



U. S. Department of Housing and Urban Development

Knoxville Field Office, Region IV
John J. Duncan Federal Building
710 Locust Street, Suite 300
Knoxville, Tennessee 37902-2526

July 22, 2015

Ralph M. Perrey, 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 State of Tennessee's 2015 – 2020 Consolidated Plan and 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) 2015 begins on July 1, 2015, and the total allocation for your jurisdiction is \$37,577,094 and it is being approved as follows:

CDBG Program	\$24,701,167
HOME Program	\$ 8,984,790
ESG Program	\$ 2,948,182
HOPWA Program	\$ 942,955

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.

"A primary goal of the Department is to reduce housing discrimination, affirmatively further fair housing through CPD programs and promote diverse, inclusive communities. To that end, we encourage your community to take all measures necessary to ensure compliance with the Fair Housing requirements associated with these funds. A copy of your Consolidated Plan/Annual Action Plan was provided to the Office of Fair Housing and Equal Opportunity for review. Comments from that review are enclosed with this letter." The Plan was also made available and shared with the Department's program offices for review and comment. Any comments have been included with the Advice and Guidance, which is an enclosure.

Under the HOME Program, this Office has reviewed and approved the Resale/Recapture provisions for your jurisdiction. If you should require any further assistance or have any questions, please do not hesitate to contact us.

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 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.

Please note that if your jurisdiction is not using an indirect cost rate, you are required to state NO. If your jurisdiction is using an indirect cost rate, then enter the required information as indicated for each funded program on each grant agreement (Funding Approval). **If no answer and/or no information are 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. You are also reminded to also review and comply with the other special conditions included in the Funding Approvals (Item 8 for CDBG, Item 14 for ESG, and Item 9 for the HOME Program).

As you are aware, the HUD Inspector General has deemed the "First In-First Out (FIFO)" approach for drawing down grant funds to be inconsistent with generally accepted government accounting principles and the Office of Community Planning and Development (CPD) is in the position of having to adjust the disbursement approach in the Integrated Disbursement and Information System (IDIS) from FIFO to a grant-based approach. Beginning with 2015 funds, the grant based approach will be in effect. Grantees are asked to delay the drawing down of funds until CPD-Headquarters can issue official guidance regarding this matter. The official guidance and instructions are expected in July 2015.

You are reminded that formula grant funds are governed by the Department. 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 2014 program performance and accomplishments in the Consolidated Annual Performance and Evaluation Report (CAPER) is due to CPD 90 days after the end of the 2014 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. 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) 545-4391.

Very sincerely yours,


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

Enclosures

cc:

Honorable Bill Haslam, Governor
Ms. Coralee Holloway, THDA
Mr. Randy Boyd, ECD
Commissioner John Dreyzehner, MD MPH
TDH

Ms. Bettie Teasley, THDA
Ms. Brooxie Carlton, ECD