**City of Knoxville Housing and Neighborhood Development**

**Substantial Amendments to the City of Knoxville’s**

**2019-2020 and 2020-2021 Annual Action Plans**

**April 20, 2021**

The City of Knoxville Housing and Neighborhood Development Department completed a Five Year Consolidated Plan in August 2020 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 2020-2024. The City anticipates receiving annual allocations of CDBG, HOME, and ESG funds from HUD during this time, and describes in each Annual Action Plan how it intends to spend the funds each year.

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 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 (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. As per HUD guidance, on or about May 19, 2020, the City submitted Amendments to its program year 2019-2020 Annual Action Plan to accept that first round of CDBG-CV and ESG-CV CARES Act funding and allocated the funds for priority projects and activities (primarily Emergency Shelter and Services and Homelessness Prevention activities for ESG-CV and Housing Assistance Payments/Public Service for CDBG-CV) that benefit eligible individuals and households residing in the city of Knoxville adversely impacted by the coronavirus/COVID-19. These Amendments also authorized 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. The City of Knoxville Housing and Neighborhood Development Department provided Notice on May 1, 2020, 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 13, 2020, noting specific changes and inviting comment through May 18, 2020. The City received no comments.

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.

On June 9, 2020, HUD notified the City of Knoxville of a second allocation of Supplemental ESG funds (ESG-CV Round Two) in the amount of $2,221,592, as well as information about additional flexibilities and waivers of certain regulations/requirements provided by the CARES Act.

The City held three virtual public meetings in August and conducted a survey to receive feedback on priority COVID-19 related homelessness needs. The first meeting was held with social service organizations new-to-HUD funding and that group was also invited to meet with more mainstream homeless service/shelter providers through the Mayor’s Round Table on Homelessness. Lastly, a meeting was held to discuss a draft of funding priorities developed from the feedback received from the prior meetings, the survey, the City’s Office on Homelessness, and the Mayor. Potential applicants, especially those new-to-HUD funding, were encouraged to partner with organizations that had more experience with ESG funding. The City also offered, through the Alliance for Better Nonprofits, three trainings to assist organizations wishing to partner. The grant application packet was released on September 4, with a due date of October 2. Two virtual, mandatory, virtual technical assistance workshops were held in September to assist applicants with submitting successful applications.

**Non-profit organizations applied for $1,374,804 of the total $2,221,592 in ESG-CV (Round 2) funds. A total of $1,233,981 was awarded and $222,159 (10%) was set-aside for ESG-CV Administration. The largest amount of funds ($500,000) was awarded to three *new-to-ESG*, grassroots-based non-profits offering Homelessness Prevention assistance, followed by: $265,540 for Street Outreach; $198,441 for HMIS services and research; $150,000 for Emergency Shelter and Services (including non-congregate housing in hotel rooms); and $120,000 for Rapid Re-housing.**

**The remaining $765,452 in ESG-CV Round Two funds was allocated across the five ESG program component categories, with the largest amount reserved for Emergency Shelter and Services. With cold weather approaching and a dearth of non-congregate housing available for families and youth (ages 18-24), it was anticipated that this would be a high-priority need.**

**The City of Knoxville Housing and Neighborhood Development Department provided Notice on October 27, 2020, that the draft Amendments to its 2019-2020 Annual Action Plan were available on its web page, how citizens may provide input, and that comments would be accepted through November 2, 2020. The City received no public comments. This was reflected in the Substantial Amendments approved by Knoxville City Council on November 17, 2020. The City of Knoxville Housing and Neighborhood Development Department submitted the Amendments to HUD on December 28, 2020.**

**On September 11, 2020, HUD notified the City of Knoxville of an additional allocation of Supplemental CDBG funds (CDBG-CV Round 3) in the amount of $1,853,296, as well as information about additional flexibilities and waivers of certain regulations/requirements provided by the CARES Act. The most beneficial aspect of the new CDBG-CV funds was the continued *lifting* of the 15% Public Services cap.**

**The City hosted a virtual Summit on Family and Youth Homelessness on December 2, 2020, to bring service and shelter providers together to discuss options for this high-priority need, and the fact that the City had additional funding to award. While no (non-congregate) shelter provider or project was identified, the City’s Office on Homelessness continues to develop this plan, with approximately $214,000 reserved for this purpose.**

**Other developments in the busy months of December 2020 and January 2021 caused delays in plans to get agreements approved and programs started. A number of factors, including the national moratorium on evictions by the US Centers for Disease Control (CDC) and local eviction courts being closed (making it more difficult to prove “at-risk of homelessness”) created complications for initiation of Homelessness Prevention activities. An additional federal COVID-19 relief act (the “Consolidated Appropriations Act, 2021” of December 27, 2020) created a funding source dedicated to providing Emergency Rental Assistance for renter-households below 80% AMI. This Act provided significant funding through the U.S. Treasury to states and counties, including approximately $30M to Knox County. The new funds made ESG-CV homelessness prevention activities (rental and utility arrearages, etc.) redundant. The City proposes to use $190,000 in CDBG-CV (Round 3) funds in lieu of ESG-CV funds to meet gaps identified in the new U.S. Treasury-funded *Knox Housing Assistance Program*. Two of the three *new-to ESG*, community-based non-profit organizations are willing to assist with meeting these gaps, including providing: Housing stability case management services; Rent and utility deposits, etc. for individuals/households not on a lease or currently housed; and Relocation services and financial assistance. Agreements are anticipated to be approved in April 2021. In the meantime, as the *Knox Housing Assistance Program* comes online in mid-March, additional funds were moved between the original non-profit agencies providing CDBG-CV and ESG-CV housing assistance via amendments to agreements to better distribute the funds to meet continuing community need among both renter- and owner-occupied households.**

**Also during this time, the Housing and Neighborhood Development Department began its process for developing the City’s PY2021-2022 Annual Action Plan. Staff decided to include the balances of ESG-CV funds not awarded (or from canceled Homelessness Prevention activities) in the amount of $1,265,452 and the new CDBG-CV funds in the amount of $1,853,296, with its anticipated PY2021-2022 CDBG and ESG HUD allocations. A virtual public meeting was held on January 14, 2021, to discuss homeless shelter, services and affordable housing needs and the availability of funds to help meet the need. Advance notice was provided and the meeting was well-attended by both shelter/housing and service providers and community members.**

**The grant application packets for CDBG/CDBG-CV and Homeless Programs (ESG/ESG-CV as well as local Homeless General Funds) were released on February 1, 2021, with a due date of February 19. Two virtual, mandatory, virtual technical assistance workshops were held in February to assist applicants with submitting successful applications. Applicants were asked to describe if/how their proposed projects would address the Coronavirus/COVID-19 pandemic. Requests for assistance outnumbered the amount of federal funds available, with an emphasis on Rapid Re-Housing and Street Outreach for ESG-CV funds and Emergency Shelter and Services for ESG and City Homeless General Funds. The majority of CDBG-CV funds are also being proposed for Public Service activities addressing homelessness, including counseling/case management to prevent housing instability among special populations (youth experiencing homelessness and aging-out of foster care, people transitioning out of treatment programs, and the elderly and disabled in public housing). Food insecurity continues to be an issue during the pandemic, and expanding the availability for nutrition assistance for very low income and especially vulnerable populations (including people being housed in non-congregate housing) is proposed for funding. Other funding is being proposed for homeownership assistance.**

**The City of Knoxville Housing and Neighborhood Development Department provided Notice on April 2, 2021, that the draft Amendments were available on its web page beginning April 5, how citizens may provide input, and that comments would be accepted through April 19, 2021. The City received …… public comments, including:……………………………….**

**The below are new and/or revised Amendments proposing changes to: The ESG-CV funding allocations as described in previous, approved Substantial Amendments; Accept an additional round of CDBG-CV 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.**

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

**ESG-CV Proposed Changes**

1. Under **Homelessness Prevention** (Goal #14), *decrease* the total amount by $691,506.08 from $778,893.00 to **$87,386.92,** to fund eligible subrecipients to assist an estimated **30 LMI individuals**, in the city of Knoxville, who are at-risk of homelessness during the COVID-19 pandemic, especially those impacted by the virus’ economic consequences.

2. Under **Emergency Shelter/Services** (Goals #15), *decrease* the total amount by $485,433.00 from $1,032,485.00 to **$547,052.00,** to fund eligible subrecipients to assist an estimated **1,217 individuals** experiencing homelessness during the COVID-19 pandemic in the city of Knoxville.

3. Under **Rapid Re-Housing** (Goal #16), *increase* the total amount by $952,208.08 from $150,000.00 to **$1,102,208.08,** to fund eligible subrecipients to assist an estimated **295 individuals** experiencing homelessness during the COVID-19 pandemic in the city of Knoxville.

4. Under **Street Outreach** (Goal #17), *increase* the total amount by $226,290.00 from $300,000.00 to **$526,290.00**, to fund eligible subrecipients to assist an estimated **725 individuals** experiencing homelessness during the COVID-19 pandemic in the city of Knoxville.

5. Under **Homelessness Management Information System (HMIS)** (Goal #18), *decrease* the total amount by $1,559.00 from $200,000.00 to **$198,441.00** to fund the University of Tennessee as a subrecipient to provide HMIS technical support to agencies funded with ESG funds and to conduct certain research through its SWORPS/KnoxHMIS database.

**CDBG-CV Proposed Amendments**

1. Add CDBG-CV (Round Three) as a funding source, through the CARES Act effective March 27, 2020, in the amount of **$1,853,296.00**.

2. Under Public Services (Goal #5):

A. Add **$1,210,137.00** in CDBG-CV funds to support the priority need: **Reduce and Prevent Homelessness**.

1. **$577,697.00** for **Transitional Housing** to fund eligible subrecipients to assist an estimated **92 individuals** within the city of Knoxville that have been impacted by COVID-19 (either through loss of employment or loss of income due to COVID-19 or who have been diagnosed and/or quarantined with COVID-19 and are unable to work), and are experiencing homelessness or are otherwise housing-insecure.
2. **$442,440.00** for **Counseling and case management** to fund eligible subrecipients to assist an estimated **60 seniors** **and disabled** **individuals** and **95 youth aging-out of foster care**, and at-risk of homelessness during the pandemic.
3. **$190,000.00** for **Housing Assistance** to fund eligible subrecipients to assist an estimated **110 low- and moderate-income households** within the city of Knoxville that have been impacted by COVID-19 (either through loss of employment or loss of income due to COVID-19 or who have been diagnosed and/or quarantined with COVID-19 and are unable to work), and are experiencing homelessness or are otherwise housing-insecure, with activities not funded by the *Knox Housing Assistance Program*. These activities include: Housing stability case management services; Rent and utility deposits, etc. for individuals/households not on a lease or currently housed; and Relocation services and financial assistance.

B. Add **$100,000.00** in CDBG-CV funds to support the priority need: **Stabilize and Revitalize Neighborhoods.** The City of Knoxville intends to fund the Knoxville-Knox County Community Action Committee (CAC) Mobile Meals program to benefit **125 additional households** made up of seniors and people with disabilities (Presumed Benefit category) who have been added to the program with the onset of the COVID-19 pandemic in April 2020.

3. Add Public Facility/Infrastructure Improvements as a goal and allocate **$105,391.04** in CDBG-CV funds to support the priority need: **Stabilize and Revitalize Neighborhoods.** The City of Knoxville intends to fund an expansion to the CAC Mobile Meals Kitchen to serve very low-income households impacted by the COVID-19 pandemic. The City also intends to use **$102,992.58** in uncommitted prior year CDBG funds to support this project.

4. Add **Homeownership Assistance** as a goal and allocate **$172,500.00** in CDBG-CV funds to this project to support the priority need: **Stabilize and Revitalize Neighborhoods.** The City of Knoxville intends to fund an eligible subrecipient to provide down payment/acquisition and home repair to an estimated **10** **low- and moderate-income households** in the city of Knoxvilleimpacted by COVID-19.

5. Allocate **$265,267.96** in CDBG-CV funds to Goal #1: General Administration. HUD allows up to 20% ($370,659) of CDBG-CV funds to be used for administration. The difference of $105,391.04is being allocated to fund an expansion to the CAC Mobile Meals Kitchen (see 3 above).