

Part Five: Annual Action Plan – Program Year 2005

I. Sources of Funds

A. Resources the City of Knoxville expects to receive to address priority needs and objectives identified in the strategic plan:

Grant Program	Source of Funds	Amount
Community Development Block Grant (CDBG)	Annual Entitlement	\$2,137,870
	Carryover from prior years	\$1,618,943
	Projected Program Income	\$165,000
	Total CDBG	\$3,921,813
HOME	Annual Entitlement	\$1,451,347
	Carryover from prior years	\$1,674,600
	Projected Program Income	\$280,000
	Total HOME	\$3,405,947
Emergency Shelter Grant (ESG)	Annual Entitlement	\$82,734
Empowerment Zone	FY 2005 Allocation	\$666,000
Fair Housing Grant	Projected Grant Amount	\$100,000
Total Resources		\$8,176,494

B. Carryover/Reprogrammed Amounts

The City is rebudgeting prior year funds that will not be committed as of the end of the 2004 program as follows:

PY 2004 Project	CDBG Projected Carryover	PY 2005 Project
Program Administration	\$15,000	Rebudgeted
Housing Admin	\$100,000	Rebudgeted
Vestal Public Improvements	\$41,728	Reprogrammed in sidewalks
Rental rehab Program	\$200,000	Rebudgeted in Rental Rehab
Blighted Corridor	\$549,673	\$349,773 rebudgeted in Blighted Corridor (Façade Improvement Program); \$200,000 rebudgeted for Fifth Avenue motel acquisition
Property Acquisition	\$500,000	\$460,000 rebudgeted for Property Acquisition, \$40,000 for Fifth Ave. Motel
HOPE 3	\$25,000	Rebudgeted in Owner-occupied Rehab
Neighborhood Improvement Projects	\$187,542	Rebudgeted as Lonsdale Improvements
	\$1,618,943.00	

C. Grant Program Descriptions

1. COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) - The City receives an entitlement grant from HUD under the CDBG Program. The goals of the CDBG Program are decent housing, a suitable living environment and expanded economic opportunities. CDBG funds may be used for a variety of activities such as housing rehabilitation, the improvement of public facilities and infrastructure, economic development, public services, and program administration. Almost all the funding must benefit low-moderate income persons or neighborhoods.

2. HOME - HOME is a federal program through the U.S. Department of Housing and Urban Development (HUD). Eligible activities include acquisition, new construction, rehabilitation, demolition, rental assistance, and related costs such as relocation and financing. At least 15% of the funds must be reserved for housing to be developed, sponsored, or owned by community housing development organizations (CHDOs), including project-specific technical assistance, site control, or seed money loans.

- **Entitlement Portion** - The City is a participating jurisdiction under the HOME program. HOME funds will be used to implement the strategy for low income renters and existing homeowners. They may also be used to provide housing for special needs populations. Funds are used for rehabilitation financing of owner-occupied and rental housing and some replacement housing. HOME funds also provide up to 10% of the grant for administration and up to 5% of the grant for CHDO operating expenses.
- **CHDO set-aside** - The City sets aside 15% of its HOME grant for CHDO's. In addition to all eligible HOME activities, CHDO's can apply for project-specific technical assistance and site control loans, project-specific seed money loans, and operating grants. Up to 5% of the HOME allocation may be used for CHDO operating. CHDO's must maintain at least one-third of their governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. Also, the CHDO must provide a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing. CHDO set aside funds will be used to carry out strategies for low-income renters, including projects to move tenants from rental to homeownership.

- **American Dream Downpayment Initiative (ADDI)** – *ADDI* is a separate formula grant under the HOME Program for the purpose of making downpayment assistance to low-income families who are first-time homebuyers. The funds may be used for the purchase of single-family housing that will serve as the family's principal residence.

3. EMERGENCY SHELTER GRANTS (ESG) PROGRAM - ESG provides grants to improve the quality of existing emergency shelters, to provide supportive services, and to prevent homelessness. The City receives an entitlement grant under this program. The City then awards funds to subgrantees through a request for proposal process. Funds will be used for rehabilitation, essential services, operating costs, and homeless prevention activities as part of the implementation of the Continuum of Care Plan for the Homeless. Nonprofits may also apply for ESG Program funds from the State.

4. EMPOWERMENT ZONE (EZ) PROGRAM - The EZ will provide a variety of benefits over the ten-year designation period to the 16-square mile geographic area of Knoxville's Empowerment Zone. The goal of the program is to spur economic opportunity and sustainable community development. Any projects receiving funding from the EZ must be consistent with and contribute to achieving the goals set forth in the Empowerment Zone Strategic Plan. The Empowerment Zone is also the Neighborhood Revitalization Strategy Area for the Consolidated Plan. Originally, up to \$100 million in HUD and HHS SSBG funds (subject to Congressional budget action) was expected to be available for projects to implement the EZ Strategic Plan. To date, \$25.9 million of HUD funding per EZ has been appropriated and will be used for economic development programs and projects identified in the Strategic Plan, with an additional \$666,000 expected for the coming program year. Up to \$130 million in tax exempt bond funding is available for qualifying projects. Other tax incentives (such as Brownfields Tax Credits, Academy Bonds, Increased Section 179 Deduction, Work Opportunity Tax Credits, etc.) are available to assist qualifying entities. As part of meeting its revitalization and housing objectives, the City will be the EZ implementer for a new program to provide financing for the redevelopment of Blighted Property.

5. Fair Housing Assistance Program

The city's fair housing ordinance is substantially equivalent to the federal fair housing act. As such, HUD provides the city with fair housing assistance program funds to dual-file housing discrimination complaints and to carry out related services and activities. Through the FHAP grant, the city investigates fair housing cases, submits reports to HUD, implements fair housing education and outreach programs in the community with citizen groups and housing practitioners, coordinates the testing program, plans trainings and conferences, and also attend seminars sponsored by HUD.

D. Additional Resources

1. Sales Proceeds and Program Income - In addition to the grants the City is expecting to receive, additional program resources that will be used to meet program objectives include sales proceeds and program income from closed out grants including the HOPE 3 for Homeownership Program, the State of Tennessee House Program, and the State of Tennessee Bicentennial Grant Program. These resources will assist with meeting the objectives for low-moderate income housing. In addition, the City general fund pays part of the cost of administering the Community Development Division. The State HOUSE resources and HOPE 3 sales proceeds received after grant close-out are also available to use as required match for the HOME Program.

2. Lead Elimination Action Program – Middle Tennessee State University is a grantee under the HUD LEAP Program. Under a Memorandum of Agreement with the City, they will fund the cost of lead hazard reduction for qualified housing units, generally when there is a child under six residing in the unit.

3. HUD's Property Disposition Program – The City is approved to buy homes at a discount through HUD's Property Disposition Program. The houses acquired are used for low-moderate income homeownership through the HOPE 3 Program.

4. Affordable Housing Trust Fund - This fund is intended to support the production, preservation, and rehabilitation of housing for low-income households and to create and preserve appropriate homeownership opportunities for those households. A wide variety of activities are eligible. A Demonstration Fund to show the feasibility of this program was established by contributions of \$1,400,000 from Knoxville's Community Development Corporation and \$200,000 from the City of Knoxville. A permanent Affordable Housing Trust Fund was established by the City of Knoxville in 1997. The City has made annual contributions to the fund each year since the permanent fund's establishment. Applicants to the fund may be for-profit or nonprofit entities. Developers must show evidence of neighborhood or community participation in planning the project and support of the application. Proposals are requested by the East Tennessee Foundation, the Fund Administrator. Funding decisions are made by the Advisory Board of the Fund, subject to final authorization by the Board of Directors of the East Tennessee Foundation. These funds are available to support homeownership related strategies.

5. ESG Match

Each ESG subrecipient is required to provide a 50% match.

E. Resources to Carry Out Continuum of Care Strategy

CONTINUUM OF CARE HOMELESS ASSISTANCE – In addition to receiving and administering CDBG funds, the City coordinates and participates in the annual

process for Continuum of Care funding. This application process covers three programs for assisting the homeless: Supportive Housing, Shelter Plus Care and Moderate Rehab for SRO Housing. Grants are made through a national competition. Submission dates are established by a Notice of Funding Availability (NOFA). Knoxville submits a consolidated application which includes a single Continuum of Care and the applications from the local nonprofit homeless service providers. This is a primary source of funding for implementing the Continuum of Care for the Homeless strategy. Interested applicants should contact the Community Development Division or the Knoxville Coalition for the Homeless.

F. Leveraging of Other Resources

1. Housing Programs – The City’s Housing Programs encourage leveraging of private resources through:

- a) the COMBO Housing Rehabilitation Program that is utilized when the borrower is bankable. A City loaned is combined with private financing for the rehabilitation work
- b) the Rental Rehabilitation Program – the City provides “gap” financing. The Borrower is expected to borrow an amount that is feasible from a private lender.
- c) Homeownership Programs – the City’s financing is generally a second forgivable mortgage, while the Borrower obtains a first mortgage loan from a private lender.

2. The Façade Improvement Program – This program requires the property owner to match the Community Development Financing.

3. The Homemakers Program – This program leverages the cost of development. The City acquires the lot, which may be sold at a discount. In most cases, the total development cost comes from private resources.

4. Empowerment Zone and other Improvements – Many large improvement projects include a variety of resources, including City General funds, county funds and private funds.

G. Federal Grant Applications not Covered by Consolidated Plan

1. Consistency with Consolidated Plan

For most federal programs, applications for funding must be consistent with the Consolidated Plan. In general, applications that meet a housing need for a population identified in Table 2A as high or medium priority will be considered consistent with this Consolidated Plan, as will applications to meet non-housing needs identified in Table 2B as high or medium priority. For applications that meet a low priority need, the City will review the application on a case-by-case basis. Review of requests for a certification of consistency with the Consolidated

Plan for any project or program will be carried out by the City of Knoxville Community Development Division and, if Community Development staff finds the application consistent with the Consolidated Plan, forwarded to the Mayor or the Senior Director of Community and Neighborhood Services for signature. Any organization seeking a certification of consistency with the Consolidated Plan should submit the required form along with a summary of the application to the City's Community Development Division, preferably at least two weeks prior to the application deadline.

2. Consistency with EZ Strategy - A number of federal programs will give some amount of priority to Empowerment Zones. In order to claim these preference points, the applicants will have to demonstrate that their project advances the goals contained in Knoxville's Empowerment Zone Strategic Plan, serve the residents of Knoxville's Empowerment Zone, and meet whatever other requirements are set forth for the EZ preference. Review of any applications seeking EZ certifications will be completed by either City staff or staff from the Partnership for Neighborhood Improvement and will be signed by persons authorized to certify consistency with the EZ (e.g. the Chair and Vice Chair of PNI, the Executive Director of PNI, the Mayor, or others designated by PNI).

II. Statement of Specific Annual Objectives and Description of Projects

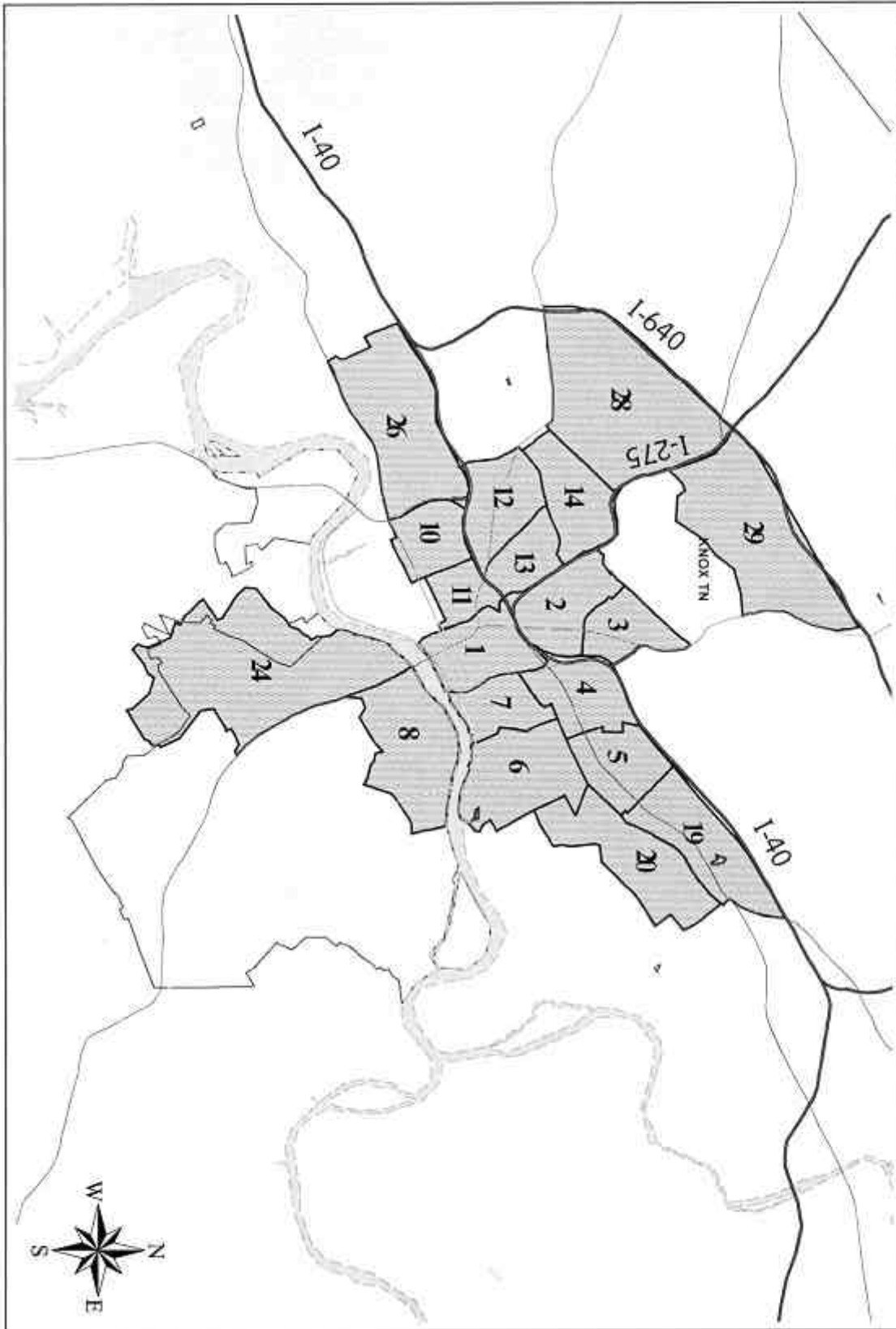
Summary Table AP-I below describes the projects to be carried out during the program year. Each activity is identified with 2 numbers, the specific objective number, and an annual plan number. The specific objective number links each activity with a specific objective identified in the Five Year Strategy in Table 2C. Funding for each activity is given by source and amount, along with proposed accomplishments. More detailed project tables as provided by the Consolidated Plan Tool are included in the Appendix.

III. Geographic Distribution

As described in the Five Year Plan, the City will focus Community Development efforts within the Empowerment Zone, which is also our Neighborhood Revitalization Strategy Area, during the program year. The population of the Empowerment Zone is 42.3% minority. Within the Empowerment Zone, priority will go to activities that support comprehensive improvements such as EZ programs and redevelopment areas. Within the Empowerment Zone, the EZ Strategic Plan called for a focus on comprehensive neighborhood revitalization efforts, beginning with the Bicentennial Neighborhood Initiative in Vestal and the College Homes/Passport Housing redevelopment in Mechanicsville. These areas received major focus during the 2000-2005 Consolidated Plan period. In addition, the Five Points Redevelopment Plan got underway with a major commercial development and infill housing that are still in progress. Redevelopment plans for the Lonsdale Community and Vestal commercial area are in the planning stages. The remainder of Knoxville's Empowerment Zone will receive the next level of priority for housing and other activities, while funding of activities outside the Empowerment Zone will receive a lower priority. Improvements planned for specific neighborhoods that are included in the action plan include:

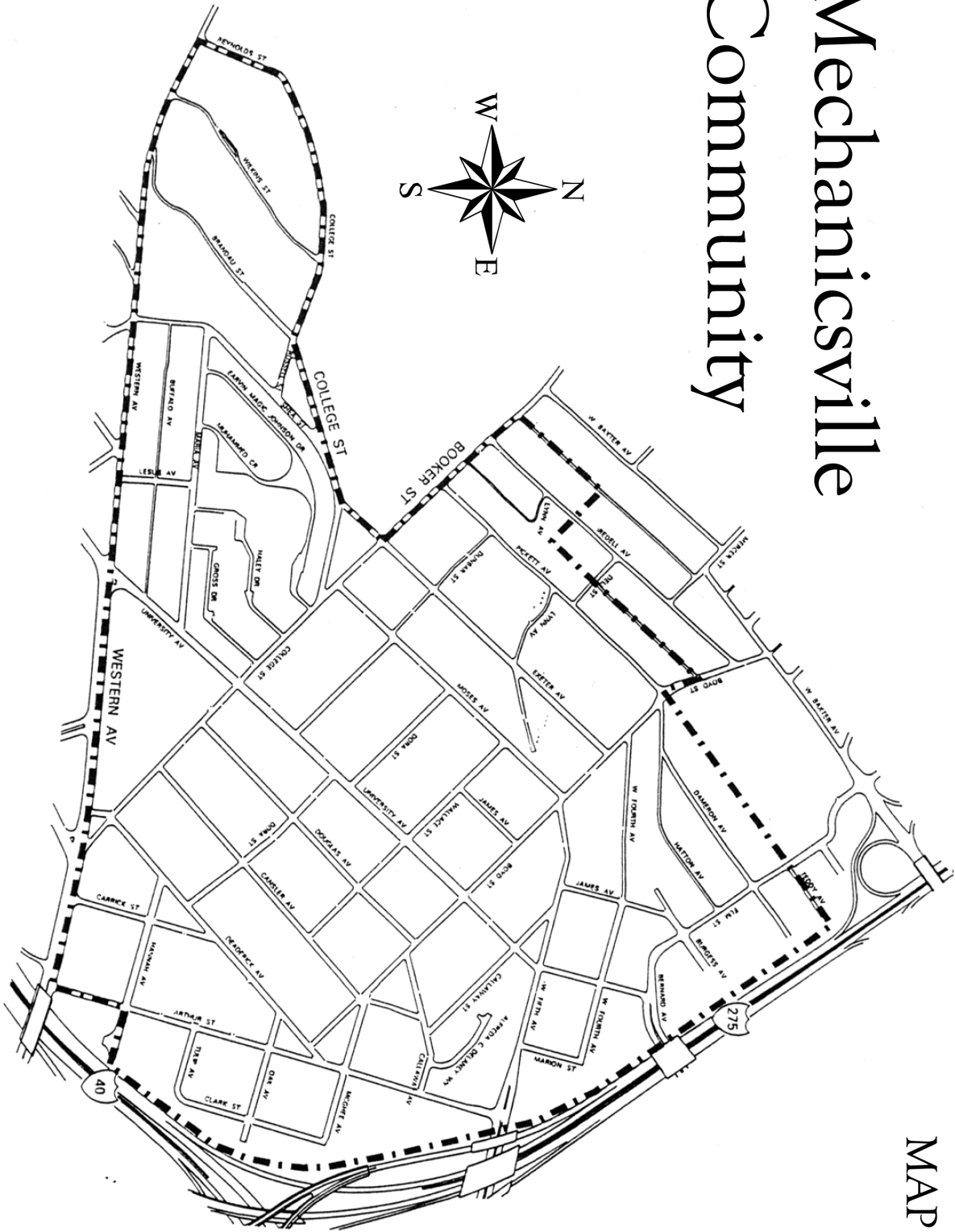
- Blighted Corridors is targeted to Five Points, Mechanicsville, and Jackson Avenue Redevelopment Areas
- Public improvements and land acquisition in support of the Lonsdale Redevelopment Plan
- Sidewalk improvements in the South Haven neighborhood in support of neighborhood improvement plans for that neighborhood

Knoxville Empowerment Zone by Census Tract



MAP 1

Mechanicsville Community

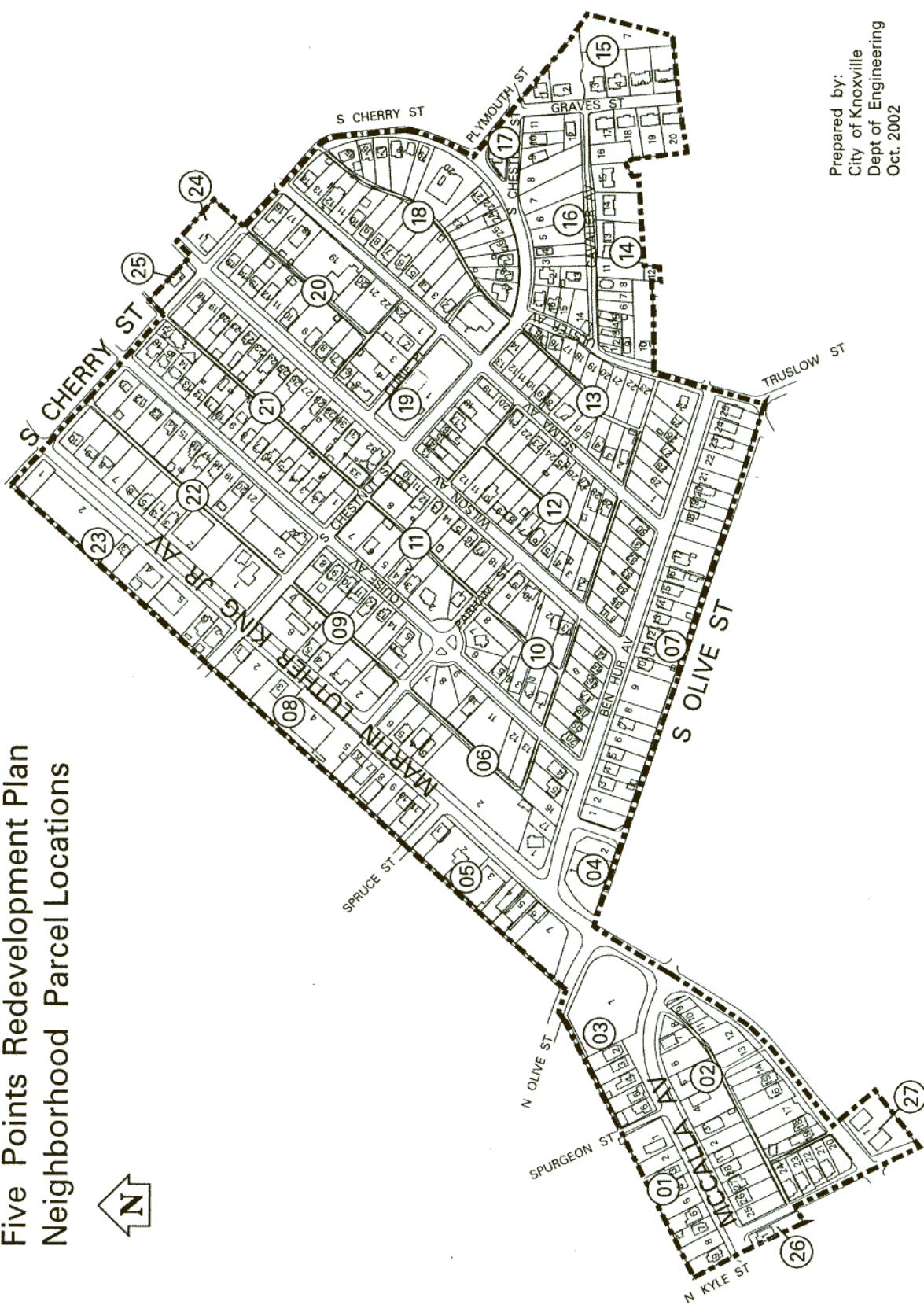


MAP 2

Vestal Community

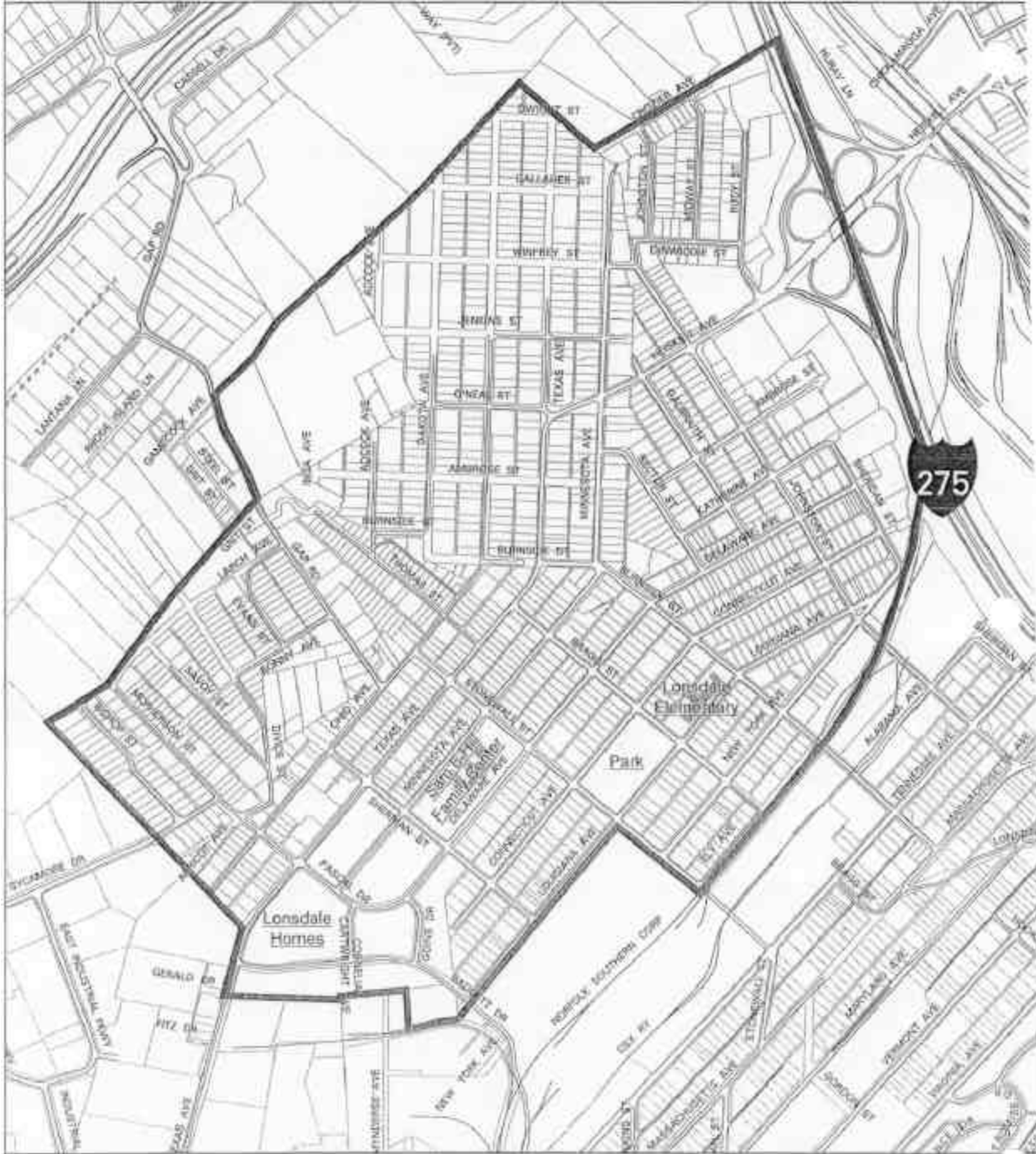


Five Points Redevelopment Plan
 Neighborhood Parcel Locations



Prepared by:
 City of Knoxville
 Dept of Engineering
 Oct. 2002

CITY OF KNOXVILLE - DEPARTMENT OF OPERATIONS - ENGINEERING DIVISION



Lonsdale

21-Feb-2005



IV. Actions to be Undertaken

A. Homelessness and other special needs activities – During the 2005-06 program year, the City of Knoxville will assist homeless and special needs individuals by pursuing the strategies described in the Five Year Plan including: participating in the East Tennessee Coalition for the Homeless; providing staff support and co-chairing the Strategy to End Chronic Homelessness, working with the Coalition in furthering the efforts of the discharge coordination committee, coordinating the application process for the Continuum of Care funding; providing funding support for agencies serving the homeless population through the Emergency Shelter Grant program; and making funding available for special needs housing through the Rental Rehabilitation Program and CDBG subrecipient process. This year CDBG funding will be used to help rehabilitate one of the PleasanTree Apartment Buildings. This Child and Family Tennessee housing provides permanent supportive housing for homeless mentally ill women and their children. CDBG funds will also fund a Knox Area Rescue Ministries program to provide job training for the homeless.

B. Other Actions to be Undertaken – The actions to be undertaken this year to assist the homeless, address obstacles to meeting underserved needs, foster and maintain decent affordable housing, remove barriers to affordable housing, evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, enhance coordination, and foster public housing improvements are described in this section.

1. Foster and Maintain Affordable Housing -

The City will foster and maintain affordable housing by: participating in the Knox Housing Partnership; carrying out the Owner-Occupied and Rental Rehabilitation Programs; providing first-time homebuyer opportunities through ADDI, FirstHome, and HOPE 3; acquiring blighted properties for reuse as affordable housing; funding the Minor Home Repair Program of the Knoxville-Knox County Community Action Committee and that of Neighborhood Housing Inc; providing operating funds for Knox Housing Partnership's FirstHome Program; providing project and operating funds for Community Housing Development Organizations; implementing portions of Knoxville's Empowerment Zone Strategic Plan as designated; and serving on working groups, task forces, and committees as needed to develop strategies, projects, and programs for the Empowerment Zone. In order to address barriers to affordable housing, the City will pursue the strategies outlined in the Five Year Plan. The City will also follow the strategies to reduce the risks of lead-based paint outlined in the Five Year Plan. The City will also continue to carry out a Fair Housing Assistance Program.

2. Lead-Based Paint Hazards

The City will continue to implement the HUD regulations for elimination of lead based paint hazards. Lead inspections and testing, risk assessments, safe work

practices and clearance have all been integrated into the housing rehabilitation program process. These actions will reduce the number of housing units in the City with lead-based paint hazards and increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families. The City will also coordinate with Middle Tennessee State University Lead Elimination Action Program (LEAP) and the State of Tennessee by referring eligible families for lead-hazard reduction assistance.

3. Anti-Poverty

The City will follow the Anti-Poverty Strategy described in the Five Year Plan. Specific projects included in this year's action plan that should reduce poverty include: Project #8, the Neighborhood Builders College; Project #25, Knox Area Rescue Ministries Abundant Life Kitchen; Project # 27, CAC's Homeward Bound Program; and Project # 29, YWCA Transitional Shelter case management.

4. Affirmatively Furthering Fair Housing

During PY2004, the City of Knoxville will undertake the following actions to affirmatively further fair housing:

- Carry out a Fair Housing Assistance Program to investigate and conciliate complaints of housing discrimination. Provide counseling and referrals as appropriate.
- Conduct educational activities in schools and at workshops, seminars, and conferences using the Fair Housing Training Video, brochures, fact sheets, and Fair Housing Activity Coloring Booklets.
- Update and distribute the new "Analysis of Fair Housing Impediments" and work with housing practitioners, advocacy groups, and citizens in strengthening equal housing opportunities.
- Make appropriate referrals to lending institutions and other financial agencies who seek to serve the housing needs of low and moderate income persons.
- Ensure visible placement of the equal opportunity housing logo on all relevant City publications.
- Publish a Fair Housing Assistance Program section in the Community Development Division's annual report.
- Provide staff support/attend regular meetings for the Equality Coalition for Housing Opportunity (ECHO, formerly the Community Housing Resource Board), the Council on Disability Issues, Disability Resource Center, Knoxville Coalition for the Homeless, Council of Involved Neighborhoods, Knoxville Tenants' Council, and Dr. Martin Luther King Jr. Commemoration

Commission. Provide these groups with information on the City's fair housing program.

- Disseminate information to the local news media on fair housing issues and activities.
- Coordinate the annual East Tennessee Fair Housing and Equal Opportunity Conference, and assist with area workshops on housing equality and housing accessibility.

5. Institutional Structure/Coordination

In order to develop institutional structure and to foster coordination, representatives from the City of Knoxville's Community Development Division will participate in many of the coordinating bodies described in the Institutional Structure section of the Consolidated Plan: the Partnership for Neighborhood Improvement; the Knox Housing Partnership; the East Tennessee Coalition for the Homeless; the Affordable Housing Trust Fund Advisory Board; the Community Investment Fund Advisory Board; the Equality Coalition for Housing Opportunity, and the Dr. Martin Luther King, Jr. Commemoration Commission. Staff members will serve on task forces of the Partnership for Neighborhood Improvement and other agencies as needed. The City of Knoxville will serve as grantee and fiscal agent for Empowerment Zone funding, acting in cooperation with the Partnership for Neighborhood Improvement as described in the EZ Strategic Plan.

6. Public Housing

KCDC's new Five Year Plan and Annual Plan are included in the appendix. The KCDC plan describes efforts to encourage public housing residents to become more involved in management and participate in homeownership. The City coordinates with KCDC to encourage participation in City homeownership programs.

V. Monitoring

The Community Development Division Director and Community Development Administrator oversee the planning and budgeting process to ensure that projects are developed consistent with grant requirements. This planning process also ensures that each funded project is consistent with the Consolidated Plan and makes progress toward identified community development objectives. The Community Development Administrator reviews expenditures and periodically request drawdowns against grants. These periodic reviews ensure that projects are being completed in a timely manner and that the expenditure deadlines for various grants are being met. A Community Development Project Manager monitors progress of projects and subrecipient contracts.

For housing activities, all applications for assistance are analyzed by Finance Specialists for compliance with program guidelines. 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. Each case is reviewed and approved by a second Senior Finance Specialist to ensure accuracy and compliance with financial standards. During the construction process, all activities are monitored by Rehabilitation Specialists for compliance with the terms of the construction contract and Neighborhood Housing Standards. Project Specialists conduct any required environmental reviews or Davis-Bacon labor monitoring.

For subrecipient contracts, the contract monitor drafts a scope of service consistent with regulations and with the Consolidated Plan. This draft is reviewed by the Project Manager to ensure compliance with applicable plans and regulations. The City Law Department prepares a contract consistent with applicable laws and regulations. Each contract, which is typically on a reimbursement base, is assigned to a contract monitor who reviews expenditures for eligibility and reasonableness and approves invoices for reimbursement. For invoices under the Empowerment Zone grant, two staff members must review an invoice prior to payment. Payments must be approved by the Community Development Division Director or Community Development Administrator. The contract monitor also oversees implementation of the funded project or program, to ensure that the work is carried out in accordance with the contract. Each subrecipient is typically monitored at least annually (except in the case of low risk subgrantees or projects) for compliance with administrative, financial, and internal controls guidelines; generally this financial/administrative monitoring is performed by the Contract Compliance Manager. Subrecipients with significant findings on such a monitoring will typically be monitored on a more frequent basis in the future. All subrecipients must provide periodic reports which describe the activities carried out and identifying the beneficiaries of the project. These reports help to ensure that minority outreach is occurring.

For projects carried out the by City directly, each project is assigned to a staff person who monitors the progress of the project and approves invoices for payment. Payments are also reviewed and approved by the Community Development Division Director or Community Development Administrator. If applicable, a Project Specialist carries out environmental reviews or Davis-Bacon monitoring.

The Human Relations Manager oversees the citizen participation process and strives to find ways to broaden public participation in the process. All project management staff participate in annual planning to develop updates to the Consolidated Plan. A variety of City staff participates in planning processes conducted by agencies with whom we work closely.

In terms of minority business outreach, the City of Knoxville in 1999 adopted an Equal Business Opportunity Program. The program is designed to nurture and expand small businesses inclusive of minority- and women-owned businesses. The intent was to develop practical policies that will foster business relationships between established businesses and minority, women, and small business owners. The program applies to all City agencies.

The Human Relations Manager also oversees our Fair Housing Assistance Program and works closely with the City Law Department to ensure that the program's operation is consistent with applicable laws and procedures.

VI. Program Specific Requirements

A. CDBG-Specific Requirements:

The amount of CDBG funding allocated under this action plan is \$3,921,813, which is the sum of the PY2005 grant (\$2,137,870) plus reprogrammed prior year funds (\$1,618,943) plus anticipated program income (\$165,000). No funding is expected from revolving loan funds or float-funded activities.

B. HOME-Specific Requirements

1. Matching Funds – Match funding for the HOME Program has been provided primarily from the State of Tennessee HOUSE Program and the THDA Local Match Program. Currently, the City has excess match that will more than cover the match requirement. Additional match may be provided with HOUSE program income and HOPE3 sales proceeds.

2. Guidelines For Resale For Homebuyers –To ensure affordability, the HOME regulations give the City the option of imposing either resale or recapture provisions. The City of Knoxville will use the option of recapture provisions. The City is not planning on carrying out any HOME funded homebuyer activities where there are not HOME funds to be recaptured. When HOME funds are used to develop homes for sale to homebuyers and/or assist homebuyers in acquiring homes, the housing will be subject to recapture provisions for a minimum period of ten (10) years where the per unit amount of HOME funds provided is \$15,000 to \$40,000; and five (5) years where the per unit amount of HOME funds provided is less than \$15,000; 15 years where the per unit amount of HOME funds is greater than \$40,000. The per unit amount of HOME funds and the affordability period that they trigger is based on the amount of HOME funds that enabled the homebuyer to buy the dwelling unit. The City proposes the following recapture provisions when HOME funds or any prior year HOME funds are used for homebuyer activities:

The City will recapture the HOME investment out of net proceeds as follows:

- The amount of HOME investment to be recaptured will be reduced on a prorata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.
- If the net proceeds are not sufficient to recapture the balance owed on the HOME investment as determined above plus enable the homeowner to recover the amount of the homeowner's downpayment and any capital improvement

investment made by the owner since the purchase, the City and the owner will share the net proceeds.

- The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds will be divided proportionally according to the following formulas:

$$\frac{\text{HOME Investment}}{\text{HOME Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME amount to be recaptured}$$

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

A Deferred Payment Loan will be used to finance the HOME assistance to the homebuyer. The HOME balance due will be reduced by an equal amount annually during the affordability period. The HOME amount will be totally forgiven if the homebuyer remains the owner and occupant for the full affordability period.

The recapture provision will be enforced through the homebuyers financing agreement with the City (the Deferred Payment Loan) which will be secured by a Deed of Trust.

The recaptured amount of HOME funds will be used for HOME eligible activities.

3. Tenant-Based Assistance - The City does not plan to use HOME funds for tenant-based assistance with this year's allocation of HOME funds.

4. Other Forms Of Investment - The City does not plan to use forms of investment other than those described in 24 CFR 92.205(b).

5. Affirmative Marketing – The City of Knoxville intends to meet the Affirmative Marketing Requirements for HOME-assisted housing containing 5 or more housing units through the following policies and procedures:

In accordance with the Regulations of the HOME Investment Partnerships Program and in furtherance of the City of Knoxville's (hereafter "City") commitment to nondiscrimination and equal opportunity in housing, the City has designed and established the following procedures for the HOME Program.

- a. The City will inform the public, owners, and potential tenants about Federal Fair Housing laws and the City's Affirmative Marketing Policy through:

- a) The City of Knoxville's Fair Housing Program. The City's Community Development Division will educate and inform the public of their Fair Housing Rights and Options under the City's Fair Housing Ordinance and any other applicable laws. The City also provides counseling and information to citizens regarding rights and remedies under the Fair Housing Law.
- b) The Equal Housing Opportunity logo, slogan, or statement will be used in all media announcements, requests for proposals, and informational and application materials.
- c) A summary of the policy will be included in informational materials for owners and the policies and procedures will be discussed.
- d) Potential tenants will be informed in general through the methods mentioned above.

b. In order to carry out the City's Affirmative Marketing Policy, property owners of buildings containing 5 or more units must for the required period of affordability:

- a) Use the Equal Housing Opportunity logo type or slogan in advertising vacant units.
- b) Advertise the vacancy in the Knoxville News Sentinel if more than four vacancies exist in a project and the owner does not have a sufficient waiting list to fill the vacancies, or list the property with KCDC's list of properties available for Rental Assistance Certificate holders.
- c) Owners must inform and solicit applications from persons not likely to apply for the housing without special outreach. This will be done by notifying the Knoxville Area Urban League (KAUL) immediately when it is known that a vacancy will occur and/or provide the unit as a referral for tenants on Knoxville's Community Development Corporation's (PHA) Existing Housing waiting list.

c. In order to describe the efforts taken by the City and owners to affirmatively market units, and for use in assessing the results of these affirmative marketing actions, the following records will be kept:

- a) Owners will keep data on:
 - . The racial, ethnic, and gender characteristics of:
 - Tenants occupying units before rehabilitation.
 - Tenants moving from and into units after rehabilitation.
 - Applicants for tenancy.
 - How the applicants heard about the housing opportunities.

Information regarding applicants for initial occupancy must be provided to the City within 120 days following completion of rehabilitation.

- Owners must also keep for the period of affordability copies of newspaper advertisements to fill vacancies and information on vacancies. The owner may submit copies of these advertisements directly to the City.

b) The City will keep records on:

- The racial, ethnic, and gender characteristics of owners of projects rehabilitated and applicants for HOME funds.
- Data indicating the race and ethnicity of households displaced as a result of program activities, and if available, the address and census tract of the housing unit to which each displaced household relocated.
- Copies of advertisements or meeting notices that the City places in the newspaper or relevant articles appearing in the paper.
- Samples of informational materials.

d. Effectiveness of the City's affirmative marketing efforts will be assessed as follows:

a) To determine if good faith efforts have been made, owners will be asked to provide information and documentation on the efforts they have taken regarding vacancies and affirmative marketing for the past year at the time of the annual review of rental activities. If the City finds that the required actions have been carried out, the City will assume that the owners have made good faith efforts to carry out these procedures.

b) To determine results, the City will assess property owner's affirmative marketing efforts in relation to whether or not both black and white persons and female-headed households have in fact applied for and/or become tenants in the rehabilitated units. If the City finds that they have, the City will assume that owners have carried out the affirmative marketing procedures effectively.

If both racial groups are not represented, the City will review the affirmative marketing procedures to determine what changes, if any, might be made to make the affirmative marketing efforts more effective in informing persons of all racial groups about rental opportunities.

e. The City will take corrective action if it finds that an owner has not made a good faith effort to carry out the affirmative marketing procedures or fails to maintain the required records on tenants and applicants for tenancy. If, after discussing with the owner ways to improve procedures, the owner continues to

fail to meet the affirmative marketing requirements, the City will disqualify the owner from future participation in the HOME Program.

The City will carry out its assessment activities and will complete a written assessment of affirmative marketing efforts in time to report the results in its annual performance report to HUD.

6. Minority And Women Business Outreach Program – The City of Knoxville intends to meet the requirements of 24 CFR 92.350 for establishing and overseeing a minority and women's business outreach program through the following policies and procedures.

The official city program to outreach minority and women's businesses is "The Equal Business Opportunity Program." The policy of the City of Knoxville ("the City") prohibits discrimination against any person in pursuit of business opportunities on the basis of race, color, national origin, religion, sex, age, disability or veteran status.

It is also the policy of the City to provide minorities, women, and small businesses equal opportunity for participating in all aspects of the City's contracting and procurement programs, including but not limited to construction, development projects, procurement, professional services and lease agreements.

The Equal Business Opportunity Program is basically an outreach program targeted to increase minority and female participation in government contracting, with contracting defined as all city business.

In addition to the City policy, the Community Development Division will carry out the following activities to ensure the inclusion, to the maximum extent possible, of minorities and women in all contracting activities entered into by the City to facilitate the provision of affordable housing under the National Affordable Housing Act or any other applicable federal housing law:

a. The Community Development Division maintains a bid registry which includes minority- and woman-owned business enterprises (M/WBE) participating in the housing rehabilitation program. Local agencies, such as the State of Tennessee Office of Minority Business Enterprise and Knoxville Area Urban League have been informed of the City's bid process and have been encouraged to refer minority firms to the City's rehabilitation programs. Property owners who do not act as their own contractor, or who have not selected a contractor on their own, obtain bids for the rehabilitation work from contractors on the bid solicitation list.

b. All general contractors are encouraged to utilize M/WBE when subcontracts are let and to take affirmative steps to do so. Provisions describing appropriate actions are made a part of each construction agreement. The Division continually

seeks to increase the total number of qualified M/WBEs on the bid solicitation list.

c. Community Development provides informational materials (e.g. fact sheets, program guides, brochures, etc.) about housing and development related contracting opportunities for M/WBEs. These materials will be sent to local trade, nonprofit, education (Pellissippi State) and small business organizations located in Knox County.

d. The City will place a notice in the Knoxville News-Sentinel describing the availability of contracting opportunities through the Housing Rehabilitation bid registry and stating the City's commitment to assure equal opportunity for contracting opportunities/ for M/WBEs. A copy will be sent to local trade, nonprofit and small business organizations.

e. Notices of announcements for HOME and other housing related activities will be sent to appropriate community, trade, and nonprofit organizations throughout Knox County when formal advertising is required.

f. The Community Development Division will participate in and/or conduct M/WBEs business opportunity-related meetings and seminars upon request.

g. Community Development will maintain records on the steps taken to implement outreach activities to minority-owned and female-owned businesses including data on racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with HOME funds; the amount of the contract or subcontract, and documentation of affirmative steps to assure that minority business and women's business enterprises have as equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services.

7. Refinancing – The City does not intend to use HOME funds to refinance existing debt secured by multi-family housing that is rehabilitated with HOME funds.

8. HOME ADDI-specific Requirements

a. Description of the planned use of ADDI funds – ADDI funds will be used for downpayment assistance for eligible first-time homebuyers. \$10,000 in ADDI assistance will be provided to buyers of homes in the Empowerment Zone. \$5,000 in assistance will be provided to buyers of homes elsewhere in the City. The City will ask local nonprofit organizations that provide homeownership counseling, training or other assistance to refer eligible homebuyers who need the assistance. Training is currently being provided by Knox Housing Partnership, Consumer Credit Counseling Service, Knoxville Area Urban League and UT Agricultural Extension Service.

b. Plan for Conducting Targeted Outreach – We will work with KCDC to identify and target public housing residents and other assisted tenants who could use the assistance. We will target assisted tenants particularly by coordinating with the Section 8 for Homeownership Program.

c. Actions to be taken to ensure suitability of families – All homebuyers receiving ADDI assistance will be required to successfully complete a homeownership education course.

d. Minority Homeownership – We have set a goal for at least 40% of new homebuyers to be minority households.

C. ESG-specific Requirements

1. Funding Process – A notice announcing the availability of Emergency Shelter Grant funds was sent to the Community Development Division’s mailing of agencies and individuals involved in serving the needs of the homeless in Knoxville. The letter indicated that the application would be available on Monday, February 7, 2005 at 8:00 A.M. and that funds were available for rehabilitation of emergency shelters, essential services for the homeless, operations and maintenance of shelter facilities, and homeless prevention. The deadline for application submission was Friday, March 4, 2005. Applications were also available on the City’s web site. The City of Knoxville chooses to provide 100% of the entitlement grant to service the homeless. No administrative fees are charged to the grant. Applications were evaluated and selected by a staff committee plus one member of the Community Development Advisory Committee. The Committee rated the applications by consensus, using the most current priority data from the Coalition for the Homeless and keeping in mind the 30% limit in the categories of essential services and homeless prevention.

2. Criteria - Selection of proposals was based on the extent to which the proposal supports the goals identified in the 2004 Knoxville/Knox County Continuum of Care for the Homeless; the capacity of the applicant’s organization to carry out a quality program/project within a one year contract period; and the availability of other resources and match needed to carry out the program/project.

3. Matching Funds – Match funding for the Emergency Shelter Grant Program is provided with a one-for-one match provided by each subgrantee. In order to comply with the requirement for matching the funds provided, nonprofit subrecipients are required to indicate in the application process the source of the match funds. The contract then specifies the source and amount of the match and makes this a requirement for reimbursement. The monitor, before paying an invoice, is required to confirm the match money.

VII. PROJECT LISTING

The tables on the following pages provide summary information on the projects that the City of Knoxville will be carrying out in PY2004 with its CDBG, HOME, and ESG funds. More detailed project tables as provided by the Consolidated Plan Tool are included in the Appendix.

TABLE AP-I SUMMARY OF PROJECTS 2005-2006

S.O.N.** A.P.N.***	Project Name	Location	Explanation	Funding	
				Source	Amount
P/A-1 (1)	Program Administration	City-County Bldg	Administration for the Community Development Division. Includes planning, reporting, grant management, financial management, loan portfolio management, subrecipient management, labor monitoring, and environmental reviews, as well as oversight of all Community Development programs. Also includes management of Knoxville's Empowerment Zone grant.	CDBG	\$243,419
				HOME	\$30,020
				EZ	\$18,544
				FR HSG	\$7,465
P/A-2 (2)	Human Relations Admin	City-County Bldg	Staffing and related expenses necessary to market grant funded programs, expand citizen participation, and provide fair housing services.	CDBG	\$80,982
				FR HSG	\$92,535
				EZ	\$11,501
P/A-1 (3)	Projects Administration	City-County Bldg	Staffing and overhead expenses necessary to establish redevelopment areas, improve housing, and expand business and job opportunities within the City of Knoxville.	CDBG	\$67,199
				EZ	\$87,000
H-7 (4)	Housing Programs Admin	City-County Bldg	Program delivery costs for the City's housing programs, including owner-occupied rehabilitation, rental rehabilitation, homeownership programs, administration of CHDO set aside program, and disposition of blighted properties through the Homemaker's program.	CDBG	\$409,681
				HOME	\$109,067
H-6 (5)	CAC Minor Home Repair Program	City Wide	Minor home repairs for income eligible homeowners and renters with a focus on very low-income elderly and disabled homeowners. All aspects of project fit a high priority housing need. CAC proposes to repair 120 housing units.	CDBG	\$205,000
H-3 (6)	Knox Housing Partnership FirstHome Training Program	City Wide	Homeownership and financial fitness training for low/mod City residents and first time homebuyers, which is a high priority need within the City. Proposed benefit to 43 households.	CDBG	\$21,575

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TABLE AP-I SUMMARY OF PROJECTS 2005-2006

S.O.N.**	Project Name	Location	Explanation	Funding Source	Funding Amount
A.P.N.***					
H-5 (7)	Property Acquisition	Primarily EZ and Redevelopment areas	Acquisition and disposition of blighted properties for use as decent, safe affordable housing, which is a high priority need. A proposed benefit to 15 housing units.	CDBG	\$460,000
PS-3 (8)	Center for Neighborhood Development Neighborhood Builders College	Low/mod Neighborhoods	Training residents in low income areas to become neighborhood and community leaders, which is a moderate priority need. CND proposes to serve 80 people.	CDBG	\$29,687
H-2 (9)	Rental Rehabilitation - Single Family	Priority to EZ	Rehabilitation of low income renter occupied housing within the City of Knoxville, which has been identified as a high priority need. Target of 10 units will be rehabbed.	CDBG HOME	\$200,000 \$300,000
H-3 (10)	First Home/American Dream Downpayment Initiative	City Wide with priority to EZ	Downpayment assistance for first time homebuyers, which is a high priority need. A proposed 10 households will benefit.	HOME	\$60,472
H-1 (11)	Owner-Occupied Rehabilitation	City Wide with priority to EZ	Low income owner occupied housing renovations, which is a high priority need within Knoxville. A proposed 45 households will benefit.	CDBG HOME	\$403,167 \$2,112,478
H-4 (12)	CHDO Projects	City Wide	HOME eligible projects performed by a locally designated CHDO. Project will likely meet a high priority Consolidated Plan need. A proposed 10 households will benefit.	HOME	\$724,366
H-4 (13)	CHDO Operating Costs		Operating expenses in support of CHDO sponsored activities, which will likely meet a high priority Consolidated Plan need. 1-3 CHDO's to be assisted with operating	HOME	\$69,544
H-6 (14)	Neighborhood Housing Inc. Minor Home Repair	City Wide with priority to EZ	Minor home improvements for income eligible households (primarily in the Empowerment Zone), which meets a high priority need. NHI proposes to serve 78 households.	CDBG	\$45,750
PF-1 (15)	East TN Community Design Ctr		Technical assistance to nonprofit organizations and neighborhood associations to assist them in carrying out neighborhood improvement activities. The project will support medium and high priority needs in the community, such as housing development, business development, and infrastructure improvements.	CDBG	\$55,000

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TABLE AP-I SUMMARY OF PROJECTS 2005-2006

S.O.N.** A.P.N.***	Project Name	Location	Explanation	Funding Source	Funding Amount
H-2 (16)	Child and Family-Pleasant Tree Apartments	2460 Fifth Avenue Knoxville, TN 37915	Renovations to a multi-family housing facility for homeless mentally ill women and their children, which is a high priority need. Child & Family proposes to improve 9 housing units.	CDBG	\$109,880
I-1 (17)	Blighted Corridor Redevelopment	Blighted Corridors/ Redevelopment Areas	Acquisition, facility improvements, or infrastructure projects that will promote neighborhood revitalization and economic opportunities. Specific project activities will meet a medium or high priority need as designated in the Consolidated Plan. Annual goal is to complete 5 facade improvements in the Five Points, Mechanicsville and/or Jackson Avenue Redevelopment Areas.	CDBG	\$349,673
H-2 (18)	Fifth Avenue Motel	447 North Broadway Knoxville, TN 37915	Acquisition and conversion of a blighted motel into a 26 unit mixed-income rental apartment facility (at least 14 of which will be low/moderate income). The project will both increase the City's supply of affordable rental housing as well as improve the appearance of a blighted property in Knoxville's Empowerment Zone.	CDBG	\$460,000
I-2 (19)	Sidewalk Improvements within Parental Responsibility Zones	EZ	Sidewalk and curb cut improvements adjacent to public schools, which is a high priority need.	CDBG	\$200,000
I-3 (20)	Lonsdale Improvements	Lonsdale neighborhood	Activities supporting revitalization and comprehensive redevelopment of the Lonsdale community, including property acquisition for commercial and/or housing construction, park improvements, and sidewalk/curb/gutter or other public improvements.	CDBG	\$200,000
I-2 (21)	Claude Walker Renovation	2945 Wilson Avenue Knoxville, TN 37914	Restroom renovation, parking lot expansion, walking trails, accessibility modifications, and connector sidewalks for the Claude Walker Ballfield. The ballfield/park is located adjacent to Austin-East High School and the E.V. Davidson Community Center within the Empowerment Zone.	CDBG	\$235,000
I-2 (22)	South Haven Sidewalks	1825 McClung Avenue Knoxville, TN 37920	Sidewalk improvements adjacent to Mary James Park in the South Haven Neighborhood, which has been identified as a high priority need.	CDBG	\$50,000

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TABLE AP-I SUMMARY OF PROJECTS 2005-2006

S.O.N.**	Project Name	Location	Explanation	Funding Source	Amount
A.P.N.***					
PF-1 (23)	Crutcher Memorial Youth Enrichment Center	223 Lakeside Street Knoxville, TN 37914	Parking lot, landscaping, and other facility improvements for the Crutcher Memorial Youth Enrichment Center, which provides after school programs for elementary and middle school children and is within the Empowerment Zone.	CDBG	\$10,000
PF-1 (24)	Joy of Music Youth Music School Renovation	1209 Euclid Avenue Knoxville, TN 37921	Security fencing, exterior lighting, and landscaping at the Joy of Music Youth Music School, which provides free music and voice lessons to area children. The project will improve both the appearance and security of the facility, which is a deteriorated building within the Empowerment Zone.	CDBG	\$45,000
PS-2 (25)	Knox Area Rescue Ministries Abundant Life Kitchen	418 North Broadway Knoxville, TN 37917	Knox Area Rescue Ministries in conjunction with Second Harvest Abundant Life Kitchen to provide staffing, equipment, supplies and overhead expenses to operate case management, life skills, and job training in food services for persons who are homeless, unemployed, or receiving public assistance. Clients' training will culminate in a food service certificate and job placement assistance. Proposed benefit: 30 people.	CDBG	\$30,000
PF-1 (26)	YWCA of Knoxville Facility Renovation	420 South Cruze Street Knoxville, TN 37915	Fencing and HVAC improvements at the Phyllis Wheatley Center Facility, which provides child care, youth services, senior citizen programming, and a variety of other services to the community.	CDBG	\$10,800
PS-1 (27)	Community Action Committee's Homeward Bound Program	2247 Western Avenue Knoxville, TN 37950	Use the City's ESG funds to provide essential services which include assistance in acquiring permanent housing with payment of first month's rent or utility deposits, bus tickets or gas vouchers for transportation to a job, tools, textbooks, uniforms, etc. CAC proposes to serve 350 people.	ESG	\$10,000
PS-1 (28)	Volunteer Ministry Day Center	306 West Jackson Avenue Knoxville, TN 37902	Provide ESG funds toward the operation and maintenance of the Day Center such as utility bills, phone bills, building maintenance, exterminator bills, etc. VM proposes to serve 3100 people.	ESG	\$50,000
PS-1 (29)	YWCA Transitional Shelter	420 West Clinch Avenue Knoxville, TN 37902	The following activities will receive funding under the City's ESG grant: \$1,150 to tile floors in residential rooms; \$7,500 in Essential Services for casework support; \$1,150 in Operations & Maintenance including staff support. Proposed benefit to 200 people.	ESG	\$9,800

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TABLE AP-I SUMMARY OF PROJECTS 2005-2006

S.O.N.**	Project Name	Location	Explanation	Funding Source	Amount
PS-1 (30)	Child and Family Withers Family Crisis Center	TN-Kent C 901 East Summit Hill Drive Knoxville, TN 37915	The following activities will receive funding under the City's ESG grant: \$3,500 in Essential Services to address the emotional needs of homeless women who enter the Crisis Center; \$6,000 in Operations and Maintenance of the facility including utilities, grocery and telephone expenses; \$3,434 to make parking area repairs to make a handicap accessible space. Proposed benefit to 325 people.	ESG	\$12,934
	EZ Projects	Empowerment Zone	Additional funds added to the Empowerment Zone Grant. These funds will be allocated to projects through the Partnership for Neighborhood Improvement priority setting and project selection process.	EZ	\$548,955
	Total				\$8,176,494.00

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