

CDBG-RHP Action Plan

Program Summary

The Tennessee Department of Economic and Community Development (TNECD) will work with the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) to identify qualifying and substantive activities that support the creation of, rehabilitation of, and assistance to individuals in transitional housing for recovery from a substance use disorder. This relationship will leverage subject matter expertise of TDMHSAS coupled with TNECD's knowledge of the compliance and regulatory requirements associated with the U.S. Department of Housing and Urban Development (HUD) funded Community Development Block Grant Recovery Housing Program (CDBG-RHP) to ensure the efficient and prudent use of funds.

According to the data provided by the Tennessee Department of Health¹, drug usage continues to be a major concern in the state. From 2016 to 2019 fatal drug overdose deaths increased by 28% from 1,631 to 2,089 fatalities. Over the same period nonfatal inpatient stays involving a drug overdose decreased by almost 9% from 7,943 to 7,240; however, the number of nonfatal outpatient visits increased 11% from 15,001 to 16,670. The metro areas around Nashville, Memphis, Knoxville, and Chattanooga were the most affected areas if only looking at the number (count) of overdoses. If the rate per 100,000 residents is examined, the problem is not nearly as concentrated, showing the impact on rural communities as well.

Most concerning is the fatal overdose data related to those involving fentanyl and psychostimulants (including methamphetamine). From 2016 to 2019 the number of fatal overdoses involving fentanyl increased 267%, and the number of fatal overdoses involving psychostimulants increased 252%.

The data around prescriptions of opioids and benzodiazepines from 2017 to 2020 show a more positive trend. With an almost 28% reduction in total opioid prescriptions from 6,971,495 down to 5,029,476. The total prescriptions of benzodiazepines from 2017 to 2020 also reduced by 17% from 3,652,214 to 3,027,793. This shows almost 2 million fewer opioid prescriptions and over 600,000 fewer benzodiazepine prescriptions.

Even with the availability of prescription drugs decreasing, the data concerning drug overdoses indicates the drug abuse problem in Tennessee has not gone away. In fact, like many other areas of the nation, as the supply of prescription drugs become more difficult to obtain persons suffering from a drug use disorder often find themselves seeking other more illicit and illegal drugs, such as heroin, fentanyl, and methamphetamine.

The TDMHSAS has been working diligently to support the substance abuse treatment and recovery services that are directly addressing drug abuse in Tennessee. Since FY2014, TDMHSAS has steadily increased the number of individuals who are served by TDMHSAS-funded programs. In FY2019, TDMHSAS-funded programs assisted 20,289 individuals (9,939 with opioid abuse), respective increases of 39% and 60% since FY2014.

Most of the TDMHSAS funding goes toward programs and services to directly assist persons with substance use disorders. Even the housing-related programs are generally focused on the programming, services, and support. The Creating Homes Initiative (CHI)² is dedicated to creating and developing safe, affordable, quality, permanent housing options for persons diagnosed with a mental illness or co-occurring disorder. In FY2020, Governor Bill Lee worked with the Tennessee General Assembly to appropriate \$3 million to create CHI 2.0 to expand the program and housing options for persons in recovery from a substance use disorder.

Resources

Other than the \$891,000 of CDBG-RHP funding for FY20 and \$889,092 for FY21 allocated, no other funding resources, including CDBG, CDBG program income, or other federal, state, or local funding, will be a required part of the program. Applicants will be encouraged to leverage additional resources for their proposed projects.

Administration

The program will be primarily administered by the Tennessee Department of Economic and Community Development (TNECD). TNECD will be responsible for the implementation and management of the CDBG-RHP funded activities. TNECD will utilize its relationship with Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) for additional subject matter expertise and institutional knowledge concerning substance use.

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Use of Funds – Method of Distribution

The CDBG-RHP funds will be distributed by competitive application.

Eligible Use of Funds

Public Facility Improvements - Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder.

Acquisition of Real Property - For the purpose of providing stable, temporary housing to persons in recovery from a substance use disorder.

Lease, Rent & Utilities - associated costs on behalf of an individual in recovery from a substance use disorder for the purpose of providing stable, temporary housing. Payments must be made to the provider, such as the landlord or utility provider. Payments must NOT be made directly to individuals.

- RHP cannot supplant funds that previously covered for an individual.
- New or Expanded Service that have been above and beyond the last 12 months.
- Assistance can be provided for up to 2 years or until the individual secures permanent housing, whichever is earlier.

Rehabilitation and Reconstruction

- Single Unit – publicly or privately owned residential building(s)
- Multi-Unit – publicly or privately owned residential building(s)
- Public Housing – owned or operated by a public housing authority.

Disposition of Real Property Acquisition - Disposition through sale, lease, or donation of otherwise of real property acquired with RHP funds for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder.

Clearance and Demolition - Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder. Eligibility limited to projects where RHP funds are used only for the clearance and demolition.

New Construction - Expansion of existing eligible activities to allow CDBG-RHP funds to be used for new construction of housing. New construction of housing is subject to the same requirements that apply to rehabilitation activities.

Funding Amounts

Tennessee received \$891,000 of CDBG-RHP funding for FY20 and \$889,092 for FY21. The allowable 5% for administrative expenses will be reserved, leaving \$844,638 and \$846,450 to be used for programming.

Available Funds: \$1,691,088

Minimum Grant: \$250,000

Maximum Grant: \$750,000

Distribution

Funds will be distributed based on a competitive application and evaluation criteria that looks at Project Need, Project Impact, and Project Feasibility. Geographic dispersion among East, Middle, and West Tennessee will also be considered.

National Objective

As with all CDBG-funded programs, a National Objective must be met. The National Objective for the use of CDBG-RHP funds will be low- and moderate-income – limited clientele (LMI-C), which means the beneficiaries of this program are presumed to be LMI.

Ineligible Uses of CDBG-RHP Funds

- Programming/Services
- Staffing
- Operations and Management

Use of Funds – Activities Carried Out Directly

The State of Tennessee does not intend to carry out activities directly.

Use of Funds – Eligible Subrecipients

Only city and county governments are eligible to be direct subrecipients of CDBG-RHP funding. However, any city or county government intending to apply for CDBG-RHP funding must have an agreement with an established organization that meets at least one of the following:

- provides/manages transitional housing for persons in recovery from a substance use disorder
- provides/manages permanent housing for persons in recovery from a substance use disorder
- provides/manages other forms of temporary supportive housing for persons in recovery from a substance use disorder

Use of Funds – Criteria for Evaluation

Applications will be scored based on the criteria in the table below, and in three different areas, Project Need, Project Impact, and Project Feasibility.

Project Need is based primarily on objective data that defines the need for the project. The data that makes up 60% of the Need score will come from the Tennessee Department of Health and the US Census Bureau. Other data is encouraged to be presented to demonstrate need, but defining these specific data allows potential applicants to know the data for which all applications will be reviewed. Additionally, a narrative is required to tie the data together and explain why the need is important and urgent.

Each applicant will have to adequately demonstrate the demand for temporary recovery housing solutions in its community. Importantly, the demand for temporary recovery housing solutions will tie in directly with the description of the supportive programs and community support in Project Impact and prior experience in Project Feasibility.

Project Impact is scored based on how the proposed project will impact the individuals benefitting and the broader community where the project will take place. The most important component of Project Impact is Readiness. Due to the 30% expenditure requirement, applications that are more shovel-ready will be awarded more points.

Project Feasibility is scored to reward projects that have the best chance of long-term success and sustainability. The experience of the applicant and its partner(s) make up approximately half of the Feasibility score. The budget and additional leveraged funds will be reviewed and scored under Project Feasibility. A match of funds will not be required, but applications with additional funding included will receive more points. This way leveraged resources are recognized, but a high-quality and valuable application is not eliminated because a required match can't be met.

Criteria	Points
Project Need (100)	
County Fatal overdose rate (TDH)	20
County Non-fatal overdose rate (TDH)	20
County poverty rate (Census/ACS)	20
Explanation of need of population served	40
Project Impact (100)	
Readiness (planning, design, shovel-ready, additional funding availability, etc.)	35
Community support	20
Explanation of supportive programs provided	35
Project located in an Opportunity Zone	10
Project Feasibility (100)	
Timeline	15
Sustainability	20
Budget	10
Leveraged Funds	10
Prior experience (with TDMHSAS and/or TNECD programs, with Recovery Housing programs, with construction projects)	25
Organizational Capacity and Partnerships	20
Total	300

Definitions

- **Individual in recovery** – a person that is in the process of change to improve their health and wellness, live a self-directed life, and strive to reach their full potential.
- **Substance use disorder** – the recurrent use of alcohol and/or drugs causing clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school, or home.
- **Temporary Recovery Housing** – a voluntary, safe, sober living environment that supports persons in recovery from a substance use disorder, with peer support, structured programming, and/or community-based resources, for a period of up to two (2) years.

Anticipated Outcomes

The following outcome measures are required of all grantees and subrecipients of CDBG-RHP funds. Grantees and subrecipients will be required to submit anticipated outcomes as part of the program application and report on the final numbers at the close of the project. Additionally, TNECD will follow up 1 year after completion to identify continuing successes. The values currently associated with each measure are projections, and they will be updated and revised once subrecipient awards are issued.

Outcome Measure	FY20 Values	FY21 Values
Individuals Assisted with Transitional Housing	15	15
Individuals Transitioned to Permanent Housing	10	10
Transitional Housing Units Created	3	3
Transitional Housing Units Improved	8	8

Expenditure Plan

As required by the RHP guidelines, 30% of the funds will be expended in the first year, with the full amount of funding meeting the September 1, 2027 deadline. Applicants will be required to submit an expenditure plan as part of the application outlining how each applicant intends to expend at least 30% by the required deadline and the remaining funds by the end of the contract. Subrecipient contracts will not exceed 5 years without special exception. None of the funded activities are expected to generate program income.

Administrative expenses will not exceed 5% of the total grant allocation. The only costs incurred prior to the grant agreement to be reimbursed are the administrative costs associated with the development, submission, implementation of the Action Plan.

Citizen Participation Summary

TNECD will follow its standard CDBG Citizen Participation Plan to solicit public input. Additionally, TNECD with work with TDMHSAS to disseminate the draft action plan to organizations that specifically work with individuals in recovery from substance abuse disorders. A public meeting will be held in mid-December and the draft action plan will be posted on the TNECD website with a link to offer public comment.

Additionally, the amounts allocated in FY-20 and FY-21 for CDBG-RHP, along with some general program information, have been included the State of Tennessee's Consolidated Plan and the Annual Action Plan.

TNECD personnel have also participated in the conversations with professionals that work in the fields of providing housing for persons with mental health, behavioral health, and substance use disorders dating back to May 2021. TNECD has fielded direct calls from organizations and other interested parties wishing to learn more about the CDBG-RHP and offer considerations for the program.

Seven questions and comments were received about the action plan and design of the state's CDBG-RHP grant program. None of the comments received were critical of the action plan. The comments and responses are published on the TNECD CDBG-RHP webpage along with the public meeting presentation and recording.

Partner Coordination

TNECD has a working relationship with TDMHSAS. TNECD is lead agency for the CDBG program at the state, and it will be responsible for subrecipient compliance with the rules and requirements of the CDBG-RHP program. TDMHSAS will provide the subject-matter expertise related to the substance abuse/use recovery programs that are provided by the organizations that will be the subrecipients of the funds. The success of the CDBG-RHP program hinges on the subrecipients being able to expand the transitional housing offerings while directly providing the recovery programs or providing the access to recovery programs for the beneficiaries.

Both TNECD and TDMHSAS have a good working relationship with the Tennessee Housing Development Agency (THDA). THDA and TDMHSAS worked together on the CHI program, and some of THDA's programs can be used benefit some of the same populations, like the Emergency Solutions Grant (ESG). THDA is also the lead agency for the CPD-funding programs that are passed through the state, like CDBG, ESG, HOME, etc., and it coordinates the Consolidated Planning process for all these programs. TNECD and THDA communicate often and align programs and priorities when possible. THDA was engaged early in the CDBG-RHP planning, and TNECD will continue to work and engage with THDA during the public comment period and into application development.

Subrecipient Management and Monitoring

Subrecipients will have to maintain compliance with the rules and requirements of the CDBG-RHP program as defined by HUD. TNECD will be primarily responsible for the management and oversight of the program, with the support and assistance of TDMHSAS. Subrecipients will provide at least quarterly status reports of the projects but may be required to submit monthly reports if needed. TNECD will provide training for subrecipients to ensure they are fully aware of their responsibilities under the grant. All awarded projects will be monitored in accordance with the established CDBG monitoring plan. Grant funds will be disbursed on a reimbursement basis only, and each invoice will be reviewed by program and fiscal staff to verify each purchase is a qualifying eligible expense. The standard CDBG State Program rules and requirements will apply to the CDBG-RHP program and the CDBG Program Manual³ will be used unless explicitly stated otherwise.

Pre-award/Pre-Agreement Costs

The only costs incurred prior to the grant agreement to be reimbursed are the administrative costs associated with the development, submission, implementation of the Action Plan.