NEIGHBORHOOD STABILIZATION PROGRAM
ROUND 2

Application for Funding

Application # 689495629

City of Knoxville
Community Development Department
P.O. Box 1631
Knoxville, TN 37901
(865) 215-2120
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SF-424

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Application for Federal Assistance SF-424

1. Type of Submission:  
   - Preapplication  
   - Application  
   - Changed/Corrected Application

2. Type of Application:  
   - New
   - Continuation  
   - Revision

3. Date Received:  
4. Applicant Identifier: 62-6000326

5a. Federal Entity Identifier:  
5b. Federal Award Identifier:

State Use Only:
6. Date Received by State:  
7. State Application Identifier:

8. APPLICANT INFORMATION:
   a. Legal Name: City of Knoxville
   b. Employer/Taxpayer Identification Number (EIN/TIN): 62-6000326
   c. Organizational DUNS: 04-245-3530

d. Address:
   - Street 1: 400 Main Street
   - Street 2: P.O. Box 1631
   - City: Knoxville
   - County: Knox
   - State: Tennessee
   - Province: USA
   - Zip / Postal Code: 37901

e. Organizational Unit:
   - Department Name: Community Development
   - Division Name: 

f. Name and contact information of person to be contacted on matters involving this application:
   - Prefix: Ms.
   - *First Name: Becky
   - Middle Name: 
   - *Last Name: Wade
   - Suffix: 
   - Title: Community Development Administrator
   - Organizational Affiliation: City of Knoxville
Application for Federal Assistance SF-424

**9. Type of Applicant 1: Select Applicant Type:**
   C. City Government
Type of Applicant 2: Select Applicant Type:
   M. Non-Profit with 501C3 Status
Type of Applicant 3: Select Applicant Type:
   L. Public Housing Authority
*Other (Specify)
   Consortium

**10 Name of Federal Agency:** Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**
   14.256

CFDA Title:
   Neighborhood Stabilization Program

**12 Funding Opportunity Number:**
   FR-5321-C-01

**Title:**
   NOFA for the Neighborhood Stabilization Program 2 under the ARRA, 2009

**13. Competition Identification Number:**
   
   Title:
   
   

**14. Areas Affected by Project (Cities, Counties, States, etc.):**
   City of Knoxville, TN
**15. Descriptive Title of Applicant's Project:**
Acquisition and redevelopment of abandoned and foreclosed residential properties for sale or rent; land-banking of abandoned and foreclosed properties and redevelopment of vacant properties for housing.

---

**Application for Federal Assistance SF-424**

**16. Congressional Districts Of:**

<table>
<thead>
<tr>
<th>a. Applicant:</th>
<th>TN-002</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Program/Project:</td>
<td>TN-002</td>
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</table>

**17. Proposed Project:**

| a. Start Date: | 12/01/09 |
| b. End Date: | 11/30/12 |

**18. Estimated Funding ($):**

| a. Federal | 13,800,000 |
| b. Applicant |  |
| c. State |  |
| d. Local |  |
| e. Other |  |
| f. Program Income |  |
| g. TOTAL | 13,800,000 |

**19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- [ ] a. This application was made available to the State under the Executive Order 12372 Process for review on ______
- [ ] b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- [X] c. Program is not covered by E. O. 12372

**20. Is the Applicant Delinquent On Any Federal Debt? (If “Yes”, provide explanation.)**

- [ ] Yes
- [ ] No

**21. “By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)**

- [X] **I AGREE**

**The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions**

**Authorized Representative:**

<p>| Prefix: | Mr. |
| Middle Name: |  |
| Last Name: | Haslam |</p>
<table>
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<tr>
<th>Suffix:</th>
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<tr>
<td>*Title: Mayor</td>
<td></td>
</tr>
<tr>
<td>*Telephone Number: 865-215-2120</td>
<td>Fax Number: 865-215-2962</td>
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<tr>
<td>*Email: <a href="mailto:mayor@cityofknoxville.org">mayor@cityofknoxville.org</a></td>
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<tr>
<td>*Signature of Authorized Representative:</td>
<td>Date Signed: 7/14/09</td>
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Standard Form 424 (Revised 10/2005)
Prescribed by OMB Circular A-102
Application Overview

The City of Knoxville, Tennessee (the City) in collaboration with the local public housing agency and non-profit consortium partners proposes a Neighborhood Stabilization Program 2 (NSP2) plan to address and reduce the negative effects of abandoned and foreclosed properties within our targeted area. The City will serve as the lead entity for the consortium and is requesting funding in the amount of $13,800,000 in order to implement the NSP2 plan. The City will engage the consortium partners as subrecipients to implement the activities presented in the NSP2 plan. The NSP2 plan builds on the City’s current efforts to develop viable urban communities, by providing decent housing, a suitable living environment, and economic opportunity for persons of low and moderate income. The NSP2 plan meets the goals of the City’s consolidated plan and will enhance the NSP1 program currently underway by:

- Reducing the destabilizing influences of abandoned and foreclosed properties,
- Focusing resources on activities to strategically address our local market conditions,
- Targeting resources for the maximum impact, and
- Laying the ground work for further neighborhood improvement and revitalization.

The consortium partners participating in the NSP2 plan include the City of Knoxville’s Community Development Department, Knoxville’s Community Development Corporation (KCDC), Knoxville - Knox County Community Action Committee (CAC), Knoxville Habitat for Humanity (KHFH), Knox Housing Partnership (KHP), Knoxville Area Urban League (KAUL), Helen Ross McNabb Center (HRM), East Tennessee Housing Development Corporation (ETHDC), Neighborhood Housing Inc. (NHI) and Southeastern Housing Foundation (SHF). The activities listed below will be implemented by the consortium partners with funds allocated as shown. A minimum of 201 housing units will be developed.

- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent or redevelop such homes and properties. $8,800,000 will be allocated to this eligible use, which includes $200,000 for home ownership counseling and $3,450,000 to provide housing for families with income at or below 50% of the area median income. The NSP2 requires that 25% of the funds received be allocated in this category for families at or below 50% AMI.
- Establish and operate land banks for homes and residential properties. $2,500,000 will be allocated to this eligible use.
- Redevelop demolished or vacant properties as housing. $1,500,000 will be allocated to this eligible use.
- Administration of the grant. $1,000,000 will be allocated for this eligible use. No more than 10% of the grant can be used for administration.
Knoxville’s NSP2 plan exceeds all of the eligibility thresholds as shown below.

**Funding Request**…$13,800,000

**Number of homes/properties to be affected**…201

**Consortium Capacity**… In the past 24 months consortium partners have completed the following:

- **Number of Acquisitions**…132
- **Number of Rehabilitations**…1006
- **Number of Persons Receiving Housing Counseling**…834
- **Number of New Housing Units Constructed**…139
Factor 1: Need/Extent of Problem

a. Target Geography

The target geography for NSP2 is comprised of the census tracts that are eligible based on the Department of Housing and Urban Development (HUD) data regarding foreclosure and vacancy risk. HUD has identified a foreclosure risk score and vacancy risk score for each census tract. The scores range from 1 to 20 with 20 being the highest risk. In order to be qualified for funding, the average of the foreclosure risk scores or the vacancy risk scores of the target geography has to be equal to or greater than 18. Knoxville’s target geography has an average vacancy risk score of 18.17. The table below lists the 18 census tracts identified in the target geography to be the focus of the NSP2 plan. A map of the target geography is located in Appendix 1. The target geography is comprised of older neighborhoods that encircle the central business district of the City.

<table>
<thead>
<tr>
<th>Census Tract</th>
<th>HUD Foreclosure Risk Score</th>
<th>HUD Vacancy Risk Score</th>
<th>Bank Owned</th>
<th>Abandoned or Foreclosed through City Tax Sale</th>
<th>Fannie Mae</th>
<th>Total</th>
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<td>5</td>
<td>14</td>
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<td>1</td>
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<td>15</td>
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<td>35</td>
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<td>0</td>
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<td>69</td>
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<td>15</td>
<td>18</td>
<td>8</td>
<td>3</td>
<td>29</td>
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</tbody>
</table>

| Avg. 18.17  | 256                         | 424                    | 13         | 693                                           |

As indicated in the table above, 693 properties located in the target geography are abandoned or foreclosed. Data for the number of bank owned properties was researched from RealtyTrac. Tax foreclosure information was provided by the City Property tax collection office. FannieMae data is from the FannieMae website.
Besides the number of abandoned and foreclosed properties, additional factors contribute to the destabilization of the target geography. A large percentage of the foreclosed properties are vacant and many are in poor condition. When a property is vacant and it is evident that no one is taking care of it, real estate agents and potential buyers are likely to see it as a symptom of neighborhood distress and potential decline in property values. Unsecured properties can be invaded by squatters, vandalized, or gutted of valuable fixtures and appliances. Some unsecured homes may become drug houses and increase the risk of all types of crimes for surrounding residents. Long term vacancy without heat, electricity or maintenance contributes to the physical deterioration of the property. According to HUD and local data, over 10% of all the properties located within the target area are vacant.

According to 2008 estimates, the City of Knoxville had an unemployment rate of 6.6%, while in the target geography, the rate was 9.7%. In 2009, the unemployment rate for the City increased to 12.1%, while in the target geography the rate increased to 17.9%. Median household income for the target area for 2009 is estimated at $27,045 as compared to the area median income for Knox County of $58,800. Between 2004 and 2007, HMDA (Home Mortgage Disclosure Act) data indicates that high cost mortgages accounted for over 30% of those within the target area. An unstable employment situation coupled with local falling house prices make mortgage refinancing unlikely, contributing to increased foreclosures. Within the target area, eleven of the 18 census tracts are located in Knoxville’s Empowerment Zone.

b. Market conditions and demand factors

Between 1/1/08 and 5/18/09, a total of 134 bank owned foreclosures were sold in Knox County with 37 of those sold within the target area. The average monthly absorption rate for foreclosed properties with the target geography is 2.2 for the 1/08 to 5/09 time period. According to the Mortgage Banker’s Association latest National Delinquency Survey in May 2009, delinquencies and foreclosures continue to climb nationally. It is estimated that local job loss coupled with national trends will increase abandoned and foreclosed properties within the target area over the next three years.

Since 2008, twenty-two companies have closed or laid off employees in Knox County resulting in 3,651 unemployed workers. Approximately 42% of Knox County’s unemployment has come from the manufacturing sector with the largest single source coming from Sea Ray boats with 858 layoffs. Manufacturing was the leading industry sector that laid off the greatest number of workers. Within the target area, 11% of the workforce was employed by the manufacturing sector, compared to 9% of the City as a whole. (2000 Census) Fourteen percent of the workforce living in the target area was employed in the retail industry. (2000 Census) The recent closing of Goody’s Family Clothing corporate office and 8 stores resulted in the loss of 856 jobs locally. Additional retail stores that have closed in Knoxville include KB Toys, Comp USA,Sharper Image, Circuit City, Steve and Barry, Lines and Things and Mervyns. It follows that decreases in the number of manufacturing jobs and retail jobs within Knoxville will have a greater negative impact on the residents living in the target geography.
As discussed earlier, according to 2008 estimates, the City of Knoxville has an unemployment rate of 6.6% while the unemployment rate in the target area was 9.7%. In 2009, the unemployment rate for the City increased to 12.1%, while the unemployment rate within the target area has increased to 17.9%. Loss of employment is the most critical factor causing abandonment and foreclosure within the target geography.

The area median income for the households located within the NSP 2 target area is $27,045 which is less than 50% of the area median income for Knox County, $58,800. The table below shows the 2009 income percentages and housing cost burden calculated at 30%.

<table>
<thead>
<tr>
<th>Knox County Income Limits</th>
<th>2009</th>
<th>Maximum Housing Cost Burden</th>
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</thead>
<tbody>
<tr>
<td>AMI</td>
<td>$58,800</td>
<td>$1470 per month</td>
</tr>
<tr>
<td>50% AMI for 4-person household</td>
<td>$29,400</td>
<td>$735 per month</td>
</tr>
<tr>
<td>80% AMI for 4-person household</td>
<td>$47,050</td>
<td>$1176 per month</td>
</tr>
<tr>
<td>120% AMI for 4-person household</td>
<td>$70,560</td>
<td>$1764 per month</td>
</tr>
</tbody>
</table>

The target area is comprised of older neighborhoods surrounding the central city with 53% of the housing units constructed prior to 1960. Vacant parcels with residential zoning currently total 3,407 comprising 1,968 acres. Information provided by the local utility company, Knoxville Utilities Board, indicates that in the last five years, utility service to 2,837 residential properties within the target geography has been disconnected, and not reconnected, indicating a large number of vacant properties.

The table below indicates the building conditions for detached houses as indicated by the 2005 CAMA Tax Rolls from the Knox County Property Assessor.

<table>
<thead>
<tr>
<th>Condition</th>
<th>NSP2 Study Area</th>
<th>City¹</th>
<th>County²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>0</td>
<td>59</td>
<td>275</td>
</tr>
<tr>
<td>Very Good</td>
<td>688</td>
<td>6198</td>
<td>43165</td>
</tr>
<tr>
<td>Good</td>
<td>2984</td>
<td>14267</td>
<td>34722</td>
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<tr>
<td>Average</td>
<td>8142</td>
<td>21653</td>
<td>35877</td>
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<tr>
<td>Fair</td>
<td>5662</td>
<td>9364</td>
<td>13771</td>
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<tr>
<td>Poor</td>
<td>1170</td>
<td>1719</td>
<td>3188</td>
</tr>
<tr>
<td>Very Poor</td>
<td>232</td>
<td>374</td>
<td>1068</td>
</tr>
<tr>
<td>Unsound</td>
<td>213</td>
<td>290</td>
<td>688</td>
</tr>
<tr>
<td>Total Units</td>
<td>19091</td>
<td>53924</td>
<td>132754</td>
</tr>
</tbody>
</table>

¹City totals for dwelling units are inclusive of the NSP2 Study Area
²County totals for dwelling units are inclusive of the NSP2 Study area and the City of Knoxville
The building conditions within the target geography are primarily average to fair. Looking at the building conditions city-wide, however, indicate that 68% of the buildings rated “poor”, 62% of the buildings rated “very poor” and 73% of the buildings rated “unsound” are located within the target geography as indicated by the chart below.

![2005 Detached Housing Unit Conditions](chart)

According to the Knoxville Fire Department, between January 2008 and June 2009 there were 32 arson fires in vacant structures within the City and 24 of them were within the target geography.

The market conditions, economic situation and building conditions of the target geography indicate that the most effective strategy to (1) arrest decline in home values in the target geography and (2) reduce vacant and abandoned property in the target geography is to focus on acquisition, rehabilitation and redevelopment of affordable housing. The long-term outcomes of implementing the NSP2 plan will be (1) increased residential sales and (2) increased home market values. Through the NSP2 plan, abandoned and foreclosed homes will be purchased in strategic areas to most effectively arrest further decline, reduce vacant properties and remove blighting influences. Non-profit housing developers will be used to create affordable, energy efficient, good quality housing through rehabilitation or redevelopment of the properties.
and market them for sale or rent to their clients. Housing counseling will be provided by HUD approved housing counseling agencies.

Land banking will be used to hold, secure and maintain those properties for which a market has not been determined. Redevelopment of vacant properties will be used to remove blight and provide affordable, energy efficient housing.

**Factor 2: Demonstrated Capacity**

**a. Past Experience**

The City of Knoxville’s Community Development Department is the lead entity of the Knoxville NSP2 Consortium applying for funding. The City of Knoxville will administer the funds, complete environmental reviews, monitor compliance with federal regulations, monitor progress, and report required data in HUD’s Disaster Recovery Grant Reporting (DRGR) system. The City is currently implementing an NSP1 program using several of the consortium partners as subrecipients engaged in similar activities as those proposed in this application. Staff is currently using the DRGR system to report information and draw funds.

The City’s Community Development Department administers annual allocations of Community Development Block Grant (CDBG), HOME Investments Partnerships (HOME), and Emergency Shelter Grant (ESG) funds. Additionally, the department houses a Fair Housing Assistance Program (FHAP) that investigates fair housing discrimination complaints in the City of Knoxville. Annual funding for the 2009-2010 year for the CDBG, HOME, ESG and FHAP programs is $4.3 million. During the current year, and in the coming year, the City has focused its federal resources on neighborhood stabilization, housing rehabilitation, home ownership and assistance to the homeless. Additionally, Community Development receives City general funds for initiatives such as chronic problem properties, façade improvements and property acquisitions all of which complement or enhance the federally funded projects. NSP2 will further leverage the resources of the City and partner agencies as we seek to stabilize and improve the housing stock in our target neighborhoods, increase home ownership and strengthen the viability of these communities.

Community Development administers the Empowerment Zone program awarded to Knoxville in 1999 as a Round 2 recipient. Approximately $25.6 million in EZ funding has been allocated to Knoxville since its designation. Funds have been used for new business start-up loans, job training, commercial development and housing improvement. Eleven of the eighteen census tracts identified in the NSP2 target geography are located in Knoxville’s Empowerment Zone.

The following activities demonstrate Community Development’s specific experience in neighborhood stabilization efforts.
- **Housing rehabilitation:** Funded with CDBG and HOME funds annually, the Community Development Department provides loans to low-income home owners in order to make home improvements focused on code violations and health and safety issues and provides oversight of the projects. Housing Rehabilitation Specialists provide detailed specifications for ensuring that the activity meets Neighborhood Housing Standards and cost estimates to ensure that construction bids are reasonable and allowable. During the construction process, all activities are monitored by Housing Rehabilitation Specialists for compliance with the terms of the construction contract and Neighborhood Housing Standards. The Housing Manager reviews and approves work and activities during each step of the rehabilitation process – financial analysis, write-up/cost estimate, bid, and construction. Over the last 24 months, 29 homes and 58 rental units have been rehabilitated.

- **Property acquisition:** The Community Development Department administers redevelopment areas in partnership with Knoxville’s Community Development Corporation (KCDC), the local housing and redevelopment agency for the City. All of the redevelopment areas contain properties that have remained blighted, undeveloped and underutilized for several years due to title or environmental problems. The City works with KCDC to acquire abandoned properties, clear such problems and offer properties for sale for redevelopment. Over the last 24 months, 4 properties have been acquired. Twelve properties are in the process of acquisition.

- **Chronic Problem Properties:** The Community Development Department works with several other City departments including Codes Enforcement, Fire, Police, Tax Collections and Law to identify properties that have numerous reported problems and have an extreme negative impact on the surrounding area. Solutions for such properties include increased code enforcement, police monitoring, acquisition or demolition. Through a combined effort, problem properties are improved and redeveloped. Over the last 24 months, 12 properties have been transferred to the watch list and 11 have been corrected and removed from the list.

- **Blighted Properties Redevelopment Program:** Funded with EZ dollars, the Blighted Properties Redevelopment Program was established as a revolving loan fund to provide financial assistance through loans and grants to individuals and organizations for the renovation of vacant dwelling units, or new construction of housing for either sale or rent. Eligible properties for this program are residential properties that are deemed unfit for human habitation, vacant lots, problem properties identified by the surrounding neighborhood and endangered historic properties. Over the last 24 months, 16 properties have been developed through this program.

The City Community Development Department also administers contracts with Community Housing Development Organizations (CHDO’s) including KHP, NHI and...
ETHDC for the use of HOME funds to develop housing primarily on vacant infill lots for low-income families.

The City of Knoxville’s Community Development Department and NSP2 partners have a proven track record in the development of green affordable housing. Demonstrated green building organizational capacity is evidenced in the following green projects already undertaken by consortium members:

The City of Knoxville Community Development Department currently requires Energy Star New Homes certification for all replacement homes built under the City’s owner-occupied rehab program and any new home built by a nonprofit CHDO partner. Since implementing this requirement in 2008, 10 new homes have achieved Energy Star New Home certification (Performance Path) and another 7 homes are under construction. City Housing Rehab staff has completed the Healthy Homes Specialist training. In addition Knoxville was recently designated a Department of Energy Solar City and through this partnership solar hot water heaters will be installed on low-income homeowner rehab projects.

The nonprofit Knox Housing Partnership (KHP) celebrated the completion of seven affordable and visitable Gold-certified LEED homes in late 2008. At that time, the only other LEED certified home in the entire state was Al Gore’s home in Nashville. The houses have garnered national attention and serve as a point of pride for the Park City neighborhood that is included in the NSP2 target area. In addition, KHP is building on that success to implement an energy efficiency and healthy home rehab program utilizing CDBG-R funds in the target geography.

Knoxville’s Community Development Corporation (KCDC) implemented an innovative energy performance contract under HUD’s PHA energy performance contract program. KCDC is expected to save more than $950,000 in the first year alone and $27 million over the life of the project. KCDC borrowed $9 million to pay for electricity, gas and water efficiency measures in its 3,576 apartments and four administration and maintenance buildings. The annual savings will retire debt service payments over 20 years. In addition, KCDC will utilize NSP1 funds to complete a gut rehab of a historic school achieving LEED certification and creating affordable senior apartments.

The Southeastern Housing Foundation (SHF) is targeting Energy Star New Home certification in a complex gut rehab of National Historic Registry property, Minvilla Manor, near downtown. Fifty-seven energy efficient units of permanent supportive housing for the chronically homeless will be created. Preliminary energy modeling, construction and contract documents and engagement of an Energy Star consultant will ensure a successful outcome on this unique project.

Knoxville Habitat for Humanity (KHFH) and the East Tennessee Housing Development Corporation (ETHDC) have committed to EarthCraft certification in their affordable home projects.
Neighborhood Housing, Inc. (NHI) is nearing completion on their first three Energy Star New Homes that also highlight visitable design. They were built within the NSP2 target area.

**Consortium Partners**

**Knoxville’s Community Development Corporation, KCDC**

To fulfill the promise for safe, decent and affordable housing for Knoxville, the City of Knoxville established the Knoxville Housing Authority, known today as Knoxville’s Community Development Corporation (KCDC) in 1936.

Currently, KCDC operates 13 housing developments with over 3700 affordable housing units. In addition to its role as the public housing authority, KCDC is the redevelopment agency for the City of Knoxville. KCDC is legally a Section 115 agency under IRS regulations and is a political sub-division of the State of Tennessee. Under Tennessee law (TCA 13-20-104, 202) housing authorities have land-banking powers and currently KCDC functions as a land bank for the City through its powers to acquire, hold and convey land.

KCDC is changing the face of affordable housing with its long-term plan to redesign and modernize its properties. The agency has expanded its role over the years to include economic development and KCDC has completed major redevelopment projects in Knoxville such as:

* Howard H. Baker Jr. U.S. Courthouse
* Waterfront Redevelopment/Volunteer Landing
* Market Square Redevelopment
* Hope VI/Mechanicsville Redevelopment
* Five Points Redevelopment

For nearly 70 years, KCDC has been enhancing the quality of life for the citizens of Knoxville by providing affordable housing, advancing redevelopment initiatives, fostering self-sufficiency and improving neighborhoods and communities.

Over the past 24 months, KCDC has acquired 99 properties, rehabilitated 268 housing units and constructed 32 new housing units. The rehab and new construction properties are located in Knoxville’s target geography.

**Knox Housing Partnership, KHP**

Knox Housing Partnership (KHP) is a 501 (c) (3) charitable organization located in Knoxville, Tennessee. The KHP mission statement reads “Enhancing communities through quality housing and building wealth through homeownership.” KHP’s articles of incorporation state that KHP is to provide the opportunity for affordable and desirable housing for all low-income residents and to foster a collaboration between local government, neighborhood organizations, business and civic leaders and other
agencies, individuals and organizations interested in expanding housing opportunities for low-income households.

KHP provides quality housing counseling to residents in the Knoxville region. KHP offers high-quality pre and post homebuyer education to customers seeking the knowledge and skills to make informed decisions about homeownership. KHP has adopted the National Industry Standards for Homebuyer Education and Counseling. KHP operates a loss-mitigation and foreclosure counseling program available to help those families struggling with homeownership. For fiscal year 2007, KHP counseled 232 people and, for fiscal year 2008, KHP counseled 315 people. Counseling included homebuyer education, financial literacy, loss mitigation and foreclosure counseling, as well as one-on-one counseling.

Long-term sustainability is a critical piece in creating homeownership opportunities for homeowners. KHP is a certified Community Housing Development Organization (CHDO) and works with the City of Knoxville, Knox County and the Tennessee Housing Development Agency (THDA) to develop programs and housing that will provide low-income residents with additional options of affordable housing choices. In addition, KHP has developed multi-family units of senior housing and also has single-family units that it rents to low and moderate income households. KHP is a NSP1 subrecipient of the City, acquiring foreclosed properties to redevelop as rental housing for families with incomes at or below 50% area median income.

Within the last 24 months, KHP has acquired 2 homes in foreclosure and constructed 13 new homes, of which 7 are visitable, LEED Gold homes. These homes are located within Knoxville’s target geography.

**Knoxville Habitat for Humanity, KHFH**

Habitat for Humanity is an independent, nonprofit, ecumenical Christian housing ministry that partners with people of all beliefs. Knoxville Habitat for Humanity (KHFH) has been an affiliate of Habitat for Humanity International since 1985. KHFH builds simple, decent, affordable homes in partnership with those in need. Volunteers and the future homeowners provide the labor in building the homes. Homes are sold to low-income families with no profit and KHFH finances the mortgages at 0% interest for 20-30 years. Homebuyer’s payments are deposited in a revolving fund enabling KHFH to build more homes. KHFH is a NSP1 subrecipient of the City, acquiring foreclosed properties to redevelop and sell to families with incomes at or below 50% area median income.

In the past 24 months, KHFH has rehabilitated one home, acquired 23 vacant lots and constructed 48 new homes. A large number of the homes are located in Knoxville’s target geography.
Knoxville-Knox County Community Action Committee, CAC

The Knoxville-Knox County Community Action Committee (CAC) is a local public agency serving the community with a comprehensive range of federal, state and locally funded programs. CAC serves Knoxville and Knox County citizens of all ages from infants through Early Head Start to the elderly through the Office on Aging. CAC’s Housing and Rehabilitation and Construction programs provide the opportunity for safe, decent affordable housing to low and moderate income citizens in order to create a desirable living environment and to stimulate neighborhood stabilization. CAC’s Home Repair Program improves the safety, functionality and accessibility of owner occupied homes. CAC is a CDBG subrecipient of the City providing emergency and minor home repair services to low-income home owners.

In the past 24 months, CAC has completed the construction of 20 new homes and the rehabilitation of 633 homes.

Knoxville Area Urban League, KAUL

The Knoxville Area Urban League (KAUL) was established in Knoxville in 1968. The KAUL affiliate is one of 105 affiliates across the country. The KAUL’s mission is to help African Americans and others to participate fully in the economic and social mainstream of American life. In pursuit of this goal, the KAUL offer programs in five areas: economic empowerment, education and youth services, workforce development, housing counseling and civic engagement. While black Americans are the KAUL’s primary clientele, services are open to all and over 33% of the KAUL’s clients are white and Hispanic.

The KAUL’s purpose as an Urban League is summarized in the Opportunity Compact. The Opportunity Compact focuses on programs for children; helping people find jobs; helping people to obtain housing; and helping people start and expand small businesses.

Since 1971, the KAUL has been designated a HUD approved non-profit counseling agency. The housing program provides services in the following areas:

1. Home buyer education classes
2. First time homebuyer education classes
3. Foreclosure prevention and loss mitigation counseling
4. Post foreclosure counseling
5. Budget and credit counseling

There are three certified housing counselors on the KAUL staff with over seven years of experience.
In 2008, the KAUL housing program counseled approximately 600 people. The most active area was in foreclosure counseling which is expected to counsel over 250 foreclosure clients this year. Over the past two years, KAUL has been able to assist 60% of their clients to remain in their houses. In 2008, KAUL assisted 37 first time homebuyers; and so far this year they have helped 17 households to purchase their first home. They expect to serve over 700 clients in their housing program in 2009.

**Helen Ross McNabb Center, HRM**

For 61 years, the Helen Ross McNabb Center has been providing out-patient mental health care services in Knoxville and East Tennessee. In the beginning, the McNabb Center began as a child guidance clinic and has evolved through the years to become a multi-service regional agency. HRM currently operates in 17 East Tennessee counties, providing mental health care, addiction/recovery treatment and social services for children, adults and families. Their staff cares for the most vulnerable of our society many of whom have no resources or insurance coverage to pay for care. Nearly 8,000 children, adults, and families are expected to receive services through HRM programs this year.

In recent years, HRM has developed housing for special needs populations including disabled families and the chronically homeless. In the last 24 months, HRM has purchased 4 properties, constructed 16 one bedroom apartments and rehabilitated a residential alcohol and drug treatment facility adding 16 beds. Development of two 8 unit projects for disabled individuals and families is currently in process.

**Neighborhood Housing Inc., NHL**

Neighborhood Housing, Inc. (NHI) is a supporting corporation of Knoxville Leadership Foundation (KLF). NHI started operations as a separate non-profit organization in January 2002. NHI is governed by its own Board of Directors and is a Community Housing Development Corporation (CHDO) that works with the City to develop affordable housing. Knoxville Leadership Foundation (KLF) is a faith-based, nonprofit agency formed in 1994 that believes our city can be transformed through reconciliation. Reconciliation occurs when people from different communities and walks of life roll up their sleeves, work side-by-side and really begin to understand and appreciate each other. NHI has completed 9 new construction homes for sale in the last two years. These homes are located on in-fill lots throughout Knoxville’s target geography.

**Southeastern Housing Foundation, SHF**

Southeastern Housing Foundation (SHF) is another supporting corporation of Knoxville Leadership Foundation (KLF) [see above]. SHF is a nonprofit developer of affordable housing and a strategic partner of the Knoxville/Knox County Ten-Year Plan to End Chronic Homelessness. SHF is a single-member LLC, wholly owned by KLF. SHF has an ownership interest in 7 low-income housing tax credit projects consisting of 1,421 units located across the state of Tennessee. Currently, SHF is developing Minvilla
Manor, a historic rehabilitation project consisting of 57 units of permanent supportive housing, and it is actively pursuing other supportive and affordable housing opportunities in Knoxville.

East Tennessee Housing Development Corporation, ETHDC

East Tennessee Housing Development Corporation (ETHDC) is a 501©3 nonprofit organization dedicated to providing affordable housing for low-to-moderate income individuals, primarily in inner city neighborhoods that have a substantial number of substandard, blighted and abandoned houses as well as a large number of vacant lots. The ETHDC is a certified City of Knoxville Community Housing Development Organization (CHDO). The mission of the ETHDC is to assist in the development of decent affordable housing in the East Tennessee area for low and moderate income people. ETHDC’s history began in 1991 as a subsidiary organization of the East Tennessee Community Design Center (ETCDC), which has a long reputable history of working with local community organizations.

ETHDC is now a stand-alone nonprofit CHDO organization. ETHDC board members designed and built a 1328 square foot single family home that was subsequently purchased by a low income buyer in September 2008. Over the next two years, ETHDC will build five more new homes for low-to-moderate income buyers.

b. Management Structure

The City of Knoxville’s Community Development Department is the lead entity of the consortium applying for NSP2 funding and will serve as the fiscal agent for the project. The City will also ensure compliance with federal regulations, complete environmental reviews, monitor the projects for performance and timeliness and maintain data to report to HUD on the DRGR system. KCDC will purchase abandoned and foreclosed homes and properties and convey them to the non-profit housing developers listed above who will, once developed, sell or rent the homes to qualified families. Home ownership counseling will be provided by the HUD certified housing counselors listed above. KCDC will operate a land bank to hold, secure and maintain currently unmarketable properties. As neighborhoods stabilize, end uses for currently unmarketable properties will be developed.

Key City staff members responsible for administration of the NSP2 program are Madeline Rogero, Community Development Director and Becky Wade, Community Development Administrator. Madeline Rogero is an urban planner and former county commissioner with 35 years experience in community and economic development, program and grant management, community organizing, and executive leadership. Becky Wade has 34 years of experience administering HUD programs including managing Knoxville’s HOPE VI project. Ms. Wade will be responsible for contract development, environmental reviews, project monitoring, data entry and review of requests for payment. Tim Dimick, Housing Manager, will oversee the rehabilitation
and construction activities. Tim Dimick is a LEED accredited professional with 10 years of experience in affordable housing development.

Organizational charts for each consortium partner are included in Appendix 2. Key personnel from the consortium partners responsible for program management are listed below:

- KCDC – Alvin Nance, Executive Director/CEO
- KHP – Jackie Mayo, Executive Director; Ken Block, Project and Asset Manager; Yvonne Hall, Home Ownership Center Manager
- KHFH – Tom Pfalzer, Director of Programs
- CAC – Jason Estes, Director of Housing Rehabilitation and Construction Services
- Kaul – Sherman Jones, Vice President, COO
- HRM – Houston Smelcer, Director of Development
- NHI – Steve Pearson, Director of NHI
- SHF – David Arning, Ten Year Plan Coordinator
- ETHDC – Terrence Carter, Executive Director

If awarded, individual consortium agreements will be executed between the City and each Consortium partner specifying the scope of work, milestones and amount of funding to be made available for the activity.

Appendix 3 contains HUD’s latest review of the City’s Community Development Department’s Consolidated Annual Performance and Evaluation Report.

Factor 3: Soundness of Approach

a. Proposed Activities

Knoxville’s NSP2 plan proposes to purchase abandoned and foreclosed homes and residential properties within the target geography. Homes with the greatest potential for rehabilitation and re-occupation and those that will make the greatest impact in stabilizing the surrounding area will be developed first. KCDC will use NSP2 funds to purchase the properties at the required 1% discount and convey them to the non-profit housing developers. NSP2 funds will be provided to the housing developers to rehabilitate and redevelop the properties. Each organization will contribute additional funds to assist in the redevelopment of properties including Low-Income Housing Tax Credit equity, HOME CHDO funds, private donations and in-kind services. Homes to be purchased and redeveloped will be chosen in a strategic manner to have the greatest impact on stabilizing the neighborhoods in the target geography. When selecting properties for acquisition, other projects underway will be considered, such as those activities funded by NSP1 and the City’s other programs discussed earlier. In this way, NSP2 will build and strengthen existing neighborhood stabilization efforts.
Properties that are not presently marketable even with rehabilitation will be held by KCDC in the land bank and secured and maintained. As neighborhoods stabilize, it is anticipated that these properties can be redeveloped and marketed. Demolition of some blighted properties may be required. NSP1 funds will be used to assist in the cost of demolition.

NSP2 funds will be used to redevelop vacant properties or buildings as housing. New affordable, energy efficient housing for sale or rent will serve to strengthen the target geography by replacing vacancy and blight with viable sustainable housing. Organizations that develop housing for special needs populations such as SHF and HRM will create needed permanent supportive housing for disabled individuals and families.

The table below indicates how NSP2 funds will be allocated. In total, 201 units of housing will be affected. Not shown on the table are 40 units of housing counseling which will be included in eligible Use B.

TABLE 4

<table>
<thead>
<tr>
<th>NSP Eligible Use</th>
<th>Correlated CDBG Regulations</th>
<th>Consortium Partners</th>
<th>Number of Units</th>
<th>Amount Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.</td>
<td>24 CFR 570.201 (a), (b), (i), (n) 24 CFR 570.202</td>
<td>KHP, KHFH, HRM, KCDC, ETHDC, SHF, CAC, KAUL</td>
<td>93</td>
<td>$8,800,000</td>
</tr>
<tr>
<td>(C) Establish and operate land banks for homes and residential properties.</td>
<td>24 CFR 201 (a), (b)</td>
<td>KCDC</td>
<td>50</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>(E) Redevelop demolished or vacant properties as housing.</td>
<td>24 CFR 201(a), (b), (c), (e), (i), (n) 24 CFR 202</td>
<td>HRM, SHF</td>
<td>58</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td>COK</td>
<td></td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>201</td>
<td>$13,800,000</td>
</tr>
</tbody>
</table>

b. Project Completion

To meet the requirements of NSP2, 50% of the funds received will be spent within two years of the grant award. The entire grant will be spent within three years of award. The NSP2 plan proposes the following schedule to ensure compliance with the timeliness
regulations. Shown in the table is the number of housing units to be completed in each quarter for each activity. The project administration activity is broken down by percent of total funds to be expended for each quarter.

**TABLE 5**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Qtr 1 1/10-3/10</th>
<th>Qtr 2 4/10-6/10</th>
<th>Qtr 3 7/10-9/10</th>
<th>Qtr 4 10/10-12/10</th>
<th>Qtr 5 1/11-3/11</th>
<th>Qtr 6 4/11-6/11</th>
<th>Qtr 7 7/11-9/11</th>
<th>Qtr 8 10/11-12/11</th>
<th>Qtr 9 1/12-3/12</th>
<th>Qtr 10 4/12-6/12</th>
<th>Qtr 11 7/12-9/11</th>
<th>Qtr 12 10/12-12/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B) purchase and rehab./sell or rent</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>(C) land-bank</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(E) redevelop</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin.</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

c. Income Targeting

At a minimum, $3,450,000 will be used to purchase and rehabilitate abandoned and foreclosed homes and residential properties for rent or sale to families with incomes at or below 50% area median income. All other homes will be developed for families with incomes less than 120% area median income. As discussed earlier, the median income for the target geography is $27,045, less than 50% of the area median income for Knoxville.

d. Continued Affordability

Non-profit housing developers will provide soft second mortgages to qualified families purchasing homes. Home buyers will be assisted by the housing counseling agencies to secure first mortgage financing at the lowest possible fixed rate. KHP accesses first mortgage financing from the Tennessee Housing Development Agency, THDA, at 0% interest for their home buyers. KHFH finances their own first mortgages at 0% interest. Additionally, the City offers down payment assistance to low income home purchasers.

Rental housing to be developed will serve families with Section 8 vouchers. It is anticipated that in addition to NSP2 funds, Low-Income Housing Tax Credits, LIHTC, will be used to finance the rental housing component of NSP2. The required affordability period for units developed with LIHTC is 15 years. The definition of affordable rents for the NSP2 plan is included in Appendix 6.
Energy affordability for occupants will be realized through the use of energy efficient building techniques and the use of Energy Star appliances and systems.

e. Consultation, Outreach, Communications

The Knoxville NSP2 Consortium has been meeting on a weekly basis since the release of the notice of funding availability. The group has reviewed and analyzed foreclosure and vacancy data, set priorities and established strategies for the NSP2 plan. Advertisement of the plan and comment opportunities was published in the Knoxville News Sentinel on June 28, 2009. The plan was posted on the City of Knoxville’s website on July 2, 2009 and hard copies of the plan were available at the City’s Community Development office. Citizen comments on the plan are included in Appendix 4. The plan was approved by the Knoxville City Council on July 14, 2009 at its regularly scheduled public meeting.

On a track parallel to the NSP1 and NSP2 application processes, the Community Development Department and Office of Neighborhoods collaborated with the City’s neighborhood codes enforcement team, the tax collection office, Knox County government, Knoxville’s Community Development Corporation, and the Council of Involved Neighborhoods (COIN, an independent group of neighborhood organizations many of which are in the target area) to send a total of 12 individuals to the June 2009 “Reclaiming Vacant Properties” conference in Louisville, Ky.

Staged by the well-regarded National Vacant Properties Campaign, the conference is the only national conference focused on equipping local communities with the tools and innovative approaches they need to reclaim vacant, blighted and abandoned properties.

Community Development and its Office of Neighborhoods organized and led this delegation, and gained much from the three-day meeting. Upon return, conference participants organized an intergovernmental Vacant Properties Task Force. The Task Force has already met several times and committees have been formed to work on data collection, codes enforcement and remediation, tax sale foreclosures, and land banks and strategic reuse. One of the products expected from the work of the Task Force is an “on the ground” property survey. This information will be valuable in implementing the NSP2 program to direct property acquisition in a strategic manner. Additionally, research into ways Knoxville may more effectively deal with tax foreclosures and land banking will serve to assist in the meeting of the NSP2 goals. This effort will be expanded to include other departments and community representatives as needed.

This collaboration builds on several years of inter-departmental collaboration in the form of a Chronic Problem Properties Committee, described earlier in this plan.

At the same time, the Community Development Department and Office of Neighborhoods are key players in:
• An inter-agency and community-based effort to transform the Oakwood School building — a little-used, dilapidated but historic elementary school in the Empowerment Zone — into a productive community asset.
• A long-range planning process to address land use, zoning, and a plethora of community issues in Tennessee’s most densely populated neighborhood – Fort Sanders – which is home to the University of Tennessee at Knoxville. This effort includes U.T., two major hospitals, several city departments, the neighborhood association, an emerging neighborhood CDC, landlords, businesses, students, and homeowners.
• A variety of efforts to collaboratively address nuisance and problem properties at a block level in several neighborhoods.

Marketing and outreach for potential home buyers and renters will be the responsibility of each housing developer. KHP, KHFH, NHI and ETHDC are experienced in marketing and selling homes to low income families. SHF and HRM work with very-low income populations in need of permanent housing.

Communication about NSP2 and the progress of the program will be featured on the City of Knoxville’s website and sent out in the Office of Neighborhood’s weekly newsletter.

f. Performance and Monitoring

The City of Knoxville will monitor and audit the activities of the Consortium partners in implementing the NSP2 plan. The City’s established monitoring plan will be followed and is below.

NSP2 Monitoring Plan

The City of Knoxville Community Development Department as “the Grantee” is responsible for ensuring that the federal funds it receives are used in accordance with all program requirements while meeting the goals described in the NSP2 plan. To accomplish this, the City is required to monitor its subrecipients to ensure that (1) subrecipients comply with all regulations governing their administrative, financial and programmatic operations; and (2) subrecipients achieve their performance objectives on schedule and within budget.

The objectives of this monitoring plan are to establish a process that encourages open communications between the City and its subrecipients, and provides a way to avoid problems and improve performance. Monitoring is an on-going process of planning, implementation, communication and follow-up.

Monitoring will include review of administrative and financial requirements for accounting standards, cost principles and procurement. Additionally, individual projects will be reviewed to evaluate timeliness and progress meeting the program goals.
The City will perform a risk assessment to identify which subrecipients are “high risk” and require an on-site monitoring review during the program year. “High-risk” subrecipients may include:

- Subrecipients new to the program,
- Subrecipients that have experienced turnover in key staff positions,
- Subrecipients with previous compliance or performance problems, including failure to meet schedules, submit timely reports or clear monitoring or audit findings, and,
- Subrecipients taking on multiple projects for the first time.

Subrecipients that are identified as “low-risk” will be monitored, at a minimum, through in-house desk reviews.

On-Site Monitoring Review Process

1. Prior to the visit, the subrecipient will be notified by letter to confirm the dates for the review, the scope of monitoring, information needed for the review, and staff needed for interviews and assistance during the review.
2. An entrance conference with key program staff will be held to outline the scope and schedule for monitoring.
3. Information will be reviewed and documented.
4. An exit conference with key program staff will be held to present preliminary results of the monitoring, secure additional information, and allow the subrecipient to clarify any misunderstandings. If applicable, the subrecipient may report on the steps taken to address any noncompliance or nonperformance.
5. Following the visit, a letter will be sent to the subrecipient with the results of the monitoring review.

**Factor 4: Removal of Substantial Negative Effects**

Knoxville’s target geography will be stabilized by a reduction in distressed housing stock and selected acquisition and rehabilitation. The plan will reduce the negative effect of vacant properties in the target area. The calculation below follows the HUD required rubric for assessing a score for rating factor 4.

**Calculation of removal of Substantial Negative Effect**

\[1.5 \times (\text{number of homes to be acquired and rehbabbed} + \text{number of blighted homes to be demolished}) \div \text{total number of vacant properties in area}.\]

\[1.5 \times 201 = 301.5\]

\[301.5 \div 693 = .435 \approx 44\%\]
Factor 5: Energy Efficiency Improvement and Sustainable Development Factors

a. Transit Accessibility

Knoxville’s NSP2 target geography has good access to transit that is provided by Knoxville Area Transit (KAT). All the NSP2 targeted census tracks are served by KAT services described below. See Appendix 5 for a map showing bus routes that serve the target geography.

KAT provides regular, fixed route bus service on 25 routes throughout the City of Knoxville and portions of Knox County. In addition, KAT operates three Express routes from outlying areas into downtown Knoxville as well as the T service, serving the University of Tennessee community. KAT provides service from 5:30 a.m. until 12:30 a.m. on weekdays, 6:30 a.m. until 12:30 a.m. on Saturdays, and 11:00 a.m. to 7:00 p.m. on Sundays. Service times for each individual bus routes varies.

The LIFT is a demand response service KAT provides for persons with disabilities. LIFT customers must be eligible under the Americans with Disabilities Act (ADA) and certified by KAT. This service operates the same hours as KAT’s regular fixed route service.

b. Green Building Standards

In addition to complying with the NSP2 rehabilitation standards, the Knoxville NSP2 consortium is making additional green building practices and third-party certification a priority requirement for NSP2 funded projects.

In addition to the NSP2 required Energy Star for New Homes certification, new construction and gut rehabilitation activities (up to 3 stories) will be required to meet either the LEED for Homes or EarthCraft New Homes certification, where applicable. EarthCraft New Homes is a green building certification program developed by the Southface Energy Institute in Atlanta and the U.S. Green Building Council (USGBC) developed the LEED for Homes certification. Currently, the City of Knoxville requires Energy Star for New Homes certification in all new homes funded with HOME/CHDO dollars.

Rehabilitation activities (single family and town home) that are not gut rehabs will be required to meet the EarthCraft House Renovation certification (in addition to the NSP2 required use of Energy-Star and WaterSense labeled products).

Local and qualified Home Energy Rating System (HERS) green raters are available to provide third part certification for LEED for Homes and EarthCraft projects funded under Knoxville’s NSP2 program. In addition, the City of Knoxville has an EarthCraft House Renovation training scheduled for July 20, 2009 to further develop green building capacity in the NSP2 target geography.
Multi-family rehab activities (up to 3 stories) that are not gut rehabs will be required to meet the Enterprise Foundation’s Green Communities Criteria for substantial or moderate rehabilitation (as applicable) in addition to all NSP2 standards.

Mid-or high-rise (over 4-stories) new construction or rehabilitation is not planned under this proposal.

c. Re-use of Cleared sites

It is anticipated that some vacant lots produced as a result of the NSP2 plan could be re-used as community gardens. Currently, there are several community gardens within the target geography that were established on vacant lots. They are described below.

The Parkridge Community Organization, located in the target area in East Knoxville, received a $1,500 Neighborhood Small Grants award for help with several projects, including a community garden on a vacant lot which they own.

Working with Knox County, the City’s Community Development Department helped a local church obtain a vacant lot that borders their parking lot and that Knox County acquired from a tax sale. The lot is located in the Park City area of East Knoxville and is also in the target area. The church agreed to work closely with the local neighborhood watch group, which had been searching for a plot of ground on which to develop a garden to counter the negative image of the community and the hopelessness felt by some members of the community in the face of blight and crime. The City waived its demolition and dirty lot liens on the property, and the church agreed that it would never pave the lot. This lot will now serve as a more pleasing buffer between the church’s parking lot and the single family homes next door and down the block.

In another portion of the target area, an advocacy organization working with a growing Hispanic population has obtained permission from a large steel fabrication company to use two lots for gardens and corn production. The City’s Office of Neighborhoods has committed to helping this group work toward its dream of creating a multi-ethnic garden by networking with the largely African American neighborhood group and the largely Caucasian neighborhood group in this same neighborhood.

d. Deconstruction – not applicable

e. Sustainable development

Knoxville NSP2 target geography is concentrated in older, inner city neighborhoods with existing infrastructure, sidewalks and mixed use neighborhoods that facilitate non-motorized transportation. Building on the inherent sustainable infrastructure of the target geography, the Knoxville NSP2 project will attempt to assemble a number of contiguous properties in order to create a mixed-use and mixed income infill LEED Neighborhood Development (LEED-ND).
This LEED-ND model re-development will be the first LEED-ND project in the Knoxville area and highlight the promise of sustainable affordable neighborhood planning. The LEED-ND criteria and the target geography will facilitate the creation of compact, walkable, vibrant, neighborhood with good connections to nearby communities while revitalizing a distressed area. In addition, the sustainable neighborhood development concept will encourage renewable energy services (solar hot water and for solar photovoltaic) through building orientation and thoughtful design, water conservation and innovative storm water management. As noted earlier all new or rehabilitated housing in the sustainable neighborhood will meet a third-party verified green building standard. Visitable and accessible homes will also be required and promoted in the neighborhood.

**Factor 6: Neighborhood Transformation and Economic Opportunity**

The City of Knoxville’s Five year Consolidated Plan identified six priorities that have been the focus of the Community Development Department since 2005. The priorities are:

- Neighborhood Stabilization
- Housing Rehabilitation
- Home ownership
- Assistance to the Homeless
- Job Creation
- Crime prevention and Safety

The NSP2 plan is consistent with the goals and priorities of the Consolidated Plan and will strengthen and increase the effectiveness of activities currently underway. The Consolidated Plan and Annual Action Plan are located at the City of Knoxville website, [www.cityofknoxville.org/development](http://www.cityofknoxville.org/development). The NSP 2 plan will build on the NSP 1, CDBG-R and HPRP activities as well.

The NSP 2 plan will create economic opportunity through the creation of jobs to complete property rehabilitation and construction. The overall economic situation in the target geography will improve as neighborhoods are stabilized and property values grow, increasing current home owner’s equity. As vacant and blighted properties are removed, crime will decrease and safety will be strengthened.
Appendix 1
Map of Target Geography
Appendix 2
Organizational Charts
Knox Housing Partnership
Organizational Chart 2009

KHP Board of Directors

Executive Director
Jacke Mayo
oversees all KHP day-to-day activities

Controller
Patricia Sitton
oversees financial management

Project and Asset Manager
Ken Blok
oversees all construction/rehab and rental

HomeOwnership Center Manager
Yvonne Hall
oversees all counseling programs and assists with home purchase process

Leasing Agent
LaShawn Hall

Maintenance Coordinator

Maintenance Coordinator
David Yadwisj

Sustainable Construction Project Manager (unfilled)

Sustainable Grant Specialist (unfilled)

Housing Counselor
Gary Cooley

HBE Trainers (2) part-time
KNOXVILLE HABITAT FOR HUMANITY, INC.

DEVELOPMENT
- Fundraising
- "Friendraising"
- Covenant Partners
- Grants / Compliance
- Fundraising Events
- Appreciation Events
- Giving Clubs

THRIFT STORE
- Retail
- Recycling
- Warehouse Materials
- E-Commerce

ADMINISTRATIVE
- Assistant to E. D.
- Insurance
- Board Support
- Minutes for Board
- Office supplies
- Acct. function
- Receptionist

OPERATIONS
- Maintenance of facilities
- Computers
- Phones
- Community Networking
- Construction Support
- (Permits, electrical lead)
- Rehab Acquisition
- HUG

COMMUNICATIONS
- Awareness events/
- Booth Shows
- "Keeper of the Message"
- Website
- Public Relations
- Media
- Newsletter
- Internet Messaging
- Affiliate Correspondence
- Audit

FINANCE
- Bill paying
- Bookkeeping
- Mortgages
- Funding Strategies
- NMTC / NSP
- Reconciliation
- Working w/ Development
- Payroll
- Grant Compliance

PROGRAMS
- Family Services
- Property
- Volunteers
- Construction
- Warehouse
- AmeriCorps
- Land Development
- House Costs
- Brush with
- Kindness (future)

Board of Directors

Executive Committee

President
Kelle Shultz

Chief Dev. Officer
Archie Ellis

Communications Director
Dan Hurst

Thrift Store Director
Bert Sams

Office Manager / Admin. Asst.
Judy Bryant

Finance Director
Dianne Smith

Operations Director
Danny Mitchell

Director of Programs
Tom Pfalzer

Partnership Director
Phil Watson

Development Coordinator
Crystal Wooldrid

Volunteer Coordinator
Keith Maginn

Warehouse Coord.
Josh Fletcher

Thrift Store Mgr.
Darrell Dunn

Mortgage Manager
Jodi Price

Purchasing / Payables Manager
John Shadix

Family Services Manager
Darla Gamble

Construction Manager
Bill Terry

Volunteer Coordinator
Trudy Akers

Property Manager
Chuck Fleischer

Grants Vacant

Pricer
Charlie Hewston

Truck Drivers
Bobby Vaultron
Robert Moss

AmeriCorps

House Leaders
Tony Cammiss
Ed Murrill

Construction Support
Dave Richardson

AmeriCorps
Knoxville Leadership Foundation Organization Chart

KNOXVILLE LEADERSHIP FOUNDATION

SOUTHEASTERN HOUSING FOUNDATION, LLC

NEIGHBORHOOD HOUSING, INC.
Appendix 3
Letter of review of the CAPER
Honorable Bill Haslam
Mayor, City of Knoxville
P.O. Box 1631
Knoxville, TN 37901

Dear Mayor Haslam:

SUBJECT: Consolidated End-of-Year Review - Program Year 2007
City of Knoxville, Tennessee

Annually, the U.S. Department of Housing and Urban Development (HUD) is required to conduct a review of performance by grant recipients. The review consists of: analyzing the City’s consolidated planning process; reviewing management of funds; determining the progress made in carrying out HUD policies and programs; determining the compliance of funded activities with statutory and regulatory requirements; determining the accuracy of required performance reports; as well as, evaluating accomplishments in meeting key Departmental objectives. Concurrently, the Secretary of HUD must determine that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received.

In addition to meeting the mandates of the statutes, this assessment provides a basis for the City of Knoxville and HUD to work together collaboratively in achieving housing and community development goals. The Office of Community Planning and Development (CPD), in consultation with the Offices of Public Housing, Multifamily, Single Family, Chief Counsel, Fair Housing and Equal Opportunity and my Office, completed the assessment.

We congratulate the City of Knoxville and the staff of the Community Development Division (CDD), on the accomplishments toward implementing programs and policies, which carry out the strategies, as outlined in the Consolidated Plan. This is the third year of reporting under the Consortium’s five-year Consolidated Plan. During the 2007 year, the City utilized Consolidated Planning funds, as well as leveraged additional State, local, private, and other federal funding to implement many worthwhile programs and projects and expended funds in a timely manner. Sixty days prior to the end of the City’s 2007 program year, 1.34 program years of Community Development Block Grant (CDBG) funds remained in the grantee’s line of credit which met the timely use of funds test as required by 24 CFR570.902. In addition, the City also continues to commit and expend HOME Investment Partnerships Program funds in a timely manner.

HUD’s mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination.

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Department and others with vital information on accomplishments and progress being made to achieve housing and community development objectives being assisted with Consolidated Planning funds. As we wait for the completion of the re-engineered IDIS, the Department has stressed the importance of using the Consolidated Plan Management Tool, which will clearly show performance and provide a more efficient mechanism for data to be loaded into the IDIS. Johnson City is doing a good job utilizing the tool.

As you know by now, the new and re-engineered version of IDIS has been delayed again. Tests on the system resulted in errors that are presently being corrected. It is anticipated that the system will go live before the end of the 2008 Program Year. We know that this has been a long process. Nevertheless, all of us want a system that delivers the data we need to document performance and compliance. Please continue to have your staff practice in the system. We will contact you on the date Tennessee grantees will go live in the new IDIS.

Also, the Neighborhood Stabilization Program (NSP) was published in the Federal Register on September 29, 2008. The NSP is the appropriation of $3.92 billion in the Housing and Economic Recovery Act (HERA) passed on July 30, 2008, and it will provide emergency assistance to States and local governments for the redevelopment of abandoned and foreclosed properties. For those areas allocated funding, the NSP will be incorporated in an amendment to the 2008 Consolidated Annual Action Plan. The State of Tennessee has designated the Tennessee Housing Development Agency (THDA) as its lead agency for NSP. All applications are due December 1, 2008. Activities under NSP will be starting in the 2008 Program Year and may be ongoing for the next four program years. Grantees are strongly encouraged to work with the Department as we assist our citizens in addressing this problem.

The City of Knoxville is recognized for a number of noteworthy accomplishments during the 2007 program year, including the following:

1. Low- and Moderate-Income (LMI) Benefit. The Consolidated Annual Performance and Evaluation Report (CAPER) indicated that 94.70 percent of the non-administrative CDBG funds expended during the reporting period benefited LMI persons either through direct benefit activities or activities benefitting low/mod areas.

2. Housing Programs. The City made significant progress in providing affordable housing. This has included an array of activities from: new housing construction to housing rehabilitation/replacement; owner-occupied housing to multifamily rental housing; minor repairs to emergency repairs; and from housing counseling to the investigation of fair housing complaints. Through the City’s Housing Rehabilitation Program, a total of 20 owner-occupied housing units were rehabbed or replaced. A total of 46 multi-family rental units were rehabbed. Twenty households were assisted in purchasing their first homes through funds under the American Dream Downpayment Initiative. Under the HOME CHDO set-aside component, 15 homes were constructed to be sold to first-time homebuyers. A total of 224 homes received Minor Home Repairs. Knox Housing Partnership provided housing counseling to 31 households.

3. Assistance to the Homeless and Special Needs Populations. The City was a key partner in the completion of the Ten Year Plan to End Chronic Homelessness and the
implementation phase has begun. The Knoxville Homeless Management Information System has expanded during the program year with 12 agencies using the system. For 2007, the East Tennessee Continuum received $1,199,244 in HUD’s Continuum of Care competition. Emergency Shelter Grants (ESG) funds were utilized by four subrecipients (Knoxville-Knox County Community Action Committee, Child and Family Tennessee, Volunteer Ministry Center, and Young Women’s Christian Association) to assist individuals and families with emergency shelter and essential services. The City provided funding to Volunteer Ministry Center to assist in the acquisition and renovation of the former Fifth Avenue Motel, as it is being renovated as a permanent housing for homeless persons. CDBG funds were also utilized to assist the homeless.

4. Public Service Activities. A number of public service activities were assisted. Among them: (1) CDBG funds were used to assist the Montgomery Village Child Care Development Center in the purchase of a bus that met new state requirements for child safety; (2) El Centro Hispano, operated by Catholic Charities of East Tennessee, received CDBG funds to assist 114 Hispanic youth and their parents with social skills training, anger management, and other essential services; (3) Project GRAD provided college preparatory services to 1,815 students at Fulton and Austin East High Schools; and, (4) The Family Justice Center developed and distributed new educational materials to increase the awareness for domestic violence victims of one place to call, go and receive assistance.

5. Empowerment Zone Activities. The City’s Commercial Façade Program assisted six façade projects during the program year in the Five Points, Broadway/Central, Mechanicsville and Jackson Avenue areas. Under the Blighted Properties Redevelopment/Renovation Program, eight new Energy Star and U.S. Green Building Council’s LEED housing units are under construction and one house in being rehabilitated. A total of two lots have been acquired for redevelopment under the Vestal Commercial Redevelopment Program. Much is being done in the Empowerment Zone.

6. Fair Housing and Equal Opportunity. The City is the recipient of a Fair Housing Program grant from the Department. During the program year, the City staff also investigated 12 complaints. The Office Fair Housing and Equal Opportunity (FHEO) reviewed the City’s CAPER and assessed its fair housing efforts. Based on FHEO’s review, it concurred in the approval of the City’s CAPER.

As the City of Knoxville develops its FY09 Consolidated Action Plan, please note that HUD continues its emphases on expanding minority homeownership and the goal of ending chronic homelessness by 2012. In addition, the Department has a national goal involving ENERGY STAR, in cooperation with the U.S. Department of Energy (DOE), and U.S. Environmental Protection Agency (EPA). This national goal is aimed at encouraging energy efficiency in affordable housing. We appreciate the efforts of all the Consolidated Planning grantees in this effort.

As you plan for your 2009 Program year activities, please consider the participation of faith-based and community organizations (FBCOs). Many of our grantees have effectively used FBCOs. As a reminder on using faith-based organizations, a copy of Notice: CPD 04-10 has
been enclosed for reference. Please contact CPD for further guidance in this area. The Department appreciates the efforts of all the Consolidated Planning grantees in all of the aforementioned areas.

Other information and areas to consider in developing the FY09 Consolidated Plan include the following items:

1. At the end of each Federal fiscal year, HUD reports information on the accomplishments achieved using CDBG funds in its Annual Performance Report. This report uses the accomplishments reported by grantees in IDIS to measure the success of the HOME and CDBG programs in achieving its goals. This information is analyzed by the Office of Management and Budget and Congress and is an important consideration in future funding of the program. Therefore, it is critical that you report all accomplishments for each of your activities for which you have accomplishments to report. Also, as you assist the Department in our major goal of providing safe, decent and sanitary housing, please make sure to enter those Consolidated Planning funded activities into IDIS. This will greatly assist us in determining all efforts which implement and eliminate lead-based paint risks in rental and homeownership housing.

2. Again, we stress the use of the ConPlan Tool. Its use is being encouraged as a means to make the planning and submission process more results oriented, whereby, performance measures (a major initiative of the Department) could be incorporated to report the progress and impact of funded activities.

3. CPD’s Technical Assistance Program (TAP) is available to assist grantees and their Partners as they encounter problems and need assistance under the HOME and Homeless Programs. Under HOME and our Homeless Programs, assistance is available for a wide array of subject areas including: project management, supportive housing, Homeless Management Information System, land-use planning and urban design, organizational development, financial management, management systems development, housing development, nonprofit and Community Housing Development Organizations (CHDOs) capacity building, lead hazard reduction, relocation planning, Continuum of Care planning and other areas. If assistance is needed, please contact CPD at (865) 545-4391. For FY08 TAP funds will be available for CDBG, administered by Headquarters to entitlements. Through our National Assistance Program, assistance can also be offered to Housing Opportunities for Persons With AIDS (HOPWA) grantees and their project sponsors. For any technical assistance, please call CPD at (865) 545-4391.

4. Executive Orders 11432 and 11625 require all Federal agencies to promote Minority Business Enterprises (MBE), including women owned businesses, participation in their programs. Our grantees are encouraged to expand their efforts in these areas and submit the MBE report (HUD Form -2516) on the Consolidated Plan Program funds. The next MBE report, “Contract and Subcontract Activity,” will cover the period of October 1, 2008 - September 30, 2009. The completed form has a
submission date within 10 days of September 30th each year. The next report is required to be submitted by October 10, 2009.

5. Section 3 - Equal Opportunity is a major priority of HUD. The Department encourages compliance to Section 3 of the HUD Act of 1968, and implementing regulations at 24 CFR Part 135. Section 3 provides to the greatest extent feasible opportunities of employment and training be given to lower income residents of the project area and contracts be awarded to businesses located in or owned substantially by residents of the project area. It helps low-income residents gain the skills and jobs needed to become self-sufficient. The program also provides opportunities for qualified, low-income business owners to receive preference in bidding on HUD-funded contracts. The enclosure provides more useful information on Section 3.

The Department would also like to remind grantees that Section 3 has specific reporting and recordkeeping requirements. An annual performance report (HUD form 60002) is required to be submitted with grantees’ annual performance reports. For Consolidated planning funds, the Section 3 annual performance report can be submitted with the CAPER or completed online at the website noted below. For more information or if you have questions, please contact H. David King, Lead Equal Opportunity Specialist, Knoxville FHEO, or the Department's Section 3 website at: http://www.hud.gov/offices/fheo/section3/section3.cfm.

6. We would like to take this opportunity to remind all grantees of the conflict of interest regulations regarding all of the Consolidated Planning programs: CDBG at 24 CFR Part 570.611; HOME at 24 CFR Part 92.356, ESG at 24 CFR Part 576.57(d) and 24 CFR 570.611(d) & (e), and HOPWA at 24 CFR Part 574.625. Each Program provides information on what may be considered a conflict and who may be covered. In addition, each provides a process by which a grantee can contact CPD to request an exception to the conflict of interest regulations. Failure to comply with the conflict of interest provisions will result is funding connected to the conflict being questioned and disallowed. We encourage all of our grantees to implement conflict of interest procedures that will assist all employees, elected officials and subgrantees in being in compliance and will assist the grantee with early detection of possible conflict of interest matters. CPD and the Chief Counsel are always available to provide guidance on possible conflict of interest compliance matters.

As a result of our review of the CAPER, HUD has determined that the City's overall progress is commendable and has the continuing capacity to implement these programs. You are invited to submit to this Office, within 30 days, your written comments about the content of or conclusions expressed in this letter. Please make this letter available to the public within 30 days of its receipt or the submission of your comments to HUD.
We also encourage the sharing of this assessment report with: the media, those on your mailing list of interested persons, members of your advisory committee, and/or those who attended hearings or meetings. HUD will make this information available to the public upon request and may provide copies of this report to interested citizens and groups. If you have any questions, please call Mary C. Wilson, Director, Office of Community Planning and Development at (865) 545-4391 or me at (865) 474-8205.

Very sincerely yours,

Mark Brezina
Field Office Director

Enclosures

cc:
Madeline Rogero, Director, CDD
Appendix 4
Summary of Citizen Comments
Summary of Public Comments

On Sunday June 28, 2009 the Neighborhood Stabilization Program 2 plan was advertised in the Knoxville News Sentinel, the local daily newspaper. Included in the advertisement was a map of the target geography, description of the plan, website location of the plan, and a request for public comments. The plan was posted on the City of Knoxville website (www.cityofknoxville.org/development) on July 1, 2009 along with instructions for submitting comments on the plan. On July 2, 2009, the Office of Neighborhoods sent the plan summary and request for public comments to 271 citizens via the Neighborhood Newsletter. Additionally, a press release announcing the plan was sent to the local media and an article about the plan was included in the July 9, 2009 MetroPulse, the local weekly paper.

Two comments were received regarding the NSP 2 application.

One comment praised the application as well written and easy to follow and commented that the plan was very good. It was noted that the success of the plan depended on the consortium partner’s ability to carry out the proposed activities. The City’s Department of Community Development was noted as having a strong record of leading successful projects with positive outcomes. The experience of Helen Ross McNabb Center as a housing provider was questioned, as it was noted that they have just recently moved into the area of housing for persons and families with disabilities.

One comment praised the plan for its proposed efforts to deal with problem properties. The commenter requested that a particular property in Mechanicsville be added to the City’s list of chronic problem properties due to the continual code violations, domestic disturbance and criminal activity that occurs at the location.
Appendix 5
Map of Available Transit
Appendix 6
Definition of Affordable Rents
Definition of Affordable Rents

The City of Knoxville will apply the affordable rent standards used in its HOME program to the NSP funded activities. Every NSP assisted unit is subject to rent controls designed to ensure rents remain affordable to lower-income families over time. There are two NSP rents established for projects:

1. Low NSP Rents: For projects containing five or more assisted rental units, or in the case of an owner who has multiple projects which together contain a total of five or more assisted rental units, a minimum of 20% of all the NSP assisted units must have rents, adjusted for utilities, that do not exceed 30% of the gross income for a household earning 50% of the AMI, and

2. High NSP Rents: All other NSP assisted units in each project must have rents, adjusted for utilities, that do not exceed the lesser of the Section 8 Fair Market Rents or 30% of the adjusted income for a household earning 65% of the AMI.

The current published rent limits for Knoxville are shown below:

<table>
<thead>
<tr>
<th># of bedrooms</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOW HOME RENT LIMIT</td>
<td>482</td>
<td>551</td>
<td>661</td>
<td>764</td>
<td>852</td>
<td>940</td>
<td>1029</td>
</tr>
<tr>
<td>HIGH HOME RENT LIMIT</td>
<td>482</td>
<td>554</td>
<td>667</td>
<td>894</td>
<td>922</td>
<td>1060</td>
<td>1199</td>
</tr>
</tbody>
</table>
Definition of Blighted Structure

The definition of “Blighted Property” as described below is contained in the City of Knoxville, Code of Ordinances, Chapter 6, Article VI, Sec. 6-150.

Blighted and deteriorated property.

(a) Definitions. The following terms, whenever used or referred to in this section, shall have the following respective meanings unless a different meaning clearly appears from the context:

(1) Blighted or deteriorated property means any vacant structure or vacant or unimproved lot or parcel of ground in a predominantly built-up neighborhood:
   a. Which because of the physical condition or use is regarded as a public nuisance at common law or has been declared a public nuisance in accordance with the city housing, building, plumbing, fire or related codes; or
   b. Which because of physical condition, use or occupancy is considered an attractive nuisance to children, including, but not limited to, abandoned wells, shafts, basements, excavations, and unsafe fences or structures; or
   c. Which because it is dilapidated, unsanitary, unsafe, vermin-infested or lacking in the facilities and equipment required by the housing code of the city has been designated by the department responsible for enforcement of the code as unfit for human habitation; or
   d. Which is a fire hazard or is otherwise dangerous to the safety of persons or property; or
   e. From which the utilities, plumbing, heating, sewerage or other facilities have been disconnected, destroyed, removed or rendered ineffective so that the property is unfit for its intended use; or
   f. Which by reason of neglect or lack of maintenance has become a place for accumulation of trash and debris or a haven for rodents or other vermin; or
   g. Which has been tax delinquent for a period of at least three (3) years; or
   h. Which has not been rehabilitated within the time constraints placed upon the owner pursuant to this article;
   i. Provided, however, “blighted or deteriorated” shall not be construed to apply to any property used for agriculture purposes.

For the purposes of this application for NSP funds, the City will only demolish blighted structures that are vacant, have been posted “unfit for human habitation”, and on which a complaint has been filed and presented to the Better Building Board and the Board has recorded a demolition order on the property.
Appendix 8
Description of Housing Rehabilitation Standards
Description of Housing Rehabilitation Standards

As a condition for receiving monies from the United States Department of Housing and Urban Development (HUD), the City of Knoxville Community Development Department must make reference to a code or document that defines a ‘standard’ that housing rehabilitation cases shall be brought to; the Neighborhood Housing Standards have been that ‘standard’ for many years.

The intent of these Neighborhood Housing Standards is to provide a guideline for the rehabilitation of housing units under the various housing programs administered by the City of Knoxville that use HUD funds. The Neighborhood Housing Standards incorporates a minimum housing standard that can be used to:

a.) Meet (and many times exceed) the minimum standards dictated by the 2006 International Residential Code;
b.) Meet (and many times exceed) the minimum standards dictated by the HUD Section Eight Housing Quality Standards for living units;
c.) Serve as an outline for the rehabilitation specialist in preparing a work write-up for an existing unit that meets (and many times exceeds) the requirements of the codes and standards referenced above, and;
d.) Serve as a reference that can be used in resolving disputes with homeowners when their expectations exceed the intent of our programs.

The Neighborhood Housing Standards play a major role in providing the housing staff a set of guidelines for the housing rehabilitation process, assuring the following set of priorities is provided: Safety, Health and Sanitation, Code Requirements, Program Requirements, Economy and Maintenance.

Items covered by the Neighborhood Housing Standards include: general design criteria, bath facilities, facilities, systems & equipment, light & ventilation, insulation, heating, maintenance standards, windows & doors, painting & ceiling/wall finishes, siding, floors, and replacement houses.

It shall be recognized that any new construction (i.e., replacement or infill housing) shall be designed and constructed according to the guidelines set forth by the United States Environmental Protection Agency’s - Energy Star program.

In addition to the NSP2 required Energy Star for New Homes certification, new construction and gut rehabilitation activities (up to 3 stories) will be required to meet either the LEED for Homes or EarthCraft New Homes certification, where applicable. EarthCraft New Homes is a green building certification program developed by the Southface Energy Institute in Atlanta and the U.S. Green Building Council (USGBC) developed the LEED for Homes certification. Currently, the City of Knoxville requires Energy Star for New Homes certification in all new homes funded with HOME/CHDO dollars.
Rehabilitation activities (single family and town home) that are not gut rehabs will be required to meet the EarthCraft House Renovation certification (in addition to the NSP2 required use of Energy-Star and WaterSense labeled products).
Appendix 9
Consortium Agreement
City of Knoxville Neighborhood Stabilization Program 2 (NSP2) Consortium Agreement

This cooperative Agreement (the “NSP2 Consortium Agreement”) is made and entered into this 14th day of July, 2009, by and among the City of Knoxville, a municipal corporation organized and existing under the laws of the State of Tennessee, and the following non-profit organizations: Knoxville’s Community Development Corporation, Knoxville-Knox County Community Action Committee, Knoxville Habitat for Humanity, Inc., Knoxville Area Urban League, Helen Ross McNabb Center, Inc., East Tennessee Housing Development Corporation, Neighborhood Housing, Inc., Knox Housing Partnership, Inc., and Southeastern Housing Foundation. Each of these entities is sometimes referred to individually as “Party” and collectively as “Parties.”

Recitals

WHEREAS, the Parties seek to enter into a cooperative agreement in order to form a consortium for the administration of funding provided under the provisions of the American Reinvestment and Recovery Act of 2009 (Public Law 111-005) (the “Act”); and

WHEREAS, the Parties seek to apply for funding under the Act for the purpose of addressing the problem of abandoned and foreclosed homes; and

WHEREAS, the Parties seek to apply for funding under the Act for the purpose of addressing the problem of abandoned and foreclosed homes; and

WHEREAS, the Act requires that a consortium be formed whenever a governmental entity and one or more private non-profit organizations wish to submit a single application for funding under the Act; and

WHEREAS, each Party authorizes the City of Knoxville (the “City”) to act as the Lead Member as required by the Act to act in a representative capacity on behalf of the members of the consortium for the purpose of submitting an application to HUD for NSP2 funding under the Act.

NOW THEREFORE, in consideration of the premises and mutual covenants of the Parties herein, the receipt and sufficiency of which each Party acknowledges for itself, the Parties do hereby agree as follows:

1. The City shall submit the application for NSP2 funding of the plan described in said application (the “NSP2 Plan”), and, if selected for funding, execute the funding agreement on behalf of the Parties with the U.S. Department of Housing and Urban Development (“HUD”); and

2. The Parties shall cooperatively carry out the NSP2 Plan, and the City shall assume overall responsibility for ensuring that the NSP2 Plan is carried out in compliance with all the
requirements set forth in the Act and related regulations and/or imposed by HUD in connection with approval of the application; and

3. No later than December 1, 2009, the City will enter into a separate funding agreement with each of the non-profit organizations if the application is selected by HUD for funding under the Act, but before the grant is awarded by HUD to the City; and

4. The City will ensure that the funding agreements describe each Party’s specific activities under the NSP2 Plan, including timetables for completion and applicable requirements as set forth in the Act; and

5. This NSP2 Consortium Agreement shall be effective when adopted by the Knoxville City Council and executed by the respective representative of each Party.

6. This NSP2 Consortium Agreement may be amended only by written approval of the governing body of each Party. The amendment shall be effective on the date stated in the written amendment, or if no effective date is stated, on the date of approval of the amendment by the last Party.

7. This NSP2 Consortium Agreement shall be of full force and effect upon its passage and execution by all of the Parties.

IN WITNESS WHEREOF, the authorized representative named below has executed this NSP2 Consortium Agreement on behalf of the Party as of the date set forth below.

CITY OF KNOXVILLE

By: Bill Haslam, Mayor

APPROVED AS TO FORM:

Debra C. Poplin
Law Director

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By: [Signature]
Title: [EXEC. DIR./CEO]
KNOXVILLE-KNOX COUNTY
COMMUNITY ACTION COMMITTEE

By: [Signature]
Title: Executive Director

KNOXVILLE HABITAT FOR
HUMANITY, INC.

By: [Signature]
Title: Chief Development Officer

KNOXVILLE AREA URBAN LEAGUE

By: [Signature]
Title: President & CEO

HELEN ROSS McNABB CENTER, INC.

By: [Signature]
Title: Director of Development

EAST TENNESSEE HOUSING
DEVELOPMENT CORPORATION

By: [Signature]
Title: Executive Director
NEIGHBORHOOD HOUSING, INC.
By:  
Title: Director of Housing

KNOX HOUSING PARTNERSHIP, INC.
By:  
Title: Executive Director

SOUTHEASTERN HOUSING FOUNDATION
By:  
Title: Housing Coordinator
Appendix 10
Evidence of Non-Profit Status
Knoxville’s Community Development Corporation, KCDC

To fulfill the promise for safe, decent and affordable housing for Knoxville, the City of Knoxville established the Knoxville Housing Authority, known today as Knoxville’s Community Development Corporation (KCDC) in 1936.

Since that time, KCDC has grown from administering two housing developments to overseeing 13 housing developments with over 3700 affordable housing units under management. In addition to its role as the role as a public housing authority, KCDC is the redevelopment agency for the City of Knoxville.

KCDC is legally a Section 115 agency under IRS regulations and is a political subdivision of the State of Tennessee.
Knox Housing Partnership, KHP

Knox Housing Partnership (KHP) is a 501 (c) (3) charitable organization located in Knoxville, Tennessee. The KHP mission statement reads “Enhancing communities through quality housing and building wealth through homeownership.” KHP’s articles of incorporation state that KHP is to provide the opportunity for affordable and desirable housing for all low-income residents and to foster a collaboration between local government, neighborhood organizations, business and civic leaders and other agencies, individuals and organizations interested in expanding housing opportunities for low-income households.

KHP provides quality housing counseling to residents in the Knoxville region. KHP offers high-quality pre and post homebuyer education to customers seeking the knowledge and skills to make informed decisions about homeownership. KHP has adopted the National Industry Standards for Homebuyer Education and Counseling. KHP operates a loss-mitigation and foreclosure counseling program available to help those families struggling with homeownership. For fiscal year 2007, KHP counseled 232 people and, for fiscal year 2008, KHP counseled 315 people. Counseling included homebuyer education, financial literacy, loss mitigation and foreclosure counseling, as well as one-on-one counseling.

Long-term sustainability is a critical piece in creating homeownership opportunities for homeowners. KHP is a certified Community Housing Development Organization (CHDO) and works with the City of Knoxville, Knox County and the Tennessee Housing Development Agency (THDA) to develop programs and housing that will provide low-income residents with additional options of affordable housing choices. In addition, KHP has developed multi-family units of senior housing and also has single-family units that it rents to low and moderate income households. KHP is a NSP1 subrecipient of the City, acquiring foreclosed properties to redevelop as rental housing for families with incomes at or below 50% area median income.

Within the last 24 months, KHP has acquired 2 homes in foreclosure and constructed 13 new homes, of which 7 are visitable, LEED Gold homes. These homes are located within Knoxville’s target geography.
KNOX HOUSING PARTNERSHIP INC
109 WINONA ST
KNOXVILLE TN 37917-7843092

Employer Identification Number: 62-1465760
Person to Contact: Ms. Mills
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of July 14, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in September 1991, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I
Knoxville Habitat for Humanity, KHFH

Habitat for Humanity is an independent, nonprofit, ecumenical Christian housing ministry that partners with people of all beliefs. Knoxville Habitat for Humanity (KHFH) has been an affiliate of Habitat for Humanity International since 1985. KHFH builds simple, decent, affordable homes in partnership with those in need. Volunteers and the future homeowners provide the labor in building the homes. Homes are sold to low-income families with no profit and KHFH finances the mortgages at 0% interest for 20-30 years. Homebuyer’s payments are deposited in a revolving fund enabling KHFH to build more homes. KHFH is a NSP1 subrecipient of the City, acquiring foreclosed properties to redevelop and sell to families with incomes at or below 50% area median income.

In the past 24 months, KHFH has rehabilitated one home, acquired 23 vacant lots and constructed 48 new homes. A large number of the homes are located in Knoxville’s target geography.
Dear Sir or Madam:

This is in response to your request of January 27, 2004, regarding your organization's tax-exempt status.

Your organization is exempt under section 501(c)(3) of the Code because it is included in a group ruling issued to Habitat for Humanity International, Inc., located in Americus, GA.

Individual exemption letters are not available to organizations included in group rulings. The group exemption letter applies to all of the subordinate organizations on whose behalf the parent has applied for recognition of exemption. If you want a copy of the group exemption letter, please contact your parent organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of $20 a day for each day you do not make these documents available for public inspection (up to a maximum of $10,000 in the case of an annual return).
Habitat for Humanity International, Inc.
Knoxville
56-1727980

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca, Acting Director, TE/GE
Customer Account Services
Knoxville-Knox County Community Action Committee, CAC

The Knoxville-Knox County Community Action Committee (CAC) is a local public agency serving the community with a comprehensive range of federal, state and locally funded programs. CAC serves Knoxville and Knox County citizens of all ages from infants through Early Head Start to the elderly through the Office on Aging. CAC’s Housing and Rehabilitation and Construction programs provide the opportunity for safe, decent affordable housing to low and moderate income citizens in order to create a desirable living environment and to stimulate neighborhood stabilization. CAC’s Home Repair Program improves the safety, functionality and accessibility of owner occupied homes. CAC is a CDBG subrecipient of the City providing emergency and minor home repair services to low-income home owners.

In the past 24 months, CAC has completed the construction of 20 new homes and the rehabilitation of 633 homes.
MEMORANDUM

TO: WHOM IT MAY CONCERN

FROM: MICHAEL W. MOYERS, DEPUTY LAW DIRECTOR

DATE: APRIL 3, 1989

RE: TAX EXEMPT STATUS OF THE CAC

The Community Action Committee (CAC) is a governmental consortium between the Knox County, Tennessee government and the government of the City of Knoxville. It is an organization devoted to the civil well-being of the citizens of the City of Knoxville and of the citizens of Knox County, Tennessee, and is exempt from any and all federal and state taxation.

Any questions concerning the CAC's tax exempt status may be directed to this office.

MWM: nem
GOVERNMENT CERTIFICATE OF EXEMPTION

To:

The undersigned hereby certifies that the purchases of tangible personal property or services being made on this certificate of exemption are being made by the State of Tennessee, or a county or municipality within the State of Tennessee, or the Federal Government, or an agency thereof and are for the use of such government or agency.

The undersigned further certifies that the said government or agency is making the purchase direct from the above named vendor, will obtain title or has title to the property immediately when it is delivered, and will use public funds to pay directly to the above named vendor for the tangible personal property or services obtained upon this certificate of exemption.

Name of government or agency: Knoxville-Knox County Community Action Committee (CAC)
Federal Tax ID # 62-1451534

Signed: Dale DuBose
Ms Dale DuBose
Title: Senior Buyer

Date: RV F1301301
Knoxville Area Urban League, KAUL

The Knoxville Area Urban League (KAUL) was established in Knoxville in 1968. The KAUL affiliate is one of 105 affiliates across the country. The KAUL’s mission is to help African Americans and others to participate fully in the economic and social mainstream of American life. In pursuit of this goal, the KAUL offer programs in five areas: economic empowerment, education and youth services, workforce development, housing counseling and civic engagement. While black Americans are the KAUL’s primary clientele, services are open to all and over 33% of the KAUL’s clients are white and Hispanic.

The KAUL’s purpose as an Urban League is summarized in the Opportunity Compact. The Opportunity Compact focuses on programs for children; helping people find jobs; helping people to obtain housing; and helping people start and expand small businesses.

Since 1971, the KAUL has been designated a HUD approved non-profit counseling agency. The housing program provides services in the following areas:

1. Home buyer education classes
2. First time homebuyer education classes
3. Foreclosure prevention and loss mitigation counseling
4. Post foreclosure counseling
5. Budget and credit counseling

There are three certified housing counselors on the KAUL staff with over seven years of experience.

In 2008, the KAUL housing program counseled approximately 600 people. The most active area was in foreclosure counseling which is expected to counsel over 250 foreclosure clients this year. Over the past two years, KAUL has been able to assist 60% of their clients to remain in their houses. In 2008, KAUL assisted 37 first time homebuyers; and so far this year they have helped 17 households to purchase their first home. They expect to serve over 700 clients in their housing program in 2009.
In reply refer to: 0441774131  
Feb. 03, 2009 LTR 4168C E0  
62-0797293 000000 00 000 00020360  
BODC: TE

KNOXVILLE AREA URBAN LEAGUE  
1514 E 5TH AVE  
KNOXVILLE TN 37917-7801

Employer Identification Number: 62-0797293  
Person to Contact: John Reilly  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Jan. 23, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in September 1968, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Deborah Bingham  
Accounts Management I
Helen Ross McNabb Center, HRM

For 61 years, the Helen Ross McNabb Center has been providing out-patient mental health care services in Knoxville and East Tennessee. In the beginning, the McNabb Center began as a child guidance clinic and has evolved through the years to become a multi-service regional agency. HRM currently operates in 17 East Tennessee counties, providing mental health care, addiction/recovery treatment and social services for children, adults and families. Their staff cares for the most vulnerable of our society many of whom have no resources or insurance coverage to pay for care. Nearly 8,000 children, adults, and families are expected to receive services through HRM programs this year.

In recent years, HRM has developed housing for special needs populations including disabled families and the chronically homeless. In the last 24 months, HRM has purchased 4 properties, constructed 16 one bedroom apartments and rehabilitated a residential alcohol and drug treatment facility adding 16 beds. Development of two 8 unit projects for disabled individuals and families is currently in process.
THE HELEN ROSS MCNABB CENTER
201 W SPRINGDALE AVE
KNOXVILLE TN 37917-5158

Employer Identification Number: 62-0548914
Person to Contact: Mrs. Miller
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Jan. 15, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in August 1953, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I
Neighborhood Housing Inc., NHL

Neighborhood Housing, Inc. (NHI) is a supporting corporation of Knoxville Leadership Foundation (KLF). NHL started operations as a separate non-profit organization in January 2002. NHL is governed by its own Board of Directors and is a Community Housing Development Corporation (CHDO) that works with the City to develop affordable housing. Knoxville Leadership Foundation (KLF) is a faith-based, nonprofit agency formed in 1994 that believes our city can be transformed through reconciliation. Reconciliation occurs when people from different communities and walks of life roll up their sleeves, work side-by-side and really begin to understand and appreciate each other. NHL has completed 9 new construction homes for sale in the last two years. These homes are located on in-fill lots throughout Knoxville's target geography.
Date: May 2, 1999

NEIGHBORHOOD HOUSING INC
C/O KNOXVILLE LEADERSHIP FOUNDATION
201 E SUMMIT HILL AVE STE 200
KNOXVILLE, TN 37915-1200

Dear Applicant:

Based on information supplied and assuming your organization will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a)(3) of the Code because you are an organization described in section 501(c)(3).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of any changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on compensation of $100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, if you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4955. Additionally, you are not automatically exempt from other federal excise taxes. If you have any questions about excise-employment or other federal taxes, please contact your key district office.

Grantees and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 501(a)(3) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change in the part of the organization that resulted in your loss of such status; or if he or the acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 501(a)(3) organization.

Letter 947 (DC/CG)
Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises; transfers, or gifts to you for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions depending on the circumstances. See Revenue Ruling 67-244, published in Cumulative Bulletin 1967-2, page 104, which sets forth guidelines regarding the deductibility of charitable contributions of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than $25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not meet the gross receipts test. If you are not required to file, simply attach the label to your box and check the box in the heading to indicate that your annual gross receipts are normally $25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of $20 a day is charged when a return is filed later than 30 days after the due date, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed $10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding $1,000,000 in any year, the penalty is $100 per day per return unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding $1,000,000 shall not exceed $50,000. This penalty may also be charged if a return is not complete, so be sure your return is complete before you file it.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application; any supporting documents; and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of $20 per day for each day there is a failure to comply (up to a maximum of $10,000 in the case of an annual return).

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Letter 947 (DO/CO)
You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemptions, you should keep records to show that funds are expended only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), there should be evidence that the funds will remain dedicated to the required purposes and that they will be used for those purposes by the recipient.

If distributions are made to individuals, case histories regarding the recipients should be kept showing names, addresses, purposes of named manner of selection, relationship (if any) to members of staff, trustees or donors of funds to you so that in those distributions made, differentiation can be substantiated upon request by the Internal Revenue Service. Revenue Ruling 88-28A1, 1988-2 C.B. 945.

If we have indicated in the body of this letter that an attachment applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status you should keep it in your permanent records.

If you have any questions please attach the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

[Signature]

District Director

Enclosure(s):
Southeastern Housing Foundation, SHF

Southeastern Housing Foundation (SHF) is a supporting corporation of Knoxville Leadership Foundation (KLF). SHF is a nonprofit developer of affordable housing and a strategic partner of the Knoxville/Knox County Ten-Year Plan to End Chronic Homelessness. SHF is a single-member LLC, wholly owned by KLF. SHF has an ownership interest in 7 low-income housing tax credit projects consisting of 1,421 units located across the state of Tennessee. Currently, SHF is developing Minvilla Manor, a historic rehabilitation project consisting of 57 units of permanent supportive housing, and it is actively pursuing other supportive and affordable housing opportunities in Knoxville.
Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

District Director
East Tennessee Housing Development Corporation, ETHDC

East Tennessee Housing Development Corporation (ETHDC) is a 501©3 nonprofit organization dedicated to providing affordable housing for low-to-moderate income individuals, primarily in inner city neighborhoods that have a substantial number of substandard, blighted and abandoned houses as well as a large number of vacant lots. The ETHDC is a certified City of Knoxville Community Housing Development Organization (CHDO). The mission of the ETHDC is to assist in the development of decent affordable housing in the East Tennessee area for low and moderate income people. ETHDC's history began in 1991 as a subsidiary organization of the East Tennessee Community Design Center (ETCDC), which has a long reputable history of working with local community organizations.

ETHDC is now a stand-alone nonprofit CHDO organization. ETHDC board members designed and built a 1328 square foot single family home that was subsequently purchased by a low income buyer in September 2008. Over the next two years, ETHDC will build five more new homes for low-to-moderate income buyers.
Dear Madam:

As requested in your letter dated April 5, 2005, I have enclosed a copy of the original determination letter for your organization.

Please accept our apology for the delay in responding to your request and for any inconvenience this may have caused you or your organization.

If you have any questions, you may call us at the telephone number shown in the heading of this letter.

Sincerely,

[Signature]

Marilyn Baker, Manager, TE/GE
Customer Account Services

Enclosure: Original Determination Letter
Internal Revenue Code: 501(c)(4)
Employer Identification Number: 62-1544702
Key District: Atlanta
Accounting Period Ending: June 30
Period date of Exemption: February 11, 1991 through October 26, 1993
Form 990 Required: Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in the section indicated above from the date of your incorporation until the effective date of exemption as an organization described in section 501(c)(3).

Unless specifically excepted, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) for each employee to whom you pay $100 or more during the calendar year. And, unless excepted, you are also liable for tax under the Federal Unemployment Tax Act for each employee to whom you pay $50 or more during a calendar quarter if, during the current or preceding calendar year, you had one or more employees at any time in each of 20 calendar weeks or you paid wages of $1,500 or more in any calendar quarter. If you have any questions about excise, employment, or other federal taxes, please contact your key District Director.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status. In the case of an amended document or bylaws, please send a copy of the amended document or bylaws to your key district. Also, you should inform your key District Director of all changes in your name or address.
In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt from Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than $25,000. If your gross receipts each year are not normally more than $25,000, we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first year. Thereafter, you will not be required to file a return until your gross receipts exceed the $25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the $25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of $10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed $5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, and supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of $10 per day for each day there is a failure to comply (up to a maximum of $5,000 in the case of an annual return). See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Contributions to your organization are not deductible by donors under section 170(c)(2) of the Code. Under section 6113, any fund-raising solicitation (including a solicitation for membership dues payment) you make must include an express statement (in a conspicuous and easily recognizable format) that contributions and gifts are not deductible as charitable contributions for federal income tax purposes. This does not apply, however, if your annual gross receipts are normally $100,000 or less, or if your solicitations are made to no more than ten persons during a calendar year. The law provides
East Tennessee Housing Development Corporation

penalties for failure to comply with this requirement, unless the failure is due to reasonable cause. See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

You need an employer identification number even if you have no employees. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status, you should keep it in your permanent records.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your Key District Director.

Sincerely,

(signed) Marvin Friedlander
Marvin Friedlander
Chief, Exempt Organizations
Rulings Branch 1
Applicant/Recipient Disclosure/Update Report

Instructions. (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

Applicant/Recipient Information

1. Applicant/Recipient Name, Address, and Phone (include area code):
   City of Knoxville, Community Development Department, P.O. Box 1631, Knoxville, TN 37901 865-215-2120

2. Social Security Number or Employer ID Number:
   626-00-0326

3. HUD Program Name
   Neighborhood Stabilization Program - Round 2

4. Amount of HUD Assistance Requested/Received:
   $13,800,000.00

5. State the name and location (street address, city and state) of the project or activity:
   City of Knoxville, TN

Part I Threshold Determinations
1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3)
   [ ] Yes [x] No

2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of $200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9
   [ ] Yes [x] No

If you answered “No” to either question 1 or 2, Stop! You do not need to complete the remainder of this form. However, you must sign the certification at the end of the report.

Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.
Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address

<table>
<thead>
<tr>
<th>Type of Assistance</th>
<th>Amount Requested/Provided</th>
<th>Expected Uses of the Funds</th>
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(Note: Use Additional pages if necessary.)

Part III Interested Parties. You must disclose:
1. All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
2. Any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds $50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity. (For individuals, give the last name first)

Social Security No. or Employee ID No

<table>
<thead>
<tr>
<th>Type of Participation in Project/Activity</th>
<th>Financial Interest in Project/Activity ($ and %)</th>
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(Note: Use Additional pages if necessary.)

Certification

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed $10,000 for each violation.

I certify that this information is true and complete.

Signature: [Signature]

Date: (mm/dd/yyyy) 07/14/2009

Form HUD-2880 (3/99)
Appendix 12
Signed Certifications
NSP2 Certifications

(1) Affirmatively furthering fair housing. The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) Anti-displacement and relocation plan. The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(3) Drug Free Workplace. The jurisdiction will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

2. Establishing an ongoing drug-free awareness program to inform employees about –
   (a) The dangers of drug abuse in the workplace;
   (b) The grantee's policy of maintaining a drug-free workplace;
   (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
   (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;

4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will –
   (a) Abide by the terms of the statement; and
   (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted:
   (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
(b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

(4) Anti-lobbying. To the best of the jurisdiction's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

(5) Authority of Jurisdiction. The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(6) Consistency with Plan. The housing activities to be undertaken with NSP2 funds are consistent with its consolidated plan.

(7) Section 3. The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(8) Citizen Participation. The jurisdiction certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(9) Use of funds. The jurisdiction certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(10) The jurisdiction further certifies:

a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and
b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(11) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(12) **Compliance with anti-discrimination laws.** The NSP2 grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(13) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(14) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(15) **Compliance with ARRA.** The jurisdiction will comply with Title XII of Division A of the American Recovery and Reinvestment Act of 2009.

(16) **Project selection.** The jurisdiction will select projects to be funded, by giving priority to projects that can award contracts based on bids within 120 days from the date the funds are made available to the recipient, and that will ensure maximum job creation and economic benefit.

(17) **Timeliness of infrastructure investments.** When the jurisdiction uses NSP2 funds for infrastructure investments, the grantee will give preference to quick-start and finish activities, including a goal to use at least 50 percent of the funds for activities within 120 days of enactment of the Recovery Act.

(18) **Buy American provision.** The jurisdiction will ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.

(19) **Appropriate use of funds for infrastructure investments.** The Governor, mayor, or other chief executive, as appropriate certifies, that any infrastructure investments have received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure
investment is an appropriate use of taxpayer dollars. Alternatively, a grantee's chief elected official certifies that infrastructure investments will receive the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars.

CITY OF KNOXVILLE:

By: Bill Haslam, Mayor

Date: 7-14-05

APPROVED AS TO FORM:

Debra C. Poplin
Law Director
NSP2 CERTIFICATIONS

(1) **Affirmatively Furthering Fair Housing.** The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for person in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

(2) **Anti-lobbying.** The non-profit organization will comply with the restrictions on lobbying required by 24 CFR 87, together with disclosure forms, if required by that part.

(3) **Authority of Non-Profit Organization.** The non-profit organization certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Anti-displacement and relocation plan.** The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) **Section 3.** The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) **Citizen Participation.** The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) **Use of funds.** The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) **The non-profit organization further certifies:**

a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
improvements (assisted in part with NSP funds) financed from other revenue sources, an
assessment or charge may be made against the property with respect to the public
improvements financed by a source other than CDBG funds. In addition, with respect to
properties owned and occupied by moderate-income (but not low-income) families, an
assessment or charge may be made against the property with respect to the public
improvements financed by a source other than NSP funds if the jurisdiction certifies that
it lacks NSP or CDBG funds to cover the assessment.

(11) **Compliance with anti-discrimination laws.** The NSP2 grant will be conducted and
administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair
Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will
comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(14) **Compliance with ARRA.** The jurisdiction will comply with Title XII of Division A of the

(15) **Buy American provision.** The jurisdiction will ensure that all iron, steel and manufactured goods
used in construction, alteration, repair, or maintenance of a public building or public work project assisted
with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary
finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably
available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the
project cost by more than 25 percent.

(16) By submitting this application, the non-profit organization agrees to assist HUD to comply with 24
CFR part 50 and that the non-profit organization shall:

(a) Supply HUD with all available, relevant information necessary for HUD to perform for
each property any environmental review required by 24 CFR part 50;
(b) Carry out mitigating measures required by HUD or select alternate eligible property; and
(c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor
commit or expend HUD or local funds for these program activities with respect to any
eligible property until HUD approval of the property is received.

**KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION**

[Signature/Authorized Official]

[Date: 7/8/09]

[Title: CEO]
NSP2 CERTIFICATIONS

(1) **Affirmatively Furthering Fair Housing.** The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for persons in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

(2) **Anti-lobbying.** The non-profit organization will comply with the restrictions on lobbying required by 24 CFR 87, together with disclosure forms, if required by that part.

(3) **Authority of Non-Profit Organization.** The non-profit organization certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Anti-displacement and relocation plan.** The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) **Section 3.** The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) **Citizen Participation.** The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) **Use of funds.** The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) The non-profit organization further certifies:

a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(11) **Compliance with anti-discrimination laws.** The NSP2 grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(14) **Compliance with ARRA.** The jurisdiction will comply with Title XII of Division A of the American Recovery and Reinvestment Act of 2009.

(15) **Buy American provision.** The jurisdiction will ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.

(16) By submitting this application, the non-profit organization agrees to assist HUD to comply with 24 CFR part 50 and that the non-profit organization shall:

(a) Supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 50;
(b) Carry out mitigating measures required by HUD or select alternate eligible property; and
(c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property until HUD approval of the property is received.

KNOX HOUSING PARTNERSHIP, INC.

[Signature]
Signature/Authorized Official

[Title]

[Date] 7/7/09
NSP2 CERTIFICATIONS

(1) **Affirmatively Furthering Fair Housing.** The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for person in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

(2) **Anti-lobbying.** The non-profit organization will comply with the restrictions on lobbying required by 24 CFR 87, together with disclosure forms, if required by that part.

(3) **Authority of Non-Profit Organization.** The non-profit organization certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Anti-displacement and relocation plan.** The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) **Section 3.** The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) **Citizen Participation.** The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) **Use of funds.** The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) **The non-profit organization further certifies:**

   a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

   b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
improvements (assisted in part with NSP funds) financed from other revenue sources, an
assessment or charge may be made against the property with respect to the public
improvements financed by a source other than CDBG funds. In addition, with respect to
properties owned and occupied by moderate-income (but not low-income) families, an
assessment or charge may be made against the property with respect to the public
improvements financed by a source other than NSP funds if the jurisdiction certifies that
it lacks NSP or CDBG funds to cover the assessment.

(11) Compliance with anti-discrimination laws. The NSP2 grant will be conducted and
administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair
Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) Compliance with lead-based paint procedures. The activities concerning lead-based paint will
comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) Compliance with laws. The jurisdiction will comply with applicable laws.

(14) Compliance with ARRA. The jurisdiction will comply with Title XII of Division A of the

(15) Buy American provision. The jurisdiction will ensure that all iron, steel and manufactured goods
used in construction, alteration, repair, or maintenance of a public building or public work project assisted
with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary
finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably
available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the
project cost by more than 25 percent.

(16) By submitting this application, the non-profit organization agrees to assist HUD to comply with 24
CFR part 50 and that the non-profit organization shall:

(a) Supply HUD with all available, relevant information necessary for HUD to perform for
each property any environmental review required by 24 CFR part 50;
(b) Carry out mitigating measures required by HUD or select alternate eligible property; and
(c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor
commit or expend HUD or local funds for these program activities with respect to any
eligible property until HUD approval of the property is received.

KNOXVILLE HABITAT FOR
HUMANITY, INC.

Signature/Authorized Official

Date

Title
NSP2 CERTIFICATIONS

(1) Affirmatively Furthering Fair Housing. The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for person in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

(2) Anti-lobbying. The non-profit organization will comply with the restrictions on lobbying required by 24 CFR 87, together with disclosure forms, if required by that part.

(3) Authority of Non-Profit Organization. The non-profit organization certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) Anti-displacement and relocation plan. The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) Section 3. The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) Citizen Participation. The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) Use of funds. The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) The non-profit organization further certifies:

a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
improvements (assisted in part with NSP funds) financed from other revenue sources, an
assessment or charge may be made against the property with respect to the public
improvements financed by a source other than CDBG funds. In addition, with respect to
properties owned and occupied by moderate-income (but not low-income) families, an
assessment or charge may be made against the property with respect to the public
improvements financed by a source other than NSP funds if the jurisdiction certifies that
it lacks NSP or CDBG funds to cover the assessment.

(11) **Compliance with anti-discrimination laws.** The NSP2 grant will be conducted and
administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair
Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will
comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(14) **Compliance with ARRA.** The jurisdiction will comply with Title XII of Division A of the

(15) **Buy American provision.** The jurisdiction will ensure that all iron, steel and manufactured goods
used in construction, alteration, repair, or maintenance of a public building or public work project assisted
with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary
finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably
available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the
project cost by more than 25 percent.

(16) By submitting this application, the non-profit organization agrees to assist HUD to comply with 24
CFR part 50 and that the non-profit organization shall:

   (a) Supply HUD with all available, relevant information necessary for HUD to perform for
each property any environmental review required by 24 CFR part 50;
   (b) Carry out mitigating measures required by HUD or select alternate eligible property; and
   (c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor
commit or expend HUD or local funds for these program activities with respect to any
eligible property until HUD approval of the property is received.

KNOXVILLE-KNOX COUNTY
COMMUNITY ACTION COMMITTEE

[Signature/Authorized Official]

[Date: July 10, 2009]

[Title: Executive Director]
NSP2 CERTIFICATIONS

(1) Affirmatively Furthering Fair Housing. The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for person in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

(2) Anti-lobbying. The non-profit organization will comply with the restrictions on lobbying required by 24 CFR 87, together with disclosure forms, if required by that part.

(3) Authority of Non-Profit Organization. The non-profit organization certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) Anti-displacement and relocation plan. The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) Section 3. The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) Citizen Participation. The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) Use of funds. The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) The non-profit organization further certifies:

a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(11) **Compliance with anti-discrimination laws.** The NSP2 grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(14) **Compliance with ARRA.** The jurisdiction will comply with Title XII of Division A of the American Recovery and Reinvestment Act of 2009.

(15) **Buy American provision.** The jurisdiction will ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.

(16) By submitting this application, the non-profit organization agrees to assist HUD to comply with 24 CFR part 50 and that the non-profit organization shall:

(a) Supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 50;
(b) Carry out mitigating measures required by HUD or select alternate eligible property; and
(c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property until HUD approval of the property is received.

**KNOXVILLE AREA URBAN LEAGUE**

[Signature/Authorized Official]

[Date: 7/7/09]

[Title]
NSP2 CERTIFICATIONS

(1) **Affirmatively Furthering Fair Housing.** The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for person in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

(2) **Anti-lobbying.** The non-profit organization will comply with the restrictions on lobbying required by 24 CFR 87, together with disclosure forms, if required by that part.

(3) **Authority of Non-Profit Organization.** The non-profit organization certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Anti-displacement and relocation plan.** The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) **Section 3.** The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) **Citizen Participation.** The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) **Use of funds.** The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) **The non-profit organization further certifies:**

a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(11) Compliance with anti-discrimination laws. The NSP2 grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) Compliance with lead-based paint procedures. The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) Compliance with laws. The jurisdiction will comply with applicable laws.

(14) Compliance with ARRA. The jurisdiction will comply with Title XII of Division A of the American Recovery and Reinvestment Act of 2009.

(15) Buy American provision. The jurisdiction will ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.

(16) By submitting this application, the non-profit organization agrees to assist HUD to comply with 24 CFR part 50 and that the non-profit organization shall:

(a) Supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 50;
(b) Carry out mitigating measures required by HUD or select alternate eligible property; and
(c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property until HUD approval of the property is received.

HELEN ROSS McNABB CENTER, INC.

[Signature]/[Authorized Official]

[Date]

[Director of Development]

Title
NSP2 CERTIFICATIONS

(1) **Affirmatively Furthering Fair Housing.** The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for person in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

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(3) **Authority of Non-Profit Organization.** The non-profit organization certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Anti-displacement and relocation plan.** The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) **Section 3.** The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) **Citizen Participation.** The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) **Use of funds.** The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) **The non-profit organization further certifies:**

   a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

   b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
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(11) **Compliance with anti-discrimination laws.** The NSP2 grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(14) **Compliance with ARRA.** The jurisdiction will comply with Title XII of Division A of the American Recovery and Reinvestment Act of 2009.

(15) **Buy American provision.** The jurisdiction will ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.

(16) By submitting this application, the non-profit organization agrees to assist HUD to comply with 24 CFR part 50 and that the non-profit organization shall:

   (a) Supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 50;

   (b) Carry out mitigating measures required by HUD or select alternate eligible property; and

   (c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property until HUD approval of the property is received.

NEIGHBORHOOD HOUSING, INC.

Signature/Authorized Official

[Signature]

Date 1/7/09

Title


NSP2 CERTIFICATIONS

(1) **Affirmatively Furthering Fair Housing.** The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for persons in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

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(4) **Anti-displacement and relocation plan.** The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) **Section 3.** The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) **Citizen Participation.** The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) **Use of funds.** The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

(8) **The non-profit organization further certifies:**

a. That all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed one hundred twenty percent (120%) of area median income; and

b. The non-profit organization will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public
improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(11) **Compliance with anti-discrimination laws.** The NSP2 grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(13) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(14) **Compliance with ARRA.** The jurisdiction will comply with Title XII of Division A of the American Recovery and Reinvestment Act of 2009.

(15) **Buy American provision.** The jurisdiction will ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.

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   (c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property until HUD approval of the property is received.

SOUTHEASTERN HOUSING FOUNDATION

Signature/Authorized Official

Date

Title
NSP2 CERTIFICATIONS

(1) Affirmatively Furthering Fair Housing. The non-profit organization will affirmatively further fair housing, which means that it will affirmatively market NSP2 assisted units and carry out NSP2 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for person in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

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(4) Anti-displacement and relocation plan. The non-profit organization will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for NSP2 program published by HUD; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under NSP2.

(5) Section 3. The non-profit organization will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(6) Citizen Participation. The non-profit organization certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(7) Use of funds. The non-profit organization certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending fifty percent (50%) of its grant funds within two (2) years, and spending one hundred percent (100%) within three (3) years, of receipt of the grant.

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(13) Compliance with laws. The jurisdiction will comply with applicable laws.

(14) Compliance with ARRA. The jurisdiction will comply with Title XII of Division A of the American Recovery and Reinvestment Act of 2009.

(15) Buy American provision. The jurisdiction will ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with NSP2 funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.

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(a) Supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 50;
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(c) Not acquire, rehabilitate, demolish, convert, lease, repair or construct property, nor commit or expend HUD or local funds for those program activities with respect to any eligible property until HUD approval of the property is received.

EAST TENNESSEE HOUSING DEVELOPMENT CORPORATION

[Signature]
Signature/Authorized Official

[Signature]
Executive Director

[Date]
Appendix 13
Code of Conduct
1.01 AUTHORITY

In accordance with the directives of the Mayor of the City of Knoxville (hereafter referred to as the "City"), the Knoxville City Charter, and applicable City ordinances, the following rules and regulations are established to guide administrative personnel actions and are in addition to the Civil Service Rules and Regulations. Any City ordinance, Executive Order, Civil Service Rule, or state/federal regulation which becomes effective after the date these Administrative Rules are implemented shall supersede the applicable rules contained herein. Personnel actions taken prior to the effective date of these Administrative Rules shall be governed by the rules that were in effect on the date that such actions were taken.

1.02 PURPOSE

These rules set forth the principles and procedures that are to be followed by the City in its personnel program to the end that the City and its employees may have assurance that all personnel will be dealt with on an equitable basis, and that the citizens of Knoxville may derive the benefits and advantages which can be expected to result from a competent staff of City employees.

1.03 AMENDMENT

These administrative rules may be revised or amended by the Civil Service Director with subsequent approval by the Mayor. Amendments to these rules may be initiated by the Civil Service Director or by others through a written request to the Civil Service Director.

1.04 ADMINISTRATION

These rules shall be administered by the Civil Service Director on behalf of the Mayor, and by all Directors and Department Heads. The Civil Service Department shall have the authority to make findings and issue opinions in relation to these regulations. These rules shall apply to all employees (including those employees not covered by civil service) except in cases where specific exceptions are provided by Charter, ordinance, or other rule or regulation promulgated by proper authority.

1.05 NON-DISCRIMINATION

The City of Knoxville prohibits discrimination in employment on the basis of race, color, sex, age, religion, national origin, and disability. The City will take all necessary steps to comply with existing federal and state fair employment laws.

1.06 HARASSMENT POLICY

The City is committed to providing a work environment that is free of discrimination. In keeping with this commitment, the City maintains a strict policy prohibiting sexual harassment or any other harassment based on a protected class such as race, color,
disability, national origin, age, sex, or religion. All forms of harassment are strictly prohibited.

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when this conduct explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile, or offensive work environment.

Sexual harassment can occur in a variety of circumstances, including but not limited to, the following:

- The victim as well as the harasser may be a woman or a man. The victim does not have to be of the opposite sex, but he/she must have been subjected to harassment because of the victim's sex.
- The harasser can be the victim's supervisor, an agent of the employer, a supervisor in another area, a co-worker, or a non-employee.
- The victim does not have to be the person harassed but could be anyone affected by the offensive conduct.
- Unlawful sexual harassment may occur without economic injury to or discharge of the victim.
- The harasser's conduct must be unwelcome.

Harassment based on a legally protected class, including race, age, religion, national origin, color, or disability may also constitute unlawful harassment and is strictly prohibited by the City. For example, derogatory or degrading remarks, jokes, objects or pictures, or negative commentaries about a person's sex, race, age, religion, national origin, color or disability are strictly prohibited.

Any employee who believes he or she has been the subject of harassment due to his or her sex, age, race, religion, national origin, color or disability should submit a written complaint of the alleged act immediately to the Civil Service Director. In the alternative, the written report may be made to the Senior Director of Law. If such a report is made by an employee to a supervisor, Director, or Senior Director, the party to whom the report has been made must notify the Civil Service Director or the Senior Director of Law as soon as possible. If deemed necessary by the Civil Service Director, the Civil Service Director or alternatively the Senior Director of Law or their representatives will work with Police Internal Affairs to make an investigation of the complaint immediately after the report is made. This investigation may include, but is not limited to, interviews of witnesses and examination of relevant documents. A summary report of facts will be submitted by the Civil Service Director or Senior Director of Law to the Mayor and the Department Head of the accused employee.

There will be no retaliation against an employee who brings a good faith complaint of unlawful harassment or against any employee who provides good faith testimony or
evidence during an investigation.

After the investigation of the complaint has been completed, and where the facts support the allegations made in the complaint, appropriate disciplinary action will be taken, up to and including termination. During any investigation, the City may also take any temporary action necessary to prevent further harassment until the investigation is completed and permanent action can be taken.

This policy shall be reviewed from time to time by the Senior Director of Law.

1.06.01 Offensive Materials Policy

No City employee while on duty and/or on City property shall be in possession of any kind of sexually explicit material, and no City employee shall access such material through the City’s Internet system. Any violation of this policy may result in immediate disciplinary action, up to and including termination.

The term “sexually explicit material” means any printed or written material, or any audio, film or video recording, or any pictorial representation or graphic depiction, produced in any medium, which depicts or describes nudity, including sexual organs or excretory activities, in a lascivious manner (i.e., a manner which is lewd and intended or designed to elicit a sexual response).

All departmental supervisors are responsible for monitoring their employees’ work areas to ensure that this policy is enforced. Any employee encountering such material should immediately report the location and details related to the incident to the Civil Service Department as soon as possible. This policy shall not apply to employees who are required to take possession of such material during the performance of their official job duties, such as confiscation or other similar justification.

1.06.02 Computer Use Policy

Computers and related items furnished by the City are City property, intended for use by employees for City business. Computers and related items include, but are not limited to, hardware, software (including e-mail and Internet software), computer files and documents. The City has the right, but not the duty, to monitor any and all of its computers and related items including, but not limited to: monitoring employees’ visits on the Internet, reviewing material downloaded or uploaded by employees, and reviewing e-mail sent and received by employees.

Waiver of Privacy

Employees have no expectation of privacy in e-mail messages, data accessed through the Internet, or any other data or information created or stored on City computers, nor does the use of passwords by employees create any privacy rights in this information. The City may access, monitor, or reproduce these messages and data, without the consent of employees, when it is deemed necessary in the sole
discretion of the City. All passwords must be provided to the Department Director or Information Systems upon request. The use of undisclosed passwords is prohibited.

**Prohibited Uses**

The sending, displaying, disseminating, or storing of inappropriate or sexually explicit material is prohibited, unless the employee can demonstrate a legitimate City interest in such conduct (such as police investigation of criminal activity). No City employee shall use City computers in a manner that is disruptive or offensive to others, or in violation of any provision of the City’s personnel policy. Other prohibited uses include, but are not limited to, any material containing ethnic slurs, racial comments, off-color jokes, or material that may be construed as sexual, racial or other harassment, or the showing of disrespect of others.

No software may be installed or downloaded on to City computers without the written permission of the Information Systems Director.

The e-mail system should not be used to solicit or to conduct personal business ventures.

**Compliance with Applicable Laws and Licenses**

Employees must comply with all software licenses, copyrights, and all other state and federal laws governing intellectual property and online activity. No City employee may duplicate such software without the written permission of the Information Systems Director.

**Violations; Disciplinary Action**

Employees who violate this policy shall be subject to legal and/or disciplinary action, up to and including termination of employment. Employees should notify their immediate supervisor or department director upon receiving any inappropriate or sexually explicit material or upon learning of violations of this policy.

**1.07 WORKPLACE VIOLENCE POLICY**

The City is committed to providing a safe workplace that is free from violence or threats of violence. “Violence” includes, but is not limited to, physical harm, shoving, pushing, harassing, intimidating, coercing, brandishing weapons, interfering with an individual’s legal rights of movement, and threatening or talking of engaging in violent activities. The City expressly forbids any acts or threats of violence by any current or former employee against other employees, citizens, or visitors in or around the workplace or elsewhere at any time.

All employees must submit a written report of any incidents of violent, threatening, harassing, or intimidating behavior to the Civil Service Department (or alternatively the Law Department). Any situation in which an employee witnesses actual violence
or reasonably believes that there is an imminent threat of violence should be reported directly to the Knoxville Police Department or to 911.

All reports of violence, threats, harassment, intimidation, and other disruptive behavior will be taken seriously and investigated by the Civil Service Department and the Knoxville Police Department. Individuals who commit and/or threaten violent acts will be dealt with appropriately up to and including termination of employment and/or criminal penalties. There will be no retaliation against an employee who brings a good faith complaint of workplace violence or against any employee who provides good faith testimony or evidence during an investigation.

1.08 ELIGIBILITY FOR EMPLOYMENT – IMMIGRATION REFORM AND CONTROL ACT OF 1986

The Immigration Reform and Control Act requires that the City verify the identity and employment eligibility of all new employees. All new City employees must complete all required forms and submit appropriate documentation either prior to or within three days of initial employment.

In accordance with Federal Law, the City shall not discriminate against any individual (other than an unauthorized alien) in hiring, discharging, promoting or other personnel actions because of that individual’s national origin or, in the case of a citizen or intending citizen, because of his/her citizenship status. However, State laws require that all Police Officers must be United States citizens.

1.09 EMPLOYEE CODE OF ETHICS

All City employees are required to maintain the highest ethical standards in the conduct of their official duties. In order to fulfill this requirement, the following points are made:

A. There shall be no activity which is in conflict with the interest of the City or employee’s official duties.

B. City employees cannot use their position with the City for private interest.

C. No employee shall directly or indirectly accept any gift, favor or service in any form under circumstances from which it could reasonably be inferred that the gift was intended to influence the employee, or reasonably be expected to influence the employee, in the performance of the employee’s official duty or was intended as a reward for any official act by the employee which benefits another party.

D. Personal characteristics such as honesty, courtesy, dependability, sobriety, industry, and use of sound judgment are requirements for all employees in all classes of work throughout City employment.

E. To the extent of conflict between this rule and the provisions of any ordinance enacted by City Council, the provisions of the ordinance control.
1.10 **POLITICAL ACTIVITY**

In accordance with Section 1012 of the Knoxville City Charter, no person in the service of the City or seeking admission thereto, shall be appointed, reduced, removed or in any way favored or discriminated against because of political opinions or affiliations. No employee in the classified or unclassified service shall in any way use an official position to (1) coerce, induce or persuade any person or group of persons to support, or (2) in any manner, assist any political organization or candidate for public office by virtue of or through the use of their official position. Any willful violation by an employee, classified or unclassified, of any of the above prohibitions shall be sufficient grounds for the discharge of such employee.

Also in accordance with Section 1012(B) of the Charter, any classified employee who wishes to accept or to seek nomination, election, or appointment to public office shall take an unpaid leave of absence from the service, which shall not be unreasonably withheld, upon indicating such intention by formal declaration and/or other evidence of candidacy. Upon such election or appointment the classified employee shall resign from the service of the City. Nothing in these rules, however, shall be construed to prevent any employee from becoming and/or continuing to be a member of a political organization, from attending any political meetings or from enjoying complete freedom from all interference in exercising their rights as citizens.

1.11 **AVAILABILITY OF ADMINISTRATIVE RULES**

These rules shall be made available to all employees. Any employee who desires to review the rules may request from his/her supervisor permission to review these rules, and the supervisor shall make a copy available for review. The rules may be accessed on the Civil Service Department link of the City intranet website. Copies may also be obtained from the Civil Service Department, Suite 569, City/County Building upon request.

1.12 **JOB TYPES**

For the purpose of these Administrative Rules, the following are definitions of the various types of employment in City government:

Regular - employed for an indefinite period as reflected in personnel records

Temporary - hired for a specific period as reflected by personnel records (No benefits are available to temporary employees)

Full-time - scheduled to work at least 35 hours weekly or 70 hours biweekly as reflected by personnel records

Part-time - scheduled to work between 25 and 34 hours per week (eligible for partial benefits if employed on a regular basis in accordance with the provisions of these Administrative Rules)
scheduled to work less than 25 hours per week (eligible, if employed on a regular basis, for pension benefits and holiday pay only).

1.13 **EMERGENCY POWERS OF THE MAYOR**

In accordance with Article 3, Section 303, Paragraph (m) of the Charter of the City of Knoxville, in case of a public crisis, such as conflagration, riots, storms, earthquakes, or other unusual perils to the lives, liberty and property of the citizens of Knoxville, it shall be the right and duty of the Mayor of Knoxville to summon all the forces and different departments of the City for the purpose of protecting the lives, liberty and property of the citizens; and it shall be the right and duty of the Mayor to summon, deputize or otherwise employ such other persons as the Mayor may deem necessary outside of the regular forces of the City for the purpose of rendering the necessary protection to the citizens and to the City of Knoxville.