The Tennessee Department of Health's Childhood Lead Poisoning Prevention Program and Healthy Homes Initiative 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 $> 20 \mu\text{g}/\text{dl}$ 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. Any concerns submitted to THDA will be directed to these programs as appropriate.

Actions planned to reduce the number of poverty-level families

The Consolidated Planning Partners work to address housing and community development needs of low-, very low- and extremely low-income households. 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 state is working to improve the economic well-being of families through creating and maintaining safe, sound affordable housing and communities.

CDBG –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. ECD does not collect 30% AMI for projects that qualify for meeting LMI based on HUD defined LMI percentages, as these are only

provided for 50%, 80% and 120% of AMI.

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 2019-20, 70 percent of the 134 HOME beneficiaries served were very low-income households. Of the 94 very low-income households served, 54 percent of those were considered extremely low-income, earning 0-30% AMI.

HTF - The HTF exclusively serves extremely low-income households earning less than 30% AMI. This initiative remains a new program; therefore, the statistics on previous clients served through this program are not yet available.

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 five 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. Through technical assistance contracts with the regional Development Districts, THDA seeks to help improve non-profit capacity such that they can be better positioned to qualify as a CHDO. Additionally, Community Programs staff at THDA have been working to provide information and assistance for non-profits interested in the CHDO qualifications.

Currently CDBG funds are not used for activities supporting public housing or social service agencies, so coordination is limited. ECD does intend to increase communication and coordination with housing partners, particularly concerning affordable housing.

Program Specific Requirements

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

Introduction:

Consolidated Planning programs regularly update their program descriptions, program manuals, scoring, and other program information on their websites. Links to relevant websites and documents are below.

HOME

2021 Program Description <https://thda.org/pdf/2021-HOME-Urban-Rural-Program-Description-BD-approved-1.26.2021.pdf>

Operating Manual <https://thda.org/pdf/HOME-operating-Manual.pdf>

Other program information <https://thda.org/government-nonprofit-partners/home-program>

ESG

2021 Program Description https://thda.org/documents/4a.-2021-Emergency-Solutions-Grant-Program-Description_Final.pdf

Additional Information <https://thda.org/government-nonprofit-partners/emergency-solution-grants-esg-program>

HTF

2020 Program Description <https://thda.org/pdf/2020-NHTF-Program-Description.pdf>

Program Manual and additional information <https://thda.org/government-nonprofit-partners/national-housing-trust-fund>

CDBG

Handbook (Updated 2020) <https://www.tn.gov/ecd/community-development-block-grant/cdbg/cdbg-manual.html>

Website <https://www.tn.gov/ecd/community-development-block-grant/cdbg/cdbg-about.html>

HOPWA

Website <https://www.tn.gov/health/health-program-areas/std/std/hopwa.html>

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 | 500,000 |
| 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. | 800,000 |
| 5. The amount of income from float-funded activities | 0 |
| Total Program Income | 1,300,000 |

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% |

DRAFT

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:
N/a
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 nonprofit organizations (non-CHDO) – Homeownership programs for these applicants are restricted to down payment assistance necessary to qualify the household for permanent financing. The down payment assistance is made available as a soft second mortgage to the homebuyer following the guidelines below.

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 Assistance Programs by Local Communities or Non-CHDO Nonprofit Orgs: A grant recipient who is a local community or a non-CHDO nonprofit 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 fifth 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" 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).

Additional guidelines are included in the appendix. Guidelines are also included in the HOME Program Manual which is updated annually and posted to the THDA website.

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:

N/a

DRAFT

Emergency Solutions Grant (ESG)

Reference 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 Grants Guide*, are attached and can also be found at the THDA ESG Program webpage:

https://s3.amazonaws.com/thda.org/ESG-Guide-Final_for-web.pdf.

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

Tennessee has seven Continuums of Care (CoC) 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 as well as a hotline available CoC-wide. West Tennessee, led by TN Homeless Solutions, also has created an ESG-funded hotline to assess over the phone and refer potential clients to the closest agency for services. All agencies in their CoC who receive ESG and/or CoC funding also act as coordinated access points. Two CoCs (Homeless Advocacy for Rural TN and Community Housing Partnership of Williamson County) have opted for a centralized system of intake for their Continuum agencies. TN Valley Coalition to End Homelessness operates a centralized access point for nine counties, as well as supporting CoC member agencies who offer coordinated assessment for three other counties. 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 nonprofit organizations. Nonprofit applicants must submit **PART V: Nonprofit Checklist** with supporting documentation, and **PART VI: Nonprofit Board Composition**.

To be eligible to apply for ESG funding the nonprofit organization must:

- Be organized or existing as a nonprofit agency under Tennessee law, as evidenced by a Certificate of

Existence from the Tennessee Secretary of State dated within 30 days of the application due date
OR

- Be organized or existing under the laws of another state but eligible to conduct business in the State of Tennessee;
- Demonstrate at least two (2) years of experience providing affordable housing or affordable housing related services in the state of Tennessee satisfactory to THDA, in its sole discretion.
- 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) nonprofit applicant may not submit an application until they have received their designation from the IRS. A 501(c)(4) nonprofit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the nonprofit 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.
- Have approved established ESG Written Standards in accordance with Continuum of Care Coordinated Entry process.
- Submit certification of participation in local Continuum of Care activities and HMIS reporting.

Nonprofit organizations are eligible to receive funds for shelter activities only if such funding is approved by the local government jurisdiction where programs are based. Each application from a nonprofit seeking funds for shelter activities 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.

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.

Housing Trust Fund (HTF)

Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

- Applications submitted by eligible recipients
- Subgrantees that are State Agencies
- Subgrantees that are HUD-CPD entitlement grantees

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The Tennessee Housing Development Agency will distribute HTF funds by selecting applications submitted by eligible recipients. Eligible recipients include public housing authorities and nonprofit entities. A recipient must:

- Be organized and existing to do business in the State of Tennessee, or if organized in another state, must be qualified to do business in the State of Tennessee. All Applicants must demonstrate at least two years of related housing experience in Tennessee.
- Demonstrate the financial capacity necessary to undertake, complete, and manage the proposed project, as demonstrated by its ability to own, construct, or rehabilitate and manage and operate affordable rental housing. 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 before the applicant qualifies as an eligible recipient.
- Have demonstrated understanding of the Federal, State and local housing programs used in conjunction with HTF funds to ensure compliance with all applicable program requirements and regulations.
- Not be debarred or excluded from receiving federal assistance or THDA assistance prior to selection or entering into a Written Agreement or closing the loan.
- Certify that housing units assisted with the HTF will comply with HTF program requirements during the entire period that begins upon selection and ending upon the conclusion of all HTF -

funded activities.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- Eligible participants will include public housing authorities and nonprofit organizations that are organized and existing to do business in the State of Tennessee, or if organized in another state, must be qualified to do business in the State of Tennessee. All Applicants must demonstrate at least two years of related housing experience in Tennessee.
- Demonstrate the financial capacity necessary to undertake, complete, and manage the proposed project, as demonstrated by its ability to own, construct, or rehabilitate and manage and operate affordable rental housing. 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 before the applicant qualifies as an eligible recipient.
- Have demonstrated understanding of the Federal, State and local housing programs used in conjunction with HTF funds to ensure compliance with all applicable program requirements and regulations.
- Not be debarred or excluded from receiving federal assistance or THDA assistance prior to selection or entering into a Written Agreement or closing the loan.
- Certify that housing units assisted with the HTF will comply with HTF program requirements during the entire period that begins upon selection and ending upon the conclusion of all HTF - funded activities.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Tennessee will select recipients of HTF resources through a competitive selection process that will evaluate the following factors:

1. Geographic Diversity

THDA will accept and consider proposals for HTF resources that will serve communities across the state consistent with the State's certification to affirmatively further fair housing. THDA will establish a minimum score threshold that must be received in order to be eligible for NHTF funding. This minimum score will be determined to ensure that sound, well-designed, and financially viable rental housing will be financed using HTF resources. THDA will rank all applications by Tennessee's three Grand Divisions – East, Middle, and West - that receive the minimum score. THDA will select the highest scoring qualified application from each Grand Division. If additional funding is available, THDA will then rank all remaining applications in a single ranking by 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 HTF funding across Tennessee, THDA reserves the right to limit funding to only one award per county. THDA also 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(s) in order to meet its commitment obligations under the HTF program.

2. Applicant Capacity to obligate HTF funds and undertake eligible activities in a timely manner

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 before the applicant qualifies as an eligible recipient. THDA will also 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 HTF funds; THDA will also evaluate the history of the applicant and project team in serving the community in which the HTF - assisted housing is proposed. The applicant must be capable of undertaking and completing HTF - funded activities in a timely manner. THDA will evaluate the past performance of the applicant in completing THDA funded development activities.

3. Project-Based Rental Assistance

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: 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.

4. Duration of Affordability Period

For rental housing, the duration of the units' affordability period: All rental developments assisted with HTF resources will have a 30-year period of affordability. No additional consideration is proposed for developments that will extend the period of affordability beyond this minimum requirement.

5. Priority Housing Needs of the State

The merits of the application in meeting the State's priority housing needs: THDA will provide a priority for applications in counties 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.

6. Leveraging

The extent to which application makes use of non-federal funding sources: THDA manages federal resources, including the HOME Investment Partnership Program and the Housing Choice Voucher Program. In order to encourage the diversity of funding sources, 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.

7. Other

(1) Applications that propose housing in which more than 20% of the assisted units will be set aside for individuals with disabilities must meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014:

<https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state->

[planhome- and-community-based-services-5-year-period-for-waivers-provider](#). The final rule requires that all home and community-based settings meet certain qualifications, including:

- The setting is integrated and supports full access to the greater community;
- Is selected by the individual from among setting options;
- Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
- Optimizes autonomy and independence in making life choices; and,
- Facilitates choice regarding services and who provides them. Additionally for provider owned or controlled residential settings, the following additional requirements apply:
- The individual has a lease or other legally enforceable agreement providing similar protections;
- The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
- The individual controls his/her own schedule, including access to food at any time;
- The individual can have visitors at any time; and,
- The setting is physically accessible

(2) THDA will evaluate the design of the proposed project for the population to be served, including unit configuration, on-site amenities and services, integration with mixed income housing options, and access to community services, including education, transportation, medical, support, recreation, and other activities of daily living.

(3) THDA will evaluate the firm financial commitments available for the proposed project as well as the extent that site control of the proposed project location(s) has been obtained.

(4) THDA will evaluate the inclusion of universal design features into the housing design.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

THDA will accept and consider proposals for HTF resources that will serve communities across the state consistent with the State's certification to affirmatively further fair housing. THDA will establish a minimum score threshold that must be received in order to be eligible for NHTF funding. This minimum score will be determined to ensure that sound, well-designed, and financially viable rental housing will be financed using HTF resources. THDA will rank all applications by Tennessee's three Grand Divisions – East, Middle, and West - that receive the minimum score. THDA will select the highest scoring application from each Grand Division. If additional funding is available, THDA will then rank all remaining applications in a single ranking by 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 HTF funding across Tennessee, THDA reserves the right to limit funding to only one award per county. THDA also reserves the right not to 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(s) in order to meet its commitment obligations under the HTF program.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

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 before the applicant qualifies as an eligible recipient. THDA will also 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 HTF funds; THDA will also evaluate the history of the applicant and project team in serving the community in which the HTF - assisted housing is proposed.

The applicant must be capable of undertaking and completing HTF-funded activities in a timely manner. THDA will evaluate the past performance of the applicant in completing THDA funded development activities.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

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: 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.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

For rental housing, the duration of the units' affordability period: All rental units assisted with HTF resources will have a 30 year period of affordability. No additional consideration is proposed for units that will extend the period of affordability beyond this minimum requirement.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The merits of the application in meeting the State’s priority housing needs: THDA will provide a priority for applications in counties 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.

i. Describe the grantee’s required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

The extent to which application makes use of non-federal funding sources: THDA manages federal resources, including the HOME Investment Partnership Program and the Housing Choice Voucher Program. In order to encourage the diversity of funding sources, 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.

4. Does the grantee’s application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select “N/A”.

Yes

5. Does the grantee’s application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select “N/A”.

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee’s goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.

Enter or attach the grantee’s maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME’s maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

The investment of HTF funds must conform to the following minimum and maximum standards per unit:

a. Minimum HTF Funds: \$1,000 per unit

b. Maximum HTF Funds Per Unit:

| | |
|-----------|------------------------------|
| \$63,881 | 0-Bedroom (Efficiency) Limit |
| \$73,230 | 1-Bedroom Limit |
| \$89,049 | 2-Bedroom Limit |
| \$115,201 | 3-Bedroom Limit |
| \$126,454 | 4-Bedroom Limit |

Periodically, THDA may update these limits pending approval from HUD. Updated limits will be effective for all activities in which the written agreement for the activity is entered into after the effective date for the limits issued by HUD.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee’s description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and

local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

All HTF units must meet the specific Design Standards as prescribed by THDA in the Program description. These standards are specific to rehabilitation of existing units and new construction. In addition, all HTF units must meet all applicable local, state and federal building codes.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

The grantee will use the HUD issued affordable homeownership limits.

The grantee has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.

N/A

11. Grantee Limited Beneficiaries or Preferences. Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental

housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

The State will not limit beneficiaries and/or give preferences to any segments of the extremely low income population.

12. Refinancing of Existing Debt. Enter or attach the grantee’s refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee’s refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

The State will not permit the refinancing of existing debt.

DRAFT

Housing Opportunities for Persons with AIDS (HOPWA)

91.320(k)(4)

YES (described below and in AP-30) HOPWA Specific: Does the Action Plan identify the method for selecting project sponsors (including providing full access to grassroots faith-based and other community organizations)?

Description:

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 2016 and will end June 30th, 2021. The contracts for these agencies are for one year with the option to renew for four additional years. However, the State reserves the right to terminate a contract should there be substandard performance by a project sponsor. In the event a contract is terminated the State will solicit new agency proposals. The Department of Health 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, among others. Funds were awarded to sponsors who submitted proposals that best met or exceeded the required criteria and provided a detailed budget which best met the needs of HOPWA clients. The next RFGP is planned for March 2021 for the time period July 1, 2021 through June 30, 2026.

Additional FY21 funds may be used to cover COVID-19 response if HOPWA-CV funds become depleted. All current HOPWA activities are also covered under HOPWA-CV guidelines.

Current and Proposed HOPWA Activities Include:

Supportive Services: Provide, non-medical case management, advocacy, coordination of benefits, case management, education, employment assistance and training for persons with HIV/AIDS, legal services, life skills management, support groups, nutritional services (including meals), outreach and transportation, health and medical services. Supportive Services may be provided in conjunction with HOPWA housing assistance or as a stand-alone service.

Housing Case Management - Housing Case Management is considered a central component of HOPWA supportive services and key to successful program outcomes for housing stability and access to care. "Housing case management" simply means that the central emphasis of a case manager's work with a household is placed on housing issues, including evaluation of housing options, housing stability, and housing specific goals. Housing Case Management may be provided in conjunction with housing assistance services or as a standalone service.

Short-Term Rent, Mortgage, and Utility (STRMU) assistance is an eligible activity under the HOPWA program. STRMU is time-limited housing assistance designed to prevent homelessness and increase housing stability. Grantees may provide **assistance for a** period of up to 21 weeks in any 52-week period. The amount of assistance varies per client depending on funds available, tenant need, and program guidelines.

Transitional Supportive Housing works the exact same way as TBRA except the rental assistance is unit-based (not tenant-based - so if the family moves, the subsidy doesn't go with them) AND transitional supportive housing can't last longer than 24 months. So once a family moves into transitional supportive housing, they need to be working on an alternative permanent housing plan.

Short Term Supportive Housing is used for hotel/motel and reserving shelter beds; it can't last longer than 60 days in any 6 month period; there is no rent calculation; there is no lease; it doesn't have to pass habitability (although you probably shouldn't use Federal funds in a hotel or shelter that is gross, uninhabitable, or unsafe).

Permanent Housing Placement A HOPWA rental assistance program may choose to provide assistance with rent and utility deposits using funds. This funding option allows for the payment of reasonable costs to move clients into permanent housing. Security deposit costs cannot exceed two months of rental costs. In addition to the security deposit, funds may also be used for utility connection fees and processing costs. A HOPWA rental assistance program that provides such rent and utility deposits should require that landlords and utility companies pay any returned deposits directly to the program rather than to the client. Funds recaptured in this manner are considered program income and must be applied to future rental program or housing placement activities.

Tenant-Based Rental Assistance (TBRA) - TBRA is a rental subsidy used to help households obtain permanent housing, including assistance for shared housing arrangements, in the private rental housing market. TBRA works like the Housing Choice Voucher (HCV) Program in that the assistance pays the difference between the contractual rent to the owner and the household's calculated rent payment. The gross rent of the proposed unit must be at or below the lower of the rent standard or the reasonable rent.

Resource Identification is a HOPWA category that can be utilized for a variety of activities related to outreach and expansion of housing resources, system coordination and needs assessments, among others. Resource ID has a broader community or system focus that includes activities that help establish, coordinate and develop housing assistance resources for eligible persons. These types of activities are focused on community or system resources versus client level intervention. It is not directed towards one specific client. In order for a grantee or project sponsor to utilize Resource ID, it must be included in the grantee's Consolidated Plan and Action Plans. For budgeting and reporting purposes, Resource ID is a separate program activity as established under 24 CFR Part 574.300: "Resource identification to

establish, coordinate and develop housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).

Housing Information Services: Housing Information Services include, but are not limited to, counseling, information, and referral services to assist households with locating, acquiring, financing, and maintaining housing. This may also include fair housing guidance for households that have encountered discrimination on the basis of race, color, religion, sex, age, national origin, familial status, or disability.

DRAFT