July 14, 2016

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

Dear Mr. Perrey:

I am pleased to transmit to you the U.S. Department of Housing and Urban Development’s (HUD) approval of the 2016 Consolidated Annual Action Plan for funding under the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grants (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) Programs. Your jurisdiction’s Program Year (PY) 2016 begins on July 1, 2016, and the funding available will be as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDBG Program</td>
<td>$25,265,266</td>
</tr>
<tr>
<td>HOME Program</td>
<td>9,582,308</td>
</tr>
<tr>
<td>ESG Program</td>
<td>2,932,401</td>
</tr>
<tr>
<td>HOPWA Program</td>
<td>963,180</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$38,743,155</strong></td>
</tr>
</tbody>
</table>

The Department commends the State and the Tennessee Housing Development Agency (THDA), the lead agency for coordination of the State’s Consolidated Plan, as well as the Tennessee Department of Health (TDH) and the Tennessee Department of Economic and Community Development (ECD), on the efforts which successfully completed this Consolidated Plan/Annual Action Plan. The goals and objectives developed through this process will provide and expand the foundation for partnerships at all levels of government with citizens and the private sector, including for profit and nonprofit organizations. These partnerships have proven to be invaluable as you and your partners address the problems of affordable housing, homelessness, community development needs, and economic opportunities for all citizens, particularly for very low-income and low-income persons. In addition, these programs are instrumental as your community and the Nation address pressing housing and economic problems and address the needs of our citizens.

This letter also transmit approval of your jurisdiction’s HOME Resale/Recapture provisions for the 2016 Program Year, as meeting the requirements established in 24 CFR 92.254(a)(5)(1) and (ii). If you should require any further assistance or have any questions, please do not hesitate to contact us.
The Consolidated Annual Action Plan was made available for review and comments by the HUD program offices. The Office of Fair Housing and Equal Opportunity’s comments have been enclosed for referenced.

On July 8, 2015, the Department announced the Final Rule on affirmatively furthering fair housing (AFFH). The Final Rule will equip communities that receive HUD funding with data and tools to help them meet long-standing fair housing obligations in their use of HUD funds. This Final Rule will also enhance measures through CPD programs to promote diverse, inclusive communities.” The AFFH fact sheet may be found at the following website:


Throughout the program year, training and technical assistance will be provided. We also encourage your jurisdiction to participate in these training/technical assistance sessions.

Enclosed are three sets of originals of the Grant Agreements for CDBG Entitlement Program (form HUD 7082), HOME Program (form HUD 40093), ESG Program and the HOPWA Program. The three sets of originals require the Governor’s or the official designee’s signatures. These constitute the contract between HUD and the State of Tennessee.

For each grant agreement of the applicable Consolidated Planning programs, specific information is required for those using an Indirect Cost Rate. If funding assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E-Cost Principles, you are required to enter specific information as instructed. The requirement on Indirect Cost rate is indicated under the Special Conditions, Item 8 (attached) for CDBG; Item 11 for HOME and Item 14 (attached) for ESG. The Indirect cost rate requirement is provision Article X of the HOPWA grant agreement. Now, if your jurisdiction is not using an indirect cost rate, you are required to state NO for each funded program. If no answer or no information is provided, then the applicable grant agreement(s) are not considered as fully executed and will be returned to your jurisdiction for completion. Also, please be aware that the HUD Field Accounting Center will not process the grant agreements until the required information has been entered on a grant agreement. As such, no funds will be available to be drawn down by your jurisdiction. Also, HUD funds are drawn down using a grant based approach in the Integrated Disbursement and Information System (IDIS) and the Department will continue to provide official guidance.

Also, as a HOPWA formula grantee, you are reminded that any new project being supported with these federal funds may require an environmental review under HUD’s regulations in 24 CFR Part 58, which must be completed before any HUD funding or other funding can be committed or expended. In addition, your jurisdiction is the “responsible entity” under Part 58 and is responsible for completion of the environmental review for HOPWA funded activities under the grant. Once your jurisdiction has completed the environmental review and published the required notices and considered any public comments, please complete Parts 1 and 2 of Form HUD-7015.15, the Request for Release of Funds and Certification (enclosed) and submit the form to this office. HUD will not release funds to the project until this form has been submitted, and HUD in turn has notified you that the request is approved. Sponsors can supply the required information to the responsible entity to prepare the review.
Please note that this process does take time. For example, if the new project requires an environmental assessment per § 58.36, the Responsible Entity public notice and comment requirements take 15 days after the assessment is prepared. If the action is categorically excluded from assessment under the National Environmental Policy Act, but is subject to review under other Federal environmental authorities, the Responsible Entity public notice and comment period is a minimum of 7 days (see § 58.45 for public comment period requirements). Once HUD receives the Request for Release of Funds and Certification, there is a 15 day HUD comment period. HUD’s web site has helpful information on these environmental review requirements at: https://www.hudexchange.info/environmental-review/.

If the new project does not require an environmental review, as it consists of activities that meet the conditions for exemption or exclusion under 24 CFR 58.34(a)(12) or 58.35(b), it is necessary to document your determination of exemption or exclusion in your Environmental Review Record, in accordance with §§ 58.34(b) or 58.35(d), before HUD funds can be committed or expended. If there are any questions or would like assistance in proceeding with the environmental review, please contact this Office.

As you are aware, formula grant funds are governed by the Department and the management of the Consolidated Plan, including the Consolidated Annual Action Plan is handled by the Office of Community Planning and Development (CPD). I have signed the agreements and applicable funding approval forms. Please retain one set of originals for your records and return the other two sets to CPD as noted below:

U.S. Department of Housing and Urban Development
Mary C. Wilson, Director, CPD
John J. Duncan Federal Building, Suite 300
710 Locust Street, SW
Knoxville, TN 37902

Failure to execute and return the grant agreements within 60 days of the date of this letter may be considered to constitute rejection of the grant and cause for HUD to determine that the funds are available for reallocation to other grantees. Also, the year-end reporting on 2015 program performance and accomplishments in the Consolidated Annual Performance and Evaluation Report (CAPER) is due to CPD 90 days after the end of the 2015 program year. At this time, no new guidance has been received from our headquarters, and grantees are advised to follow the format used for last year’s CAPER reporting and if your jurisdiction currently has its 2014 Action Plan in IDIS, the CAPER should be entered and submitted using IDIS. For submission of other HUD program required reports, please refer to the enclosed Advice and Guidance for instructions.
We look forward to working with your jurisdiction to accomplish the goals set forth for your jurisdiction. In the meantime, if you have any questions regarding this letter, please contact me at (865) 474-8225.

Very sincerely yours,

Mary C. Wilson, Director
Office of Community Planning and Development

Enclosures

cc
Honorable Bill Haslam, Governor
Mr. Donn Watts, THDA
Commissioner Randy Boyd, ECD
Commissioner John Dreyzehner, MD MPH
TDH

Ms. Bettie Teasley, THDA
Mr. Ken Archer, ECD
Ms. Trang Wadsworth, TDH