DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–4768–N–01]

Notice of Funding Availability for Revitalization of Severely Distressed Public Housing HOPE VI Revitalization Grants; Fiscal Year 2002

AGENCY: Office of Public and Indian Housing, HUD.

ACTION: Notice of funding availability (NOFA).

SUMMARY: This NOFA announces the availability of approximately $492.5 million in FY 2002 funds for the HOPE VI Revitalization Program.

I. Program Overview

(A) Purpose of the Program

In accordance with section 24(a) of the United States Housing Act of 1937 (1937 Act), the purpose of HOPE VI Revitalization grants is to assist public housing agencies (PHAs) to:

(1) Improve the living environment for public housing residents of severely distressed public housing projects through the demolition, rehabilitation, reconfiguration, or replacement of obsolete public housing projects (or portions thereof);

(2) Revitalize sites (including remaining public housing dwelling units) on which such public housing projects are located and contribute to the improvement of the surrounding neighborhood;

(3) Provide housing that will avoid or decrease the concentration of very low-income families; and

(4) Build sustainable communities.

(B) Available Funds

Approximately $492.5 million, in accordance with Section II below.

(C) Eligible Applicants

Public Housing Authorities that have severely distressed housing in their inventory and are otherwise in conformance with the threshold requirements provided in Section III of this NOFA. PHAs that only administer Section 8 and Tribal PHAs are not eligible to apply.

(D) Application Deadline

Revitalization grant applications are due on November 29, 2002, as described in Section IV(B) of this NOFA.

(E) Authority

(1) The funding authority for HOPE VI Revitalization grants under this HOPE VI NOFA is provided by the Fiscal Year 2002 Department of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 2002 (Pub.L. 107–73, approved on November 26, 2001) (FY 2002 HUD Appropriations Act) under the heading ''Revitalization of Severely Distressed Public Housing (HOPE VI).''

(2) The program authority for the HOPE VI Program is section 24 of the 1937 Act (42 U.S.C. 1437v), as added by section 535 of the Quality Housing and Work Responsibility Act of 1998 (Pub. L. 105–276, 112 Stat. 2461, approved October 21, 1998).

II. Allocation of HOPE VI Funds

Type of assistance	Allocation of funds (Approximate)	Funds Available for award in this HOPE VI revitalization NOFA (Approximate)
Revitalization Grants	492,485,000	492,485,000
Demolition Grants	40,000,000	
Neighborhood Networks	5,000,000	
TechnicalAssistance	6,250,000	
Section 8 Assistance	30,000,000	
TOTAL	$573,735,000	$492,485,000

(A) Revitalization Grants. Approximately $492.5 million of the FY 2002 HOPE VI appropriation has been allocated to fund HOPE VI Revitalization grants and will be awarded in accordance with this HOPE VI Revitalization grant NOFA.

(B) Demolition Grants. Approximately $40 million of the FY 2002 HOPE VI appropriation has been allocated to fund HOPE VI Demolition grants and will be awarded in accordance with a separate HOPE VI Demolition grant NOFA.

(C) Neighborhood Networks. The FY 2002 appropriation for HOPE VI allocated $5 million for a Neighborhood Networks initiative for activities authorized in Section 24(d)(1)(G) of the Act, which provides for the establishment and operation of computer centers in public housing for the purpose of enhancing the self-sufficiency, employability, and economic self-reliance of public housing residents by providing them with onsite computer access and training resources. The availability of these funds will be announced in a separate NOFA, and, in accordance with the appropriation, they will be awarded to PHAs on a competitive basis. In addition, PHAs that receive grant funds under this NOFA are required to establish Neighborhood Networks and may use funds awarded under this NOFA for this purpose.

(D) Technical Assistance. The FY 2002 appropriation for HOPE VI allocated $6.25 million to provide technical assistance and contract expertise in the HOPE VI program, to be provided directly or indirectly by grants, contracts, or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of HUD and of PHAs, and to residents. Technical assistance funds will be administered by the Office of Public Housing Investments.

(E) Section 8. The cost of Section 8 tenant-based assistance that will be provided to FY 2002 HOPE VI Revitalization and Demolition grantees will come from the FY 2002 HOPE VI appropriation. Approximately $30 million will be allocated for such assistance. If this amount is more than the amount necessary, the remaining funds will be used for eligible activities under Section 24 of the Act, and made available for obligation before September 30, 2003.

(1) If you anticipate that you will need Section 8 assistance in order to carry out necessary relocation in conjunction with proposed revitalization during FY 2003, your application must include the number of vouchers you will need, both in total and in FY 2003, and a Section 8 application.

(2) If you will need Section 8 assistance in fiscal years beyond FY 2003 for revitalization or demolition that is being carried out in phases, or if

you have unused Section 8 vouchers that are available to be used for HOPE VI-related relocation in FY 2003 but will need more for subsequent years, you must request additional vouchers only as needed during the appropriate fiscal years.

(3) Section 8 assistance cannot be awarded or used to relocate residents from units that are to be demolished until those units have been approved by HUD for demolition.

(4) If you have previously received Section 8 assistance to relocate residents from the targeted severely distressed units, you may still apply for a HOPE VI Revitalization grant to physically replace those same units, or a HOPE VI Demolition Grant to demolish the units without replacement.

(5) You may request Section 8 assistance for the relocation of families who intend to move back to the site upon completion of the demolition and revitalization of the severely distressed project. Such families are not required to move back to the site if they prefer to keep the Section 8 assistance after revitalization activities are completed.

(6) You may request Section 8 assistance for all units covered under a HOPE VI Revitalization or Demolition application to relocate residents from units that will not be replaced with hard units.

(7) Section 8 vouchers are available as replacement units for all units that will be demolished, sold, or otherwise disposed of at the severely distressed project(s), minus the number of HOPE VI-eligible replacement units otherwise to be provided under Section 24(d)(1)(J) in connection with said project.

(8) In accordance with Section VI(D)(8) of this NOFA, to the extent that you need Section 8 vouchers for relocation purposes in connection with HOPE VI grant funds under this NOFA, in an amount that exceeds the number of units to be demolished, sold, or otherwise disposed of at the severely distressed project, you should apply for Section 8 vouchers in accordance with the separate funding notices to be issued by HUD. If the Department receives more requests for Section 8 vouchers than can be funded from FY 2002 funds, some applications may receive priority funding in 2003.

(9) You must have a 97 percent lease-up rate or budget authority utilization rate for your current voucher program in order not to have your requested number of relocation/replacement vouchers reduced by HUD.

(10) For more information regarding the Section 8 Program, see Notice PIH 2001–20 (HA), which is available through HUDCLIPS at *www.hudclips.org.*

(F) Notwithstanding Section III(E)(4) of the General Section of the FY 2001 SuperNOFA regarding funding of unsuccessful applicants, HUD will not use any funds from this HOPE VI NOFA to fund any nonselected HOPE VI Revitalization applications submitted in previous years. Only applications submitted under this FY 2002 HOPE VI NOFA will be considered for funding.

III. Summary of Threshold Requirements

(A) The following are threshold requirements that must be met in order for a HOPE VI Revitalization application to be considered for funding. If the application fails to meet any one of these thresholds, HUD will not rate or rank the application, in accordance with Section XVII(B)(5) of this NOFA.

(B) Unless specifically stated that an item is curable, the threshold items in this Section III(B) are not subject to Section XVII(B)(3) of this NOFA regarding the correction of deficiencies.

(1) The applicant must qualify as an eligible applicant, as defined in Section VII(A)(1) of this NOFA.

(2) The application must be received by HUD by the deadline date and time, in accordance with Section IV(B) of this NOFA.

(3) Standard certifications must be submitted in accordance with Section XVI(A)(4) of this NOFA. Deficiencies for this item are curable, in accordance with Section XVII(B)(3) of this NOFA.

(4) The application must disclose all prior HUD public housing assistance for physical revitalization at the targeted project, in accordance with Section VI(B)(2) of this NOFA. This item is curable.

(5) The application must include a certification by a third party professional that the proposed costs meet the requirements of Section VI(C) of this NOFA. This item is curable.

(6) In accordance with Section VI(D)(1) of this NOFA, each applicant may submit only one HOPE VI Revitalization application.

(7) If an application proposes to revitalize more than one severely distressed public housing project, those projects must meet the requirements of Section VI(D)(3) of this NOFA.

(8) If an application proposes to revitalize a severely distressed scattered site project, the project must meet the requirements of Section VI(D)(4) of this NOFA.

(9) An application may not request HOPE VI Revitalization grant funds to revitalize units that were funded by an existing HOPE VI Revitalization grant, in accordance with Section VI(D)(6) of this NOFA.

(10) If an application proposes to use HOPE VI Revitalization funds to develop market rate units or affordable units which do not qualify as replacement units in accordance with Section VI(D)(7) of this NOFA, the entire application will be disqualified.

(11) If applicable the application must meet the requirements of separability, as described in Section VI(D)(11) of this NOFA.

(12) If an applicant has been designated as troubled, it must meet the requirements of Section VII(A)(1) of this NOFA.

(13) An applicant must have obligated at least 90 percent of its FY 1998–1999 Capital Funds in accordance with Section VII(A)(2) of this NOFA.

(14) An applicant which has one or more existing HOPE VI Revitalization grants will be disqualified if it has an open Inspector General (IG) or the General Accounting Office (GAO) audit finding related to the HOPE VI or Capital Fund Programs as of the application due date, in accordance with Section VII(A)(3)(a) of this NOFA.

(15) An applicant which has one or more existing HOPE VI Revitalization grants will be disqualified if one or more of those grants fails to meet the performance requirements described in Section VII(A)(3)(b) of this NOFA.

(16) An applicant must provide a certification that it has either procured a developer by the application deadline date or that it will act as its own developer, in accordance with Section VII(A)(5) of this NOFA.

(17) An application must include an Administrative and Compliance Checkpoints Report, as provided in the HOPE VI Revitalization Application Kit, that, at a minimum, reflects the timeliness of construction requirements of Section XIX(B) of this NOFA.

(18) An application must include a signed certification that the applicant or its procured property manager will implement the operation and management principles and policies in accordance with Section VII(A)(6) of this NOFA. This item is curable.

(19) An application must include a certification signed by an engineer or architect that the targeted public housing project meets the definition of severe physical distress in accordance with Section VIII(A)(1)(a) of this NOFA. This item is curable.

(20) An application must include commitments of resources in an amount that meets the match requirements of Section IX(A) of this NOFA.

(21) An application must include a certification by the applicant that a

resident training session and public meetings were held in accordance with Section X(A) of this NOFA. This item is curable.

(22) An application must include a certification that the applicant has completed a HOPE VI Revitalization Relocation Plan and that the Relocation Plan is in compliance with the Uniform Relocation Act, as described in Section XII(C) of this NOFA.

(23) An applicant must be in compliance with Fair Housing and Civil Rights Laws, in accordance with Section XIII(C)(1) of this NOFA.

(24) An applicant must be in compliance with any desegregation or other court order related to Fair Housing, in accordance with Section XIII(C)(2) of this NOFA.

(25) If an application includes a proposal to develop off-site replacement housing, the application must include evidence of site control of the proposed off-site locations, in accordance with Section XIV(B)(4) of this NOFA.

(26) If an application includes a proposal to develop market rate housing, it must include a preliminary market assessment letter, in accordance with Section XIV(C) of this NOFA. This item is curable.

(27) An application must include a certification that all necessary zoning approvals have been secured or scheduled, in accordance with Section XIV(E) of this NOFA.

(28) An application must include a demonstration of the appropriateness of the proposal, in accordance with Section XV(A) of this NOFA.

IV. Application Submission Information

(A) Application Kit

(1) The HOPE VI Application Kit provides explicit, specific instructions as to the format of your HOPE VI Revitalization application. Your application must conform to the requirements of this NOFA and follow the format described in the Kit. The Application Kit is designed to guide you through the application process and ensure that your application addresses all of the requirements of this NOFA. Please note that if there is a discrepancy between information provided in the Application Kit and the information provided in the NOFA, the information in the NOFA prevails.

(2) HUD will mail an Application Kit to every eligible PHA. In addition, you may obtain an Application Kit from the HOPE VI Information Clearinghouse at 1–866–242-HOPE (1–866–242-HOPE is a toll free number). Persons with hearing- or speech-impairments may call the Clearinghouse's TTY number at 1–800-HUD–2209. When requesting an Application Kit, please refer to HOPE VI Revitalization and provide your name, address (including zip code), and telephone number (including area code). The Application Kit also will be available on the HOPE VI Home Page at *www.hud.gov/hopevi* and the HUD Home Page at *www.hud.gov/grants.*

(B) Application Due Date

Revitalization grant applications are due at HUD Headquarters on or before 5:15 pm, Eastern Time, on November 29, 2002. This application deadline is firm. In contrast to previous years, your application must ARRIVE at HUD by 5:15 pm ON the due date. If you mail or give your application to an overnight carrier on the due date and it does not arrive by 5:15 pm ON THE DUE DATE, your application will not be considered. Submit your application early to avoid missing the deadline and being disqualified by unanticipated delays or other related problems.

(C) Application Delivery

(1) Send the original and one copy of your completed application to Mr. Milan Ozdinec, Deputy Assistant Secretary for Public Housing Investments, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4130, Washington, DC 20410. Please make sure that you note the room number. The correct room number is very important to ensure that your application is not misdirected.

(2) Applications Sent by Overnight Delivery. It is strongly recommended that you send your application by an overnight carrier, at least two days before the application due date. You may use only DHL, Falcon Carrier, FedEx, United Parcel Service (UPS), or the U.S. Postal Service (USPS), as they are the only carriers accepted into the HUD building without an escort. Delivery by these services must be made during HUD's Headquarters business hours, between 8:45 AM and 5:15 PM, Eastern Time, Monday to Friday. If your area is not served by these companies, you must submit your application via USPS.

(3) Hand Carried Applications. Due to new security measures, HUD will no longer accept hand carried applications.

(4) You must send one copy of your application to your HUD Field Office. The application sent to Headquarters will be the one that must meet the deadline. If an application is received by the Field Office on time, but not by Headquarters, it will not be considered.

(5) HUD will not accept for review and evaluation any applications sent by facsimile (fax). Also do not submit resumes or videos.

(D) Technical Assistance

(1) Before the application due date, HUD staff will be available to provide you with general guidance and technical assistance. HUD staff, however, are not permitted to assist in preparing your application. If you have a question or need a clarification, you may call, fax, or write Mr. Milan Ozdinec, Deputy Assistant Secretary for Public Housing Investments, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4130, Washington, DC 20410; telephone (202) 401–8812; fax (202) 401–2370 (these are not toll free numbers). Persons with hearing-or speech-impairments may call via TTY by calling the Federal Information Relay Service at (800) 877–8339.

(2) Frequently asked questions, clarifications, and any technical corrections will be posted to the HUD Home Page at *www.hud.gov.* In addition, all materials related to this NOFA, including the HOPE VI Revitalization Application Kit, will be posted to the HOPE VI website at *www.hud.gov/hopevi.* Any technical corrections will also be published in the **Federal Register**. Applicants are responsible for monitoring these sites during the application preparation period.

V. Eligible Revitalization Activities

HOPE VI Revitalization grants may be used for activities to carry out revitalization programs for severely distressed public housing in accordance with Section 24(d) of the U.S. Housing Act of 1937 Act (1937 Act). Revitalization activities approved by HUD must be conducted in accordance with the requirements of this NOFA.

(A) Relocation, including reasonable moving expenses, for residents displaced as a result of the revitalization of the project. See Section XII(C) of this NOFA for relocation requirements.

(B) Demolition of dwelling units and nondwelling facilities, in whole or in part.

(1) Demolition is not a required element of a HOPE VI Revitalization Plan.

(2) You may not carry out, nor permit others to carry out the demolition of the Project or any portion of the Project until HUD approves, in writing, one of the following:

(a) Information in your HOPE VI Revitalization Application, along with Supplemental Submissions requested by HUD after the award of the grant and a Request for Release of Funds submitted in accordance with 24 CFR part 58. Section 24(g) of the 1937 Act provides

that severely distressed public housing demolished pursuant to a Revitalization Plan is not required to be approved by a demolition application under Section 18 of the 1937 Act or regulations at 24 CFR part 970. If you do not receive a HOPE VI Revitalization grant, the information in your application will not be used to process a request for demolition;

(b) A demolition application under Section 18 of the 1937 Act. While a Section 18 approval is not required by HOPE VI demolition, you will not have to wait for demolition approval through your Supplemental Submissions, as described in Section (a) above; or

(c) A Section 202 Mandatory Conversion Plan, in compliance with regulations at 24 CFR part 971 and other applicable HUD requirements, if the project is subject to Mandatory Conversion (Section 202 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 Pub. L. 104–134, approved on April 26 1996). A Mandatory Conversion Plan concerns the removal of a public housing project from a PHA's inventory.

(C) Disposition of a severely distressed public housing site, by sale or lease, in whole or in part, in accordance with Section 18 of the 1937 Act and implementing regulations at 24 CFR part 970. A lease of one year or more that is not incident to the normal operation of a Project is considered to be a disposition that is subject to Section 18 of the 1937 Act.

(D) Rehabilitation and physical improvement of public housing and/or community facilities primarily intended to facilitate the delivery of community and supportive services for residents of the Project and residents of off-site replacement housing, in accordance with 24 CFR 968.112(b), (d), (e), and (g)–(o) and 24 CFR 968.130 and 968.135(b) and (d) or successor regulations, as applicable.

(E) Development

(1) For any standard (non-mixed finance) public housing development activity, (whether on-site reconstruction or off-site development), you must obtain HUD approval of a standard development proposal submitted under 24 CFR part 941 (or successor part).

(2) For mixed-finance housing development, you must obtain HUD approval of a Mixed Finance Proposal, submitted under 24 CFR part 941, subpart F (or successor part and subpart).

(3) For new construction of community facilities primarily intended to facilitate the delivery of community and supportive services for residents of the Project and residents of off-site replacement housing, you must comply with 24 CFR part 941 (or successor part). Information required for this activity must be included in either a Standard or Mixed Finance Development Proposal, as applicable.

(F) Homeownership Activities

(1) For homeownership replacement units developed under a Revitalization Plan, you must obtain HUD approval of a homeownership proposal. The homeownership proposal must be consistent with the 80 percent of Area Median Income (AMI) limitations and any other applicable provisions under the 1937 Act. (HUD publishes AMI tables for each family size in each locality annually. The income limit tables can be found at *www.huduser.org/datasets/il/fmr01/index.html).* See Section XIV(D) of this NOFA (mixed-income communities) for more information about homeownership housing. Your homeownership proposal must conform to either:

(a) Section 24(a)(1)(J) of the 1937Act; or

(b) Section 32 of the 1937 Act, provided that HUD has issued final implementing regulations by the application due date; or

(c) 24 CFR part 906 if HUD has not issued final regulations to implement Section 32 of the 1937 Act by the application due date.

(2) Assistance may include:

(a) Downpayment or closing cost assistance;

(b) Provision of second mortgages; and/or

(c) Construction or permanent financing for new construction, acquisition, or rehabilitation costs related to homeownership replacement units.

(G) Acquisition

(1) Rental Units. For acquisition of rental units in existing or new apartment buildings, single family subdivisions, etc., with or without rehabilitation, for use as public housing replacement units, you must submit a Development Proposal in accordance with CFR part 941.304 (conventional development) or 24 CFR 941.606 (mixed finance development).

(2) Land for Off-Site Replacement Units. For acquisition of land for public housing or homeownership development, you must comply with 24 CFR part 941 or successor part.

(3) Land for Economic Development-Related Activities.

(a) You may use HOPE VI grant funds to acquire land for economic development-related activities if those activities specifically promote the economic self-sufficiency of residents.

(b) With HUD approval, you may also use HOPE VI grant funds for limited infrastructure and site improvements associated with developing retail, commercial, or office facilities, such as rough grading and bringing utilities to (but not on) the site.

(c) You may not use HOPE VI grant funds to pay hard construction costs or to buy equipment for retail, commercial, or non-public housing office facilities.

(4) Acquisition Proposal. Before you may undertake acquisition activities with HOPE VI or other public housing funds, you must submit an acquisition proposal to HUD that meets the requirements of 24 CFR 941.303.

(H) Necessary management improvements, including transitional security activities.

(I) Reasonable costs for administration, planning, technical assistance, and fees and costs, as established by HUD guidance and policies regarding cost controls. These costs are limited to the costs of implementing the Revitalization Plan, as specifically approved by HUD, such as fees for architectural and engineering work, program management (if any), and reasonable legal fees. See Section VII(C)(3) for soft development costs guidelines.

(J) Community and Supportive Services (CSS). The CSS Component of the HOPE VI Program encompasses all activities that are designed to promote upward mobility, self-sufficiency, and improved quality of life for the residents of the public housing project involved. The CSS Component is described in Section XI of this NOFA.

(K) Leveraging other resources, including additional housing resources, supportive services, job creation, and other economic development uses on or near the project that will benefit future residents of the site.

VI. Revitalization Grant Limitations

(A) Grant Amount Limitations

(1) The total amount you may request in your Revitalization application is limited to $20 million or the sum of the amounts in Section IV(A)(2), whichever is lower.

(2) Total Development Cost (TDC). The ''TDC Limit'' refers to the maximum amount of HUD funding that HUD will approve for development of specific public housing units in a given location. The TDC limit applies only to the costs of development of public housing that are paid directly with HUD public housing funds, a PHA may exceed the TDC limit using non-public housing

funds such as CDBG, HOME, low-income housing tax credit equity, etc. The HUD TDC Cost Tables are issued for each calendar year for the building type and bedroom distribution for the public housing replacement units. Use the TDCs in effect at the time this HOPE VI NOFA is published when making your TDC calculations.

(a) The total cost of development, including relocation costs, is limited to the sum of:

(i) HUD's TDCs up to 100 percent of HUD's published TDC limits for the costs of demolition and new construction, multiplied by the number of HOPE VI public housing replacement units; and/or

(ii) 90 percent of the TDC limits, multiplied by the number of public housing units after substantial rehabilitation and reconfiguration.

(b) The TDC limit for a project is made up of the following components:

(i) Housing Cost Cap (HCC): HUD's published limit on the use of public housing funds for the cost of constructing the public housing units, which includes unit hard costs, builder's overhead and profit, utilities from the street, finish landscaping, and a hard cost contingency. Estimates should take into consideration the Davis-Bacon wage rate requirements as described in Section XIX(F)(1)(a) of this NOFA.

(ii) Community Renewal (CR): The balance of funds remaining within the project's TDC limit after the housing construction costs described in (i) above are subtracted from the TDC limit. This is the amount of public housing funds available to pay for PHA administration, planning, infrastructure and other site improvements, community and economic development facilities, acquisition, relocation, demolition, and remediation of units to be replaced on site, and all other development costs.

(3) CSS. You may request an amount up to 15 percent of the total HOPE VI grant to pay the costs of CSS activities, as described in Section XI(B) of this NOFA. These costs are in addition to (i.e., excluded from) the TDC calculation in Section (2) above.

(4) Demolition and Site Remediation Costs of Unreplaced On-site Units. You may request an amount necessary for demolition and site remediation costs of units that will not be replaced on-site. This cost is in addition to (i.e., excluded from) the TDC calculation in Section (2) above.

(5) Extraordinary Site Costs.

(a) You may request a reasonable amount to pay extraordinary site costs, which are construction costs related to unusual pre-existing site conditions that are incurred, or anticipated to be incurred. If such costs are significantly greater than those typically required for similar construction, are verified by an independent, certified engineer or architect, and are approved by HUD, they may be excluded from the TDC calculation Section (2) above. Extraordinary site costs may be incurred in the remediation and demolition of existing property, as well as in the development of new and rehabilitated units. Examples of such costs include, but are not limited to: Abatement of extraordinary environmental site hazards; removal or replacement of extensive underground utility systems; extensive rock and/or soil removal and replacement; removal of hazardous underground tanks; work to address unusual site conditions such as slopes, terraces, water catchments, lakes, etc.; and work to address flood plain and other environmental remediation issues. Costs to abate asbestos and lead-based paint from structures are normal demolition costs. Extraordinary measures to remove lead-based paint that has leached into the soil would constitute an extraordinary site cost.

(b) Extraordinary site costs must be justified and verified by a licensed engineer or architect who is not an employee of the housing authority or the city. The engineer or architect must provide his or her license number and state of registration. An Extraordinary Site Costs Certification is included in the HOPE VI Application Kit. If this certification is not included in the application after the cure period described in Section XVII(B)(3) of this NOFA, extraordinary site costs will not be allowed.

(B) Other Application Limitations

(1) You may not use HOPE VI Revitalization Grant funds to pay for any revitalization activities carried out on or before the date of the letter announcing the award of the HOPE VI Grant.

(2) *Threshold:* Your application must disclose all prior HUD public housing assistance received for the project(s) you have targeted for the physical revitalization related to the proposed revitalization activities.

(C) Hard and Soft Development Costs Guidelines.

(1) Your projected hard development costs must be realistic, developed through the use of technically competent methodologies, including cost estimating services, and comparable to industry standards for the kind of construction to be performed in the proposed geographic area.

(2) Your cost estimates must represent an economically viable preliminary plan for designing, planning and carrying out your proposed activities in accordance with local costs of labor, materials, and services.

(3) Your projected soft costs must be reasonable and comparable to industry standards. Upon award, soft costs will be subject to HUD's ''Safe Harbor'' cost control standards, which can be found at *http://www.hud.gov/offices/pih/programs/ph/hope6/grants/admin/safeharbor.pdf*. These safe harbors provide specific limitations on such costs as developer's fees (between 9 and 12 percent), PHA administration/consultant cost (no more than 3 to 6 percent of the total project budget), contractor's fee (6 percent), overhead (2 percent), and general conditions (6 percent). HUD's Cost Control and Safe Harbor Standards can be found on the Grant Administration page of the HOPE VI website at *www.hud.gov/hopevi*.

(4) *Threshold:* Your cost estimates must be certified to meet the standards of Sections (1) through (3) above by an independent cost estimator, architect, engineer, contractor, or other qualified third party professional.

(5) If you are eligible for funding, HUD will delete any unallowable items from your budget and may reduce your grant accordingly, except as provided in Section VI(D)(7) of this NOFA.

(D) Site and Unit Requirements.

(1) *Threshold:* One application. Each applicant may submit only one HOPE VI Revitalization application as described in this NOFA. If more than one application is submitted by a single applicant, all applications will be disqualified.

(2) *Threshold:* One Project. Except as provided in Sections (VI)(D)(3) and (4) below, each application must target one severely distressed public housing project (i.e., with one project number).

(3) *Threshold:* Contiguous Projects. Each application may request funds for more than one project if those projects are immediately adjacent to one another or within a quarter-mile of each other. If you include more than one project in your application, you must provide a map that clearly indicates that the projects are within a quarter-mile of each other. If HUD determines that they are not, your application will be ineligible for funding.

(4) *Threshold:* Scattered Site Projects. Your application may request funds to revitalize a scattered site public housing project. The sites targeted in an application proposing to revitalize scattered sites (regardless of whether the scattered sites are under multiple project numbers) must fall within a one

square mile area, except that you may identify a larger site if you can show that all of the targeted scattered site units are located within the hard edges (e.g., major highways, railroad tracks, lakeshore, etc.) of a neighborhood. If you propose to revitalize a project that extends beyond a one square mile radius or is otherwise beyond the hard edges of a neighborhood, your application will be ineligible for funding.

(5) Number of Units. You may request funds for as few or as many units as you wish in your application. HUD will review requests to revitalize projects with small numbers of units on an equal basis with those with large numbers of units.

(6) *Threshold:* Previously-funded Sites. You may submit a Revitalization application that targets a project that is being revitalized or replaced under an existing HOPE VI Revitalization grant or source of HUD public housing funds. However, you may not apply for new HOPE VI Revitalization funds for units in that project that were funded by the existing HOPE VI Revitalization grant or other HUD funds, even if those funds are inadequate to pay the costs to revitalize or replace all of the targeted units. For example, if a project has 700 units and you were awarded a HOPE VI Revitalization grant or other HUD public housing funds to address 300 of those units, you may submit an FY 2002 HOPE VI Revitalization application to revitalize the remaining 400 units. You may not apply for supplemental funds to supplement work on the original 300 units. If you request funds to revitalize units or buildings that have been funded by an existing HOPE VI Grant or other HUD funds, your application will be ineligible for funding.

(7) *Threshold:* HOPE VI funds may not be used to develop market rate units or affordable housing units which do not qualify as public housing or homeownership replacement units.

(8) Replacement Units. Under this HOPE VI NOFA, a HOPE VI Replacement unit shall be deemed to be any combination of public housing rental units, eligible homeownership units under Section 24(d)(1)(J) of the 1937 Act, and Section 8 vouchers that does not exceed the number of units demolished and/or disposed of at the targeted severely distressed public housing project.

(9) Access to Services. For both on-site and any off-site units, your overall Revitalization Plan must result in increased access to municipal services, jobs, mentoring opportunities, transportation, and educational facilities; i.e., the physical plan and self-sufficiency strategy must be well integrated and strong linkages must be established with the appropriate Federal and state and local agencies, non-profits, and the private sector to achieve such access.

(10) Universal Design. HUD encourages you to incorporate the principles of universal design in the construction or rehabilitation of housing, retail establishments, and community facilities, or when communicating with community residents at public meetings or events. Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. The intent of universal design is to simplify life for everyone by making products, communications, and the built environment more usable by as many people as possible at little or no extra cost. Universal design benefits people of all ages and abilities. Examples include designing wider doorways, installing levers instead of doorknobs, and putting bathtub/shower grab bars in all units. Computers and telephones can also be set up in ways that enable as many residents as possible to use them.

(11) *Threshold.* Separability. In accordance with Section 24(j)(2)(A)(v) of the 1937 Act, if you propose to target only a portion of a project for revitalization, you must:

(a) Demonstrate to HUD's satisfaction that the severely distressed public housing is sufficiently separable from the remainder of the project of which the building is part to make use of the building feasible for revitalization, and

(b) Demonstrate that the site plan and building designs of the revitalized portion will provide defensible space for the occupants of the revitalized building(s) and that the properties that remain will not have a negative influence on the revitalized buildings(s), either physically or socially. Separations may include a road, berm, catch basin, or other recognized neighborhood distinction.

VII. Capacity

(A) Thresholds

(1) Troubled Status. If HUD has designated your housing authority as troubled pursuant to Section 6(j)(2) of the 1937 Act, HUD's Troubled Agency Recovery Centers will use documents and information available to it to determine whether you qualify as an eligible applicant. In accordance with Section 24(j) of the 1937 Act, the term ''applicant'' means:

(a) Any PHA that is not designated as ''troubled'' pursuant to Section 6(j)(2) of the 1937 Act;

(b) Any PHA for which a private housing management agent has been selected, or a receiver has been appointed, pursuant to Section 6(j)(3) of the 1937 Act; and

(c) Any PHA that is designated as ''troubled'' pursuant to Section 6(j)(2) of the 1937 Act and that:

(i) Is designated as troubled principally for reasons that will not affect its capacity to carry out a revitalization program;

(ii) Is making substantial progress toward eliminating the deficiencies of the agency that resulted in its troubled status; or

(iii) Is otherwise determined by HUD to be capable of carrying out a revitalization program.

(2) Obligation of Capital Funds. In order to be considered for funding, you must have obligated Capital Fund amounts (including the Comprehensive Improvement Assistance Program (CIAP) or Comprehensive Grant Program (CGP)) in a timely manner. HUD will not consider any application from an applicant that has obligated less than 90 percent of its FY 1998–1999 Capital Funds, as required by the Quality Housing and Work Responsibility Act of 1998, by September 30, 2001, unless an extension has been approved by the Deputy Secretary. HUD will use the LOCCS disbursement system to determine the obligation rate as of September 30, 2001. Some PHAs have executed Moving To Work (MTW) Agreements that exempt the PHA from the statutory Capital Fund obligation and expenditure deadlines. Accordingly, those PHAs will not be subject to this provision.

(3) Performance of Existing HOPE VI Grantees. If an applicant has one or more existing HOPE VI Revitalization grants, the Department will disqualify such an applicant if:

(a) The applicant has an open IG or GAO audit finding related to the HOPE VI or Capital Fund Programs as of the date the application is due to HUD, or

(b) The applicant has failed to meet its performance requirements as required in the applicable HOPE VI Revitalization Grant Agreement by the application due date.

(4) Conducting Business in Accordance With HUD Core Values and Ethical Standards. You must develop and maintain a written code of conduct (see Sections 84.42 and 85.36(b)(3)) that reflects HUD's Core Values. This code of conduct must prohibit real and apparent conflicts of interest that may arise among your employees, officers or

agents; prohibit the solicitation and acceptance of gifts or gratuities by employees, officers, and agents for their personal benefit in excess of minimal value, and outline administrative and disciplinary actions available to remedy violations of such standards. If awarded assistance under this NOFA, you will be required, prior to entering into a grant agreement with HUD, to submit a copy of your code of conduct and describe the methods you will use to ensure that all officers, employees, and agents of your organization are aware of your code of conduct.

(5) Selection of Developer. In a departure from previous years, in order to be selected for funding, you must provide a certification that:

(a) You have procured a developer for your first phase of construction by the application due date, in accordance with 24 CFR 85.36 and 24 CFR 941.602(d) (as applicable). A developer is an entity contracted to develop (and possibly operate) a mixed finance development that includes public housing units, pursuant to 24 CFR part 941 subpart F, and contingent on a satisfactory environmental review under 24 CFR part 58 or part 50, under the terms of a HUD-approved proposal. A developer most often has an ownership interest in the entity that is established to own and operate the replacement units (e.g. as the General Partner of a Limited Partnership). If you change developers after you are selected for funding, HUD reserves the right to rescind the grant; or

(b) You will act as your own developer for the proposed project. If you change your plan and procure an outside developer after you are selected for funding, HUD reserves the right to rescind the grant.

(6) Operation and Management Principles and Policies.

(a) Authority. Any HOPE VI-funded activities at public housing projects are subject to statutory requirements applicable to public housing projects under the 1937 Act, other statutes, and the Annual Contributions Contract (ACC). Within such restrictions, HUD seeks innovative solutions to the long-standing problems of severely distressed public housing projects. You may request, for the revitalized project, a waiver of HUD regulations, subject to statutory limitations and a finding of good cause under 24 CFR 5.110 if the waiver will permit you to undertake measures that enhance the long-term viability of a project revitalized under this program. HUD will assess each request to determine whether good cause is established to grant the waiver.

(b) Requirements. HOPE VI Revitalization Grantees will be required to develop Management Agreements that describe their operation and management principles and policies for their public housing units. In your application, you must provide a certification that you will ensure that you and/or your procured property manager have complied (to the extent required) with the provisions of 24 CFR 966.3 in planning for the implementation of the operation and management principles and policies described below.

(i) Rewarding work and promoting family stability by promoting positive incentives such as income disregards and ceiling rents;

(ii) Instituting a system of local preferences adopted in response to local housing needs and priorities, e.g., preferences for victims of domestic violence, residency preferences, disaster victims;

(iii) Encouraging self-sufficiency by including lease requirements that promote involvement in the resident association, performance of community service, participation in self-sufficiency activities, and transitioning from public housing;

(iv) Implementing site-based waiting lists for the redeveloped public housing and/or following project-based management principles;

(v) Instituting strict applicant screening requirements such as credit checks, references, home visits, and criminal records checks;

(vi) Strictly enforcing lease and eviction provisions;

(vii) Improving the safety and security of residents through the implementation of defensible space principles and the installation of physical security systems such as surveillance equipment, control engineering systems, etc;

(viii) Enhancing on-going efforts to eliminate drugs and crime from neighborhoods through collaborative efforts with Federal, state, and local crime prevention programs and entities such as:

(*A*) Local law enforcement agencies;

(*B*) Your local United States Attorney;

(*C*) The Weed and Seed Program, if the targeted project is located in a designated Weed and Seed area. Operation Weed and Seed is a multi-agency strategy that ''weeds out'' violent crime, gang activity, drug use, and drug trafficking in targeted neighborhoods and then ''seeds'' the target area by restoring these neighborhoods through social and economic revitalization. Law enforcement activities constitute the ''weed'' portion of the program. Revitalization, which includes prevention, intervention, and treatment services as well as neighborhood restoration, constitutes the ''seed'' element. HUD has provided the Department of Justice with $10 million to fund Weed and Seed Strategies that fight crime and drugs in public, Indian, and Federally-assisted housing. For more information, see the Community and Safety and Conservation website at *www.hud.gov/offices/pih/divisions/cscd/.*

(B) Rating Factor: Capacity—21 Points Total.

The term ''your Team'' includes your HOPE VI Coordinator (an individual designated by the PHA who may be a staff member or contractor), PHA staff who will be involved in HOPE VI grant administration, and developer partners, program managers, property managers, subcontractors, consultants, attorneys, financial consultants, and other entities or individuals identified and/or proposed to carry out program activities.

(1) Development Capacity.

(a) Capacity of Developer—6 Points

(i) You will receive 6 Points if:

(*A*) Your Developer or other Team members have extensive, recent, and successful experience in planning, implementing, and managing physical development, financing, leveraging, and partnership activities that are comparable in character, scale, and complexity to your proposed revitalization activities;

(*B*) You propose development using low-income tax credits, and you, your Developer, or other Team members have relevant tax credit experience; and

(*C*) Homeownership, rent-to-own, cooperative ownership, or other major development components are proposed, you, your Developer, or other Team members have relevant, successful experience in development, sales, and/or conversion activities.

(ii) You will receive 4 Points if your Developer or other Team members have some but not extensive experience in the factors described above.

(iii) You will receive 0 Points if your Developer or other Team members do not have the experience described and the application does not demonstrate that it has the capacity to carry out your Revitalization Plan. You will also receive 0 Points if there is inadequate information in your application to rate this factor.

(b) Development Capacity of Applicant—6 Points.

(i) You will receive 6 Points if:

(*A*) You have identified potential gaps in your current staffing in relation to development activities, and you have plans to fill such gaps, internally or externally, in a timely manner in order

to successfully implement your Revitalization Plan;

(*B*) You have demonstrated that physical development activities will proceed as promptly as possible following grant award, and you will be able to begin significant construction within 23 months of the award of the grant.

(*C*) Your Administrative and Compliance Checkpoints Report, as provided in the HOPE VI Revitalization Application Kit, provides a feasible plan to meet the schedule requirements of Section XIX(B) of this NOFA, with no impediments such as litigation that would prevent timely startup. Those schedules that indicate the soonest startup will be rated the highest.

Threshold: Submission of the Administrative and Compliance Checkpoints Report that conforms to the timeliness requirements of Section XIX(B) of this NOFA is a threshold requirement and not subject to Section XVII(B)(3) with regard to curing deficiencies;

(*D*) Your management experience and previous experience with development activities demonstrates that you have experience in overseeing large scale development, whether it be in-house or implemented by a private entity. In your application, you will describe the dollar amount and timeframe for completion of the project(s); and

(*E*) As of the HOPE VI Revitalization application due date, you do not have any outstanding Comprehensive Grant, Comprehensive Improvement Assistance Program, or Capital Fund Program audit findings. If you have such a finding, you cannot receive 6 Points.

(ii) You will receive 4 Points if you have had experience in managing large scale development in accordance with the factors above, but your experience has not been extensive and/or your project(s) were not completed within the timeframe originally established for the project. You will also receive 4 Points if you have extensive experience, but have an outstanding Capital Fund Program audit finding as described in Section (VII)(A)(3)(a) above.

(iii) You will receive 1 Point if your application indicates that you have had little experience in managing large-scale development projects.

(iv) You will receive 0 Points if you do not demonstrate any experience in managing development activities, or if there is inadequate information in your application to rate this factor.

(2) Capacity of Existing HOPE VI Revitalization Grantees.

This Section applies only to applicants that have received HOPE VI Revitalization grants in the past, excluding those awarded in FY 2001. If an applicant has more than one HOPE VI Revitalization grant, each will be rated separately, and the highest deduction will be made. Applicants with only FY 2001 HOPE VI Revitalization grants or no existing HOPE VI Revitalization grants are not subject to this section.

(a) Grant Progress—5 Points.

5 Points will be deducted if you have not carried out the following activities within the timeframes established in your first schedule entered into the HOPE VI Quarterly Report system. Although HUD may have approved an extension(s), this factor will be measured against the original due dates. HUD will determine this factor based on internal information on existing grants.

(i) Supplemental Submissions submitted;

(ii) CSS Workplan submitted;

(iii) Program Manager procured;

(iv) Master Development Agreement executed.

(b) Obligation Rate.

Up to 5 Points will be deducted if a Grantee has obligated its grant funds as follows. Obligation rates will be determined from LOCCS reports generated as of March 31, 2002, *Except in the case of some moving to work applicants, which are not required to enter obligations into LOCCS in accordance with their MTW agreements. Those PHAS must provide a certification of their obligation rate in their applications in order to receive any points for this rating factor.*

Percent obligated	Points deducted
Grants Awarded in FY 1996 or prior	
100 Percent	0 Points
90–99 Percent	1 Point
80–89 Percent	2 Points
70–79 Percent	3 Points
60–69 Percent	4 Points
less than 60 Percent	5 Points
Grants Awarded in FY 1997	
95–100 Percent	0 Points
85–94 Percent	1 Point
75–84 Percent	2 Points
65–74 Percent	3 Points
55–64 Percent	4 Points
less than 55 Percent	5 Points
Grants Awarded in FY 1998	
85–100 Percent	0 Points
75–84 Percent	1 Point
65–74 Percent	2 Points
55–64 Percent	3 Points
45–54 Percent	4 Points
less than 45 Percent	5 Points
Grants Awarded in FY 1999	
80–100 Percent	0 Points
70–79 Percent	1 Point
60–69 Percent	2 Points
50–59 Percent	3 Points
40–49 Percent	4 Points
less than 40 Percent	5 Points
Grants Awarded in FY 2000	
75–100 Percent	0 Points
65–74 Percent	1 Point
55–64 Percent	2 Points
45–54 Percent	3 Points
35–44 Percent	4 Points
less than 35 Percent	5 Points

(3) CSS Program Capacity—3 Points.

You will receive 1 Point for each of the following criteria that you demonstrate in your application. See Section XI(B) of this NOFA for detailed information on CSS activities.

(a) You will receive 2 Points:

(i) If you propose to carry out your CSS Plan in-house and you have recent, successful experience in planning, implementing, and managing the types of CSS activities proposed in your application, or

(ii) You propose that CSS activities be carried out by members of your Team, you have procured a member(s) of your Team who has the qualifications and experience to plan, implement, manage, and coordinate the types of activities proposed, and/or you have a plan for promptly hiring staff or procuring a Team member to do so.

(b) If you have an existing HOPE VI grant, you will receive 1 Point if you demonstrated that your proposed CSS Team will be adequate to implement a new program without weakening your existing Team. If you do not have an existing HOPE VI Revitalization grant, you will automatically receive this Point.

(4) Property Management Capacity—4 Points.

(a) Property management activities may be the responsibility of the PHA or another member of the Team, which may include a separate entity that you have procured or will procure to carry out property management activities. In your application you will describe the number of units and the condition of the units currently managed by you or your property manager, your annual budget for those activities, and any awards or recognition that you or your property manager have received.

(b) Past Property Management Experience—3 Points.

(i) You will receive 3 Points if:

(*A*) You or your property manager currently has recent, successful experience in property management of the housing types included in your revitalization plan. This may include market rate rental housing, public housing, and/or other affordable housing, including rental units developed with low-income housing tax credit assistance. If your Revitalization Plan includes cooperatively-owned housing, rent-to-own units, or other types of managed housing, you must demonstrate recent, successful experience in the management of such housing by the relevant member(s) of your Team, and

(*B*) You or your property manager has excellent knowledge and recent, successful experience in property management of market rate, affordable and/or public housing.

(ii) You will receive 1 Point if your application demonstrates that you or your property manager has some but not extensive experience of the kind required for your Revitalization Plan.

(iii) You will receive 0 Points if your application does not demonstrate that you or your property manager has the capacity to manage your proposed plan, or if there is inadequate information in your application to rate this factor.

(c) Property Management Plan—1 Point.

(i) You will receive 1 Point if your application provides a detailed description of the goals and plans of you or your property manager to administer the following elements:

Property maintenance
Rent collection
MTCS reporting
Site-based management experience
Tenant grievances
Evictions
Occupancy rate
Unit turnaround
Preventive maintenance
Work order completion
Project-based budgeting
Management of Homeownership and rent-to-own programs
Energy Audits

(ii) You will receive 0 Points if there is insufficient information in your application to rate this factor.

(5) PHA Plan—2 Points.

(a) You will receive 2 Points if you have incorporated the revitalization plan described in your application into your PHA Plan, and your PHA Plan has been approved by your local HUD Field Office.

(b) You will receive 1 Point if:

(i) You have incorporated the revitalization plan described in your application into your PHA Plan, but your PHA plan has not been approved by your local HUD Field Office, or

(ii) The Field Office has approved your PHA Plan, but the revitalization plan described in your application has not been incorporated into the PHA Plan.

(c) You will receive 0 Points if you have not incorporated the revitalization plan described in your application into your PHA Plan, or if there is insufficient information in your application to rate this factor.

VIII. Need

(A) Threshold: Severe Distress.

(1) The targeted public housing project or building in a project must be severely distressed. In accordance with Section 24(j)(2) of the 1937 Act, the term ''severely distressed public housing'' means a public housing project (or building in a project):

(a) That:

(i) Requires major redesign, reconstruction or redevelopment, or partial or total demolition, to correct serious deficiencies in the original design (including inappropriately high population density), deferred maintenance, physical deterioration or obsolescence of major systems, and other deficiencies in the physical plant of the project;

(ii) Is a significant contributing factor to the physical decline of, and disinvestment by public and private entities in, the surrounding neighborhood;

(iii) (*A*) Is occupied predominantly by families who are very low-income families with children, are unemployed, and dependent on various forms of public assistance; or

(*B*) Has high rates of vandalism and criminal activity (including drug-related criminal activity) in comparison to other housing in the area;

(iv) Cannot be revitalized through assistance under other programs, such as the Capital and Operating Funds Programs for public housing under the Act, or the programs under Sections 9 and 14 of the 1937 Act (as in effect before the effective date under Section 503(a) of the Quality Housing and Work Responsibility Act of 1998 (Pub. L. 105–276, approved October 21, 1998, referred to as the Public Housing Reform Act), because of cost constraints and inadequacy of available amounts; and

(v) In the case of individual buildings, is sufficiently separable from the remainder of the project of which the building is part to make use of the building feasible for revitalization; or

(b) That was a project described in Section VIII(A)(1)(a) that has been legally vacated or demolished, but for which HUD has not yet provided replacement housing assistance (other than tenant-based assistance).

(2) A severely distressed project that has been legally vacated or demolished (but for which HUD has not yet provided replacement housing assistance, other than tenant-based assistance) must have met the definition of physical distress as of the day the demolition application approval letter was dated by HUD.

(3) To meet the severe distress requirement, you must certify that the public housing project or building in a project targeted in your HOPE VI application meets the definition of severe distress provided in Section VIII(A)(1). You will make this certification by signing the HOPE VI Revitalization Grant Applicant Certifications. The certification form is included in the HOPE VI Application Kit, and the text of the certification is included as Appendix A to this HOPE VI NOFA.

(4) In order to certify to the severe physical distress described in Section VIII(A)(1)(a) of this NOFA, your application must include a certification that is signed by an engineer or architect licensed by a state licensing board. The license does not need to have been issued in the same state as the severely distressed project. The engineer or architect must include his or her license number and state of registration on the certification. The engineer or architect may not be an employee of the housing authority or the city.

(B) Rating Factor: Need—26 Points Total.

(1) Need for Revitalization: Severe Physical Distress—10 Points

HUD will evaluate the extent of the severe physical distress of the targeted public housing project. If the targeted units have already been demolished, HUD will evaluate your description of the extent of the severe physical distress of the site as of the day the demolition application was approved by HUD. You will receive Points for the following separate subfactors, as indicated.

(a) You will receive 2 Points if you demonstrate that there are major deficiencies in the project's infrastructure, roofs, electrical, plumbing, heating and cooling, mechanical systems, settlement, and/or other deficiencies in Housing Quality Standards.

(b) You will receive 2 Points if you demonstrate that there are poor soil conditions, inadequate drainage, deteriorated laterals and sewers, and/or inappropriate topography.

(c) You will receive 3 Points if you demonstrate that the project has major design deficiencies, including:

(i) Inappropriately high population density, room, and/or unit size and configurations;

(ii) Isolation;

(iii) Indefensible space;

(iv) Significant utility expenses caused by energy conservation deficiencies that may be documented by an energy audit; and/or

(v) Inaccessibility for persons with disabilities with regard to individual units, entrance ways, and/or common areas.

(d) You will receive 3 Points if you demonstrate that there are extreme levels of unmitigated lead-based paint, PCBs, mold, and/or asbestos that make the site or a portion of the site and its housing structures unsuitable for residential use.

(2) Need for Revitalization: Impact of the Severely Distressed Site on the Surrounding Neighborhood—5 Points

HUD will evaluate the extent to which the severely distressed public housing project is a significant contributing factor to the physical decline of, and disinvestment by, public and private entities in the surrounding neighborhood. In making this determination, HUD will evaluate your description of your narrative, crime statistics, photographs or renderings, socio-economic data, trends in property values, evidence of property deterioration and abandonment, evidence of underutilization of surrounding properties, and indications of neighborhood disinvestment.

(a) You will receive 5 Points if your narrative adequately demonstrates that the project has an enormous impact on the surrounding neighborhood, as documented by each item listed above.

(b) You will receive 3 Points if your narrative demonstrates that the project has a moderate impact on the neighborhood, and/or only some of the items listed above are adequately documented.

(c) You will receive 0 Points if your narrative does not demonstrate that the project has an impact on the surrounding neighborhood, or there is inadequate information in your application to rate this factor.

(3) Need for Funding: Obligation of Capital Funds—8 Points

HUD will evaluate the extent to which you could undertake the proposed revitalization activities without a HOPE VI grant. Large amounts of available Capital Funds indicate that the revitalization could be carried out without a HOPE VI grant.

HUD will use data from the latest quarterly obligation report available at the time of the grant application deadline date to determine the amount of unobligated FY 1999–2001 Capital Grant (including CIAP and CGP) funds currently available that could be used to carry out the proposed revitalization activities. Applicants must ensure that their obligation and expenditure information was updated in LOCCS prior to March 31, 2002, unless an extension has been approved by the Deputy Secretary. Information provided in the application will not be considered, except in the case of some moving to work applicants, which are not required to enter obligations into LOCCS in accordance with their MTW agreements. Those PHAS must provide a certification of their obligation rate in their applications in order to receive any points for this rating factor.

(a) You will receive 8 Points if your unobligated Capital Funds balance is up to 20 percent of the amount of HOPE VI funds requested.

(b) You will receive 6 Points if your unobligated balance is 21–45 percent of the amount of HOPE VI funds requested.

(c) You will receive 4 Points if your unobligated balance is 46–70 percent of the amount of HOPE VI funds requested.

(d) You will receive 2 Points if your unobligated balance is 71 to 90 percent of the amount of HOPE VI funds requested.

(e) You will receive 0 Points if your unobligated balance is more than 90 percent of the amount of HOPE VI funds requested.

(4) Need for Affordable Housing in the Community—3 Points

There must be a need for affordable housing in the community, measured by the supply of other housing available and affordable to families receiving tenant-based assistance under Section 8.

Affordable housing is measured by the supply of housing units available in your community with rents that would qualify for Section 8 assistance. To make this calculation, use the most recently published FMR for a 3 bedroom apartment. For the same community (the jurisdiction covered by the FMR), examine the apartment listings in a newspaper of general circulation that serves the majority of that community. Determine the number of low-income units with rents at or below the FMR for your community, over a period of any 30 days during the application review period. In your application you will document information about your analysis.

(a) You will receive 3 Points if the average market rental costs are over 130 percent of Section 8 fair market rents.

(b) You will receive 2 Points if the average market rental costs are over 120 percent of Section 8 fair market rents.

(c) You will receive 1 Point if the average market rental costs are over 110 percent of Section 8 fair market rents.

(d) You will receive 0 Points if the average market rental costs are 110 percent or less or if there is inadequate information to rate this factor.

IX. Match and Leveraging

(A) Match Requirements.

(1) Overall Match. In accordance with Section 24(c) of the 1937 Act, if you are selected for funding, you must supplement your HOPE VI Revitalization grant with funds from other sources greater than or equal to 5 percent of the HOPE VI funds provided.

(2) Additional Community and Supportive Services (CSS) Match. In addition to supplemental amounts provided in accordance with Section (1) above, if you are selected for funding and propose to use more than 5 percent of your HOPE VI grant for CSS activities (you may use up to 15 percent of your grant for such activities), you must provide supplemental funds from sources other than HOPE VI, dollar for dollar, for the amount over 5 percent of the grant that you will use for CSS activities.

(3) Matching funds must be directly applicable to the revitalization of the site and the transformation of the lives of residents.

(4) Grantees must provide matching funds which, combined with HOPE VI funds, will enable them to carry out revitalization activities, including CSS activities. Applicants must show firm commitments in the amounts required for match in their applications in order to be funded. Grantees will be required to show evidence that matching resources were actually received and used for their intended purposes through quarterly reports as the project proceeds. Sources of matching funds may be substituted after grant award, as long as the dollar requirement is met.

(5) Grantees must pursue and enforce any commitment (including commitments for services) obtained from any public or private entity for any contribution or commitment to the project or surrounding area that was used for leverage in their HOPE VI applications.

(6) *Threshold:* You must provide evidence that you have met your match requirement in the application. This means that the amount of match accepted by HUD must be at least 5 percent of total grant. You must also meet CSS match requirement of one for one for every dollar used for CSS over

five percent of the grant. (i.e., a request for 15 percent of the grant for CSS would require a dollar for dollar match of the amount requested for CSS over that first 5 percent.)

(B) Leverage. Although related to match, leverage is strictly a rating factor. Leverage consists of firm commitments of funds and other resources that are over and above the amount documented as match. HUD will rate your application based on the amount of funds and other resources that will be leveraged by the HOPE VI grant as a percentage of the amount of HOPE VI funds requested.

(C) Resource Documentation. In your application, you will enter basic information about each resource on the appropriate resource summary form: name of the organization providing the resource, the dollar value of the resource, and its proposed use.

(1) For each resource you list, you must provide a commitment document, such as a letter, memorandum of understanding, agreement to participate, city council resolution, or other evidence of the resource to be committed. The commitment cannot be conditioned on anything other than the receipt of the HOPE VI grant. The commitment document must be signed by an official of the organization legally authorized to make commitments on behalf of the organization.

(2) Each commitment document must include the dollar value of the commitment, and that dollar value must be consistent with the amount entered on the Resource Summary Form. On the form you will also enter the page number of your application where the commitment document is located.

(3) Endorsements or general letters of support from organizations or vendors alone will not count as resources and should not be included in the application or on a Resources Summary Form.

(4) Each resource may be used for only one category: Development, CSS, Anticipatory, or Collateral, as described below. Any resource listed in more than one category will be disqualified from all categories.

(5) For CSS purposes, include only funds that will be newly generated for HOPE VI activities. HUD will not count any funds that have been provided routinely, such as TANF payments or funds that support ongoing CSS-type activities.

(6) Even though an in-kind CSS contribution may count as a resource, it may not be appropriate to include on the sources and uses attachment. Each source on the sources and uses attachment must be matched by a specific and appropriate use. For example, donations of staff time may not be used to offset costs for infrastructure.

(D) Types of Development Resources.

HUD seeks to fund mixed-finance developments that use HOPE VI funds to leverage the maximum amount of other physical development funds, particularly from private sources, that will result in revitalized public housing, other types of assisted and market rate housing, and private retail and economic development. Types of resources that may be counted include:

(1) Private mortgage-secured loans and other debt. Note the term maturity expected and sources of repayment of all loans.

(a) Where there is both a construction loan and a permanent take-out loan, you must provide documentation of both, but only the value of the permanent loan will be counted as leverage.

(b) For privately-financed homeownership construction loans, acceptable documentation of construction loans will be considered as leverage. Documentation of permanent financing is not required.

(c) If you have obtained a construction loan but not a permanent loan, the value of the acceptably documented construction loan will be counted as leverage.

(2) Insured loans.

(3) Donations and contributions.

(4) Housing trust funds.

(5) Net sales proceeds from a homeownership project.

(6) Funds committed to build private sector housing in direct connection with the HOPE VI Revitalization Plan.

(7) Tax Increment Funding (TIF).

(8) Tax Exempt Bonds. Describe use and term.

(9) Other Federal Funds. Other Federal sources may include funds provided by the Capital Fund or other HUD-provided public housing funds (except for HOPE VI funds), including funds derived from program income.

(10) Low Income Housing Tax Credits (LIHTC). Low Income Tax Credits are authorized by Section 42 of the IRS Code which allows investors to receive a credit against Federal tax owed in return for providing funds to developers to help build or renovate housing that will be rented only to lower-income households for a minimum period of years. There are two types of credits, both of which are available over a 10-year period: a 9 percent credit on construction/rehab costs, and a 4 percent credit on acquisition costs and all development costs financed partially with below-market Federal loans (e.g. tax exempt bonds). Tax credits are generally allocated annually through State Housing Finance Agencies, a directory of which can be found at *http://www.ncsha.org/ncsha/public/statehfadirectory/index.htm*.

(a) If you propose to include LIHTC equity as a development resource for your first phase of development, your application must include a LIHTC allocation letter from your State or local Housing Finance Agency. This letter must constitute a firm commitment, and can only be conditioned on the receipt of the HOPE VI grant.

(b) If you propose to include LIHTC equity as a development resource for phases of development other than your first phase, your application must include a commitment letter from your State or local Housing Finance Agency that provides information from the allocation plan, including:

(i) The total amount and type (4 percent vs. 9 percent) of tax credits available,

(ii) The dollar amount expected from the sale of equity. If this information is not provided, HUD will count 80 percent of the total tax credit amount;

(iii) Any setasides available for PHAs;

(iv) Any per-project funding limits;

(v) The schedule of funding rounds;

(vi) Verification that your project meets eligibility criteria; and

(vii) A plan and/or schedule for obtaining future tax credits for any later phases that have not yet been obtained.

(E) Sources of Development Resources. You must actively enlist other stakeholders who are vested in and can provide significant financial assistance to your revitalization effort. Sources of resources that can be used for leveraging may include:

(1) Public, private, and non-profit entities, including LIHTC purchasers;

(2) State and local Housing Finance Agencies;

(3) Local governments.

(4) The city's housing and/or redevelopment agency or other comparable agency. HUD will consider this to be a separate entity with which you are partnering if your PHA is also a redevelopment agency or otherwise has citywide responsibilities.

(a) You are strongly urged to seek a pledge of Community Development Block Grant (CDBG) funds for improvements to public infrastructure such as streets, water mains, etc. related to the revitalization effort. CDBG funds are awarded by HUD by formula to units of general local government and to states, which may then award a grant or loan to a PHA, a partnership, a non-profit organization, or other entity for revitalization activities, including loans to a project's for-profit partnership.

More information about the CDBG Program can be found at *www.hud.gov/offices/cpd/index.cfm*.

(b) The city, county or state may provide HOME funds to be used in conjunction with HOPE VI funds. The Home Investment Partnership Program provides housing funds that are distributed from HUD to units of general local governments and states. Funds may be used for new construction, rehabilitation, acquisition of standard housing, assistance to homebuyers, and tenant-based rental assistance. Current legislation allows HOME funds to be used in conjunction with HOPE VI funds, but they may not be used in conjunction with Public Housing Capital Funds under Section 9(d) of the 1937 Act. Information about the HOME Program can be found at: *www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm*.

(5) Foundations.

(6) Government Sponsored Enterprises such as the Federal Home Loan Bank, Fannie Mae, and Freddie Mac.

(7) HUD and other Federal agencies.

(8) Financial institutions, banks or insurers.

(9) Other private funders.

(F) CSS Resources. In order to achieve quantifiable self-sufficiency results, you must form partnerships with organizations that are skilled in the delivery of services to residents of public housing and that can provide commitments of resources to support those services. Leveraging scarce HOPE VI CSS funds with other funds and services is critical to the sustainability of CSS activities so that they will continue after the HOPE VI funds have been expended.

(1) Types of CSS Resources.

The dollar value of in-kind contributions related to the provision of CSS activities that will contribute to the successful transformation of the lives of residents include:

(a) Materials;

(b) A building;

(c) A lease on a building;

(d) Other infrastructure;

(e) Time and services contributed by volunteers;

(f) Staff salaries and benefits; and

(g) Supplies.

Note that wages projected to be paid to residents through jobs provided by CSS Partners will not be counted as leverage.

(2) Sources of CSS Resources. See Section XI(C) for a list of the kinds of organization, agencies, and other possible resource providers.

(G) Rating Factor: Leveraging—17 Points Total.

(1) Development Leveraging—7 Points.

For each commitment document, HUD will evaluate the strength of commitment and add the amounts that are acceptably documented. HUD will then calculate the ratio of the amount of HUD funds requested to the amount of funds that HUD deems acceptably documented. HUD will round figures to two decimal points, using standard rounding rules.

(a) You will receive 7 Points if the ratio of the amount of HOPE VI funds requested for physical development activities (not including CSS or administration) to the dollar value of documented, committed development resources from other sources is 1:3 or higher.

(b) You will receive 6 Points if the ratio is between 1:2.50 and 1:2.99.

(c) You will receive 5 Points if the ratio is between 1:20 and 1:2.49.

(d) You will receive 4 Points if the ratio is between 1:1.50 and 1:1.99.

(e) You will receive 3 Points if the ratio is between 1:1. 0 and 1:1.49.

(f) You will receive 2 Points if the ratio is between 1:0.50 and 1:0.99.

(g) You will receive 1 Point if the ratio is between 1:0.25 to 1:0.50.

(h) You will receive 0 Points if the ratio is less than 1:0.25 or there is inadequate information in your application to rate this factor.

(2) CSS Leveraging.

(a) Amount of CSS Leveraged Resources—5 Points.

(i) You will receive 5 Points if the ratio of the amount of HOPE VI funds requested for CSS activities to the dollar value of documented, committed CSS resources leveraged from other sources is 1:4 or higher. If no HOPE VI funds are requested for CSS activities because all CSS funds will come from outside sources, all adequately-documented funds from such outside sources will be counted and you will receive 5 Points.

(ii) You will receive 4 Points if the ratio is between 1:3.5 and 1:4.

(iii) You will receive 3 Points if the ratio is between 1:3 and 1:3.5.

(iv) You will receive 2 Points if the ratio is between 1:2.5 and 1:3.

(v) You will receive 1 Point if the ratio is between 1:2 and 1:2.5.

(vi) You will receive 0 Points if the ratio is less than or equal to 1:2, or there is inadequate information in your application to rate this factor.

(b) Variety of CSS Leveraged Resources—1 Point.

You will receive 1 Point if you have obtained eligible leveraging funds from a variety of sources, including 3 or more kinds of entities listed below:

(i) State and local governments;

(ii) Private service providers;

(iii) Nonprofits/faith based organizations;

(iv) Financing entities;

(v) Developers.

(3) Anticipatory Resources Leveraging—2 Points.

In many cases, PHAs, cities, or other entities may have carried out revitalization activities (including demolition) in previous years in anticipation of your receipt of a HOPE VI Revitalization grant. These expenditures, if documented, may be counted as leveraged anticipatory resources. They cannot duplicate any other type of resource, and cannot be counted towards match.

(a) You will receive 2 Points if the ratio of your documented anticipatory resources to the amount of HOPE VI funds requested for physical development activities (not including CSS or administration) is 1:1.0 or higher.

(b) You will receive 0 Points if the ratio of your documented anticipatory resources to the amount of HOPE VI funds requested for physical development activities (not including CSS or administration) resources is less than 1:.1.

(4) Collateral Investment Leveraging—2 Points.

Collateral Investment includes physical redevelopment activities underway or projected to be completed before October 2007 that will enhance the new HOPE VI community, but will occur whether or not the public housing project is revitalized. This includes economic or other kinds of development activities that would have occurred with or without the anticipation of HOPE VI-funds. These resources cannot duplicate any other type of resource, and cannot be counted as match. The resources are subject to the same restrictions regarding and documentation. Collateral investment resources are counted as leverage only and cannot be counted towards match. Examples of Collateral Investments include schools, libraries, subway or light rail stations, improved roads, day care facilities, and local medical facilities.

(a) You will receive 2 Points if the ratio of your documented collateral resources to the amount of HOPE VI funds requested for physical development activities (not including CSS or administration) is 1:1.0 or higher.

(b) You will receive 0 Points if the ratio of your documented collateral resources to the amount of HOPE VI funds requested for physical development activities (not including CSS or administration) is less than 1:.1.

X. Resident and Community Involvement

(A) Requirements and Thresholds.

(1) General. You are required to involve residents and the broader community in the planning, proposed implementation, and management of your Revitalization Plan. HUD will evaluate the nature, extent, and quality of the resident and community outreach and involvement you have achieved by the time your application is submitted, as well as your plans for continued and/or additional outreach and involvement.

(2) Resident Training Session. You must conduct at least one training session for residents of the severely distressed project on the HOPE VI development process. HUD does not prescribe the content of this meeting.

(3) Public Meetings.

(a) You must conduct at least three public meetings with residents and the broader community, in order to involve them in a meaningful way in the process of developing the Revitalization Plan and preparing the application.

(b) During the course of the three meetings, you must address the following issues listed below (i.e., all issues need not be addressed at each meeting):

(i) The HOPE VI planning and implementation process;

(ii) The proposed physical plan, including site and unit design;

(iii) The extent of proposed demolition;

(iv) Planned community and supportive service activities;

(v) Other proposed revitalization activities;

(vi) Relocation issues, including relocation planning, mobility counseling, and maintaining the HOPE VI community planning process during the demolition and reconstruction phases where temporary relocation is involved;

(vii) Reoccupancy plans and policies, including site-based waiting lists; and

(viii) Section 3 and employment opportunities to be created as a result of redevelopment activities.

(4) All training sessions and meetings must be held in facilities that are accessible to persons with disabilities, provide services such as day care, transportation, and sign language interpreters as appropriate, and as practical and applicable, be conducted in English and the language(s) most appropriate for the community.

(5) The training session and each of the public meetings must be held after the publication date of this NOFA.

Threshold: In your application you must provide a signed certification that the above resident training session and public meetings were held and that the topics listed above were covered. The certification must include the dates of the training session and meetings. If, after the deficiency cure period, this certification is not included in your application, the application will be ineligible for funding.

(B) Resident and Community Involvement Rating—3 Points.

You will receive 1 Point for each of the following criteria met in your application, which are over and above the threshold requirements listed in Section (A) above.

(1) You demonstrate that you have communicated regularly and significantly with affected residents and members of the surrounding community about the development of your Revitalization Plan by giving residents and community members information about your actions regarding the Revitalization Plan and providing a forum where residents and community members can contribute recommendations and opinions with regard to the development and implementation of the Revitalization Plan.

(2) You describe your efforts, past and proposed, to make appropriate HUD communications about HOPE VI available (i.e., a copy of the NOFA, computer access to the HUD website, etc.).

(3) You describe your plans to provide affected residents with reasonable training on the general principles of development, technical assistance, and capacity building so that they may participate meaningfully in the development and implementation process.

XI. Community and Supportive Services

(A) CSS Program Requirements.

(1) Your CSS Team and Partners.

(a) The term ''CSS Team'' refers to PHA staff members and/or any consultants who will have the responsibility to design, implement, and manage your CSS Program.

(b) The term ''CSS Partners'' refers to the agencies and organizations that you will work with to provide supportive services for residents. A Partner could be a local service organization such as a Boys or Girls Club that donates its building and staff to the program, or an agency such as the local TANF agency that works with you to ensure that their services are coordinated and comprehensive.

(2) Maximum CSS grant amount. Consistent with Section 24(j)(3) of the 1937 Act, you may use an amount up to 15 percent of the total HOPE VI Grant to pay the costs of CSS activities. You may spend additional sums on CSS activities using donations, other HUD funds made available for that purpose, or other PHA funds. See Section IX(A)(2) of this NOFA for CSS grant matching requirements.

(3) CSS Endowment Trust. Consistent with Section 24(d)(2) of the Act, you may deposit up to 15 percent of your HOPE VI grant (the maximum amount of the award allowable for CSS activities) into an Endowment Trust to provide CSS activities. In order to establish an Endowment Trust, you must first execute with HUD a HOPE VI Endowment Trust Addendum to the Grant Agreement. When reviewing your request to set up an Endowment Trust, HUD will take into consideration your ability to pay for current CSS activities with HOPE VI or other funds and the projected long-term sustainability of the Endowment Trust to carry out those activities.

(4) Subgrant Agreements. You may enter into subgrant agreements with non-profit or State or local governments for the performance of CSS activities in accordance with your approved CSS work plan.

(5) Neighborhood Networks. All Revitalization grantees will be required to establish Neighborhood Networks Centers. This program provides residents with on-site access to computer and training resources. HUD will make technical assistance available to each PHA where needed. Grantees may use HOPE VI funds to establish Neighborhood Networks. In addition, $5 million will be made available for Neighborhood Networks in accordance with Section II(C) of this NOFA. More information on the requirements of the Neighborhood Networks Center Program is available on the Neighborhood Networks website at *www.hud.gov/nnw/nnwindex.html.*

(6) CSS activities must be consistent with State and local welfare reform requirements and goals.

(7) The objectives of your CSS Program must be results-oriented, with quantifiable goals and outcomes that can be used to measure progress and make changes in activities as necessary.

(8) CSS activities must be of an appropriate scale, type, and variety to meet the needs of all residents (including adults, youth ages 16 to 21, and children) of the severely distressed project, including residents remaining on-site, residents who will relocate permanently to other PHA units or Section 8 housing, residents who will relocate temporarily during the

construction phase, and new residents of the revitalized units.

(9) Non-public housing residents may also participate in CSS activities, as long as the primary participants in the activities are residents as described in Section (8) above.

(10) Your CSS activities must be coordinated with the efforts of other service providers in your locality, including non-profit organizations, educational institutions, and state and local programs.

(11) CSS activities must be well integrated with the physical development process, both in terms of timing and the provision of facilities to house on-site service and educational activities.

(12) CSS Programs must be carefully planned so that they will be sustainable after the HOPE VI grant period ends.

(B) CSS activities may include, but are not limited to:

(1) Educational activities that promote learning and serve as the foundation for young people from infancy through high school graduation, helping them to succeed in academia and the professional world. Such activities, which include after school programs, mentoring, and tutoring, must be created with strong partnerships with public and private educational institutions.

(2) Adult educational activities, including remedial education, literacy training, tutoring for completion of secondary or post-secondary education, assistance in the attainment of certificates of high school equivalency, and English as a Second Language courses, as needed.

(3) Job readiness and retention activities, which frequently are key to securing private sector commitments to the provision of jobs.

(4) Employment training activities that include results-based job training, preparation, counseling, development, placement, and follow-up assistance after job placement.

(5) Programs that provide entry-level, registered apprenticeships in construction, construction-related, maintenance, or other related activities. A registered apprenticeship program is a program which has been registered with either a State Apprenticeship Agency recognized by the Department of Labor's (DOL) Office of Apprenticeship Training, Employer and Labor Services (OATELS) or, if there is no recognized State agency, by OATELS. See also DOL regulations at 29 CFR part 29.

(6) Life skills training on topics such as parenting, consumer education, and family budgeting.

(7) Creation and operation of credit unions to serve residents, including capitalization and technical assistance to foster new credit unions on-site and to encourage existing community credit unions to expand their coverage to include on-site coverage.

(8) Homeownership counseling that is scheduled to begin promptly after grant award so that, to the maximum extent possible, qualified residents will be ready to purchase new homeownership units when they are completed. The Family Self-Sufficiency Program can also be used to promote homeownership, providing assistance with escrow accounts and counseling.

(9) Coordinating with health care services providers or providing on-site space for a health clinic, doctors, a wellness center, dentists, etc. that will primarily serve the public housing residents. HOPE VI funds may not be used to provide direct medical care to residents.

(10) Substance/alcohol abuse treatment and counseling.

(11) Activities that address domestic violence treatment and prevention.

(12) Child care services that provide sufficient hours of operation to facilitate parental access to education and job opportunities, serve appropriate age groups, and stimulate children to learn.

(13) Transportation, as necessary, to enable all family members to participate in available CSS activities and/or to commute to their places of employment.

(14) Entrepreneurship training and mentoring, with the goal of establishing resident-owned businesses.

(C) CSS Partnerships and Resources. The following are the kinds of organizations and agencies that can provide you with in-kind, financial, and other types of resources necessary to carry out and sustain your CSS activities.

(1) Local Boards of Education, public libraries, local community colleges, institutions of higher learning, non-profit or for-profit educational institutions, and public/private mentoring programs that will lead to new or improved educational facilities and improved educational achievement of young people in the revitalized development, from birth through higher education.

(2) TANF agencies/welfare departments.

(3) Job development organizations that link private sector or non-profit employers with low-income prospective employees.

(4) Workforce Development Agencies.

(5) Organizations that provide residents with job readiness and retention training and support.

(6) Economic development agencies such as the Small Business Administration, which provide entrepreneurial training and small business development centers.

(7) National corporations, local businesses, and other large institutions such as hospitals that can commit to provide entry-level jobs. Employers may agree to train residents or commit to hire residents after they complete jobs preparedness or training programs that are provided by you, other partners, or the employer itself.

(8) Programs that integrate employment training, education, and counseling, and where creative partnerships with local boards of education, state charter schools, TANF, foundations, and private funding sources have been or could be established, such as:

(a) Youthbuild. HUD's Youthbuild Program provides grants to organizations that provide education and job training to young adults ages 16 to 24 who have dropped out of school. Participants spend half their time rehabilitating low-income housing and the other half in educational programs. Youthbuild provides a vehicle for achieving compliance with the objective of Section 3, as described in Section XIII(D)(2)(a) of this NOFA. More information on HUD's Youthbuild Program can be found at *www.hud.gov/progdesc/youthb.cfm.*

(b) Step-Up, an apprenticeship-based employment and training program that provides career potential for low-income persons by enabling them to work on construction projects that have certain prevailing wage requirements. Step-Up encourages work by offering apprenticeships through which low-income participants earn wages while learning skills on the job, supplemented by classroom-related instruction. Step-Up can also contribute to a PHA's effort to meet the requirements of Section 3. More information can be found at *www.hud.gov/progdesc/stepup.cfm.*

(9) Sources of capital such as foundations, banks, credit unions, and charitable, fraternal, and business organizations.

(10) Non-profit organizations such as the Girl Scouts and the Urban League, both of which have Memoranda of Agreement (MOA) with HUD. Copies of these MOAs can be found on the HOPE VI Home Page at *www.hud.gov/hopevi.*

(11) Civil rights organizations.

(12) Local area agencies on aging.

(13) Local agencies and organizations serving persons with disabilities.

(14) Faith-based and Other Community-based Organizations. HUD encourages you to partner or subgrant

with grassroots faith-based and other community-based organizations to provide CSS activities. Such organizations have a strong history of providing vital community services such as job training, childcare, relocation supportive services, youth programs, technology training, transportation, substance abuse programs, crime prevention, and health services. They also provide counseling for individuals and families on fair housing rights, and homeownership and rental housing opportunities in the neighborhood of their choice. HUD believes that grassroots organizations, e.g. civic organizations, congregations, national and local self-help homeownership organizations, faith-based and other community-based organizations should be more effectively used, and has placed a high priority on expanding opportunities for grassroots organizations to participate in developing solutions for their own neighborhoods. See HUD's Center for Faith-Based and Community Initiatives website at *www.hud.gov/offices/fbci/index.cfm.*

(a) HUD will consider an organization a ''grassroots'' organization if it is headquartered in the local community to which it provides services; and

(i) Has an annual social services budget of no more than $300,000. This cap includes only the portion of the organization's budget allocated to providing social services. It does not include other portions of the budget such as salaries and expenses; or

(ii) Has six or fewer full-time equivalent employees.

(b) Local affiliates of national organizations are not considered ''grassroots.'' (D) Rating Factor: CSS Program—6 Points Total. In your application you will describe your CSS plan, including any plans to implement a CSS Endowment Trust. Each of the following subfactors will be rated separately.

(1) You will receive 2 Points if you demonstrate that you will be able to provide case management within 30 days from the date of grant award execution so that residents who will be relocated have time to participate and benefit from CSS activities before leaving the site.

(2) You will receive 1 Point if you have proposed a high quality, results-oriented CSS plan that includes strong components of the basic elements of education, job training, and services that will enable all affected residents to transform their lives.

(3) You will receive 1 Point if you provide letters from a variety of experienced organizations and service providers that represent strong relationships and commitments to participate in your CSS activities and accomplish your CSS goals of the program.

(4) You will receive 1 Point if your CSS Program has been developed in response to a rigorous resident needs identification process and directly responds to the identified needs.

(5) You will receive 1 Point if your CSS Program includes a case management system that provides services to individual residents.

XII. Relocation

(A) Definition. You must provide suitable, decent, safe, and sanitary housing for each family required to relocate as a result of revitalization activities under your Revitalization Plan. Any person (including individuals, partnerships, corporations or associations) who moves from real property or moves personal property from real property directly (1) because of a written notice to acquire real property in whole or in part, or (2) because of the acquisition of the real property, in whole or in part, for a HUD-assisted activity, is covered by Federal relocation statute and regulations. Specifically, this type of move is covered by the acquisition policies and procedures and the relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), and the implementing government-wide regulation at 49 CFR part 24. The relocation requirements of the URA and the government-wide regulations cover any person who moves permanently from real property or moves personal property from real property directly because of acquisition, rehabilitation, or demolition for an activity undertaken with HUD assistance.

(B) Relocation Guidelines.

(1) The HOPE VI Relocation Plan is intended to ensure that PHAs adhere to the URA and that all residents who have been or will be temporarily or permanently relocated from the site are provided with CSS activities such as mobility counseling and direct assistance in locating housing.

(2) You are encouraged to involve HUD-approved housing counseling agencies, including faith-based, non-profit and/or other organizations, and/or individuals in the community to which relocatees choose to move, in order to ease the transition and minimize the impact on the neighborhood. HUD will view favorably innovative programs such as community mentors, support groups, and the like.

(3) If applicable, you are encouraged to work with surrounding jurisdictions to assure a smooth transition if residents choose to move from your jurisdiction to the surrounding area.

(C) Standard Relocation Requirements. You must carry out relocation activities in compliance with a relocation plan that conforms with the following statutory and regulatory requirements, as applicable:

(1) Relocation or temporary relocation carried out as a result of rehabilitation under an approved Revitalization Plan is subject to the URA, the URA regulations at 24 CFR part 24, and regulations at 24 CFR 968.108 or successor part.

(2) Relocation carried out as a result of acquisition under an approved Revitalization Plan is subject to the URA and regulations at 24 CFR 941.207 or successor part.

(3) Relocation carried out as a result of disposition under an approved Revitalization Plan is subject to Section 18 of the 1937 Act, as amended.

(4) Relocation carried out as a result of demolition under an approved Revitalization plan is subject to the URA.

(D) *Threshold:* The HOPE VI Revitalization Relocation Plan. Each applicant must complete a HOPE VI Relocation Plan. In your application, you must submit a certification that the HOPE VI Relocation Plan has been completed, and that it conforms to the URA requirements as described in Section XII(C) above.

(E) Rating Factor: Relocation—5 Points Total.

(1) You will receive 5 Points if you provide a certification that all of the residents of the targeted severely distressed public housing project have been relocated as of the HOPE VI Revitalization application due date. If you qualify for these 5 Points, you are not eligible for any additional Points described below.

(2) You will receive 4 Points if you describe in your application:

(a) An effective plan to track residents who have been or will be relocated from the targeted project; and

(b) A comprehensive plan that will provide mobility counseling and direct assistance in locating housing to residents who choose Section 8 assistance that will help them to fully understand the full range of housing opportunities available to them in neighborhoods throughout the jurisdiction and to find housing in non-poverty areas.

(3) You will receive 2 Points if you meet only one of the factors described in Section (1) above.

(4) You will receive 0 Points if your application does not meet either of the factors described in Section (2) above, or if there is inadequate information in the application to rate this factor.

XIII. Fair Housing and Equal Opportunity

(A) Housing and Services for Persons with Disabilities.

(1) Accessibility Requirements. HOPE VI developments are subject to the accessibility requirements contained in several Federal laws. All applicable laws must be read together and followed. PIH Notice 2002–1, available at *http://www.hud.gov/offices/pih/publications/notices/02/pih2002–1.pdf,* provides an overview of all pertinent laws and implementing regulations pertaining to HOPE VI. Also see HUD's Fair Housing website at *www.hud.gov/groups/fairhousing.cfm.* Under the Fair Housing Act of 1988, all new construction of covered multifamily buildings must include certain features of accessible and adaptable design. Units covered are all those in buildings with four or more units and one or more elevators, and all ground floor units with living area located entirely on the ground floor in buildings without elevators. The accessible design requirements are provided on HUD's FHEO website at *http://www.hud.gov/fhe/fhefha5.html#sect3.*

(2) Specific Fair Housing requirements are:

(a) The Fair Housing Act (42 U.S.C. 3601–19) and regulations at 24 CFR part 100.

(b) The prohibitions against discrimination on the basis of disability, including requirements units that, in certain multifamily housing, meet the Uniform Federal Accessibility Standards and that you make reasonable accommodations to individuals with disabilities under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and regulations at 24 CFR part 8.

(c) Title II of the Americans with Disabilities Act (42 U.S.C 12101 *et seq.*) and its implementing regulations at 28 CFR part 36.

(d) The Architectural Barriers Act of 1968 (42 U.S.C. 4151) and the regulations at 24 CFR part 40.

(B) Rating Factor: FHEO 7 Points Total.

(1) Accessibility—2 Points.

(a) Over and above the accessibility requirements listed above, you will receive 2 Points if you describe a plan to:

(i) Provide accessibility in homeownership units;

(ii) Provide one-bedroom accessible rental units for single individuals with disabilities;

(iii) Provide for accessibility modifications, where necessary, to Section 8 units of residents who relocate from the targeted project due to revitalization activities;

(iv) Where playgrounds are planned, propose ways to make them accessible to children with disabilities, over and above statutory and regulatory requirements; and

(v) Where possible, design units with accessible front entrances.

(b) You will receive 1 Point if your application does not propose to implement all of the accessibility priorities stated above, but provides a detailed explanation as to why you cannot implement all of the priorities.

(c) You will receive 0 Points if you fail to provide a description that meets the specifications above, or if there is inadequate information in your application to rate this factor.

(2) Adaptability—1 Point.

(a) You will receive 1 Point if you specifically describe a plan to meet the adaptability standards adopted by HUD at 24 CFR 8.3 that apply to those units not otherwise covered by the accessibility requirements. Adaptability is the ability of certain elements of a dwelling unit, such as kitchen counters, sinks, and grab bars, to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without handicaps, or to accommodate the needs of persons with different types or degrees of disability. For example, in a unit adaptable for a hearing-impaired person, the wiring for visible emergency alarms may be installed so that the unit can be made ready for occupancy by a hearing-impaired person. For information on adaptability, see *www.hud.gov/offices/pih/programs/ph/hope6/pubs/glossary.pdf.*

(b) You will receive 0 Points if your application does not adequately describe a plan as specified above, or if there is inadequate information in your application to rate this factor.

(3) Visitability—1 Point.

(a) You will receive 1 Point if you specifically describe a plan to meet the visitability standards adopted by HUD that apply to units not otherwise covered by the accessibility requirements. Visitability standards allow a person with mobility impairments access into the home, but do not require that all features be made accessible. A visitable home also serves persons without disabilities, such as a mother pushing a stroller or a person delivering a large appliance. See *www.hud.gov/offices/pih/programs/ph/hope6/pubs/glossary.pdf* for information on visitability. The two standards of visitability are:

(i) At least one entrance at grade (no steps), approached by a sidewalk; and

(ii) The entrance door and all interior passage doors are at least 2 feet 10 inches wide, allowing 32 inches of clear passage space.

(b) You will receive 0 Points if your application does not adequately describe a visitability plan as specified above, or if there is inadequate information in your application to rate this factor.

(C) Fair Housing.

(1) *Threshold:* Compliance with Fair Housing and Civil Rights Laws. All applicants and their subrecipients must comply with all Fair Housing and civil rights laws, statutes, regulations and executive orders as enumerated in 24 CFR 5.105(a).

HUD will not rate your application for funding under this NOFA if, as of the HOPE VI application due date, you:

(a) Have been charged with a systemic violation of the Fair Housing Act by the Secretary alleging ongoing discrimination;

(b) Are a defendant in a Fair Housing Act lawsuit filed by the Department of Justice alleging an ongoing pattern or practice of discrimination; or

(c) Have received a letter of non-compliance findings under Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, or Section 109 of the Housing and Community Development Act of 1974.

HUD's decision regarding whether a charge, lawsuit, or a letter of findings has been resolved to the satisfaction of the Department as of the application due date will be based upon whether appropriate actions have been taken to address allegations of ongoing discrimination in the policies or practices involved in the charge, lawsuit, or letter of findings. A charge, lawsuit, or letter of findings issued after the application due date will not affect an applicant's eligibility under this threshold. Examples of such actions which must happen before the application due date include, but are not limited to:

(i) A voluntary compliance agreement signed by all parties in response to the letter of findings;

(ii) A HUD-approved conciliation agreement signed by all parties; or

(iii) An out-of-court settlement of a Department of Justice lawsuit under the Fair Housing Act.

(2) *Threshold:* Desegregation Orders. You must be in full compliance with any desegregation or other court order

related to Fair Housing (e.g., Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and Section 504 of the Rehabilitation Act of 1973) that affects your public housing program and that is in effect on the application due date.

(3) Site and Neighborhood Standards for Replacement Housing. You must comply with the Fair Housing Act and Title VI of the Civil Rights Act of 1964, and regulations thereunder. In determining the location of any replacement housing, you must comply with either the site and neighborhood standards regulations at 24 CFR 941.202 (b–d) or with the standards outlined below.

(a) Goals of the HOPE VI Program. The HOPE VI Program provides resources to address the needs of severely distressed public housing projects within an administrative framework of less intrusive Federal oversight and increased reliance on informed local decision making. HOPE VI Grants are made so that Grantees can develop and implement comprehensive strategies that address not only the physical and management needs of the projects, but also the social and economic needs of the residents and the surrounding community. You are expected to ensure that your revitalization plan will expand assisted housing opportunities in non-poor and non-minority neighborhoods and/or will accomplish substantial revitalization in the Project and its surrounding neighborhood. You are also expected to ensure that eligible households of all races and ethnic groups will have equal and meaningful access to the housing.

(b) Objectives in Selecting HUD-Assisted Sites. The fundamental goal of HUD's fair housing policy is to make full and free housing choice a reality. Housing choice requires that households of all races can freely decide the type of neighborhood where they wish to reside, that minority neighborhoods are no longer deprived of essential public and private resources, and that stable, racially-mixed neighborhoods are available as a meaningful choice for all. To make full and free housing choice a reality, sites for HUD-assisted housing investment should be selected so as to advance two complementary goals:

(i) Expand assisted housing opportunities in non-minority neighborhoods, opening up choices throughout the metropolitan area for all assisted households; and

(ii) Reinvest in minority neighborhoods, improving the quality and affordability of housing there to represent a real choice for assisted households.

(c) Compliance with Fair Housing Act and Title VI of the Civil Rights Act of 1964. You must comply with the Fair Housing Act and Title VI of the Civil Rights Act of 1964, and implementing regulations, in determining the location of any replacement housing.

(d) Grantee's Election of Requirements. You may, at your election, separately with regard to each site you propose, comply with the development regulations regarding Site and Neighborhood Standards (24 CFR 941.202 (b)–(d)), or with the Site and Neighborhood Standards contained in this Section.

(e) Replacement housing located on site or in the surrounding neighborhood. Replacement housing under HOPE VI that is located on the site of the existing project or in its surrounding neighborhood will not require independent approval under Site and Neighborhood Standards, since HUD will consider the scope and impact of the proposed revitalization to alleviate severely distressed conditions at the public housing project and its surrounding neighborhood in assessing the application to be funded under this NOFA.

(f) Off-Site Replacement Housing Located Outside of the Surrounding Neighborhood. Unless you demonstrate that there are already significant opportunities in the metropolitan area for assisted households to choose non-minority neighborhoods (or these opportunities are under development), HOPE VI replacement housing not covered by Section (e) above may not be located in an area of minority concentration (as defined in paragraph (g) below) without the prior approval of HUD. Such approval may be granted if you demonstrate to the satisfaction of HUD that:

(i) You have made determined and good faith efforts, and found it impossible with the resources available, to acquire an appropriate site(s) in an area not of minority concentration, or

(ii) The replacement housing, taking into consideration both the CSS activities or other revitalizing activities included in the Revitalization Plan, and any other revitalization activities in operation or firmly planned, will contribute to the stabilization or improvement of the neighborhood in which it is located, by addressing any serious deficits in services, safety, economic opportunity, educational opportunity, and housing stock.

(g) Area of Minority Concentration. The term ''area of minority concentration'' is any neighborhood in which:

(i) The percentage of households in a particular racial or ethnic minority group is at least 20 Points higher than the percentage for the housing market area; i.e., the Metropolitan Statistical Area (MSA) in which the proposed housing is to be located, or

(ii) The neighborhood's total percentage minority is at least 20 Points higher than the percentage for MSA.

(4) Additional Nondiscrimination Requirements. In addition to compliance with the civil rights requirements listed at 24 CFR 5.105(a), you and your subrecipients must comply with:

(a) The nondiscrimination in employment requirements of Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e *et seq.*);

(b) The Equal Pay Act (29 U.S.C. 206(d);

(c) Title IX of the Education Amendments Act of 1972; and

(d) The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*).

(5) Affirmatively Furthering Fair Housing. Section 808(e)(5) of the Fair Housing Act requires HUD to affirmatively further fair housing. HUD requires the same of its grant recipients. If you are a successful applicant, you will have a duty to affirmatively further fair housing opportunities for classes protected under the Fair Housing Act. Protected classes are:

(a) Race;
(b) Color;
(c) National origin;
(d) Religion;
(e) Sex;
(f) Disability; and
(g) Familial status.

(6) Ensuring the Participation of Disadvantaged Firms. The Department is committed to ensuring that small businesses, small disadvantaged businesses, minority firms, women's business enterprises, and labor surplus area firms participate fully in HUD's direct contracting and in contracting opportunities generated by HUD grant funds. Too often, these businesses still experience difficulty accessing information and successfully bidding on Federal contracts. HUD regulations at 24 CFR 85.36(e) require recipients of assistance (grantees and subgrantees) to take all necessary affirmative steps in contracting for purchase of goods or services to assure that these disadvantaged firms are used when possible. Affirmative steps include:

(a) Placing disadvantaged firms on solicitation lists;

(b) Assuring that disadvantaged firms are solicited whenever they are potential sources;

(c) Dividing total requirements, when economically feasible, into smaller tasks

or quantities to permit maximum participation by disadvantaged firms;

(d) Establishing delivery schedules, where the requirement permits, which encourage participation by disadvantaged firms;

(e) Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(f) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in Sections (a) through (e) above.

(D) Rating Factor: Fair Housing—3 Points Total.

(1) Fair Housing—2 Points.

(a) You will receive 2 Points if your application specifically describes:

(i) Your efforts to attract families with a broad spectrum of incomes to the revitalized site through intensive affirmative marketing efforts and how these efforts contribute to the deconcentration of low-income neighborhoods;

(ii) Your efforts to target your marketing and outreach activities to all segments of the population on a non-discriminatory basis, promote housing choice and opportunity throughout your jurisdiction and contribute to the deconcentration of both minority and low-income neighborhoods. In your application, you must describe how your outreach and marketing efforts will reach out to persons of different races and ethnic groups, families with or without children, persons with disabilities and able-bodied persons, and the elderly; and

(iii) The specific steps you plan to take through your proposed activities to affirmatively further fair housing. These steps can include, but are not limited to:

(*A*) Addressing impediments to fair housing choice relating to your operations;

(*B*) Working with local jurisdictions to implement their initiatives to affirmatively further fair housing;

(*C*) Implementing, in accordance with Departmental guidance, relocation plans that result in increased housing choice and opportunity for residents affected by HOPE VI revitalization activities funded under this NOFA:

(*D*) Implementing admissions and occupancy policies that are nondiscriminatory and help reduce racial and national origin concentrations; and

(*E*) Initiating other steps to remedy discrimination in housing and promote fair housing rights and fair housing choice.

(b) You will receive 1 Point if you address all of the above issues in a general way.

(c) You will receive 0 Points if you do not address all of the above issues, or if there is insufficient information to rate this factor.

(2) Economic Opportunities for Low and Very Low-Income Persons (Section 3)—1 Point.

(a) HOPE VI grantees must comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Economic Opportunities for Low- and Very Low-Income Persons in Connection with assisted Projects) and its implementing regulations at 24 CFR part 135. Information about Section 3 can be found at HUD's Section 3 website at *www.hud.gov/fhe/sec3over.html.*

(b) You will receive 1 Point if you describe a feasible plan to implement Section 3 that not only meets the minimum requirements described in Section (a) above but also exceeds those requirements. Your plan must include your goals by age group, types of jobs and other opportunities to be provided, and plans for tracking and evaluation. Section 3 firms must be in place quickly so that residents are trained in time to take advantage of employment opportunities such as jobs and other contractual opportunities in the pre-development, demolition, and construction phases of the revitalization. Your Section 3 plan must demonstrate that you will, to the greatest extent feasible, direct training, employment and other economic opportunities to:

(i) Low- and very low-income persons, particularly those who are recipients of government assistance for housing, and

(ii) Business concerns which provide economic opportunities to low- and very low-income persons.

(c) You will receive 0 Points if your plan to implement Section 3 does not meet the standards listed in Section (b) above, or if there is inadequate information in your application to rate this factor.

XIV. Mixed Income Communities—6 Points Total

(A) On-Site Housing—3 Points.

Your proposed unit mix must be designed to achieve a mixed-income, well functioning community on the revitalized site. Reducing concentration in this context does not necessarily mean reducing density of housing units; a well-run, mixed-income housing community may actually have a higher density given the site's market conditions.

(1) You will receive 3 Points if your application describes a unit mix of more than 35 percent public housing units.

(2) You will receive 2 Points if your application describes a unit mix that is between 25 and 34 percent public housing units.

(3) You will receive 1 Point if your application describes a unit mix of between 15 and 24 percent public housing units.

(4) You will receive 0 Points if your application describes a unit mix that is less than 14 percent, or if there is inadequate information in your application to rate this factor.

(B) Off-Site Housing—1 Point.

(1) Although not required, you are encouraged to consider development of replacement housing in locations other than the original severely distressed site (i.e., off-site housing). Locating off-site housing in neighborhoods with low levels of poverty and/or low concentrations of minorities will provide maximized housing alternatives for low-income residents who are currently on-site and assist the goal of creating desegregated, mixed-income communities. The effect on-site will be to assist in the deconcentration of low-income residents and increase the number of replacement units.

(2) Although it is acknowledged that off-site housing is not appropriate in some communities, if you do not propose to include off-site housing in your Revitalization Plan, you are not eligible to receive this Point.

(3) If you propose an off-site housing component in your application, you must be sure to include that component when you discuss other components (e.g. on-site housing, homeownership housing, etc.) Throughout your application, your unit counts and other numerical data must take into account the off-site component.

(4) *Threshold:* If you propose to develop off-site housing, you MUST provide evidence in your application that you (not your developer) have site control of the property. Evidence may include an option to purchase the property, contingent solely on the receipt in the HOPE VI grant, satisfactory compliance with the environmental review requirements of accordance with Section XX of this NOFA, and the site and neighborhood standards in Section XIII(C)(3) of this NOFA. If you demonstrate site control through an option to purchase, the option must extend for at least 180 days after the application due date. *If you propose to develop off-site housing and you do not provide acceptable site control, your entire application will be ineligible for funding.*

(5) Rating: You will receive 1 Point if you propose to develop an off-site housing component and document that you have:

(a) Acquired the site; and

(b) The site meets all environmental, and site and neighborhood standards.

(C) *Threshold:* Market Rate Housing. If you include market rate housing in your Revitalization Plan, you must demonstrate that there is a demand for the housing units of the type, number, and size proposed in the location you have chosen. In your application you must provide a preliminary market assessment letter prepared by an independent, third party, credentialed market research firm or professional that describes its assessment of the demand and associated pricing structure for the proposed residential units and any community facilities, economic development, and retail structures, based on the market and economic conditions of the project area. If, after the cure period, this letter is not included in your application, it will be ineligible for funding.

(D) Homeownership Housing—2 Points.

The Department has placed the highest priority on increasing homeownership opportunities for low- and moderate-income persons, persons with disabilities, the elderly, minorities, and families where English may be a second language. Too often these individuals and families are shut out of the housing market through no fault of their own. HUD encourages applicants to work aggressively to open up the realm of homeownership.

(1) Your application will receive 2 Points if you propose and describe a feasible, well-defined plan for homeownership. In your application, you will describe:

(a) The purpose of your homeownership program;

(b) The number of units planned and their location(s);

(c) A description and justification of the families that will be targeted for the program;

(d) The proposed source of your construction and permanent financing of the units; and

(e) A description of the homeownership counseling you will provide to prospective families.

(2) You will receive 0 Points for this factor if you do not propose to include homeownership units in your Revitalization Plan, your proposed program is not feasible and/or well defined, or there is inadequate information in your application to rate this factor.

(E) *Threshold:* Zoning Approval. Your application must include a certification from the appropriate local official documenting that all required zoning approvals have been secured, both for on-site and off-site housing and other proposed uses, or that the request for such approval(s) are on the agenda for the next meeting of the appropriate zoning authority.

XV. Overall Quality of Plan

(A) *Threshold:* Appropriateness of Proposal. In accordance with Section 24(e)(1) of the 1937 Act, each application must demonstrate the appropriateness of the proposal in the context of the local housing market relative to other alternatives. You must briefly discuss other possible alternatives to your proposal, and explain why your plan is more appropriate. This is a statutory requirement and an application threshold. Any deficiencies in your narrative may not be corrected after the application is submitted.

Examples of alternative proposals may include:

(1) Rebuilding or rehabilitating an existing project or units at an off-site location that is in an isolated, non-residential, or otherwise inappropriate area;

(2) Proposing a range of incomes, housing types (rental, homeownership, market rate, public housing, townhouse, detached house, etc.), or costs which cannot be supported by a market analysis; and/or

(3) Proposing to use the land in a manner which is contrary to the goals of your agency.

(B) Rating Factor: Overall Quality of Plan—23 Points Total.

(1) Overall Quality of the Application—5 Points.

The information and strategies described in your application must be coherent and internally consistent. Numbers and statistics in your narratives must be consistent with the information provided in the attachments. Also, the physical and CSS aspects of the application must be compatible and coordinated with each other. Pay particular attention to the data provided for:

(a) Types and numbers of units;

(b) Budgets;

(c) Other financial estimates, including sources and uses; and

(d) Numbers of residents affected.

(2) Likelihood of Success—5 Points.

(a) You will receive 5 Points if your Revitalization Plan, including plans for retail, office, and other economic development activities, as appropriate, will:

(i) Result in a revitalized site that will enhance the neighborhood in which the project is located;

(ii) Spur outside investment into the surrounding community;

(iii) Enhance economic opportunities for residents; and

(iv) Remove an impediment to continued redevelopment or start a community-wide revitalization process.

(b) You will receive 3 Points if your application demonstrates that your Revitalization Plan will have only a moderate effect on activities in the surrounding community.

(c) You will receive 0 Points if your application does not demonstrate that your Revitalization Plan will have an effect on the surrounding community, or if there is inadequate information in your application to rate this factor.

(3) Project Readiness—7 Points.

HUD places top priority on projects that will be able to commence immediately after grant award. You will receive the following points for each applicable subfactor certified in your application.

(a) You will receive 2 Points if the targeted severely distressed public housing project is completely vacant.

(b) You will receive 2 Points if the site is cleared.

(c) You will receive 1 Point if a Master Development Agreement has been developed and is ready to submit to HUD.

(d) You will receive 1 Point if your preliminary site design is complete.

(e) You will receive 1 Point if you have held 5 or more public planning sessions leading to resident acceptance of the Plan.

(4) Design—3 Points.

HUD is seeking excellence in design. We urge you to carefully select your architects and/or planners, and to enlist local affiliates of national architectural and planning organizations such as the American Institute of Architects, the American Society of Landscape Architects, the American Planning Association, the Congress for the New Urbanism, and/or the department of architecture at a local college or university to assist you in assessing qualifications of design professionals and/or participating on a selection panel that results in the procurement of excellent design services.

HUD encourages you to select a design team that is committed to a process in which residents, including young people and seniors, the broader community, and other stakeholders participate in designing the new community.

Your proposed site plan, new units, and other buildings must be designed to

be compatible with and enrich the surrounding neighborhood. Local architecture and design elements and amenities should be incorporated into the new or rehabilitated homes so that the revitalized sites and structures will blend into the broader community and appeal to the market segments for which they are intended. Housing, community facilities, and economic development space must be well integrated. You must select members of your Team who have the ability to meet these requirements.

(a) You will receive 3 Points if your proposed site plan, new dwelling units, and buildings demonstrate that:

(i) You have proposed a site plan that is compact, pedestrian-friendly, with an interconnected network of streets and public open space;

(ii) Your proposed housing, community facilities, and economic development facilities are thoroughly integrated into the community through the use of local architectural tradition, building scale, grouping of buildings, and design elements; and

(iii) Your plan proposes appropriate enhancements of the natural environment.

(b) You will receive 1 Point if your proposed site plan, new dwelling units, and buildings demonstrate design that adequately addresses the elements above.

(c) You will receive 0 Points if your proposed design is perfunctory or otherwise does not address the above elements. You will also receive 0 Points if there is inadequate information in the application to rate this factor.

(5) Evaluation—3 Points.

You are encouraged to work with your local university(ies), other institutions of learning, foundations, and/or others to evaluate the performance and impact of their HOPE VI Revitalization Plan over the life of the grant. The proposed methodology must measure success against goals you set at the outset of your revitalization activities. Evaluators must establish baselines and provide ongoing interim reports that will allow you to make changes as necessary as your project proceeds. Where possible, you are encouraged to form partnerships with Historically Black Colleges and Universities (HBCUs); Hispanic-Serving Institutions (HBIs); Community Outreach Partnership Centers (COPCs); the Alaskan Native/Native Hawaiian Institution Assisting Communities Program (as appropriate); and others in HUD's University Partnerships Program.

(a) You will receive 3 Points if your application includes a letter(s) from an institution(s) of higher learning that provides a commitment to work with you to evaluate your program and describes its proposed approach to carry out the evaluation if your application is selected for funding. The letter must provide the extent of the commitment and involvement, the extent to which you and the local institution of higher learning will cooperate, and the proposed approach. The commitment letter must address the following areas for evaluation:

(i) The impact of your HOPE VI effort on the lives of the residents;

(ii) The nature and extent of economic development generated in the community;

(iii) The effect of the revitalization effort on the surrounding community, including spillover revitalization activities, property values, etc.; and

(iv) Your success at integrating the physical and CSS aspects of your strategy.

(b) You will receive 0 Points if your application does not include a commitment letter that conforms to the specifications in paragraph (b) above.

XVI. Application Requirements

(A) Application Components.

(1) Narrative Exhibits.

(a) The first part of your application will be comprised of narrative exhibits. Your narratives will respond to each rating factor in the NOFA, and will also respond to threshold requirements. Among other things, your narratives must describe your overall planning activities, including but not limited to relocation, community and supportive services, and development issues.

(b) Each HOPE VI Revitalization application must contain no more than 125 pages of narrative exhibits. Any pages after the first 125 pages of narrative exhibits will not be reviewed. Although submitting pages in excess of the page limitations will not disqualify an application, HUD will not consider the information on any excess pages, which may result in a lower score or failure of a threshold. Text submitted at the request of HUD to correct a technical deficiency will not be counted in the 125 page limit.

(2) Attachments.

(a) The second part of your application will be comprised of Attachments. These documents will also respond to the rating factors in the NOFA, as well as threshold requirements. They will include documents such as maps, photographs, letters of commitment, application data forms, and various certifications unique to HOPE VI Revitalization.

(b) Each HOPE VI Revitalization application must contain no more than 150 pages of attachments. Any pages after the first 150 pages of attachments will not be considered. Although submitting pages in excess of the page limit will not disqualify an application, HUD will not consider the information on any excess pages, which may result in a lower score or failure to meet a threshold.

(3) Exceptions to Page Limits. The documents listed below constitute the only exceptions and are not counted in the page limits listed in Sections (1)(b) and (2)(b) above:

(a) Additional pages submitted at the request of HUD in response to a technical deficiency.

(b) Attachments that provide documentation of commitments from resource providers or CSS providers.

(c) Narratives and Attachments required to be submitted only by existing HOPE VI Revitalization Grantees in accordance with Sections VII(A)(3), VII(B)(2), and VII(B)(3)(c) of this NOFA (Capacity).

(d) Information required of MTW applicants only.

(4) Standard Certifications. The last part of your application will be comprised of standard certifications common to many HUD programs. Hard copies of the forms are included in the HOPE VI Application Kit, and electronic versions of these forms also can be found on the websites listed in Section IV(D)(2) of this NOFA. If you are requesting Section 8 assistance as described in Section II(E) of this NOFA, it must be placed in this Standard Certifications Section of your HOPE VI application. These forms must be placed at the back of the application, except for the Application for Federal Assistance (SF–424), which is the first page of your application.

(B) Application Format. To speed the processing of your application, you are asked to follow these instructions when preparing your application:

(1) Double space your narrative pages. Single spaced pages will be counted as two pages.

(2) Use 8½ x 11 inch paper, one side only. Only the City map may be submitted on an 8½ by 14 sheet of paper. Larger pages will be counted as two pages.

(3) All margins should be 1 inch, but no smaller than ½ inch.

(4) Use at least an 11 Point font.

(5) Any pages marked with numbers and letters (e.g., 75A, 75B, 75C) will be treated as separate pages.

(6) If a Section is not applicable, omit it; do not insert a page marked n/a.

(7) Mark each Exhibit and Attachment with an appropriate tab. No material on the tab will be considered for review purposes, although pictures are allowed.

(8) No more than one page of text may be placed on one sheet of paper; i.e., you may not shrink pages to get two or more on a page.

(9) Do not format your narrative in columns. Pages with text in columns will be counted as two pages.

(C) Signatures. Unless otherwise indicated, each form or certification, whether part of an Attachment or a Standard Certification, must be signed by the Executive Director of the applicant PHA, or his or her designate. Signatures need not be original.

XVII. Revitalization Application Selection Process

(A) Revitalization Grant Application Evaluation.

(1) HUD's selection process is designed to ensure that HOPE VI Revitalization grants are awarded to eligible PHAs with the most meritorious applications.

(2) In a departure from recent years, HUD will only rate HOPE VI Revitalization applications that have met the thresholds described in this HOPE VI NOFA.

(B) Threshold and Completeness Review.

(1) Application Screening. HUD will screen each application to determine if it meets the threshold criteria listed in Section III of this NOFA.

(2) HUD will consider the information you submit by the application due date. After the application due date, HUD may not, consistent with its regulations in 24 CFR part 4, subpart B, consider any unsolicited information that you or any third party may want to provide.

(3) In order not to unreasonably exclude applications from being rated and ranked, HUD may contact applicants to ensure proper completion of the application on a uniform basis for all applicants. After your application has been screened, HUD may contact you to clarify an item in your application or to give you an opportunity to correct a technical deficiency. HUD may not seek clarification of items or responses that would improve the substantive quality of your response to any rating factor. Examples of curable technical deficiencies include your failure to include a required certification or sign a document. If HUD identifies a technical deficiency, it will notify you by fax of the clarification or deficiency. You must submit information to cure the deficiency to HUD within 14 calendar days from the date of HUD notification. (If the due date falls on a Saturday, Sunday, or Federal holiday, your correction must be received by HUD on the following business day.) If the deficiency is not corrected within this time period, HUD will reject the application as incomplete and it will not be considered for funding.

(4) In order to evaluate thresholds, HUD may also use internal information sources that will provide information regarding audit findings, the status of existing HOPE VI Revitalization grants, and other pertinent information. HUD will not consider external sources such as newspaper articles and letters to evaluate applications unless they are submitted in your application.

(5) Applications that do not meet every threshold will be deemed ineligible for funding and will not be rated.

(C) Preliminary Rating and Ranking.

(1) Rating.

(a) HUD will preliminarily rate each eligible application, SOLELY on the basis of the rating factors described in this HOPE VI NOFA.

(b) When rating applications, HUD reviewers will not use any information included in any HOPE VI application submitted in a prior year.

(c) HUD will assign a preliminary score for each rating factor and a preliminary total score for each eligible application.

(d) The maximum number of Points for each Revitalization application is 114.

(2) Ranking.

(a) After preliminary review, applications will be ranked in score order.

(b) Applications will be deemed ''competitive'' if they have a preliminary score of 90 or above.

(c) Applications that do not have a preliminary score of at least 90 will not receive a final score and will not be eligible for funding.

(D) Final Panel Review.

(1) A Final Review Panel made up of HUD staff will:

(a) Assess each competitive application, as defined in Section XVII(C) above;

(b) Assign the final score; and

(c) Recommend for selection the most highly-rated competitive applications, subject to the amount of available funding, in accordance with the allocation of funds described in Section II of this NOFA.

(2) HUD reserves the right to make reductions in funding to delete ineligible items, with the exception of the prohibition to request funds for units that do not meet the requirements of replacement housing, in accordance with Section VI(D)(8) of this NOFA.

(3) In accordance with the FY 2002 HOPE VI appropriation, HUD may not use HOPE VI funds to grant competitive advantage in awards to settle litigation or pay judgments.

(E) Tie Scores. If two or more applications have the same score and there are insufficient funds to select all of them, HUD will select for funding the application(s) with the highest score for Rating Factor XV, Overall Quality of the Plan. If a tie still remains, HUD will select for funding the application(s) with the highest score for Capacity. HUD will select further tied applications with the highest score for Need.

(F) Transfer to Demolition Grants. If funds remain after all eligible HOPE VI Revitalization grant applications are funded and the amount remaining is inadequate to feasibly fund the next eligible Revitalization application, HUD reserves the right to:

(1) Reallocate unused funds to fund or supplement the next eligible HOPE VI Demolition grant application(s);

(2) Reallocate unused funds to the amount available for Section 8 assistance, if necessary; and/or

(3) Carry over unused funds to the next fiscal year.

XVIII. Post Award Activities

(A) Notification of Funding Decisions. The HUD Reform Act prohibits HUD from notifying you as to whether or not you have been selected to receive a Revitalization grant until it has announced all HOPE VI Revitalization grant recipients. If your Revitalization application has been found to be ineligible or if it did not receive enough Points to be funded, you will not be notified until the successful applicants have been notified. HUD will provide written notification to all HOPE VI applicants, whether or not they have been selected for funding.

(B) Environmental Review. HUD notification that you have been selected to receive a HOPE VI grant constitutes only preliminary approval. Grant funds may not be released until the responsible entity completes an environmental review and you submit and obtain HUD approval of a request for release of funds and the responsible entity's environmental certification in accordance with Section XX of this NOFA.

(C) Revitalization Grant Agreement. When you are selected to receive a Revitalization grant, HUD will send you a HOPE VI Revitalization Grant Agreement, which constitutes the contract between you and HUD to carry out and fund public housing revitalization activities. Both you and HUD will sign the cover sheet of the Grant Agreement. It is effective on the date of HUD's signature. The Grant

Agreement differs from year to year. The FY 2001 Revitalization Grant Agreement can be found on the HOPE VI website at *www.hud.gov/hopevi.*

(D) HOPE VI Endowment Trust Addendum to the Grant Agreement. This document must be executed between the Grantee and HUD in order for the Grantee to use CSS funds in accordance with Section XI(A)(3) of this NOFA.

(E) Revitalization Plan. After HUD conducts a post-award review of your application and makes a visit to the site, you will be required to submit components of your Revitalization Plan to HUD, as provided in the HOPE VI Revitalization Grant Agreement. These components include, but are not limited to:

(1) Supplemental Submissions, including a HOPE VI Program Budget;

(2) A Community and Supportive Services work plan, in accordance with guidance provided by HUD;

(3) A standard or mixed-finance development proposal, as applicable;

(4) A demolition and/or disposition application, as applicable; and

(5) A homeownership proposal, as applicable.

XIX. Post Award Requirements

(A) Quarterly Report. If you are selected for funding, you must submit a Quarterly Report to HUD.

(1) HUD will provide training and technical assistance on the filing and submitting of Quarterly Reports.

(2) Filing of Quarterly Reports is mandatory for all Grantees, and failure to do so within the required time frame will result in suspension of grant funds until the report is filed and approved by HUD.

(3) Grantees will be held to the milestones that are reported on the Quarterly Report Administrative and Compliance CheckPoints Report, as approved by HUD.

(4) Grantees must also report obligations and expenditures in LOCCS on a quarterly basis.

(B) Timeliness of Construction. Grantees must proceed within a reasonable time frame, as indicated below. In determining reasonableness of such time frame, HUD will take into consideration those delays caused by factors beyond your control.

(1) Grantees must submit Supplemental Submissions within 90 days from the date of HUD's written request.

(2) Grantees must submit CSS work plans within 90 days from the execution of the Grant Agreement.

(3) All other required components of the Revitalization Plan and any other submissions not mentioned above must be submitted in accordance with the Quarterly Report Administrative and Compliance CheckPoints Report, as approved by HUD.

(4) Grantees must start construction within 12 months from the date of HUD's approval of the Supplemental Submissions as requested by HUD after grant award. This time period may not exceed 18 months from the date the Grant Agreement is executed.

(5) Grantees must submit the development proposal for the first phase of construction within 12 months of grant award.

(6) The closing of the first phase must take place within 15 months of grant award.

(7) Grantees must complete construction within 48 months from the date of HUD's approval of your Supplemental Submissions. This time period for completion may not exceed 54 months from the date the Grant Agreement is executed.

(8) In accordance with Section 24(i) of the 1937 Act, if a Grantee does not proceed within a reasonable time frame, as described in Sections (B)(1) through (7) above, HUD shall withdraw any unobligated grant amounts. HUD shall redistribute any withdrawn amounts to one or more other applicants eligible for HOPE VI assistance or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the Revitalization Plan of the original Grantee.

(C) Conflict of Interest.

(1) Prohibition. In addition to the conflict of interest requirements in 24 CFR part 85, no person who is an employee, agent, consultant, officer, or elected or appointed official of a Grantee and who exercises or has exercised any functions or responsibilities with respect to activities assisted under a HOPE VI Grant, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.

(2) HUD-Approved Exception.

(a) Standard. HUD may grant an exception to the prohibition in Section (1) above on a case-by-case basis when it determines that such an exception will serve to further the purposes of HOPE VI and its effective and efficient administration.

(b) Procedure. HUD will consider granting an exception only after the Grantee has provided a disclosure of the nature of the conflict, accompanied by:

(i) An assurance that there has been public disclosure of the conflict;

(ii) A description of how the public disclosure was made; and

(iii) An opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws.

(c) Consideration of Relevant Factors. In determining whether to grant a requested exception under Section (b) above, HUD will consider the cumulative effect of the following factors, where applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the Revitalization Plan that would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class intended to be the beneficiaries of the Revitalization Plan and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process, with respect to the specific activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described in Section (iii) above;

(vi) Whether undue hardship will result either to the Grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations.

(D) OMB Circulars and Administrative Requirements. You must comply with the following administrative requirements related to the expenditure of Federal funds. OMB Circulars can be found at *www.whitehouse.gov/omb/circulars/index.html.* The Code of Federal Regulations can be found at *www.access.gpo.gov/nara/cfr/index.html.*

(1) Administrative requirements applicable to PHAs are:

(a) 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments), as modified by 24 CFR 941 or successor part, subpart F, relating

to the procurement of partners in mixed finance developments.

(b) OMB Circular A–87 (Cost Principles for State, Local and Indian Tribal Governments);

(c) 24 CFR 85.26 (audit requirements).

(2) Administrative requirements applicable to non-profit organizations are:

(a) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations);

(b) OMB Circular A–122 (Cost Principles for Non-Profit Organizations):

(c) 24 CFR 84.26 (audit requirements).

(3) Administrative requirements applicable to for profit organizations are:

(a) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations);

(b) 48 CFR part 31 (contract cost principles and procedures);

(c) 24 CFR 84.26 (audit requirements).

(E) Building Standards.

(1) Building Codes. All activities that include construction, rehabilitation, lead-based paint removal, and related activities must meet or exceed local building codes. You are encouraged to read the policy statement and Final Report of the HUD Review of Model Building Codes that identifies the variances between the design and construction requirements of the Fair Housing Act and several model building codes. That report can be found on the HUD website at *www.hud.gov/fhe/modelcodes*.

(2) Deconstruction. HUD encourages you to design programs that incorporate sustainable construction and demolition practices, such as the dismantling or ''deconstruction'' of public housing units, recycling demolition debris, and reusing salvage materials in new construction. ''A Guide to Deconstruction'' can be found at *www.hud.gov/deconstr.pdf*.

(3) PATH. HUD encourages you to use PATH technologies in the construction and delivery of replacement housing. PATH (Partnership for Advancing Technology in Housing) is a voluntary initiative that seeks to accelerate the creation and widespread use of advanced technologies to radically improve the quality, durability, environmental performance, energy efficiency, and affordability of our Nation's housing.

(a) PATH's goal is to achieve dramatic improvement in the quality of American housing by the year 2010. PATH encourages leaders from the home building, product manufacturing, insurance and financial industries, and representatives from federal agencies dealing with housing issues to work together to spur housing design and construction innovations. PATH will provide technical support in design and cost analysis of advanced technologies to be incorporated in project construction.

(b) Applicants are encouraged to employ PATH technologies to exceed prevailing national building practices by:

(i) Reducing costs;

(ii) Improving durability;

(iii) Increasing energy efficiency;

(iv) Improving disaster resistance; and

(v) Reducing environmental impact.

(c) More information, the list of technologies, latest PATH Newsletter, results from field demonstrations and PATH projects can be found at *www.pathnet.org*.

(4) Energy Efficiency.

(a) New construction must comply with the latest HUD-adopted Model Energy Code issued by the Council of American Building Officials.

(b) HUD encourages you to set higher standards for energy and water efficiency in HOPE VI new construction, which can achieve utility savings of 30 to 50 percent with minimal extra cost.

(c) You are encouraged to negotiate with your local utility company to obtain a lower rate. Utility rates and tax laws vary widely throughout the country. In some areas, PHAs are exempt or partially exempt from utility rate taxes. Some PHAs have paid unnecessarily high utility rates because they were billed at an incorrect rate classification.

(d) Local utility companies may be able to provide grant funds to assist in energy efficiency activities. States may also have programs that will assist in energy efficient building techniques.

(e) You must use new technologies that will conserve energy and decrease operating costs where cost effective. Examples of such technologies include:

(i) Geothermal heating and cooling;

(ii) Placement of buildings and size of eaves that take advantage of the directions of the sun throughout the year;

(iii) Photovoltaics (technologies that convert light into electrical power);

(iv) Extra insulation;

(v) Smart windows; and

(vi) Energy Star appliances.

(f) HUD's Energy website is located at *http://www.hudstage.hud.gov/offices/cpd/energyenviron/energy/index.cfm*.

(5) Lead-Based Paint. You must comply with lead-based paint testing and abatement requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, *et seq.*). You must also comply with regulations at 24 CFR part 35, 24 CFR 965.701, and 24 CFR 968.110(k), as they may be amended or revised from time to time. Unless otherwise provided, you will be responsible for testing and abatement activities. The National Lead Information Hotline is 1–800–424–5323.

(F) Labor Standards.

(1) Revitalization Grant Labor Standards.

(a) Davis-Bacon wage rates apply to development of any public housing rental units or homeownership units developed with HOPE VI grant funds and to demolition followed by construction on the site. Davis-Bacon rates are ''prevailing'' minimum wage rates set by the Secretary of Labor that all laborers and mechanics employed in the development, including rehabilitation other than nonroutine maintenance of a public housing project must be paid, as set forth in a wage determination that must be obtained by the PHA prior to bidding on each construction contract. The wage determination and provisions requiring payment of these wage rates must be included in the construction contract.

(b) HUD-determined wage rates apply to:

(i) Operation (including nonroutine maintenance) of revitalized housing, and

(ii) Demolition followed only by filling in the site and establishing a lawn.

(2) Exclusions. Under Section 12(b) of the 1937 Act, wage rate requirements do not apply to individuals who:

(a) Perform services for which they volunteered;

(b) Do not receive compensation for those services or are paid expenses, reasonable benefits, or a nominal fee for the services; and

(c) Are not otherwise employed in the work involved (24 CFR part 70).

(3) If other Federal programs are used in connection with your HOPE VI activities, labor standards requirements apply to the extent required by the other Federal programs on portions of the project that are not subject to Davis-Bacon rates under the 1937 Act.

(G) Accessible Technology. The Rehabilitation Act Amendments of 1998 apply to all electronic information technology (EIT) used by a grantee for transmitting, receiving, using, or storing information to carry out the responsibilities of any Federal grant awarded. It includes, but is not limited to, computers (hardware, software, word processing, email and web pages) facsimile machines, copiers and telephones. When developing, procuring, maintaining or using EIT,

grantees must ensure that the EIT allows:

(1) Employees with disabilities to have access to and use information and data that is comparable to the access and use of data by employees who do not have disabilities; and

(2) Members of the public with disabilities seeking information or service from a grantee must have access to and use of information and data and comparable to the access and use of data by members of the public who do not have disabilities.

If these standards impose on a grantee, they may provide an alternative means to allow the individual to use the information and data. No grantee will be required to provide information services to a person with disabilities at any location other than the location at which the information services are generally provided.

XX. Environmental Requirements

(A) Environmental Review.

(1) If you are selected for funding and an environmental review has not been conducted on the targeted site, the responsible entity, as defined in 24 CFR 58.2(a)(7), must assume the environmental review responsibilities for projects being funded by HOPE VI. If you object to the responsible entity conducting the environmental review, on the basis of performance, timing or compatibility of objectives, HUD will review the facts and determine who will perform the environmental review. At any time, HUD may reject the use of a responsible entity to conduct the environmental review in a particular case on the basis of performance, timing or compatibility of objectives, or in accordance with 24 CFR 58.77(d)(1). If a responsible entity objects to performing an environmental review, or if HUD determines that the responsible entity should not perform the environmental review, HUD may designate another responsible entity to conduct the review or may itself conduct the environmental review in accordance with the provisions of 24 CFR part 50. You must provide any documentation to the responsible entity (or HUD, where applicable) that is needed to perform the environmental review.

(2) If you are selected for funding, you must have a Phase I environmental site assessment completed in accordance with the American Society for Testing and Material (ASTM) Standards E 1527–97, as amended, for each affected site. A Phase I assessment is required whether the environmental review is completed under 24 CFR part 50 or 24 CFR part 58. The results of the Phase I assessment must be included in the documents that must be provided to the responsible entity (or HUD) for the environmental review. If the Phase I assessment recognizes environmental concerns or if the results are inconclusive, a Phase II environmental site assessment will be required.

(3) You may not undertake any actions with respect to the project, or with respect to any off-site replacement public housing, that are choice-limiting or could have environmentally adverse effects, including demolishing, acquiring, rehabilitating, converting, leasing, repairing, or constructing property proposed to be assisted under this NOFA, and you may not commit or expend HUD or local funds for these activities, until HUD has approved a Request for Release of Funds (RROF) following a responsible entity's environmental review under 24 CFR part 58, or until HUD has completed an environmental review and given approval for the action under 24 CFR part 50.

(4) If the environmental review is completed before HUD approval of the HOPE VI Supplemental Submissions and you have submitted your RROF, the Supplemental Submissions approval letter shall state any conditions, modifications, prohibitions, etc. as a result of the environmental review, including the need for any further environmental review. You must carry out any mitigating/remedial measures required by HUD, or select an alternate eligible property, if permitted by HUD. If the remediation plan is not approved by HUD and a fully-funded contract with a qualified contractor licensed to perform the required type of remediation is not executed, HUD reserves the right to determine that the grant is in default.

(5) If the environmental review is not completed and/or you have not submitted the RROF before HUD approval of the Supplemental Submissions, the letter approving the Supplemental Submissions will instruct you to refrain from undertaking, obligating or expending funds on physical activities or other choice-limiting actions, until HUD approves your RROF and the related certification of the responsible entity (or HUD has completed the environmental review). The Supplemental Submissions approval letter also will advise you that the approved Supplemental Submissions may be modified on the basis of the results of the environmental review.

(6) The costs of environmental reviews and hazard remediation are eligible costs under the HOPE VI Program.

(7) HUD's Environmental website is located at *http://hudstage.hud.gov/offices/cpd/energyenviron/environment/index.cfm*.

(B) There must not be any environmental or public policy factors such as sewer moratoriums that would preclude development in the requested locality. Applicants will certify to this when signing the HOPE VI Revitalization Grant Application Certifications.

(C) Flood Insurance. In accordance with the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001–4128), your application may not propose to provide financial assistance for acquisition or construction (including rehabilitation) of properties located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

(1) The community in which the area is situated is participating in the National Flood Insurance program (see 44 CFR parts 59 through 79), or less than one year has passed since FEMA notification regarding such hazards; and

(2) Where the community is participating in the National Flood Insurance Program, flood insurance is obtained as a condition of execution of a Grant Agreement and approval of any subsequent demolition or disposition application.

(D) Coastal Barrier Resources Act. In accordance with the Coastal Barrier Resources Act (16 U.S.C. 3501), your application may not target properties in the Coastal Barrier Resources System.

XXI. Findings and Certifications

(A) *The Catalog of Federal Assistance* (CFDA) Number for HOPE VI is 14.866. The CFDA is a government-wide compendium of Federal programs, projects, services, and activities that provide assistance or benefits to the public.

(B) *Environmental Impact.* A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50 that implement Section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332). The Finding of No Significant Impact is available for public inspection during regular business hours in the Office of the General Counsel, Regulations Division, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410–0500.

(C) *Federalism.* Executive Order 13132 prohibits, to the extent practicable and permitted by law, an

agency from promulgating policies that have federalism implications and either impose substantial direct compliance costs on State and local governments and are not required by statute, or preempt State law, unless the relevant requirements of Section 6 of the Executive Order are met. This NOFA does not have Federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive Order.

(D) *Intergovernmental Review of Federal Programs.* Executive Order 12372 was issued to foster intergovernmental partnership and strengthen Federalism by relying on State and local processes for the coordination and review of Federal financial assistance and direct Federal development. The Order allows each State to designate an entity to perform a State review function. The official listing of State Points of Contact (SPOC) for this review process can be found at: *www.whitehouse.gov/omb/grants/spoc.html*. States that are not listed on the website have chosen not to participate in the intergovernmental review process, and therefore do not have a SPOC. If you are located within one of those States, you may send applications directly to HUD. If your State has a SPOC, you should contact them to see if they are interested in reviewing your application prior to submission to HUD. Please make sure that you allow ample time for this review process when developing and submitting your application.

(E) *Prohibition Against Lobbying Activities.* You are subject to the provisions of Section 319 of the Department of Interior and Related Agencies Appropriation Act for Fiscal Year 1991, 31 U.S.C. 1352 (the Byrd Amendment), which prohibits recipients of Federal contracts, grants, or loans from using appropriated funds for lobbying the executive or legislative branches of the Federal Government in connection with a specific contract, grant, or loan. You are required to certify, using the certification found at Appendix A to 24 CFR part 87, that you will not, and have not, used appropriated funds for any prohibited lobbying activities. In addition, you must disclose, using Standard Form LLL, ''Disclosure of Lobbying Activities'' (SF LLL) any funds, other than Federally appropriated funds, that will be or have been used to influence Federal employees, members of Congress, and congressional staff regarding specific grants or contracts. SF LLL is included in the HOPE VI Revitalization Application Kit and the websites listed in Section (IV)(D)(2) of this NOFA. The Lobbying Disclosure Act of 1995 (Pub. L. 104–65), approved December 19, 1995, repealed Section 112 of the HUD Reform Act, and requires all persons and entities who lobby covered executive or legislative branch officials to register with the Secretary of the Senate and the Clerk of the House of Representatives and file reports concerning their lobbying activities.

(F) *Documentation and Public Access Requirements.* Section 102 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545) (HUD Reform Act) and the regulations codified in 24 CFR part 4, subpart A, contain a number of provisions that are designed to ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD. On January 14, 1992, HUD published a notice that also provides information on the implementation of Section 102 (57 FR 1942). The documentation, public access, and disclosure requirements of Section 102 apply to assistance awarded under this NOFA as follows:

(1) *Documentation and public access requirements.* HUD will ensure that documentation and other information regarding each application submitted pursuant to this NOFA are sufficient to indicate the basis upon which assistance was provided or denied. This material, including any letters of support, will be made available for public inspection for a 5-year period beginning not less than 30 days after the award of the assistance. Material will be made available in accordance with the Freedom of Information Act (5 U.S.C. 552) and HUD's implementing regulations in 24 CFR part 15.

(2) *Disclosures.* HUD will make available for public inspection all HOPE VI grant applications for five years beginning not less than 30 days following the grant award. Applications will be made available in accordance with the Freedom of Information Act (5 U.S.C. 552) and HUD's implementing regulations at 24 CFR part 5.

(3) *Publication of Recipients of HUD Funding.* HUD's regulations at 24 CFR 4.7 provide that HUD will publish a notice in the **Federal Register** to notify the public of all decisions made by the Department to provide:

(i) Assistance subject to Section 102(a) of the HUD Reform Act, and/or

(ii) Assistance that is provided through grants or cooperative agreements on a discretionary (non-formula, non-demand) basis, but that is not provided on the basis of a competition.

(G) *Section 103 HUD Reform Act.* HUD's regulations implementing Section 103 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3537a), codified in 24 CFR part 4, subpart B, apply to this funding competition. The regulations continue to apply until the announcement of the selection of successful applicants. HUD employees involved in the review of applications and in the making of funding decisions are limited by the regulations from providing advance information to any person (other than an authorized employee of HUD) concerning funding decisions, or from otherwise giving any applicant an unfair competitive advantage. Persons who apply for assistance in this competition +should confine their inquiries to the subject areas permitted under 24 CFR part 4.

Applicants or HUD employees who have ethics related questions should contact the HUD Ethics Law Division at (202) 708–3815. (This is not a toll-free number.) HUD employees who have specific program questions should contact the appropriate field office counsel, or Headquarters counsel for the program to which the question pertains.

(H) *Paperwork Reduction Act Statement.* The information collection requirements contained in this notice have been approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), and assigned OMB control number 2577–0208. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

Dated: July 24, 2002.

Michael Liu,

Assistant Secretary for Public and Indian Housing.

Appendix A—HOPE VI Revitalization Grant Applicant Certifications

Acting on behalf of the Board of Commissioners of the Housing Authority listed below, as its Chairman, I approve the submission of the HOPE VI Revitalization application of which this document is a part and make the following certifications to and agreements with the Department of Housing and Urban Development (HUD) in connection with the application and implementation thereof:

1. The public housing project or building in a project targeted in this HOPE VI Revitalization grant application meets the definition of severe distress in accordance with Section 24(j)(2) of the United States Housing Act of 1937 (''1937Act'').

2. The PHA has not received assistance from the Federal government, State, or unit of local government, or any agency or instrumentality, for the specific activities for which funding is requested in the HOPE VI Revitalization application.

3. The PHA does not have any litigation pending which would preclude timely startup of activities.

4. The PHA is in full compliance with any desegregation or other court order related to Fair Housing (e.g., Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and Section 504 of the Rehabilitation Act of 1973) that affects the PHA's public housing program and that is in effect on the date of application submission.

5. The PHA has returned any excess advances received during development or modernization, or amounts determined by HUD to constitute excess financing based on a HUD-approved Actual Development Cost Certificate (ADCC) or Actual Modernization Cost Certificate (AMCC), or that HUD has approved a pay-back plan.

6. There are no environmental factors, such as sewer moratoriums, precluding development in the requested locality.

7. In accordance with the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001–4128), the property targeted for acquisition or construction (including rehabilitation) is not located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

(a) The community in which the area is situated is participating in the National Flood Insurance program (see 44 CFR parts 59 through 79), or less than one year has passed since FEMA notification regarding such hazards; and

(b) Where the community is participating in the National Flood Insurance Program, flood insurance is obtained as a condition of execution of a Grant Agreement and approval of any subsequent demolition or disposition application.

8. The application does not target properties in the Coastal Barrier Resources System, in accordance with the Coastal Barrier Resources Act (16 U.S.C. 3501). If selected for HOPE VI Revitalization funding:

9. The PHA will comply with all policies, procedures, and requirements prescribed by HUD for the HOPE VI Program, including the implementation of HOPE VI revitalization activities, in a timely, efficient, and economical manner.

10. The PHA will not receive assistance from the Federal government, State, or unit of local government, or any agency or instrumentality, for the specific activities funded by the HOPE VI Revitalization grant. The PHA has established controls to ensure that any activity funded by the HOPE VI Revitalization grant is not also funded by any other HUD program, thereby preventing duplicate funding of any activity.

11. The PHA will not provide to any development more assistance under the HOPE VI Revitalization grant than is necessary to provide affordable housing after taking into account other governmental assistance provided.

12. The PHA will supplement the aggregate amount of the HOPE VI Revitalization grant with funds from sources other than HOPE VI in an amount not less than 5 percent of the amount of HOPE VI grant.

13. In addition to supplemental amounts provided in accordance with Certification 12 above, if the PHA uses more than 5 percent of the HOPE VI grant for the community and supportive services component, it will provide supplemental funds from sources other than HOPE VI, dollar for dollar, for the amount over 5 percent of the grant used for the community and supportive services component.

14. Disposition activity under the grant will be conducted in accordance with Section 18 of the 1937 Act.

15. The PHA will carry out acquisition of land, or acquisition of off-site units with or without rehabilitation to be used as public housing, in accordance with 24 CFR part 941, or successor part.

16. The PHA will carry out major rehabilitation and other physical improvements of housing and non-dwelling facilities in accordance with 24 CFR 968.11 2(b), (d), (e), and (g)–(o), 24 CFR 968.130, and 24 CFR 968.135(b) and (d) or successor part.

17. The PHA will carry out construction of public housing rental replacement housing, both on-site and off-site, and community facilities, in accordance with 24 CFR part 941 or successor part, including mixed-finance development in accordance with subpart F.

18. The PHA will carry out replacement homeownership activities in conformance with the requirements of section 24(d)(1)(J), which may include a homeownership proposal under Section 32 of the 1937 Act, the income limitations, and other applicable homeownership requirements of the 1937 Act.

19. The PHA will administer and operate public housing rental units in accordance with all requirements applicable to public housing, including the 1937 Act, HUD's implementing regulations thereunder, the ACC, the Mixed-Finance ACC Amendment (if applicable), and all other applicable Federal statutory, Executive Order, and regulatory requirements as such requirements may be amended from time to time.

20. The PHA will comply with:

(a) The Fair Housing Act (42 U.S.C. 3601–19) and regulations at 24 CFR part 100;

(b) The prohibitions against discrimination on the basis of disability under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and regulations at 24 CFR part 8);

(c) Title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and its implementing regulations at 28 CFR part 36;

(d) The Architectural Barriers Act of 1968, as amended (42 U.S.C. 4151) and regulations at 24 CFR part 40).

21. The PHA will comply with regulations at 24 CFR 85.36(e) which require recipients of assistance (grantees and subgrantees) to take all necessary affirmative steps in contracting for purchase of goods or services to assure that small businesses, small disadvantaged businesses, minority firms, women's business enterprises, and labor surplus area firms are used when possible.

22. The PHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Employment Opportunities for Lower Income Persons in Connection with Assisted Projects) and its implementing regulation at 24 CFR part 135, including the reporting requirements of subpart E.

23. The PHA will comply with Davis-Bacon or HUD-determined prevailing wage rate requirements to the extent required under Section 12 of the 1937 Act.

24. As applicable, the PHA will comply with the relocation assistance and real property acquisition requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and government-wide implementing regulations at 49 CFR part 24; relocation regulations at 24 CFR 968.108 or successor regulation (rehabilitation, temporary relocation); 24 CFR 941.207 or successor regulation (acquisition); and Section 18 of the 1937 Act as amended (disposition).

25. The PHA will comply with all HOPE VI requirements for reporting and providing access to records.

26. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, et seq.) and is subject to 24 CFR part 35 and 24 CFR 965.701, as they may be amended from time to time, and Section 968.110(k) or successor regulation.

27. The PHA will comply with the policies, guidelines, and requirements of OMB Circular A–87 (Cost Principles Applicable to Grants, Contracts, and Other Agreements with State and Local Governments).

28. The PHA will comply with 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments), as modified by 24 CFR 941 or successor part, subpart F, relating to the procurement of partners in mixed finance developments.

29. The PHA will keep records in accordance with 24 CFR 85.20 that facilitate an effective audit to determine compliance with program requirements, and comply with the audit requirements of 24 CFR 85.26.

30. The PHA will start construction within 12 months from the date of HUD's approval of the Supplemental Submissions as requested by HUD after grant award. This time period may not exceed 18 months from the date the Grant Agreement is executed.

31. The PHA will submit the development proposal for the first phase of construction within 12 months of grant award.

32. The PHA will complete construction within 48 months from the date of HUD's approval of the Supplemental Submissions. This time period for completion may not exceed 54 months from the date the Grant Agreement is executed.

33. All activities that include construction, rehabilitation, lead-based paint removal, and related activities will meet or exceed local building codes. New construction will comply with the latest HUD-adopted Model Energy Code issued by the Council of American Building Officials.

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