



U. S. Department of Housing and Urban Development

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

November 24, 2004

Honorable Bill Haslam
City of Knoxville
P.O. Box 1631
Knoxville, TN 37901

Dear Mayor Haslam:

SUBJECT: Consolidated End-of-Year Review - Program Year 2003
City of Knoxville

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 Knoxville and the City's Office of Community Development on the accomplishments toward implementing programs and policies, which carry out the strategies, as outlined in the 2000 Consolidated Plan. In this fourth year of the original five-year Plan, the City has utilized Consolidated Planning funds to implement many worthwhile programs and projects. The City, however, failed to meet the timeliness of expenditures requirement by .09 percent. Sixty days prior to the end of the City's 2003 program year, 1.59 program years of Community Development Block Grant (CDBG) funds remained in the grantee's line of credit which did not meet the 1.5 requirement of 24 CFR 570.902. During program year 2003, the City had several key projects cancelled and/or postponed which caused the slow drawdown rate to occur. The City has provided this Office with a plan to ensure this requirement is met in the future by identifying and prioritizing additional activities which will be referred to when other activities are cancelled or postponed. Noteworthy accomplishments during the 2003 program year include the following:

1. Low- and Moderate-Income (LMI) Benefit. The Consolidated Annual Performance and Evaluation Report (CAPER) indicated that 98 percent of the CDBG funds expended during the reporting period benefited LMI persons either through direct benefit activities or activities benefiting low/mod areas. The City has done an excellent job of targeting the entitlement funds toward low-income neighborhoods and in assisting LMI persons.
2. Assistance to the Homeless. During 2003, the City provided an array of programs and services to assist the homeless. A total of \$86,000 was made available through the Emergency Shelter Grants (ESG) Program. Under this program, the funds were distributed to five local nonprofit agencies that provided shelter, operating funds, essential services, and prevention services for more than 3,993 homeless individuals and families. During the year, four Supportive Housing Program grant awards were made to the Knoxville/Knox County Continuum of Care organizations in the amount of \$1,088,104.
3. Empowerment Zone (EZ) Achievement. The City continues to make progress in meeting its Strategic Plan goals. During the program year, funding was approved for the following new projects: 1) Center City Business Neighborhood Supermarket; 2) Five Points Grocery and Retail; and 3) Blighted/Problem Property Redevelopment/Renovation.
4. Rehabilitation Grant and Loan Program. Outstanding accomplishments were achieved within the City's Owner Occupied Rehabilitation Program. The City met the projected goal in the 2003 Annual Action Plan to rehabilitate 50 single-family homes.
5. Performance Measurement System. Notice CPD-03-09, Development of State and Local Performance Measurement Systems for Community Planning and Development (CPD) Formula Grant Programs, encouraged CPD formula grantees to develop and use a state or local performance measurement system. The Performance Measurement System will assist grantees in assessing productivity and program impact, and will also assist the Department in assessing the effectiveness of our Federal programs. In the self-evaluation component of the CAPER, grantees with performance measurement systems were asked to provide a description of their system. For those who do not have a performance measurement system, they were asked to provide, in the same component, a statement if they plan to develop a system and if it will meet the criteria as indicated in Appendix C of the Notice. The City of Knoxville reported that in preparation for the 2004-2005 budget, a citywide performance measurement system was introduced. As part of this process, the Community Development Division developed a mission statement, goals, objectives, and performance indicators. Performance indicators include targets for quantitative outputs, efficiency measures, service quality measures, and qualitative outcomes. Each performance indicator is linked to an objective. The Community Development Division sought public input on its preliminary goals at its public meeting on March 11, 2004. This Office thanks you for the submission of this information.

As the City of Knoxville implements its FY04 Consolidated Plan, please note that HUD has two program emphases that grantees need to take into account – the goal of expanding minority homeownership and the goal of ending chronic homelessness by 2012. In addition, other information and areas to consider include the following:

1. The Department has issued (July 29, 2004) new guidance on the Consolidated Plan for grantees in preparing their Plans for 2005-2010. Grantees applying for program funds under one or more of the formula programs should follow the guidance in this memorandum. Please note that this guidance includes the regulatory requirements under the American Dream Downpayment Initiative (ADDI). This, along with the guidelines, questions and answers, reference material and optional tools are available on the Consolidated Plan website. A periodic check should be made on this website for any updates and additional information.
2. As part of the President's Management Agenda, HUD has undertaken the Consolidated Plan Improvement Initiative to streamline and make the planning and submission process more results oriented. Through this initiative, HUD gathered models and recommendations from grantees that participated in pilots on ways to streamline and enhance the process and product. These are available for use by grantees in developing their FY 2005 Consolidated Plans. As a result of the above initiative, a new tool was developed that automates the Consolidated Plan/Action Plan process. The tool, called the Consolidated Plan Management Process (CPMP), is now available for your optional use. It is highly recommended that you use the CPMP tool and adapt the techniques developed in the pilots for use in your plan. This tool helps to automate the Consolidated Plan process through use of linked Excel and Word files. Further guidance on this initiative was included in the above July 29, 2004, memorandum.
3. Entering timely and correct performance data into Integrated Disbursement Information System (IDIS), especially the frequent entering of performance and expenditure data information, is crucial. HUD has recommended that this be done at least once quarterly; however, entering information on a continuous basis can ensure that information on your activities is readily available for review of program reports which document the need and effectiveness of our Consolidated Planning programs to the Congress and our citizens. We urge the diligent entering of IDIS data. This is especially important as HUD begins the process of making design improvements to IDIS. Changes will include improved streamlined data entry that will help eliminate errors and facilitate better report for CDBG, HOME, ESG, and HOPWA grantees. Therefore, prior to moving to a new system, it is imperative that all errors be corrected.
4. Technical Assistance Program. This Office has a Technical Assistance Program (TAP), which is available to assist grantees and their partners as they encounter problems and need assistance in implementing HOME, CHDO, and Continuum of Care activities or potential activities. If assistance is needed, please contact CPD at (865) 545-4391.
5. Minority Business Enterprise (MBE) and Section 3 Activities. Executive Orders 11432 and 11625 require all Federal agencies to promote MBE participation in their programs, including Women Owned businesses. Section 3 of the Housing and Urban Development Act of 1968 and implementing regulations at 24 CFR Part 135 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. The City is encouraged to expand its efforts in these areas and submit the MBE report (HUD Form -2516) on your Consolidated Plan Program funds. The next MBE report, "Contract and Subcontract Activity," will cover the period of October 1, 2004 - September 30, 2005. 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, 2005.

We commend the City of Knoxville on its achievements and successes in carrying out the Department's programs during 2003. The citizen participation appeared to be very successful as evidenced by the number and types of comments received. We also compliment the City for its continued success in focusing on assisting low-income families and neighborhoods with its CDBG funding.

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 receipt of your comments. To assist us in this regard, please share the report with: the media, those on your mailing list of interested persons, members of your advisory committee, 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 me at (865) 545-4384.

Very sincerely yours,



Mark Brezina
Field Office Director

cc: Mr Sam Anderson
Mr. Kevin DuBose