DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–4175–N–01]

Notice of Funding Availability (NOFA) for the Revitalization of Severely Distressed Public Housing (HOPE VI); Fiscal Year 1997

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Notice of funding availability (NOFA) for Fiscal Year (FY) 1997.

SUMMARY: This notice announces the availability of approximately $447.5 million in funding for the Revitalization of Severely Distressed Public Housing, hereafter referred to as the HOPE VI program, as provided in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997. The 1997 Appropriations Act continued funding of the HOPE VI program for the purpose of enabling the demolition of obsolete public housing developments or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such developments are located, replacement housing that will avoid or lessen concentrations of very low-income families, Section 8 tenant-based assistance, and for providing replacement housing and assisting tenants to be displaced by the demolition. The HOPE VI program will fund demolition, the capital costs of reconstruction, rehabilitation and other physical improvements, the provision of replacement housing, management improvements, resident self-sufficiency programs, and tenant-based assistance.

This NOFA contains information on eligible applicants, program requirements, evaluation factors, and application submission requirements, solely for the funding of revitalization and replacement programs with or without demolition. Information about the funding for Section 8 tenant-based assistance, and for demolition without revitalization, will be provided by separate notices.

DATES: Applications must be received at HUD Headquarters and the Field Office on or before 4 p.m. eastern time, except as expressly provided below, on July 18, 1997. The application deadline for each original application delivered to HUD Headquarters is firm as to date and hour, except as expressly provided herein. Public housing agencies (PHAs) should take this into account and submit applications as early as possible to avoid the risk brought about by unanticipated delays or delivery-related problems. In particular, PHAs intending to mail applications must provide sufficient time to permit delivery on or before the deadline date. HUD will disqualify and return to the applicant any application that it receives after the deadline date and time.

Notwithstanding the foregoing, HUD will accept any application, the original of which was delivered to a U.S. Post Office or private mailer for expedited delivery, properly addressed to HUD Headquarters and fully paid for, no later than 12 noon local time on the day before it was due at HUD, for scheduled delivery prior to the deadline established above. If an application arrives at HUD Headquarters after the deadline date and time, and the applicant wishes to make a case that it delivered the application for expedited delivery on time, the applicant must document with an official receipt from the Post Office or private mailer that the application was received by 12 noon local time on the day before it was due at HUD.

ADDRESSES: An original of the completed application must be received at HUD Headquarters, 451 Seventh Street, SW, Room 4138, Washington, DC 20410, Attention: Director, Office of Public Housing Investments. Two copies of the completed application must also be received at the appropriate HUD Field Office. Applications may be hand-delivered or mailed. HUD will not accept facsimile (fax), COD, or postage-due applications.

FOR FURTHER INFORMATION CONTACT: Mr. Milan Ozdinec, Director, Office of Urban Revitalization, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4142, Washington, DC 20410; telephone (202) 401–8812 (this is not a toll free number). Hearing-or speech-impaired individuals may access this number via TTY by calling the Federal Information Relay Service at 1–800–877–TDDY, which is a toll-free number. The NOFA is also available on the HUD Home Page at the World Wide Web at http://www.hud.gov. HUD will also post frequently asked questions and answers on the Home Page throughout the application preparation period.

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Continuing Objectives of, and Changes to, the HOPE VI Program
II. Substantive Description
A. Authority
B. Eligible Applicants
C. Definition of Obsolete Development
D. Fund Availability
E. Limitations on Grant Amount
F. Other Grant Limitations
G. Technical Assistance
H. Failure to Proceed
I. Total Development Costs
J. Site and Neighborhood Standards
K. Eligible Activities and Costs
III. Curable Technical Deficiencies
IV. Program Threshold Criteria
A. Obsolescence
B. Need for Funding
C. Lessen Concentration
D. Fair Housing
V. Application Evaluation Factors
A. Urgency of Need for Revitalization
B. Lessen Isolation of Low-Income Residents
C. Encourage Resident Self-Sufficiency
D. Property Management
E. Local Impact
F. Affirmatively Furthering Fair Housing
G. Community and Partnerships
H. Capability and Readiness
I. Efficient Utilization of Federal Funding
J. Feasibility and Sustainability
K. Proposal Coherence and Integrity
VI. Application Submission Requirements
A. Summary Statement of Plan and Objectives
B. Existing Conditions
C. Urgency of Need for Revitalization
D. Description of Physical Revitalization Plan
E. Applications for New Construction
F. Self-Sufficiency Component
G. Operation and Management Principles
H. Local Impact
I. Capability and Readiness
J. Community and Partnerships
K. Resources
L. Program Financing and Sustainability
M. Grant Limitations
N. Need for Funding
O. Section 8 Cost Comparison
P. Affirmatively Furthering Fair Housing
Q. Required Certifications
VII. Application Processing and Grant Administration
A. Application Evaluation
B. Reduction in Requested Grant Amount
C. Corrections to Deficient Applications
D. Notification of Funding Decisions
E. Grant Agreement/ACC Amendment
VIII. Applicability of Program Requirements
IX. Applicability of Other Federal Requirements
X. Findings and Certifications

I. Continuing Objectives of, and Changes to, the HOPE VI Program

In the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104–134; approved April 26, 1996) (OCRA), Congress continued efforts to deal with obsolete and severely distressed public housing which had been previously funded under the name ''Urban Revitalization Demonstration'' or ''URD,'' and popularly referred to as ''HOPE VI.'' OCRA made significant changes to HOPE VI by, among other things, expanding eligibility to all PHAs and eliminating various restrictive features

of previous URD legislation. The Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Pub. L. 104–204; approved September 26, 1996) (the 1997 Appropriations Act) eliminates certain mandated selection criteria contained in OCRA and prohibits HUD from utilizing rating preferences which grant competitive advantage in awards to settle litigation or pay judgments. The 1997 Appropriations Act also provides that fiscal year (FY) 1997 funds appropriated for this program shall not be used for any purpose that is not authorized in the U.S. Housing Act of 1937, and the HUD Appropriations Acts for fiscal years 1993, 1994, 1995, 1996, and 1997.

In the FY 1996 NOFA for the HOPE VI program (published on July 22, 1996 (61 FR 38024)), HUD identified certain elements of public housing transformation as key to HOPE VI, and sought to select applications which would further that transformation, as follows:

- *Changing the physical shape of public housing.*
- *Establishing positive incentives.*
- *Enforcing tough expectations.*
- *Lessening concentrations of poverty.*
- *Forging partnerships.*

HUD believes that the FY 1996 funding process was successful in selecting applicants likely to achieve radical transformations, from some of the most obsolete and distressed projects in the entire inventory to models of community revitalization. However, as the program evolves it should also encompass appropriate revitalization strategies at obsolete and distressed developments where revitalization may be accomplished without extensive demolition, and more economical rehabilitation strategies may be available.

HOPE VI was originally conceived as a demonstration program which would promote fundamental changes in the way PHAs developed and administered public housing, and in the way HUD related to those PHAs. It has succeeded remarkably in those respects. Now, however, there is a reduced need for HUD to ''jump start'' demolition and revitalization. With major efforts underway in all the largest and most troubled PHAs, some of which may be at their capacity for simultaneous development projects, HUD may appropriately turn to a broader group of developments. HOPE VI is the sole source of substantial and concentrated capital assistance to PHAs of all sizes and characteristics whose level of formula modernization funding cannot support revitalization or major reconfiguration of an obsolete development. Capable authorities which nevertheless have inadequate funds to prevent properties from becoming distressed should not be excluded from HOPE VI funding. This was certainly one purpose of Congress when, in FY 1996, the eligibility restrictions to the program were eliminated.

Notwithstanding this widening focus, HOPE VI is not returning to the Major Reconstruction of Obsolete Projects (MROP) program. The essential requirement of HOPE VI remains that each revitalization effort promise a transformation of the physical site and the social dynamics of life for low-income residents at that site, or in any off-site replacement housing.

Throughout the HOPE VI selection and grant administration processes, HUD is placing even greater emphasis on plan designs, program management structures, performance measures, and the timely expenditure of grant funds, which will make public housing disciplined to perform with similar efficiency as the private sector. HUD will implement an aggressive approach to ensure quality and promptness in the HOPE VI program. HUD will contract with one or more private program and construction management entities to assure that HOPE VI development activities are carried out in an expeditious and cost-effective manner and that grantees are producing quality products. Each grantee will have to demonstrate that its HOPE VI team is capable of administering a major revitalization effort and that the team is ready to proceed immediately upon receipt of the grant. Should a PHA fail to make this demonstration to the satisfaction of HUD and its program oversight manager, HUD will direct corrective actions as a condition of retaining the grant. HUD's program oversight contractor will also represent HUD in such on-site inspections as HUD deems necessary to assure quality design and construction.

Each grantee will also be held to strict schedules and performance measures. HUD will require grantees to execute construction contracts within a specified period. Failure to obligate construction funds within this timeframe will result in the withdrawal of grant funds. Once the revitalization has commenced, each grantee will also be held to interim performance goals and may be required to complete physical activities within four years of execution of the grant agreement. HUD will take into consideration those delays caused by factors beyond the control of the grantee when enforcing these schedules. The precise schedules and performance measures will be set forth in the HOPE VI grant agreement.

HUD has also factored into the design of this FY 1997 NOFA considerations relating to section 202 of OCRA (42 U.S.C. 1437*l* note) known as the Mandatory Conversion Program. Congress there indicated that the cost and effectiveness of revitalization should be compared with those respective elements of tenant-based assistance. This is a relevant inquiry, particularly in rationing the scarce resource of revitalization dollars.

Finally, Congress has eliminated the FY 1996 statutory selection criteria and has directed the elimination of other selection criteria utilized by HUD in FY 1996.

For all these reasons, HUD has modified the FY 1996 NOFA. While the overall performance goals remain those set forth in FY 1996, this FY 1997 NOFA has been revised to better select those applicants which can most promptly and effectively use HOPE VI dollars to make a significant positive change in the life of each resident and the life of the neighborhood.

Demolition is not a required component of this FY 1997 HOPE VI competition. HUD recognizes that the elimination of this requirement and the broadening of the definition of obsolescence may encourage even more applicants to apply than in the FY 1996 round. Applicants are cautioned that the preparation of a serious HOPE VI application is time-consuming and expensive and may generate local expectations which cannot be met if funding is not awarded. Only a fraction of the FY 1996 applicants were funded. Changes in this year's NOFA are intended to widen the definition of who may be assisted, but will not alter the fact that only applicants with strong showings of need, capability, vision, and impact will be selected. Potential applicants are encouraged to conduct a thorough and realistic up-front analysis of their chances before preparing an application.

Among the more significant revisions are the following:

- HUD has determined to use a definition of ''obsolete'' derived from the MROP authorizing statute, with modifications for program consistency with section 202 of OCRA and current practice.
- This NOFA continues to use as a rating factor the relative urgency of pursuing revitalization at each site. HUD has carefully considered comments it has received to the effect that by expanding program eligibility,

Congress intended that all obsolete sites should be given equal consideration and that local standards of distress should govern, not national ones. HUD has concluded, however, based on statutory language and context, that the aims of the HOPE VI program must continue to include the elimination of the nation's most severely distressed developments and immediate attention to those developments offering the worst quality of life for their residents and neighbors. Nonetheless, HUD has reformulated the relevant rating factor so as more clearly not to reward PHAs whose bad management is creating or exacerbating distress, nor penalize PHAs which may have managed to preserve relatively decent living conditions even as distress grows imminent. Moreover, an applicant whose needs are pressing, but not yet overwhelming, may still receive funding based on a particularly strong showing on other rating factors, while a PHA with an enormously distressed site, but little vision or capacity will not be selected.

- Grants will be limited in amount to applicable Total Development Cost (TDC) limits, plus amounts for self-sufficiency and for excess demolition costs, as more fully described in Section II.E. below. While HUD recognizes that different PHAs face different situations, and that a successful revitalization may require expenditures in excess of cost limits, prior program experience has established the difficulties in distinguishing among necessary, optional, and excessive costs. The risk of inadvertently rewarding excess or penalizing thrift increases where rating factors encourage expansive visions of what will be accomplished. Given the flexibility of modernization funding under current law, HUD believes it is fairer to fund a predictable amount with HOPE VI dollars and allow PHAs to provide or arrange for such additional funding as they may prudently require. Demolition costs are allowed separately, however, because they depend on the size and type of existing structures, and will not vary with the ambition of the applicant.
- An applicant's need for funding must be demonstrated as a threshold matter, with reference to its overall capital needs and resources.
- A Section 8 cost comparison is included, and applicants will be rated on the degree to which their proposed expenditure of Federal funds exceeds that which would be incurred under a scenario of demolition with Section 8 replacement. This factor, derived from section 202 of OCRA and its implementing notice (published in the **Federal Register** on September 26, 1996 (61 FR 50632)), will favor applicants with cost-efficient strategies. The NOFA's methodology for measuring this factor is essentially similar to that contained in the section 202 notice, but is worded so as to apply more directly to, and permit more exact comparisons between, fact patterns expected under this NOFA.

HUD has not included an explicit requirement, found in HUD's section 202 implementing notice, that applicants who ''fail'' the Section 8 cost comparison demonstrate special circumstances why revitalization is desirable. This FY 1997 HOPE VI NOFA as a whole contains various threshold and evaluation criteria which, if satisfied, constitute such special circumstances, and on which an applicant must score highly to be selected for funding. A special section tracking the language from the section 202 notice directly would be duplicative.

- An applicant may target for revitalization a development for which demolition has already commenced or occurred even if tenant-based assistance for relocation or replacement has already been awarded by HUD. HUD does not want to encourage authorities to preserve obsolete or distressed housing, in hopes of securing HOPE VI assistance in the future. A PHA which in good faith decided to demolish, in connection with the FY 1996 funding round or otherwise, should not be penalized by being excluded from this competition.
- HUD has eliminated the categorization of PHAs by size, and has set a grant(s) limit of $35,000,000 per authority. The FY 1996 results demonstrated that size categories were not necessary to obtain a fair distribution, which occurred naturally under the rating system used. Smaller authorities may have large obsolete developments, and other factors in this year's NOFA will disfavor a PHA which requests an inflated grant amount.
- This NOFA takes into explicit consideration the extent to which a proposal will affirmatively further fair housing. While this objective flows directly from HOPE VI concepts of transformation and revitalization, HUD wishes both to emphasize the importance to all applicants of giving civil rights obligations explicit consideration, and to discipline its own attention to this factor. HUD has also emphasized the importance it attaches to carrying out the HOPE VI program in ways that directly benefit persons with disabilities. Developments constructed or rehabilitated with HOPE VI funds must meet the accessibility requirements contained in various civil rights statutes. In addition, HUD strongly encourages PHAs to develop housing that is ''visitable'' by persons with mobility impairments. In view of these priorities, HUD is asking applicants through various parts of this NOFA to address these issues in their applications.
- For FY 1997, Congress did not separately fund Section 8 tenant-based assistance for replacement housing, but included it within the $550 million appropriated for HOPE VI. HUD will set aside, and award through a separate process, funding for Section 8 tenant-based assistance for replacement housing with respect to units which are to be or have been demolished, but for which the PHAs are not seeking and have not been awarded ''hard'' replacement funding. PHAs are strongly encouraged to plan strategically and utilize Section 8 replacement to a considerable degree.

HUD has set aside up to $30 million for demolition grants alone, a reduction from FY 1996, and will also award these funds by a separate process. Having utilized FY 1996 funding to address a number of expensive demolition situations for which PHA funding was unavailable, and having no indication as yet that section 202 of OCRA will generate immediate demolition decisions in the absence of hard replacement housing, HUD believes the lesser amount will suffice to address critical demolitions which would otherwise be impossible, while concentrating scarce funding on critical housing preservation and reconstruction efforts.

Promoting Comprehensive Approaches to Housing and Community Development

HUD is interested in promoting comprehensive, coordinated approaches to housing and community development. Economic development, community development, public housing revitalization, homeownership, assisted housing for special needs populations, supportive services, and welfare-to-work initiatives can work better if linked at the local level. Toward this end, HUD in recent years has developed the Consolidated Planning process designed to help communities undertake such approaches.

In this spirit, it may be helpful for applicants under this NOFA to be aware of other related HUD NOFAs that have recently been published or are expected to be published in the near future. By reviewing these NOFAs with respect to their program purposes and the

eligibility of applicants and activities, applicants may be able to relate the activities proposed for funding under this NOFA to the recent and upcoming NOFAs and to the community's Consolidated Plan.

The list of NOFAs related to housing revitalization that HUD expects to publish in the **Federal Register** within the next few weeks include the Comprehensive Improvement Assistance NOFA; the Lead-based Paint Hazard Reduction NOFA, the Public Housing Demolition NOFA, and the Notice of Funding for the Section 8 Rental Certificate and Voucher Programs. Additionally, HUD's NOFA for the Community Outreach Partnership Centers, published in the **Federal Register** on March 20, 1997 (62 FR 13506), included HOPE VI projects in the list of HUD priority areas for which points will be awarded to an applicant whose research and outreach agenda is related to a HUD priority area.

To foster comprehensive, coordinated approaches by communities, HUD intends for the remainder of FY 1997 to continue to alert applicants to upcoming and recent NOFAs as each NOFA is published. In addition, a complete schedule of NOFAs to be published during the fiscal year and those already published appears under the HUD Homepage on the Internet, which can be accessed at http://www.hud.gov/nofas.html. Additional steps on NOFA coordination may be considered for FY 1998.

For help in obtaining a copy of your community's Consolidated Plan, please contact the community development office of your municipal government.

II. Substantive Description

A. Authority

The funding made available under this NOFA is provided by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Pub. L. 104–204; approved September 26, 1996) (the 1997 Appropriations Act), under the heading ''Revitalization of Severely Distressed Public Housing.''

B. Eligible Applicants

PHAs that own or operate public housing units are eligible to apply. Indian Housing Authorities are not eligible to apply.

C. Definition of Obsolete Development

For purposes of this competition, an ''obsolete'' public housing development or portion thereof is defined as one:

1. (a) Which has design or marketability problems resulting in vacancy of more than 10 percent of the units not due for funded, on-schedule modernization; or (b) Which has an occupancy density or building height that is significantly in excess of that which prevails in the neighborhood in which the project is located, a bedroom configuration that could be altered to better serve the needs of families seeking occupancy in dwellings of the public housing agency, significant security problems in and around the project, or significant physical deterioration or inefficient energy and utility systems; and

2. For which the cost of redesign, rehabilitation or reconstruction (including any costs for lead-based paint abatement activities) exceeds 70 percent of the total development cost limits for new construction of similar units in the area.

D. Fund Availability

This NOFA announces the availability of at least $447.5 million in funding for the Revitalization of Severely Distressed Public Housing, hereafter referred to as the HOPE VI program, as provided in the 1997 Appropriations Act. The 1997 Appropriations Act provided $550 million in funding for the HOPE VI Program. HUD will reserve $2.5 million for technical assistance. Up to $70 million will be set aside and awarded pursuant to a separate funding process for Section 8 tenant-based assistance. Up to $30 million will be set aside and awarded pursuant to a separate funding process for HOPE VI demolition-only grants.

Any FY 1997 funds which are reserved but not awarded under the Section 8 and demolition award processes, together with any FY 1996 funds which are not obligated in accordance with their initial reservation, will be (1) added to the funds made available hereunder; (2) awarded pursuant to this NOFA to the most highly rated applicant(s) which did not initially receive funding; (3) utilized for amendment funding; or (4) carried over to a subsequent competitive funding round. A PHA may both apply for ''hard'' revitalization/replacement funding under this NOFA and replacement housing under the Section 8 award process, but may not be awarded duplicate funding (replacing the same units) under the two processes.

E. Limitations on Grant Amount

A PHA may submit one or two separate applications in response to this NOFA so long as the total amount requested in one or both applications does not exceed $35 million. Each application submitted by a PHA is limited in amount to the sum of the following three components:

The sum of (a) TDCs up to, but not to exceed 100 percent of, HUD's published TDC limits for the costs of demolition and new construction multiplied by the number of public housing Replacement Units (as defined in Section II.K.3.a of this NOFA); and (b) 90 percent of such TDC limits multiplied by the number of public housing units to be substantially rehabilitated; but in no event to exceed $25,000,000. HUD's most recent TDC limits were issued as PIH 96–15 (HA) on April 3, 1996. Total Development Cost is defined as those costs for planning (including proposal preparation), administration, site acquisition, construction and equipment, interest and carrying charges, relocation, demolition, on-site streets and utilities, non-dwelling facilities, a contingency allowance, insurance premiums, off-site facilities, any initial operating deficit and other costs necessary to develop the project. The maximum total development cost excludes costs funded from donations.

2. No more than $5,000 per unit, based on the higher of (a) the number of currently occupied units in the project to be revitalized; or (b) the number of Replacement Units (as defined in Section II.K.3.a of this NOFA) after revitalization, as an allowance for a self-sufficiency program.

3. A percentage of the actual, necessary, and reasonable cost for the demolition of the targeted existing development or any portion thereof. The percentage shall be derived from a ratio, the denominator of which is the total number of units being demolished and the numerator of which is the difference between the total number demolished and the number of Replacement Units. For example, if a 100 unit development is to be demolished and 75 Replacement Units are to be constructed, the applicant would be eligible for 25 percent of demolition costs under this component. Costs includable hereunder are resident relocation, demolition, environmental remediation and site restoration to an unimproved state.

This Section (II.E.) is intended solely as a limit on grant amount, and does not vary HUD TDC rules applicable to public housing developments. A grantee may spend additional sums on resident self-sufficiency using donations, HUD funds made available for that purpose, or other PHA funds. A grantee may spend more than TDC limits on costs of physical revitalization where permitted by HUD in accordance with 24 CFR 941.306 (as issued in an interim rule published on July 22, 1996 (61 FR 38014, 38019)), so long as it funds the

excess costs with non-HOPE VI funds. However, if an applicant seeks HOPE VI funds as permitted herein to supplement a prior uncompleted HOPE VI, Development, MROP or Comprehensive Improvement Assistance Program (CIAP) grant, the per unit grant limitations set forth herein will apply to the sum of all such targeted grant funds.

For example, an applicant which had previously received $15 million from HUD specifically to address a 600 unit development (with 50 percent occupancy), but had not yet done so, could now apply for a HOPE VI grant. If the applicant proposed to construct 300 Replacement Units at an average TDC of $80,000, the maximum HOPE VI grant would be 300 times $85,000 or $25.5 million (TDC plus $5,000/unit), minus the $15 million already in hand, which equals $10.5 million, plus the cost of demolishing the 300 unreplaced units.

An applicant must document compliance with this provision in Exhibit M (Grant Limitations).

F. Other Grant Limitations

1. As stated in Section II.E. above, a PHA may submit one or two separate applications in response to this NOFA so long as the total amount requested in both applications does not exceed $35 million. Each application may request funds for only one public housing development. Contiguous developments will be considered one development for all purposes in this NOFA. If a PHA submits two applications, each application will be reviewed separately. There is no minimum or maximum number of housing units for which funds may be requested in a single application.

2. A PHA may not request replacement funding for units for which the PHA has already been awarded prior ''hard'' replacement funding from HUD. An applicant must document compliance with this provision in Exhibit M (Grant Limitations), and must disclose all prior ''hard'' replacement assistance received from HUD with respect to the targeted development.

3. PHAs with previous HOPE VI grants may not seek FY 1997 HOPE VI funding to supplement the previous grants in treating the units covered by the original grants. Such PHAs may, however, seek FY 1997 HOPE VI funding to demolish, revitalize or replace units in the same development that were not targeted units under the previous HOPE VI grant. A PHA which received prior years' HOPE VI funding in an amount less than requested, but which has not yet had a revitalization plan approved at the reduced funding level, will not be deemed in this award process to have yet targeted any particular units, and thus may apply for supplemental funding.

4. PHAs with previously-awarded Development, MROP or CIAP funding that they believe to be inadequate for the revitalization of a targeted development, with insurance proceeds attributable to the development, or with previously-awarded HOPE VI funds subject to the limitation in paragraph 3 above, may apply for supplemental funding under this NOFA. HUD will evaluate these applications under the rating factors established by this NOFA. PHAs must demonstrate that funding already available to them is insufficient to assure a sustainable revitalization, and/or that the portion of a development that would be unaddressed by other funding in itself would qualify for a HOPE VI grant. An applicant that submits an application for an existing HOPE VI site (pursuant to the limitations in Section II.F.3. of this NOFA, above) that make a case now that the existing HOPE VI site is no longer sustainable, pursuant to this section, are cautioned that the existing HOPE VI grant may be subject to withdrawal if FY 1997 HOPE VI funds are not awarded.

While such PHAs may receive grants of up to $35 million as provided in Section II.E. of this NOFA, in addition to previously received funds, they may not do so if the total of grant funds would violate the per unit limitations set out in Section II.E.1.

An applicant must document compliance with this provision in Exhibit M (Grant Limitations), and must disclose all prior grant assistance received from HUD (HOPE VI, Development, MROP, or CIAP, or insurance proceeds) with respect to the targeted development.

5. PHAs may use HOPE VI funds in conjunction with any other funds available to the PHA, so long as the use of HOPE VI funds complies with the requirements set forth in this NOFA, and the Grant Agreement and ACC Amendment to be executed with HUD; the use of other funds complies with any applicable restrictions; and the proposed use of all funds complies with section 102(d) of the HUD Reform Act of 1989 (42 U.S.C. 3531 note) and HUD's subsidy layering guidelines, including those found in 24 CFR part 4.

G. Technical Assistance

In accordance with the 1997 Appropriations Act, up to $2.5 million may be used by HUD for technical assistance 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 PHAs and to residents. Technical assistance does not include assistance regarding how to draft any applications.

H. Failure to Proceed

In the event that an applicant selected to receive HOPE VI funding does not proceed in a manner consistent with its application, HUD may withdraw any unobligated balances of funding and make this funding available subject to applicable law, in HUD's discretion, to the next highest ranked applicant that was not selected for funding in the most recently conducted HOPE VI selection process or combined with funding under an upcoming competitive selection process. Failure to proceed with respect to obligated funds will be governed by the terms of the Grant Agreement or ACC amendment, as applicable.

I. Total Development Costs

1. If the average per unit costs attributable to TDC (see definition in Section II.E.1 of this NOFA) of the applicant's program is below 70 percent of HUD's published TDC limits, the development is not eligible for this program. For these calculations an applicant should include all costs included in Section II.E.1 of this NOFA, including demolition, remediation and relocation.

An applicant must document compliance with this provision in Exhibit M (Grant Limitations).

2. If the average per unit hard costs of rehabilitation falls between 70 and 90 percent of TDC, rehabilitation must be shown to be a viable, cost effective option by the application.

3. The total development cost paid from HUD funds for units to be rehabilitated may not exceed 90 percent, and the total development cost for newly constructed units paid from HOPE VI funds may not exceed 100 percent, of HUD's published TDC limits. Applications should include information on any anticipated costs above TDC limits to be funded from non-HOPE VI funds. Selection of an applicant which includes an anticipated request for approval for excess TDC costs to be paid for from non-HOPE VI funds does not constitute approval of such TDC excess (note Section II.E.3. above). Instead, the selected applicant will need to obtain written approval from HUD for TDC excesses in accordance with 24 CFR 941.306 or make the necessary program changes to conform to TDC guidelines. HUD will

not select for funding any application which does not make a plausible case that it can meet the standards set forth in 24 CFR 941.306. HUD will more favorably consider those applicants that propose cost effective programs under the Feasibility and Sustainability evaluation factor (Section V.J. of this NOFA).

J. Site and Neighborhood Standards

HOPE VI grantees must ensure that their revitalization proposals and replacement housing plans for the targeted development(s) will avoid or lessen concentrations of very low-income families by creating a mixed-income community or by expanding assisted housing opportunities in nonpoor and nonminority neighborhoods. Since HUD intends to fund only those applications under this program that demonstrate the capacity to alleviate distressed conditions at the targeted development and in the surrounding neighborhood, replacement housing under HOPE VI which is located on the site will not require independent approval under site and neighborhood standards. Units that are not located at the targeted development and in the immediate neighborhood will be subject to site and neighborhood standard rules stated in or made applicable by the Grant Agreement.

K. Eligible Activities and Costs

HOPE VI proposals will typically include an array of activities and funding sources. The following limitations apply solely to activities to be funded with HOPE VI grant funds.

Eligible expenditures are those eligible under sections 8 and 14 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f, 1437*l*) (1937 Act). PHAs must use assistance under this HOPE VI program for demolition and/or the physical improvement and/or replacement of public housing and for associated management improvements.

1. Eligible Activities

a. Total or partial demolition of buildings or disposition of property (subject to the requirements of section 18 of the 1937 Act (42 U.S.C. 1437p)).

b. Capital costs of major reconstruction, rehabilitation, and other physical improvements (including energy retrofits) and improvements to assure greater accessibility and visitability for persons with disabilities (subject to TDC limitations).

c. Capital costs of replacement housing, including homeownership housing (subject to TDC limitations).

d. Management improvements for the reconstructed development.

e. Planning and technical assistance.

f. Programs designed to help residents gain employment and attain self-sufficiency.

2. Eligible Costs

a. Capital costs may include related administrative and relocation costs necessary for reconstruction, rehabilitation, demolition, or acquisition of land for replacement housing.

b. Physical improvement costs may include those necessary to provide community facilities primarily intended to facilitate the delivery of self-sufficiency programs and economic development opportunities for residents of the targeted development.

c. Administrative costs may include the annual premium of lead-based paint insurance incident to approved revitalization work while work is in progress.

3. Interpretive and Cautionary Issues

a. *Replacement Units.* HOPE VI funds awarded under this NOFA may directly support only housing units which are rehabilitated or which replace demolished or disposed units, and which are for use in accordance with the U.S. Housing Act of 1937 and appropriations acts incorporated by reference therein by the amendment to section 14 of the Act at section 201 of the FY 1996 Appropriations Act (42 U.S.C 1437*l*; Pub. L. 104–134, approved April 26, 1996; 110 Stat. 1321–277). Rental units will be deemed Replacement Units and qualify for operating subsidy only if they are to be placed under Annual Contributions Contract and operated in accordance therewith. Homeownership units will be deemed Replacement Units only as specified in the Urban Revitalization heading of the 1993 Appropriations Act (Pub. L. 102–389; approved October 6, 1992); that is, if they meet the statutory requirements of the Section 5(h) program (42 U.S.C. 1437c(h)); the HOPE II program (42 U.S.C. 12871–80; Pub. L. 101–625, secs. 421–31; 104 Stat. 4079, 4162–72); or the HOPE III program (42 U.S.C. 12891–98; Pub. L. 101–625, secs. 441–48; 104 Stat. 4079, 4172–80); or are made available through housing opportunity programs of construction or substantial rehabilitation of homes meeting essentially the same eligibility requirements as the Nehemiah program. HOPE VI funds may not directly support mixed-finance units which are not themselves to be placed under ACC.

b. While applicants are encouraged to propose HOPE VI plans with broad community revitalization features, HOPE VI funds not used for demolition may be expended only to construct, or for uses which directly and principally benefit, Replacement Units and other public housing. Where other units or nonhousing uses will also benefit from the expenditure, a reasonable proration to other fund sources is required. For instance, where housing authority property is to be transferred and improved for a nonreplacement use such as middle-income housing, the transfer should be at appraised value and the cost of improvement must be borne by other funds. Notwithstanding the foregoing, HUD may permit a temporary or permanent use of HOPE VI funds to benefit non-Replacement Units so long as the purposes are eligible under the FY 1997 Appropriations Act and HUD determines that such use serves a commensurate social benefit, materially enhances the social and physical environment of the Replacement Units, other public housing units and their residents, and is no more than necessary to accomplish such purposes. For instance, HUD could permit HOPE VI funds to be used to improve a site before transferring part of the site or individual lots (at improved value) for middle-income housing, and could additionally permit the costs of improvement to be written off or converted to a soft loan, where the middle-income units would provide economic diversity to the site and the cost writedown was reasonable and necessary to attract middle-income residents to the site.

c. Where a plan contemplates the receipt of program-related income prior to grant closeout (e.g., from sale of homeownership Replacement Units, or the disposition of improved land), such income must be reflected in the HOPE VI budget and used for a program purpose.

III. Curable Technical Deficiencies

The requirements of this NOFA must be satisfied in order for HUD to select an application for funding. If an applicant does not satisfy the technical requirements below, after the process for the correction of deficiencies described in Section VII.C. of this NOFA has been carried out, HUD cannot select the applicant for participation.

A. The applicant must include evidence in Exhibit J.1.e of the application (Community and Partnerships) that at least one public meeting has been held to notify residents and community members of the proposed activities described in the application.

B. The applicant must include all certifications and submissions required as Exhibit Q of the application.

C. Applications that propose new construction of replacement housing must include Exhibit E of the application.

IV. Program Threshold Criteria

Section IV of this NOFA identifies criteria which must be satisfied by each application in order for it to be selected. HUD will determine whether each criterion has been satisfied, based on the information submitted in accordance with specific requirements of Section VI of this NOFA. Applicants must submit the information described in Section VI of this NOFA; applicants must not respond directly to the criteria in Section IV. If HUD determines that an application fails to satisfy one or more threshold criteria, HUD may not select that application for funding.

In addition to the specified threshold criteria, HUD expects every applicant selected to generally satisfy each application evaluation factor. It is a general threshold criterion for selection that an applicant must score at least some points (i.e., more than zero) on every evaluation factor identified in Section V of this NOFA. Further, an applicant must receive at least 15 of 25 possible points under the Feasibility and Sustainability (V.J.) evaluation factor.

A. Obsolescence

A development targeted by an application must be ''obsolete'' as defined in Section II.C. of this NOFA, except that an applicant need not make a showing of obsolescence with respect to any portion of the development which has already been approved by HUD for demolition, whether or not such demolition has already begun or occurred.

HUD will consider the entire application, and particularly Exhibit B (Existing Conditions) when evaluating this criterion.

B. Need for Funding

An applicant which owns or operates 250 or more public housing dwelling units must establish that it cannot, using currently available and reasonably foreseeable funding from HUD, meet its long term capital needs for its entire public housing inventory and still accomplish the demolition, revitalization and/or replacement proposed in its application, in the absence of HOPE VI funding in the general amount requested. This criterion may be satisfied if a Comprehensive Grant Program (CGP) agency's total capital needs, as shown in its latest physical needs assessment, exceed by more than 10 percent the work it expects to be able to fund over the next 5 years. A CGP agency should use its most recent HUD approved 5-year action plan to make this determination.

A PHA which owns or operates fewer than 250 public housing dwelling units, and thus does not receive CGP funds, is not held to this threshold requirement.

HUD will consider the entire application, and particularly Exhibit N (Need for Funding) when evaluating this criterion.

C. Lessen Concentration

Off-site Replacement Units must avoid or lessen concentrations of very low-income families. On-site units are not subject to this flat statutory requirement, but must nevertheless ensure, in accordance with the various evaluation factors, that after a reasonable investment and time, the site will not constitute an excessive concentration of very low-income families.

HUD will consider the entire application, and particularly Exhibits D.6 and D.7, when evaluating this criterion.

D. Fair Housing

HUD will use the following standards to assess compliance with civil rights laws for the threshold review. In making this assessment, HUD shall review appropriate records maintained by the Office of Fair Housing and Equal Opportunity, e.g., records of monitoring, audit, or compliance review findings, complaint determinations, or compliance agreements. If the review reveals the existence of any of the following, the application will be rejected.

1. There is a pending civil rights suit against the applicant instituted by the Department of Justice.

2. There is an outstanding finding of noncompliance with civil rights statutes (the Fair Housing Act (42 U.S.C. 3601–19); title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d–2000d–4); section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); the Age Discrimination Act of 1975 (42 U.S.C. 6101–6107); and the Americans with Disabilities Act of 1990 (42 U.S.C. 1201 *et seq.*)), Executive Orders, or regulations as a result of formal administrative proceedings, unless the applicant is operating under a HUD-approved compliance agreement designed to correct the area of noncompliance, or is currently negotiating such an agreement with HUD.

3. There is an unresolved Secretarial charge of discrimination against the applicant issued under section 810(g) of the Fair Housing Act (42 U.S.C. 3610), as implemented by 24 CFR 103.400.

4. There has been an adjudication of a civil rights violation in a civil action brought against the applicant by a private individual, unless the applicant is operating in compliance with a court order designed to correct the area of noncompliance, or the applicant has discharged any responsibility arising from such litigation.

5. There has been a deferral of the processing of applications from the applicant imposed by HUD under Title VI of the Civil Rights Act of 1964, the Attorney General's Guidelines (28 CFR 50.3), or the HUD Title VI regulations (24 CFR 1.8) and procedures, or under section 504 of the Rehabilitation Act of 1973 or HUD's section 504 Regulations (24 CFR 8.57).

HUD will consider Exhibit P when evaluating this criterion.

V. Application Evaluation Factors

Section V of this NOFA describes the evaluation factors that HUD will use to review applications. Each application will be evaluated based upon its merits determined pursuant to the factors set forth below. Applications will be selected for award in accordance with Section VII of this NOFA. HUD will consider the entire application, as a whole, when applying these factors. Applicants must submit the information described in Section VI (Application Submission Requirements) of this NOFA; applicants must not respond directly to the factors in Section V (Application Evaluation Factors) of this NOFA. Instances in which specific exhibits correspond to specific evaluation factors are noted in both Sections V and VI of this NOFA.

A. Urgency of Need for Revitalization [15 Points]

HUD will consider the degree of distress at a site and the imminence of greater distress in the absence of immediate intervention. HUD will also consider the extent to which such distress is attributable to or exacerbated by the development's obsolescence, rather than factors more immediately within the control of applicant, and is potentially remediable by the applicant's revitalization plan. Maximum consideration will be given to sites at which the immediate obsolescence of physical design and condition make it virtually impossible to provide decent, safe, and sanitary housing at a reasonable cost to the applicant despite all reasonable current management and maintenance efforts. HUD will also give consideration, however, to the degree of imminence of

such obsolescence and consequent distress at developments which have not yet reached such condition.

If a targeted development already has been vacated for demolition or disposition, or has been demolished or disposed of pursuant to HUD approval granted in 1995 or thereafter, HUD will apply this evaluation factor to the conditions which existed as of the date of HUD approval.

HUD will consider the entire application, and particularly Exhibit C (Urgency of Need for Revitalization); Exhibit B (Existing Conditions); and Exhibit N (Need for Funding) when evaluating this criterion.

B. Lessen Isolation of Low-Income Residents [25 Points]

A successful HOPE VI effort requires the replacement of isolated concentrations of very low-income, nonworking families with more integrated and diverse urban settings where nonworking families are in daily contact with working families and working society. HUD will consider the extent to which the applicant proposes to place or maintain public housing in well-functioning neighborhoods or promote mixed-income communities where public housing once stood alone, thereby ending the social and economic isolation of public housing residents, increasing their access to quality municipal services, and increasing their access to job information and mentoring opportunities. HUD will consider the extent to which the physical design would lessen the isolation and stigmatization of the development and its low-income residents. HUD will also consider features of the surrounding community which would enrich the lives of public housing residents within the development, such as educational institutions, transportation and employment opportunities. HUD will also consider the extent to which operational and management principles will promote economic and social diversity.

If an applicant proposes demolition with replacement in part through tenant-based assistance, HUD will also consider the degree to which the PHA intends to provide counseling and other assistance, directly or through an intermediary, to help families receiving tenant-based assistance to move to nonpoverty neighborhoods.

HUD will consider the entire application, and particularly Exhibits B.3, B.4, and B.5 (Existing Conditions); Exhibits D.6 and D.7 (Description of Physical Revitalization Plan), and Exhibit F (Self-Sufficiency Component) when evaluating this factor.

C. Encourage Resident Self-Sufficiency [20 Points]

With welfare reform, no revitalization effort can succeed if it does not make provisions for assisting low-income residents to achieve long-term self-sufficiency (*i.e.*, independence from supportive governmental programs not provided to the general populace, primarily income support) where possible. An applicant should demonstrate that it has a feasible, coherent, realistic strategy for helping residents become wage-earners. Overall, HUD will consider the extent to which the objectives of the self-sufficiency plan are results-oriented, with measurable goals and outcomes; and the degree to which the program is sustainable and is likely to enable residents to become self-supporting.

HUD will consider such factors as the overall quality of the self-sufficiency plan; the integration of the plan with the development process; the appropriateness of scale, type, and delivery of the plan to meet the identified needs of residents; the degree of resident training, employment, and contracting planned; the degree to which service providers have made commitments to provide services or funding; the experience of proposed service providers; the extent of effective use of technology; the involvement of educational institutions and business partners; and the extent to which residents are expected to invest in their own futures.

HUD will also consider the extent to which proposed operating and management principles will complement the self-sufficiency program and reward the efforts of residents.

HUD will consider the entire application, and particularly Exhibit F (Self-Sufficiency Component) and Exhibit G (Operation and Management Principles) when evaluating this factor.

D. Property Management [15 Points]

HUD will consider the extent to which the housing authority has evaluated the obstacles that prevented good management and other management problems that led to the distress or obsolescence of the targeted development, and the new plan for management that will protect against similar problems of the past and promote efficient and economical management.

HUD will consider the entire application, and particularly Exhibit G (Operation and Management Principles) when evaluating this factor.

E. Local Impact [25 Points]

HUD will consider the degree and magnitude of positive change that the entire package of activities described in the application (including both eligible activities to be conducted by the applicant and complementary activities by other entities, such as CDBG investments or educational initiatives) will have on the affected public housing community, the surrounding neighborhood, and on the entire city or town. In this context, HUD will consider the community's need for such change as measured by objective indicia of social distress, criminal incidents, housing need, and similar factors. HUD will consider the extent to which a physical plan demonstrates attention to preserving and enriching the urban fabric. HUD will also consider the extent to which the infusion of HOPE VI dollars will leverage other resources, including municipal expenditures, charitable contributions, and private debt and equity. HUD will also consider the extent to which the proposal improves, where applicable, the safety and security of residents through the implementation of anti-crime measures and the installation of physical security or design enhancements. HUD will consider the relative impact a proposed revitalization will have on its surrounding community, not the magnitude of the program in relation to other applications.

HUD will consider the entire application, and particularly Exhibit B (Existing Conditions), Exhibit D (Description of the Physical Revitalization Plan), and Exhibit H (Local Impact) when evaluating this factor.

F. Affirmatively Furthering Fair Housing [20 Points]

HUD will consider the extent to which the applicant has demonstrated that it has affirmatively furthered fair housing, or will do so by its actions in connection with this application. HUD will consider the extent to which actions already taken by the applicant have removed or overcome, and, where applicable, the extent to which actions to be taken in connection with this application will remove or overcome the consequences of prior practices or usage which were discriminatory or which tended to limit participation by persons of a particular race, color or national origin. HUD will also consider the extent to which the applicant's previous actions, or actions taken in connection with this application, promote the provision of public housing opportunities for disabled persons. (See

Section VI.P. of this NOFA for examples of specific actions).

In accordance with the provisions of the 1997 Appropriations Act, no appropriated funds shall be used directly or indirectly for the purpose of granting a competitive advantage in awards to settle litigation or pay judgments in court cases affecting applicants for this program. HUD will not, when reviewing applications under this NOFA, award extra points, for example, to any PHA involved in a consent decree mandating desegregation of the PHA's public housing.

HUD will evaluate all applications, and particularly Exhibit B (Existing Conditions), Exhibit D (Description of Physical Revitalization), Exhibit G (Operation and Management Principles), and Exhibit P (Affirmatively Furthering Fair Housing) when evaluating this factor.

G. Community and Partnerships [20 Points]

HUD will consider the entire application, and particularly Exhibit J (Community and Partnerships), when evaluating this factor.

1. Resident Support/Involvement (5 Points)

HUD encourages full and meaningful involvement of residents and members of the communities to be affected by the proposed activities. HUD will consider the extent of resident consultation in shaping the application, the level of resident support for the proposed activities, the continued involvement and participation by the affected public housing residents, and the proposed involvement of residents in management of revitalized or replacement units.

2. Community Support/Involvement (5 Points)

HUD will consider the extent of involvement by local public, private, and nonprofit entities and community representatives in the preparation of the application, the level of enthusiasm for the plan in the larger community, and the extent to which the activities proposed in the application are coordinated with other revitalization plans within the community.

3. Partnerships (5 Points)

This evaluation factor recognizes the importance of a PHA not just seeking endorsements and vendor relationships with others, but actively enlisting other stakeholders who are vested in the revitalization effort, including public and private nonprofit and for-profit entities with experience in the development and/or management of low-and moderate-income housing, those that are skilled in the delivery of services to residents of public housing, educational institutions, foundations, banks, and other organizations.

HUD will consider the extent to which applications propose to develop partnerships to facilitate revitalization, the strength of commitments from potential partners to participate in the revitalization plan, and the experience, capability, and local importance of proposed partners.

If a PHA is also a redevelopment agency or otherwise has citywide responsibilities, HUD will consider the city's redevelopment or other functional area to be a separate partner with which the housing authority function is partnering, where appropriate.

4. EZ/EC Involvement (5 Points)

Points will be given to an application whose targeted development is principally located in a Federally-designated Empowerment Zone (EZ) or Enterprise Community (EC), and which demonstrates coordination with and support of the Strategic Plan for such EZ/EC.

H. Capability and Readiness [25 Points]

HUD will consider the ability and capacity of a PHA and any identified partners to promptly begin and effectively carry out the revitalization and replacement activities it has proposed. HUD will likewise consider the extent to which an applicant with any outstanding grants from HUD of substantial capital funds under the HOPE VI, MROP, Development or CIAP programs is on schedule or, if behind schedule, has resolved all major issues and has been making good progress in the last 6 months.

HUD will separately evaluate the demonstrated capability and track record of the PHA and its team to plan, implement, adapt and manage the self-sufficiency program over a multi-year period.

HUD will separately evaluate the demonstrated capability and track record of the PHA and its team to provide property management and marketing of the kind which will be required by the applicant's proposal.

HUD will look at the capacity of the team presented by the applicant, including, as relevant, both PHA employees and partners and contractors who have been procured and who are demonstrably committed to the plan. A PHA which cannot currently demonstrate full capacity in this fashion will be evaluated on the likelihood that it can acquire such capacity. Where a PHA plans to utilize partners and/or contractors, it should demonstrate that it will provide an appropriate balance of oversight and autonomy.

HUD will consider the entire application and particularly information provided in Exhibit I (Capability and Readiness) when evaluating this factor.

I. Efficient Utilization of Federal Funding [10 Points]

HUD will consider the relative cost to the Federal Government of the proposed plan as opposed to demolishing the targeted development and replacing it with Section 8 tenant-based assistance, as determined in accordance with the **Federal Register** notice of September 26, 1996 (61 FR 50632). A plan which is less costly will receive full points under this evaluation factor; more costly plans will receive fewer points. HUD will also evaluate the extent to which housing authorities have proposed budgets that demonstrate efficiency in spending. Applications with new construction and rehabilitation costs that are less than applicable TDC limits will be favorably considered.

HUD will consider the entire application, and particularly Exhibit O (Section 8 Cost Comparisons) when evaluating this factor.

J. Feasibility and Sustainability [25 Points]

HUD will consider the need and market for the revitalized and/or replacement units of the type and size proposed; whether the proposed program activities are likely to be accomplished within a reasonable time and expense; and whether the proposed activities are sustainable based on realistic budgets. Included in this analysis, HUD will evaluate the level and firmness of commitments for private and public funds upon which the proposal relies.

HUD will consider the entire application, and particularly Exhibit B (Existing Conditions), Exhibit D (Description of Physical Revitalization), Exhibit K (Resources), and Exhibit L (Program Financing and Sustainability) when evaluating this factor.

K. Proposal Coherence and Integrity [15 Points]

HUD will consider the entire application when determining the extent to which the proposed activities are likely to accomplish the program plan and objectives as outlined in Exhibit A (Summary Statement of Plan and Objectives). HUD will consider the extent to which information and strategies provided in each of Exhibits D–P are coherent and consistent with

each other, and whether the application proposes a comprehensive, realistic, and effective solution to the current problems at the development and in the neighborhood as described in Exhibit B (Existing Conditions).

VI. Application Submission Requirements

This Section VI of the NOFA describes all of the items to be included in an application. All applications must include all information requested unless otherwise specifically noted.

HUD reviewers will use the information provided in the application to evaluate each application in accordance with the evaluation factors described in Section V of this NOFA. Notwithstanding that certain application submission requirement sections of the application correspond to specific evaluation factors, reviewers will consider and evaluate the application as a whole during the evaluation process.

Each application must consist of Exhibits A–Q that correspond directly to Sections VI.A.–VI.Q. listed below. For ease of review, each application must include a table of contents directing the reader to the page number upon which each exhibit begins. To help expedite review of the applications, please assemble in the order given in Section VI of this NOFA. Please mark each exhibit with an appropriately lettered tab and number each page of the application sequentially. If an exhibit is not applicable for any reason, provide an explanation of its inapplicability to the application under the tab for such exhibit.

Each application must be limited to a total of 75 (8½ by 11 inch) pages of narrative text utilizing double spacing and margins of preferably 1 inch, but no smaller than ½ inch. HUD strongly recommends that applicants utilize a Courier 11 point font or equivalent. Page limits do not include such charts, maps and illustrations as are useful and necessary to illuminate the required narrative, nor do they include required or requested attachments such as letters of support or opposition, or certifications. Videos are not an allowable submission. Adherence to the page limit is mandatory; in reviewing an application, HUD will not consider any information on pages that exceed the limits. Applicants are encouraged to be concise and need not utilize the full page limit.

A. Summary Statement of Plan and Objectives

All applicants must provide a narrative Exhibit A which summarizes the overall revitalization plan and sets forth what the applicant proposes to accomplish thereby. The narrative should include: (1) A statement describing the planned long-term impact the redevelopment will have on the current and future residents of the development and the neighborhood, and (2) A list of measurable goals and an estimate of when the goals are to be achieved. HUD will use information from Exhibit A both to orient readers and to evaluate specific factors for which goals are set in this section.

B. Existing Conditions

All applicants must provide an Exhibit B that responds to all items in this section plus any others which the applicant deems relevant to the heading and intended use. HUD will use information from Exhibit B primarily to evaluate the Urgency of Need for Revitalization (V.A), Lessen Isolation of Low-Income Residents (V.B), Local Impact (V.E), Affirmatively Furthering Fair Housing (V.F.), and Feasibility and Sustainability (V.J) factors. HUD will use items 2 through 4, below, to determine whether the application meets the threshold criterion for obsolete housing (IV.A).

The applicant must provide the following information in a narrative plus the map required under Paragraph 1.c. below:

1. Description of Current Development

a. An identification of the targeted development and neighborhood. State the complete street address (including zip code) of the targeted development.

b. The total number of current units, by bedroom distribution, separately identifying vacant and occupied units.

c. A map of the current site.

2. Indicators of Physical Obsolescence

a. The cost of redesign, rehabilitation, or reconstruction per unit as compared with TDC.

b. Structural deficiencies (e.g., settlement of earth below the building caused by inadequate structural fills, faulty structural design, or settlement of floors).

c. Substantial deterioration (e.g., severe termite damage or damage caused by extreme weather conditions) or other design or site problems (e.g., severe erosion or flooding).

d. Design and site deficiencies (e.g., high density, building height, unit configuration or indefensible space).

e. Major system deficiencies (e.g., peeling and chipping lead-based paint, lack of reliable and reasonably efficient heat and hot water, major structural deficiencies, electrical system not satisfying code requirements, poor site conditions, leaking roof, deteriorated laterals and sewers, or high number of plumbing leaks).

f. Deficiencies with respect to accessibility for persons with disabilities as regards both individual units, entrance ways and common areas.

3. Neighborhood Characteristics

a. Physical condition and characteristics of the neighborhood, including the percentage of the population in the neighborhood that lives in the targeted development and the percentage that lives in other assisted housing developments nearby.

b. Land use and economic activity, including density and structure types as compared to the development proposed for funding.

c. Demographic data such as income levels and minority concentration.

d. Environmental conditions that may jeopardize the suitability of the site or a portion of the site and its housing structures for residential use. These conditions may be determined by either a HUD-related environmental review, in accordance with 24 CFR part 50 which was previously conducted in connection with earlier assistance, or another assessment of conditions that, in the opinion of the applicant, may jeopardize suitability of the site.

e. Deficiencies in the neighborhood that revitalization could ameliorate.

f. Assets in the neighborhood which will assist revitalization.

4. Demographic Indicators

For the following elements, applicants must provide the most current information that relates as specifically as possible to the targeted site. If site information is not available, applicants must indicate whether information provided pertains to the development, neighborhood, city, census tract, or other demographic area.

a. Average income as a percentage of area median. Include the percentage of families with public assistance income, earned income, and social security income at the targeted development.

b. Statistical information on the incidence of crime, including the following: frequency of criminal acts of various types per 1,000 persons (including drug-related activities), number of lease terminations or evictions for criminal activity, average number of police calls to the development per month, and the average monthly incidence of vandalism to PHA property in dollars.

c. Vacancy rate of units not in funded, on-schedule modernization; historical marketing and occupancy data.

5. Effect on the Neighborhood

Applicants must describe how the physical, neighborhood, and demographic conditions of the obsolete development, or portions thereof, affect the residents of the surrounding neighborhood, the greater community, and city.

C. Urgency of Need for Revitalization

The applicant should set forth in a narrative why it is urgent that it receive the funding sought and pursue the revitalization proposed. The applicant should refer to information contained in Exhibit B (Existing Conditions) and Exhibit N (Need for Funding), together with such other information as is relevant and helpful. If a targeted development already has been vacated for demolition or disposition, or has been demolished or disposed of pursuant to HUD approval granted in 1995 or thereafter, describe the conditions which existed as of the date of HUD approval.

D. Description of Physical Revitalization Plan

HUD will use information from Exhibit D primarily to evaluate the Lessen Isolation of Low-Income Residents (V.B.), Local Impact (V.E.) and Feasibility and Sustainability (V.J.) factors. HUD will use information in Exhibits D.6 and D.7 to evaluate the Lessen Concentration threshold criterion (IV.C.) and the Lessen Isolation of Low-Income Residents (V.B.) and Affirmatively Furthering Fair Housing (V.F.) factors. Applicants must describe the extent of the physical revitalization and/or replacement activities proposed, including the following, as appropriate:

1. The extent of any proposed demolition/disposition and identification of the units to be demolished.
2. The changes in the sizes and shapes of units and other changes in the use of interior space, including any reduction in the number of units due to reconfiguration or changes in bedroom mix.
3. Any community space alterations, improvements, or additions.
4. Any proposed on-site housing construction, including number, type, and bedroom distribution of units, and whether the new units will be for rental or homeownership. Indicate clearly the units proposed as public housing Replacement Units.
5. For any reconfiguration, community space alterations or improvements, or on-site housing construction, describe how accessibility for persons with disabilities to individual units, community spaces and buildings will be assured.
6. Any proposed off-site housing construction, including number, type, and bedroom distribution of units, and whether the new units will be for rental or homeownership. Indicate clearly the units proposed as public housing Replacement Units. Any applicant proposing to create off-site Replacement Units MUST use census data to describe how such housing will avoid or lessen concentrations of very low-income families.
7. The number of any Section 8 certificates to be used for replacement or relocation housing, and whether those certificates are existing or are to be requested under the separate Section 8 notice. Include a description of counselling or other assistance that will be provided to residents receiving tenant-based assistance as relocation or replacement housing to enable them to move to areas of lower poverty if they so choose.
8. Any site acquisition necessary or proposed, the purpose of the acquisition, and how that acquisition is proposed to be financed.
9. Any non-housing structures.
10. Infrastructure and site improvements to be constructed.
11. A description of any physical anti-crime measures and/or installation of physical enhancements (e.g., defensible space).
12. A statement of the design objectives and considerations motivating the plan.
13. Detail other revitalization activities or land use plans underway or planned in the neighborhood(s) that the revitalization plan would affect. Provide reference to and maps indicating the location of activities and resources identified in the city's or State's Consolidated Plan or Federally-designated Empowerment Zone or Enterprise Community Strategy (if applicable) in relationship to the development. Describe the current or projected impacts of these community-wide activities on residents of the development(s).
14. If available, provide postrevitalization site and neighborhood maps and/or illustrative design illustrations.

E. Applications for New Construction

In accordance with section 6(h) of the U.S. Housing Act of 1937 (42 U.S.C. 1437d), the PHA may engage in new construction only if the PHA demonstrates to the satisfaction of the Secretary that the cost of new construction in the neighborhood where the PHA determines the housing is needed is less than the cost of acquisition or acquisition and rehabilitation in such neighborhood. Therefore, every application that includes new construction must be accompanied by a narrative Exhibit E that contains the information described in either paragraphs 1 or 2 of this section, below. If HUD cannot approve new construction under section 6(h) of the 1937 Act, HUD will reject the application.

1. A PHA comparison of the costs of new construction (in the neighborhood where the PHA proposes to construct the housing) and the costs of acquisition of existing housing or acquisition and rehabilitation in the same neighborhood (including estimated costs of lead-based paint testing and abatement).
2. A PHA certification, accompanied by supporting documentation, that there is insufficient existing housing in the neighborhood to develop housing through acquisition of existing housing or acquisition and rehabilitation.

F. Self-Sufficiency Component

HUD will use information from Exhibit F primarily to evaluate the Encourage Resident Self-Sufficiency (V.C.), Capability and Readiness (V.H.), and Feasibility and Sustainability (V.J.) factors.

A program of self-sufficiency may include, but is not limited to: child care, of a type that provides sufficient hours of operation and serves appropriate ages as needed to facilitate parental access to education and job opportunities; employment training and counseling, such as the Step-Up program, that may include job training, job preparation and counseling, job development and placement, and follow-up assistance after job placement; computer skills training; education, including remedial education, literacy training, completion of secondary or postsecondary education, assistance in the attainment of certificates of high school equivalency, and the integration of modern computer technology into the education program; transportation as necessary to enable any participating family member to receive available services or to commute to his or her place of employment; partnerships with local businesses that will provide job placements for residents who complete adult education and job training programs; substance/alcohol abuse treatment and counseling; health care services; and developing a strategy to establish on-site credit union(s) to provide financial and economic development initiatives to residents. The credit union shall support the normal financial management needs of the community (i.e., check cashing, and any other services and resources, including case management) that are determined to be appropriate in assisting eligible residents.

1. Describe the strategic vision, and the objective and measurable goals, of the self-sufficiency component, and describe how they will be measured and met through the self-sufficiency program.
2. Describe how the self-sufficiency plan will be managed in order to achieve efficiency, economy and accountability. Identify capabilities and track records of responsible individuals or partners.

3. Provide a brief description of each service that is expected to be made available for residents. For each service, to the extent that providers are identified, indicate the name of the service provider and the experience of that provider. If providers are not identified, describe the process the PHA will use to identify providers. Describe the location of the service provision, the timing of the service provision and how it relates to the development schedule, how long the service will be provided to residents, and whether the service will be available to residents that will remain on site, are moved off site, and/or are in relocation sites.

4. Describe the analysis and any consultation with residents that the PHA employed to determine the needs upon which the self-sufficiency program was based and that will be used to reevaluate service needs in the future.

5. Describe how residents will be selected to participate in services.

6. In addition to the narrative, attach letters from service providers that commit to provide services to residents.

7. Describe plans to provide on-the-job training, employment, and contracting opportunities to residents during implementation of the revitalization plan.

G. Operation and Management Principles

HUD will use information from Exhibit G primarily to evaluate the Lessen Isolation of Low-Income Residents (V.B.), Encourage Resident Self-Sufficiency (V.C.), Property Management (V.D.) and Feasibility and Sustainability (V.J.) factors.

For application purposes, the PHA should assume that Congress will make permanent the program modifications continued by the 1997 Appropriations Act. However, PHAs will be required, if selected, to conform their proposals to current law.

Applicants must describe those management and operational problems that led to the distress or obsolescence of the targeted development.

Applicants must describe the manner and extent to which the proposed operation and management principles will:

1. Achieve efficient and effective property management and maintenance through private management or other management improvements;

2. Lead to a range of incomes in the subject development including substantial numbers of working families;

3. Reward work and promote family stability through positive incentives such as income disregards and ceiling rents. PHAs may establish ceiling rents and may institute earned income disregards for FY 1997;

4. Provide greater safety and security by instituting tough screening requirements and enforcing tough lease and eviction provisions, including the ''One Strike and You're Out'' policy in the Housing Opportunity Program Extension Act of 1996 (Pub. L. 104–120; approved March 28, 1996);

5. Promote economic and demographic diversity through a system of local preferences (Congress has suspended all Federal preferences for FY 1997); and

6. Encourage self-sufficiency by utilizing lease requirements that promote community service and/or transition from public housing.

H. Local Impact

HUD will use information from Exhibit H primarily to evaluate the Local Impact (V.E.) factor.

Applicants must describe the extent to which the revitalization plan as a whole will significantly address the indicators of obsolescence and distress described in Exhibit B (Existing Conditions) and contribute to positive change for residents of the development and the surrounding community. Applicants should address anticipated physical, social and economic changes for both public housing residents and existing neighbors.

I. Capability and Readiness

HUD will use information from Exhibit I to evaluate all of the factors and particularly Capability and Readiness (V.H.). Applicants must provide a narrative that includes the following information:

1. Describe progress made under any previously-awarded HOPE VI, development, and/or modernization funding which is still open or was closed out within the last two years, and explain any factors which have caused delay or unsatisfactory performance.

2. Provide the PHA's overall and modernization scores under the Public Housing Management Assessment Program (PHMAP), 24 CFR part 901, as most recently assigned by HUD.

3. Provide a brief summary of the PHA's most recent fiscal audit and any outstanding HUD monitoring findings.

4. Provide an organizational chart that indicates the proposed PHA staffing of the revitalization program. Describe the qualifications of the PHA's key staff who will be responsible for the oversight of the program.

5. Describe any prior experience of the PHA or its staff in financing, leveraging, and partnership activities.

6. Describe how the PHA proposes to procure any necessary partners or service providers. If any have already been procured, describe them fully, including the nature of the organization, qualifications, the respective responsibilities and obligations of each party, the proposed financial relationship (i.e., the basis and source of compensation to nonapplicant parties), and the procurement process used to select the partner or provider. If the proposed development is to be implemented by a third party developer, include a written commitment by the developer stating eligibility for and experience in developing, constructing, and managing the proposed activities in this application. HUD warns PHAs against procuring partners other than in compliance with applicable laws and HUD procurement regulations, or after waivers thereof have been granted. Please refer to 24 CFR part 941, subpart F, published in the **Federal Register** on May 2, 1996 (61 FR 19708, 19714), for guidance on procurement of developer partners for mixed-finance development; all other partners are to be procured in accordance with 24 CFR 85.36.

7. Describe factors that will ensure that implementation of the program can begin quickly if the application is approved for an award.

J. Community and Partnerships

All applicants must provide a narrative Exhibit J plus any pertinent letters as provided below. HUD will use information from Exhibit J primarily to evaluate the Community and Partnerships (V.G.) factor. HUD will use information in Exhibit J.1.e, below, to determine whether the resident consultation requirement of the Curable Technical Deficiencies (Section III.A.) portion of this NOFA has been met. Exhibit J should contain the following information:

1. Resident Support/Involvement

a. Describe the level of participation and/or consultation with residents throughout the PHA in the preparation of the application.

b. Explain how the PHA would continue the involvement and participation by the affected public housing residents after grant award.

c. Describe any planned roles for residents in the management and operation of the revitalized and replacement units and the developments of which they are a part.

All applicants must attach the following:

d. Any letters from residents in support of or opposition to the proposed plan or any component element.

e. Evidence that at least one public meeting has been held to notify residents and community members of the proposed activities described in this application. The meeting may be a regularly scheduled PHA board meeting. Evidence must include the notice announcing the meeting, how the notice was distributed, and a copy of the sign-in sheet. An application must contain such evidence that a public meeting took place in order to be selected for participation.

2. Community Support/Involvement

All applicants must respond to this item.

a. Describe the level of participation and/or consultation in the preparation of the applic÷tion by community organizations and institutions, agencies of local and State government, businesses, nonprofit corporations, social service providers, philanthropic organizations, educational institutions, and other entities. Discuss how the PHA would continue to involve these entities and groups if the application is selected.

b. Provide any letters, resolutions, or other available documentation in support of, or objection to, the physical as well as the self-sufficiency component of the proposed demolition, and the revitalization and/or replacement of units.

c. Describe how the PHA plans to coordinate with any other revitalization activities or land use plans underway or planned in the neighborhood(s) that the revitalization plan would affect.

d. If the revitalization plan calls for changes in streets or other infrastructure, provide a letter of commitment from the unit of general local government to provide the resources necessary to carry out those activities.

3. Partnerships

a. Describe plans to accomplish the revitalization through a proposed partnership with one or more entities.

b. Identify and provide any commitments from potential partners to participate in the revitalization.

c. Describe how the use of the partnership will enhance the PHA's ability to accomplish the revitalization.

4. EZ/EC Involvement

If the targeted development is within a Federally-designated Empowerment Zone or Enterprise Community, provide evidence of this location and that the PHA has an established relationship with the EZ/EC administrative body that was established before the publication of this NOFA, and that the proposed revitalization activity is consistent with and supportive of the Strategic Plan for the Federally-designated Empowerment Zone or Enterprise Community. In order to receive the maximum points, applicants must demonstrate that the HOPE VI proposal is a part of a pre-existing economic development or revitalization strategy and must provide a letter of endorsement from the EZ or EC governing body.

K. Resources

Applicants must provide as Exhibit K a list of all of the individuals and organizations from which they have received evidence of financial or other support for the proposed activities. Next to each source, applicants must list the dollar figure associated with the resource to be provided, including the dollar value of any in-kind services or materials to be provided, if known. Next to the dollar figure, applicants must indicate the application page number of letters of support or commitments for contributions. The letters must describe the nature of the support and/or resource to be provided, the dollar value of the donation, if available, any conditions attached to the commitment, and the date that the resource will be made available. Applicants must include letters that provide resources for capital costs, self-sufficiency programs, and all other activities of the program. Applicants may attach letters as part of Exhibit K, and/or in Exhibit F.6 (self-sufficiency support), Exhibit J.2.b (community support), or Exhibit J.3.b (partner support).

L. Program Financing and Sustainability

HUD will use information provided in Exhibit L primarily to evaluate the Feasibility and Sustainability (V.J) factor. (Note: the term ''construction'' refers to both rehabilitation and new construction). All applicants must provide an Exhibit L that contains the following:

1. A narrative description of the proposed legal/financial structure of the entire development and, if appropriate, any phases. Describe how the PHA proposes to manage the proposed development and maintain programs on a long term basis, given the resources projected to be available for the development.

2. A Market Analysis which demonstrates the marketability and long term feasibility of the proposed development and its compatibility with the surrounding community(ies). Ideally, and particularly where the feasibility may reasonably be doubted, as where middle-income homeownership is proposed in a currently low-income neighborhood, the analysis should be prepared by an arm's length third party with acknowledged expertise and experience in the field, and should include anticipated costs of units, compatibility of unit types, market conditions and demand, market values of community dwellings by type and bedroom size, and services immediately available (or proposed to be available) to residents and the community.

3. A commencement and completion schedule, by phases if any.

4. An estimated budget (Form HUD–52825–A, HOPE VI Budget, Parts I and II) showing uses of HOPE VI and other funding for the revitalization plan. Part I of the form will indicate the general uses of funds, and Part II breaks each individual use into specific activities.

5. If this application is for a mixed financed development, a separate schedule must be attached showing ALL of the Sources and Uses of funds required for implementation.

6. Specifically describe all financial sources, the provider, and the timing for availability of these sources. In the event that a source(s) is NOT available for expenditure at the commencement of construction, describe the method of providing for these funds on an interim basis. (Such may be the case with the availability of Low Income Housing Tax Credits, in which case a ''bridge'' loan may be appropriate.) If the proposed development is phased, provide this information for each phase.

a. Provide letters of commitment signed by an authorized person providing these funds for all sources.

b. Non-Hope VI funds provided by the PHA must be committed by the Executive Director as authorized by the PHA Board.

7. Provide a preliminary construction budget from schematics or other preliminary plans for the proposed development (and each phase) which includes all hard and soft costs (itemized) required for completion. The qualifications of the person preparing the budget (preferably an architect or engineer) should appear over his or her signature validating the budget.

8. Provide a detailed annual operating pro forma cash flow statement for a 5-year period for the proposed development and each phase thereof.

M. Grant Limitations

Applicants must demonstrate compliance with various limitations through the following separate schedules. All representations should refer to and be substantiated by budget

documents provided in Exhibit L (Program Financing and Sustainability).

1. Restate the funding requested under this NOFA and demonstrate that the grant amount is calculated in accordance with Section II.E. of this NOFA. The applicant must disclose all unexpended HUD capital grants and insurance proceeds targeted to the development.

2. Identify all replacement housing assistance (development funds) and Section 8 funds previously awarded by HUD with respect to the targeted development, and identify the units addressed thereby.

3. Demonstrate that the average per unit cost of the applicant's program is above 70 percent of HUD's published TDC limits. For these calculations, include all costs listed in 24 CFR 941.103, including those for demolition, remediation, and relocation.

N. Need for Funding

HUD will use the information provided in Exhibit N primarily to evaluate the Urgency of Need for Revitalization evaluation factor (V.A.), and the Need for Funding threshold criterion (IV.B.). If the applicant PHA owns or operates more than 250 public housing units, demonstrate that its total capital needs, as shown in its latest physical needs assessment, exceed by more than 10 percent the work it expects to be able to fund over the next 5 years. A CGP agency should use its most recent HUD approved 5-year action plan to make this determination.

O. Section 8 Cost Comparison

This exhibit details the required methodology for the cost comparison between public housing and Section 8 assistance and will be used to evaluate the Efficient Utilization of Federal Funding rating factor (V.I.). Applicants must provide, using the methodology described below, two figures: the overall monthly cost per unit for revitalizing and operating the targeted development, and the monthly cost per unit for demolishing the targeted development and providing affected residents with tenant-based assistance. The calculation for continuing the development as public housing will include both the costs for revitalizing and operating the public housing units. Please show, step-by-step, the calculations made to arrive at the figures and include sufficient details to demonstrate that the methodology was correctly used.

The estimated cost of the revitalization and operation as public housing shall be calculated as the sum of total operating, revitalization, and accrual costs, expressed on a monthly per public housing unit basis for the first month after stabilized occupancy is achieved. For purposes of this comparison, any Replacement Units including homeownership units will be deemed public housing.

The development's operating cost (all overhead costs prorated to the development, including PHA oversight of a private owner or manager, where applicable) and including utilities and utility allowances, shall be expressed as total operating costs per month, divided by the number of occupied units after a reasonable vacancy allowance. Operating costs shall be the applicant's best realistic estimate for the first month after stabilized occupancy.

The total cost of revitalization for the development (public housing units only) shall be the HUD funds (HOPE VI, CGP, CIAP, MROP or Development) required by the applicant's revitalization plan, but not including direct expenditures for self-sufficiency efforts. Total revitalization cost should include only that portion of demolition, remediation and relocation costs which is attributable to occupied units which will be replaced with hard units under the revitalization plan. (That is, if it will cost $5 million to demolish and relocate residents from a 600 unit development with 500 occupied units, of which only 400 units are to be replaced, then $4 million is attributed to the Replacement Units and $1 million should be excluded from total revitalization cost.) This total revitalization cost is converted into a monthly per public housing unit basis by dividing the total cost by the number of public housing units to be provided for after revitalization and dividing this figure by 180 (i.e., 15 years of months, where 15 results from an assumed life of 20 years for the capital investment amortized by a 3 percent annual rate of real interest to account for the cost of undertaking the capital improvements up front). For example, if the total HUD-funded revitalization cost of the development described above is $31 million and its occupancy by households after revitalization is to be 400 public housing units, its monthly per unit revitalization cost will be $417 (i.e., $30 million divided by 400, for a per unit cost of $75,000, and then divided by 180 for a per unit monthly cost of $417).

The monthly per occupied unit cost of accrual (i.e., replacement needs) will be estimated by using the HUD-funded revitalization cost, then multiplying that figure by .02 (representing a fifty year replacement cycle), and dividing this product by 12 to get a monthly cost. For example, if the HUD-funded revitalization cost is $75,000 per unit, then the estimated monthly cost of accrual per occupied unit is $125 (the result of multiplying $75,000 by .02 and then dividing by 12).

The overall current cost for continuing the development as public housing is the sum of its monthly operating cost per public housing unit, its monthly revitalization cost per public housing unit, and its estimated monthly accrual cost per public housing unit. For example, if the operating cost per unit month is $350 and the revitalization cost is $417 and the accrual cost is $125, the overall monthly cost per occupied unit is $892.

The estimated cost of providing tenant-based assistance under Section 8 for an equivalent number of households shall be calculated as the amortized demolition cost of the existing site, plus the unit-weighted averaging of the monthly Fair Market Rents for units of the applicable bedroom size plus the administrative fee applicable to newly funded certificates during the year used for calculating public housing operating costs (e.g., the administrative fee for units funded in FY 1995 and FY 1996 is the monthly administrative fee amount in column C of the notice published in the **Federal Register** on January 24, 1995 (60 FR 4764, 4765)). For example, if the replacement development will have 200 two-bedroom public housing units and 200 three bedroom public housing units, and if the Fair Market Rent in the area is $600 for two-bedroom units and is $800 for three-bedroom units, and if the administrative fee comes to $46 per unit, then the per unit monthly cost of tenant based assistance is $746 ($700 for the unit-weighted average of Fair Market Rents, or 200 times $600 plus 200 times $800, with the sum divided by 400, plus $46 for the administrative fee). To this must be added the demolition, remediation, and relocation costs of the entire existing site, converted to a monthly per occupied unit basis by dividing the total cost by the number of occupied units, then dividing again by 180. The total cost used should be the same as under the revitalization plan if 100 percent demolition is planned there; if partial demolition is planned, the PHA should use its best estimate of what 100 percent demolition would cost. In the example given above, the demolition of the 600-unit development would cost $10,000 per occupied unit, for an add-on of $56 per month in addition to the $746 Section 8 cost.

This Section 8 cost would then be compared to the cost of continuing the public housing development—in the example of this section, the public housing cost of $892 monthly per unit

would be greater than the Section 8 cost of $802 monthly per unit.

P. Affirmatively Furthering Fair Housing

While HUD will use information from Exhibit P primarily to evaluate the Fair Housing threshold criterion (IV.D.), Exhibit P is also the vehicle for applicants to describe any or all of the following, which relate to Application Evaluation Factor V.F. The applicant must submit an Exhibit P that describes any or all of the following:

1. The extent to which the applicant has affirmatively furthered fair housing and the actions it has already taken, or plans to take through this application to accomplish this objective. These actions may include but are not limited to, the following examples:

a. Those actions which contribute toward the reduction of concentrations of low-income persons who are protected under the Fair Housing Act. Examples of such actions include:

(1) Mobility counseling programs and clearinghouses which offer housing opportunities both within and outside of high-poverty areas;

(2) Outreach programs targeted at groups within the eligible population that would not ordinarily consider applying for units located in heavily racially concentrated areas;

(3) Outreach programs targeted at landlords with housing opportunities located outside of low-income concentrated areas;

(4) The implementation of site selection policies which give priority to sites located outside of minority and low-income areas; and

(5) The promotion of accessible homeownership opportunities and accessible rental housing in its jurisdiction.

b. Those actions which increase the supply of accessible and visitable housing available to low-income persons with disabilities and insure accessibility for persons with disabilities to all aspects of the program. ''Accessible housing'' means that the unit is located on an accessible route (36'' clear passage) and, when designed, constructed, altered, or adapted, can be approached, entered, and used by an individual with physical disabilities. Visitability restricts itself to two areas of a unit: (1) At least one outside entrance is at grade (no step(s)), and (2) all interior and exterior doors provide a 32″ clear passage.

c. Actions which are communitywide or metropolitanwide in scope. Such actions may include mobility counseling programs, relocation advisory services, affirmative marketing and advertising programs, and other actions that may employ public and private resources to address fair housing problems.

2. Actions taken, or, if applicable, to be taken through this application, to overcome the consequences of prior discriminatory practices or usage which have or may have tended to exclude persons of a particular race, color, or national origin, or to promote the provision of public housing opportunities for persons with disabilities. Such actions may include:

a. Compliance with the provisions of Voluntary Compliance Agreements, contracts, and other legally binding documents, where applicable; or

b. Actions taken without any kind of legally binding order which have changed previous discriminatory management, tenant selection and assignment or maintenance practices.

Consistent with the provisions of the 1997 HUD Appropriations Act, no applicant shall describe actions connected with the implementation of the provisions of any consent decree settling litigation relating to the desegregation of public housing or related matters.

3. Actions already taken, or, if applicable, to be taken through this application, to provide housing opportunities for persons with disabilities. Such actions may include implementation of a Needs Assessment and Transition Plan or other actions which increase, for persons with disabilities, accessibility to both the units and to other opportunities to participate in the PHA's programs and activities. Such actions may also include any actions taken to modify services, policies, and practices identified through the self-evaluation processes required by 28 CFR 35.105 or 24 CFR 8.51.

Q. Required Certifications

Each applicant must submit an Exhibit Q that includes all of the following letters and forms, fully executed and dated. Submission of all of the following letters and forms is a requirement of this NOFA.

1. As the first page of the application, submit an SF–424, Application for Federal Assistance. This form must include the Housing Authority Code, provide the name of the targeted development, list all activities proposed in the application (demolition, revitalization, replacement, Section 8) and the amount of funds requested for each. This form must be signed by the Executive Director of the PHA.

2. A letter from the Chief Executive of the applicable jurisdiction in support of the application.

3. Form HUD–52820–A, PHA Board Resolution for Submission of HOPE VI Application.

4. A certification by the public official responsible for submitting the Consolidated Plan under 24 CFR part 91 that the proposed activities are consistent with the approved Consolidated Plan of the State or unit of general local government within which the development is located.

5. Certification for a Drug-Free Workplace (Form HUD–50070) in accordance with 24 CFR 24.630.

6. Form HUD 2880, Recipient Disclosure/Update Report. This report provides disclosures required by section 102 of the HUD Reform Act of 1989 (Pub. L. 101–235; approved December 15, 1989). Implementing regulations in 24 CFR part 4 require PHAs that seek assistance from HUD for a specific activity to make the disclosures required under 24 CFR 4.9.

7. Anti-Lobbying Certification for Contracts, Grants, Loans and Cooperative Agreement (Form HUD–50071). In accordance with section 319 of the Department of Interior and Related Agencies Appropriations Act for Fiscal Year 1990 (31 U.S.C. 1352) (the Byrd Amendment) and the implementing regulations in 24 CFR part 87, the PHA must certify that no Federally-appropriated funds have been paid or will be paid, by or on behalf of the PHA, for influencing or attempting to influence an officer or employee of any agency, or a member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modifications of any Federal contract, grant, loan, or cooperative agreement. (The rule also requires disclosure from the PHA if nonappropriated funds have been spent or committed for lobbying activities, if those activities would be prohibited if paid with appropriated funds.)

VII. Application Processing and Grant Administration

A. Application Evaluation

Awards under this NOFA will be made through a selection process that will award grants to the most meritorious applications based upon points as provided below.

HUD will preliminarily review, rate and rank each application, including those applications from prior HOPE VI planning grant recipients which are for the same development as their planning grant, on the basis of the evaluation factors set forth in Section V of this

NOFA. A final review panel will then review the scores of all applications whose preliminary score is above a base score established by HUD, using the same evaluation factors set forth in Section IV of this NOFA. HUD intends to set the base scores so that applications requesting a total of approximately $900 million are advanced to the final review stage. The HOPE VI program, following Congressional direction, has heretofore incorporated a progression from planning grants to implementation grants. HUD has not given any rating preference to prior planning grant sites; however, in order to preserve program continuity and obtain full consideration of sites in which HUD has made an investment of HOPE VI funds, HUD will review all such applications in the second review stage. Such applications will not receive special consideration during the panel review stage and will be reviewed in both stages of the selection process according to the evaluation factors set forth in Section V of this NOFA.

The review panel will assess each of the applications advanced to final review and will assign the final scores.

HUD will select for funding the most highly rated applications up to available funding. HUD, in its discretion, may choose to select a lower-rated approvable application over a higher-rated application in order to (1) Increase the level of national geographic diversity of applications selected under this NOFA, or (2) implement an exemplary, innovative or unique revitalization plan whose approach would otherwise be inadequately represented in the pool selected, and which HUD determines is a revitalization model which should be tested for the benefit of future efforts.

HUD may establish a panel of experts with whom to consult for advice on elements of the applications that are within their expertise. Such experts will be advisors and will not conduct any part of the selection of grantees.

B. Reduction in Requested Grant Amount

HUD may select an application for participation in the HOPE VI program but grant an award pursuant to such application in an amount lower than the amount requested by the applicant, or adjust line items in the proposed grant budget within the amount requested (or both), if it determines that partial funding is a viable option, and:

1. The amount requested for one or more eligible activities is not supported in the application or is not reasonably related to the service or activity to be carried out;

2. An activity proposed for funding does not qualify as an eligible activity and can be separated from the budget;

3. The amount requested exceeds the total cost limitation established for a grant;

4. Insufficient funds are available to fund the full amount; or

5. Providing partial funding will permit HUD to fund one or more additional qualified PHAs.

C. Corrections to Deficient Applications

HUD will evaluate each application against the evaluation factors in Section V of this NOFA. Upon completion of the evaluation, if HUD determines that a PHA failed to submit any of the items listed in Section III of this NOFA, or if the application contains a technical mistake, such as an incorrect signatory, or is missing any other information that does not affect evaluation of the application, HUD may notify the PHA in writing and by facsimile (fax) that the PHA has 14 calendar days from the date of HUD's written notification to submit or correct any of the specified items. The PHA will have no opportunity to correct deficiencies other than those identified in HUD's written notification, or otherwise to supplement or revise its application. If any of the items identified in HUD's written notification is not corrected and submitted within the required time period, the application will be ineligible for further consideration.

D. Notification of Funding Decisions

HUD will not notify applicants as to whether they have been selected to participate until the announcement of the selection of all recipients under this NOFA. HUD will provide written notification to applicants that have been selected to participate and to those that have not been selected. HUD's notification of award to a selected applicant will constitute a preliminary approval by HUD subject to the completion of a subsidy layering review pursuant to 24 CFR 941.10(b), HUD's completion of an environmental review of the proposed sites in accordance with 24 CFR part 50, and the execution by HUD and the recipient of a Grant Agreement and/or ACC Amendment. Selection for participation (preliminary approval) does not constitute approval of the proposed site(s). Each proposal will be subject to a HUD environmental review, in accordance with 24 CFR part 50, and the proposal may be modified or the proposed sites rejected as a result of that review. Each application must contain the certification included in the PHA Board Resolution for Submission of HOPE VI Application (form HUD 52820–A), submitted under Exhibit Q.3, that the applicant will assist HUD in complying with environmental review procedures. Under that certification, the applicant/recipient may not acquire, rehabilitate, convert, lease, repair, or construct a property, or commit HUD or local funds to these activities, until HUD approves the site.

E. Grant Agreement/ACC Amendment

After HUD selects a PHA to receive an award pursuant to this NOFA, it will enter into a Grant Agreement and/or ACC Amendment, as determined appropriate by HUD, with the recipient setting forth the amount of the grant and applicable rules, terms, and conditions, including sanctions for violation of the agreement. Among other things, the agreement/amendment will provide that the recipient agrees to the following:

1. To carry out the program in accordance with the provisions of this NOFA, applicable law, the approved application, and all other applicable requirements, including requirements for mixed finance development, and section 202 of OCRA if applicable;

2. To comply with such other terms and conditions, including recordkeeping and reports, as HUD may establish for the purposes of administering, monitoring, and evaluating the program in an effective and efficient manner, including full cooperation with HUD's program oversight contractor;

3. That HUD will require the grantee to demonstrate that the team assembled to implement the HOPE VI program has a strong management and development track record and has the capability to commence and carry out a quality HOPE VI program. If the grantee fails to make this demonstration to the satisfaction of HUD and its program oversight manager, HUD will direct corrective actions as a condition of retaining the grant; and

4. That HUD will require each grantee to execute a construction contract within 18 months (or a period specified in the Grant Agreement). Failure to obligate funds will result in the enforcement of default remedies up to and including withdrawal of funding.

5. That each grantee will have established interim performance goals and must complete the physical component of the HOPE VI revitalization within 4 years of execution of the grant agreement. The Secretary shall enforce this requirement through default remedies up to and including withdrawal of funding that the PHA has not obligated. HUD will

take into consideration those delays caused by factors beyond the control of the grantee when enforcing these schedules.

The Grant Agreement will set forth the precise schedules of the HOPE VI program and will also provide program rules, describe requirements for implementation of the revitalization plan, and provide any special conditions on the grantee, as applicable.

VIII. Applicability of Program Requirements

The development to be revitalized is a public housing development. Accordingly, certain activities under the revitalization plan are subject to statutory requirements applicable to public housing developments under the U.S. Housing Act of 1937 (the 1937 Act), other statutes, and the ACC. Within such restrictions, HUD seeks innovative solutions to the long-standing problems of obsolete developments. In order to satisfy any particular statutory requirement, a Grantee may take measures as described in implementing regulations or, upon request to HUD for a different approach, as otherwise approved in writing by HUD. In the event that a program regulation or requirement conflicts with a requirement established in this NOFA, the NOFA requirement prevails.

The recipient must conduct the following activities, which may be undertaken with HOPE VI grant funds, in accordance with the cited program requirements or otherwise with HUD's written approval, consistent with the 1997 Appropriations Act and this NOFA:

A. Demolition and disposition activity under the grant must be conducted in accordance with 24 CFR part 970;

B. Public housing development activity (including on-site reconstruction as well as off-site replacement housing) must be conducted in accordance with 24 CFR part 941, including mixed finance development in accordance with subpart F (published in the **Federal Register** on May 2, 1996 (61 FR 19708, 19714)). HUD will distribute the Mixed-Finance ACC Amendment to the recipients.

C. Replacement housing activity using Section 8 rental certificates must be conducted in accordance with 24 CFR part 882, 887, and 982, as applicable;

D. Replacement housing activity with units acquired or otherwise provided for homeownership under section 5(h) of the 1937 Act must be conducted in accordance with 24 CFR part 906;

E. Replacement housing activities provided through housing opportunity programs of construction or substantial rehabilitation of homes must be conducted in accordance with 24 CFR part 280 (the Nehemiah Program);

F. Rehabilitation and physical improvement activities must be conducted in accordance with 24 CFR 968.112 (b), (d), (e), and (g)–(o), 24 CFR 968.130, and 24 CFR 968.135 (b) and (d). These provisions were published in the **Federal Register** on March 5, 1996 (61 FR 8712, 8738), and are included in the May 1, 1996 codification of the Code of Federal Regulations.

G. The administration and operation of units must be in accordance with all existing public housing rules and regulations.

PHAs may request, for the revitalized development, a waiver of HUD regulations (that are not statutory requirements) governing rents, income eligibility, or other areas of public housing management to permit a PHA to undertake measures that enhance the long-term viability of a development revitalized under this program.

IX. Applicability of Other Federal Requirements

A. Flood Insurance

In accordance with the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001–4128), HUD will not approve applications for grants providing 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 approval of the application.

B. Coastal Barrier Resources Act

In accordance with the Coastal Barrier Resources Act (16 U.S.C. 3501), HUD will not approve grant applications for properties in the Coastal Barrier Resources System.

C. Fair Housing Requirements

Recipients must comply with the requirements of the Fair Housing Act (42 U.S.C. 3601–19) and the regulations in 24 CFR part 100; Executive Order 11063 (Equal Opportunity in Housing) and the regulations in 24 CFR part 107; the fair housing poster regulations in 24 CFR part 110; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the regulations in 24 CFR part 1.

D. Nondiscrimination on the Basis of Age or Handicap

Recipients must comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 (42 U.S.C. 6101–07) and the regulations in 24 CFR part 146; the prohibitions against discrimination against, and reasonable modification, accommodation, and accessibility requirements for, persons with disabilities under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the regulations in 24 CFR part 8; the Americans with Disabilities Act (42 U.S.C. 12101 *et seq.*) and regulations issued pursuant thereto (28 CFR part 36); and the Architectural Barriers Act of 1968 (42 U.S.C. 4151) and the regulations in 24 CFR part 40.

E. Employment Opportunities

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 the regulations in 24 CFR part 135 apply to this program.

F. Minority and Women's Business Enterprises

The requirements of Executive Orders 11246, 11625, 12432, and 12138 apply to this program. Consistent with HUD's responsibilities under these orders, recipients must make efforts to encourage the use of minority and women's business enterprises in connection with funded activities.

G. OMB Circulars

The policies, guidelines, and requirements of OMB Circular Nos. A–87 (Cost Principles Applicable to Grants, Contracts and Other Agreements with State and Local Governments) and 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, subpart F relating to the procurement of partners in mixed-finance developments, apply to the award, acceptance, and use of assistance under the program by PHAs, and to the remedies for noncompliance, except when inconsistent with the provisions of the 1997 Appropriations Act, other Federal statutes, or this NOFA. Recipients are also subject to the audit requirements of OMB Circular A–128 implemented at 24 CFR part 44. Copies of OMB Circulars may be obtained from

E.O.P. Publications, room 2200, New Executive Office Building, Washington, DC 20503, telephone (202) 395–7332 (this is not a toll-free number). There is a limit of two free copies.

H. Drug-Free Workplace

Applicants must certify that they will provide a drug-free workplace, in accordance with the Drug-free Workplace Act of 1988 and HUD's implementing regulations at 24 CFR part 24, subpart F.

I. Debarred or Suspended Contractors

The provisions of 24 CFR part 24 apply to the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status.

J. Conflict of Interest

1. 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 the PHA and who exercises or has exercised any functions or responsibilities with respect to activities assisted under an HOPE VI grant, or who is in a position to participate in a decisionmaking 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 may grant an exception to the exclusion in paragraph (1) of this section on a case-by-case basis when it determines that such an exception will serve to further the purposes of the revitalization demonstration and the effective and efficient administration of the revitalization program. HUD will consider an exception only after the applicant or recipient has provided a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made, and an opinion of the applicant's or recipient's attorney that the interest for which the exception is sought would not violate State or local laws. In determining whether to grant a requested exception, HUD will consider the cumulative effect of the following factors, as applicable:

a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the revitalization program that would otherwise not be available;

b. Whether an opportunity was provided for open competitive bidding or negotiation;

c. Whether the person affected is a member of a group or class intended to be the beneficiaries of the activity, and the exception will permit such person to receive generally the same interest or benefits as are being made available or provided to the group or class;

d. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process, with respect to the specific activity in question;

e. Whether the interest or benefit was present before the affected person was in a position as described in paragraph 1 of this section;

f. Whether undue hardship will result either to the applicant, recipient, or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

g. Any other relevant considerations.

K. Labor Standards

Where HOPE VI funds provide assistance with respect to low-income housing (including Section 8 housing) that will be subject to a contract for assistance under the U.S. Housing Act of 1937, Davis-Bacon or HUD-determined wage rates apply to development or operation of the housing to the extent required under section 12 of the Act. Under section 12, the wage rate requirements do not apply to individuals who: perform services for which they volunteered; do not receive compensation for those services or are paid expenses, reasonable benefits, or a nominal fee for the services; and are not otherwise employed in the work involved (24 CFR part 70). In addition, if other Federal programs are used in connection with the revitalization program, labor standards requirements apply to the extent required by such other Federal programs, on portions of the development that are not subject to Davis-Bacon rates under the U.S. Housing Act.

L. Lead-Based Paint Testing and Abatement

Any property assisted under the revitalization program established under this NOFA is covered by the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 *et seq.*) and is therefore subject to 24 CFR part 35; 24 CFR part 965, subpart H; and 24 CFR 968.110(k). Tenant-based assistance provided to PHAs under this program will be subject to 24 CFR 982.401 and 24 CFR part 35.

M. Relocation

1. The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and government-wide implementing regulations at 49 CFR part 24 apply to this program.

2. Temporary Relocation. The recipient must provide each resident of an eligible property, who is required to relocate temporarily to permit work to be carried out, with suitable, decent, safe, and sanitary housing for the temporary period, and must reimburse the resident for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the costs of moving to and from the temporarily occupied housing and any increase in monthly costs of rent and utilities.

X. Findings and Certifications

A. Paperwork Reduction Act

The information collection requirements of this NOFA (including Forms HUD–52825–A and HUD–52820–A required by Sections VI.L.1.a and VI.N.3 of this NOFA) have been submitted to the Office of Management and Budget (OMB) for review in accordance with the emergency processing procedures of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) and 5 CFR 1320.13. 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. The OMB control number, when assigned, will be announced by separate notice in the **Federal Register**.

B. Environmental Review

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, implementing 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 and copying between 7:30 am and 5:30 pm weekdays at the Office of the Rules Docket Clerk, 451 Seventh Street, SW, Room 10276, Washington, DC 20410.

C. Impact on the Family

The General Counsel, as the Designated Official for Executive Order 12606, The Family, has determined that the policies announced in this NOFA will not have the potential for significant impact on family formation, maintenance, and general well-being within the meaning of the order. No significant change in existing HUD

policies and programs will result from the issuance of this NOFA, as those policies and programs relate to family concerns. To the extent that there is impact on the family, revitalization under this program can be expected to support families by enabling low-income families to live in decent, safe, and sanitary housing.

D. Federalism Impact

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that this NOFA will not have substantial, direct effects on States, on their political subdivisions, or on their relationship with the Federal Government, or on the distribution of power and responsibilities between them and other levels of government. While this NOFA offers financial assistance to units of general local government, none of its provisions will have an effect on the relationship between the Federal Government and the States, or the States' political subdivisions.

E. Accountability in the Provision of HUD Assistance

Section 102 of the Department of Housing and Urban Development Reform Act of 1989 (HUD Reform Act) and the final rule codified at 24 CFR part 4, subpart A, published on April 1, 1996 (61 FR 1448), 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, at 57 FR 1942, a notice that also provides information on the implementation of section 102. The documentation, public access, and disclosure requirements of section 102 are applicable to assistance awarded under this NOFA as follows:

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 five-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 at 24 CFR part 15. In addition, HUD will include the recipients of assistance pursuant to this NOFA in its **Federal Register** notice of all recipients of HUD assistance awarded on a competitive basis.

Disclosures. HUD will make available to the public for five years all applicant disclosure reports (HUD Form 2880) submitted in connection with this NOFA. Update reports (also Form 2880) will be made available along with the applicant disclosure reports, but in no case for a period less than three years. All reports—both applicant disclosures and updates—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 15.

F. Section 103 of the HUD Reform Act

HUD's regulation implementing section 103 of the Department of Housing and Urban Development Reform Act of 1989, codified as 24 CFR part 4, applies to the funding competition announced today. The requirements of the rule 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 part 4 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 employees who have ethics related questions should contact the HUD Office of Ethics (202) 708–3815. (This is not a toll-free number.) For HUD employees who have specific program questions, such as whether particular subject matter can be discussed with persons outside HUD, the employee should contact the appropriate Field Office Counsel, or Headquarters counsel for the program to which the question pertains.

G. Prohibition Against Lobbying Activities

The use of funds awarded under this NOFA is subject to the disclosure requirements and prohibitions of section 319 of the Department of Interior and Related Agencies Appropriations Act for Fiscal Year 1990 (31 U.S.C. 1352) (the Byrd Amendment) and the implementing regulations in 24 CFR part 87. These authorities prohibit 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. The prohibition also covers the awarding of contracts, grants, cooperative agreements, or loans unless the recipient has made an acceptable certification regarding lobbying. Under 24 CFR part 87, applicants, recipients, and subrecipients of assistance exceeding $100,000 must certify that no Federal funds have been or will be spent on lobbying activities in connection with the assistance.

H. Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance program number is 14.864.

Dated: March 27, 1997.

Kevin Emanuel Marchman,

Acting Assistant Secretary for Public and Indian Housing.

[FR Doc. 97–9547 Filed 4–11–97; 8:45 am]

BILLING CODE 4210–33–P