



2006 Annual Action Plan



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Part One: Executive Summary

The *2006 Annual Action Plan* describes how Knox County intends to invest the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds that include funds for the American Dream Downpayment Initiative (ADDI) for the 2006 program year. It also identifies the resources that the County and other local organizations may use to further the strategies in the *Knox County Housing and Community Development Plan*.

Additionally, the *2006 Action Plan* describes the County's proposed actions to carry out the Consolidated Plan's 5-year strategies to address priority housing and community development needs. The Action Plan covers the period July 1, 2006 to June 30, 2007. As the lead agency for the County's CDBG and HOME programs, Knox County Department Community Development (KCCD) prepares each year's Action Plan.

Background

The *Knox County Housing and Community Development Consolidated Plan* for 2005–2010 adopted broad goals and objectives to address a broad range of priority needs related to affordable housing, homelessness, and community development. The *2006 Annual Action Plan* covers the second of the 5 years covered by the Consolidated Plan.

The U.S. Department of Housing and Urban Development requires cities and counties to complete a Consolidated Plan to receive funds for the CDBG and HOME programs. The Consolidated Plan contains six major components:

1. A housing market analysis.
2. An assessment of housing, homeless, community development, and other related needs.
3. A description of the priority needs selected by the County.
4. A strategic plan to address priority needs.
5. An explanation of how Knox County will work with its partners in the public, private, and nonprofit sectors to carry out the strategic plan.
6. An Annual Action Plan describing the proposed projects and activities KCCD plans to undertake in the coming program year to carry out the long term strategies to address priority needs.

The *2006 Annual Action Plan* format helps to facilitate implementation of the County's 5-year Consolidated Plan strategies. This format will help KCCD, its partners, and Knox County citizens track performance more effectively. The Annual Action Plan describes the projects and activities planned for the upcoming program year in relation to the Consolidated Plan's strategies, goals, and objectives.

No later than 90 days after the program year-ends, KCCD will submit a Consolidated Annual Performance and Evaluation Report (CAPER) that provides the status of the projects, activities, and strategies in the Consolidated Plan. Consult the Citizen Participation Plan (Section I of the Consolidated Plan) for details on how to review and comment on the Annual Action Plan and the CAPER.

Guiding Principles and Objectives

The 2006 Action Plan is based on the housing and community development goals set forth in the Strategic Plan section of the five-year plan:

1. Develop and maintain an adequate supply of safe, decent housing that is affordable and accessible to residents with a range of income levels and household needs.
2. Expand sustainable homeownership opportunities for low and moderate-income families.
3. Reduce chronic and family homelessness by providing a viable continuum of care.
4. Ensure full and fair access to housing for all residents.
5. Remove barriers to affordable housing production.
6. Enhance the capacity of community based organizations and local government.
7. Enhance the prosperity and economic well being of Knox County, ensuring the economic growth is compatible with community development.

Action Plan Elements

Within the strategic framework established to respond to the County's overall housing and community development objectives, the use of HOME, including ADDI funds, and Community Development Block Grant funds responds to the priorities of KCCD to meet the needs of preserving existing housing and expanding the supply of housing. The CDBG program also addresses housing and service requirements of persons with HIV/AIDS and the need to prevent

homelessness. The Consolidated Plan and the FY 2006 Action Plan are consistent with the County's Continuum of Care 10 Year Plan.

KCCD is responsible for monitoring each grantee a minimum of two times per year to ensure performance measurement goals are achieved and the subrecipient is fiscally responsible with the grant monies they receive. For a further explanation of KCCD's monitoring procedures, please refer to the Monitoring Standards and Procedures section of the Consolidated Plan.

In accordance with HUD requirements, the *2006 Annual Action Plan* includes the following components:

- Standard Form 424 (SF-424). See Appendix.
- A description of the geographic areas of the County (including areas of low- and moderate-income concentration) in which KCCD will provide assistance in the coming program year—along with the rationale for the priorities for allocating investment geographically within the County.
- A description of the activities that Knox County will take during the coming year to address the priority needs and objectives identified in the *Knox County Housing and Community Development Consolidated Plan*.
- Activities that KCCD will take during the coming program year to:
 - 1) **Develop and maintain safe, decent housing that is affordable and accessible to residents with a range of income levels and household needs.**
 - Preserve the physical and financial viability of existing affordable housing;
 - Evaluate and reduce lead-based paint hazards. Provide every homeowner or potential homeowner with information pamphlets on the dangers of lead-based paint;
 - Provide technical assistance to build and expand the capacity of non-profit developers and Community Housing Development Organizations (CHDO's) to increase and expand affordable housing options.
 - 2) **Expand suitable homeownership opportunities for low and moderate-income families.**
 - Provide ADDI funds for downpayment and closing costs assistance;
 - Increase the supply of affordable housing for low and moderate-income families;
 - Provide technical assistance to build and expand the capacity of non-profit developers and Community Housing Development Organizations (CHDO's) to increase and expand affordable housing options;
 - Assist existing low and moderate-income homeowners to make code related home repairs.

3) **Reduce chronic and family homelessness by providing a viable continuum of care with a ten-year plan.**

- Continue to provide emergency shelters and transitional housing for the homeless;
- Prevent low-income individuals and families from becoming homeless;
- Develop housing options and help homeless persons make the transition to permanent housing and independent living;
- Provide a range of housing options and services for persons with special needs and physical disabilities who are not homeless;
- Improve access/coordination across mainstream services and benefit sources;
- Preserve existing affordable housing (both publicly assisted and private);
- Increase the supply of housing.

4) **Enhance the prosperity and economic competitiveness of Knox County, ensuring that economic growth is compatible with community and environment.**

- Assist the community with public facilities and infrastructure improvement;
- Assist low and moderate-income individuals and the community through institutional development.

5) **Ensure full and fair access to housing for all residents.**

- Support public and private housing and community development opportunities that promote equality for all residents of Knox County;
- Increase diversity and bridge differences among residents regardless of race disability, social, economic, educational, or cultural background, and provide integrated social, educational, and recreational experiences;
- Direct resources to promote the goals of fair housing and educate housing partners of their responsibilities under the law;
- Create quality affordable housing opportunities that are geographically and architecturally accessible to all residents of Knox County;
- Establish policies and mechanisms to ensure fair housing practices in all aspects of marketing;
- Provide and support rehabilitation of existing affordable housing;
- Direct resources only to projects that adhere to the intent and letter of applicable fair housing laws, civil rights laws, disability laws, and architectural accessibility laws.

Geographic Distribution and Rationale

The Consolidated Plan regulations require the County to describe the geographic areas of the County (including areas of low- and moderate-income concentration) in which it will provide assistance in the coming program year. The County must also provide its rationale for the priorities for allocating investment geographically within the County.

KCCD primarily makes CDBG and HOME funds available in the unincorporated areas of the County, except in certain cases as needs dictate or identified as an immediate need by the Mayor of Knox County. KCCD designs its programs to maximize their geographic impact due to the dispersion of residents across a wide geographic area. Any exceptions to this practice will be programs developed specifically to serve the needs of certain target clientele and/or neighborhoods.

Since the City of Knoxville receives CDBG and HOME funding directly from HUD, the County prefers to use its allocation for low- and moderate-income persons living outside the City. However, consideration will be given to those organizations serving a population that exceeds 80 percent of median income to provide, at a minimum, that 51 percent of the people be low and moderate-income.

The following table summarizes the County's proposed actions and projects in terms of its 5-year strategies and objectives, the national goals for the Consolidated Plan, and KCCD's mission. KCCD will update this table in each year's CAPER to reflect accomplishments. Such updates will allow citizens and other organizations to track KCCD's performance.

**TABLE 3A
SUMMARY OF SPECIFIC ANNUAL OBJECTIVES**

OBJ #.	OUTCOME/ OBJECTIVE SPECIFIC ANNUAL OBJECTIVE	PERFORMANCE INDICATORS	SOURCES OF FUNDS	Proposed/Actual Accomplishments by Program Year	
DH-2 Affordability of Decent Housing					
DH-2.1	Address the need for affordable decent housing by offering rehabilitation assistance to low and moderate-income persons.	<ul style="list-style-type: none"> • Number of units occupied by very low-income elderly. • Number brought to standard. • Number qualified as Energy Star • Number of units made accessible 	CDBG - \$69,680	Proposed 2005: 6 households 2006: 10 households 2007: 2008: 2009: Total: 16 households	Actual 2005: 2006: 2007: 2008: 2009: Total:
DH-2.1	Address the need for affordable decent housing by offering water/sewer assistance to low and moderate income persons	<ul style="list-style-type: none"> • Number of units occupied by very low- income elderly. • Number brought to standard. • Number qualified as Energy Star • Number of units made accessible 	CDBG - \$100,000	Proposed 2005: 6 households 2006: 10 households 2007: 2008: 2009: Total: 16 households	Actual 2005: 2006: 2007: 2008: 2009: Total:
DH-2.1	Address the need for affordable decent housing by offering emergency home repairs for the elderly, disabled and female-headed households with lower incomes.	<ul style="list-style-type: none"> • Number of units occupied by very low- income elderly. • Number brought to standard. • Number qualified as Energy Star • Number of units made accessible 	CDBG - \$200,000	Proposed 2005: 75 households 2006: 80 households 2007: 2008: 2009: Total: 155 households	Actual 2005: 2006: 2007: 2008: 2009: Total:

Housing and Community Development Consolidated Plan

OBJ #.	OUTCOME/ OBJECTIVE	PERFORMANCE INDICATORS	SOURCES OF FUNDS	Proposed/Actual Accomplishments by Program Year	
	SPECIFIC ANNUAL OBJECTIVE				
DH-2.1	Address the need for affordable decent housing by providing construction of senior rental housing	<ul style="list-style-type: none"> Number of affordable units Number of Section 504 accessible units Number of qualified as Energy Star Number of units occupied by elderly Number of years of affordability Number of units subsidized with project-based rental assistance by another Federal, state or local program 	HOME CHDO & Operating - \$63,725 and \$20,621	Proposed 2005: 20 Units 2006: 1 Units 2007: 2008: 2009: Total: 21 Units	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:
DH-2.1	Public Facilities that make decent housing available to low and moderate-income persons who are homeless or persons with special needs.	<ul style="list-style-type: none"> Number of persons that have access to this service or benefit Number of persons that now have improved access to this service or benefit Number of persons that now receive a service or benefit that is no longer substandard Number of persons that now have access to this type of public facility or infrastructure improvement Number of persons that now have improved access to this type of public facility or improvement Number of persons that are now served by this public facility or infrastructure that is no longer substandard Number of beds created in overnight shelter or other emergency housing 	HOME - \$298,000	Proposed 2005: N/A 2006: 12 Units 2007: 2008: 2009: Total: 12 Units	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:
DH-2.1	Public Service to address the need for affordable decent housing by providing homeless prevention activity data.	<ul style="list-style-type: none"> Number of persons assisted that now have new access to this service or benefit Numbers of persons assisted that now have improved access to this service or benefit Number of persons that now receive a service or benefit or service that is no longer substandard 	CDBG - \$10,000	Proposed 2005: N/A 2006: 100 People 2007: 2008: 2009: Total: 100 People	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:

Housing and Community Development Consolidated Plan

OBJ #.	OUTCOME/ OBJECTIVE SPECIFIC ANNUAL OBJECTIVE	PERFORMANCE INDICATORS	SOURCES OF FUNDS	Proposed/Actual Accomplishments by Program Year	
DH-2.1	Public Facilities that make decent housing available to low and moderate-income persons.	<ul style="list-style-type: none"> • Number of persons that have access to this service or benefit • Number of persons that now have improved access to this service or benefit • Number of persons that now receive a service or benefit that is no longer substandard • Number of persons that now have access to this type of public facility or infrastructure improvement • Number of persons that now have improved access to this type of public facility or improvement • Number of persons that are now served by this public facility or infrastructure that is no longer substandard • Number of beds created in overnight shelter or other emergency housing 	CDBG - \$360,000	Proposed 2005: N/A 2006: 48 Units 2007: 2008: 2009: Total: 48 Units	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:
DH-2.2	Address the need for affordable decent housing by offering downpayment assistance to low income households	<ul style="list-style-type: none"> • Number of low-income households assisted • Number of first time homebuyers • Number receiving counseling • Number receiving downpayment/closing costs 	HOME - \$8,357	Proposed 2005: 3 Households 2006: 2 Households 2007: 2008: 2009: Total: 5 Households	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:
DH-2.2	Public Service to address the need for affordable decent housing by providing supportive services and payments for utilities to prevent homelessness.	<ul style="list-style-type: none"> • Number of persons assisted that now have new access to this service or benefit • Numbers of persons assisted that now have improved access to this service or benefit • Number of persons that now receive a service or benefit or service that is no longer substandard 	CDBG - \$15,000	Proposed 2005: 350 People 2006: 430 People 2007: 2008: 2009: Total: 780 People	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:

OBJ #.	OUTCOME/ OBJECTIVE	PERFORMANCE INDICATORS	SOURCES OF FUNDS	Proposed/Actual Accomplishments by Program Year	
	SPECIFIC ANNUAL OBJECTIVE				
DH-2.2	Public Service to address the need for affordable decent housing by providing supportive services and payments for utilities to prevent homelessness	<ul style="list-style-type: none"> Number of persons assisted that now have new access to this service or benefit Numbers of persons assisted that now have improved access to this service or benefit Number of persons that now receive a service or benefit or service that is no longer substandard 	CDBG - \$50,000	Proposed 2005: 110 People 2006: 100 People 2007: 2008: 2009: Total: 210 People	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:
SL-2.1 Sustainability of Suitable Living Environment					
L-1.1	Public Service to improve the sustainability of the suitable living environment by tutoring youth and providing computer skills to improve grades and test scores during the school year	<ul style="list-style-type: none"> Number of persons assisted that now have new access to this service or benefit Numbers of persons assisted that now have improved access to this service or benefit Number of persons that now receive a service or benefit or service that is no longer substandard 	CDBG - \$30,000	Proposed 2005: N/A 2006: 75 Youth 2007: 2008: 2009: Total: 75 Youth	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:
SL-1.1	Public Service to improve the sustainability of the suitable living environment by tutoring youth and providing computer skills to improve grades and test scores during the school year	<ul style="list-style-type: none"> Number of persons assisted that now have new access to this service or benefit Numbers of persons assisted that now have improved access to this service or benefit Number of persons that now receive a service or benefit or service that is no longer substandard 	CDBG - \$40,000	Proposed 2005: N/A 2006: 50 Youth 2007: 2008: 2009: Total: 50 Youth	Actual 2005: N/A 2006: 2007: 2008: 2009: Total:



Part Two: Actions and Resources

Addressing the Homeless and Special Needs Populations

Knox County's primary aim with regard to homeless and special needs populations continues to be ensuring that a network of services leading to greater self-sufficiency and a continuum of housing opportunities are in place for those presently homeless or at risk of becoming homeless.

- Continue to provide emergency shelters and transitional housing for the homeless;
- Prevent low-income individuals and families from becoming homeless;
- Develop housing options and help homeless persons make the transition to permanent housing and independent living;
- Provide a range of housing options and services for persons with special needs and physical disabilities who are not homeless;
- Improve access/coordination across mainstream services and benefit sources;
- Preserve existing affordable housing (both publicly assisted and private);
- Increase the supply of housing.

Ten-Year Plan:

Homelessness is a major challenge for Knoxville and Knox County. In 2005 Mayors Bill Haslam and Mike Ragsdale convened a task force to develop a ten-year plan to end chronic homelessness. While there are no simple solutions, the complexity of homelessness underscores the need for all sectors-social and health services, government, business providers and consumers, neighborhoods, and churches-to work together toward solutions. The ten-year plan offers a framework for ending the institution of homelessness. It is the beginning of a long-term process. The plan offers a long-range comprehensive approach to help homeless persons gain stability in permanent housing. The Knoxville and Knox County ten-year plan supports state, regional, and Federal efforts.

Knox County includes the gaps analysis table in its Consolidated Plan and priority needs analysis, which strengthens the linkage to the broader human service, housing and community development planning processes. Identifying gaps and priorities is an integral part of the Continuum of Care development process. The Coalition will continue its point-in-time surveys to obtain accurate unduplicated

counts of the number of homeless people in the County as of a given date. It will continue to enhance planning and service delivery by continuing the biannual studies and analyze the characteristics and service needs of homeless persons.

Knox County's Continuum of Care system provides all of the fundamental components of prevention, outreach, intake and assessment, transitional housing with necessary support and rehabilitative services, and permanent housing or permanent supportive housing. The following are strategies that offer a different approach to the problem of chronic homelessness.

1. **Move People into Housing First:** The most critical issue facing homeless people – the lack of permanent housing – must be the first and most important issue to be addressed. The housing first approach combines affordable, permanent housing with the support services necessary to increase self-sufficiency to remain in permanent housing.
2. **Stop Discharging to the Streets:** Institutions such as mental health hospitals and jails usually lack referral services with access to permanent supportive housing. The result is that far too many individuals are discharged directly to emergency shelters or the streets. This pattern is also evidenced in the foster care system as young people are discharged at age 18 and experience a high risk of becoming homeless.
3. **Increase coordination and effectiveness of Service:** The existing service delivery system has been criticized as being ineffective, fragmented, and too frequently duplicating services. The task force reviewed the current system and concluded that service coordination and effectiveness of services can be increased through (1) coordinated case management, (2) outreach and engagement, (3) single point of entry into the service system, and (4) designated agency function-coordination and specialization of the major shelters and services.
4. **Increase Economic Opportunities:** Lack of employment, income, and economic opportunity are often identified as major causes of homelessness. Although many homeless individuals report being employed or having occasional work, many of the jobs they hold are of such a nature and skill level that they do not provide adequate wages and benefits for self-sufficiency. As part of the effort to solve chronic homeless, it is crucial to maximize income and achieve economic stability.
5. **Implement New Data Collection Methods:** Through the implementation of a Homeless Management Information System (HMIS), more reliable, comprehensive information about homelessness in our community can be found. The HMIS is a centralized internet-based system that provides a database of homeless information. Shelters, housing providers, service

agencies, and others who work with the homeless can share client information, within the strictest bounds of individual privacy and confidentiality. It provides for the collection of accurate and timely data on numbers of homeless persons in the community, patterns of homelessness, and other demographic characteristics. Additionally, HMIS will provide information on effective service delivery, as well as provide data to guide agency and community planning for improved and targeted services delivery.

6. **Develop Permanent Solutions:** The task force has identified a number of key elements, along with housing first, that will more permanently and cost-effectively address chronic homelessness. These include the establishment of a detoxification facility, and broad implementation of the HMIS system.
7. **Strengthen Partnerships with Faith-Based Organizations:** This plan recognized the importance of partnerships with faith-based organizations, and the Task Force considers these organizations to be one of the critical components in the plan to develop permanent solutions to homelessness. Central to all the recommendations is coordination throughout the community to focus efforts efficiently and effectively.
8. **Recognize Homelessness as a Community Challenge:** Ending chronic homelessness is a challenge for the entire community. It will require cooperative effort by government agencies, private and public services, businesses, faith-based organizations, and neighborhoods. This plan calls for a coordinated effort to inform and communicate with the broader community about homelessness.
9. **Prevent Homelessness:** The Federal Interagency Council on Homelessness speaks of prevention as “closing the front door” to homelessness. Homeless prevention is any action that prevents an individual or family from losing their housing. Providing services and assistance that contribute to housing stability, such as assistance with rent or utility bills, can be preventative. Additionally, case management and preventive protocols for individuals being discharged from hospitals, state institutions, and foster care should be implemented to break the cycle of homelessness before it starts. Regardless of the level of prevention, identifying persons at risk, early intervention, or breaking the cycle of chronic homelessness, it is critical to utilize strategies that have been demonstrated to be effective.



Helping the Homeless

During the coming program year, KCCD will continue to help the Knoxville Coalition for the Homeless employ a Continuum of Care approach to reduce the frequency and duration of homelessness. It will carry out this strategy by funding projects and engaging in other actions to help homeless people.

Project Funding: As shown in the Summary Table pages 7-9, KCCD will fund the following projects to help the homeless in the current program year:

- **\$15,000 in CDBG** funding to Community Action Committee North Center for crisis management for homeless people or those at high risk of becoming homeless.
- **\$50,000 in CDBG** funding to Parkridge Harbor for housing and case management services to persons suffering from a combination of mental illness, substance abuse, HIV/AIDS and other catastrophic illnesses. Residents have histories of homelessness, dysfunction, drug addiction and criminal behavior. Parkridge Harbor offers the opportunity to stay drug free, employed and out of the criminal justice system.
- **\$10,000 in CDBG** funding to the University of Tennessee College of Social Work for the Knoxville Homeless Management System (HMIS). This program improves service delivery to homeless persons and serves as a tool for agencies assisting people to move out of homeless and into permanent housing. The Knoxville HMIS has as its mission three primary goals: (1) generating longitudinal data on homelessness; (2) providing a tool for improved service delivery and coordination among homeless service providers; and (3) using HMIS-generated data to inform policy decisions about homelessness.

Addressing the Special Needs of Persons Who Are Not Homeless

During the coming program year, KCCD will continue to help the Knoxville Coalition for the Homeless and other groups strengthen the safety net of housing and services for persons with special needs. KCCD's commitment to serving persons with special needs includes incorporating their needs into each year's Action Plan.

Project Funding: As shown in the Summary Table on pages 7-9, KCCD will fund four projects to help persons with special needs in the current program year:

- **Provide \$200,000 in CDBG** funds to help the Knoxville/Knox County Community Action Committee provide home repair to elderly, disabled, or female-headed households with lower incomes.



- **Provide \$50,000 in CDBG** funding to Parkridge Harbor for housing and case management services to persons suffering from a combination of mental illness, substance abuse, HIV/AIDS and other catastrophic illnesses. Residents have histories of homelessness, dysfunction, drug addiction and criminal behavior. Parkridge Harbor offers the opportunity to stay drug free, employed and out of the criminal justice system.
- **Provide \$298,000 in HOME** funds to the Helen Ross McNabb Center to acquire land for the construction of a 12 unit transitional housing development for LMI with the special need of drug and alcohol addiction.
- **Provide \$10,000 in CDBG** funds to the University of Tennessee College of Social Work for the Knoxville Homeless Management System (HMIS). This program offers services to homeless persons including emergency shelter, domestic violence protection, substance abuse treatment, and primary and behavioral healthcare.

Besides these programs, many of Knox County's other projects can serve persons with special needs. KCCD's efforts to provide affordable housing can help many of these families move more quickly to economic self-sufficiency by providing additional assistance to enable them to devote scarce resources to other needed items. Rental housing development/rehabilitation and housing rehabilitation will be accessible and adaptable as required. Additionally, some of KCCD's economic development and community development activities will serve the elderly and other special needs populations. These activities are listed on the Project Summary Table on pages 7-9.

Addressing Obstacles to Meeting Under-Served Needs

The Annual Action Plan must describe the County's proposed actions for the coming program year to address obstacles to meeting under-served needs. The *2006 Annual Action Plan* includes strategies and actions to enhance coordination and address gaps in the housing and community development delivery system, which are obstacles to meeting under-served needs. Therefore, the County's proposed actions in these two categories (listed below) also help address obstacles to meeting under-served needs.

Fostering and Maintaining Affordable Housing

The Annual Action Plan must also describe the County's proposed actions for the coming program year to foster and maintain affordable housing as well as estimating the total number of minority and/or female-headed households expected



to become homeowners. The Consolidated Plan examined affordable housing, public housing, and other assisted housing needs.

The County's top priority for the use of CDBG, HOME and ADDI funds is to support the production and preservation of affordable housing. The actual allocation of these funds reflects this priority. For purposes of the Consolidated Plan, "affordable housing" generally means housing, which is affordable at 30 percent of household income to households that meet the CDBG and HOME program guidelines for moderate-income households.

Affordable Housing

As shown earlier in the Project Summary Table, KCCD will fund several projects that foster and maintain affordable housing in the current program year:

- **Provide \$63,725 and \$20,621 in HOME/CHDO** funding to a non-profit organization designated as a Community Housing Development Organization (CHDO) to undertake an eligible HOME activity.
- **Provide \$269,680 in HOME** funds for continued support of Knox County's Affordable Housing Rehabilitation program.
- **Provide \$200,000 in CDBG** funds to help the Knoxville/Knox County Community Action Committee provide home repair assistance to elderly, disabled or female-headed households with lower incomes in Knox County.
- **Provide \$360,000 in CDBG** funds to the Senior Citizens Home Assistance Service (SCHAS) for the acquisition of land that will be used to construct a Family Life Center with 48 units of frail senior and disabled adult assisted living.
- **Provide \$8,357 in ADDI** funds for a downpayment assistance program for first-time low-income homebuyers. Knox County will partner with local nonprofit(s) and public housing authorities to provide the required homebuyer education as well as conduct targeted outreach to residents of public housing. Knox County estimates that at least one of the three households assisted with ADDI funds will be minority and/or female-headed household.
- **Provide \$100,000 in CDBG** funds for continued support of Knox County's Affordable Water/Sewer Connection Program.
- **Provide \$298,000 in CDBG** funds to the Knoxville/Knox County Helen Ross McNabb Center to acquire land for the construction of a 12-unit transitional housing development for LMI persons with drug and alcohol addiction.



Public Housing and Resident Initiatives

As required by the Quality Housing and Work Responsibility Act of 1998, KCCD is coordinating the *Knox County Housing and Community Development Consolidated Plan* and the *2006 Action Plan* with the Knox County Housing Authority (KCHA). Development of the Consolidated Plan included consultation with KCHA staff and residents.

Knox County will continue working with KCHA to help them achieve the goals and objectives in its strategic plan, which are consistent with the goals and objectives of Knox County's Consolidated Plan.

Other Assisted Housing

In addition to KCHA, the Tennessee Housing Development Authority and the Knoxville Community Development Corporation also administer subsidized units in Knox County. KCCD consults with these organizations as part of its Consolidated Planning process.

Evaluating and Reducing Lead-Based Paint Hazards

HUD regulations require that the 5-year Consolidated Plan examine lead-based paint hazards and develop a strategy for reducing them. The Annual Action Plan must describe the County's proposed actions for the coming program year to evaluate and reduce lead-based paint hazards.

KCCD's strategy is to collaborate with the City of Knoxville to reduce housing-related lead-based paint hazards, especially for low-income families and children. The department has developed measurable actions for this strategy that it will undertake each year. Its actions for the 2006 program year are as follows:

1. Work with the Environmental Protection Agency to comply with the Lead-Based Paint Poisoning Prevention Act of 1998.
2. Continue to use a housing construction consultant with certification as a lead risk assessor.
3. Continue coordinating with the City of Knoxville and Tennessee Department of Environment and Conservation (TDEC) to offer training for contractors and workers.
4. Integrate lead hazard evaluation and reduction activities into existing programs.



5. Administer the Tennessee Department of Health's questionnaire to parents concerning their children for any clients that will be living in pre-1978 housing.
6. Promote lead-based paint information provided by the Tennessee Department of Health by providing a link on the KCCD Website.
7. Send lead-based paint guidelines to all of KCCD's grantees and the housing specialist working with its programs.
8. Distribute brochures concerning lead-based paint hazards to landlords when rental inspections are conducted. Distribute these brochures to all housing clients.
9. Provide information on lead-based paint hazards to public and private organizations, cable television, and radio.

Reducing the Number of Poverty Level Families

HUD regulations require that the Consolidated Plan contain an "Anti-Poverty strategy." Each Annual Action Plan must also describe the County's proposed actions for the coming program year to reduce the number of poverty level families. KCCD's strategy is to use its projects and activities to support State and County efforts to move low-income persons to economic self-sufficiency.

KCCD provides funds to many programs that promote individual and family self-sufficiency. For example, KCCD funds homeownership activities that help move lower income persons to self-sufficiency, as well as provide safe, affordable housing. As another example, KCCD funds the rehabilitation/construction of affordable rental units. Low-income families renting these units pay less of their income on rent and can thus spend it on activities such as education and job searches.

As shown earlier in the Project Summary Table, KCCD proposes two specific projects to enhance job training and employment opportunities for low- to moderate-income persons:

- **Provide \$30,000** in CDBG funds to Tennessee Conference Community Development, Inc., for a youth enrichment program. The focus will be on homework tutoring in all major areas of school including English, math, and reading.



- **Provide \$40,000 in CDBG** funds to Family-Security, Inc. for the Healthy Kids Enrichment Program. This after-school program will teach social and resiliency skills with the following four components: Personal Development, Academic Development, Cultural Development, and Kinesthetic Development (P.A.C.K.).

These projects will reduce the number of poverty level families in the current program year by helping the people gain employment and higher paying jobs.

Enhance the County's Housing and Community Development Delivery System (Institutional Structure)

The 5-year Consolidated Plan examined the effectiveness of the County's housing and community development system. It also analyzed gaps in the delivery system and possible strategies to enhance collaboration. The Annual Action Plan must also describe the County's proposed actions for the coming program year to enhance the housing and community development delivery system (institutional structure).

In the strategic plan, KCCD adopted a 5-year strategy to address gaps in the institutional structure and foster collaboration. As lead agency for Knox County's Consolidated Plan, KCCD's focus on the institutional structure is a broad strategy of coordination, empowerment, and communication with the public, private, and nonprofit sectors. It is taking a leadership role in this area by concentrating on these three fields:

- Vision.
- Communication and coordination.
- Education and outreach.

For the 2006 program year, KCCD plans to carry out the following actions:

1. Establish strategic objectives that provide a guide to KCCD's performance. Such objectives will allow the KCCD's housing and community development partners to better understand the department's mission and provide context to KCCD's clients and grantees.
2. Establish specific performance measures that will allow KCCD to better guide resource allocations for CDBG and HOME funds. Such performance measures will allow the department to more effectively target gaps and priority needs.
3. Support the continued establishment of an umbrella coordinating entity for the County's housing and community development delivery system.



Representatives from the public, nonprofit, and private sectors could meet to discuss and carry out strategies regarding issues such as coordination of resources, fair housing, barriers to affordable housing, strategies and actions for the Consolidated Plan, Community Development Week, and other items. This coordinating entity, convened and administratively supported by KCCD, would work on issues of concern to a majority of its members as well as issues assigned by KCCD.

4. Partner with Knox County's Office of Neighborhoods by attending "Neighborhood Nights" with the County Mayor to address concerns of Knox County's residents as well as gather information regarding each community's needs.
5. Continue participation in the Knoxville Coalition for the Homeless.
6. As staffing and funding allow, continue to organization Community Development Week as an outreach and education opportunity.
7. Provide other information pieces and outreach to the press concerning housing and community development issues.
8. Research and explore the possibility of establishing one or two Neighborhood Revitalization Areas in the unincorporated sections of Knox County.
9. As staffing and funding allow, work with other organizations to provide educational seminars on issues such as lead-based paint, fair housing, homeownership, and accessing affordable housing.
10. As staffing and funding allow, expand KCCD's web presence into the County's Internet "gateway" to housing and community development. Such a web presence would keep County residents and organizations informed of the department's programs and other housing and community development organizations and issues.

Overcome Impediments to Fair Housing Choice

Federal regulations issued by HUD governing the Consolidated Plan require jurisdictions to complete an analysis of impediments to fair housing choice. This analysis must also set strategies and actions to overcome the impediments.

Knox County completed its analysis, called *Fair Housing in Knox County*, in 1998. KCCD held a focus group to better incorporate fair housing strategies into the 5-year Consolidated Plan. Each Annual Action Plan must therefore describe the County's proposed actions in the coming program year to overcome impediments to fair housing choice.



For the 2006 program year, KCCD plans to carry out the following actions:

1. Continue to participate in and support the Equality Coalition for Housing Opportunities (ECHO). The purpose of the ECHO is to promote equal opportunity, enhance affirmative marketing, and encourage the achievement of parity in the housing industry.
2. Continue to develop and further relationships with community groups working with members of legally protected classes; fair housing advocates, area public housing agencies, representatives of the lending and real estate communities, Federal, State, and local fair housing enforcement agencies, and other interested persons;
3. Expand the current Analysis of Impediments into a more effective fair housing plan;
4. Provide links to fair housing information on the KCCD Website;
5. Continue to offer fair housing seminars;
6. Support public and private housing and community development opportunities that promote equality for all residents of Knox County;
7. Increase diversity and bridge differences among residents regardless of race disability, social, economic, educational, or cultural background, and provide integrated social, educational, and recreational experiences;
8. Provide and support rehabilitation of existing affordable housing.

Enhance Coordination between Public and Private Housing and Social Service Agencies

The Annual Action Plan must also describe the County's proposed actions for the coming program year to enhance coordination between public and private housing and social service agencies. In the Consolidated Plan's strategic plan, KCCD examined gaps in the institutional structure and developed actions specifically to enhance communication and coordination. The following actions between public and private housing and social service agencies:

- Establish monthly meetings with the City of Knoxville Community Development Department to guard against duplication of services as well as maximizing benefits to low to moderate-income persons.
- Continue participation in the Knoxville Coalition for the Homeless.



Overcome Barriers to Affordable Housing

The Annual Action Plan must also describe the County’s proposed actions for the coming program year to overcome barriers to affordable housing. Two of the most prevalent barriers to production of affordable housing are the private market conditions that emphasize the production of high cost housing and the lack of adequate subsidies for low-income renters in a high cost market. These same market conditions can be a barrier to preservation of existing affordable unsubsidized units by making conversion to upscale rentals or demolition and construction of more expensive units a more attractive alternative, especially when only limited incentives, such as tax relief or below market loans, are available to the property owner. KCCD’s subsidy of affordable housing opportunities and rental units helps overcome these barriers.

Housing and Community Development Resources

Approximately \$1.5 million in Federal funds from the CDBG, HOME and ADDI programs will be available in PY 2006 to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, especially for low- and moderate-income persons.

Funding Sources

Entitlement Grant (includes reallocated funds)	
<u>Program</u>	<u>Amount</u>
CDBG	\$ 1,028,350
CDBG Program Income	\$ 65,000
Total	\$ 1,093,350
HOME	\$ 414,828
HOME Program Income	\$ 10,000
Total	\$424,828
ADDI	\$ 8,357
Total Funding Sources	\$ 1,526,535

KCCD does not anticipate program income from prior years (not previously programmed or reported), nor does it anticipate any reprogramming of prior year funds.



Although entitlement funding has remained relatively stable over the past several years, it is never easy to predict. Congress reduced allocations approximately 10% or \$305,011 which affects PY 2006 appropriations.

The Consolidated Plan is prepared assuming the current level of CDBG and HOME funds. Current funding levels continue to be insufficient to solve the many problems faced by low-income citizens. The additional requirements of the Environmental Protection Agency (EPA) to address lead-based paint and the effects of weather-related disasters such as Katrina increase the housing rehabilitation costs substantially and reduce the number of households that can receive assistance. It is becoming more important than ever that Knox County pursue other sources of funding to maximize accomplishments and, achieve goals and objectives.

Applications by local organizations for most of HUD's other programs must be consistent with the local Consolidated Plan. An organization's application for HUD funding must be aligned with the goals, objectives, and strategies of Knox County's Consolidated plan.

HUD's HOME Investment Partnerships program requires a 25 percent match from non-Federal resources. The Tennessee Housing Development Agency's HOME program requires a 1 to 1.33 match.

Since the County uses both CDBG and HOME resources in single-family housing rehabilitation contracts, it ensures that all homes rehabilitated in this program are HOME-eligible units. Knox County has codified this requirement in the minimum standards for financing and construction in the program's regulations. Thus, HOME-eligible units are generated regardless of the actual funding source, and leverage is generated on every project. Knox County's Federal funds are used to provide the gap financing and involve other organizations as much as possible.

Knox County anticipates that the following Federal, State, local, and private resources will remain available over the 5-year planning period to address priority strategies.

FEDERAL RESOURCES

Funds from HUD and a variety of other Federal sources are available to address the Consolidated Plan's priority needs, such as grants and other revenues that provide funding to Knox County or other organizations within the County.



Community Development Block Grant (CDBG)

Expected FY 2006 Funding: \$1,028,350 (w/o program income)

The CDBG is one of the longest and most flexible programs at HUD. It provides grants on a formula basis to general units of local government and the States. As an entitlement community Knox County uses CDBG funds to provide decent housing, a suitable living environment, and economic opportunities for low and moderate-income persons.

HOME Investment Partnerships Act (HOME)

Expected FY 2006 Funding: \$423,185 (w/o program income)

Knox County is a participating jurisdiction for HOME funds. HOME is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. Program regulations are at 24 CFR Part 92. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. Each year approximately \$2 billion is allocated among the states and localities nationwide. The program was designed to reinforce several important values and principles of community development. Eligible activities include home purchase or rehabilitation financing to eligible homeowners and new homebuyers; rehabilitation of homeownership housing; "other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvements and payment of relocation expenses. The required set-aside of 15 percent of the allocation is provided to an eligible Community Housing Development Organization (CHDO), and Knox County uses up to 10 percent of the allocation for planning and administration.

- HOME's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities. Knox County provides the majority of its HOME funds for CHDO projects, acquisition of land for the construction of rental projects including seniors and persons with special needs, and housing rehabilitation.
- HOME's requirement for a match of 25 cents of every dollar in program funds is passed on to subrecipients. Generally, bank financing, state monies and in-kind services have provided the match.

American Dream Downpayment Initiative (ADDI)

Expected FY 2006 Funding: \$8,357 (Included in HOME Total)

This component of the HOME Program is awarded annually by formula. Funds can only be used to provide downpayment assistance to enable low-income renters with household incomes at or below 80 percent of the area median income to purchase their first home. Knox County will award ADDI funds to 2 eligible buyers.



Section 108 Loan Guarantee Program: CDBG entitlement communities are eligible to apply for assistance through this program while non-entitlement communities may only apply if the State agrees to pledge the CDBG funds necessary to secure the loan. Section 108 Loan Guarantees assist businesses and developers for CDBG eligible purposes, including industrial, commercial, real estate, housing and mixed-use projects. Applicants may receive a loan guarantee directly or designate another public entity to carry out their Section 108 assisted project.

Section 202 Elderly Housing: Section 202 is a competitive Federal program that funds nonprofit organizations to develop housing designed to accommodate the special needs of elderly persons and provide a range of services tailored to their needs. Assistance is in the form of capital advances and rental assistance. Recipients can use the funds for acquisition, rehabilitation, new construction, rental assistance and supportive services. Private nonprofit sponsors apply directly to HUD in response to a published invitation.

Section 811 Special Needs Housing: This competitive Federal program funds nonprofit organizations to develop housing designed to accommodate the special needs of persons with disabilities. It also provides supportive services that address the individual health and other needs of such persons. Houses may be group homes, independent living facilities, or intermediate care facilities. Assistance is in the form of capital advances and rental assistance. A set-aside exists under this program for persons disabled because of infection with HIV. Interested parties submit applications to the HUD Field Office in response to a published invitation.

McKinney Act Resources: Programs under the McKinney Act provide funding for homeless families and individuals with disabilities. Following are programs that provide housing and support services to meet the critical needs of our citizens with disabilities:

- **Supportive Housing Demonstration Program (SHDP):** SHDP was created to develop and support innovative approaches to combining housing and supportive services for homeless individuals and families, with an emphasis on those with special needs. The program was authorized by the Stewart B. McKinney Homeless Assistance Act of 1987. The program was renamed the Supportive Housing Program, and became permanent upon enactment of the Housing and Community Development Act of 1992. The program provides transitional housing for individuals and families and permanent housing for handicapped homeless persons. The transitional program enables homeless



individuals who previously resided in shelters or other temporary residential settings to achieve independent living.

- *Shelter Plus Care (SPC)*: SPC targets the hardest to serve homeless population, those with mental and physical disabilities who are living on the street or in shelters. SPC is a competitive grant program that provides rental assistance funded by HUD that is to be matched with an equal or greater dollar value of supportive services from other Federal, State, local, or private funding sources. Four different delivery mechanisms include sponsor, project, and tenant-based assistance, in addition to support for Section 8 SRO facilities in the form of an operating expense subsidy. Assistance provided to projects is available for 10 years; assistance to sponsors and directly to tenants is available for 5 years. HUD has awarded three rounds of SPC grants and existing programs are now renewed annually through the Super NOFA process.
- *Section 8 Moderate Rehabilitation for Single Room Occupancy (SRO) Housing*: This competitive program offers funding to rehabilitate existing structures to create SRO housing for homeless individuals of very low income. SRO units are designed to allow homeless individuals to obtain permanent housing in a setting that combines communal living with a modicum of privacy. Section 8 subsidy payments fund a project for a period of 10 years in the form of rental assistance in amounts equal to the rent, including utilities, minus the portion of rent payable by the tenants. The rental assistance funds the repayment of acquisition and rehabilitation costs necessary to create safe and decent housing.

The program targets homeless persons capable of independent living, including those afflicted by mental illness, physical handicaps, or substance abuse. Awarded as a competitive grant, the SRO program's selection criteria encourage, but do not require recipients integrate supportive services into the housing package.

Housing Choice Voucher Program (Section 8)

Administering Agency: Knox County Housing Authority (KCHA)

The Housing Choice Voucher Program, often called Section 8, is the Federal Government's major program for helping very low-income families, the elderly and the disabled to afford decent, safe and affordable housing in the private market. Participants are able to find their own housing, including single-family homes, townhouses and apartments.



Housing choice vouchers are administered locally by KCHA. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program and the unit meets minimum standards of health and safety, as determined by KCHA. Eligibility for a housing voucher is determined by KCHA based on the annual gross income and family size and is limited to US citizens and special categories of non-citizens who have eligible immigration status. Generally, the family's income may not exceed 50 percent of the median income for the metropolitan area in which the family chooses to live. By law KCHA provide 75 percent of its vouchers to applicants whose incomes 30 percent of the area median income

Housing Opportunities for Persons with AIDS (HOPWA): This program provides both entitlement and competitive grants for housing assistance and supportive services for low-income persons with AIDS and related diseases. It can be used for acquisition, rehabilitation, conversion, lease, repair of facilities, new construction, project-based or tenant-based rental assistance, planning, support services, operating costs, short-term payments (rent, mortgage, utility) and administrative expenses.

Low-Income Housing Tax Credits(LIHTC): Tennessee Housing Development Agency administers this program under which investors receive a stream of credits against their federal taxes in exchange for providing funds for low-income housing. The LIHTC program supports the construction or acquisition and substantial rehabilitation of low-income family housing as well as special needs housing and low-income housing preservation. At least 20 percent of the units must be reserved for and made affordable to persons with income 50 percent or less than the area median gross income *or* at least 40 percent of the units must be made affordable for persons with incomes 60 percent or less than the area median income.

Low-Income Housing Preservation Program: This competitive program provides financial incentives to retain subsidized housing projects when Federal assistance is expiring. The owner may apply for incentives or sell to another entity that will maintain low-income affordability restrictions.

USDA Rural Development Agency: U.S. Department of Agriculture (USDA) Rural Development mission area was created in 1994 as a result of the USDA reorganization. Rural Development forges partnerships with rural communities, funding projects that bring housing, community facilities, utilities and other essential services. USDA Rural Development's mission is to increase economic opportunity and improve the quality of life for all rural Americans.



Rural Housing Programs: Rural Housing Programs help finance safe, sanitary housing for citizens living in rural areas of low and moderate-income levels in rural communities with populations of under 10,000 (however, communities with up to 20,000 may be eligible). Programs consist of single family homeownership, development of multiple family/elderly rental units, and home improvement for existing homeowners.

- ***Single Family Homeownership:*** There are two types of single-family homeownership loans: direct or guaranteed. The purpose is to provide financing with little or no downpayment at favorable rates and terms either through a direct loan from Rural Development or a guaranteed loan through a private financial institution.
- ***Multi-Family Housing Programs (MFH):*** Home improvement loans and grants help elderly and low income homeowners remove health and safety hazards, such as failing septic systems, contaminated wells and leaking roofs, to name a few.

Lead-Based Paint Abatement Program: This program provides competitive grants to State and local governments for the development of cost effective community strategies for lead-based paint abatement. Recipients may use the funds for rehabilitation, planning and operating costs. Funding match is required for this program.

Surplus Housing to Assist the Homeless: This program leases suitable Federal properties, rent free, to organizations serving the homeless. The organizations must pay operating and any rehabilitation and/or renovation costs.

Community Services Block Grant (CSBG): This program can fund activities to implement anti-poverty activities such as housing counseling, emergency assistance and other supportive services.

Community Outreach Partnership Center (COPC) Program: This HUD program provides funding for universities to become more involved in community development activities. The University of Tennessee has received funding through this program.

Department of Energy: The Department of Energy provides funds to the Knoxville/Knox County Community Action Committee to carry out weatherization and energy assistance programs for low-income homeowners and tenants.



Brownfields Economic Development Initiative (BEDI) Grants: BEDI grants target Economic Development Initiative funds to brownfields projects. BEDI grants are made to local governments for use in supporting brownfield redevelopment activities and projects financed in whole or in part with Section 108 loan guarantees.

Economic Development Initiative (EDI): The Economic Development Initiative provides grants to be used in tandem with Section 108 guaranteed loans for economic revitalization projects. These grants will enhance the viability of such projects (through interest rate subsidies and debt service/operating reserves) and increase the likelihood that the Section 108 loans can be repaid from project revenue.

Federal Historic Preservation Tax Incentives: Federal Historic Preservation Tax Incentives are available for buildings listed in the *National Register of Historic Places* or located in certain historic districts that are substantially rehabilitated for income-producing purposes according to standards set by the Secretary of the Interior.

New Markets Tax Credit (NMTC): Enacted by Congress in December 2000, the NMTC program authorized tax credits for the financing of economic development in low-income communities. The tax credits are available to investors in community development entities that will use the proceeds to make loans and investments in businesses located in low-income communities. The credits can bridge financing gaps; create new partnerships among investors, communities, businesses, and government; and generate jobs, services and revitalization in distressed areas, in much the same way that LIHTC's did for affordable housing.

Public Works and Development Facilities Program: Grants are provided to help distressed communities attract new industries, encourage business expansion, diversify local economies, and generate long-term, private-sector jobs. Projects funded include water and sewer facilities primarily serving industry and commerce, access roads to industrial parks or sites, port improvements, and business incubator facilities. A proposed project must be located within or provide a substantial direct benefit to an area in severe economic distress, that is, one that is experiencing high unemployment, low per capita income, or sudden economic changes such as those caused by a military base closure.

Rural Business Enterprise Grant Program: These grants help public bodies, nonprofit organizations, and federally recognized tribal groups finance and facilitate development of small and emerging private business enterprises located in rural areas. Grant funds can pay for land acquisition and development, construction of buildings and plants, equipment, access streets and roads, parking



areas, utility and service extensions, refinancing, and fees for professional services.

Rural Economic Development Grants: This program provides grants to rural communities through Rural Utilities Service (RUS) borrowers to be used for revolving loan funds for community facilities and infrastructure and for assistance in conjunction with rural economic development loans.

Farm Labor Housing Loans and Grants: This program provides insured loans or project grants to provide decent, safe, and sanitary low-rent housing and related facilities for domestic farm laborers. Loans are available to farmers, family farm partnerships, family farm corporations, or associations of farms. Loans and grants are available to States and U.S. territories, political subdivisions of States, public or private nonprofit organizations or any limited partnership in which the general partner is a nonprofit entity, federally recognized Indian tribes, and nonprofit corporations of farmworkers. Grants are awarded only when there is a pressing need and when it is doubtful that such facilities could be provided without grant assistance.

The Single Family Home Loan Program (Section 502): This program involves a low interest loan directly from the agency to a prospective homeowner. The interest rate depends on the income and size of the family and can be as low as 1%. There is no down payment. To qualify, the family's income has to be below certain limits, which are different depending on location.

Guaranteed Single-Family Home Loan Program: This program helps moderate-income people qualify for a mortgage loan from a bank or mortgage company. The Federal Government guarantees the lender up to 80 or 90% of the loan against losses if there is default on the loan.

Self-Help Loan Program: Self-Help Loan Program assists groups of 6 to 8 families or individuals who want to build their own homes with professional supervision. All participants work on each other's houses, which are all built at the same time. There is no down payment and the overall mortgage is lower because of savings in labor costs.

Home Repair Loan Program (Section 504): The Home Repair Loan Program is available to low-income and elderly people who prefer to stay in their current homes, though they cannot afford repairs.

Rural Rental Program (Section 515): The Rural Rental Program provides low-income people apartments to rent for typically no more than 30% of their income. This program also assists developers, non-profits, and others to construct



affordable apartments in return for favorable interest rates on their loan and tax breaks.

Housing Preservation Grant Program: This program also makes available funds to repair housing. Non-profits receive grants and they in turn make funds available to homeowners that cannot afford to make needed repairs.

Multifamily Housing and Health Care Facilities Mortgage Insurance Programs: The Federal Housing Administration (FHA), part of the U.S. Department of Housing and Urban Development (HUD), provides mortgage insurance programs that make capital available for, and facilitate the development of, multifamily rental housing and healthcare facilities. FHA insures loans that are originated by private, HUD-approved lenders. Project sponsors are responsible for finding a HUD-approved lender to write the loan and for submitting an application for commitment to the local HUD office.

Rural Business Opportunity Grants: This grant provides funds for technical assistance, training, and planning activities that improve economic conditions in rural areas. Applicants must be located outside cities of more than 10,000 persons. Nonprofit corporations and public bodies are eligible. The program is designed to promote sustainable economic development in rural communities with exceptional needs.

Head Start/Early Head Start: This program awards grants to local public and private nonprofit and for-profit agencies for comprehensive child development services for children and families. Intended primarily for low-income families, the program fosters the development of children and enables them to deal more effectively with both their present environment and later responsibilities in school and community life

Community Facilities Grant Program: The Community Facilities Grant Program typically is used to fund projects under special initiatives such as Native American community development efforts, childcare centers linked with the Federal Government's Welfare to Work initiative, federally designated Enterprise and Champion Communities, and the Northwest Economic Adjustment Initiative area.

State Public Resources

Funds from State sources are available to address the Consolidated Plan's priority needs, such as grants and other revenues that provide funding to Knox County or other organizations within the County.



THDA Homeownership Mortgage Programs: The Tennessee Housing Development Agency administers reduced interest rate mortgage financing programs for first-time homebuyers. The program is limited to very low, low and moderate-income households by income and sales price. Currently four programs are under their homeowner ownership mortgage program including Homeownership, Homeownership Plus, Start, and Start Plus. THDA also offers second mortgages for down payment and closing costs assistance. Local lenders take the applications for approval and funding.

Tennessee Industrial Infrastructure Program (TIIP): These funds may be used for infrastructure improvements. Activities funded under the program are limited to those services normally provided by local governments and their implementing agencies to businesses that are locating, expanding, or operating in Tennessee. These activities include, but not be limited to, the following types of activities: water systems; wastewater systems; transportation systems; and site improvements.

The Tennessee Technology Access Project (TTAP): This provides Tennessee residents who have disabilities with comprehensive information related to assistive technology including: Resources for Assistive Technology Devices and Services; Information About the Funding of Devices and Services; Resources for Advocacy Services; Statewide Systems Change Initiatives/Activities; and Assistive Technology Centers. TTAP also provides funding to four regional assistive technologies Jackson, Knoxville, Chattanooga and Nashville, which provide training, evaluation, and minority outreach and advocacy services.

Local Public Resources

Local funds are also available to address the Consolidated Plan's priority needs.

Knox County Community Grants: These funds support organizations that provide housing and/or supportive services to low-income families and persons. Knox County provides approximately \$4,000,000 annually to local community service agencies from general fund resources. Several organizations receive these funds:

- AIDS Response Knoxville.
- Big Brothers/Big Sisters of Tennessee Valley, Inc.
- Boys and Girls Clubs of Greater Knoxville.
- Cerebra/Palsy Center.
- Child and Family Services.



- Columbus Home.
- Disability Resource Center.
- East Tennessee Foundation.
- East Tennessee Human Resource Agency.
- Helen Ross McNabb Center.
- John T. O'Connor Senior Center.
- Lonsdale Homecoming.
- Morningside Neighborhood Partnership for Neighborhood Improvement.
- Phyllis Wheatley YWCA.
- Senior Citizens Home Assistance
- Sertoma Center.
- Think Drug Free America.
- Volunteer Ministry Center.
- Knoxville Area Urban League.

County-Owned Property: Knox County owns surplus property that has the potential for residential reuse. These properties are potentially available to nonprofit organizations interested in building homes for low-income households or to eligible low-income persons interested in building homes.

Private Resources

Funds from private sources are also available to address the Consolidated Plan's priority needs from partners such as private lenders, nonprofit organizations, and citizens.

Federal Home Loan Bank Affordable Housing Program (AHP): The Affordable Housing Program is designed to finance housing for low and moderate-income families. The Federal Home Loan Bank System makes the funds available by setting aside a percentage of net earnings as subsidy. Federal Home Loan Banks are sources of wholesale credit and lend only to financial institutions that are member stockholders of the Federal Home Loan Bank. Nonprofits, local governments, community development corporations, individuals, and others seeking the funding should establish a relationship with a member institution. Housing developers can use the funds in a variety of ways to fund new construction, purchase and/or rehabilitation of owner-occupied and rental housing for very low, low and moderate-income households. Funds are available to member institutions as below market rate loans or direct loans. Generally,



recipients are required to match direct grants with an equal contribution of funds from other sources. Application deadlines are April and October each year.

KHP First Mortgage Program: Knox Housing Partnership (KHP), through Neighborhood Housing Services of America (NHS) secondary market is offering a first homebuyer mortgage product called “My Community Loan.” NeighborhoodWorks Network provides this first mortgage package using a market interest rate and flexible underwriting guidelines. Homebuyer training and education is a prerequisite to applying for a mortgage loan.

Community Reinvestment Act Programs: Special programs promoted by local financial institutions designed to assist low and moderate-income buyers and/or target low and moderate-income neighborhoods.

United Way: The United Way provides funding to local social service organizations, many of which are involved in housing or supportive services.

Private Contributions: Many nonprofit organizations rely heavily on private contributions. In addition to cash, contributions may include donated labor and materials. Habitat for Humanity is one nonprofit organization that receives sponsorships that include donated labor and materials.

Certifications

There are 11 separate certifications that KCCD must include in the Annual Action Plan. Listed below, the appendices contain the certifications.

1. Affirmatively Further Fair Housing.
2. Anti-displacement and Relocation Plan.
3. Drug-free Workplace.
4. Anti-lobbying.
5. Authority of Jurisdiction.
6. Consistency with Plan.
7. Section 3 of the Housing and Urban Development Act of 1968.
8. Community Development Block Grant Certifications (multiple).
9. HOME Program Certifications (multiple).



10. Emergency Shelter Grant Certifications (not applicable, since the County does not receive these funds).
11. Housing Opportunities for Persons with AIDS Certifications (not applicable, since the County does not receive these funds).

Citizen Participation and Community Development Plan certifications are included in the CDBG certification requirements. The acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, are included in the Anti-displacement and Relocation Plan certification.

PERFORMANCE MEASUREMENT

The focus on demonstrating performance and results is present at all levels of government and in the private sector. Performance measurement is a program tool that can help housing and community development practitioners collect data, track progress, and report on program results. Performance measurement provides a means to capture program outcomes.

Like state and local agencies, HUD is faced with the challenge of measuring the outcomes of its programs at the Federal level. By law, all Federal agencies are required to measure the outcomes of their programs. Additionally, program results are directly linked to funding decisions and public support for programs. Collectively, CPD grantees must be able to demonstrate the positive effects their programs have on communities and individuals. The CPD Performance Measurement System provides a framework for HUD to take local data from grantees throughout the nation and aggregate it so that the impact of housing and community development programs can be measured at the national level.

The Community Development Performance Measurement Working Group membership included HUD staff, the Council of State Community Development Agencies (COSDA), the National Community Development Association (NCDA), the National Association of County Community and Economic Development (NACCED), grantees of various sizes and OMB. The CPD Performance Measurement System they developed is a standardized approach to outcome measurement that meets Federal performance measurement requirements, provides clear evidence of program results/outcomes at a national level, provides grantees with performance information that can be used to inform locally, and finally, informs grantee decisions about program design and implementation. Knox County has implemented the Performance Measurement System into the 2006-07 Action Plan.



Part Three: CDBG Grant Requirements

Knox County is an urban county entitlement recipient for HUD's Community Development Block Grant (CDBG) program. It receives CDBG funds annually that it can use for a variety of community and economic development projects in the County.

New CDBG Funds Available July 1, 2006

Knox County Department of Community Development (KCCD), as lead agency for the Consolidated Plan, will receive \$1,028,350 of Federal CDBG funds. These funds are available July 1, 2006.

Federal Spending Criteria

To effectively serve low-income persons and meet Federal requirements, KCCD applies the following criteria to CDBG funds:

- Recipients must be at or below 80 percent of area median income adjusted for household size.
- Recipients must reside in a census group where at least 51 percent of the residents' incomes are at or below 80 percent of area median income adjusted for household size.
- No more than 20 percent of the grant may be spent on administration and planning.
- No more than 15 percent of the grant may be spent on public services.
- At least 70 percent of the funds must be spent on low- and moderate-income people.
- Priority will be given to projects/programs in the unincorporated sections of Knox County. Any exceptions to this practice will be for programs developed specifically to serve the needs of certain target clientele and/or neighborhoods.



Eligible Uses of CDBG Funds

CDBG can fund a variety of community development activities, including the following:

1. CDBG administration.
2. Planning.
3. Infrastructure.
 - Water and sewer lines.
 - Storm drain systems.
 - Road improvements.
 - Youth and senior centers.
 - Parks.
 - Curbs and gutters.
4. Housing rehabilitation.
5. Downpayment or closing costs.
6. Assistance in the prevention of homelessness.
7. Temporary housing.
8. Public services.
 - Youth facilities.
 - Elderly services.
 - Persons disabled.
 - Persons affected by HIV/AIDS.
9. Fair housing.
10. Employment training.
11. Business loans.
12. Commercial rehabilitation.
13. Extension of infrastructure to businesses.
14. Demolition and clearance.
15. Neighborhood clean up.
16. Elimination of lead-based paint.



Part Four: HOME Grant Requirements

Knox County is a Participating Jurisdiction for HUD's HOME Investment Partnerships program (HOME). It receives HOME entitlement funds annually that it can use to promote affordable housing in the County through activities such as homeowner rehabilitation, homebuyer activities, rental housing development, and tenant-based rental assistance (TBRA).

HOME grant funds have specific requirements applicable only to HOME activities like the 25 percent match with non-Federal funds for HOME dollars allocated to a project. Eligible activities include homebuyer and homeowner rehabilitation activities. Homebuyer programs are structured for acquisition, acquisition and rehabilitation, and new construction of affordable homes.

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003 under the American Dream Downpayment Act (Public Law 108-186) (ADDI statute). Funds made available under the ADDI statute are allocated to eligible HOME program participating jurisdictions (PJ) to assist low-income families become first-time homebuyers.

New HOME/ADDI Funds Available July 1, 2006

Knox County Department of Community Development (KCCD), as lead agency for the Consolidated Plan, will receive \$414,828 of Federal HOME funds. These funds are available July 1, 2006.

In addition, KCCD, as an eligible HOME PJ, will receive \$8,357 in ADDI funds. These funds are also available July 1, 2006.

Federal Spending Criteria

Federal regulations require KCCD to apply the following criteria to HOME/ADDI funds:

- Recipients must be at or below 80% of area median income adjusted for household size.
- Up to 10 percent of the HOME grant can be spent on administration and planning.



- At least 15 percent set-aside annually for eligible Community Housing Development Organizations (CHDOs). Currently, KCCD's only designated CHDO is the Knox County Housing Partnership.
- All ADDI rehabilitation assistance may not exceed 20 percent of the annual ADDI allocation.

Eligible Uses of HOME Funds

A variety of affordable housing activities are eligible under the HOME program:

1. Administration
2. Planning.
3. Acquisition with/without rehabilitation.
4. New housing construction.
5. Housing rehabilitation.
 - Demolition and clearance.
 - Utility connections.
 - Site improvements
 - Relocation.
6. Elimination of lead-based paint.
7. Affirmative marketing and minority outreach.
8. Environmental review.

Eligible Uses of CHDO Funds

1. Acquisition and/or Rehabilitation of Rental Housing.
2. New Construction of Rental Housing.
3. Acquisition and/or Rehabilitation of Homebuyer Properties.
4. Direct Financial Assistance to Purchasers of HOME-assisted housing sponsored or developed by a CHDO with HOME funds.



Eligible Uses of ADDI Fund

1. Downpayment assistance towards the purchase of single family housing by low-income families who are first-time homebuyers.
2. Rehabilitation that is completed in conjunction with a home purchase assisted with ADDI funds.

Affordability Periods

The HOME program sets affordability periods that relate to the resale of the property. These periods are based on the amount of HOME funds provided for the property. Knox County must control the resale of any homebuyer property through either resale or recapture provisions as set forth in 24CFR 92.254.

HOME Funds Provided	Affordability Period
Less than \$15,000	5 Years
\$15,000- \$40,000	10 Years
More than \$40,000	15 Years

Resale/Recapture Guidelines

If affordability periods (described above) are not met, KCCD must have guidelines in place for recapturing property assisted with HOME funds or reselling it.

Resale

This option ensures that any HOME funds used to assist the homebuyer in the acquisition of their home will require the unit to remain affordable over the entire affordability term. If the home is sold during the affordability period, the sale must meet the following criteria:

- The new purchaser must be low-income, according to HUD HOME program definition, and occupy the property as the family’s principal residence.
- The sales price must be “affordable” to the new purchaser and the seller must receive a “fair return” on his or her investment.
- Knox County will impose deed restriction and covenants running with the land to ensure resale requirements and maintain the period of affordability.



Recapture

If HOME funds are used to provide direct subsidy to a homebuyer for the acquisition of their home, the recapture provisions will affect the housing during the period of affordability at whatever price the market will bear. Knox County will recaptured the HOME investment out of net proceeds as outline below. This provision will be imposed through a contract between the homeowner and Knox County secured by a Deed of Trust. The recaptured funds may be used for HOME eligible activities.

- The homebuyer may sell the property to any willing homebuyer.
- The amount of HOME investment to be recaptured will be reduced on a prorated basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.
- If the net proceeds are not sufficient to recapture the balance owed on the HOME investment as mentioned in the above bullet plus enable the homeowner to recover the amount of the homeowner’s downpayment and any capital improvement investment made by the owner since the purchase, Knox County and the owner will share the net proceeds.
- The net proceeds are the sales price minus loan repayment (non HOME funds) and closing costs. The net proceeds will be divided proportionally according to the formulas below:

$$\frac{\text{HOME Investment}}{\text{HOME Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Recapture}$$

$$\frac{\text{Homeowner Investment}}{\text{HOME Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{Homeowner Amount}$$

Match

HOME regulations require that the Participating Jurisdiction must match every dollar of HOME funds with at least 25 cents of non-Federal funds provided. Subrecipients and Community Housing Development Organizations (CHDO’s) provide match from Federal Home Loan Bank funds, volunteer labor and other non-federal sources. The match funds continue to accumulate and can be used to provide additional dollars for any project that does not have the required 25 percent. ADDI regulations state that the above matching requirements do not apply to Knox County’s ADDI allocation.



Affirmative Marketing

For all HOME-assisted housing with 5 or more units, Knox County will follow policies and procedures as outlined below:

1. Knox County Department of Community Development will inform the public, owners, and potential tenants about Federal Fair Housing Laws through the County's Fair Housing Program. Information and education, including remedies, will be provided as to Fair Housing Rights and all applicable laws.
2. The Equal Housing Opportunity Logo, slogan, or statement will be used on all informational materials, media announcements, Request for Proposals and applications.
3. Owners of rental units containing five or more units will require the Equal Housing Opportunity Logo in advertising.
4. Owners will be required to maintain data on: racial, ethnic and gender characteristics of tenants including how potential applicants heard about the housing opportunities.
5. The County will maintain records on: racial, ethnic and gender characteristics of owners of projects rehabilitated with HOME funds.
6. If applicable, the County will maintain information pertaining to the race and ethnicity of households displaced as a result of program activities.
7. The County will maintain copies of ads or meeting notices placed in *The Knoxville News-Sentinel* and community papers.

Minority and Women-Owned Business

KCCD's policy is to afford minorities, women, and small businesses equal opportunity in all procurement and contracting programs. KCCD maintains a bid list of state licensed contractors, which includes minority and women-owned businesses (M/WBE). County Purchasing and local agencies such as the State of Tennessee Office of Minority Business Enterprise and the Knoxville Area Urban League have been informed of KCCD's programs and encouraged to refer potential contractors to the County's Rehabilitation Program. Contractors are informed of KCCD's policy and asked to utilize M/WBE for all subcontractors. From time to time, Knox County advertises in *The Knoxville News-Sentinel* regarding contractor opportunities and the assurance of equal opportunity for M/WBEs. The Department of Community Development participates annually in the County Purchasing Department's M/WBE Fair.



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