

Metropolitan Nashville and Davidson County, Tennessee

**Metropolitan Development and Housing Agency
Community Development Block Grant-Disaster
Recovery (CDBG-DR)**

IMPLEMENTATION PLAN

September, 2023

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A. Overview

In 2021, Nashville and Davidson County, Tennessee, suffered severe storms resulting in widespread flooding and loss of life. In response, FEMA issued disaster declaration 4601-DR-TN allowing federal recovery funds to become available to the County. In the spring of 2022, the U.S. Department of Housing and Urban Development (HUD) announced that the Metropolitan Development and Housing Agency (MDHA) would receive \$5,151,000 in funding to support long-term recovery efforts in Nashville-Davidson County following disaster declaration 4601-DR-TN. On November 3, 2022, HUD announced a supplemental allocation of \$3,367,000 for the same disaster event. These funds are accounted for in the County's CDBG-DR Action Plan, bringing the total allocation for CDBG-DR funds to \$8,518,000. The Federal Register notices for both allocations specify that 100% of the funding must be utilized in the Most Impacted and Distressed (MID) area, which HUD identified as ZIP Code 37211 in a memorandum to the County in March 2022.

To manage the CDBG-DR funds and associated risks, HUD requires each grantee to demonstrate sufficient capacity through the development and submission of an Implementation Plan which must be developed in accordance with criteria outlined in the Allocating Federal Register Notice and the Consolidated Notice.

This plan submitted by MDHA outlines how the CDBG-DR program will be overseen, managed, and implemented, and establishes how the HUD funds will be used to address remaining unmet needs in Nashville-Davidson County, Tennessee.

1. Proposed Allocation – Multifamily Affordable Rental Housing Facility

The MID experienced severe flooding, primarily impacting rental properties in residential areas. This resulted in the displacement of a significant number of tenants residing in the impacted units. Infrastructure damage was nominal. Impacts from the storm event were made even more severe by the fact that the County already suffers from an acute shortage of affordable housing as identified in the unmet needs analysis. Therefore, to address direct impacts from the storm event and to help with the severe shortage of affordable housing, the entire allocation of CDBG-DR funding will be utilized for the creation of a multifamily affordable housing facility. MDHA anticipates that approximately 24 units of housing will be created with all units being made available to LMI qualified tenants. The required 15% mitigation set aside will be added to the housing activity to incorporate resilient features.

Table 1 summarizes unmet needs and the proposed use of CDBG-DR funds.

Table 1 – Allocation Table				
Category	Remaining Unmet Need	% of Unmet Need	Program Allocation Amount	% of Program Allocation
Administration			\$425,900	5%
Planning			\$425,900	5%
Housing	<i>\$1,171,800,000***</i>	100%	\$6,555,200	77%
Infrastructure				
Economic Revitalization				
Public Services				
Mitigation			\$1,111,000	13%**
Total			\$8,518,000	100%

*Data Sources: MDHA

**The Federal Register specifies that 15% of assistance be set aside for mitigation activities. The 15% is calculated from the original Allocation for Unmet Need (\$4,479,000) on Page 31638, Table 3 of the Federal Register, which is then added to that amount for a new total of \$5,151,000. The additional funding of \$3,367,000 makes a similar assumption, therefore the total percentage of program allocation for mitigation is 13%, while the CDBG-DR set aside for mitigation is actually 15% of the Allocation for unmet needs.

*** Data Source: *Affordable Housing Task Force Report-2021*. Unmet need estimate is based on the current 2-year lag in affordable housing unit production to address total projected 10-year affordable housing need.

B. Capacity assessment

1. Lead Agency

MDHA will be the lead principal agency responsible for the implementation of the CDBG-DR award and is the lead agency for the administration of all Community Planning and Development grant funds in Nashville and Davidson County. As an established agency, with a myriad of experience in managing and implementing federal programs, it has the management capacity and experience to manage the CDBG-DR program, specifically within its Community Development Department.

MDHA intends to procure one or more developers to build approximately 24 units of new rental housing within the MID using this allocation of CDBG-DR funding. At least 70% of the CDBG-DR funds will be used to benefit LMI residents.

a) Lead Agency Structure and Experience

The Community Development Department is responsible for the CDBG-DR funds and is managed by Emel J. Alexander, Director of Community Development and Treva K. Gilligan, Assistant Director of Community Development. The Community Development Department currently administers four programs from the U.S. Department of Housing and Urban Development (HUD) to benefit low- and moderate-income individuals and areas: the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Solutions Grant (ESG), and the Housing Opportunities for Persons with AIDS (HOPWA) program. These programs receive annual funding and their utilization priorities are outlined in the Consolidated Plan. The Department's 18 staff have multiple years of experience in administering HUD Community Planning and Development programs and administer a range of activities,

including helping individuals experiencing homelessness, rehabilitating owner-occupied and rental units, constructing affordable housing, improving infrastructure, organizing summer youth programs, conducting fair housing outreach, providing microenterprise assistance, environmental review clearance and monitoring. Additionally, the Department served as the responsible entity for administering a \$33 million+ CDBG-DR grant that was received due to severe flooding in 2010, which they are in the process of closing out. The department also serves as the lead agency for the Nashville Promise Zone (NPZ).

Community Development staff will also receive support as needed from the finance department, legal, and communication staff.

The Finance Department manages the Agency's resources by developing appropriate budget practices, handling internal audits, implementing treasury management strategies, ensuring proper accounting and internal controls to protect the Agency's assets. It also creates and implements an investment program, maintains accurate accounting and payroll records, provides employee benefit programs, and oversees insurance coverage for the Agency's assets and operations.

The Finance Department also works with the Community Development Department to ensure compliance with Federal, state and local financial regulations. This is accomplished through financial controls, monitoring, and coordination of external audits.

The most recent MDHA audit report can be accessed at: <https://www.nashville-mdha.org/wp-content/uploads/2023/06/MDHA-September-30-2022-Final-Audit-Report.pdf>

2. Capacity

The MDHA Executive Office and five primary departments, supported by a central office that provides functions like finance, communications, human resources and IT, deliver the administration of the Agency's programs. MDHA's responsibilities are overseen by a seven-member Board of Commissioners, appointed by the Mayor and confirmed by the Metro Council of Nashville and Davidson County, which hold the Executive Director responsible for policy implementation and development and the operation of all programs and projects. The Board meets monthly, establishes policy, approves budgets, and provides guidance to staff within the framework of federal, state, and local law.

The Executive Office staff, including the executive director, deputy executive director, chief operating officer, chief of staff, communications, as well as general counsel and support staff, manage these responsibilities.

The following list contains staff positions in a leadership role:

- Executive Director
- Deputy Executive Director
- Chief Operating Officer
- Chief of Staff
- Director of Communications
- General Counsel

Once it was determined the CDBG-DR allocation would be used to construct a multifamily affordable rental housing project, MDHA's Executive Director tasked the Directors of Community Development, Finance, and Construction with assessing their departments' capacities to provide the proper oversight. Responsibilities would include project procurement, contracting, implementation, construction monitoring and financial reporting to carry out the CDBG-DR multifamily affordable housing development project(s) in a timely manner. After a review of projects in the pipeline, planned projects coming online, and projected completion dates, it was determined that staff were accustomed to and able to handle the fluctuation in workflow and had the capacity to handle the development project(s) that CDBG-DR funds would support.

A further assessment of Community Development staff determined they have the capacity and expertise to oversee the procurement process as they are proficient in crafting and issuing Requests for Applications (RFA) to obtain an experienced developer to construct the CDBG-DR funded multifamily affordable housing project(s). The Community Development staff have a strong track record in project implementation, monitoring thru occupancy and closeout due to experience with HOME, prior CDBG-DR and Housing Trust Fund projects. Additionally, MDHA staff in the Construction Department will assist with contract negotiations and monitoring/inspecting construction progress including Davis-Bacon and Section 3 compliance. In order to further support staff management of the program, Community Development staff attended the CDBG-DR problem-solving clinic in Chicago in April 2023 and have also attended numerous trainings on CDBG regulations, HOME requirements, and affordable housing underwriting.

MDHA submitted the certification of financial controls and procurement processes, and adequate procedures for proper grant management required in III.A.1.a. of the Notice to HUD the first time on July 28, 2022, and a 2nd time with some requested corrections to the Policy and Procedures on October 19, 2022. Email correspondence from Christy Fletcher on June 5, 2023, stated that the document was approved, and no further action was needed.

The capacity of developers will be assessed through the RFA process based on qualifications established in the RFA based on their experience and capacity in construction of similar federally funded projects and their ability to see it through to completion and project management.

3. Capacity Gaps

Based upon the County's review of the funding amount, project type, scale of the project, and existing staff and capability, the County has concluded that there are no anticipated capacity gaps within the management and implementation structure.

The County will continue to assess its internal capacity through the life of the CDBG-DR program. If the County identifies any gaps or shortfalls in capacity they will be addressed through the provision of staff training, provision of supplemental staff, or the hiring of new staff as the County determines necessary.

4. Open CDBG-DR Findings

The County currently has no CDBG-DR findings as the County has no other CDBG-DR allocations.

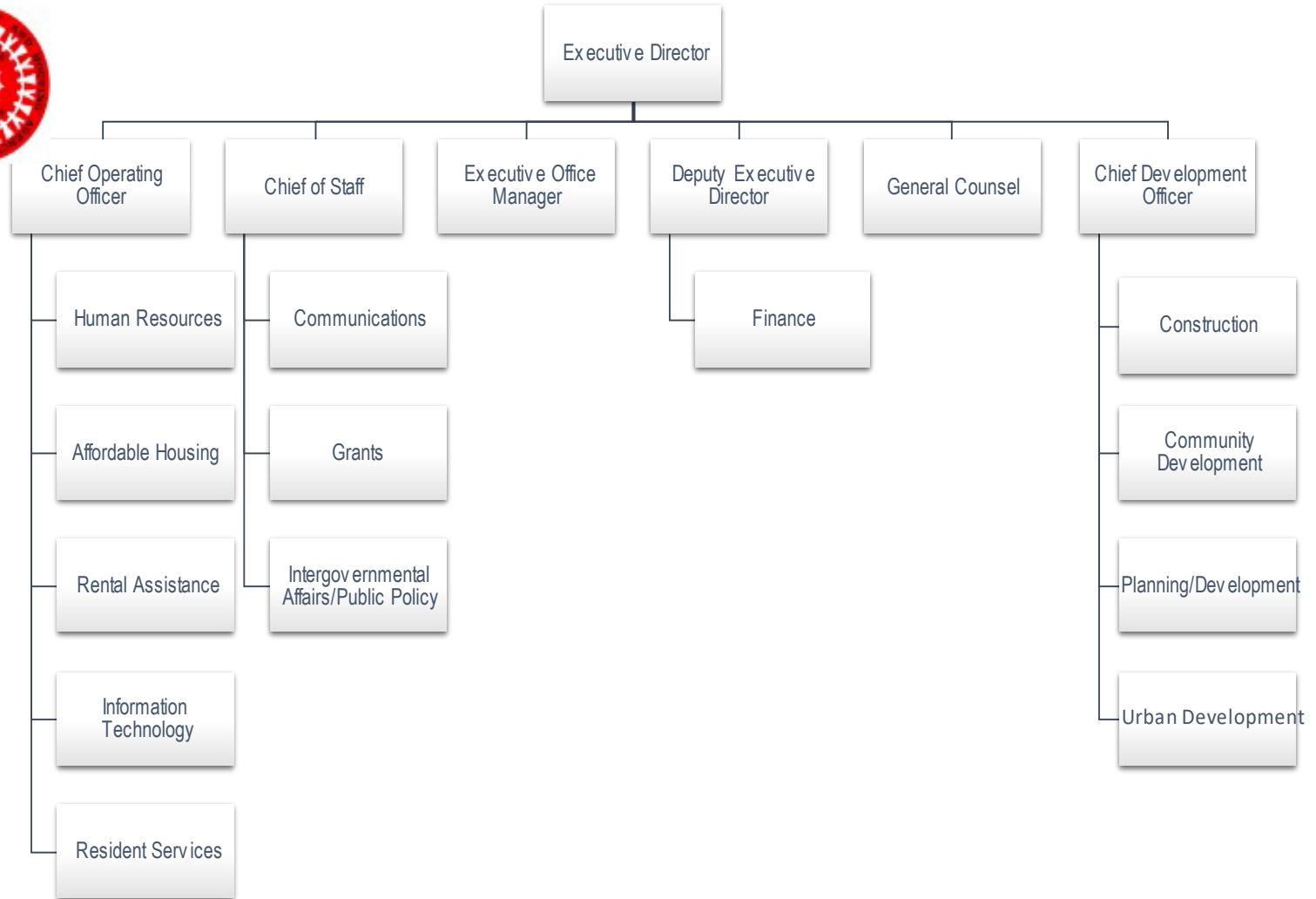
C. Staffing

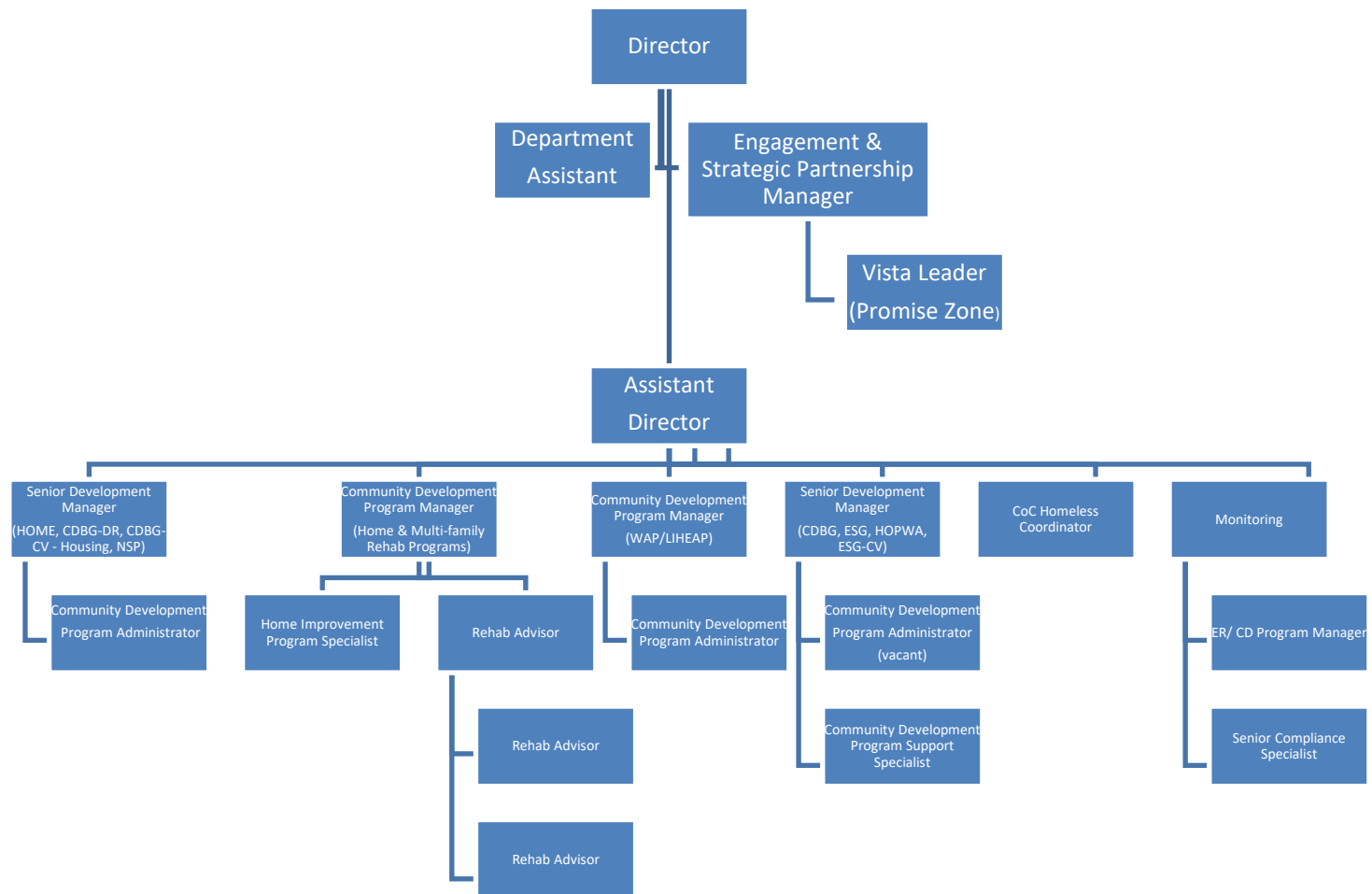
For more than 80 years, MDHA's employees have been serving the citizens of Nashville and Davidson County with pride by creating affordable housing opportunities, supporting neighborhoods, strengthening communities, and contributing to the growth of Nashville.

The agency has sufficient personnel to handle the added duties associated with the CDBG-DR funds as outlined in the Capacity Assessment section. MDHA provides its team members with a competitive salary, paid retirement, and access to health, dental, and vision benefits, as well as other benefits that promote work-life balance.

1. Organizational Charts

MDHA's and the Community Development Department's organizational chart are provided on the following pages:





The CDBG-DR grant will be managed by Senior Development Manager for Housing along with the Community Development Program Administrator, with oversight and support from the Assistant Director of Community Development. This team manages the HOME program, the 2010 CDBG-DR grant (pending closeout), a CDBG-CV Facility Renovation project, (also pending closeout), and NSP and Housing Trust fund projects (none currently active). The Senior Development Manager for Housing and the Community Development Program Administrator attended the CDBG-DR problem-solving clinic in Chicago in April 2023 and have also attended numerous trainings on CDBG regulations, HOME requirements, and affordable housing underwriting. Additional support related to the CDBG-DR grant will be provided by MDHA staff in other departments as outlined in the previous section, Part B - Capacity Assessment.

2. Personnel Responsible for Financial Management and Grant Compliance (Tasking and Position Responsible)

Personnel or organizational unit along with contact information responsible managing various aspects of the CDBG-DR grant/project(s) are listed in the table below:

Table 2 - Tasks and Staffing	
Task	Staff/Responsible
a. Financial Management & Grant Compliance Certification/Internal Audit	MDHA Director of Finance.
b. Organizational Procurement	MDHA Director of Construction.
c. Duplication of Benefits	MDHA Department of Community Development, Senior Development Manager for Housing, The CDBG-DR funds will be used for the construction of rental housing, which is not a direct benefit activity, However, the financial structure of the project will be reviewed during the course of underwriting to ensure that the full amount of CDBG-DR subsidy is needed.
D. Timely Expenditures	MDHA Director and Assistant of Community Development.
e. Communications/Website Management	MDHA Department of Community Development, Engagement and Strategic Partnership Manager, and MDHA Assistant Director of Communications.
f. Legal	MDHA Legal Counsel.
f. Case management	N/A – This is not a direct benefit activity – the successful developer will use a qualified property management company to handle the leasing of units in the project.
g. Program manager	MDHA Department of Community Development, Senior Development Manager for Housing.
h. Staff with experience in housing	MDHA Department of Community Development, Senior Development Manager for Housing, in coordination with Community Development Program Administrator.
i. Request for Applications (RFA) Developer Procurement	Department of Community Development, Assistant Director, and Senior Development Specialist, with support from staff in Construction Department that handles MDHA organizational procurement.

j. Evaluation of Developer proposals received via the RFA process	MDHA Department of Community Development, Senior Development Manager for Housing, in coordination with Community Development Program Administrator and an independent RFA review committee appointed by MDHA's Executive Director.
k. Procurement/contract management/approve construction draws	MDHA Director of Construction, with support from construction staff assigned to contract management.
l. Environmental Review	MDHA Department of Community Development Program Manager, Environmental Reviews and Program Compliance.
m. Finalize Developer Agreement and loan documents to award CDBG-DR funds to successful developer(s)	Department of Community Development, Assistant Director, and Senior Development Manager, with support from MDHA Legal Counsel
n. Section 3 implementation	MDHA Department of Community Development, Senior Development Manager for Housing, in coordination with Community Development Program Administrator and support from staff in Construction Department.
o. Davis-Bacon Compliance	MDHA Director of Construction with support from construction staff assigned to contract management.
p. Submit, process draw requests for CDBG-DR funds	MDHA Department of Community Development, Senior Development Manager for Housing in coordination with Community Development Program Administrator.
q. Approve Draw Requests for CDBG-DR funds	MDHA Director and Assistant of Community Development.
r. Draw CDBG-DR funds	MDHA Finance Department Senior Accountant.
s. Enter occupancy data – demographics in DRGR for project closeout	MDHA Department of Community Development, Senior Development Manager for Housing in coordination with Community Development Program Administrator.
t. CDBG-DR – Compliance Monitoring – pre-construction and post-construction	Department of Community Development, Senior Compliance Specialist.
u. Fair Housing Compliance	Senior Development Manager with support from MDHA Legal Counsel.

The developer(s) and members of the development team(s) awarded CDBG-DR funds to construct the rental housing will be charged with managing the following, pre-construction and post-construction, activities listed in the table below. Support and technical assistance will be provided by MDHA Community Development and Construction staff as needed.

Table 3 - Developer Tasks/Responsibilities
a. Site Control/land acquisition
b. Project Design, including mitigation measures/Plans for Permitting/Obtain Construction Permits
c. Hiring General Contractor/finalizing construction contract
d. Finalize/Close on Construction Financing (including CDBG-DR loan)
e. Construction Monitoring – Inspections-draw requests
f. Section 3 reporting
g. Davis-Bacon reporting
h. Obtaining Certificates of Occupancy
i. Lease-up – affirmative marketing – fair housing
j. Tenant income certification
k. Provide occupancy data – demographics to MDHA Community Development Department for project closeout in CDBG-DR Reporting System
l. Maintaining 95% occupancy
m. Long-term property management/maintenance units and grounds

3. Internal Auditor

MDHA submitted the certification of financial controls and procurement processes, and adequate procedures for proper grant management (Policies and Procedures) required in III.A.1.a. of the Notice to HUD on July 28, 2022. The County resubmitted the Policies and Procedures with HUD requested corrections on October 19, 2022. Email correspondence from HUD on June 5, 2023, stated that the document was approved, and no further action was needed. This Certification provided information to demonstrate that an internal auditor and responsible audit staff reported independently to MDHA's Board of Commissioners. This auditor will be conducting ongoing financial reviews of MDHA activities, as described in the Policies and procedures document, throughout the life of the CDBG-DR allocation.

4. Technical Assistance

It is MDHA's policy that County staff engaged in managing CDBG-DR projects, programs, and funds, will be provided training to effectively perform roles and responsibilities assigned to them in conformity with programmatic regulations. Any staff hired to work on the CDBG-DR program after Action Plan submission will be provided training by current CDBG-DR staff members familiar with the CDBG-DR program activity and will be required to attend CDBG-DR related trainings. Staff in the Community Development Department are cross trained to ensure projects don't get stalled in the case of turnover. In addition, MDHA has requested extended technical assistance from HUD that can support individuals currently not employed.

As part of the CDBG-DR RFA process, staff will hold a pre-application meeting for interested developers to provide information on the CDBG-DR requirements related to any proposed CDBG-DR activities. Additionally, once a project is selected for funding, staff will work with developers to ensure they are aware of CDBG-DR requirements.

D. Internal and Interagency Coordination

1. Internal Communication

The Community Development Department staff, as the project lead, is housed in the same building as construction department staff, which also handle procurement. It is the Standard Operating Procedure (SOP) for staff from the Community Development and Construction departments to hold a pre-construction conference with developers and contractors to explain and programmatic and regulatory requirements related to CDBG-DR funded projects. The pre-construction meeting will address a variety of issues including inspections, draw requests, safety, and Davis-Bacon and Section 3 requirement. The County will also hold monthly construction progress meetings to discuss any issues, answer any questions and review timelines and construction progress to ensure the project remains on schedule. Community Development staff have established a phone conference and report out on the project status every Monday. Persons responsible for Environmental Review Clearance/Compliance and Compliance Monitoring are located in the Community Development Department and report out on projects every Monday.

2. Subrecipient Communication

MDHA will not use subrecipients for this CDBG-DR project. Staff responsible for project implementation will communicate with the selected developer(s) as described above and as necessary as issues arise. This communication will take place as part of ongoing construction and project progress monitoring and as part of CDBG-DR draw request approvals until the project is complete.

3. Communication in Support of Planning Consistency

Since the CDBG-DR funded recovery activity is limited to the development of a multifamily affordable housing facility, consultation during the CDBG-DR planning process was focused housing efforts. MDHA Community Development staff consulted with the housing division of Metro-Nashville's Planning department which coordinates local and regional planning efforts. MDHA sought to identify what housing projects may be most needed and would be most effective in addressing both recovery needs and the ongoing affordable housing shortage in the County. MDHA Community Development staff and the housing division both concluded that development of a multifamily affordable housing facility would be the most effective method to address both the affordable and recovery housing needs and remained consistent with local and regional planning efforts.

MDHA also solicited input on the development of the Action Plan via an online survey. 62.5 % of the 32 respondents resided in the 37211 zip code which was the most impacted distressed area (MID). 97% of 31 respondents ranked the greatest need in the MID, as affordable multi-family rental housing.

MDHA will ask a representative from Metro's Housing Division to serve on the committee that will review and score proposals submitted by developers that seek CDBG-DR funding during the RFA process.

4. Consultation with Other Government Agencies

During the development of the CDBG-DR Action, MDHA Community Development staff and the consultant working on the Action Plan consulted with Metropolitan Nashville-Davidson County Office of Emergency Management regarding the administration of FEMA funds. This consultation process is described on pages 17 – 19 of the CDBG-DR Action Plan.

E. Timeline

The timeline for implementation of the CDBG-DR program will be as follows:

Tasks by Functional Area		Begin	End	Status
1 Program Operations				
a.	Designate staff			Complete
b.	Environmental Review is completed for Exempt Activities	Oct-23		
c.	Action Plan Approval by HUD	Aug-23		
d.	Grant Agreements Received from HUD	Dec-23		
2 Training				
a.	Train staff in CDBG-DR overview courses and program-specific policies and procedures/systems	Apr-23	Dec-24	In Process
3 Policy				
a.	Update CDBG-DRGR Policy and Procedure Manual to be specific for the implementation of Activities in Action Plan	Sep-23	Dec-23	
4 Procurement				
a.	Draft and Finalize Request for Applications (RFA) to Seek Developers and projects for the use of CDBG-DR funds	Nov-23	Dec-23	
b.	Advertise RFA to Seek Developers with eligible projects for the use of CDBG-DR funds	Jan-24	Mar-24	
c.	Hold a pre-application meeting to respond to Developer Questions regarding RFA	Feb-24		
d.	Issue written responses to questions received at and after the pre-application meeting prior to the deadline for the same	Feb-24		
e.	Appoint an RFA Evaluation Committee to review and score applications received in response to the RFA based on criteria in the RFA to award funds for projects	Apr-24	May-24	

f.	MDHA Board approves award of funds for CDBG-DR funds to project(s) recommended by RFA Review Committee	Jul-24		
g.	Issue Conditional Commitment Letter outlining items to be provided to finalize the developer agreement.	Jul-24		
5 Environmental Review				
a.	Environmental Reviews for a project receiving awards of CDBG-DR funds	Jun-24	Apr-25	
b.	Request Release of Funds from HUD	Apr-25	May-25	
c.	Execute Authorization to use Grant Funds	Jul-25	Jul-25	
6 Contract Management , Loan Closing &-Construction Monitoring				
a.	Finalize Developer Agreement after RROF received from HUD	Aug-25	Sep-25	
b.	Close on all Financing, including CDBG-DRGR Loan	Oct-25	Oct-25	
c.	Preconstruction Conference to go over DB, Section 3, etc.	Nov-25	Nov-25	
d.	Commencement and Ongoing Construction, progress inspections, and approve construction draws	Dec-25	Dec-27	
e.	Construction Completion and Leasing/Sales	Oct-27	Dec-27	
7 Financial Management				
a.	Draw CDBG-DR funds for costs incurred for planning and Action Plan Development and on-going program administration costs	Jan-24	Dec-28	
a.	Process Payment for Construction and Draw CDBG-DR funds for reimbursement	Dec-25	Dec-27	
8 Compliance and Monitoring				
a.	Monitoring in accordance with CDBG-DRGR Policy and Procedures Manual and HUD monitoring checklists.	Dec-25	Jan-45	
b	Closeout	June-27	Dec-28	