



TENNESSEE STATE CDBG PROGRAM 2022 APPLICATION NOTICES

Timeline

Applications are due on **April 22, 2022**. Applications must be complete as no additional required application material will be accepted after the deadline. However, the Tennessee Department of Economic and Community Development (TNECD) reserves the right to ask for additional information. Any additional information must be provided within 7 days of the request. Final project awards will not be made until all requested information is submitted to TNECD.

March 4, 2022: Final day for public meetings.

February 25, 2022: Last day to submit final change orders to TNECD.

March 11, 2022: Last day to submit final invoices to TNECD. Submit budget revisions earlier to allow for time to receive the updated invoice template.

March 18, 2022: Last day to submit closeouts to TNECD.

April 22, 2022: Last day to submit applications to TNECD, by 11:59 PM CST.

NOTE: All of the above deadlines must be met for the application to be eligible.

Eligible Applicants

Eligible applicants of the Community Development Block Grant (CDBG) are local municipal and county governments that are not Entitlement Communities receiving CDBG funds directly from the US Department of Housing and Urban Development (HUD). There are currently 17 Entitlement Communities in Tennessee: Bristol, Chattanooga, Clarksville, Cleveland, Davidson County and Nashville, Franklin, Hendersonville, Jackson, Johnson City, Kingsport, Knox County and Knoxville, Morristown, Murfreesboro, Oak Ridge, Shelby County and Memphis. In the event a portion of the beneficiaries of a proposed project are located within an entitlement jurisdiction, TNECD must be notified ASAP to determine eligibility. Applications submitted with beneficiaries located in entitlement jurisdictions without notification to TNECD prior to submission may be deemed ineligible.

Local governments that have an open regular round CDBG are not eligible. Only one application is allowed per eligible governmental unit.

A county may apply for any project within the county. City applicants must provide the services or have a majority of the beneficiaries. The purpose of this requirement is to ensure that the applicant bears a reasonable relationship to the service area. If your project deviates from either of the above scenarios, contact TNECD for a determination of eligibility.

Local resolutions for the submission of applications must be executed prior to the submission of the application. Applications submitted without executed resolutions will be deemed ineligible and will not be scored.

Eligible Activity Categories

All CDBG applicants must fall into one of the following categories of eligible activities:

- Housing Rehabilitation
- Sewer System Improvements
- Water System Improvements
- Community Infrastructure
- Community Revitalization
- Public Health and Safety

More detailed descriptions of each category of eligible activity will be provided in these notices.

** In previous years, new water and sewer line extensions have been eligible activities. For the 2022 application round, these activities are not eligible.*

Funding Amounts and Information

The maximum amount of funding that can be requested by an applicant is dependent upon the type of activity. Additionally, counties that are actively participating in the ThreeStar program, and municipalities within those counties, are eligible for an additional 5% of the maximum funding amounts.

- Housing Rehabilitation: \$500,000 (+\$25,000 ThreeStar Bonus)
- Sewer System Improvements: \$600,000 (+\$30,000 ThreeStar Bonus)
- Water System Improvements: \$600,000 (+\$30,000 ThreeStar Bonus)
- Community Infrastructure: \$600,000 (+\$30,000 ThreeStar Bonus)
- Community Revitalization:* \$600,000 (+\$30,000 ThreeStar Bonus)
- Public Health and Safety:* \$600,000 (+\$30,000 ThreeStar Bonus)

** Community Revitalization and Public Health and Safety activities that are for equipment only, such as an ambulance, fire truck, turnout gear, etc. are only eligible for \$400,000 (+\$20,000 ThreeStar Bonus)*

The maximum allowable percentage of grants funds that can be used for administration of the project is 6.5% of the total grant funds requested for all projects except Housing Rehabilitation. Housing Rehabilitation projects have a maximum grant administration amount of 10% of the total grant funds requested.

TNECD does not set aside funds for cost overruns. Estimate project cost carefully and use the project contingency line item. This is especially important for housing rehabilitation applications as a grantee is required to meet the contract requirements for the number of houses to be rehabilitated.

TNECD suggests that if you are resubmitting an application you contact our office to discuss possible improvements to that application before it is resubmitted.

Additional information including the presentation from the Application Workshop is on the TNECD website for the [CDBG Applications](#).

National Objective Documentation

Each application must meet one of the three following National Objectives:

1. Principally benefit persons of low and moderate income (at least 51%)
2. Elimination and prevention of slums and blight
3. Elimination of conditions detrimental to health, safety or public welfare (urgent need or imminent threat)

Low and Moderate Income (LMI)

The LMI income threshold figures for 2021 included in the application documents and on the TNECD website must be used to determine LMI percentage. Communities or beneficiary areas that do not meet the census LMI of 51% may use target area surveys to determine the LMI rate. Surveyors must make every attempt to get surveys signed and include a phone number on the survey. For phone surveys, the person conducting the survey should sign it. Surveyors should attempt to contact a residence multiple times before moving on to an alternate residence.

A survey response rate of 100% is required for line extension and housing projects. For multiple target area line extension projects, each individual target area must have a response rate of 100% and meet the 51% LMI income threshold. For multiple target area water or sewer system or community livability projects, each target area must meet the 51% LMI income threshold. Direct beneficiary applications must acquire new surveys each year / each application round to reflect the most current resident data.

The response rates shown in the application are to be used for indirect beneficiary projects that require a survey. Indirect beneficiary applications (water system, sewer system, and community livability) may use surveys conducted by March 2018 and newer (March 2017 and newer if most recent ACS population estimates vary less than 10% from HUD population estimates). Surveys may not be from more than 2 survey periods to reduce the occurrence of partial surveys.

An application with multiple target areas is used when the beneficiaries are in non-contiguous areas. Multi-jurisdiction applications occur when the beneficiaries are covered by different governmental entities, even if within the same target area. An application can have multiple target areas and be multi-jurisdictional or can be one or the other. Please contact TNECD with any questions about how to determine if an application has multiple target areas or is a multi-jurisdictional application.

The Target Area Survey should be used to calculate target area per capita income for the community need score unless census numbers are used. The jurisdiction calculation workbook to be included with application submission will assist in determining the per capita income.

Slum and Blight

To submit a project under the national objective of the elimination of slums/blight on an area basis, an activity must meet all of the following criteria:

The area must meet the definition of slum/blighted area under state or local law AND must meet one of the following requirements:

1. At least 25% of properties in the area experience one or more of the following conditions:
 - Physical deterioration of buildings or improvements;
 - Abandonment of properties;
 - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial/industrial buildings;
 - Significant declines in property values or abnormally low property values relative to other areas in community; or
 - Known or suspected environmental contamination
2. At least two public improvements (streets, sidewalks, water, sewer, etc.) in the area are in a general state of deterioration.

Documentation must be maintained by the grantee on the boundaries of the area and the condition which qualified the area at the time of its designation;

The activity must address one or more of the conditions contributing to the deterioration of the area.

If submitting a project under slums/blight, consult with TNECD to ensure the application will qualify for the national objective.

Imminent Threat/Urgent Need

Applications for urgent need projects may be submitted at any time. The regular round threshold requirements will not count against the submittal of an application. The information will be reviewed and a written determination will be made whether or not it meets the urgent need national objective and will be funded.

Before submitting an application under the Imminent Threat/Urgent Need National Objective, consult with TNECD to ensure the eligibility of the proposed project.

Urgent need problems must be unique, unforeseen, and have developed to a critical stage in the last 18 months. Continuation of the problem must represent a serious threat of loss of life. Deferred maintenance is not an acceptable reason for submitting an imminent threat application, and documentation may be required to show that the need is not due to deferred maintenance.

To submit a project under the national objective of urgent need (or imminent threat), the following information must be provided:

- Nature of problem/documentation;
- How long problem has existed;
- Explanation of why this problem is now so critical;
- Any previous measures undertaken to correct problem;
- Alternatives;
- Projected date that problem must be corrected;
- Why local and other funds are not available to correct the problem.

Public Meeting

Local governments are required to hold a public meeting before submitting an application. The meeting must be advertised at least twice in the local newspaper. The advertisement should run in the Public Notices or Legal section, and it should be distinguishable from other advertisements; a display ad is recommended.

The first advertisement must be at least 14 full days prior to the date of the meeting. The second ad can be between 14 days and the date of the meeting. The advertisement must contain a statement of nondiscrimination and the name of a contact person for special accommodation required for persons with disabilities. All meeting places must be accessible to persons with disabilities.

To ensure compliance with Title VI of the Civil Rights Act of 1964, applicants must make an additional effort to secure minority participation in this process. Applicants are encouraged to advertise the meeting at libraries, public buildings, grocery stores and/or other places that people may gather as well as through the internet and social media. A summary of those efforts and a sign-in sheet indicating the self-reported race of everyone attending the meeting as evidence of the response to the notice must be included in the application.

The meeting is designed to solicit information about community needs and how CDBG funds can best address those needs. At minimum, applicants are required to present the following information

- eligible CDBG activities,
- the amount of grant funding available, and
- the types of projects being considered.

The public must be allowed to offer comment on any proposed uses of CDBG funds and offer suggestions/proposal for the use CDBG funds based on needs of the community.

A new public meeting is required for every application round of CDBG, even if the application is a resubmittal from a previous year.

Ability-To-Pay

Ability-to-pay has been updated for the 2022 application round. Each city and county has a corresponding match rate representing its ability-to-pay. The ability-to-pay index has been developed with data such as population change, median household income, poverty rate, food stamp dependence, unemployment rate, bond rating, and debt. Grant match rates range from 10% to 30% percent for community development projects.

For county applications where the majority of the beneficiaries are located in the county, use the county ATP rate.

For county applications where the majority of the beneficiaries are located in an incorporated area, use the city ATP rate.

For city applications, use the city rate.

Counties that are actively participating in the ThreeStar program, and municipalities within those counties are eligible to decrease their match percentage by 4%.

Housing Rehabilitation applications are 100% grant and do not require a match.

Housing Rehabilitation Projects

A 100% income survey of all homes proposed for improvement is required. CDBG may only be used for the rehabilitation or reconstruction of low and moderate income owner-occupied single-family homes.

New income surveys must be completed each application round, even if the application is a resubmittal from a prior year.

All activities for applications in the Housing Rehabilitation category must be directly related to housing.

Water System Projects

Water system applications will be limited to systems with 2,500 residential connections or fewer. Project Impact scores will still be based on beneficiary population.

Applicants considering submission of an application for water system improvement must clearly define the problem with the system and ensure the existing facility inventory portion of the application is accurate. This information will help TNECD and TDEC evaluate the current system for problems.

Water project applications can be submitted under the following categories:

- Water Loss
- Source Capacity
- Storage Capacity
- Treatment Plant Capacity
- Pressure
- Quality & Operations
- Aging Equipment

Applicants may choose more than one category for its need to be scored. Points will be awarded based on the category that receives the highest score. To receive points for a category, that category must make up a substantial part of the proposed project. A minimum of 30% of the cost of the project must address a category to receive points.

Applications addressing water loss are not eligible to be scored under Quality and Operations.

For water distribution projects documenting inadequate pressure, project need will be evaluated in terms of the percentage of residential hookups with measured pressures below 20 PSI. All pressure readings must be taken by an engineer or qualified person (as defined previously). The readings must be made at residential meters and recorded as static readings. The tests must be

random within the target area or system. A letter from the person conducting the pressure readings must include:

- a. Address, date, and time of each pressure reading
- b. Statement that pressure readings were taken under normal system operating conditions
- c. Signature, title, and if certified, the certification status (including license number) of person conducting the pressure readings

Sewer System Projects

Sewer system applications will be limited to systems with 2,500 residential connections or fewer. Project Impact scores will still be based on beneficiary population.

New Systems

A city/county that has never had sewer collection and/or sewer treatment in their community must have a conversation with TDEC prior to application submission. The application must also provide the following information:

- A Target Area Income Survey for each house being connected to the collection system,
- Proposed Sewer Use Ordinance (SUO) and a statement from mayor/county executive that the ordinance will be enforced,
- Explanation of how monthly sewer fees will be billed, collected and enforced,
- Signed agreements from all parties providing sewer collection, sewer treatment, maintenance of lines and plant, and applicable detailed.

Project Need Scoring

Sewer system applications will now be scored like water system applications. Applicants must complete the Sewer System Application Additional Information document to submit as part of the application. Applicants must clearly define and demonstrate the severity of their need(s).

Applicants who are submitting applications that will require a change to the NPDES permit must have a Preliminary Project Discussion with TDEC prior to submission of the application.

Sewer project applications can be submitted under the following categories:

- Treatment Plant Capacity
- Infiltration/Inflow
- Lift Station Capacity
- Quality and Operations
- Aging Equipment
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Applicants may choose more than one category for its need to be scored. Points will be awarded based on the category that receives the highest score. To receive points for a category, that category must make up a substantial part of the proposed project. A minimum of 30% of the cost of the project must address a category to receive points.

Applications addressing Infiltration/Inflow are not eligible to be scored under Quality and Operations.

Community Infrastructure Projects

The Community Infrastructure is a new category for the 2022 application round. Eligible projects include local road improvements, sidewalk improvements, drainage improvements, and flood control.

The number of beneficiaries served by the proposed project will be determined by the direct target area. The direct target area may look different depending on where the proposed project will take place and how the community is impacted. For instance, if a proposed road improvement project takes place in the downtown area of a community where most of the services and community assets are located, then the entire community will benefit. If a proposed road improvement project takes place in a neighborhood that predominately will only benefit the residents of that neighborhood, then the neighborhood residents should be counted as the beneficiaries.

Detailed and concise narratives with quality backup documentation are required to adequately express the seriousness of the problem impacts the community and how the proposed project will fix or alleviate it. Providing minimal documentation, general statements, and not fully exploring alternatives will result in lower scores.

Community Revitalization Projects

The Community Revitalization is another new category for the 2022 application round. Eligible projects include public community assets (community centers, libraries, etc), parks and recreation, and other quality of life improvements.

Like Community Infrastructure projects, the number of beneficiaries served by the proposed Community Revitalization project will be determined by the direct target area. The direct target area may look different depending on where the proposed project will take place and how the community is impacted.

Detailed and concise narratives with quality backup documentation are required to adequately express the seriousness of the problem impacts the community and how the proposed project will fix or alleviate it. Providing minimal documentation, general statements, and not fully exploring alternatives will result in lower scores.

Projects in this category should be able to exhibit co-benefits that will result from a project. Some examples include parks that improve flood control or improve ADA access, library improvements that address areas of poor childhood literacy, etc.

Public Health and Safety Projects

This category is mostly a renaming of the Community Livability category from previous application rounds. Eligible projects include fire trucks, ambulance, emergency operations improvements, emergency communications improvements, fire stations, and other projects that primarily address the public health and safety of the community.

The Public Health and Safety category will be split into a large service population pool and a small service population pool. The threshold will be defined as service population/beneficiaries above 5,000 people and service populations of 5,000 people and fewer.

Detailed and concise narratives with quality backup documentation are required to adequately express the seriousness of the problem and the implications for health and safety of the community and how the proposed project will fix or alleviate it. Providing minimal documentation, general statements, and not fully exploring alternatives will result in lower scores.

Fire improvement applications where the applicant participates in an automatic aid agreement may include all populations in areas where an apparatus is automatically deployed to serve.

Applicant communities must be located within the primary fire district in the application. For instance, if fire districts A, B, and C all have an automatic aid agreement, and the application is to replace a fire truck in district B, the applicant community must be located in part or in whole in district B.

Mutual aid participants may not include the expanded area, due to the less stringent requirements of mutual aid agreements.

2022 CDBG Application Additional Information

The application will be submitted using the online application form. All supplemental and additional application materials and documentation will be attached to the online application submission. The online application can be accessed at <https://app.tnecd.com/>.

Applicants with multi-jurisdiction projects may elect to use a combination of surveys and Census/HUD designation to meet the LMI threshold, but only one method per jurisdiction. For example, if a water system project has beneficiaries in a city that exceed 51% LMI determined by HUD and the county that does not, the applicant may choose to use the LMI percentage of the city and survey to meet the 51% threshold for the county.

If an applicant elects to use the HUD published LMI percentage figures for a geography other than a municipality or county (census tract, block group, etc.), contact ECD for guidance on which jurisdiction workbook should be used and the backup documentation needed.

All maps must include the target area(s) and project location designated. Maps should be developed at the appropriate scale. If the applicant is a city that provided services within the city limits only, the maps should be at a scale not much larger than the service boundary.

Minority concentration maps must include the percentage of all non-white populations in the area, not just the predominate minority race(s). Minority maps are not required for system-wide water or sewer applications. The assumption is everyone within the system benefits equally.

The applicable Technical Documents on the website must be provided for all water and sewer projects, and they must be completed, stamped, and include any and all supporting documentation. A preliminary estimate for the cost of the project from the engineer must be included.

Sewer System and Water System applications must include a letter from the community or utility

that shows the sewer or water rate structure and the calculations for the cost for 5,000 gallons of treated sewer or water. Be sure to include the applicable tax rate for water sales. Not all communities use the same sales tax rate.

The Environmentally Exempt certification will now be included with the application submission for projects that are known to be exempt at the time of application. This includes all equipment only projects that do not include installation (ie. fire trucks, ambulances, SBCA equipment, etc.)

A document outlining the naming convention for submitted documents is posted on the CDBG Applications website.

Community Need Scoring

All CDBG applicant are scored for Community Need, with a maximum score of 100, except for Housing Rehabilitation applications, which have a maximum score of 25. The Community Need score is comprised of four data measures, each with a maximum score of 25:

- Census/ACS Per Capita Income (PCI)
- Census/ACS Poverty Rate
- 3-Year Average Unemployment Rate
- Target Area PCI

Community Need score will only be comprised of target area PCI for a maximum of 25 points.

Project Impact Scoring

All CDBG applicants are also scored from Project Impact. For Sewer System and Water System applications the Project Impact maximum score is 75 points; for all other categories the maximum score is 50 points. All applications are scored for Cost Per Person and Cost Per LMI Person, each with a maximum score of 25 points.

Cost Per Person is determined by dividing the number of beneficiaries by the amount of CDBG request before the ThreeStar bonus is included and rounded to the nearest whole number.

Cost Per LMI Person is determined using the same formula for Cost Per Person and then multiplying by the HUD-published LMI percentage for the applicant area. This number is then rounded to the nearest whole number. Weighted averages of HUD-designated LMI percentages will be used for multi-jurisdiction applications.

Sewer System and Water System applications also include Rate Factor. Rate Factor is calculated by using the sewer or water rate for 5,000 gallons (including applicable taxes and fee) and dividing it by the Census PCI for the area. Weighted averages will be used for multi-jurisdiction applications. Rate Factor provides a comparison of the cost of sewer or water service and the incomes of the beneficiaries.

All Project Impact scores for applications are determined by comparing the Cost Per Person, Cost Per LMI Person, and Rate Factor values against the other applicants in each category. For instance, Water System applications are scored against other Water System applications.

Performance Measures

Performance measures in the form of outputs and outcomes are required with the submission of all applications. At least one output and one outcome must be included. Applications will not be scored without the inclusion of performance measures. Definitions and examples are as follows:

- Output - Measure of the direct result of the grant funds. (Examples: LF of water line replaced, number of fire trucks purchased, specific plant improvements, number of houses rehabilitated, etc.)
- Outcome - Quantitative measure of how the project is impacting a goal of the community. (Examples: reduction in water loss, improvement in emergency response time, etc.)

The performance measures are now more tailored to the project type instead of being open-ended. When completing the application, applicants will be able to choose from a selection of outputs and outcomes or define their own.

Applicants should carefully consider which performance measures will best show progress during the grant and upon completion. Performance measures should be measurable. Grantees will be expected to report on the proposed outputs and outcomes over the course of the grant. TNECD reserves the right to conduct follow-up visits after a project has been closed to measure outputs and outcomes and the success of a project.

Budget Template

No major adjustments to the budget template. Notably, all line items that include CDBG funds must at least include the minimum match for that line item. Applicants are permitted to overmatch line items.

The maximum eligible environmental review costs that may be attributed to CDBG are

- \$1,500 (Categorically Excluded Converting to Exempt)
- \$2,000 (Categorically Excluded)
- \$3,000 (Environmental Assessment)

A calculator for engineering fees is included in the template as a guide when determining the various fees associated with design, inspection, and other engineering costs. The Engineering Design line item should include only the cost associated with the design of the project, and the Construction Inspection line item should only include costs associated with inspection services. All other engineering costs and fees should be represented in the Other Engineering line item and described, including but not exclusive to bidding costs, surveying fees, etc.

Pay careful attention to the cost of equipment individual equipment items that are \$5,000 or greater should be included in the Capital Purchase line item. Individual equipment items that are less than \$5,000 should be included in the “Other Non-Personnel” line item.

Environmental Review for Exempt Projects

Another adjustment for the 2022 application round is related to applications that will result in the project being exempt from environmental review requirements if funded. Applicants with exempt project, primarily equipment only projects, are required to submit the signed "Certification of Exemption for HUD funded projects" with the application. In some instances, engineering studies or analysis and evaluation of a water/sewer system may be needed before a full environmental review related to construction can begin. In these cases, an exemption may be submitted with the application for the studies or analysis and evaluation.

Notably, this change means that Exempt projects are no longer eligible to charge grant funds to the Environmental Review line item in the budget.