

## **City of Knoxville Housing and Neighborhood Development**

### **Substantial Amendments to the City of Knoxville's 2015-2019 Consolidated Plan and 2019-2020 Annual Action Plan**

**May 19, 2020**

The City of Knoxville Community Development (now Housing and Neighborhood Development) Department completed a Five Year Consolidated Plan in May 2015 that outlined how it intended to use anticipated Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) grant and Emergency Solutions Grant (ESG) from the U.S. Department of Housing and Urban Development (HUD) Planning and Community Development (CPD) division during program years 2015-2019. The City received annual allocations of CDBG and HOME from HUD during these years, and described in an Annual Action Plan how it intended to spend the funds each year. While the City anticipated receiving ESG funds from HUD, it actually received them through the State of Tennessee's allocation from HUD.

In December 2019, a new coronavirus known as SARS-CoV-2 was first detected in Wuhan, Hubei Province, People's Republic of China, causing outbreaks of the coronavirus disease COVID-19 that spread globally. The first case was reported in the United States in January 2020. In March 2020, the World Health Organization (WHO) declared the coronavirus outbreak a pandemic and President Trump declared the outbreak a national emergency. During this time, the majority of states have declared states of emergency with most shutting down large gathering places and limiting movements of their residents. Governor Lee declared a state of emergency for the state of Tennessee on March 12, 2020, and Mayor Kincannon declared a state of emergency for the City of Knoxville on March 16, 2020.

On March 27, 2020, President Trump signed the \$2.2T Coronavirus Aid, Relief and Economic Security Act (CARES Act) into law. Among other important measures, the CARES Act provisions specific to these amendments include: \$5B available in supplemental CDBG funding for grants to prevent, prepare for, and respond to coronavirus (CDBG-CV); Flexibility for CDBG grantees to make it easier to use CDBG-CV grants and fiscal years 2019 and 2020 CDBG grants for coronavirus response and authorized HUD to grant waivers and alternative requirements; \$4B available in supplemental ESG funding for grants to prevent, prepare for, and respond to the coronavirus among individuals and families who are homeless or receiving homeless assistance and homelessness prevention activities (including reimbursing allowable costs incurred by states/local governments incurred prior to enactment of this measure); and Certain waivers of HUD requirements were made available. The City of Knoxville was notified by HUD on April 2, 2020, that it would receive \$1,036,418 in CDBG-CV and \$513,272 in ESG-CV, along with information about flexibility and waivers of certain regulations/requirements.

While the City of Knoxville is currently completing a draft of its program year 2020-2024 / Five Year Consolidated Plan and 2020-2021 Annual Action Plan to fund CDBG, ESG, and HOME to

fund projects and activities beginning July 1, 2020, these Amendments are necessary for the City of Knoxville to quickly access the CARES Act CDBG-CV and ESG-CV funding. Thus, the City intends to submit these Amendments to its current program year 2015-2019 Consolidated Plan and its program year 2019-2020 Annual Action Plan, both ending June 30, 2020, to accept the CARES Act funding and allocate the funds for priority projects and activities that benefit eligible individuals and households residing in the city of Knoxville adversely impacted by the coronavirus/COVID-19. In addition, any remaining uncommitted and/or unspent CDBG and HOME funds from prior program years that can be reallocated to address projects and activities that can help lessen the impacts of the coronavirus/COVID-19 are also included in these Amendments.

These Amendments will also authorize additional changes, including flexibility, waivers, and suspensions of regulations/requirements authorized by HUD that were not specifically identified but will be required to make the changes.

HUD issued a Memorandum to all of its Community Planning and Development (CPD) Field Offices on March 31, 2020, with the purpose of explaining the availability of waivers of certain regulatory requirements associated with several CPD grant programs to prevent the spread of COVID-19 and to facilitate assistance to eligible communities and households economically impacted by COVID-19. The Memorandum also covered waivers of consolidated plan requirements for all CPD formula programs. The City of Knoxville notified HUD on April 2, 2020, that it intended to use the waiver flexibility on/after April 7, 2020, on its Citizen Participation Public Comment Period for Consolidated Plan Amendments and Citizen Participation Reasonable Notice and Opportunity to Comment. In light of these, the City's Citizen Participation Plan was revised on April 22, 2020.

The City of Knoxville Housing and Neighborhood Development provided Notice on May 1, 2020, (18 days) that the draft Amendments were available on its web page, how to provide input, and that comments would be accepted through May 18, 2020. Upon making a change in how it planned to allocate the funds, the City had a second public Notice published on May 12, 2020, noting specific changes and inviting comment through May 18, 2020 (6 days).

**The City received the following comments .....**

### **Amendments to the City of Knoxville's PY 2015-2019 Consolidated Plan**

1. Add Community Development Block Grant – COVID-19 Recovery (CDBG-CV) as a funding source through the CARES Act, effective March 27, 2020, in the amount of \$1,036,418. The funds may be used from March 1, 2020.

2. Add Emergency Solutions Grant – COVID-19 Recovery (ESG-CV) as a funding source through the CARES Act, effective March 27, 2020, in the amount of \$513,272. The funds may be used from March 1, 2020.

3. Add Housing Assistance Payments to Goal #7: Public Services. Add CDBG-CV \$829,135, under category Affordable Housing and Non-Homeless Special Needs. Geographic Area: City of Knoxville. Priority Need Addressed: Reduce and End Homelessness, Objective: Support Homelessness Prevention. Goal Outcome Indicator: 540 Households.

The City of Knoxville intends to use CDBG-CV and PY2019-2020 CDBG grants to fund eligible subrecipients to provide housing assistance (including rent/mortgage payment(s), rent/mortgage arrearage(s), and utility arrearage(s)) and counseling to Low- and Moderate-Income (LMI) renters and homeowners in order to prevent homelessness among those impacted by the economic consequences of the coronavirus COVID-19.

*CDBG funds may pay all or part of monthly mortgage or rent payments. Eligible subrecipients may use income payments, including monthly housing payments, to reduce housing costs for families and individuals, provided a national objective is met. The National Objective addressed is Activities Benefiting Low- and Moderate-Income Persons (570.208 (a)). Housing Payment Assistance may include up to 3 months of rent or mortgage payments, including utility payments.*

Housing counseling with the goal of preventing loan defaults, foreclosures, non-payments of rents, should be included in housing assistance programs. HUD granted the City of Knoxville a waiver of the Public Services cap on CDBG-CV, CDBG FY2019, and FY2020 funds. See Amendments to the City's 2019-2020 Annual Action Plan in the next section for more details.

4. Add Mobile Meals to Goal #7: Public Services. Add CDBG-CV \$100,000 under category Non-Homeless Special Needs and Non-Housing Community Development. Geographic Area: City of Knoxville. Priority Need Addressed: Strengthen Neighborhoods and Reduce and End Homelessness, Objective: Support Homelessness Prevention. Goal Outcome Indicator: 115 Households.

*CDBG funds may be used to pay for items that constitute all or part of a public services pursuant to 570.201(e). Such an activity would meet the Limited Clientele national objective because the activity is targeted toward the elderly and disabled, only, presumed benefit categories. HUD granted the City of Knoxville a waiver of the Public Services cap on CDBG-CV, CDBG FY2019, and FY2020 funds. See Amendments to the City's 2019-2020 Annual Action Plan in the next section for more details.*

5. Add Housing Assistance Payments/Homelessness Prevention to Goal #17: Future ESG Homeless Activities. Add ESG-CV \$278,893, under category Homelessness Prevention. Geographic Area: City of Knoxville. Priority Need Addressed: Reduce and End Homelessness, Objective: Support Homelessness Prevention. Goal Outcome Indicator: 170 Households.

The City of Knoxville intends to use ESG-CV funds under Homelessness Prevention to fund eligible subrecipient(s) to assist individuals and households at-risk of homelessness during the COVID-19 pandemic, especially those impacted financially due to the economic consequences of the coronavirus COVID-19 pandemic. See Amendments to the City's 2019-2020 Annual Action Plan in the next section for more details.

*Homelessness Prevention* under ESG regulations means activities:

- *Targeting individuals or families/households at-risk of homelessness, homeless under other federal statutes, or fleeing domestic violence;*
- *Designed to prevent loss of housing/moving into an emergency shelter or living in a public or private place not meant for human habitation;*
- *Providing housing relocation and stabilization services and **short- and/or medium-term rental assistance** (maximum of 9 months);*
- *Including component services and assistance such as short-term and medium-term rental assistance, rental arrears, rental application fees, security deposits, advance payment of last month's rent, utility deposits and payments, moving costs, housing search and placement, housing stability case management, mediation, legal services, and credit repair; and*
- *Including specific activities such as: assessment of need (conducted at intake and at regular intervals thereafter the waiver allows every 6 months); contact with a case manager (unless prohibited under VAWA or FVPSA); development of a written plan addressing housing barriers; and assistance, as needed, with obtaining appropriate supportive services like medical or mental health treatment, benefits like TennCare, SSI, or food stamps.*

5. Add Emergency Shelter/Services and/or Rapid Re-housing to Goal #17: Future ESG Homeless Activities. Add ESG-CV \$183,052, under category Emergency Shelter and Rapid Re-housing. Geographic Area: City of Knoxville. Priority Need Addressed: Reduce and End Homelessness, Objective: Support Emergency Shelter/Services and/or Rapid Re-housing. Goal Outcome Indicator: 556 individuals/households.

The City intends to use ESG-CV for the provision of emergency shelter and services, including transitional housing and services, and/or rapid re-housing services. See Amendments to the City's 2019-2020 Annual Action Plan in the next section for more details.

6. Add CDBG-CV as a funding source to Goal #18: Program Administration. HUD is allowing up to 20% of CDBG-CV funds to be used for administration. See Amendments to the City's 2019-2020 Annual Action Plan in the next section for more details.

7. Add ESG-CV as a funding source to Goal #18: Program Administration. HUD is allowing up to 10% of ESG-CV funds to be used for administration. See Amendments to the City's 2019-2020 Annual Action Plan in the next section for more details.

### **Amendments to the City of Knoxville's PY2020-2021 Annual Action Plan**

1. Add CDBG-CV as a funding source, through the CARES Act effective March 27, 2020, in the amount of \$1,036,418. The funds may be used from March 1, 2020.

2. Add ESG-CV as a funding source, through the CARES Act effective March 27, 2020, in the amount of \$513,272. The funds may be used from March 1, 2020.

3. Add Housing Assistance Payments and Housing Counseling under Goal #5 Public Services and add \$829,135 in CDBG-CV and \$67,760 in 2019-2020 CDBG funds. These funds support the priority need: Reduce and End Homelessness. The City of Knoxville intends to use \$829,135 in CDBG-CV and \$67,760 in PY2019-2020 CDBG grants to fund eligible subrecipients to provide Housing Payment Assistance (including rent/mortgage payment(s), rent/mortgage arrearage(s), and/or utility arrearage(s), and housing counseling to an estimated 400 LMI renter and 140 homeowner households in the city of Knoxville in order to prevent homelessness among those impacted by the economic consequences of the coronavirus COVID-19.

*CDBG funds may pay all or part of monthly mortgage or rent payments. Eligible subrecipients may use income payments, including monthly housing payments, to reduce housing costs for families and individuals, provided a national objective is met. The National Objective addressed is Activities Benefiting Low- and Moderate-Income Persons (570.208 (a)).*

*Housing Payment Assistance may include up to 3 months of rent or mortgage payments, including utility payments. Housing counseling with the goal of preventing loan defaults, foreclosures, non-payments of rents, should be included in housing assistance programs. HUD granted the City of Knoxville a waiver of the Public Services cap on CDBG-CV, CDBG FY2019, and FY2020 funds.*

4. Add Mobile Meals under goal #5 Public Services and add \$100,000 in CDBG-CV funds. These funds support the priority need: Strengthen Neighborhoods and Reduce and End Homelessness. The City intends to fund Knoxville-Knox County Community Action Committee's

Mobile Meals program to benefit 115 households made up of seniors and people with disabilities who have been added to the program with the onset of the COVID-19 pandemic in April 2020.

*CDBG funds may be used to pay for items that constitute all or part of a public services pursuant to 570.201(e). Such an activity would meet the Limited Clientele national objective because the activity is targeted toward the elderly and disabled, only, presumed benefit categories.*

5. Add Homelessness Prevention as a goal (#14) and add \$278,893 in ESG-CV funding. These funds will support the priority need: Reduce and End Homelessness. The City of Knoxville intends to use \$278,893 in ESG-CV funds under ESG Homelessness Prevention to fund eligible subrecipients to assist an estimated 170 LMI households, in the city of Knoxville, who are at-risk of homelessness during the COVID-19 pandemic, especially those impacted by the virus' economic consequences.

*Homelessness Prevention under ESG regulations means activities:*

- *Targeting individuals or families/households at-risk of homelessness, homeless under other federal statutes, or fleeing domestic violence;*
- *Designed to prevent loss of housing/moving into an emergency shelter or living in a public or private place not meant for human habitation;*
- *Providing housing relocation and stabilization services and **short- and/or medium-term rental assistance** (maximum of 9 months);*
- *Including component services and assistance such as short-term and medium-term rental assistance, rental arrears, rental application fees, security deposits, advance payment of last month's rent, utility deposits and payments, moving costs, housing search and placement, housing stability case management, mediation, legal services, and credit repair; and*
- *Including specific activities such as: assessment of need (conducted at intake and at regular intervals thereafter the waiver allows every 6 months); contact with a case manager (unless prohibited under VAWA or FVPSA); development of a written plan addressing housing barriers; and assistance, as needed, with obtaining appropriate supportive services like medical or mental health treatment, benefits like TennCare, SSI, or food stamps.*

5. Add Emergency Shelter/Services and/or Rapid Re-housing as Goals #15 and #16 and add \$183,052 in ESG-CV as a funding source. These funds will support the priority need: Reduce and End Homelessness. The City of Knoxville intends to use \$183,052 in ESG-CV to fund eligible subrecipients to provide Emergency Shelter/Essential Services, including transitional housing,

and/or Rapid Re-housing Services to an estimated 556 individuals/households experiencing homelessness during the COVID-19 pandemic in the city of Knoxville.

6. Add \$107,283 in CDBG-CV as a funding source to Goal #1: General Administration. HUD is allowing up to 20% of CDBG-CV funds to be used for administration.

7. Add \$51,327 in ESG-CV as a funding source to Goal #1: General Administration. HUD is allowing up to 10% of ESG-CV funds to be used for administration.