

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5700-N-25]

### HUD's Fiscal Year (FY) 2013 NOFA for the Choice Neighborhoods Initiative – Implementation Grants

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

**ACTION:** Notice of HUD's Fiscal Year (FY) 2013 Notice of Funding Availability for HUD's Choice Neighborhoods Initiative.

**SUMMARY:** Today's publication provides information and instructions for the FY2013 Choice Neighborhoods Implementation Grants program. This Notice is comprised of both Notice of HUD's Fiscal Year 2013 Notice of Funding Availability (NOFA) Policy Requirements and General Section (General Section) to HUD's FY2013 NOFAs for Discretionary Programs, published on August 8, 2012, and this program section of the NOFA. For FY2013, HUD will award two types of grants through the Choice Neighborhoods Initiative: Planning Grants and Implementation Grants:

1. Planning Grants assist communities in developing a successful neighborhood transformation plan and building support necessary for that plan to be successfully implemented.
2. Implementation Grants support those communities that have undergone a comprehensive local planning process and are ready to implement their "Transformation Plan" to redevelop the neighborhood.

Through today's publication, HUD is making available approximately \$109 million in assistance through the FY2013 Choice Neighborhoods Initiative for Implementation Grants. The FY2013 NOFA for Choice Neighborhoods Planning Grants has been issued under separate cover.

**A. Choice Neighborhoods Initiative – Summary.** Choice Neighborhoods is HUD's signature place-based initiative in support of the President's goal to build Ladders of Opportunity to the middle class. This vision builds on the work that has been done by the Neighborhood Revitalization Initiative (NRI), an interagency partnership between HUD, the Department of Education, the Department of Health and Human Services, the Department of Justice, and Treasury, since 2009. Through a variety of interventions, the Ladders of Opportunity plan will help community partners rebuild neighborhoods, expand early learning opportunities, create pathways to jobs, and strengthen families. This federal partnership supports locally driven solutions for transforming distressed neighborhoods using place-based strategies to address the interconnected challenges of poor quality housing, inadequate schools, poor health, high crime and lack of capital. Choice Neighborhoods is designed to address struggling neighborhoods with distressed public housing or HUD-assisted housing through a comprehensive approach to neighborhood transformation. Local leaders, residents, and stakeholders, such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers, come together to create a plan that transforms distressed HUD housing and addresses the challenges in

the surrounding neighborhood. The program helps communities transform neighborhoods by revitalizing severely distressed public and/or assisted housing and investing and leveraging investments in well-functioning services, high quality public schools and education programs, high quality early learning programs and services, crime prevention strategies, public assets, public transportation, and improved access to jobs. Choice Neighborhoods ensures that current public and assisted housing residents will be able to benefit from this transformation, by preserving affordable housing or providing residents with the choice to move to affordable and accessible housing in another existing neighborhood of opportunity. Choice Neighborhoods is focused on three core goals:

- 1. Housing:** Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;
- 2. People:** Improve educational outcomes and intergenerational mobility for youth with services and supports delivered directly to youth and their families; and
- 3. Neighborhood:** Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community.

To achieve these core goals, communities must have in place a comprehensive neighborhood revitalization strategy, or Transformation Plan. This Transformation Plan is the guiding document for the revitalization of the public and/or assisted housing units, while simultaneously directing the transformation of the surrounding neighborhood and positive outcomes for families.

Experience shows that to successfully develop and implement the Transformation Plan, broad civic engagement will be needed. Applicants will need to work with public and private agencies, organizations (including philanthropic and civic organizations), and individuals to gather and leverage the financial and human capital resources needed to support the sustainability of the plan. These efforts should build community support for and involvement in the development and implementation of the plan.

In addition, as part of the Neighborhood Revitalization Initiative, HUD is working with other Federal agencies to align programs so that place-based solutions can be more readily implemented. This interagency collaboration will assist Choice Neighborhoods applicants in identifying strategies for building upon, and leveraging, high-quality housing, academic, family and community programs and anticipated investments in neighborhood revitalization efforts funded by other Federal agencies. Examples of these efforts include the Department of Justice's Byrne Criminal Justice Innovation program, the Department of Education's Promise Neighborhoods program, the Department of Health and Human Services' Community Health Center program, and the Building Neighborhood Capacity Program. In addition, HUD is a core member of the Partnership for Sustainable Communities, which supports communities that provide affordable housing, robust transportation choices, and greater economic competitiveness, by helping them to align federal investments in housing, transportation, economic development, infrastructure and the environment. Through these programs, the Departments intend to create

incentives for communities to focus on the same geographic area and apply for funding from more than one source.

By focusing resources in targeted places, and by drawing on the compounding effect of well-coordinated actions, HUD believes Choice Neighborhoods will result in neighborhoods of opportunity.

**B. Objectives and Metrics to Measure Long Term Success:** Each Choice Neighborhoods grantee is expected to develop metrics based on the objectives listed below in order to measure performance.

**1. Housing Objectives.** Housing transformed with the assistance of Choice Neighborhoods should be:

**a. *Energy Efficient, Sustainable, Accessible, and Free from Discrimination.*** Housing that is well-designed, embracing not only the requirements of accessible design but also concepts of visitability and universal design, with low per unit energy consumption, healthy indoor air quality, built to be resistant to local disaster risk, with affordable broadband Internet access and free from discrimination.

**b. *Mixed-Income.*** Housing affordable to families and individuals with a broad range of incomes including, low-income, moderate-income, and, market rate or unrestricted.

**c. *Well-Managed and Financially Viable.*** Developments have budgeted appropriately for the rental income that can be generated from the project and meet or exceed industry standards for quality management and maintenance of the property. In addition, the developments benefit from high quality maintenance over time with upgrades and replacements performed.

**2. People Objectives.** People that live in the neighborhood benefit from:

**a. *Effective Education.*** A high level of resident access to high quality early learning programs and services so children enter kindergarten ready to learn; significant improvement in the quality of schools nearest to the target development that prepare students to graduate from high school college- and career-ready; and significant growth in existing individual resident educational outcomes over time relative to the state average.

**b. *Employment Opportunities.*** The income of neighborhood residents and residents of the revitalized development, particularly wage income for non-elderly/non-disabled adult residents, increases over time.

**c. *Quality Health Care.*** Health for residents over time is as good as or better than that of other households with similar economic and demographic conditions.

**d. *Housing Location, Quality, and Affordability.*** Residents who, by their own choice, do not return to the development have housing and neighborhood opportunities as good as or better than the opportunities available to those who occupy the redeveloped site.

**3. Neighborhood Objectives.** Through investments catalyzed with Choice Neighborhoods, the neighborhood has improved along the following dimensions:

**a. *Private and Public Investment into the Neighborhood.*** The neighboring housing has a low vacancy/abandonment rate, the housing inventory is of high quality, and the neighborhood is mixed-income and maintains a mixture of incomes over time.

**b. Amenities.** The distance traveled from the neighborhood to basic services is equal to or less than the distance traveled from the median neighborhood in the metropolitan area. Those basic services include grocery stores, banks, health clinics and doctors' offices, dentist offices, and high-quality early learning programs and services.

**c. Effective Public Schools.** Public schools in the target neighborhood are safe and welcoming places for children and their families. In addition, schools have test scores that are as good as or better than the state average or are implementing school reforms that raise student achievement over time and graduate students from high school prepared for college and a career.

**d. Safety:** Residents are living in a safer environment as evidenced by the revitalized neighborhood having dramatically lower crime rates than the neighborhood had prior to redevelopment and maintaining a lower crime rate over time.

**FOR FURTHER INFORMATION CONTACT:** Questions regarding specific program requirements should be directed to the agency contact identified in this program NOFA. Questions regarding the General Section should be directed to the Grants Management Office at (202) 708-0667 (this is not a toll-free number). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339.

**SUPPLEMENTARY INFORMATION:** The NOFA published today provides the statutory and regulatory requirements, threshold requirements, and rating factors applicable to funding being made available today (through the Choice Neighborhoods Implementation Grants NOFA). Applicants for the Choice Neighborhoods NOFA must also refer to the General Section for important application information and requirements, including submission requirements, which have changed this year.

Applications must be submitted electronically through Grants.gov (<http://www.grants.gov>). If applicants have questions concerning the registration process, registration renewal, assigning an Authorized Organization Representative please contact HUD's Grants Management Office. If you have a question about a NOFA requirement, please contact the HUD staff identified in this program NOFA. HUD staff cannot help you write your application, but can clarify requirements that are contained in the General Section, this Notice, and in the Grants.gov registration materials. New applicants should note that they are required to complete a five-step registration process in order to submit their applications electronically. HUD's General Section provides step-by-step instructions for applicants who must register with Grants.gov and also provides renewal/update instructions for those who have previously registered.

Application materials and instructions are posted to Grants.gov as soon as HUD finalizes them. HUD encourages applicants to subscribe to the Grants.gov free notification service at [http://www.grants.gov/applicants/email\\_subscription.jsp](http://www.grants.gov/applicants/email_subscription.jsp). By doing so, applicants will receive an email notification as soon as items are posted to the website. By joining the notification service, if a modification is made to the NOFA, applicants will receive notification that a change has been made.

HUD encourages applicants to carefully read the General Section and all parts of this Choice Neighborhoods NOFA. Carefully following the directions provided can make the difference in a

successful application submission.

All applicants must have a Dun and Bradstreet Universal Numbering System (DUNS) number and an active registration in the Central Contractor Registration (CCR) system, now part of the System for Award Management (SAM), found at <https://www.sam.gov/portal/public/SAM/>. Failure to meet the requirements will prohibit you from receive a grant award.

In FY2013, HUD is posting the full NOFA on the Grants.gov website rather than the Federal Register. The Federal Register publication is merely a notice of where to the find the NOFA and application forms. The NOFA posted to Grants.gov is the official version of the Notice and supersedes all other sources. If there is a discrepancy between information posted to Grants.gov and other websites, the Grants.gov information prevails.

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## **OVERVIEW INFORMATION**

**A. Federal Agency Name.** Department of Housing and Urban Development, Office of Public and Indian Housing and Office of Multifamily Housing Programs.

**B. Funding Opportunity Title.** Choice Neighborhoods Initiative Implementation Grants Fiscal Year 2013.

**C. Announcement Type.** Initial announcement.

**D. Funding Opportunity Number.** The Federal Register number for this NOFA is FR-5700-N-25. The Office of Management and Budget (OMB) approval number for this program is 2577-0269.

**E. Catalog of Federal Domestic Assistance (CFDA) Number.** The CFDA number for this NOFA is 14.889, "Choice Neighborhoods."

**F. Application Deadline Date.** The application deadline date is **September 10, 2013**. Electronic applications must be received by 11:59:59 p.m. eastern time on the deadline date. See HUD's 2013 General Section for application submission, faxing instructions, and timely receipt requirements, unless otherwise noted in this NOFA.

Note: Grants.gov now uses Adobe Reader 10.0.1. Applicants must use the latest version of Adobe reader that is compatible and available from the Grants.gov website. Information on the latest version of Adobe Reader can be found on the Grants.gov website at [www.grants.gov](http://www.grants.gov). HUD recommends that applicants download this reader to prepare and transmit the application to Grants.gov.

### **G. Additional Overview Content Information**

**1. Grant Type.** For FY2013, HUD will award Implementation Grants to provide a significant amount of Federal support to those communities that have undergone a comprehensive local planning process and are now moving forward with their "Transformation Plan" to redevelop the neighborhood.

**2. Available Funds.** This NOFA announces the availability of approximately \$109 million in FY2013 funds for Choice Neighborhoods grants. HUD anticipates awarding 4 grants not to exceed \$30,000,000 each, or the sum of the amounts in Section IV.D.3, whichever is lower. At its discretion, HUD may use remaining FY2012 and FY2013 as well as additional FY2014 Choice Neighborhoods funding to make Implementation Grant awards under this NOFA. At least \$80 of the total FY2013 Choice Neighborhoods funding must be awarded to applications in which a public housing authority is the Lead Applicant or Co-Applicant. Furthermore, HUD may set aside one Implementation Grant to an application that targets a multifamily HUD-assisted housing property that is receiving project-based rental assistance under section 8 of the United States Housing Act of 1937 (exclusive of tenant-based or project-based vouchers),

section 221(d)(3) or section 236 of the National Housing Act, section 202 of Housing Act of 1959, or section 811 of the National Affordable Housing Act of 1990.

**3. Eligible Applicants.** Eligible applicants are Public Housing Authorities (PHAs), local governments, tribal entities, nonprofits, and for-profit developers that apply jointly with a public entity. See Sections I.C, III.A.1, and III.C.2 for additional information related to Eligible Applicants.

**4. Eligible Target Housing.** Each application must focus on the revitalization of at least one severely distressed public and/or HUD-assisted housing project. The application may target more than one project so long as they are all in the same neighborhood. See I.C, III.A.2, and III.C.2 for additional information related to eligible target housing.

**5. Eligible Neighborhoods.** The neighborhood in which the eligible target housing project(s) is/are located must be distressed. See I.C, III.A.3, and III.C.2 for additional information related to eligible neighborhoods.

**6. Matching Requirement.** A match of at least 5 percent of the grant amount is required in accordance with section 24 of the US Housing Act of 1937. See III.B for additional information related to the match requirement.

**7. Application** materials may be obtained from [http://www.grants.gov/applicants/apply\\_for\\_grants.jsp](http://www.grants.gov/applicants/apply_for_grants.jsp). Notification of any technical corrections will be published in the Federal Register and posted to Grants.gov. Responses to frequently asked questions will be posted on the Choice Neighborhoods website at <http://www.hud.gov/cn/>.

**8. Rental Assistance Demonstration.** Choice Neighborhoods applicants are encouraged to apply for HUD's new Rental Assistance Demonstration (RAD). RAD provides for public housing capital and operating subsidies provided to eligible public housing properties to be converted to long-term section 8 contracts in order to facilitate additional debt and equity financing. RAD may facilitate the recapitalization of Choice Neighborhoods housing. More information can be found at [www.hud.gov/rad](http://www.hud.gov/rad). The Department is accepting applications for RAD conversions on a noncompetitive, first-come, first-served basis. For this Choice Neighborhoods NOFA, the application for an Implementation Grant and the application for RAD have been aligned to make application for both programs more feasible for applicants seeking to use both strategies. Submission of this grant application can therefore constitute application to RAD. PHAs wishing to participate in RAD must designate this as a joint RAD/Choice Neighborhoods Implementation Grant application in the Housing Strategy section and identify which public housing projects they are applying to convert under RAD.

## FULL TEXT OF ANNOUNCEMENT

### I. FUNDING OPPORTUNITY DESCRIPTION

#### A. Program Description

Choice Neighborhoods Implementation Grants support the implementation of comprehensive neighborhood revitalization plans that are expected to achieve the following three core goals:

1. **Housing:** Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;
2. **People:** Improve educational outcomes and intergenerational mobility for youth with services and supports delivered directly to youth and their families; and
3. **Neighborhood:** Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community.

To achieve these core goals, communities must develop and implement a comprehensive neighborhood revitalization strategy, or Transformation Plan.

### **B. Authority**

The funding authority for Choice Neighborhoods grants under this NOFA is provided by the Consolidated and Further Continuing Appropriations Act, 2013 (Public Law 113-6, approved March 26, 2013). The program authority for the Choice Neighborhoods Initiative is Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) (1937 Act), as amended by the Consolidated and Further Continuing Appropriations Act, 2013.

### **C. Definitions**

For purposes of the Choice Neighborhoods program, the following definitions of key terms apply. As needed, other definitions relevant to specific thresholds and rating factors will be provided in those sections of the NOFA.

**1. Affordable Housing.** The term “affordable housing” includes assisted housing as defined below or, in the context of a Choice Neighborhoods Transformation Plan, housing for which the owner or purchaser of the project has recorded a HUD-approved affordability use restriction for households earning up to 120 percent of Area Median Income (AMI) for no fewer than 20 years. Such housing is not considered replacement housing for the purposes of the one-for-one replacement requirement. The affordability restrictions shall be contained in a legally enforceable document recorded in the appropriate recorder’s office or registry of deeds and consistent with the long-term viability of the project as rental or homeownership housing.

**2. Anchor Institutions.** Anchor institutions are place-based entities that have regional significance and are permanently rooted, economic drivers in specific locales – generating jobs, creating local business opportunities, and contributing in significant ways to the development of human, social and cultural capital. They include universities, hospitals, sports facilities, performing arts and other major cultural facilities (such as museums and central libraries) and some very large places of worship and corporations, subject to HUD’s discretion.

**3. Assisted Housing.** In this NOFA, the term “assisted housing” (used interchangeably with “HUD-assisted housing”) means housing assisted under sections 8 or 9 of the United States Housing Act of 1937 (42 U.S.C. 1437f and 42 U.S.C 1437g) (excluding tenant-based vouchers and where fewer than 50 percent of the units in a housing development receive project-based

voucher assistance), section 221(d)(3) or section 236 of the National Housing Act (12 U.S.C. 1715 and 12 U.S.C 1715z-1), section 202 of Housing Act of 1959 (12 U.S.C. 1701q), section 811 of the National Affordable Housing Act of 1990 (42 U.S.C 8013), and the Native American Housing Assistance and Self-Determination Act of 1996, 25 U.S.C. § 4101, et seq (Indian Housing). In the case of Indian Housing, this includes only multifamily rental housing projects in which at least 50 percent of the units are assisted.

**4. Case Management.** Case Management is an individual- or family-centered approach to assisting people of all ages with accessing the services they want and need. It includes screening/assessment/risk management, individualized service planning based on resident needs and choices, provision of options and information, linkage/referral to formal and informal services and supports, service coordination at the client-level, crisis intervention, follow-up, advocacy, monitoring/evaluation of resident progress as well as timeliness and effectiveness of service delivery, and maintenance of records. Case management contributes to and benefits from well-coordinated services at the community level. The intensity and frequency of case management services should be tailored to the level of an individual's or family's needs.

**5. Co-Applicant.** Co-Applicant means an entity with which the Lead Applicant chooses to apply for funding under this NOFA. A Co-Applicant must also be an Eligible Applicant. The Co-Applicant will also sign the Grant Agreement and be responsible for implementing the activities identified in the Transformation Plan, but will not directly receive access to funding through HUD's Line of Credit Control System (LOCCS). A Co-Applicant is only required when a for-profit developer is the Lead Applicant.

**6. Critical Community Improvements.** The term "Critical Community Improvements" refers to the up to 15 percent of the Choice Neighborhoods grant that may be used to enhance the neighborhood outcomes proposed in the Transformation Plan. Critical Community Improvements funds are extremely flexible funds and must be leveraged with additional resources. They are not intended to be used for basic infrastructure or substitute for basic city services. These funds should be used for innovative solutions to neighborhood challenges identified during your planning process. Possible uses of funds include, but are not limited to:

- a. Economic development activities such as construction cost write downs for commercial business such as a grocery store, loan and grant programs for existing commercial business, façade improvements, revolving loan funds for business attraction and retention, street scape improvements;
- b. Programs to improve housing in the neighborhood surrounding the subject of this application such as targeted loan, grant and revolving loan programs to assist existing property owners maintain their property, model block programs, façade, and front porch repair programs, and basic systems repair programs; and
- c. Open space and community parks including acquisition of underutilized land for new parks, community gardens or community facilities. Expansion of or creation of new facilities that are identified as needed in the community to support the Transformation Plan.

**7. Evidence-based Practice.** Evidence-based practice refers to the use of the best available conclusions/findings from research and studies as a base for determining the best practices and predictions of outcomes in a field. A strong evidence base is offered by studies with designs that

can support causal conclusions and studies that, in total, include enough of the range of participants and settings to support generalizability.

**8. Families.** The term “families” has the meaning provided in section 3(B)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437a).

**9. Hard to House.** Hard to house refers to a special population of residents who face multiple, persistent barriers to move toward self-sufficiency or maintain stable housing for reasons that go beyond affordability, such as long-term unemployment, substance use or mental health problems, and/or a criminal record. These vulnerable households may have trouble finding a unit in the private market and may face significant challenges meeting the screening requirements to return to a new mixed-income development.

**10. Lead Applicant.** Lead Applicant means the primary entity responsible for implementing the activities identified in the Transformation Plan. The Lead Applicant must meet the qualifications of an Eligible Applicant. The Lead Applicant will sign the Grant Agreement and is the sole entity that will have access to HUD’s Line of Credit Control System (LOCCS) in order to drawdown Choice Neighborhoods funding.

**11. Livability Principles.** Livability principles jointly adopted by HUD, the Environmental Protection Agency (EPA) and Department of Transportation (DOT) to support federal neighborhood and community development initiatives. The Livability Principles are as follows: provide more transportation choices; promote equitable, affordable housing; enhance economic competitiveness; support existing communities; coordinate and leverage federal policies and investment; and value communities and neighborhoods. For further information, see [www.hud.gov/sustainability](http://www.hud.gov/sustainability).

**12. Local Government.** The term “local government” shall have the same meaning as “unit of general local government” in section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302).

**13. Low-performing School.** The term low-performing school means, “schools receiving assistance through Title I that are in corrective action or restructuring in the State, as determined under section 1116 of the Elementary and Secondary Education Act (ESEA), and the secondary schools (both middle and high schools) in the State that are equally as low-achieving as these Title I schools and are eligible for, but do not receive, Title I funds.”

**14. Neighborhood.** The neighborhood is the geographic area within which the activities of the Transformation Plan shall focus. HUD understands that neighborhood boundaries are not fixed like municipal or county boundaries. The Department also recognizes that neighborhoods do not necessarily follow statistical boundaries, such as Census Tracts. For Choice Neighborhoods, HUD will rely on applicants to identify boundaries for the target neighborhood that are generally accepted as a neighborhood. In many communities, those typical neighborhood boundaries are delineated by major streets or physical topography. The neighborhood must be larger than just the footprint of the distressed public or HUD-assisted housing targeted in the application, but cannot encompass more than one municipal jurisdiction and is typically an area less than two

square miles.

**15. Neighborhood Assets.** Neighborhood assets means:

- a. Developmental assets that allow residents to attain the skills needed to be successful in all aspects of daily life (e.g., educational institutions, early learning centers, and health resources);
- b. Commercial assets that are associated with production, employment, transactions, and sales (e.g., labor force and retail establishments);
- c. Recreational assets that create value in a neighborhood beyond work and education (e.g., parks, open space, community gardens, athletics and arts organizations);
- d. Physical assets that are associated with the built environment and physical infrastructure (e.g., housing, commercial buildings, and roads); and
- e. Social assets that establish well-functioning social interactions (e.g., public safety and community engagement).

**16. Nonprofit Organization.** Nonprofits eligible to be an applicant under this NOFA are entities that are classified as such in accordance with section 501(c) of the Federal Tax Code or have been designated as such by their state government. A nonprofit organization can be organized for the following purposes: charitable, religious, educational, scientific, or other similar purposes in the public interest. To obtain tax-exempt status, qualified organizations must file an application with the Internal Revenue Service (IRS) and receive designation as such by the IRS. For more information, go to [www.irs.gov](http://www.irs.gov). Entities that are in the process of applying for tax-exempt status, but have not yet received nonprofit designation from the IRS by the application deadline date, will not be considered an eligible applicant. All nonprofit applicants must submit either their IRS determination letter to prove their 501(c) status or the letter from the state government to prove their nonprofit status.

**17. Part I Violent Crimes.** Part I violent crimes shall have the same meaning used by the United States Department of Justice Bureau of Justice Statistics and the Uniform Crime Report. Aggravated assault, rape, murder, and robbery are classified as Part I violent crimes.

**18. Physical Needs Assessment.** A Physical Needs Assessment (PNA) should be prepared by an independent registered engineer or architect that conducts a physical inspection of at least 10 percent of the dwelling units and 50 percent of the non-dwelling space. Generally, it identifies all of the work needed to bring the housing project up to the applicable modernization and energy conservation standards. Typically, a PNA takes into account the life cycle replacement costs of all building systems for a period of 20 years, however for purposes of the rating factors in this NOFA HUD will only consider the costs of the current rehabilitation needs.

**19. Persistently Lowest-achieving School.** The term persistently lowest-achieving school means, as determined by the State:

- a. Any school receiving assistance through Title I that is in improvement, corrective action, or restructuring and that –
  - (1) Is among the lowest-achieving five percent of Title I schools in improvement, corrective action, or restructuring or the lowest-achieving five Title I schools in improvement, corrective action, or restructuring in the State, whichever number of schools is greater; or

(2) Is a high school that has had a graduation rate that is less than 60 percent over a number of years; and

b. Any secondary school that is eligible for, but does not receive, Title I funds that –

(1) Is among the lowest-achieving five percent of secondary schools or the lowest-achieving five secondary schools in the State that are eligible for, but do not receive, Title I funds, whichever number of schools is greater; or

(2) Is a high school that has had a graduation rate that is less than 60 percent over a number of years.

**20. Principal Team Member.** Principal Team Members are those entities that the Lead Applicant, and Co-Applicant(s) if any, for an Implementation Grant has selected to have primary responsibility for coordinating the implementation of the activities to achieve one or more of the three core goals – Housing, People, and Neighborhood. A Principal Team Member may also be the Lead Applicant or a Co-Applicant and may oversee the activities to achieve more than one of the core goals. A Principal Team Member need not be an Eligible Applicant. For purposes of this NOFA, the following terms will be used as needed (e.g., in the rating factors) to refer to these Principal Team Members: Housing Implementation Entity, People Implementation Entity, and Neighborhood Implementation Entity.

**21. Public Entity.** The term “public entity” means any department, agency, special purpose district, or an instrumentality of a State or local government.

**22. Public Housing.** The term “public housing” refers to housing funded under an Annual Contributions Contract and in accordance with section 9 of the US Housing Act of 1937. A public housing project is a group of assisted housing units that has a single Project Number assigned by the Director of Public Housing of a HUD Field Office and has, or had (in the case of previously demolished units) housing units under an Annual Contributions Contract and in accordance with section 9 of the US Housing Act of 1937. If a PHA had two distinct projects, with different project numbers, under its original ACC, and those projects were combined into a single project number in the Inventory Management System (IMS)/Public Housing Information Center (IMS/PIC) for the purposes of implementing HUD’s project-based budgeting requirements using Asset Management Project (AMP) numbers, the applicant should use the original project number to identify the public housing project targeted by the application. Applicants should be clear throughout their application as to the project they are targeting.

**23. Public Housing Agency.** The term “public housing agency” (PHA) has the meaning provided in section 3(b)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437a).

**24. Positive Youth Development.** Positive youth development is an intentional, pro-social approach that: engages youth within their communities, schools, organizations, peer groups, and families in a manner that is productive and constructive; recognizes, utilizes, and enhances youths’ strengths; and promotes positive outcomes for young people, including social skills, emotional competence, positive relationships with peers and adults, and civic and school engagement.

**25. Replacement Housing.** Replacement housing is rental housing that will replace demolished, disposed of, or otherwise reduced public or assisted housing. It includes housing assisted under sections 8 or 9 of the United States Housing Act of 1937 (42 U.S.C. 1437f and 42 U.S.C 1437g), section 202 of Housing Act of 1959 (12 U.S.C. 1701q), and section 811 of the National Affordable Housing Act of 1990 (42 U.S.C 8013). With regard to section 8 housing, project-based vouchers (section 8o(13) of the US Housing Act of 1937) and Project-Based Rental Assistance (including when provided in a RAD conversion) are contained in this definition, but tenant-based vouchers are excluded except as permitted by HUD. To satisfy the one-for-one replacement requirement through acquisition, the replacement unit must not have been receiving assistance prior to submitting the application under the sections listed above in this paragraph. For example, you cannot acquire a Section 202 funded property that is near the public or assisted housing site targeted in the application for the purposes of deeming that replacement housing. Any unit developed through the Choice Neighborhoods grant receiving these types of assistance will be considered replacement housing.

**26. Severely Distressed Housing.**

**a.** In accordance with Section 24(j)(2) of the 1937 Act, the term means a public and/or assisted housing project (or building in a project) that:

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

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

(3) Is:

(i) Occupied predominantly by families who are very low-income families with children, have unemployed members, and are dependent on various forms of public assistance;

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

(iii) Is lacking in sufficient appropriate transportation, supportive services, economic opportunity, schools, civic and religious institutions, and public services, resulting in severe social distress in the project;

(4) Cannot be revitalized through assistance under other programs, such as the Capital Fund and Operating Fund programs for public housing under the 1937 Act, or the programs under sections 9 or 14 of the 1937 Act (as in effect before the effective date under section 503(a) of the Quality Housing and Work Responsibility Act of 1998 (Pub. L. 105-276, approved October 21, 1998)), because of cost constraints and inadequacy of available amounts; and

(5) In the case of an individual building that currently forms a portion of the public and/or assisted housing project targeted by the application to this NOFA: (a) Is sufficiently separable from the remainder of the project of which the building is part, such that the revitalization of the building is feasible; or (b) Was part of the targeted public and/or assisted housing project that has been legally vacated or demolished, but for which HUD has not yet provided replacement housing assistance (other than tenant-based assistance).

“Replacement housing assistance” is defined as funds that have been furnished by HUD to perform major rehabilitation on, or reconstruction of, the public and/or assisted housing

units that have been legally vacated or demolished.

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

**27. Service Coordination.** Service Coordination is a systems-centered approach to coordinating multiple services across agencies within a community, based on the needs of the target resident population, in order to increase accessibility, utilization, and quality of services and to reduce fragmentation in service delivery systems. Service coordination often requires the negotiation of enhanced services to address unique needs and gaps in available services. Partnership- and network-building with community-based supportive and social service agencies are critical components of service coordination.

**28. Supportive Services.** The term “supportive services” includes all activities that will promote upward mobility, self-sufficiency, or improved quality of life, including such activities as literacy training, activities that promote early learning and the continuum of educational supports, remedial and continuing education, job training, financial literacy instruction, day care, youth services, aging-in-place, public transportation, physical and mental health services, economic development activities, and other programs for which the community demonstrates need.

**29. Transformation Plan.** The Transformation Plan is a comprehensive neighborhood revitalization strategy proposed (as presented in the Choice Neighborhoods grant application) to achieve the three core goals of Choice Neighborhoods (Housing, People, Neighborhood).

**30. Transition Age Youth.** Transition age youth are those aged 16 to 24 who experience a number of challenges on their path to a successful adulthood, including youth transitioning out of foster care or juvenile detention facilities, youth who have run away from home or dropped out of school, and youth with disabilities.

**31. Tribal Entities.** Tribal entities includes Indian tribes and Tribally Designated Housing Entities, as defined in section 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996, 25 U.S.C. § 4103(22).

## **II. AWARD INFORMATION**

### **A. Availability of Choice Neighborhoods Funds**

**1. Choice Neighborhoods Grants.** A total of \$113.7 million has been appropriated for Choice Neighborhoods in FY2013, of which at least \$80 million must be awarded to public housing authorities. Approximately \$109 million in funding is being made available under this NOFA. HUD may set aside one grant award for the highest scoring application that targets a multifamily HUD-assisted housing property that is receiving project-based rental assistance under section 8 of the United States Housing Act of 1937 (exclusive of tenant-based or project-based vouchers),

section 221(d)(3) or section 236 of the National Housing Act, section 202 of Housing Act of 1959, or section 811 of the National Affordable Housing Act of 1990. The maximum grant amount is listed below. Voucher assistance needed for relocation purposes in association with the Implementation Grants will be in addition to the amounts below.

Grant Type	Allocation of Funds (Approximate)	Maximum Grant Request	Anticipated Number of Grant Awards
Implementation Grants	\$109 million	\$30,000,000 or the calculated amount described in Sections II.A.2 and IV.D.3, whichever is lower.	4
Planning Grants (to be awarded under a separate NOFA)	\$4 million	\$500,000	8-9
<b>TOTAL</b>	<b>\$113 million</b>		

**2. Grant Sizing.** For the purposes of establishing the maximum amount of Choice Neighborhoods Implementation Grant funding that you may request, you will calculate a development cost for the replacement housing units to be developed in the Transformation Plan and allow for additional funding to cover non-housing activities. See Section IV.D.3 for detailed instructions on how to calculate this amount. You may request the lesser of this calculated amount or \$30,000,000. HUD will provide a grant sizing limitations worksheet which you must complete in order to determine the maximum amount you may request. This worksheet must be provided in the attachments section of your application.

**3. Grant Term.** Grantees must proceed in a timely manner, as indicated by the timeframes established in this NOFA and Grant Agreement. See Section IV.D.1 for statutory time limits related to the grant and expenditure of funds, including the requirement that all FY2013 Choice Neighborhoods funds must be expended by September 30, 2020.

### **III. ELIGIBILITY INFORMATION**

#### **A. Key Eligibility Criteria**

**1. Eligible Applicants.** Eligible applicants for Choice Neighborhoods grants are Public Housing Authorities (PHAs), local governments, tribal entities, nonprofits, and for-profit developers that apply jointly with a public entity. Also see the Eligible Applicants threshold requirement in Section III.C.2 of this NOFA and the Definitions in Section I.C for definitions of related terms.

**a. Ineligible to Apply.** Private citizens are not eligible to apply.

**b. Troubled Status for PHAs.** This applies to PHA applicants and is considered a threshold requirement under Section III.C.2 of this NOFA. If a PHA was designated as troubled by HUD pursuant to section 6(j)(2) of the 1937 Act on the most recently released Operational Troubled List, HUD will use documents and information available to it to determine whether that PHA qualifies as an eligible applicant. In accordance with section 24(j) of the 1937 Act, a troubled PHA may still be eligible to apply if it:

- (1) Is designated as troubled principally for reasons that will not affect its capacity to carry out a revitalization program;
- (2) Is making substantial progress toward eliminating the deficiencies of the agency that resulted in its troubled status;
- (3) Has not been found to be in noncompliance with fair housing or other civil rights requirements; or
- (4) Is otherwise determined by HUD to be capable of carrying out a revitalization program.

**c. Previous Participation Certification for Multifamily Assisted Property Owners.** If the Lead Applicant or Co-Applicant is the owner of the assisted property that is the subject of the Choice Neighborhoods activity grant, you are required to submit form HUD2530, Previous Participation Certification. If the property listed has defaulted on a mortgage loan or has less than satisfactory review ratings (physical inspections, management and financial reviews), HUD will use documents and information available to it to determine whether the owner of that property qualifies as an eligible applicant. Approvals of entities that have defaulted or received unsatisfactory review ratings will be subjected to HUD's Previous Participation clearance review process. Applicants may still be eligible to apply for Choice Neighborhoods funding if HUD deems the applicant to be making substantial progress in addressing the deficiencies related to such default or review rating. However, multifamily assisted property owners with defaults or less than satisfactory review ratings are strongly encouraged to consider partnering with another entity (such as a local government, a nonprofit, or a for-profit developer) to serve as the Lead Applicant for purposes of the Choice Neighborhoods grant.

**2. Eligible Target Housing.** Each application must focus on the revitalization of at least one severely distressed public and/or HUD-assisted housing project. The definition of severely distressed housing from section 24(j)(2) of the 1937 Act is included in section I.C along with definitions of public housing and assisted housing.

### **3. Eligible Neighborhoods.**

**a. Eligible neighborhoods for Choice Neighborhoods grant funds are neighborhoods with:**

- (1) At least 20 percent of the residents estimated to be in poverty or have extremely low incomes based on the most recent data collected by the U.S. Census Bureau; and
  - (2) That are experiencing distress related to one or more of the following:
    - (a) high crime; defined as where either the Part I violent crime rate (measured as Part I violent crimes per 1000 persons) over the three years 2009-2011 is at least 1.5 times the per capita Part I violent crime rate (measured as Part I violent crimes per 1000 persons) of the city or, where no city data is available, county/parish in which the neighborhood is located over the same time frame; or the rate is greater than 18 crimes per 1000 persons;
- OR

(b) high vacancy or substandard homes; defined as where either the most current rate within the last year of long-term vacant or substandard homes is at least 1.5 times higher than that of the city or, where no city data is available, county/parish as a whole; or the rate is greater than 4 percent; OR

(c) inadequate schools; defined as where either a low-performing public school or a persistently lowest-achieving public school is in the neighborhood or at least 20 percent of the children from the target public and/or HUD-assisted housing attend such a school.

b. HUD recognizes that some of the eligible neighborhoods may be impacted areas and/or areas of minority concentration. Since a goal of this program is to transform such areas into neighborhoods of choice, these neighborhoods are still eligible for funding under this NOFA.

## B. Match Requirements

**1. Choice Neighborhoods Grant Match.** HUD is required by section 24(c)(1)(A) of the 1937 Act (42 U.S.C. 1437v(c)(1)(A)) to include the requirement for matching funds for all HOPE VI-related grants, which includes Choice Neighborhoods. You are required to have matching funds in the amount of five percent of the requested grant amount in cash or in-kind donations. Applications that do not demonstrate the minimum five percent match will not be considered for funding. This is considered a threshold requirement under Section III.C.2 of this NOFA.

**2. No HOPE VI or Choice Neighborhoods Funding in Match.** In accordance with section 24(c) of the 1937 Act, for purposes of calculating the amount of matching funds required by paragraph 1 above, you may NOT include amounts from HOPE VI program funding, including HOPE VI Revitalization, HOPE VI Demolition, HOPE VI Neighborhood Networks, HOPE VI Main Street grants, Choice Neighborhoods Implementation, or Choice Neighborhoods Planning grants.

**3. OMB Circulars and Ability to Use Funds for Match.** Refer to section III.B of the General Section for OMB Circulars that are applicable for matching requirements.

## C. Other

**1. Program Activities - Choice Neighborhoods grants must be used for activities that will further the purposes of the Choice Neighborhoods program in accordance with a Transformation Plan, to carry out transformational programs and initiatives. Activities approved by HUD must be conducted in accordance with the requirements of this NOFA. The following is a list of required and eligible activities.**

**a. Required Activities.** The following authorized activities must be contained in the Transformation Plan:

(1) The transformation of housing through rehabilitation, preservation, and/or demolition and replacement of severely distressed housing projects that incorporates energy efficient design principles;

(2) One-for-one replacement of all public and/or assisted dwelling units of the targeted neighborhood in existence, as of the date of the application for the grant, that are to be demolished or disposed, unless otherwise permitted (as provided in Section III.C.3.b);

- (3) Resident involvement in planning and implementation of the Transformation Plan;
- (4) Activities ensuring the long-term viability of the neighborhood on an economic, educational, and environmental basis;
- (5) Activities that promote economic self-sufficiency of residents of the revitalized housing and of the surrounding neighborhood;
- (6) Partnering with local educators, and engaging in local community planning, to help increase access to programs that combine a continuum of effective community services, strong family supports, and comprehensive education reforms to improve the academic and developmental outcomes for resident children and youth;
- (7) Activities that preserve affordable housing in the neighborhood and other activities necessary to ensure that existing residents have access to the benefits of the neighborhood transformation;
- (8) Appropriate service coordination, supportive services, mobility counseling and housing search assistance for residents displaced as a result of revitalization of severely distressed projects;
- (9) Activities that demonstrate that each tenant who wishes to return to the on-site or off-site replacement housing may return if the tenant was lease-compliant at the time of departure from the housing subject to rehabilitation or demolition, and continued to remain lease-compliant during the relocation period, and shall be provided a preference;
- (10) Tracking of tenants relocated during redevelopment throughout the life of the grant or until full occupancy of replacement housing, whichever is longer; and
- (11) activities that meet the applicable fair housing and accessibility requirements, including but not limited to affirmative marketing, providing meaningful access to programs for persons with limited English proficiency, meeting applicable accessibility standards, and ensuring program activities comply with applicable civil rights requirements.

**b. Eligible Activities.** In addition to the required activities, activities eligible for funding include:

- (1) Construction, acquisition or rehabilitation of public, assisted, and privately owned housing that incorporates sustainable design principles, including energy efficiency;
- (2) Acquisition, demolition or disposition of properties, including Federal Housing Administration-Real Estate Owned properties;
- (3) Providing supportive services for residents, primarily focused on case management, service coordination and assistance to enable residents to access programs from other key agencies and local service providers in order to help residents be stably housed, improve outcomes for children, enhance adults' capacity for self-sufficiency and economic security, and services for elderly and persons with disabilities to maintain independence;
- (4) Partnering with employers and for-profit and nonprofit organizations to create jobs and job training opportunities, with a focus on job opportunities accessible by mass transit;
- (5) Relocation assistance, including tenant-based rental assistance renewable under section 8 of the United States Housing Act of 1937, and supportive services for families that are displaced, including mobility and relocation counseling over multiple years, reasonable moving costs, and security deposits;
- (6) Activities that promote sustainable neighborhoods and incorporate principles of sustainable design and development;

- (7) Critical community improvements, as defined in section I.C of this NOFA;
- (8) Endowments. Consistent with section 24(d)(2) of the 1937 Act, you may deposit up to 15 percent of your Choice Neighborhoods grant (the maximum amount of the award allowable for supportive services activities) into an endowment trust to provide supportive services activities. In order to establish an endowment trust, you must first execute with HUD an Endowment Trust Addendum to the grant agreement. When reviewing your request to set up an endowment trust, HUD will take into consideration your ability to pay for current supportive services activities with Choice Neighborhoods or other funds and the projected long-term sustainability of the endowment trust to carry out those activities.
- (9) Conversion of vacant or foreclosed properties to affordable housing;
- (10) Architectural and engineering work;
- (11) The demolition, sale, or lease of the site, in whole or in part;
- (12) Administrative costs of the applicant, subject to the criteria stated in this NOFA (such as Section III.C.3 and Section IV.D);
- (13) Payment of reasonable legal fees, subject to the criteria stated in this NOFA (such as Section III.C.3 and Section IV.D);
- (14) Necessary management improvements;
- (15) Leveraging other resources, including additional housing resources, retail, supportive services, jobs, and other economic development uses on or near the project that will benefit future residents of the site;
- (16) Replacement housing as defined in this NOFA;
- (17) Transitional security activities.

## **2. Threshold Requirements**

All Lead Applicants and Co-Applicants, Applications, and the Transformation Plan proposed in it (see Definitions in Section I.C for that and other definitions), must meet all threshold requirements of this NOFA in order to be rated and ranked. Applicants must demonstrate compliance with the threshold requirements through the information provided in their application, unless instructed otherwise in this NOFA. The threshold requirements of this NOFA include certain threshold requirements of section III.C.2 of the General Section and threshold requirements specific to the Choice Neighborhoods program. If an application does not meet all threshold requirements, HUD will not consider the application as eligible for funding and will not rate and rank it. HUD will screen for technical (not substantive) deficiencies and administer a cure period. Examples of curable (correctable) technical deficiencies include, but are not limited to, inconsistencies in the funding request, failure to submit the proper certifications (e.g., form HUD-2880), and failure to submit a signature and/or date of signature on a certification. The subsection entitled, “Corrections to Deficient Applications,” in section V.B of the General Section is incorporated by reference and applies to this NOFA unless otherwise stated. Clarifications or corrections of technical deficiencies in accordance with the information provided by HUD must be submitted within 5 calendar days of the date of receipt of the HUD notification. (If the deadline date falls on a Saturday, Sunday, or federal holiday, your correction must be received by HUD on the next day that is not a Saturday, Sunday, or federal holiday.) If an applicant does not cure all its technical deficiencies that relate to threshold requirements within the cure period, HUD will consider the threshold(s) in question to be failed, will not consider the application as eligible for funding, and will not rate and rank it. Applicants must

review and follow documentation requirements provided in this Thresholds Requirements Section and the instructions on application organization, content and submission provided in Section IV.B.8. Required forms, certifications and assurances must be included in the Choice Neighborhoods application and will be available on the Internet at [http://www.grants.gov/applicants/apply\\_for\\_grants.jsp](http://www.grants.gov/applicants/apply_for_grants.jsp).

**a. Curable Thresholds.** The following thresholds may be cured in accordance with the criteria above.

**(1) Eligible Applicants.** This section incorporates as a threshold requirement the Eligible Applicants requirement from III.A.1 of this NOFA. Additionally, the following criteria must be met, as relevant, in order to comply with this threshold:

**(a) For-Profit Developer Applicant – Legal Contract.** A response to this threshold requirement, “Eligible Applicants – For-Profit Developer Applicant – Legal Contract,” is required only when a for-profit developer is Lead Applicant or Co-Applicant. In order to meet this threshold requirement, you must provide in your application a contractually binding agreement executed between the Co-Applicants (the For-Profit Developer and the Public Entity) detailing specific roles and responsibilities. The agreement must also state that the Co-Applicant is jointly and severally liable with the Lead Applicant for the performance of the grant. The legal contract must be signed by the executive officers of each entity and demonstrate a commitment to work collaboratively throughout the entirety of the grant and identify which party will serve as the Lead Applicant.

**(b) Nonprofit Applicant.** For a nonprofit to demonstrate eligibility as a Lead Applicant or Co-Applicant, either an Internal Revenue Service determination letter indicating the organization’s 501(c) status or the letter from the state government designating the organization’s nonprofit status must be submitted in the attachments.

**(2) Partnership Legal Contract.** The applicant must provide in your application a legal contract or contracts, such as a developer services, property management, and asset management agreement, joint venture agreement, or performance contract, between the parties that affirms the roles and responsibilities. If there is a Co-Applicant, the agreement must state that the Co-Applicant is jointly and severally liable with the Lead Applicant for the performance of the grant. The legal contract(s) must be signed by the executive officers of each entity, demonstrate a commitment to work collaboratively throughout the entirety of the grant, identify which party will serve in which role(s) (including indicating who will implement the Housing, People and Neighborhood components of your proposed Transformation Plan), and describe the procedures chosen to resolve disputes that may arise between the signing parties. Concerning the roles, the Legal Contract must indicate that the Housing Implementation Entity will be responsible for implementing day-to-day development and asset management activities associated with the Transformation Plan. If a Lead Applicant proposes to rely on a Principal Team Member for rating purposes under the NOFA, the applicant will be required to secure HUD’s approval, if funded, prior to effecting any material change to that contract or replacing the Principal Team Member.

**(3) Site Control for Target and All Replacement Housing Sites.** You must provide evidence in your application that you (as the Lead Applicant), your Co-Applicant (if any), or the Housing Implementation Entity, has site control as of the application deadline date for the

target site/property(ies) and for all parcels proposed for replacement housing under the Transformation Plan. This includes the target public and/or assisted housing property(ies) and any other parcel of land proposed to be part of the Transformation Plan for replacement housing, regardless of how it will be financed (i.e., whether with Choice Neighborhoods grant funds or leveraged funds). Site control held by another Principal Team Member (who is not also the Lead Applicant, Co-Applicant, or the Housing Implementation Entity) is not sufficient. If you do not provide acceptable evidence of site control, your entire application will be disqualified from further consideration for funding. Evidence may include, but is not limited to a deed, title, binding contract of sale or option agreement, ground lease, or title opinion. If you demonstrate site control through a contract of sale or an option agreement, such contract or agreement must remain in effect for at least 180 days after the application deadline date and may include only commercially standard early termination clauses and conditions to closing. Site control may NOT be evidenced through a letter from the mayor or local government other official, letters of support from members of the relevant municipal entities, a resolution evidencing the intent to exercise its power of eminent domain, or a memorandum of understanding (MOU).

**(4) Location of Housing.** You must provide a site map indicating both the original housing location and all proposed housing location(s). If housing is proposed outside the target neighborhood, it must be done in accordance with the one-for-one replacement requirements stated in Section III.C.3.b(3). Your application must include a justification of why it is necessary to locate this housing outside the target neighborhood (i.e., off-site) and how doing so supports and enables the Transformation Plan (as provided in Section III.C.3.b(3)(a)(ii)) and documentation that demonstrates the alternative neighborhood meets the requirements set forth in Section III.C.3.b(3)(b). You must include this information in your attachments.

**(5) Consistency with PHA/MTW Plan.** If a public housing project is the target housing of your application, you must demonstrate that your Transformation Plan is consistent with the PHA Plan (or MTW Plan, as applicable). You must provide a copy of the most relevant section(s) from the most recently approved PHA Plan (or MTW Plan, as applicable) in your attachments. The PHA/MTW Plan must specifically identify the Transformation Plan for the target public housing project and its neighborhood.

**(6) Consistency with Consolidated Plan.** The proposed Transformation Plan must be consistent with the Consolidated Plan for the jurisdiction in which the target neighborhood is located. You must provide the Certification of Consistency with the Consolidated Plan (form HUD-2991).

**(7) Capital Fund Financing Program (CFFP).** This threshold applies to applications that target severely distressed public housing from the inventory of any PHA with an approved CFFP proposal or CFFP proposal submitted and under review by HUD before the announcement of FY2013 Choice Neighborhoods Implementation grant awards. As the pledges of public housing Capital Funds are general in nature and not project-specific, this threshold applies to all CFFP proposals approved or submitted and under review by HUD for the PHA's public housing portfolio, not just the public housing site targeted by this Choice

Neighborhoods application. Choice Neighborhoods applications may not target public housing from PHAs that have CFFPs approved or in process, unless:

(a) You include in the application an opinion from (and signed by) the PHA’s legal counsel that the activities proposed under the Choice Neighborhoods application are permitted under the financing documents (as approved or, if under review, as currently drafted), or to the extent required, any approvals required under the financing documents have been obtained; and

(b) You include in the application a certification from (and signed by) the PHA’s Executive Director that, to the extent HUD determines that the Capital Fund projections in its CFFP Proposal did not accurately or completely incorporate the reduction in public housing units that would be caused by the Choice Neighborhoods activity, if you receive the Choice Neighborhoods grant, and prior to undertaking the Choice Neighborhoods activity, the PHA will use Capital Funds, or other eligible funds to defease, redeem, or otherwise prepay the CFFP financing. You must provide this certification even if the proposal has already been approved, or the PHA does not think they will have the need to defease, redeem, or otherwise prepay the CFFP financing, in the event HUD makes such a determination at a later time. This prepayment must be sufficient to maintain the same debt coverage ratio in the year immediately following any reduction in Annual Contribution Contract (ACC) Units related to the Choice Neighborhoods grant (based on the then-current year’s capital fund allocation, but giving effect to the change in ACC Units in a manner acceptable to HUD) as existed prior to any reductions occurring as a result of the Choice Neighborhoods grant. HUD will consult internal CFFP records to verify which applicants have pending or approved CFFP proposals.

**(8) Standard Forms.** The last part of your application will be comprised of standard certifications common to many HUD programs. For the Choice Neighborhoods application, the required standard forms and certifications are located in Section IV.B of this NOFA.

**(9) Choice Neighborhoods Applicant Certifications.** You must include in your application a certification from the Lead Applicant and Co-Applicant (if any) (and the Chairman of the PHA Board of Commissioners if the Lead Applicant or Co-Applicant is a PHA) to the requirements listed in the Choice Neighborhoods Applicant Certifications. You must include this certification in your attachments. By providing this certification, you also attest that you will meet the Match Requirement from III.B of this NOFA.

**b. Non-Curable Thresholds.** The following thresholds may NOT be cured in accordance with the criteria referenced in III.C.2 above.

**(1) Eligible Target Housing.** This section incorporates as a threshold requirement the Eligible Target Housing requirement from III.A.2 of the NOFA. You must demonstrate in your application that the targeted housing is eligible under this NOFA (i.e. public and/or HUD-assisted housing) and meets the definition of severely distressed. See section I.C for the definitions of “public housing,” “assisted housing,” and “severely distressed housing.” If the targeted project(s) is/are not eligible housing and is/are not severely distressed, your application will not be considered for funding. You must identify the housing project(s) you

are targeting on the Key Eligibility Data form included in the attachments section of your application. You must also use the severe distress certification form provided and include it in the attachments section of your application. The certification must be signed by an engineer or architect licensed by a state licensing board. The license does not need to have been issued in the same state as the severely distressed project. The engineer or architect must include his or her license number and state of registration on the certification. The engineer or architect may not be an employee of the Lead Applicant, Co-Applicant (if any), Planning Coordinator (if any), the project's owner, the public housing authority (if applicable), or a unit of local government in which the housing is located. If this application targets more than one public and/or assisted housing project, each project must meet this definition and be listed on the severe distress certification form.

**(2) Eligible Neighborhoods.** This section incorporates as a threshold requirement the Eligible Neighborhoods requirement from Section III.A.3. You must demonstrate in your application that the targeted neighborhood meets the Eligible Neighborhoods requirement criteria from Section III.A.3. The following criteria apply, as relevant, in order to demonstrate compliance with this threshold:

- (a) The definition of “neighborhood” from Section I.C applies. Note: HUD reserves the right to ask applicants to provide evidence that the target neighborhood boundary is generally accepted. Such evidence might include planning, community development or zoning maps which have been adopted by a public jurisdiction.
- (b) For the purposes of establishing neighborhood eligibility and to assign points for certain rating factors, HUD has created a mapping tool that will overlay the locally defined neighborhood boundaries with data associated with that area and estimate the rates of certain indicators in that neighborhood using a proportional allocation methodology. HUD will calculate the poverty rate, extremely low-income rate, and residential vacancy rate for the target area as well as other measures of distress. For example, if census tracts are the smallest statistical boundary for the available data and the locally defined neighborhood is partially within two different census tracts, the poverty rate will be calculated based on the portion of the neighborhood housing units located in each tract. In this example, 80 percent of the housing units in the locally defined neighborhood are in a tract with a poverty rate of 40 percent and 20 percent of the units are in a tract with a poverty rate of 10 percent. The “neighborhood poverty rate” would be calculated as:  $(80\% \times 40\%) + (20\% \times 10\%) = 34\%$ . You must draw the boundaries of the target neighborhood using the mapping tool posted on the FY2013 NOFA and Funding Information page at [www.hud.gov/cn](http://www.hud.gov/cn) and provide a pdf of your eligible neighborhood, as produced and emailed to the user by the mapping tool, in the attachments section of your application. HUD will not accept additional documentation and will make the final determination on compliance with the threshold.
- (c) Also in order to demonstrate compliance with the Eligible Neighborhoods criteria in Section III.A.3.a(2), you must provide in your application data on crime (data is described in the rating factor in Section V.A.2.b(3)), or substandard housing (data is described below in this paragraph), or schools for the neighborhood and the city or county as a whole (vacancy data can be used as well but you do not have to provide that separately). Information provided on rates of substandard housing must be data published by a local

jurisdiction or unrelated third party, such as code enforcement data from the housing office of the applicable city or county.

**(3) Number of Applications and Public and/or Assisted Housing Projects.**

- (a) A Lead Applicant, Co-Applicant, and/or Principal Team Member may participate in a maximum of three FY2013 Choice Neighborhoods applications, in accordance with the criteria of this NOFA.
- (b) You may only submit one application per public and/or assisted housing site. There is no limit to the number of public and/or assisted housing projects per application, so long as all are within the boundaries of the neighborhood.
- (c) If HUD receives electronically multiple versions of an application, HUD will rate and rank the last version of the application received by Grants.gov that meets the timely receipt requirements. All other applications (i.e., prior versions) will not be considered eligible. If applicants find after submitting an application that they want to amend or adjust their application and it is prior to the deadline date, applicants should be aware that they must resubmit the entire application, including all fax transmissions previously sent, to ensure that HUD gets a complete application.

**(4) Local Government Support.** You must submit a letter from the chief executive officer of the local government in which the target neighborhood is located indicating his/her support of the Transformation Plan activities proposed in your application.

**(5) Identification of Historic Properties.** If your target housing project buildings are 48 years old or older, or are in an area with such buildings, you are required to send a letter to the State/Tribal Historic Preservation Officer (SHPO/THPO) confirm whether the buildings are eligible for inclusion in the National Register of Historic Places, and therefore considered historic properties under Section 106 of the National Historic Preservation Act. New construction or other significant ground disturbance requires a similar inquiry about prehistoric and historic archeological resources. Extensive information about the Section 106 process and the identification of historic properties is available at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/environment/atec](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/atec).

Applicants often retain historic preservation professionals to assist in identifying and evaluating properties to be submitted in the letter to the SHPO/THPO. HUD has provided a sample letter to the SHPO/THPO that you may adapt for your use if you so choose on the FY13 NOFA and Funding Information Page of the Choice Neighborhoods website ([www.hud.gov/cn](http://www.hud.gov/cn)). You must include a copy of your letter to the SHPO/THPO in your application and either a statement that you have not received a response letter(s) from the SHPO/THPO or a copy of the response letter(s) received from the SHPO/THPO.

**(6) Relation to prior HOPE VI Revitalization Grants.** Public housing projects previously funded through a HOPE VI Revitalization grant may not be the target public housing project of a FY2013 Choice Neighborhoods grant application. However, they may be located within the Transformation Plan neighborhood.

**(7) Relation to ARRA CFRC Grants.** Public housing projects previously funded through an ARRA Capital Fund Recovery Competition (CFRC) grant under Category 2 (Public Housing Transformation), Category 3 (Gap Financing for Projects that are Stalled Due to Financing Issues), or Category 4 Option 1 (Creation of Energy Efficient, Green Communities, Substantial Rehabilitation or New Construction) may not be the target public housing project of a FY2013 Choice Neighborhoods grant application. However, they may be located within the Transformation Plan neighborhood.

**(8) Relation to prior Choice Neighborhoods Implementation Grants.** Public and/or assisted housing projects and the neighborhoods in which they are located previously funded through a Choice Neighborhoods Implementation Grant may not be the target housing and neighborhood of a FY2013 Choice Neighborhoods Grant application.

**(9) Relation to Choice Neighborhoods Planning Grants.** The target housing and neighborhood does NOT need to have been the subject of a previously awarded Choice Neighborhoods Planning Grant. While HUD encourages current Planning Grantees to complete their grant term before applying for an Implementation Grant, public and/or assisted housing projects and the neighborhoods in which they are located previously funded through a Choice Neighborhoods Planning Grant are eligible to be the target housing and neighborhood in a FY2013 Choice Neighborhoods Implementation Grant application under this NOFA. However, if it is the subject of a FY2011 or FY2012 Planning Grant, the maximum award amount for which the application is eligible is reduced by the same amount awarded under the Choice Neighborhoods Planning Grant. Furthermore, you may not apply for both a FY2013 Planning Grant and a FY2013 Implementation Grant for the same target housing and neighborhood.

**(10) One-for One-Replacement of Public and/or Assisted Housing Units.** You must certify, using the form provided, that you will comply with the one-for-one replacement requirements in Section III.C.3.b.

**(11) Resident and Community Involvement.** You must demonstrate compliance with this threshold by using the certification form provided and include the form in the attachments section of your application. The certification form must include name of the target public and/or assisted housing site, the date of the resident meeting, the dates of the two public meetings, and be signed and dated by the Lead Applicant Executive Officer.

**(a) General.** In accordance with section 24(e)(2)(D) of the 1937 Act, applicants must involve affected residents at the beginning and during the planning process for the transformation program, prior to the submission of an application. You are required to involve the affected public and/or assisted housing residents in the planning process and implementation of your Transformation Plan. This involvement must be continuous from the beginning of the planning process through the implementation and management of the grant, if awarded.

**(b) Resident Meeting.** You must conduct at least one meeting with the residents of the target public and/or assisted housing to discuss the proposed Transformation Plan.

- (c) Public Meetings.** You must conduct at least two public meetings with residents of the target public and/or assisted housing and the broader community, in order to involve them in a meaningful way, to develop the Transformation Plan.
- (d) Allowable Time Period for Resident and Public Meetings.**
- (i)** Each of these meetings must take place on different days.
  - (ii)** At least one public meeting, which included representation from the target public and/or assisted housing residents and the broader community, must have taken place at the beginning of the transformation planning process. This meeting can have occurred prior to the publication of this NOFA, but must have anticipated the project proposed in this application.
  - (iii)** At least one meeting must have been held after the publication date of this NOFA.
- (e)** Over the course of these meetings, the issues listed below must have been identified (i.e., all issues need not be addressed at each meeting):
- (i)** The Choice Neighborhoods planning and implementation process;
  - (ii)** The proposed physical plan, including the extent of proposed demolition or rehabilitation of existing structures, and if applicable, proposed site design;
  - (iii)** Planned supportive service activities;
  - (iv)** Other proposed transformation activities;
  - (v)** Relocation issues, such as relocation planning, mobility counseling, relocation assistance, and maintaining the Choice Neighborhoods community planning process during the demolition and reconstruction phases, where temporary relocation, i.e., relocation for a reasonable period (less than one year), is involved;
  - (vi)** Reoccupancy plans and policies, such as site-based waiting lists; and
  - (vii)** Economic Opportunities for Low- and Very Low-Income Persons, including efforts by the recipient, in accordance with Section 3 of the Housing and Urban Development Act of 1968 (Section 3) to ensure, to the greatest extent feasible, that training, employment, and other economic opportunities will be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons in the area in which the project is located. See the Section 3 regulations at 24 CFR Part 135.
- (f) Physical Accessibility.** All training sessions and meetings must be held in facilities that are physically accessible to persons with disabilities. Where physical accessibility is not achievable, recipients and sub-recipients must give priority to alternative methods of product delivery that offer programs and activities to qualified individuals with disabilities in the most integrated setting appropriate in accordance with HUD's implementing regulations for Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) at 24 CFR Part 8. In addition, all notices of and communications during all training sessions and public meetings shall be provided in a manner that is effective for persons with hearing, visual, and other communication-related disabilities or provide other means of accommodation for persons with disabilities consistent with Section 504 of the Rehabilitation Act of 1973 and HUD's section 504 regulations. See 24 CFR 8.6.
- (g) Limited English Proficiency.** All applicants must take reasonable steps to ensure meaningful access to programs to persons with limited English proficiency (LEP), pursuant to Title VI of the Civil Rights Act of 1964 and Executive Order 13166. This may mean providing language assistance services to ensure meaningful resident and community

involvement for persons with LEP as a result of their nationality. The Department published *Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons* (72 Fed. Reg. 2732; January 22, 2007) to assist recipients of HUD assistance in identifying language assistance needs and developing language assistance plans.

**(12) Separability.** In accordance with section 24(j)(2)(A)(v) of the 1937 Act, if you propose to target only a portion of an existing housing project for redevelopment, in your narrative you must demonstrate that the target severely distressed public and/or assisted housing is sufficiently separable from the remainder of the project, of which the building is a part, to make use of the building feasible for transformation. Separability can be demonstrated by evidencing that the subject site is located on its own legal lot or lots or by indicating that any criteria necessary for the local governmental agency responsible for land use decisions to legally subdivide the existing site can reasonably be achieved within the necessary timeframes. Physical features such as a road, berm, catch basin, or other recognized neighborhood distinction are sometimes used as the basis for delineating separate sites. You must demonstrate compliance with this threshold in your narrative. If you do not propose to target only a portion of a project for transformation, you may indicate, “n/a,” for not applicable, in your narrative.

**(13) Dun and Bradstreet Data Universal Numbering System (DUNS) Number Requirement.** This threshold is hereby incorporated from the General Section (III.C.2.b).

**(14) Active Registration at SAM.gov.** This threshold is hereby incorporated from the General Section (III.C.2.c).

**(15) Outstanding Civil Rights Matters Must Be Resolved Prior to Applicant Deadline.** This threshold is hereby incorporated from the General Section (III.C.2.d).

**(16) No Debarments and/or Suspensions.** This threshold is hereby incorporated from the General Section (III.C.2.e).

**(17) Outstanding Delinquent Federal Debts.** This threshold is hereby incorporated from the General Section (III.C.2.g).

### **3. Program Requirements**

This Section III.C.3 contains Choice Neighborhoods program requirements, administrative and national policy requirements, and other program priorities. Applicants **MUST** review this section and ensure they comply with the requirements, as relevant.

**a. Housing Choice Opportunities for Returning Tenants.** An approved Transformation Plan shall demonstrate that each tenant who wishes to return to the on-site or off-site replacement housing may return if the tenant was lease-compliant at the time of departure from the housing prior to relocation and continued to remain lease-compliant during the relocation period. A returning tenant shall be provided a preference for occupancy of on-site or off-site replacement units before such units are made available to any other eligible households, or the tenant may

choose to retain tenant-based voucher assistance provided under section 8(o) of the United States Housing Act of 1937 for relocation from the properties revitalized under this NOFA. These preferences are retained even if the resident has already received permanent relocation assistance. This preference remains available until the initial lease-up of the new units.

**b. One-for-One Replacement of Public and/or Assisted Housing Units.** Each

Transformation Plan that provides for public and/or assisted dwelling units to be demolished or disposed must provide as follows:

**(1) Number of Units.** For one hundred percent of all such dwelling units in existence, as of the date the application for the grant is submitted, that are to be demolished or disposed, the Transformation Plan must provide for replacement of the dwelling unit;

**(2) Number of Bedrooms.** Replacement housing for demolished or disposed properties shall reflect the number of bedrooms per unit that are needed to adequately serve returning tenants, households currently on the waiting list and that are needed based on other market data, except that in instances where the tenants of the original properties need a different number of bedrooms than households on the waiting list, the plan may enable displaced tenants to exercise their opportunity under program requirement, "Housing Choice Opportunities for Returning Tenants," in section III.C.3.a using a tenant-based voucher in the original neighborhood or other neighborhood of the tenants' choice.

**(3) Location.**

**(a)** Replacement housing units shall be developed:

**(i)** On-site (i.e., on the target housing site and/or in the target neighborhood being revitalized); and

**(ii)** Off-site (i.e., outside of the target neighborhood but within the metropolitan area up to 25 miles from the target housing site), as necessary to:

**(a)** Overcome the effects of impediments to fair housing choice consistent with actions identified in an applicable Analysis of Impediments to fair housing choice (AI) (24 CFR 91.225 or 91.325); address other affirmatively furthering fair housing objectives as described in the grant application; or comply with a voluntary agreement, settlement, or order to resolve a finding or charge of violating a nondiscrimination or equal opportunity requirement;

**(b)** Deconcentrate poverty; or

**(c)** Redevelop onsite with appropriate densities.

**(b)** Replacement housing outside the target neighborhood (i.e., off-site) must:

**(i)** offer access to economic opportunities and public transportation and be accessible to social, recreational, educational, commercial, health facilities and services, and other municipal services and facilities that are comparable to those that will be provided in the target neighborhood; and

**(ii)** be located neither in areas of minority concentration nor in areas with a poverty rate above 40 percent. A neighborhood of minority concentration is a Census tract or other defined geographic area in which the percentage of residents who are racial or ethnic minorities is at least 20 percentage points higher than the percentage of minority residents in the Metropolitan Statistical Area (MSA) (or jurisdiction not in a MSA) as a whole. In MSAs (or jurisdictions not in MSAs) in which the majority of residents are racial or ethnic minorities, HUD will consider and rely on all relevant information to determine whether the neighborhood proposed for replacement housing will lead to the creation of more

inclusive and integrated housing in opportunity-rich neighborhoods.

**(4) Types of Units.** Replacement housing includes housing assisted under sections 8 or 9 of the United States Housing Act of 1937 (42 U.S.C. 1437f and 42 U.S.C 1437g), section 202 of Housing Act of 1959 (12 U.S.C. 1701q), and section 811 of the National Affordable Housing Act of 1990 (42 U.S.C 8013). With regard to section 8 housing, project-based vouchers (section 8o(13) of the US Housing Act of 1937, as amended), and Project-Based Rental Assistance as provided in a RAD conversion are included in this definition, but tenant-based vouchers are excluded except as permitted by HUD. To satisfy the one-for-one replacement requirement, the replacement unit must not have been receiving assistance, prior to submitting the application, under the sections listed above in this paragraph. For example, you cannot acquire a section 202 property that is nearby the public or assisted housing site targeted in the application for the purposes of deeming that replacement housing. However, if adding PBV or PBRA units to an existing project with some Section 8 units the additional units would count as replacement units. Where project-based vouchers housing is specifically identified in the application as replacement housing and the Choice Neighborhoods Implementation Grant application is funded, there is no separate competition requirement under 24 CFR section 983.51(b).

**(5) Tenant-based Vouchers as Replacement Housing.** The following is an exception to the hard-unit one-for-one replacement criteria described above. HUD must provide written approval to grant this exception. A grantee may replace up to half of the public housing and/or assisted housing dwelling units that are demolished or disposed of under the Transformation Plan with tenant-based vouchers in housing markets where there is an adequate supply of affordable rental housing in areas of low poverty. Please note that this exception does not supersede an entity's obligation to comply with other one-for-one replacement requirements associated with other funding sources (e.g. Section 104(d) of the Housing and Community Development Act).

**(a)** To be eligible for this exception to the hard-unit one-for-one replacement criteria, the target neighborhood of the Choice Neighborhoods application must meet all three of the following criteria:

**(i) Vacancy:** Be located in a county/parish with a rental vacancy rate (as measured in the American Communities Survey (ACS) 2007-2011) that exceeds the HUD conventional range for a "balanced" rental market by a percentage point or more in accordance with the table below. For example, in a market with slow population growth (population growth of 1 percent annually or less), HUD has determined that market to be "soft" or "loose" if rental vacancy rates in the county are greater than 5.9 percent.

<b>Annual Population Growth</b>	<b>Vacancy Rate of Loose Rental Market</b>
Slow (<1%)	>5.9%
Moderate (1-2.9%)	>7.4%
Rapid (>3%)	>9.0%

**(ii) Voucher Dispersion:** Be located in a Core Based Statistical Area (CBSA) or non-CBSA County where vouchers currently in use are primarily in lower poverty neighborhoods. Data from IMS/PIC shows the location of current housing choice voucher holders in the CBSA (or county/parish outside of CBSA). To qualify on this standard, the median neighborhood poverty rate or extremely low-income percentage for voucher holders in the CBSA (or county/parish outside of a CBSA) must be 20 percent or less. In other words, at least 50 percent of all voucher holders in the CBSA must be in neighborhoods with a 20 percent poverty rate (or extremely low-income rate) or less. An applicant may also meet this criterion based on the success rate only of the agency that will administer the replacement vouchers.

**(iii) High Voucher Success Rate.** The applicant will be required to provide data to HUD that shows that the agency that would administer the replacement vouchers has a success rate of 80 percent or higher. That is, a minimum of 80 percent of households issued vouchers are successful at leasing units within 120 days. To meet this requirement you will need to provide a file to HUD from an agency that shows all vouchers issued in the prior 18 months and the outcome associated with that issuance. In addition, you will need to provide a narrative (preferably with data if available) on success rates for the population comparable to the current population of the Choice Neighborhoods target development. For example, if the proposed Choice Neighborhoods development has 10 percent of its households as families with 5 or more people, 40 percent as families with 2 to 4 people, 30 percent non-elderly disabled, and 20 percent elderly, the applicant would need to discuss relative success rates for each of these groups in their one-for-one waiver application.

**(b) Process for Receiving HUD Approval.** As part of the Choice Neighborhoods mapping tool, HUD has included the counties that meet the standard in (i) Vacancy and (ii) Voucher Dispersion above. This information will be included in the pdf that you receive via email after having drawn your neighborhood's boundary on the mapping tool that you must include as an attachment in your application. In advance of submitting this grant application, Choice Neighborhoods applicants working in an eligible community may submit a request for an exception, subject to also providing voucher success rates of the proposed voucher administering agency in the target market area as described above. You must also submit a chart that indicates the number of each type of unit to be demolished or disposed as well as the number of each type of unit that will replace it. HUD will review the request and respond in five working days of receipt of information. That response will be exception approval, exception disapproval, or a request for more information. If more information is requested, HUD will respond in five working days upon receipt of the additional information. Applicants will be able to appeal HUD's determination.

**c. Match and Leverage Requirements.** Applicants must follow these requirements in compiling and documenting their match and leverage resources for purposes of the NOFA. Otherwise, it may not be possible for HUD to count the commitment at the level claimed.

**(1)** HUD seeks to fund Choice Neighborhoods projects that leverage the maximum amount of other funds in support of the proposed Transformation Plan. You must actively enlist other stakeholders who are committed to improving the community and who can provide significant financial assistance to your transformation effort, both for match and leverage. The amount

of resources you have leveraged will be scored in four rating factors: Housing Development, Supportive Services, Neighborhood-Community Development Block Grant, and Neighborhood.

## **(2) General Requirements.**

### **(a) Firmly Committed.**

**(i)** All resources for leverage must be firmly committed as of the application deadline date. “Firmly committed” means that the amount of the resource and its dedication to Choice Neighborhoods activities must be explicit, in writing, and signed by a person authorized to make the commitment [e.g., a PHA’s Executive Director cannot commit the funds of another agency, organization or government body (unless the applicant can demonstrate otherwise in the application)]. Funding may be contingent upon receipt of the Choice Neighborhoods grant.

**(ii)** Examples of language that shows firm commitment: “X Agency commits to providing Y...” and “X Agency will provide....”

**(iii)** Examples of language that does NOT show firm commitment: “X Agency is interested in providing Y resource...,” “X Agency will give strong consideration to providing Y resource...,” “X Agency commits funds subject to their availability from the city/state...,” “X Agency commits funds subject to their approval of ABC application/resolution/other process...,” and “This document does not constitute a binding commitment....”

**(iv)** HUD will consider commitments contingent on future fiscal year Federal appropriations to be firmly committed for the following Federal programs only: Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Community Services Block Grant (CSBG). If an entity makes a firm commitment of funds from its future year CDBG, HOME or CSBG allocation but its actual allocation for that year is below the amount projected in the application, that commitment may only be reduced by a proportional amount (e.g., if the CDBG allocation is 10 percent less than projected, the CDBG commitment may only be reduced by up to 10 percent). If appropriations are enacted during HUD’s review of the applications and the commitment of CDBG, HOME, or CSBG funds is based on a percentage of the entity’s allocation, the dollar amount associated with percentage of the actual allocation will be used for purposes of calculating leverage. If the commitment of future year funds is contingent on the amount of Federal funding received, then an entity’s projected allocation for that future year cannot be higher than its most recent allocation.

**(b)** Endorsements or general letters of support from organizations or vendors alone will not count as resources and should not be included in the application or on a resources summary form in the attachments section of your application.

**(c) Content.** Commitment letters must represent valid and accurate commitments. Commitment letters must detail the dollar amount and term of the commitment. They must also indicate that the commitment is available to you for the relevant activities of the subject Transformation Plan. Otherwise, it may not be possible for HUD to count the commitment at the level claimed.

- (i) If a commitment letter is for more than one resource/amount (and in the case of Supportive Services, the derivation/calculation), each resource/amount should be indicated individually in the letter rather than in one lump sum.
  - (ii) Letters must indicate that the committed leverage funding is clearly dedicated to this Transformation Plan.
  - (iii) For Supportive Services, letters must indicate whether the resource commitment is new, existing, and/or a combination of new and existing (i.e. an existing service that is also being increased to reach a larger number of targeted public and/or assisted housing residents). The letters must specify how the resource commitment will be directly tied to and coordinated with the People component of your Transformation Plan. (See section on supportive services resources below for in-kind calculation/derivation requirements.)
  - (iv) Examples of good physical development commitments are: “X Agency commits to providing \$1,000,000 in funds for infrastructure over the life of the FY2013 Choice Neighborhoods Implementation grant for ABC Transformation Plan” or “X Agency has committed to providing \$2,000,000 in funds toward the construction of units to replace the XYZ assisted housing development.”
  - (d) Signature. Resource commitments must be written and be signed by a person authorized to make the commitment. The Executive Director of one agency cannot commit the funds of another agency, organization or government body (unless the applicant can demonstrate otherwise in the application).
  - (e) Letterhead. Commitment letters must be on letterhead or they will not be accepted.
  - (f) If the commitment document for any leverage funds/in-kind services is not included in the application and provided before the NOFA deadline date, the related leverage will not be considered.
  - (g) The staff time and benefits of the applicant(s) is not an eligible leverage resource.
  - (h) Resource commitments may only be counted once.
  - (i) It is important to note that certain OMB circulars are applicable, and particular attention should be given to the provisions concerning the use of federal funds for matching requirements. See section III.B.5 for information on these OMB circulars and administrative requirements.
  - (j) Other Federal Funds. Other federal sources (e.g. non-public housing funds provided by HUD as well as funds from other federal agencies) may be counted provided the funds are permitted to be used as for leverage by the statute or regulation governing the funds, in accordance with Section III.B.
- (3) Physical Development Resources.** Types of Development Resources may include but are not limited to:
- (a) Permanent Phase Loans and Debt.** This includes private mortgage-secured loans, insured loans and other debt that can remain in place throughout the permanent phase of the project. HUD will not accept loan commitments that require take-out sources or have balloon payments which jeopardize the project’s long-term financial feasibility, unless there is a permanent take-out loan that will replace a construction/bridge loan. If this is the case, you must provide documentation of both loans, but only the value of the permanent loan will be counted. Your application or commitment letters must include each loan’s interest rate and term and provide only commercially reasonable conditions to closing. Award of Choice Neighborhoods funds or receipt of an allocation of tax-exempt bond authority (if such authority is provided non-competitively, per the following subsection for Bonds below) are

acceptable conditions to closing. Without this information, HUD will not be able to count the commitment. For privately financed homeownership, acceptable documentation of construction loans only will be considered. Projected sales prices will not be counted as a development resource.

**(b) Bonds.** This includes tax-exempt bonds and private activity revenue bonds. Your application should include the dollar amount, a description of the use and term, and how the bonds will be issued. Otherwise, it may not be possible for HUD to count the commitment at the level claimed. HUD will NOT accept a bond commitment where you plan to pay that bond off with Choice Neighborhoods or other public housing or other HUD funds. If you have documentation of funding that will repay or purchase the bond, this will be counted instead of the bond. If you are proposing to use volume capped tax-exempt bond authority (in tandem with 4 percent credits), you must either provide evidence that such bond authority has been allocated to your project, or if such allocation is awarded non-competitively, (e.g. a reservation of bond authority is guaranteed automatically when minimum requirements are met and/or on a rolling basis when an applicant meets certain minimum requirements), evidence from the housing finance agency that the allocation process is non-competitive (e.g. a signed letter on agency letterhead or a webpage confirming such).

**(c) Low-Income Housing Tax Credits (LIHTC).**

**(i)** Only 9 percent LIHTC allocations that have been secured as of the application deadline date will be considered for leverage scoring under this NOFA. 9 percent LIHTC allocations that are not secured (i.e., documentation in the application does not demonstrate they have been reserved by the state or local housing finance agency) will not be counted for leverage scoring. Only tax credits that have been reserved specifically for revitalization performed through this NOFA will be counted.

**(ii)** HUD will accept documentation of an allocation of 4 percent tax credits when such are included with a tax-exempt bond award letter. If 4 percent credits are awarded non-competitively, (e.g. a reservation of bond authority is guaranteed automatically when minimum requirements are met and/or on a rolling basis when an applicant meets certain minimum requirements), a reservation of credits is not required prior to application for Choice Neighborhoods funding. However, the applicant must provide evidence from the housing finance agency that the allocation process is non-competitive (e.g. a signed letter on agency letterhead or a webpage confirming such) and provide a commitment letter as detailed in the following paragraph.

**(iii)** In order to have either 4 percent or 9 percent tax credit amounts counted in leverage scoring, you must provide a commitment letter from a syndicator or equity investor indicating the pricing and terms of its LIHTC equity investment. This letter must constitute a firm commitment and have only commercially reasonable conditions to closing. Commercially reasonable conditions to closing include an award of Choice Neighborhoods funds or receipt of an allocation of 4 percent credits (in jurisdictions where 4 percent credits are provided non-competitively and evidence of such is provided by the applicant).

**(iv)** Other resource commitments that are contingent on the receipt of tax credits that have not yet been secured cannot be counted.

**(d) Donations and Contributions of Funds.**

**(e) Sale of Land and Buildings.** Cash proceeds realized as of the application deadline date from the sale of land and/or buildings may be included as a resource. Absent a completed sales transaction, the value of land and/or buildings will not be counted.

**(f) Donations of Land and Buildings.** Donations of land and/or buildings may be counted as a resource, only if the donating entity owns the land/buildings to be donated. Donating entities may include a city, county/parish, church, community organization, etc. The land under the targeted site will not be counted as leverage. The application must include documentation of this ownership, and the donation of land, signed by the appropriate authorizing official. The dollar amount attributed to the donated land and/or buildings must be verified through an appraisal by an independent, state-certified appraiser, or other appropriate means, the documentation of which must be provided in your attachments. (Please note that acquisitions of real property via donation are subject to the URA's acquisition policies. See section III.C.5.h of the General Section (Real Property Acquisition).)

**(g) Housing Trust Funds.**

**(h) Program Income.** Program income from previous HOPE VI or other public housing must be already earned. Projected program income will not be counted.

**(i) Waived Government Fees.** The value of fees for services/activities necessary to the revitalization effort may be counted if they have been waived by the authorizing government entity and documented in writing by the local government.

**(j) Developer Fees.** Projected developer fees to be waived or put back into the project may be counted.

**(k) Homeownership down payments** from homebuyers will *not* be counted. Down payment assistance may be counted as a physical development resource if it is provided by a third-party entity not related to the homebuyer.

**(l) Equity or permanent financing** committed to build private sector housing in direct connection with the Choice Neighborhoods Transformation Plan may be counted.

**(m) Tax Increment Financing (TIF).** A TIF will only be considered for leverage scoring under this NOFA if, as documented in a letter from the unit of local government responsible for approving the TIF: the TIF district has been formally created; the unit of local government responsible for approving the TIF has issued a commitment letter (as of the application deadline) reserving all or a portion of the TIF to benefit the Choice Neighborhoods Transformation Plan; the letter includes an estimate of the amount of resources anticipated to be generated by the TIF over the Choice Neighborhoods grant period; and the letter includes a detailed explanation of how that estimate was derived.

#### **(4) Supportive Services Resources.**

**(a) General.** HUD seeks to fund mixed-finance developments that leverage other resources to ensure the successful transformation of the lives of residents and the sustainability of the neighborhood. Leveraging other funds and services is critical to the sustainability of Supportive Services activities so that they will continue after the Choice Neighborhoods grant funds have been expended. Commitments of funding or in-kind services related to the provision of supportive service activities may be counted toward the calculation of Supportive Services leverage, in accordance with the requirements below. These resources must be for supportive services purposes and be directly applicable to the Transformation Plan proposed in the Choice Neighborhoods application. Only resources that are committed to individuals living in the housing targeted in the application will be counted.

**(b) New and/or Existing Leverage for Supportive Services.** In order to count toward Supportive Services leverage rating factor points, resources can be for existing and/or new commitments.

**(i) New leverage.** In order to count as a new commitment, the financial and in-kind resources must be newly generated for the FY2013 Choice Neighborhoods grant. New commitments mean that commitments by service providers to continue services they already provide will not be counted. However, if an existing service provider increases the level of financial or in-kind commitment directed to the residents of the target public and/or assisted housing, the increased amount commitment may be counted, unless otherwise noted in this section [e.g., Temporary Assistance for Needy Families (TANF) cash benefits (for individuals)]. HUD will not count any commitments as “new” that have already been provided on a routine basis, such as in-kind services that have been supporting ongoing Supportive Services activities.

**(ii) Existing leverage.** In order to count as existing leverage, previously committed financial and in-kind sources must be recommitted for the duration of the Choice Neighborhoods grant and must be directly tied to and coordinated with the People component of your proposed Transformation Plan.

**(iii) Documenting new and/or existing leverage.** Letters must distinguish between new and existing resource commitments (if applicable). To clearly make this distinction, letters should separate the content for these two categories, identifying existing resource commitments in one section and new resource commitments in a separate section.

**(c) In-Kind Leverage for Supportive Services.** In order to count toward Supportive Services leverage rating factor points, resources can be financial and/or in-kind.

**(i) In-kind contributions.** In-kind contributions will only be evaluated for the People leverage rating factor. They may be in the form of staff time, donated materials, or services. All assistance provided to meet this requirement must be identified by their dollar equivalent based upon accepted salary or regional dollar values. When an individual donates his/her time in a professional capacity to supervise members, train or engage in member development, provide technical assistance on a project, evaluate a project, oversee project quality, or provide pro bono work as a member of the non-profit organization on a permanent or temporary basis, the time involved is an in-kind contribution. For materials, the items must be donated to the Lead Applicant or People Implementation Entity. Donated materials can include physical items such as computer equipment and supplies, materials for projects, and other marketing materials. They can also be in the form of office and meeting space or the use of a vehicle.

**(ii) In-kind calculation/derivation.** For in-kind contributions, the commitment letter must indicate how the dollar amount of the in-kind resource commitment was derived/calculated. Resource commitment documents that simply give a dollar figure for proposed services will not be counted. An example of a good Supportive Services commitment: “Q Agency will reserve 10 slots for new enrollees only in the Adult Literacy Program for residents of the targeted XYZ public housing development, valued at \$3000 per slot. Therefore, the total leveraged value over five years will be \$150,000 (10 slots multiplied by \$3000 per slot, multiplied by 5 years = \$150,000).” Another example: “Y Organization is committed to providing at least 12 hours of professional staff time per week on-site at the targeted ABC public housing community to conduct asset building services, including opening accounts, providing ongoing non-cash account services, and

providing financial education. The value of this service is equal to \$87,840 for 12 hours a week of staff time for 244 weeks in total.” If an agency commits in the same letter to providing, for example, both a job readiness workshop and an afterschool program, both derivations/calculations should be present in the letter or detailed in your application.

**(d) Types of Supportive Services Resources.** Types of Supportive Services resources may include, but are not limited to the following. All must be related to the Supportive Services activities of the proposed Choice Neighborhoods grant.

- (i) The value of a building or space in a building donated for Supportive Services purposes;
- (ii) The value of a lease on a building or space in a building donated for Supportive Services purposes;
- (iii) Other infrastructure for Supportive Services purposes;
- (iv) Time and services contributed by volunteers;
- (v) Staff salaries and benefits of service providers (PHA and/or applicant staff time may not be counted);
- (vi) The value of supportive services provided by a partner agency, in accordance with the eligible Supportive Services activities described in section III.C.1.
- (vii) TANF.
  - a. Existing and newly generated TANF cash benefits (for individuals) will not be accepted as a resource for leverage.
  - b. Existing and newly generated non-cash services provided by TANF agencies may be accepted as a resource for leverage.
- (viii) Wages projected to be paid to residents through jobs or projected benefits (e.g., health/insurance/retirement benefits) related to projected resources to be provided by Supportive Services partners may not be counted.

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

**d. Match Donations and Leverage Resources – Post Award.** After award, during review of grantee mixed-finance, development, or homeownership proposals, HUD will evaluate the nature of Match and Leverage resources to assess whether the conditions precedent to the availability of the funds to the grantee are commercially reasonable or whether these preconditions provide the lender with too much unquantifiable discretion to withhold or withdraw the match. HUD will assess the availability of the participating party(ies)’s financing, the amount and source of financing committed to the proposal by the participating party(ies), and the firm commitment of those funds. HUD may require an opinion of the grantee’s and the owner entity’s counsel (or other party designated by HUD) attesting that counsel has examined the availability of the participating party’s financing, and the amount and source of financing committed to the proposal by the participating party(ies), and has determined that such financing has been firmly committed by the participating party(ies) for use in carrying out the proposal, and that such commitment is in the amount required under the terms of the proposal and contains only commercially reasonable conditions precedents for release of the match.

Grantees will be required to show evidence that match and leverage resources were actually received and used for their intended purposes through quarterly reports as the project proceeds. Sources of match and leverage funds may be substituted after grant award, as long as the dollar requirement is met. Grantees must pursue and enforce any commitment (including commitments for services) obtained from any public or private entity for any contribution or commitment to the project or surrounding area that was part of the match or leverage amount.

**e. Broadband Access.** All FY2013 grantees will be required, as part of their Transformation Plan, to include infrastructure that permits unit-based access to broadband Internet connectivity in all new units. Grantees may use Choice Neighborhoods funds to provide unit-based broadband Internet connectivity. Regular and informed Internet adoption can increase access to the job market, as well as health, education, financial and other services. Further, in-home broadband Internet access is an attractive, and in most cases, standard amenity that can be used to market the mixed-income community created through the Transformation Plan.

**f. Real Property Acquisition and Relocation.** Except for displacement resulting from demolition or disposition activities subject to section 18 of the 1937 Act, projects involving real property acquisition, rehabilitation, or demolition are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) (42 U.S.C. 4601-4655), and the government-wide implementing regulations issued by the Federal Highway Administration at 49 CFR part 24. The URA is a federal law that prescribes requirements that must be satisfied when real property is acquired for a federally-funded project. The URA also prescribes relocation assistance and payments that must be provided to persons displaced as a result of acquisition, rehabilitation or demolition of real property for a federally-funded project. As required by 49 CFR part 24, replacement dwellings must also contain the accessibility features needed by displaced persons with disabilities. Refer to the General Section III.C.4.i. for more information on real property acquisition and relocation. Helpful resources and guidance pertaining to real property acquisition and relocation for HUD-funded programs and projects, including HUD's Tenant Assistance, Relocation and Real Property Acquisition Handbook (HUD Handbook 1378), are available on HUD's Real Estate Acquisition and Relocation website at <http://www.hud.gov/relocation>. You will find applicable laws and regulations, policy and guidance, publications, training resources, and a listing of HUD contacts if you have questions or need assistance. Additionally, if Community Development Block Grant (CDBG) program (42 U.S.C. 5301 et seq.); the Urban Development Action Grant (UDAG) program (42 U.S.C. 5318 et seq.); or the HOME Investment Partnerships (HOME) program (42 U.S.C. 12701 et seq.) funds are used in connection with the demolition of lower-income dwelling units, or conversion of such units to a use other than lower-income dwelling units, the project is subject to Section 104(d) of the Housing and Community Development Act of 1974, 42 U.S.C. 5304(d), including the relocation payment and one-for-one replacement provisions as provided at 24 CFR part 42, subpart C. The terms "lower-income dwelling units" and "conversion," as used in this paragraph are defined at 24 CFR 42.305.

Initiation of Negotiations (ION). The ION is a trigger date for issuance of a Notice of Eligibility for Relocation Assistance or the Notice of Nondisplacement to each resident. The ION date is the date HUD approves the Transformation Plan, which includes

any supplemental submissions required by the Choice Neighborhoods Implementation Grant Agreement, following HUD's initial site visit to the development and as a result of HUD's review of the Choice Neighborhoods Implementation application. As of the date HUD approves the supplemental submissions and authorizes the grantee to proceed with implementation of the Transformation Plan, all residents of the project are eligible for relocation payments or other relocation assistance in accordance with the URA. When HUD determines that there are circumstances under which a planned Choice Neighborhoods project is either so large, or is located in a community with such limited housing resources to absorb large numbers of residents who will be displaced by the project, that a single ION would be impracticable and/or detrimental to the smooth relocation of residents, demolition of the existing units, and reconstruction of the project, HUD may approve multiple ION dates based on phased demolition as proposed by a grantee in its Transformation Plan. Each demolition phase should propose an ION date which is at least 6 months prior to the planned start date for demolition in that phase (e.g., for a demolition phase that will begin June 1, the proposed ION date should be no later than the preceding January 1). These phased ION dates will enable the grantee to concentrate advisory services and resources on assisting affected residents to find replacement housing in a timely manner as each demolition date approaches. Grantees may always opt to send Notices of Eligibility sooner than required, but these Notices must be sent no later than the established ION date for each phase.

In addition, Choice Neighborhoods grantees are required to (1) inform residents of the target public and/or assisted housing of their right to return, and the specific counseling and supports that have been or will be provided prior to and up to three years after initial relocation to ensure that all residents can maintain lease compliance and eligibility for units in the new development(s), including effectively handling landlord disputes, in order to make a successful transition back to the revitalized neighborhood; (2) explain how you will integrate comprehensive relocation and reoccupancy counseling and supports with your Supportive Services strategy, so that residents of the target public and/or assisted housing receive the array of services they need to return to the revitalized housing or maintain stability in other housing of their choice; (3) describe how you are leveraging and building on high-quality service relocation and reoccupancy services that are already in the neighborhood; (4) track 100 percent of the original residents for at least five years after their initial move; and (5) report to HUD on the relocation and reoccupancy metrics.

**g. Nondiscrimination and Equal Opportunity.** All programs, services and activities related to this NOFA including, demolition or disposition, relocation, replacement, and re-occupancy of housing units shall be conducted in compliance with federal nondiscrimination and equal opportunity requirements, many of which are identified in HUD's regulations at 24 CFR 5.105(a).

**h. Affirmative Marketing.** Grantees must adopt affirmative marketing procedures, and require affirmative marketing activities of their project owners and managers, for all replacement and non-replacement housing funded with Choice Neighborhoods. Grantees and their project owners and managers must also maintain records of any affirmative marketing activities. If applicable, grantees must submit an Affirmative Fair Housing Marketing Plan (AFHMP) (form HUD 935.2A) to HUD. "Affirmative marketing" is defined as outreach efforts targeted to

persons who are least likely to apply for the housing, to ensure that all persons regardless of race, color, national origin, religion, sex, disability or familial status are aware of the housing opportunities in each project funded under this NOFA.

**i. Affordability Requirement.** The owner of a housing property (rental or homeownership) assisted with Choice Neighborhoods funds must agree to a period of affordability for the property which shall not be less than the period of affordability to which the property is already subject and remains subject, or 20 years, whichever is greater.

**j. Public Housing Demolition.**

(1) You may not carry out nor permit others to carry out the demolition of the targeted project or any portion of the project until HUD approves, in writing, one of the following ((a) – (c) of this section), and until HUD has also: (i) approved a Request for Release of Funds submitted in accordance with 24 CFR part 58, or (ii) if HUD performs an environmental review under 24 CFR part 50, has approved the property for demolition, in writing, following its environmental review.

(a) Information regarding demolition in your Choice Neighborhoods Application, along with Supplemental Submissions requested by HUD after the award of the grant. Section 24(g) of the 1937 Act provides that severely distressed public housing that is demolished pursuant to a transformation plan is not required to be approved through a demolition application under section 18 of the 1937 Act or regulations at 24 CFR part 970. If you do not receive a Choice Neighborhoods grant, the information in your application will not be used to process a request for demolition;

(b) A demolition application under section 18 of the 1937 Act; or

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

**k. Public Housing Development.**

(1) Any standard (non-mixed finance) public housing development activity (whether on-site reconstruction or off-site development) must be done in accordance with the standard development proposal submitted under 24 CFR part 941 (or successor part).

(2) Any mixed-finance public housing development must be done in accordance with the mixed-finance proposal, submitted under 24 CFR part 941, subpart F (or successor part and subpart).

(3) Any RAD conversion must be done in accordance with PIH Notice 2012-32, published July 26, 2012.

(4) For new construction of community facilities primarily intended to facilitate the delivery of supportive services for residents of the project and residents of off-site replacement housing, you must comply with 24 CFR part 941 (or successor part). Information required for this activity must be included in either a standard or mixed-finance development proposal, as applicable.

**l. Public Housing Disposition.**

- (1) Disposition of a severely distressed public housing site, by sale or lease, in whole or in part, may be done in accordance with section 18 of the 1937 Act and implementing regulations at 24 CFR part 970.
- (2) The Grantee will comply with the provisions of section 18 of the 1937 Act, 24 CFR part 970, as may be modified or amended from time to time, and the provisions of its approved disposition application (the approved “Disposition Application”), unless otherwise modified in writing by HUD. The Grantee will also comply with procedures for processing dispositions associated with mixed-finance projects as set forth by HUD.
- (3) A lease of one year or more that is not incident to the normal operation of a development is considered to be a disposition that is subject to section 18 of the 1937 Act.
- (4) Alternatively, disposition of a public housing site may be done in accordance with RAD requirements, as set forth in PIH Notice 2012-32, in a development seeking RAD conversion.

**m. Homeownership.**

- (1) Public housing homeownership units developed with Choice Neighborhoods funds must be done in accordance with a homeownership proposal, which must conform with either Section 24(d)(1)(J) of the 1937 Act; or Section 32 of the 1937 Act (see 24 CFR part 906). Additional information on this option may be found at [www.hud.gov/offices/pih/centers/sac/homeownership](http://www.hud.gov/offices/pih/centers/sac/homeownership). The homeownership proposal must be consistent with the Section 8 Area Median Income (AMI) limitations (80 percent of AMI) and any other applicable provisions under the 1937 Act. (HUD publishes AMI tables for each family size in each locality annually. The income limit tables can be found at <http://huduser.org/portal/datasets/il/il11/index.html>.)
- (2) Affordable homeownership units developed with Choice Neighborhoods funds may be sold to families earning up to 120 percent of AMI and must provide the affordability documentation required by this NOFA.

**n. Acquisition.**

- (1) Acquisition Proposal. Any acquisition activities you undertake with Choice Neighborhoods or other public housing funds must be done in accordance with an acquisition proposal that meets the requirements of 24 CFR 941.303.
- (2) Rental Units. For acquisition of rental units in existing or new apartment buildings, single family subdivisions, etc., with or without rehabilitation, for use as public housing replacement units, you must obtain HUD approval of a Development Proposal in accordance with 24 CFR 941.304 (conventional development) or 24 CFR 941.606 (mixed-finance development).
- (3) Land for Replacement Units outside the target neighborhood. For acquisition of land for replacement housing outside the target neighborhood, you must comply with 24 CFR part 941.202 (site and neighborhood standards) or successor part.
- (4) Land for Economic Development-Related Activities.
  - (a) Acquisition of land for this purpose is eligible only if the economic development-related activities specifically promote the economic self-sufficiency of residents.
  - (b) Limited infrastructure and site improvements associated with developing retail, commercial, or office facilities, such as rough grading and bringing utilities to (but not on) the site, are eligible activities with prior HUD approval.

**q. Building Standards.** As indicated in HUD’s FY 2010-2015 Strategic Plan (i.e., Goal 3 and Goal 4) and the General Section, sustainability is a policy priority of the Department. Recognizing the fundamental role that HUD’s investments play in defining the physical form of communities and quality of life for residents, HUD encourages its grantees to help communities embrace a more sustainable future. To HUD, sustainability means, among other things (as indicated in the General Section), that the land that we build on is clean or will be clean and the buildings we invest in are energy efficient and healthy. HUD encourages activities that actively promote sustainability through energy-efficient, environmentally-friendly, healthy design, including elements of visitability and universal design.

(1) **Building Codes.** All activities that include construction, rehabilitation, lead-based paint removal, and related activities must meet or exceed local building codes.

(2) **Physical Accessibility Requirements.** All new construction and alterations of existing buildings and facilities must be done in compliance with Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, the Fair Housing Act and its implementing regulations at 24 CFR part 100, Title II of the Americans with Disabilities Act and its implementing regulations at 28 CFR part 35, and the Architectural Barriers Act of 1968 and its implementing regulations at 24 CFR part 40 as applicable. HUD applies the Uniform Federal Accessibility Standards (UFAS) through its regulations under part 8. All applicable laws must be read together and followed. PIH Notice 2010-26, available at <http://www.hud.gov/offices/pih/publications/notices/10/pih2010-26.pdf>, and subsequent updates or successor notices, provide an overview of all pertinent laws and implementing regulations pertaining to Choice Neighborhoods. In addition, under the Fair Housing Act, all new construction of covered multifamily dwellings must contain certain features of accessible and adaptable design. The term “covered multifamily dwellings” means buildings consisting of four or more dwelling units if such buildings have one or more elevators, and ground floor units in other buildings consisting of four or more dwelling units. The relevant accessibility requirements are provided on HUD’s Fair Housing and Equal Opportunity (FHEO) website at [http://portal.hud.gov/portal/page/portal/HUD/program\\_offices/fair\\_housing\\_equal\\_opp](http://portal.hud.gov/portal/page/portal/HUD/program_offices/fair_housing_equal_opp). You are encouraged to visit HUD’s website on Accessibility Analysis of Model Building Codes at <http://www.hud.gov/offices/fheo/disabilities/modelcodes>. You are also encouraged to read the “Report of HUD Review of the Fair Housing Accessibility Requirements in the 2006 International Building Code,” which can be accessed from the webpage above, along with other valuable information on model codes and fair housing accessibility guidelines.

(3) **Deconstruction.** You should design programs that incorporate sustainable construction and demolition practices, such as the dismantling or “deconstruction” of public housing units, recycling of demolition debris, and reusing of salvage materials in new construction. “A Guide to Deconstruction: An Overview of Destruction with a Focus on Community Development Opportunities” can be found at <http://www.huduser.org/publications/destech/decon.html>.

(4) **Energy Efficiency and Green Building Standards.** HUD will require grantees to take specific energy-saving actions in furtherance of HUD’s Strategic Plan (Goal 4B). HUD’s wide-ranging Energy Action Plan for improving energy efficiency in all program areas can be found at <http://www.hud.gov/energy/energyactionplan.pdf>.

(a) Owners of new construction and substantial rehabilitation low-rise (up to 3 stories) multifamily developments must meet the requirements of EPA’s ENERGY STAR Qualified Homes. Mid-Rise & High Rise developments (4 or more stories) must meet the ASHRAE

90.1 Appendix G Plus 15 percent standard for the Energy Efficiency. Any state energy code requirements will take precedence over ENERGY STAR or ASHRAE specifications when the state code approximates or exceeds that standard. More information concerning this requirement can be found at <http://www.energystar.gov> additional or specific questions can be emailed to [energystarhomes@energystar.gov](mailto:energystarhomes@energystar.gov). For information on the ENERGY STAR Multifamily High-Rise Program please contact [leopkey.ted@epa.gov](mailto:leopkey.ted@epa.gov). For information concerning ASHRAE, please visit <http://www.ashrae.org>.

(b) HUD encourages you to set higher standards, where cost effective, for energy and water efficiency in Choice Neighborhoods new construction and rehabilitation.

(c) HUD also encourages the utilization of recognized green rating programs for new construction or substantial rehabilitation, including such programs as the Energy Star Plus Indoor Air Package or Energy Star Advanced New Home Construction; Enterprise Green Communities Initiative; the NAHB Green Building Standards; LEED for Homes (for single family); LEED New Construction (for multifamily or commercial development); as well as regionally or locally recognized green standards such as Earthcraft or Built Green.

(d) Applicants constructing, rehabilitating, or maintaining housing or community facilities must use Energy Star for New Homes design standards as well as purchase and install Energy Star-labeled products. Applicants providing housing assistance or counseling services are encouraged to promote and adopt Energy Star building by homebuyers and renters. Program activities can include developing Energy Star promotional and information materials, outreach to low- and moderate-income renters and buyers on the benefits and savings when using Energy Star products and appliances, and promoting the designation of community buildings and homes as Energy Star-compliant. For further information about Energy Star, see <http://www.energystar.gov> or call 888-STAR-YES (888-782-7937), or, for the hearing-impaired, call 888-588-9920 TTY.

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

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

(g) You are encouraged to use technologies that will conserve energy and decrease operating costs, where cost effective. Examples of such technologies include:

- (i) Geothermal heating and cooling;
- (ii) Placement of buildings and size of eaves that take advantage of the directions of the sun throughout the year;
- (iii) Photovoltaics (technologies that convert light into electrical power);
- (iv) Extra insulation;
- (v) Smart windows;
- (vi) Concentrated solar power;
- (vii) Right sized and efficient HVAC and other systems; and
- (viii) Demand side management applications (e.g. “smart meters”).

**(5) Universal Design.** In addition to any applicable required accessibility feature under Section 504 of the Rehabilitation Act of 1973, the design and construction requirements of the Fair Housing Act, or Title II of the Americans with Disabilities Act, the Department

encourages applicants to incorporate the principles of universal design when developing housing, community facilities, and electronic communication mechanisms, or when communicating with community residents at public meetings or events. Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. The intent of universal design is to simplify life for everyone by making products, communications, and the built environment more usable by as many people as possible at little or no extra cost to the user. A universal design benefits people of all ages and abilities. Examples include designing wider doorways, installing levers instead of doorknobs, and putting bathtub/shower grab bars in all units. Computers and telephones can also be set up in ways that enable as many residents as possible to use them. There are also designs available for accessible children's playgrounds that can be utilized. HUD believes that to address affordable housing needs effectively, it is necessary to provide affordable housing that is accessible to all regardless of ability or age. Likewise, creating places where people work, train, and interact that are usable and open to all residents increases opportunities for economic and personal self-sufficiency. More information on universal design is available from at <http://www.universaldesign.org> and the Center for Universal Design at <http://www.design.ncsu.edu/cud/> or the Resource Center on Accessible Housing and Universal Design at <http://www.abledata.com/abledata.cfm?pageid=113573&top=16029&sectionid=19326>. The Department has a publication that contains a number of ideas about how the principles of Universal Design can benefit persons with disabilities. To order a copy of Strategies for Providing Accessibility and Visitability for HOPE VI and Mixed Finance Homeownership, go to the publications and resource page of the HOPE VI website at <http://www.huduser.org/publications/pubasst/strategies.html>. More information about visitability is available at <http://www.visitability.org>.

**(6) Lead-Based Paint.** You must comply with lead-based paint evaluation and reduction requirements as provided for under the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, *et seq.*) and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), known as "Title X". You also must comply with regulations at 24 CFR part 35, 24 CFR 965.701, and 24 CFR 968.110(k), and 40 CFR part 745 as they may be amended or revised from time to time. As applicable, you will be responsible for lead-based paint evaluation and reduction activities. The National Lead Information Hotline is 800-424-5323; information is on line at <http://www.hud.gov/offices/lead>, and <http://www.epa.gov/lead>.

**r. Federal Labor Standards.** Federal labor standards are applicable to Choice Neighborhoods grants. These labor standards involve the payment of not less than prevailing wage rates, and may include overtime requirements (premium pay for hours worked over 40 in a workweek), and recordkeeping and reporting requirements.

**(1) Davis-Bacon wage requirements** apply to the development of any replacement housing rental units or homeownership units developed with Choice Neighborhoods grant funds. The grantee must obtain the appropriate Davis-Bacon wage decision, which sets forth the minimum wage rates that may be paid to construction laborers and mechanics. This wage decision and provisions requiring compliance with federal labor standards must be included in any bid specifications and construction contracts. Development work undertaken directly by the grantee, with its own employees, is also subject to Davis-Bacon wage requirements.

- (2) HUD-determined wage rates are applicable to all maintenance laborers and mechanics engaged in the operation of revitalized housing.
- (3) Exclusions. Under Section 12(b) of the 1937 Act, prevailing wage requirements do not apply to individuals who:
  - (a) Perform services for which they volunteered;
  - (b) Do not receive compensation for those services or are paid expenses, reasonable benefits, or a nominal fee for the services; and
  - (c) Are not otherwise employed in the work involved (24 CFR Part 70).
- (4) If other federal programs are used in connection with Choice Neighborhoods activities, federal labor standards requirements apply to the extent required by the other federal programs on portion of the project that are not subject to Section 12 of the 1937 Act.

**s. Operation and Management Principles and Policies, and Management Agreement for PHAs.** Choice Neighborhoods grantees with public housing projects will be required to develop Management Agreements that describe their operation and management principles and policies for their public housing units. You and your procured property manager, if applicable, must comply (to the extent required) with the provisions of 24 CFR part 966 in planning for the implementation of the operation and management principles and policies described below.

- (1) Rewarding work and promoting family stability by promoting positive incentives such as income disregards and ceiling rents;
- (2) Instituting a system of local preferences adopted in response to local housing needs and priorities, e. g., preferences for victims of domestic violence, residency preferences, working families, and disaster victims. Note that local preferences for public housing must comply with Fair Housing requirements at 24 CFR 960.206. No preference should lead to disparate negative impact on any Fair Housing Act protected class;
- (3) Lease requirements that encourage self-sufficiency by promoting involvement in the resident association, performance of community service, participation in self-sufficiency activities, and transitioning from public housing;
- (4) Implementing site-based waiting lists that follow project-based management principles for the redeveloped public housing. Note that site-based waiting lists for public housing must comply with Fair Housing requirements at 24 CFR 903.7(b)(2);
- (5) Strictly enforcing lease and eviction provisions;
- (6) Implementation of defensible space principles and the installation of physical security systems such as surveillance equipment, control engineering systems, etc. to improve the safety and security of residents;
- (7) Enhancing ongoing efforts to eliminate drugs and crime from neighborhoods through collaborative efforts with federal, state, and local crime prevention programs and entities.

**t. Non-Fungibility for Moving To Work (MTW) PHAs.** Funds awarded under this NOFA are not fungible under MTW agreements and must be accounted for separately, in accordance with the Choice Neighborhoods Grant Agreement, the requirements in OMB Circulars A-87 (24 CFR 225), “Cost Principles Applicable to Grants, Contracts and Other Agreements with State and Local Governments;” A-133, “Audits of States, Local Governments, and Non-Profit Organizations;” the regulations 24 CFR part 85, “Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Government” and generally accepted accounting principles (GAAP).

**u. Resident and Community Involvement.** See the threshold in III.C.2.

**v. Supportive Services.**

**(1) Term Period.** Key supportive Services programs and activities must be made available to affected residents within 60 days of grant award, must last for the life of the grant and must be carefully planned so that they will be sustainable after the Choice Neighborhoods grant period ends.

**(2) Allowed Funding Mechanisms:**

**(a) Maximum Supportive Services Amount.** Consistent with sections 24(d)(1)(L) and 24(j)(3) of the 1937 Act, you may use up to 15 percent of the total Choice Neighborhoods grant to pay the costs of Supportive Services activities. However, if you request over 10 percent of the total grant to pay the costs of Supportive Services, then you may only use 10 percent of the total grant during the term of the grant for these costs. The remaining portion will be withheld to create a Supportive Services Endowment Trust (See III.C.1.b.8 for additional information) to sustain these activities after the grant period). HUD will release this remaining portion if you demonstrate that you have made substantial progress on a subset of performance indicators and have secured an equal amount of matching funds. If you have neither met these performance benchmarks nor have secured matching funds, then you will forfeit this portion of the total grant. You may spend additional sums on Supportive Services activities using donations; other HUD funds made available for that purpose; and other federal, state, local, PHA, or private-sector donations (leverage). See also the funding restriction information in IV.D.

**(b) Supportive Services Endowment Trust.** See III.C.1.b.8 for additional information.

**w. Service Coordination and Case Management.** Service coordination (as defined in this notice) should be available to all original residents of the target public and/or assisted housing site(s) as well as to all residents who occupy the revitalized public and/or assisted housing units. Your service coordination strategy should leverage and improve access to existing high-quality case management and service coordination services for HUD- assisted as well as other low-income residents in the neighborhood and support hard to house residents (as defined in this notice), as well as households with children ages 0-5, school-aged children, transition age youth (as defined in this notice), and elderly or disabled members. Case management (as defined in this notice) should be provided to individuals and families that are hard to house or otherwise high need throughout the grant period. These households will require sustained and intensive supportive services to successfully relocate to the revitalized housing or maintain stability in other housing of their choice, as well as to improve self-sufficiency.

**x. Early Education Programs.** Any identified early learning program(s) should use a set of statewide program standards that demonstrate high expectations of program excellence commensurate with nationally recognized standards and are linked to the States licensing system. They must include a family engagement component; family supports either on-site, through partners, or in the homes of participating families; and other learning supports, such as connections to health and nutrition programs, to address relevant needs identified in your resident needs assessment. The early learning program(s) must also include intensive community outreach and enrollment. Should you receive a grant, you must commit to a goal

of enrolling, tracking and supporting the attendance of children from birth to kindergarten in high-quality early learning programs. You must commit to a post-revitalization goal of enrolling at least 65 percent of the families with children ages birth to kindergarten that will occupy the revitalized site in high-quality early learning programs. In addition, you must commit to an appropriate enrollment goal for all children across income levels in the neighborhood.

**y. School-based Education Programs.** You must commit to a goal of enrolling, tracking and supporting the attendance of school-aged children in high-quality and/or improving schools located either in the receiving neighborhoods and/or in the original neighborhood during the grant period. Arrangements must be made for appropriate transportation to ensure HUD-assisted families can access the school(s). Should you receive a grant, you must commit to a post-revitalization goal of enrolling at least 65 percent of the families with school-aged children that will occupy the revitalized site in high-quality schools and schools that are undergoing significant improvements. In addition, you must commit to an appropriate enrollment goal for all children across income levels in the neighborhood.

**z. Design.** HUD is seeking excellence in design. You must carefully select your architects and planners, and enlist local affiliates of national architectural and planning organizations such as the American Institute of Architects, the American Society of Landscape Architects, the American Planning Association, the Congress for the New Urbanism, and the department of architecture at a local college or university to assist you in assessing qualifications of design professionals or in participating on a selection panel that results in the procurement of excellent design services. You should select a design team that is committed to a process in which residents, including young people and seniors, the broader community, and other stakeholders participate in designing the new community. Your proposed site plan, new units, and other buildings must be designed to be compatible with and enrich the surrounding neighborhood. Local architecture and design elements and amenities should be incorporated into the new or rehabilitated homes so that the revitalized sites and structures will blend into the broader community and appeal to the market segments for which they are intended. Housing, community facilities, and economic development space must be well integrated. You must select members of your team who have the ability to meet these requirements.

**aa. Environmental Requirements.**

**(1) HUD Approval.** HUD notification that you have been selected to receive a Choice Neighborhoods grant constitutes only preliminary approval. Grant funds may not be released under this NOFA (except for activities that are excluded from environmental review under 24 CFR part 58 or part 50) until one of the following occurs: (i) where a PHA is the grantee, either on its own or jointly with a for-profit developer, the responsible entity, as defined in 24 CFR 58.2(a)(7), completes an environmental review and the PHA submits and obtains HUD approval of both a request for release of funds and the responsible entity's environmental certification, in accordance with 24 CFR part 58 (or HUD has completed an environmental review under 24 CFR part 50, where HUD has determined to conduct the environmental review); or (ii) where a PHA is not the grantee, HUD has completed an environmental review under 24 CFR part 50 and approved the property. Please note that part 58 applies only where a PHA is the grantee, either on its own or jointly with a for-profit developer.

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

**(3) Phase I and Phase II Environmental Site Assessments.** If you are selected for funding, you must have a Phase I environmental site assessment completed in accordance with the ASTM Standards E 1527-05, as amended, for each affected site. A Phase I assessment is required whether the environmental review is completed under 24 CFR part 50 or 24 CFR part 58. The results of the Phase I assessment must be included in the documents that must be provided to the responsible entity (or HUD) for the environmental review. If the Phase I assessment recognizes environmental concerns or if the results are inconclusive, a Phase II environmental site assessment will be required.

**(4) Request for Release of Funds.** You, and any participant in the development process, may not undertake any actions with respect to the project that are choice-limiting or could have environmentally adverse effects, including demolishing, acquiring, rehabilitating, converting, leasing, repairing, or constructing property (i.e. “physical activities”) proposed to be assisted under this NOFA, and you, and any participant in the development process, may not commit or expend HUD or local funds for these activities, until (i) (where a PHA, jointly or on its own, is the grantee) HUD has approved a Request for Release of Funds following a responsible entity’s environmental review under 24 CFR part 58, or (ii) HUD has completed an environmental review and given approval for the action under 24 CFR part 50. In addition, you must carry out any mitigating/remedial measures required by the responsible entity (or HUD). If a remediation plan, where required, is not approved by HUD and a fully funded contract with a qualified contractor licensed to perform the required type of remediation is not executed, HUD reserves the right to determine that the grant is in default.

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

**(6)** If the environmental review is not completed and you have not submitted the RROF before HUD approval of the supplemental submissions, the letter approving the supplemental

submissions will instruct you and any participant in the transformation plan process to refrain from undertaking, obligating, or expending HUD or non-HUD funds on physical activities or other choice-limiting actions until HUD approves your RROF and the related certification of the responsible entity (or HUD has completed the environmental review). The supplemental submissions approval letter also will advise you that the approved supplemental submissions may be modified on the basis of the results of the environmental review.

(7) There must not be any open issues or uncertainties related to environmental issues, public policy factors (such as sewer moratoriums), proper zoning, availability of all necessary utilities, or clouds on title that would preclude development in the requested locality. You will certify to these facts when signing the Choice Neighborhoods Grant Application Certifications.

(8) HUD's environmental website is <http://www.hud.gov/offices/cpd/environment/index.cfm>.

**bb. Program Requirements from the General Section.** The following subsections of the General Section are hereby incorporated by reference:

- (1) Pre-Award Accounting System Survey. (III.C.2.h);
- (2) Name Check Review. (III.C.2.i);
- (3) False Statements. (III.C.2.j);
- (4) Compliance with Fair Housing and Civil Rights Laws. (III.C.4.a);
- (5) Affirmatively Furthering Fair Housing (III.C.4.b);
- (6) Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency (LEP)" (III.C.4.c);
- (7) Economic Opportunities for Low- and Very Low-Income Persons (section 3) (III.C.4.d);
- (8) Ensuring the Participation of Small Businesses, Small Disadvantaged Businesses, and Women-Owned Businesses (III.C.4.e);
- (9) Accessible Technology (III.C.4.f);
- (10) Equal Access to Housing in HUD Programs Regardless of Sexual Orientation and Gender Identity (III.C.4.g);
- (11) Executive Order 13279, "Equal Protection of the Laws for Faith-Based and Community Organizations" and Executive Order 13559 (III.C.4.h);
- (12) Real Property Acquisition and Relocation (III.C.4.i);
- (13) Conducting Business in Accordance with Core Values and Ethical Standards/Code of Conduct (III.C.4.j);
- (14) Prohibition Against Lobbying Activities. (Section III.C.4.k);
- (15) Procurement of Recovered Materials (III.C.4.l);
- (16) Participation in HUD-Sponsored Program Evaluation (III.C.4.m);
- (17) Salary Limitation for Consultants (III.C.4.n);
- (18) Environmental Requirements (III.C.4.o);
- (19) OMB Administrative Requirements and Cost Principles (III.C.4.q);
- (20) Drug-Free Workplace (III.C.4.r);
- (21) Conflicts of Interest (III.C.4.s);
- (22) Safeguarding Resident/Client Files (III.C.4.t);
- (23) Executive Order 12372, "Intergovernmental Review of Federal Programs." (III.C.4.u). This program is not covered by E.O. 12372;
- (24) Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub.L. 109-282) (Transparency Act) (III.C.4.v); and

(25) Compliance with Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), hereafter referred to as “Section 872.” (III.C.4.w).

**cc. Conflict of Interest in Grant Activities and Waivers.**

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

**(2) HUD-Approved Written Waiver.**

**(a) Standard.** HUD may grant a written waiver to the prohibition above on a case-by-case basis when it determines that such a written waiver will serve to further the purposes of Choice Neighborhoods and its effective and efficient administration.

**(b) Procedure.** HUD will consider granting a written waiver only after the grantee has provided a disclosure of the nature of the conflict, accompanied by:

- (i) An assurance that there has been public disclosure of the conflict;
- (ii) A description of how the public disclosure was made; and
- (iii) An opinion of the grantee’s attorney that the interest for which the written waiver is sought does not violate state or local laws.

**(c) Consideration of Relevant Factors.** In determining whether to grant a requested written waiver as discussed, HUD will consider the cumulative effect of the following factors, where applicable:

- (i) Whether the written waiver would provide a significant cost benefit or an essential degree of expertise to the Choice Neighborhoods plan and demolition activities that would otherwise not be available;
- (ii) Whether an opportunity was provided for open competitive bidding or negotiation;
- (iii) Whether the person affected is a member of a group or class intended to be the beneficiaries of the Choice Neighborhoods plan, and the waiver will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or from the decision-making process, with respect to the specific activity in question;
- (v) Whether the interest or benefit was present before the affected person was in a position as described in section (iii) above;
- (vi) Whether undue hardship will result either to the grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (vii) Any other relevant considerations.

**dd. OMB Circulars and Administrative Requirements.** You must comply with the following administrative requirements related to the expenditure of federal funds. OMB circulars can be found at [www.whitehouse.gov/omb/circulars/index.html](http://www.whitehouse.gov/omb/circulars/index.html). Copies of the OMB circulars may be obtained from EOP Publications, Room 2200, New Executive Office

Building, Washington, DC 20503; telephone (202) 395-7332 (this is not a toll-free number). The Code of Federal Regulations can be found at [www.gpoaccess.gov/cfr/index.html](http://www.gpoaccess.gov/cfr/index.html).

**(1) Administrative requirements applicable to PHAs and local governments are:**

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

(i) The procurement criteria of this regulation are not required to be followed for purposes of assembling a team of entities in response to this NOFA (i.e., Lead Applicant, Co-Applicant(s) (if any), and Principal Team Members (if any)). However, you may choose to follow the procurement criteria of this regulation for purposes of assembling a team of entities in response to this NOFA. If the procurement criteria are not followed for purposes of assembling the team, then all future procurements by the team may be subject to these requirements.

(ii) If awarded a Choice Neighborhoods grant, the grantee may enter into subgrant agreements with non-profit entities or state or local governments (as defined in 24 CFR part 85) for the performance of Supportive Services activities under the Transformation Plan. The grantee is not required to undertake a competitive procurement under 24 CFR part 85 to select a non-profit or state or local government subgrantee;

(b) OMB Circular A-87 (2 CFR Part 225) (Cost Principles for State, Local, and Indian Tribal Governments); and

(c) 24 CFR 85.26 (audit requirements).

**(2) Administrative requirements applicable to nonprofit organizations are:**

(a) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations). Note: The procurement criteria of this regulation are not required to be followed for purposes of assembling a team of entities in response to this NOFA (i.e., Lead Applicant, Co-Applicant(s) (if any), and Principal Team Members (if any)). However, you may choose to follow the procurement criteria of this regulation for purposes of assembling a team of entities in response to this NOFA. If the procurement criteria are not followed for purposes of assembling the team, then all future procurements by the team may be subject to these requirements;

(b) OMB Circular A-122 (Cost Principles for Nonprofit Organizations); and

(c) 24 CFR 84.26 (audit requirements).

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

(a) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations). Note: The procurement criteria of this regulation are not required to be followed for purposes of assembling a team of entities in response to this NOFA (i.e., Lead Applicant, Co-Applicant(s) (if any), and Principal Team Members (if any)). However, you may choose to follow the procurement criteria of this regulation for purposes of assembling a team of entities in response to this NOFA. If the procurement criteria are not followed for purposes of assembling the team, then all future procurements by the team may be subject to these requirements;

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

(c) 24 CFR 84.26 (audit requirements).

#### **IV. APPLICATION AND SUBMISSION INFORMATION**

This section describes how applicants may obtain electronic application forms, identifies HUD Standard forms, and provides guidance on the submission of narratives, third party letters, and certifications and technical assistance resource information.

**A. Address to Request Application.** The published NOFA and application forms are made available at Grants.gov at the following website:

[http://www.grants.gov/applicants/apply\\_for\\_grants.jsp](http://www.grants.gov/applicants/apply_for_grants.jsp).

**1. Grants.gov.** HUD's NOFA process requires applicants to submit applications electronically through Grants.gov. The general process for downloading, completing, submitting, and tracking grant application packages is described at:

[http://www07.grants.gov/applicants/apply\\_for\\_grants.jsp](http://www07.grants.gov/applicants/apply_for_grants.jsp).

**B. Content and Form of Application Submission.** The following sections from IV.B of the General Section are hereby incorporated, as indicated by their title. NOTE: Applicants should also note that Adobe has put out a new version of Adobe Reader compatible with Grants.gov. This version is 10.1. Applicants must use this version or the latest version on Grants.gov. HUD's FY2013 applications use Adobe Reader. Do not use Nuance Reader.

1. Electronic Grant Application Forms and Instructions.

2. Technical Assistance Resources. Grants.gov provides customer support information on its website at: <http://www.grants.gov/contactus/contactus.jsp>. Applicants having difficulty accessing the application and instructions or having technical problems can receive customer support from Grants.gov by calling 800-518-GRANTS (this is a toll-free number) or by sending an email to support@grants.gov. The customer support center is open 24 hours a day, seven days per week, except federal holidays.

3. Waiver of Electronic Submission Requirements. Applications under this NOFA must be received electronically through the Federal website Grants.gov, unless a waiver of this requirement is granted in accordance with the instructions below. The regulatory framework for HUD's electronic submission requirements is the final rule established in 24 CFR 5.1005. HUD's regulations allow a waiver of the electronic submission requirements for good cause (e.g., the applicant does not have internet access). Waiver requests must contain in the subject line, the name of the applicant and the subject Request for Waiver to Electronic Application for Choice Neighborhoods. The request must be submitted no later than 15 days prior to the application deadline date and must be submitted to: Choice Neighborhoods Request for Waiver to Electronic Application, at ChoiceNeighborhoods@hud.gov or fax (202) 401-7910 (this is not a toll-free number). The mailing address is: Office of Public Housing Investments, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4130 Washington, DC 20410-5000. If an applicant is granted a waiver of the electronic submission, approval notice will provide instructions for submission.

4. Registering with Grants.gov. In order to submit applications electronically through Grants.gov, applicants must register with Grants.gov to provide and obtain certain identifying information. Registration protects both HUD and the applicant. Registration confirms that the applicant organization has designated and authorized an individual or entity to submit an application on its behalf. Registration also assures HUD that it is interacting with the designated representative of the applicant who has been authorized to submit the application. The registration process also requires the applicant to provide information at websites other than Grants.gov.

5. Key Terms Used as Part of the Registration Process.

6. Choice Neighborhood Specific Application and Submission Information. Applicants must follow the instructions below on content and form of the application submission. These criteria apply to all Choice Neighborhoods grant applicants and applications, unless otherwise noted.

**a. Application Layout.**

- (1) The first part of your application will be comprised of narrative exhibits. Your narratives will respond to thresholds, rating factors, and other criteria in the NOFA, as indicated below.
- (2) The second part of your application will be comprised of attachments. These documents will also respond to the rating factors in the NOFA, as well as threshold and mandatory documentation requirements. They will include documents such as maps, photographs, application data forms, and various certifications.
- (3) Use 8½ x 11-inch paper.
- (4) All margins should be approximately one inch. If any margin is smaller than ½ inch, the page will be counted as two pages;
- (5) Use 12-point, Times New Roman font;
- (6) Double-space your narrative pages. Single-spaced pages will be counted as two pages;
- (7) Narrative pages must be numbered. HUD recommends that applicants consecutively number the pages of the Attachments section to ensure proper assembly of their application if submitted;
- (8) Any pages marked as sub-pages (e.g., with numbers and letters such as 75A, 75B, 75C), will be treated as separate pages;
- (9) If a section is not applicable, indicate “N/A” so that there is a clear indication to HUD (do not just leave the section blank);
- (10) Mark each Exhibit and Attachment with the appropriate tab/title page, as listed below. No material on the tab/title page will be considered for review purposes;
- (11) No more than one page of text may be placed on one sheet of paper; i.e., you may not shrink pages to get two or more on a page. Shrunken pages, or pages where a minimized/reduced font are used, will be counted as multiple pages;
- (12) Do not format your narrative in columns. Pages with text in columns will be counted as two pages;
- (13) Any tables included in the narrative sections of the application must also be double spaced or they will be counted twice.

**b. Application Page Count.** These criteria apply to all applicants.

- (1) **Narrative Exhibits.** Each Choice Neighborhoods application must contain no more than 100 pages of narrative exhibits as broken out by the page limits for each section. Any pages beyond each section’s limit will not be reviewed. Although submitting pages in excess of the page limitations for each section will not disqualify an application, HUD will not consider the information on any excess pages for each section, which may result in a lower score or failure of a threshold. Text submitted at the request of HUD to correct a technical deficiency will not be counted in the 100-page limit.
- (2) **Attachments.** Each Choice Neighborhoods application must contain no more than 110 pages of attachments. Any pages after the first 110 pages of attachments will not be considered. Although submitting pages in excess of the page limit will not disqualify an application, HUD will not consider the information on any excess pages, which may result in a lower score or failure to meet a threshold.
- (3) **Exceptions to Page Limits.** The documents listed below constitute the only exceptions and are not counted in the page limits listed in Sections (1) and (2) above:
- (a) Additional pages submitted at the request of HUD in response to a technical deficiency.
  - (b) Documentation required for the Key Eligible Criteria (Attachments 4, 5, 8, 9, 10, and 11).
  - (c) Attachment 20 for operating pro forma for the first phase of housing.
  - (d) Attachment 21 that provides maps of the city and neighborhood.
  - (e) Attachment 24 that provides documentation of site control.
  - (f) Leverage documentation required for Attachments 48, 49, 50, 51 and 52.
  - (g) Section 3 Report and Housing Choice Voucher application (Attachments 44 and 56).
  - (h) Choice Neighborhoods Application Certification s (Attachment 55)
  - (i) Standard Forms (Attachments 57, 58, 59 and 60).
  - (j) Blank/extra pages generated as part of standard forms.
  - (k) Tabs/title pages that are blank or display a title/header/“n/a” indication.
- c. **Format and Title Instructions.** In addition to instructions in section IV of the General Section, the following applies to Choice Neighborhoods applications. Each Narrative Exhibit and Attachment should be contained in its own separate file in the application. Each file should contain one title page. Do NOT create title pages separately from the document that goes with it. HUD will use title pages as tabs when it downloads and prints the application. Provided the information on the title page is limited to the list in this section, the title pages will not be counted in the page limits. Each title page should only contain, in the following order:
- (a) The name of the Narrative Exhibit or Attachment, as described below, e.g., “ExhibitAExecSummary.” **WARNING:** Applications that contain file names which are longer than 50 characters (HUD recommends using file names with 32 characters or less), or contain spaces or special characters, will result in the file being detected as a virus by the Grants.gov system and the application will be rejected with a “VirusDetect” message.
  - (b) The name of the Lead Applicant; and
  - (c) The name of the file that contains the Narrative Exhibit or Attachment.
- d. **Documentation Requirements.** Documentation requirements are provided throughout the “Threshold Requirements” section (III.C.2), “Program Requirements” section (III.C.3), and

“Rating Factors” section (V.A) of this NOFA, as relevant. Applicants must carefully review and follow documentation requirements.

e. **Instructions on Application Organization and Content.** The following provides instructions on the organization and content of your application. It lists the narrative exhibits, attachments, and instructions for each, that are required as part of the application. All narrative exhibits, attachments, and forms are required to be submitted in your application unless otherwise indicated. Non-submission of any of the items below may lower your rating score or make you ineligible for award under this NOFA. Review the threshold requirements in Section III.C.2 and the Rating Factors of Section V.A for the criteria and to ascertain the effects of non-submission. Please be advised that not providing information clearly and consistently, and/or not providing exhibits and attachments in accordance with the instructions and documentation requirements in this NOFA, may negatively impact HUD’s ability to determine if your application meets threshold requirements or to score your application. This could result in a determination of threshold non-compliance or a lower score. HUD forms required by this NOFA will be made available at [http://www.grants.gov/applicants/apply\\_for\\_grants.jsp](http://www.grants.gov/applicants/apply_for_grants.jsp). The narrative exhibits, attachments, and instructions for each are as follows:

- (1) **Table of Contents.** Use form provided (form HUD-53230).
- (2) **Narrative Exhibits.** The narrative exhibits required in your applications are as follows:
  - (a) **Exhibit A – Executive Summary.** Provide an overall summary of the Transformation Plan proposed in your application, including summarizing the Housing, People, and Neighborhood components of your Transformation Plan. Identify the Lead Applicant, Co-Applicant(s) (if any), Principal Team Members (specifying the Housing Implementation Entity, People Implementation Entity, and Neighborhood Implementation Entity), and Principal Education Partner and indicate how they will work together (partnership agreements). Describe the basis of how the neighborhood boundaries were established. (Note: HUD reserves the right to ask applicants to provide evidence during the review process that the target neighborhood boundary is generally accepted.) Identify the amount of Choice Neighborhoods grant funding you are requesting, the number and rationale for tenant protection vouchers you are requesting, the targeted public and/or assisted housing sites targeted and the neighborhood. (suggested 3 pages maximum)
  - (b) **Exhibit B – Threshold Requirements.** Some of the threshold requirements require a narrative response. Review and provide narrative responses for the following threshold requirements (suggested 3 pages maximum):
    - B.1 Partnership Narrative - Lead Applicant, Co-Applicant(s) (if any), and Principal Team Members (if any). Review and provide a narrative response to section III.C.2.a(1) (in addition to the legal contract(s) required by that section);
    - B.2 Separability. Review and provide a narrative response to section III.C.2.b(12).
  - (c) **Exhibit C – Capacity.** Review and provide a narrative response to section V.A.1. (suggested 17 pages maximum)
    - C.1 Overall Project Leadership Capacity of Lead Applicant. Review and provide a narrative response to section V.A.1.a.
    - C.2 Capacity of Neighborhood Implementation Entity. Review and provide a narrative response to section V.A.1.b.
    - C.3 Capacity of Housing Implementation Entity. Review and provide a narrative

- response to section V.A.1.c.
- C.4 Capacity of People Implementation Entity. Review and provide a narrative response to section V.A.1.d.
- C.5 Capacity of Principal Education Partner. Review and provide a narrative response to section V.A.1.e.
- C.6 Overall Community Involvement. Review and provide a narrative response to section V.A.1.f.
- (d) **Exhibit D – Need** – Severe Physical Distress of the PH and/or Assisted Housing. Review and provide a narrative response to section V.A.2.a(3). (suggested 2 pages maximum)
- (e) **Exhibit E – Neighborhood Narrative**. Provide the narrative required in section V.A.3.a (suggested 8 pages maximum)
- (f) **Exhibit F – Neighborhood Strategy**. Review and provide a narrative response to section V.A.3.b (suggested 13 pages maximum)
- F.1 Overall Neighborhood Strategy. Review and provide a narrative response to section V.A.3.b(1).
- F.2 Critical Community Improvements Plan. Review and provide a narrative response to section V.A.3.b(2).
- F.3 Public Safety Strategy. Review and provide a narrative response to section V.A.3.b(3).
- F.4 Alignment with Existing Efforts. Review and provide a narrative response to section V.A.3.b(4).
- F.5 Design. Review and provide a narrative response to section V.A.3.b(6)
- (g) **Exhibit G – Housing Strategy**. Review and provide a narrative response to V.A.3.c. (suggested 10 pages maximum)
- G.1 Overall Housing Strategy. Review and provide a narrative response to section V.A.3.c(1).
- G.2 Number of Replacement Housing Units. Review and provide a narrative response to section V.A.3.c(2).
- G.3 Type of Replacement Housing Units. Review and provide a narrative response to section V.A.3.c(3).
- G.4 Mixed-Income Development. Review and provide a narrative response to section V.A.3.a(4).
- G.5 Long-term Affordability. Review and provide a narrative response to section V.A.3.a(5)
- G.6 Green Building. Review and provide a narrative response to section V.A.3.a(6).
- (h) **Exhibit H – People Strategy**. Review and provide a narrative response to section V.A.3.d (suggested 29 pages maximum)
- H.1 Resident Needs Survey and Results. Review and provide a narrative response to section V.A.3.d(1).
- H.2 Supportive Services and Programs. Review and provide a narrative response to section V.A.3.d(2)(a).
- H.3 Supportive Services Sustainability. Review and provide a narrative response to section V.A.3.d(2)(b).
- H.4 Education Strategy. Review and provide a narrative response to section V.A.3.d(3).
- H.5 Economic Opportunities for Low- and Very Low-Income Persons. Review and

provide a narrative response to section V.A.3.d(4)(a).

**(i) Exhibit I – Soundness of Approach.** Review and provide a narrative response to V.A.4. (suggested 15 pages maximum)

I.1 Planning Process. Review and provide a narrative response to section V.A.4.a.

I.2 Organizational Framework for Implementation. Review and provide a narrative response to section V.A.4.b.

I.3 Governance/Accountability Structure and Civic Engagement. Review and provide a narrative response to section V.A.4.c.

I.4 Community Capacity Building. Review and provide a narrative response to section V.A.4.d.

I.5 Anchor Institution Engagement. Review and provide a narrative response to section V.A.4.e.

I.6 Evidence-based Decision Making. Review and provide a narrative response to section V.A.4.h.

I.7 Collection and Use of Data to Achieve Core Goals of the Transformation Plan. Review and provide a narrative response to section V.A.4.i.

I.8 Affirmatively Furthering Fair Housing. Review and provide a narrative response to section V.A.4.j.

(3) **Attachments.** The attachments required in your applications, unless otherwise noted, are as follows:

Attachment 1: **Implementation Grants Key Eligibility Threshold Data Form.** Complete the form provided (form HUD-53233).

Attachment 2: **Existing Units, Occupancy, Vacancy.** Complete the form provided (form HUD-53234).

Attachment 3: **Planned Units.** Complete the form provided indicating the units included in the Housing component of your Transformation Plan (form HUD-53234).

Attachment 4: **Eligible Applicants Documentation**

(a) Legal Contract for For-Profit Developer Applicant, if applicable. Review and respond to the threshold requirement in Section III.C.2.a(1)(a) by providing the documentation required in that section.

(b) Nonprofits, if applicable. Review and respond to the threshold requirement in Section III.C.2.a(1)(b) by providing the documentation required by that section.

(c) Certification for Multifamily Assisted Property Owners, if applicable. If the Lead Applicant is the owner of the assisted property that is the subject of the Choice Neighborhoods activity grant, the applicant is required to submit the Previous Participation Certification (form HUD-2530) as stated in Section III.A.1.c.

Attachment 5: **Partnership Legal Contract.** Review and respond to the threshold requirement in Section III.C.2.a(2) by providing the documentation required in that section.

Attachment 6: **Consistency with PHA/MTW Plan.** Review and respond to threshold requirement in Section III.C.2.a(5) by providing the documentation required under that section, if applicable.

Attachment 7: **Consistency with Consolidated Plan.** Review and respond to the threshold requirement in Section III.C.2.a(6) by including form HUD-2991.

- Attachment 8: **Eligible Target Housing Documentation** –Severe Distress of Targeted Project Certification. Review and respond to the eligibility requirement in Section III.A.2.b(1) by completing the form provided (form HUD-53232).
- Attachment 9: **Eligible Neighborhoods Documentation – Eligible Neighborhoods Data.** Review and respond to the threshold requirement in Section III.C.2.b(2) by providing the pdf received via email from using the mapping tool provided on the FY12 NOFA and Funding Information page of the Choice Neighborhoods website ([www.hud.gov/cn](http://www.hud.gov/cn)).
- Attachment 10: **Eligible Neighborhoods Documentation – Substandard Housing Documentation**, as applicable. If you are demonstrating compliance with the Eligible Neighborhoods threshold requirement in Section III.C.2.b(2) through the substandard housing criterion, documentation demonstrating substandard housing must be provided in this attachment.
- Attachment 11: **Eligible Neighborhoods Documentation- Inadequate School Documentation**, as applicable. If you are demonstrating compliance with the Eligible Neighborhoods threshold requirement in Section III.C.2.b(2) through the inadequate school criterion, provide the school form (form HUD-53153) and supporting documentation from the local school district or state education agency. Supporting documentation may be either a letter from the entity or published data. If providing the latter, the source must be identifiable.
- Attachment 12: **Local Government Support.** Provide the documentation required in Section III.C.2.b(4).
- Attachment 13: **Identification of Historic Properties.** Provide the documentation required in Section III.C.2.b(5).
- Attachment 14: **One-for-One Replacement Certification.** Review and respond to the threshold requirement in Section III.C.2.b(10) by including the certification form provided (form HUD-53238).
- Attachment 15: **Resident and Community Involvement Certification.** Review and respond to the threshold requirement in Section III.C.2.b(11) by including the assurance form provided (form HUD-53231).
- Attachment 16: **Grant Sizing Worksheet.** Review the Program Requirements in Section III.C.3 and Funding Restrictions in Section IV.D. Complete and provide the entire form provided (form HUD-53235).
- Attachment 17: **Extraordinary Site Costs Certification.** Review Section III.C.3 and Funding Restrictions in Section IV.D to determine if this attachment applies to you. If applicable, complete the form provided (form HUD-53237).
- Attachment 18: **Choice Neighborhoods Budget form.** Complete the form provided (form HUD-53236) and only include Choice Neighborhoods funds.
- Attachment 19: **Project Sources and Uses.** Include 1) an overall Sources and Uses for the whole Transformation Plan and 2) a phase-by-phase break out. If there is both construction period financing and permanent financing, submit the sources and uses for both. The chart should show the intended use for each source (e.g. have separate columns for each source). It should also indicate (e.g. by highlighting, underlining or putting in bold font) which funding is firmly committed (i.e. the funding for which you have included documentation for the leverage rating factors). The budget should be based upon a construction cost estimate performed by a general contractor or professional cost estimator with itemized sources of funds to cover costs.

Attachment 20: **Operating Proforma.** Include a 30-year operating proforma for the first housing development phase that includes replacement units funded with Choice Neighborhoods funds. It should clearly identify each expected source of income (at a minimum to be shown by unit type) and detailed expenses. It should also show the underwriting assumptions used to create the proforma. Please provide this as an Excel workbook so that HUD may view the formulas through the electronic file.

Attachment 21: **City and Neighborhood Maps.** Provide to-scale city and neighborhood maps that clearly labels the items listed below following in the context of existing city streets, the central business district, other key city and neighborhood sites, and census tracts. The neighborhood map must show the same boundaries used to draw the neighborhood through the mapping tool that generated the eligible neighborhoods data required in Attachment 9. Because the City and Neighborhood Maps provide essential context for HUD reviewers, it is essential that applicants provide maps that are readable, at a reasonable scale, and clearly label the key information below:

- (a) the existing housing project and eligible neighborhood;
- (b) replacement neighborhoods, if any;
- (c) off-site properties, if any;
- (d) other subsidized housing;
- (e) neighborhood assets;
- (f) job centers and applicable transportation connections (highways, streets, bus/rail transit service, bike and pedestrian facilities) from the neighborhood to these job centers; and
- (g) other useful information to place the project in the context of the city, county/parish, or municipality, and other revitalization activity underway or planned.

Attachment 22: **Photographs.** Please provide photographs of the housing development and the neighborhood, especially photos of the areas immediately surrounding the development.

Attachment 23: **Location of Housing Documentation/Map.** Review and respond to the threshold requirement in Section III.C.2.a(4) by providing the documentation required by that section. The map required can either be a map provided in Attachment 21 (if it clearly labels each housing site) or a separate map that only highlights the target neighborhood boundaries and housing location(s).

Attachment 24: **Site Control Documentation for Targeted and All Replacement Housing Sites.** Review and respond to the threshold requirement in Section III.C.2.a.(3) by providing the documentation required by that section. You must include a cover sheet with your documented evidence of site control. This cover sheet must provide a list that matches the replacement housing site(s) targeted in your application. Specifically, this table should provide in one column the name of each project, as identified in your application. A second column should contain the name of the documented evidence corresponding to each parcel. A third column should provide the location of the documented evidence in the attachment (page number, etc.) and any other necessary detail about the evidence documenting site control.

Attachment 25: **Capacity - Lead Applicant Documentation.** This attachment may be used, if needed, to provide any additional support for your narrative response to Section V.A.1.a.

**Attachment 26: Capacity – Neighborhood Implementation Entity Documentation.**

Review and respond to Section V.A.1.b by providing the list of recent housing projects and most recent operating statements, in accordance with those criteria. Also, this attachment may be used, if needed, to provide any additional support for your narrative response to Section V.A.1.b.

**Attachment 27: Capacity – Housing Implementation Entity Documentation.**

This attachment may be used, if needed, to provide any additional support for your narrative response to Section V.A.1.c.

**Attachment 28: Capacity – People Implementation Entity Documentation.**

Review and respond, if applicable, to Section V.A.1.d by providing a Partnership Agreement, in accordance with those criteria. Also, this attachment may be used, if needed, to provide any additional support for your narrative response to Section V.A.1.d.

**Attachment 29: Capacity - Principal Education Partner Documentation.**

This attachment may be used, if needed, to provide any additional support for your narrative response to Section V.A.1.e.

**Attachment 30: Capacity - Overall Community Involvement Documentation.**

This attachment may be used, if needed, to provide any additional support for your narrative response to Section V.A.1.f.

**Attachment 31: Capacity - References.**

Review and respond to the rating factor in Section V.A.1.g.

**Attachment 32: Need- Rehabilitation Cost Estimate from PNA.**

Review and respond to the rating factor in Section V.A.2.a(1).

**Attachment 33: Need - Structural Deficiencies Documentation.**

Review and respond to the rating factor in Section V.A.2.a(2) by providing the documentation identified in that section, as relevant. Include photographs as part of the documentation.

**Attachment 34: Need - Design Deficiencies Documentation.**

Review and respond to the rating factor in Section V.A.2.a(3) by providing the documentation identified in that section, as relevant. Include photographs as part of the documentation.

**Attachment 35: Need - Part I Violent Crimes Documentation.**

Review and respond to the rating factor in Section V.A.2.b(3) by providing the documentation identified in that section. This documentation may also be used by HUD in order to assess compliance with the threshold requirement at Section III.C.2.b(2)(c), which is part of the Eligible Neighborhoods threshold requirement.

**Attachment 36: Market Analysis.**

Provide a summary of the market analysis conducted that supports the information provided in the Neighborhood Narrative required in Section V.A.3.a.

**Attachment 37: Neighborhood Access Documentation.**

Review and respond to Section V.A.3.b(5) by providing either the Walkscore or the Housing and Transportation Cost Burden.

**Attachment 38: Current Site Plan.**

The Current Site Plan shows and clearly labels the targeted housing site's various buildings. Previously demolished buildings should be shown and labeled as such. Label all uses and buildings that adjoin the existing development.

**Attachment 39: Conceptual Site Plan Design.**

Review and respond to the rating factor in Section V.A.3.b(6) by providing a conceptual site plan. The Conceptual Site Plan shows and clearly labels the layout of the proposed site plan post-transformation, indicating

- where your plan's proposed construction and rehabilitation activities will take place and any planned acquisition of adjacent property and/or buildings
- Attachment 40: **LEED for Neighborhood Development Documentation.** Review and respond to Rating Factor in Section V.A.3.b(7).
- Attachment 41: **Documentation for Green Development and Energy Efficiency Strategies**, if any. Provide any necessary documents in response to Rating Factor in Section V.A.3.c(6).
- Attachment 42: **Land Use Approvals.** Review and respond to Rating Factor in Section V.A.3.c(7).
- Attachment 43: **Federally Qualified Health Center.** Provide the documentation required in Rating Factor in Section V.A.3.d(2)(c).
- Attachment 44: If applicable, **Section 3 Annual Summary Report** (Form HUD-60002), in response to Rating Factor in Section V.A.3.d(4)(b).
- Attachment 45: **Anchor Institution Engagement.** Provide documentation required in Rating Factor in Section V.A.4.e, if not otherwise included in an attachment related to the Leverage rating factors.
- Attachment 46: **Program Schedule.** Review and respond to Rating Factor in Section V.A.4.g.
- Attachment 47: **Evidence-based Decision Making.** Provide documentation related to Rating Factor in Section V.A.4.h, as applicable.
- Attachment 48: **Neighborhood Leverage – Community Development Block Grant Leverage Documentation.** Review and respond to Rating Factor in Section V.A.3.b(8)(a).
- Attachment 49: **Neighborhood Leverage – Critical Community Improvements Documentation.** Review and respond to Rating Factor in Section V.A.3.b(8)(b). Include cover sheet provided in form HUD-53239.
- Attachment 50: **Neighborhood Leverage Documentation.** Review and respond to Rating Factor in Section V.A.3.b(8)(c). Include cover sheet provided in form HUD-53239.
- Attachment 51: **Housing Leverage Documentation.** Review and respond to Rating Factor in Section V.A.3.c(8). Include cover sheet provided in form HUD-53239.
- Attachment 52: **People Leverage Documentation.** Review and respond to Rating Factor in Section V.A.3.d(5). Include cover sheet provided in form HUD-53239.
- Attachment 53: **Preferred Sustainable Status Certification**, if applicable. Review and respond to Rating Factor in Section V.A.6 by providing a completed form HUD-2995 as instructed in section V.A.1.b of the General Section.
- Attachment 54: **Capital Fund Financing Program (CFFP) Documentation.** Review and respond to the threshold requirement in Section III.C.2.a(7) by providing the documentation required in that section.
- Attachment 55: **Choice Neighborhoods Application Certifications.** Review and respond to the threshold requirement in Section III.C.2.a(9) by completing the form provided (form HUD-53240).
- Attachment 56: **Housing Choice Voucher Application.** Housing Choice Voucher (HCV) assistance is available from the tenant protection voucher fund to successful applicants that receive the Implementation Grant awards. The dollar amount of HCV assistance is in addition to the award amount and will be based upon resident relocation needs. Applicants must prepare their HCV assistance applications for the targeted project in

accordance with the requirements of Notice PIH 2007-10 (and any reinstatement of or successor to that Notice) and submit it in its entirety (not just form HUD- 52515) with this Choice Neighborhoods Application. HUD will process the HCV assistance applications for Choice Neighborhoods grantees. If you are not funded by this NOFA, the HCV application will not be processed. The notice can be found on the Internet at <http://www.hud.gov/offices/adm/hudclips/notices/pih/07-10PIH.doc>. If funds are not available from the tenant protection voucher fund, HUD may use Choice Neighborhoods funds to fund vouchers for grantees and may, specifically, adjust the grant award amount for any or all applications in order to provide tenant protection vouchers to grantees.

**Standard Forms.** Respond to the threshold requirement in Section III.C.2.a(8) by completing and providing the forms listed below in (i)-(iv). The Lead Applicant must be the signatory for these forms.

- (i) Attachment 57: **Application for Federal Assistance** (SF-424).
- (ii) Attachment 58: **Disclosure of Lobbying Activities** (SF-LLL), if applicable. If this form does not apply, indicate that (e.g., writing “N/A”) on the form and submit it with your application.
- (iii) Attachment 59: **Applicant/Recipient Disclosure/Update Report** (form HUD-2880) (“HUD Applicant Recipient Disclosure Report”).
- (iv) Attachment 60: **Form HUD-96011**, Third Party Documentation Facsimile Transmittal (Facsimile Transmittal Form on Grants.gov), if applicable. HUD will not consider applications sent entirely by facsimile.

**C. Receipt Dates and Times.** Section IV.C of the General Section is hereby incorporated. Your complete application must be received Grants.gov no later than 11:59:59 p.m. eastern time on the application deadline date. Following receipt the application will go through a validation process. If the application fails the Grants.gov validation process, it will be rejected. Please see the 2013 General Section for instructions for timely receipt, including actions to take if the application is rejected. Applicants should carefully read the section titled “INSTRUCTIONS ON HOW TO DOWNLOAD AND APPLICATION PACKAGE AND APPLICATION INSTRUCTIONS” in the 2013 General Section. This section contains information on using Adobe Reader, HUD’s timely receipt policies, and other application information. Note: depending on the size of the attachment and the speed of your computer's internet connection, this process can take several hours. The system will shut down promptly at the deadline. Any incomplete application will not be accepted and no exceptions will be granted. As in the past, HUD encourages applicants to submit their applications early and with sufficient time to address any issues that might affect the applicant’s ability to have an application successfully uploaded and received by Grants.gov. HUD will not consider any application that does not meet the timely receipt requirements for electronic applications.

#### **D. Funding Restrictions.**

##### **1. Statutory Time Limits.**

- a. Required Obligation Date. Funds appropriated for the Choice Neighborhoods program for FY2013 must be obligated by HUD on or before September 30, 2015. Any funds that are not obligated by that date will be recaptured by the Treasury, and thereafter will not be available for obligation for any purpose.

b. **Required Expenditure Date.** In accordance with 31 U.S.C. § 1552, all FY2013 Choice Neighborhoods funds expire on September 30, 2020. Any funds that are not expended by that date will be cancelled and recaptured by the Treasury, and thereafter will not be available for obligation or expenditure for any purpose. HUD reserves the right, however, to require an earlier expenditure deadline under a Grant Agreement.

## **2. Ineligible Activities.**

- a. You may not use Choice Neighborhoods grant funds to pay for any activities carried out on or before the date of the letter announcing the award of the Choice Neighborhoods grant.
- b. You may not use Choice Neighborhoods funds for the cost of Choice Neighborhoods application preparation.
- c. Funds may not be used for construction or rehabilitation of a K-12 school building or a higher educational institution.
- d. Not more than 15 percent of funds may be used for Supportive Services, as defined in Section I.C.
- e. Not more than 15 percent of funds may be used for Critical Community Improvements, as defined in Section I.C.

**3. Grant Sizing Methodology.** HUD has established the following methodology for the purposes of establishing the maximum amount of Choice Neighborhoods Implementation Grant funding that you may request. You may request the lesser of \$30,000,000 or the amount calculated in accordance with the methodology below. The formula calculates a development cost for the replacement housing units to be developed in the Transformation Plan and allows for additional funding for non-development activities.

a. To establish the replacement housing unit development cost, HUD will use the Total Development Cost limits (TDC Limit) in effect at the time this Choice Neighborhoods NOFA is published (currently posted on June 18, 2012 in accordance with PIH Notice 2011-38) as a proxy for the costs of all types of replacement housing units. (Note: The TDC limit, as defined at 24 CFR 941.306, refers to the maximum amount of public housing capital assistance that HUD will approve for development of public housing. It applies only to the costs of development of public housing that are paid directly with HUD public housing funds; a PHA may exceed the TDC limit using non-public housing funds such as CDBG, HOME, low-income housing tax credit equity, etc.).

(1) TDC definitions and limits in the regulations are summarized as follows:

- (a) The total cost of development, which includes relocation costs, is limited to the sum of:
  - (i) Up to 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; and
  - (ii) Ninety percent of the TDC limits, multiplied by the number of public housing units after substantial rehabilitation and reconfiguration.
- (b) The TDC limit for a project is made up of the following components:
  - (i) Housing Cost Cap (HCC). HUD's published limit on the use of public housing funds for the cost of constructing the public housing units, which includes unit hard costs, builder's overhead and profit, utilities from the street to the public housing project, finish landscaping, and a hard cost contingency. Estimates should take into consideration the Davis-Bacon minimum wage rate and other requirements as described in "Labor Standards," section III.C. of this NOFA.

**(ii) Community Renewal (CR).** The balance of funds remaining within the project's TDC limit after the housing construction costs described in (a) above are available to pay for other eligible costs, such as planning, administration, site acquisition, relocation, demolition of public housing units that will be replaced on the project site, interest and carrying charges, off-site facilities, community buildings and non-dwelling facilities, contingency allowance, insurance premiums, any initial operating deficit, on-site streets, on-site utilities, and all other development costs.

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

**(d) Extraordinary Site Costs.**

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

**(ii)** Extraordinary site costs must be justified and verified by a licensed engineer or architect who is not an employee of a PHA, the city or the applicant. The engineer or architect must provide his or her license number and state of registration. This certification must be included in the application and approved by HUD or else such costs will be subtracted from the grant amount.

#### **b. Funding for Non-Housing Activities.**

**(a) Supportive Services.** You may request an amount not to exceed 15 percent of the total Choice Neighborhoods grant to pay the costs of Supportive Services activities, as described in Section III.C. These costs are in addition to, i.e., excluded from, the TDC/cost cap calculation above.

**(b) Certain Critical Community Improvements.** You may request an amount not to exceed 15 percent of the total Choice Neighborhoods grant to pay the costs of non-replacement housing capital costs as described in the definition for Critical Community Improvements (i.e. activities to promote economic development, such as development or improvement of transit, retail, community financial institutions, public services, facilities, assets or other community resources).

### **4. Cost Control Standards**

- a. Your hard development costs must be realistically developed through the use of technically competent methodologies, including cost estimating services, and should be comparable to industry standards for the kind of construction to be performed in the proposed geographic area.
- b. Your cost estimates must represent an economically viable preliminary plan for designing, planning, and carrying out your proposed activities, in accordance with local costs of labor, materials, and services.
- c. Your projected soft costs must be reasonable and comparable to industry standards and in accordance with the applicable policy, statute and/or regulations.
- d. HUD shall establish cost limits on eligible activities under this NOFA sufficient to provide for effective transformation programs.

**5. Grant Reduction or Recapture.** If you are selected for funding, and if you propose to make significant changes to your transformation plan, compared to what was presented in this application, HUD reserves the right to amend the award and reduce the amount or recapture the grant.

**6. Withdrawal of Grant Amounts.** In accordance with section 24(i) of the 1937 Act, if a grantee does not proceed within a reasonable timeframe, HUD reserves the right to withdraw any funds the grantee has not obligated under their award. HUD shall redistribute any withdrawn amounts to one or more other applicants eligible for Choice Neighborhoods assistance or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the Choice Neighborhoods plan of the original grantee.

**7. Eminent Domain and Public Use.** The Department of Housing and Urban Development Appropriations Act, 2013 under which this NOFA is funded, prohibits any use of these funds “to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is used only for a public use.” The term “public use” is expressly stated not “to include economic development that primarily benefits private entities.” Accordingly, applications under this NOFA may not propose mixed-use projects in which housing is complemented appreciably with commercial facilities (i.e., economic development), if eminent domain is used for the site.

#### **E. Other Submission Requirements.**

1. Application Certifications and Assurances, from Section IV.E.2 of the General Section are hereby incorporated.

**V. APPLICATION REVIEW INFORMATION**

## Scoring Summary

Rating Factor		Points
Capacity	Overall Project Leadership of Lead Applicant	10
	Capacity of Neighborhood Implementation Entity	10
	Capacity of Housing Implementation Entity	10
	Capacity of People Implementation Entity	9
	Capacity of Principal Education Partner	4
	Community Involvement	5
Total		48
Need	<i>Unit Distress</i>	
	Current Rehabilitation Costs	3
	Structural Deficiencies	5
	Design Deficiencies	4
	<i>Neighborhood Distress</i>	
	Poverty/ELI Rate	5
	Long-term Vacancy Rate	2
	Part I Violent Crime Rate	5
Need for affordable housing in the community	1	
Total		25
Strategy - Neighborhood	Overall Neighborhood Transformation Strategy	6
	Critical Community Improvements	3
	Public Safety - strategy	3
	Public Safety - Byrne grant	2
	Alignment with Existing Efforts	3
	Neighborhood Access	3
	Design	5
	LEED-ND	2
	Leverage - CDBG	2
	Leverage - Critical Community Improvements	4
	Leverage - Neighborhood	2
Total		35
Strategy - Housing	Overall Housing Strategy	3
	Replacement Housing - Number of Units	2
	Replacement Housing - Type of Units	5
	Mixed-income Development	5
	Long-term Affordability	2
	Green Building	3
	Land Use Approvals	4
	Leverage - 9% tax credit allocation/QAP	2

	Leverage	8
Total		34
Strategy - People	Resident Needs Survey and Results	3
	Supportive Services Strategy	7
	Federally Qualified Health Center	1
	Supportive Services Sustainability	2
	Education - Early Learning	3
	Education - Schools	4
	Education- Promise Neighborhoods Grant	4
	Section 3 - Plan	1
	Section 3 - Compliance	1
	Leverage	5
Total		31
Soundness of Approach	Planning Process	3
	Organizational Framework for Implementation	2
	Governance/Accountability Structure and Community Engagement	4
	Community Capacity Building	2
	Anchor Institution Engagement	3
	Project Readiness	3
	Program Schedule	1
	Evidence-Based Decision Making	5
	Collection and Use of Data	4
	Affirmatively Furthering Fair Housing	2
	Impact of the Transformation Plan	12
Total		41
Bonus Points	Preferred Sustainability Status	2
Total		2
TOTAL		216

### A. Criteria.

Applications, and Transformation Plans proposed in them, must respond to the rating factor criteria of the NOFA as the basis to be rated and ranked. Applicants must review and follow any documentation requirements provided in this Rating Factor Section and the instructions on application organization, content and submission provided in Section IV.B.6.

### 1. RATING FACTOR – CAPACITY (48 Points Total)

**a. Overall Project Leadership Capacity of the Lead Applicant** – 10 points. HUD will evaluate the capacity of the Lead Applicant as demonstrated by how well it managed a comprehensive neighborhood transformation plan similar in scope and complexity to what is

proposed in this grant application. Please provide two examples of comprehensive neighborhood transformation projects that you led. (This rating factor looks at the capacity of ONLY the Lead Applicant.) One of your examples may be a project that is still underway, as long as implementation activities are substantially underway and measurable outcomes have already been realized. You may demonstrate this rating factor through narrative description, charts, and other documentation. For each example, you must include achievements in the following areas:

- (1) You have effectively led complex components and processes that resulted in positive, measurable outcomes aligned with the three core goals of Choice Neighborhoods – Housing, People and Neighborhood as defined in this NOFA. Please describe exactly what your role was as it relates to other parties with whom you worked.
- (2) You have effectively secured, leveraged, and coordinated multiple funding streams from private and public sources to improvement strategies that had positive outcomes for Housing, People, and Neighborhood.
- (3) Describe the current status of each project.

**b. Capacity of Neighborhood Implementation Entity** – 10 points. You must demonstrate that the Neighborhood Implementation Entity (you or the entity you have selected to lead implementation of the Neighborhood component of your proposed Transformation Plan) has effectively implemented neighborhood-level planning and coordination activities – comparable in scale and scope to the Neighborhood component of your proposed Transformation Plan – that have resulted in positive outcomes aligned with the Neighborhood goal of Choice Neighborhoods. This rating factor looks only at the capacity of the Neighborhood Implementation Entity. Please provide two examples of neighborhood-level planning and coordination activities in which the Neighborhood Implementation Entity directly undertook substantial leadership activities or had a leadership role in a coordinating council, board or equivalent entity empowered through a substantive community process to affect neighborhood planning. One of your examples may be a project that is still underway, as long as implementation activities have been initiated and measurable outcomes have already been realized. If the Neighborhood Implementation Entity is an organization the only works in the target neighborhood, HUD understands that the two examples would be for different projects in the same neighborhood. For each example, you must identify the Neighborhood Implementation Entity’s role in the project; demonstrate that it effectively and substantially contributed to moving a neighborhood of distress toward a neighborhood of opportunity, in which private capital has begun to be reinvested back into the neighborhood and key amenities are available; describe how the entity led the development of a shared plan and outcomes with other participating parties and the improvement of a range of neighborhood assets and sustaining these improvements over time; demonstrate that it effectively secured and integrated a range of public and private funding sources in support of neighborhood planning and implementation activities (i.e. identify all major funding sources and amounts); and identify achieved outcomes. You may respond to these rating factors through narrative description, charts, and other documentation. HUD will evaluate the application based on the extent to which it demonstrates in each example that the Neighborhood Implementation Entity demonstrated extensive and successful experience in achieving positive outcomes in implementing a previous comparable neighborhood transformation plan.

**c. Capacity of Housing Implementation Entity** – 10 points. You must demonstrate that the Housing Implementation Entity (you or the entity you have selected to implement the Housing component of your proposed Transformation Plan) has effectively implemented housing activities – comparable in scope and complexity to the Housing component of your proposed Transformation Plan – that have resulted in positive outcomes aligned with the Housing goal of Choice Neighborhoods. This rating factor looks ONLY at the capacity of the Housing Implementation Entity. Please provide two detailed examples of completed, comparable housing development projects in which the Housing Implementation Entity had primary responsibility for implementing day-to-day development (including securing financing and providing completion and long-term operating guarantees) and performing ongoing asset management activities. In the examples, you must identify the Housing Implementation Entity's role in each project; demonstrate that it effectively developed, newly constructed, rehabilitated, and/or acquired, as well as operated high-quality, energy efficient, accessible, housing that resulted in significant improvements in the quality, affordability, and income mix of housing in a neighborhood; effectively secured and leveraged significant funding streams from a range of public and private sources (i.e. identify all major sources and amounts of financing); and include achievements. You should also provide the most recent operating statements certified by an independent auditor for each of the two examples. In addition, provide a chart in the attachments that lists the last 7 projects completed by the Housing Implementation Entity and identify the financing sources, unit count, construction start and completion dates, income levels served, target population (e.g. elderly, special needs, etc., if any), property management company, and current occupancy rates. HUD will evaluate your application based on the extent to which you demonstrate that the Housing Implementation Entity has extensive and successful experience in implementing a comparable housing plan and operating similar housing developments.

**d. Capacity of People Implementation Entity** – 9 points. You must demonstrate that the People Implementation Entity (you or the entity you have selected to lead implementation of the People component of your proposed Transformation Plan) has effectively implemented supportive services coordination and program design activities – comparable in scale and scope to the People component of your proposed Transformation Plan – that have resulted in positive outcomes aligned with the People goal of Choice Neighborhoods. This rating factor looks only at the capacity of the People Implementation Entity. Please provide two examples of comparable supportive services coordination projects in which the People Implementation Entity had primary responsibility for implementing day-to-day services coordination and program design. One of your examples may be a project that is still underway, as long as implementation activities have been initiated and measurable outcomes have already been realized. For each example, you must identify the People Implementation Entity's role in the project and include achievements in the areas described below. You may respond to these rating factors through narrative description, charts, and other documentation. HUD will evaluate your application based on the extent to which it demonstrates that the People Implementation Entity has achieved positive outcomes in implementing previous People strategies that are comparable in scope and complexity to the People component of your proposed Transformation Plan. The application should demonstrate in each example that the People Implementation Entity effectively improved resident wellbeing and/or quality of life across targeted populations for key indicators in response to particular needs that were

identified, such as access to prenatal health care, number of children enrolled in effective early learning programs, or improvements in employment rates. In each example, please identify the populations served; the amount of leverage and coordination of services from a diverse set of partner organizations, and how successful service strategies were sustained and/or expanded over time.

**e. Capacity of Principal Education Partner** – 4 points. You must demonstrate that the Principal Education Partner (you or the entity you have selected to implement the education strategy proposed in your Transformation Plan) has effectively implemented education program coordination and reforms – comparable in scale and scope to the education strategy proposed in your Transformation Plan – that have resulted in improved academic and developmental outcomes for children and youth in other locations. This rating factor looks only at the capacity of the Principal Education Partner. You may demonstrate this rating factor through narrative description, charts, and other documentation. (Note: If the Principal Education Partner is not a Co-applicant or a Principal Team Member, then you must provide a Partnership Agreement that identifies the Principal Education Partner, is signed by the executive officers of each entity, and demonstrates a commitment to work collaboratively throughout the entirety of the grant.) In your narrative for this rating factor, you must identify the Principal Education Partner's role in the project and include achievements in the areas described below. HUD will evaluate your application based on the extent to which you demonstrate that the Principal Education Partner has effectively improved access to high quality education programs and academic and developmental and outcomes for children in a neighborhood, detailing measurable and significant results achieved on its own or by partnering with local educators in the following areas:

- (1) High quality early learning programs and services that significantly improve outcomes in physical well-being and motor development, social-emotional development, language and literacy development, and cognition and general knowledge, including early numeracy for children.
- (2) High K-12 quality education programs that have produced measurable results, which may include: (a) evidence-based programs that increase learning time, which may include high quality after-school, summer school, and other expanded-learning-time programs designed to improve student outcomes and (b) evidence-based programs that prepare students for college and career success.
- (3) School improvements, which may include (a) significant improvements to the programs, policies and personnel of an elementary, middle/junior high and/or high school that are linked to improved academic outcomes or (b) establishing a new high-quality school.

**f. Overall Community Involvement** – 5 points. HUD will evaluate your application based on the extent to which it demonstrates that you, your Co-Applicant and Principal Team Member(s) effectively promoted ongoing community participation in project planning and implementation, including public and/or assisted housing residents and community- and faith-based groups, local businesses, and organizations that are broadly representative of resident needs for each of the Housing, People and Neighborhood examples. Describe in detail the community involvement that resulted in the community-driven planning process your team completed in

order to develop the plans implemented in the previous examples provided. You may respond to this rating factor through narrative description, charts, and other documentation.

**g. References.** You must provide one reference for each example of a past project identified throughout this Capacity section. You must, therefore, provide one reference for each of the two examples of the Lead Applicant's experience leading comprehensive neighborhood revitalization efforts and one reference for each of the examples of the Lead Applicant's, the Co-Applicant's or the Principal Team Member's experience implementing the Housing, People and Neighborhood activities. Each reference should be a significant financial funder, local governmental official, or resident or community organization directly involved in the project. Each reference should include a contact name and title, organization, address, phone number and email address so that HUD may verify the information you provided. To receive full points in each of the above Capacity rating factors, your references, if contacted, must be able to affirm the information you provided.

## 2. RATING FACTOR – NEED (25 Points Total)

**a. Severe Physical Distress of Public and/or Assisted Housing.** HUD will evaluate the extent of the severe physical distress of the public and/or assisted housing project(s) that are proposed for redevelopment as part of the Choice Neighborhoods grant. You will receive points for the following subfactors, as indicated.

**(1) Current Rehabilitation Costs** – 3 points. You may receive up to 3 points based on the estimated cost to rehabilitate the units as determined by a Physical Needs Assessment (PNA, as defined in section I.C) that has been conducted for the target public and/or assisted housing project(s) as a share of the Total Development Cost limit (TDC Limit), as defined at 24 CFR 941.306, in effect at the time this NOFA is published (currently posted on June 18, 2012 in accordance with PIH Notice 2011-38), for a two-bedroom walkup unit. You must provide an excerpt from the PNA report, which is dated and identifies the author, showing the total estimated rehabilitation costs per unit and HUD will calculate that as a percentage of the applicable TDC limit. If the PNA was completed more than one year prior to the publication date of this NOFA, include an update by the project's owner indicating which improvements identified in the PNA have been completed. If this application is for more than one public and/or assisted housing project, descriptions should be submitted for each site and HUD will consider documentation provided for all properties. HUD will calculate a weighted average of the rehab costs relative to the applicable TDC limit in order to award points. If HUD has already approved demolition of the targeted units you will receive full points if you submit a copy of HUD's letter approving the demolition. Points will be awarded based on the following table:

Estimated Rehabilitation Needs as Percent of TDC	Points Awarded
At least 60 percent	3
Between 45.00 and 59.99 percent	2
Between 35.00 and 44.99 percent	1
Less than 35 percent	0

**(2) Structural Deficiencies** – 5 points. You may receive up to 5 points if your application demonstrates significant deficiencies in the structural elements, building systems, and on-site infrastructure of the targeted public and/or assisted housing units such that significant rehabilitation or demolition is required. Examples of structural elements include roofs, foundations, and structural walls. Building systems include electrical, plumbing, heating and cooling, and mechanical systems. On-site infrastructure includes site work, sewer and storm drain laterals, or other on-site utilities. If HUD has already approved demolition of the targeted units you will receive full points if you submit a copy of HUD's letter approving the demolition. If this application is for more than one public and/or assisted housing project, descriptions should be submitted for each site and HUD will consider documentation provided for all properties.

Provide a letter in your attachments signed by a registered engineer or architect, which includes a narrative description and pictures, and may be supplemented by physical inspection reports. (The Certification of Severe Physical Distress submitted to satisfy the Eligible Target Housing threshold is not sufficient to earn points for this rating factor, though it may be signed by the same person that signs the letter required for this rating factor). The letter must be based on a recent physical inspection and dated no more than 18 months prior to the publication of this NOFA.

Fewer points may be awarded for descriptions that are inadequate and/or demonstrate less severe distress. Zero points will be awarded if the documentation in your attachments in the format required (e.g. not a letter signed by a registered engineer or excerpts from a PNA), does not demonstrate severe distress, the deficiencies are cosmetic or require routine repair/maintenance, or does not provide adequate information to make HUD's rating of this factor possible.

**(3) Design Deficiencies** – 4 points. You may receive up to 4 points if your application demonstrates that there are fundamental design deficiencies, of a type and character that require substantial rehabilitation or reconstruction to fully address, related to: (a) substantially inappropriate building design or site layout when compared to the surrounding neighborhood which may include inappropriate density; (b) inadequate room size and/or unit configurations to meet the needs of existing residents; (c) lack of defensible space related to building layout and orientation; (d) disproportionately high and adverse environmental health effects associated with ongoing residency; (e) inaccessibility for persons with disabilities with regard to individual units (i.e. less than 5 percent of units are accessible), entranceways, and common areas; and (f) significant utility expenses (at least 30 percent higher than similar properties) caused by energy conservation deficiencies that may be documented by an energy audit. You may demonstrate this in your application through narrative description, additional physical inspection information, letters from relevant oversight agencies, and/or pictures in the attachments section. If this application is for more than one public and/or assisted housing project, descriptions should be submitted for each site and HUD will consider documentation provided for all properties.

**(a)** You will receive 4 points if your application demonstrates fundamental design deficiencies, of a type and character that require substantial rehabilitation or reconstruction to fully address, in 3 or more of these deficiencies.

- (b) Fewer points will be awarded for applications that address fewer than 3 items, demonstrate less severe distress, and/or for responses that are inadequate.
- (c) You will receive 0 points if your application does not address any of these items, does not demonstrate distress, or does not address this subfactor to an extent that makes HUD's rating of this subfactor possible.

**b. Severe Distress of the Targeted Neighborhood.** Choice Neighborhoods is intended to be a tool to help communities turn around the most distressed neighborhoods. HUD will evaluate the level of this neighborhood-wide distress by examining several factors: poverty, vacancy rates, and crime rates. You will receive points by addressing the following separate factors, as indicated.

(1) **Poverty/ELI Rate** – 5 points. You may receive up to 5 points based on the concentration of households in poverty or with extremely low incomes (whichever is greater) residing within the target neighborhood. HUD will use the same data from the mapping tool as used for the Eligible Neighborhood threshold) to assign points for this factor.

Concentration of Households in Poverty or with Extremely Low Incomes	Points Awarded
40.00 percent and above	5
Between 36.25 and 39.99 percent	4
Between 32.50 and 36.24 percent	3
Between 28.75 and 32.49 percent	2
Between 25.00 and 28.74 percent	1
24.99 percent and below	0

(2) **Long-term Vacancy Rate** – 2 points. You may receive up to 2 points based on the current rate of long-term vacant properties within the target neighborhood. You will earn points for the higher of either the ratio of vacant housing in the neighborhood to the county/parish or the rate of vacant housing in accordance with the table below. HUD will use data from the mapping tool to determine the vacancy rate for this scoring criteria and the Eligible Neighborhood threshold) to assign points for this factor.

Current Long-term Vacancy Rate in the Target Neighborhood	Current Long-Term Vacancy Rate in the Target Neighborhood is X times the County/Parish	Points Awarded
14.00 percent and above	More than 4.00	2
Between 7.00 and 13.99 percent	Between 2.00 and 3.99	1
Less than 7 percent	Less than 2.00	0

(3) **Part I Violent Crime Rate** – 5 points. You may receive up to 5 points based on the rate of Part I violent crimes for the precinct/PSA in which the target housing is located for the three years 2009-2011 (measured as Part I violent crimes per 1,000 persons). You must submit data for each of the three years, and preferably break out the number of incidences for each of the four classifications of Part I violent crimes, in your attachments as a letter of certification from the local law enforcement agency or by providing a copy/print out of

published local law enforcement data. If providing the latter, the source must be identifiable. You will earn points for the higher of the 3-year average for either the rate compared to the city/county/parish or the rate in accordance with the applicable table below.

Part I Violent Crime Rate- crimes per 1000 residents in precinct/PSA of Target Housing	Part I Violent Crime Rate of precinct/PSA is X times the City/County/Parish*	Points Awarded
24.00 or more	More than 2.51	5
Between 22.00 and 23.99	Between 2.32 and 2.50	4
Between 20.00 and 21.99	Between 2.13 and 2.31	3
Between 18.00 and 19.99	Between 1.94 and 2.12	2
Between 16.00 and 17.99	Between 1.75 and 1.93	1
15.99 or less	Less than 1.75	0

\*In non-metropolitan areas, if the Precinct/PSA is coterminous with the County/Parish, the applicant may compare its Part I violent crime rate to that of the state.

You will also receive 0 points if the data is not for the time-period specified (calendar years 2009-2011), in the format required (e.g. shows each of the three years individually and indicates the number of incidents per 1,000 residents), or otherwise inadequate to make HUD's rating of this factor possible.

**c. Need for Affordable Housing in the Community** – 1 point. You will receive 1 point if the Choice Neighborhoods project is in a county where the shortage of housing affordable to very low-income (VLI) renter households (0 to 50 percent AMI) is greater than the national rate using the most currently available Census Data. HUD will provide this data at [www.hud.gov/cn](http://www.hud.gov/cn). The shortage rate is calculated as the number of VLI renter households divided by the number of rental units affordable and available to VLI households, where affordable and available equals units that: (1) have rents not exceeding 30 percent of 50 percent of AMI; and (2) are vacant or occupied by a VLI renter household. Where HUD and the Census Bureau have not provided this data, HUD may approve applicants to provide the most relevant source of locally available data to demonstrate a need for affordable housing. Locally gathered data should still reflect what households of given income levels are paying for rent.

### 3. RATING FACTOR – STRATEGY (100 Points Total)

**a. Neighborhood Narrative.** The Choice Neighborhoods program is intended to use investment in housing, people, and neighborhood as a catalyst for comprehensive neighborhood change. In order to evaluate your overall Transformation Plan, HUD requires an understanding of the neighborhood you propose to improve, how and why. Provide a narrative of your neighborhood that is supplemented with maps and other documents in the attachments. The purpose of this section is to provide HUD with an overall understanding of the strengths and challenges in the neighborhood and to provide the foundation from which to evaluate the strategies proposed in your Transformation Plan. Each of the specific strategies should relate to the strengths and challenges identified in this section and describe how the selected strategy addresses the challenges identified.

*Neighborhood Data.* Please also provide a quantitative description of the neighborhood. This should include:

- Demographic info (population, age, income, race, employment, etc.) in relation to city and region
- Crime rates in relation to city and region
- Schools- location, performance, enrollment numbers, enrollment policies/catchment areas, etc.
- Housing stock info (Property values, age of housing, rental/homeownership, sales prices, rents, vacancy rates etc.)
- Vacant land if available
- Foreclosure rates
- Other information, as necessary

For purposes of this NOFA, the data can be from secondary sources (e.g., Census, HUD's Inventory Management System/ Public Housing Information Center (IMS/PIC), health department, school system, police department, etc.). Locally published data from city or regional plans and other sources may be used. Data may be provided in chart form or narrative. Sources should be identified.

*Neighborhood Description.* Please provide a narrative description of your neighborhood, you may include history, location, ethnic and racial changes, economics, community assets, transit, educational opportunities employment centers, organizations etc. Provide whatever you think will best provide HUD with a "snapshot" of your community. Describe the neighborhood's current status with regard to patterns of disinvestment, existing neighborhood assets, patterns of racial and ethnic concentration, and patterns of poverty concentration. Please include descriptions of ongoing or recent revitalization activities and new investment that may be taking place in the neighborhood or on its periphery. Describe challenges that residents have in accessing transportation to job centers. Please describe the critical challenges facing the neighborhood.

*Housing Description and relationship to neighborhood.* Please describe the housing development that is the subject of this application including age, condition, unit mix and population. Using your market analysis and other available data please describe the housing in the neighborhood, paying particular attention to the housing in the area immediately surrounding the housing development you intend to revitalize. Also, include a description the development's current impact on the surrounding community. Please describe the critical housing challenges facing the neighborhood.

*People Narrative.* Please briefly describe the demographics of the residents of the housing development as well as the surrounding neighborhood. From your resident needs assessment, please identify the services and assets most needed, particularly for children and youth. What services and assets are in the neighborhood? Are they adequate? Are additional services and assets needed? If so, what kind? From other city or community documents or your own planning process, what broader neighborhood services are have been identified as needed in the community?

*Vision.* What is the long term vision for the neighborhood? What changes do you want to occur in the neighborhood?

**b. NEIGHBORHOOD** (35 points total). The purpose of this rating factor is to provide detail about the Neighborhood component of your Transformation Plan. You may receive up to 35 points if you demonstrate a well-defined, sound and results-oriented plan to achieve the Neighborhood goals identified in the “Neighborhood Narrative.” The Neighborhood plan should serve as the framework of your overall Transformation Plan. It should relate to the key findings of your planning process, relevant data, strengths and challenges discussed in the Neighborhood Narrative. The Neighborhood plan should be the “glue” that holds together the housing and people strategies. It should also serve as the basis for the use of Critical Community Improvements funds. In its evaluation of the Neighborhood Strategy, HUD will consider the extent to which the strategies relate to the neighborhood needs identified in neighborhood narrative, data provided, market analysis and the planning process and the extent to which you demonstrate that your plan will improve key measurable outcomes. You must identify the specific outcomes your plan will improve and the metrics you will use to measure and track these outcomes. These evaluation criteria apply to all of the Neighborhood rating subfactors below.

**(1) Overall Neighborhood Transformation Strategy** – 6 points. Please describe the neighborhood improvement strategies you plan to undertake as part of this Transformation Plan. What strategies are to be funded by the Critical Community Improvements funds? What strategies will be undertaken as part of the neighborhood leverage? What strategies will be undertaken by community partners (such as Community Development Corporations, block clubs, Neighborhood Housing Services, the local government, churches, anchor institutions, etc.) that enhance the Choice Neighborhoods activities. What no-cost strategies might you be undertaking? How do these strategies relate to the needs identified in your Neighborhood Narrative? Describe how these strategies leverage other stakeholders and funding. How do your strategies address disinvestment, avoid or reduce the concentration of racial or ethnic minorities, reduce the concentration of poverty, and build upon neighborhood assets? How do these strategies address the Livability Principles? Describe how these strategies will achieve priority outcomes of Choice Neighborhoods:

- (a) Median home sales price;
- (b) Building permit activity;
- (c) Long-term vacancy rates;
- (d) Neighborhood employment rates;
- (e) Part I violent crime rates per 1,000 residents, compared to citywide rate; and
- (f) Residents who report feeling safe in their neighborhood.

**(2) Critical Community Improvements Plan** – 3 points. The Critical Community Improvements strategy should relate directly to the challenges and needs identified in the Neighborhood Narrative. Please provide a detailed description of the specific activities you intend to fund using the Choice Neighborhoods grant, in accordance with the definition in section I.C. How were these particular projects identified and chosen as the best use of these flexible dollars? Describe the decision making process for use of these funds. Please explain how this funding will enhance the neighborhood and serve as a catalyst for other investment.

Describe other sources of financing for the project/s. Please also identify additional partners that may be engaged in these projects.

**(3) Public Safety.** Your Public Safety strategy should ensure that a comprehensive community-based strategy will bring together criminal justice entities with other community groups and institutions to coordinate activities that improve key measurable outcomes for community safety. These activities should balance enforcement efforts targeting serious public safety concerns associated with Part I violent crime, gang activity, and illegal drugs with prevention, intervention and community building strategies. You are encouraged to consider evidence-based approaches with a demonstrated record of success decreasing Part I violent crime, gang activity, and illegal drugs.

(a) **Public Safety Strategy** – 3 points. You may receive up to 3 points based on the extent to which you demonstrate a well-defined, sound and results-oriented Public Safety strategy as indicated by the evidence base and responsiveness to your residents’ needs to achieve the priority outcomes, which addresses all of the following criteria:

(i) identify each related baseline result (provide numbers and percentages) from your comprehensive resident needs assessment and each expected result (provide numbers and percentages) you anticipate achieving through your Public Safety strategy by year five of the grant in your narrative and/or in a table and demonstrate that findings from your needs assessment serve as the foundation for your proposed public safety activities and partnerships;

(ii) describe specific activities that will be undertaken to address and prevent high Part I violent crime, gang, and illegal drug activity in the target neighborhood through law enforcement, innovative police practices, re-entry initiatives, prosecution, adjudication, parole and probation, courts, and corrections; and

(iii) describe how you are aligning with existing public safety efforts in the community and describe the criminal justice and other community-based partnerships/resource commitments that have been established.

(b) **Alignment with Byrne Criminal Justice Innovation Grant** – 2 points. If your target neighborhood is also the focus area of a Byrne Criminal Justice Innovation Grant funded through the Department of Justice, you may receive 2 points by describing how the public safety strategies under this grant are integrated with the strategies funded through grant and how they will be enhanced.

**(4) Alignment with Existing Efforts** – 3 points. HUD will evaluate your application based on the extent to which you demonstrate how the Neighborhood component of the Transformation Plan aligns with and builds on existing efforts to improve the neighborhood. Such efforts may be reflected by public land use designations and/or may be fully funded by private investments and initiated outside the context of the comprehensive neighborhood planning process that has taken place to establish the Transformation Plan, yet will address some of the challenges identified in the neighborhood. Any efforts described must currently be underway and not just in the planning stage. In order to earn full points for this rating factor, your neighborhood must be located in an investment priority area (e.g. Redevelopment area, Tax Increment Finance district, Neighborhood Stabilization Program target area, etc.).

**(5) Neighborhood Access** – 3 points. HUD will assign points based on either of the following two measures that indicate access to jobs and amenities from the target housing project. Applications will earn points based on the most favorable measure:

- (a) Walkscore. Provide the “walkability” score for a specific street address or intersection located in the geographic center of the target housing project based on the [www.walkscore.com](http://www.walkscore.com) website.

Walkscore	Points Awarded
70-100 Very Walkable or Walker’s Paradise	3
50-69 Somewhat Walkable	1
0-49 Car Dependent	0

- (b) Housing and Transportation Cost Burden. Provide the average household transportation cost burden for the census block group in which the target housing is located.

Housing and Transportation Cost Burden	Points Awarded
10% or less	3
Between 10.01% and 19%	2
Between 19.01% and 25%	1
More than 25%	0

**(6) Design** – 5 points. HUD is seeking excellence in design. Your proposed site plan, new units, and other buildings must be designed to blend into and enrich the surrounding neighborhood and promote mixed-income, mixed-use communities. High-quality residential and mixed-use architecture should be incorporated into the new neighborhood so that the revitalized sites and structures blend into the broader community and appeal to the market segments for which they are intended. Housing, community facilities, and economic development space must be well integrated. Site plans, building sections and elevations, and pictures of the adjoining neighborhood should be submitted in the attachments to support your narrative.

- (a) Your application should demonstrate the following elements:

- (i) You have proposed a plan that incorporates design elements and amenities into the revitalized homes that will enable them to blend into and enrich the neighborhood and appeal to intended market segments;
- (ii) A compact, pedestrian-friendly and mixed-use neighborhood through the use of an interconnected network of sidewalks, streets and open space;
- (iii) Opportunities for recreation and appropriate settings for community gathering spaces;
- (iv) Defensible space and “eyes on the street” with building entrances fronting on the street and housing overlooking common areas, including clearly defined public and private spaces, helping the community watch over itself and providing a sense of safety; and
- (v) Landscape elements that are appropriate to each site’s soils and microclimate and provide shade trees for streets and parking.

- (b) You will receive full points for thoroughly and specifically addressing each element. Fewer points will be awarded if your plan addresses some, but not all, of the elements or

does not address each element with sufficient detail. Zero points will be awarded for lack of specificity.

**(7) HUD Policy Priority: Sustainability through LEED for Neighborhood Development (LEED-ND) – 2 points.** You will receive 2 points for developing a project within the target neighborhood that satisfies all the basic prerequisites and point requirements consistent with achieving at least the Certified level of the LEED-ND rating system, or similar neighborhood sustainability standard. You will receive 2 points if you provide a letter of Conditional Approval (Stage 1 certification) of your LEED-ND Plan from the United States Green Building Council (USGBC). You will receive 1 point if you provide an attestation from an appropriately licensed or accredited member of the development and design team that your project has been designed to comply with the goal of achieving at a minimum, LEED-ND Certification. Appropriate accreditations include a Civil Professional Engineer (PE), Planner (AICP), or Architect (AIA) experienced in LEED-ND or similar neighborhood sustainability standards. The LEED-ND project can be a subset of the overall Transformation Plan.

**(8) Leverage.** Leverage is a critical element of Choice Neighborhoods, enabling grantees to leverage other local, state and federal resources to catalyze comprehensive transformation of the neighborhood environment to benefit residents. Leveraged resource commitments for these rating factors must be for your Neighborhood purposes only. See section III.C.3.c, Program Requirements, “Program Requirements that Apply to Match and Leverage” for eligible resources and leverage documentation requirements. These requirements **MUST** be followed in order to earn points under these rating factors.

**(a) Community Development Block Grant Leverage – 2 points.** In your attachments, provide a commitment letter from the local jurisdiction in which the target neighborhood is located detailing its commitment of CDBG funds, excluding CDBG Disaster Recovery funds, to the Transformation Plan.

(i) You will receive 2 points if the local jurisdiction commits at least one of the following: (1) a minimum of \$750,000 or 7.5 percent of its annual CDBG allocation, whichever is greater, to the activities in the Transformation Plan or (2) Section 108 financing committed by the local jurisdiction in an amount of at least \$750,000 to support an economic development project in the Transformation Plan.

(ii) You will receive 1 point if the local jurisdiction commits at least one of the following: (1) a minimum of \$100,000 or 3 percent of the CDBG grantee’s annual allocation, whichever is greater, committed to activities in the Transformation Plan (projects in non-entitlement areas only must meet the \$100,000 commitment) or (2) Section 108 financing committed by the local jurisdiction in an amount of at least \$100,000 to support an economic development project in the Transformation Plan.

**(b) Critical Community Improvements Leverage – 4 points.** This rating factor includes all funding sources of leverage with documented commitment to the Critical Community Improvements projects included in the Transformation Plan relative to the Choice Neighborhoods funding award requested. CDBG funds identified above are excluded; however additional CDBG leverage above the level identified above will be included in this calculation. HUD will award points based on the ratio of Choice Neighborhoods funds that can be requested for Critical Community Improvements (15 percent of the total Choice

Neighborhoods grant amount requested) to the dollar value of documented, committed resources leveraged from other sources.

Leverage Ratio (15% of Choice Neighborhoods grant vs. non-Choice Neighborhoods funds)		Points Awarded
MSA greater than 200,000	MSA 200,000 or less	
1:2.5 or higher	1:1.25 or higher	4
1:1.50 and 1:1.99	1:0.75 and 1:1.24	3
1:1.00 and 1:1.49	1:0.50 and 1:0.74	2
1:0.50 and 1:0.99	1:0.25 and 1:0.99	1
less than 1:0.50	Less than 1:0.25	0

(c) **Neighborhood Leverage** – 2 points. This rating factor includes all funding sources of leverage with documented commitment to the neighborhood transformation activities included in the Transformation Plan relative to the Choice Neighborhoods funding award requested. These must be funds for projects that are new commitments to the targeted neighborhood that will contribute to the goals and outcomes you have described. These funds will work to leverage the Choice Neighborhoods funding, but are not dependent on it. HUD will award points based on the ratio of Choice Neighborhoods that can be requested for Critical Community Improvements (15 percent of the total Choice Neighborhoods grant amount requested) to the dollar value of documented, committed resources leveraged from other sources.

Leverage Ratio (15% of Choice Neighborhoods grant vs. non-Choice Neighborhoods funds)		Points Awarded
MSA greater than 200,000	MSA less than 200,000	
1:3.00 or higher	1:1.50 or higher	2
Less than 1:3.00	Less than 1:1.50	0

**c. HOUSING** (34 points total). The purpose of this rating factor is to provide detail about the Housing component of your Transformation Plan. HUD will evaluate your application based on the extent to which you demonstrate a well-defined, high quality, and sound plan to achieve the housing goals defined in this NOFA. In its evaluation of how well-defined your housing plan is, HUD will consider the extent to which you thoroughly describe the key activities, staff, partnerships, and leverage required to achieve the goals of your plan. In its evaluation of the quality of your housing plan, HUD will consider the extent to which you demonstrate that your plan will improve key measurable outcomes. You must also identify the metrics you will use to measure and track these outcomes. In its evaluation of the soundness of your housing plan, HUD will consider the extent to which you demonstrate that your plan addresses the needs identified through your housing needs assessment, builds on relevant neighborhood assets and local efforts, and is informed by market need and sustainable design principles for revitalization. HUD considers only housing to be developed/rehabilitated by the Housing

Implementation Entity to be included in the Housing component of the Plan. Housing proposed for development/rehabilitation in which the Housing Implementation Entity does not have material control should be included in the Neighborhood component of your Plan.

**(1) Overall Housing Strategy** – 3 points. HUD’s expectation is that Choice Neighborhoods are neighborhoods where people choose to live, because they provide amenities and assets, such as safety, good schools, and commercial activity, and that provide opportunities for those who have historically lived there to remain. HUD anticipates that these grant funds will serve as a catalyst to neighborhood revitalization and rebuilding the neighborhood housing market. Grantees are encouraged to develop housing available to households with a broad range of incomes that is mixed within buildings, to the maximum extent possible. Provide a detailed description of the Housing component of your Transformation Plan, both in the neighborhood (on- and/or off-site) and, if applicable to your Plan, outside the neighborhood (see one-for-one replacement requirements in section III.C.3 for guidance). Your description must include information about the housing you plan to demolish, develop, rehabilitate, and/or acquire including: the number of units (such as public housing, LIHTC, Project-based Section 8, market rate, homeownership etc.); bedrooms per unit; income type or AMI targets; initial proposed rents or sales prices; funding sources; and building and location for each phase. [For each phase, please identify who will provide developer and operations guarantees to the lender and investor and who will receive any developer fees. Also note what types of long-term control mechanisms the Housing Implementation Entity will have as it relates to each phase; e.g., approval rights in ground lease agreements, control of the limited partner entity, year 15 buyout rights, etc. joint venture.] Also, if applicable, describe the rationale and use of tenant protection vouchers. Describe: (a) replacement units being funded with Choice Neighborhoods, (b) non-replacement units funded with Choice Neighborhoods, and (c) other units not funded with Choice Neighborhoods. Explain why you chose the proposed unit mix and how it is informed by market analysis and other information you described in the Neighborhood Narrative. HUD will evaluate the Housing plan based on the quality of your response and appropriateness of the proposal in the context of the local housing market relative to other alternatives. You must discuss other possible alternatives in the local housing market and explain why the housing envisioned in the application is more appropriate.

**(2) Number of Replacement Housing Units** – 2 points. This rating factor only applies to applications that target public and/or assisted housing that was already demolished as of the application due date. Applicants that are subject to the one-for-one replacement requirement will automatically receive 2 points.

(a) You will receive 2 points if you are proposing to replace 80 percent or more of the public housing and/or assisted units demolished or disposed with a hard replacement unit.

(b) You will receive 1 point if you are proposing to replace between 60 and 80 percent of the public housing and/or assisted units demolished or disposed with a hard replacement unit.

(c) You will receive 0 points if you are proposing to replace less than 60 percent of the public housing and/or assisted units demolished or disposed with a hard replacement unit.

**(3) Type of Replacement Housing Units** – 5 points. As part of HUD’s effort to transition public housing and other HUD-assisted properties to a more stable financial platform, Choice Neighborhoods grantees are encouraged to replace public housing units with Section 8 project based rental assistance or project-based vouchers. Applications that target public housing will

receive points in accordance with the table below. Applications that only target HUD-assisted housing will earn full points.

Percent of Replacement Units that will receive Project-Based Rental Assistance or Project-Based Vouchers	Points Awarded
75% or more	5
Between 50% and 74.99%	4
Between 40% and 49.99%	3
Between 25% and 39.99%	2
Less than 25%	0

**(4) Mixed-Income Development** – 5 points. Grantees are encouraged to develop housing available to households with a broad range of incomes. This includes housing that is available to households with moderate- to middle-income and above. HUD will evaluate your application based on the extent to the Housing plan contains units that are not replacement housing and those that will be available to households earning more than 60% of AMI. HUD will award points to applications in which at least 50 percent of the units are not public or assisted-housing units and available to households earning above 60% of AMI in accordance with the table below. This can include units that have received financial assistance (including Choice Neighborhoods funding to build non-replacement units affordable to households earning up to 120% as discussed in section I.C) to develop the unit, but will not receive direct, ongoing operating subsidy. If the Housing plan contains 50 percent or more of public and/or assisted-housing units, the application will earn zero points.

Units available to households above 60% of AMI (exclusive of public or assisted housing units) as a percentage of total units in the Housing plan	Points Awarded
More than 20 percent	5
Between 15 and 20 percent	3
Between 10 and 15 percent	1
Less than 10 percent	0

For example, an application proposes to develop a total of 300 units: 110 PBV/LIHTC units, 90 LIHTC-only (no PBVs attached) units, 25 affordable units partially financed with Choice Neighborhoods funding, and 50 unrestricted units. In this case, 25 percent (75/300) of the units will be available to households above 60 percent of AMI and are not public or assisted housing. Thus, this application earns 5 points.

**(5) Long-term affordability** – 2 points. Housing assisted with Choice Neighborhoods funds must be affordable, from the date of initial occupancy, for not less than the period of affordability to which the property is already subject and remains subject, or 20 years, whichever is greater. However, longer affordability periods ensure a greater benefit to current and future residents and a more effective use of the Choice Neighborhoods investment. Describe how you will ensure, to the maximum extent practicable and for the longest feasible

term that all affordable rental housing funded by Choice Neighborhoods will remain affordable to persons whose income do not exceed 120 percent of AMI.

- (a) You will receive 2 points if you certify that you will maintain a long-term affordability restriction on title of 40 years or more from the date of initial occupancy for all affordable rental housing funded by Choice Neighborhoods.
- (b) You will receive 1 point if you certify that you will maintain a long-term affordability restriction on title between 30 and 40 years from the date of initial occupancy for all affordable rental housing funded by Choice Neighborhoods, or if only a majority of units (not all units) will be restricted to 40 years or more.
- (c) Zero points will be awarded if you do not certify that you can exceed the 20-year affordability requirement, if you will only exceed it for less than half the units, or if the response does not address this factor to an extent that makes HUD's rating of this factor possible.

**(6) Green Building** - 3 points. HUD encourages housing development and rehabilitation that increases resource efficiency, reduces greenhouse gas emissions and promotes healthy living environments for residents. You may earn points under either paragraph (a) or (b). You will receive zero points if your application does not demonstrate either of these criteria, or if your application does not address this factor to an extent that makes HUD's rating of this factor possible.

(a) Green Development (3 points). Applicants that certify and demonstrate that they will meet one of the following green building standards in the construction of all new units and/or substantial rehabilitation of all existing units included in the Housing component of the Plan are eligible to receive 3 points. These points are available to applicants who certify and describe how they will fulfill the requirements of one of several recognized green rating programs, including: Enterprise Green Communities; the National Green Building Standards; Leadership in Energy and Environmental Design (LEED) for Homes (for single family) or LEED New Construction (for multifamily); or such local or regionally preferred standards as Earthcraft, Built Green, Green Point Rated Homes, or Earth Advantage, in the design and construction of their project. If funded, you must provide evidence of such certification after construction of the units. For green programs that require only self-certification, the applicant, if funded, must provide independent third party certification of compliance with program requirements to be performed by a third party consultant experienced in the installation of green, energy-efficient systems such as a licensed engineer who is a certified Home Energy Rater, BOP Inspector, or an equivalent designation as determined by a Verification Oversight Organization such as RESNET.

(b) Energy Star Indoor Air Package (2 points). If you are not able to commit to Green Development as described in (a) above, you will earn 2 points for adopting the Energy Star Indoor Air Package and commit to certification by an independent Home Energy Rater upon completion as outlined at [www.energystar.gov/homes](http://www.energystar.gov/homes).

**(7) Land Use Approvals** – 4 points. You will receive up to 4 points if your application includes a certification that all required discretionary land use approvals, other than any required design review, have been secured for the developed and undeveloped land. Building permits are not considered part of land use approvals. You must include a certification from the appropriate local official (i.e., that has the necessary authority) in your attachments.

- (a) You will receive 4 points if the certification includes the first phase of development, regardless of the proposed land use type (e.g. retail, commercial, housing, etc.), and all land use approvals for all housing planned, regardless of how they will be financed (i.e., whether with Choice Neighborhoods grant funds or leveraged funds).
- (b) You will receive 1 point if the certification only includes the first housing phase that is funded with Choice Neighborhoods funds and any prior phase that has not yet started construction.
- (c) You will receive 0 points if your application does not meet either of the above criteria.

**(8) Housing Development Leverage.** An essential element of the Choice Neighborhoods program is that the Choice Neighborhoods grant dollars leverage other resources. In order to count as development leveraging for purposes of this NOFA, resource commitments must be firmly committed for the future or in the process of being used as of the application deadline. For this rating factor, the resource commitments must be for the housing development included in the Transformation Plan. Resource commitments being used for activities completed in the past or by an entity other than the Housing Implementation Entity will not be counted as Housing Development Leveraging. Applicants must follow the Program Requirements for Match and Leverage section of Section III.C.3.c when preparing their leverage documentation. If leverage sources and amounts are not documented in accordance with these requirements, they will not be counted toward your leverage amounts. For each commitment document, HUD will evaluate the strength of commitment and add the amounts that are acceptably documented.

(a) **9% Tax Credits** – 2 points. You will receive 2 points if: (1) one phase of your Housing plan that has not started construction has already received an allocation of 9% credits through the Low-Income Housing Tax Credit program; or (2) you provide evidence (e.g., a signed letter on agency letterhead or a webpage confirming such) that your Plan is located in a jurisdiction in which the applicable low-income housing tax credit allocating agency’s Qualified Allocation Plan has a preference for Choice Neighborhoods and/or the redevelopment of distressed public and/or HUD-assisted housing.

(b) **Housing Development Leverage** – 8 points. You will receive up to 8 points based on the extent to which you have secured leverage for the Housing plan. HUD will calculate the ratio of 70 percent of the Choice Neighborhoods grant amount requested to the dollar value of documented, committed Housing resources leveraged from other sources. HUD will round figures to two decimal points, using standard rounding rules.

Leverage Ratio (70% of Choice Neighborhoods grant vs. non-Choice Neighborhoods funds)		Points Awarded
MSA greater than 200,000	MSA 200,000 or less	
1:3.0 or higher	1:2.25 or higher	8
1:2.65 and 1:2.99	1:1.99 and 1:1.24	7
1:2.30 and 1:2.64	1:1.73 and 1:1.98	6
1:1.75 and 1:2.29	1:1.31 and 1:1.72	5
1:1.40 and 1:1.74	1:1.05 and 1:1.30	4
1:1.05 and 1:1.39	1:0.79 and 1:1.04	3
1:0.70 and 1:1.04	1:0.53 and 1:0.78	2

1:0.35 and 1:0.69	1:0.26 and 1:0.52	1
Less than 1:0.35	Less than 1:0.26	0

**d. PEOPLE** (31 points total). The purpose of this rating factor is to provide detail about the People component of your Transformation Plan, which aims to improve outcomes related to education, employment, and health of households – with a particular focus on children – living in the target development(s) before and after revitalization. HUD will evaluate the People plan based how well you demonstrate a well-defined, sound and results-oriented plan to achieve the People goals of your Transformation Plan. In its evaluation of the definition of each component of your People plan, HUD will consider the extent to which you thoroughly describe the key activities, partnerships, staffing and resources required to achieve the goals of your plan. In its evaluation of the soundness of each component of your People plan, HUD will consider the extent to which you demonstrate that your plan addresses the resident needs identified through your comprehensive resident needs assessment and builds on relevant, existing neighborhood assets. In its evaluation of the results orientation of each component of your People plan, HUD will consider the extent to which you demonstrate that your People plan will improve key measurable outcomes. You must identify the specific outcomes your plan will improve and the metrics you will use to measure and track these outcomes. Your plan will be evaluated in part in terms of how successful your strategies will be – as indicated by responsiveness to your residents’ needs – at improving the following priority outcomes, as well as any additional outcomes and associated metrics (if any) in the areas of health, education, and employment you have identified in your needs assessment as a priority for affected residents:

#### **Health, Education, and Economic Self-Sufficiency Outcomes and Metrics**

<b>Outcome</b>	<b>Metrics</b>
1. Children, youth and adults are physically and mentally healthy	<ul style="list-style-type: none"> <li>• Number and percentage who have a place where they regularly go (often referred to as a medical home), other than an emergency room, when they are sick or in need of advice about their health</li> <li>• Number and percentage reporting good physical health</li> <li>• Number and percentage reporting stress or psychological distress</li> <li>• Number and percentage of residents who have health insurance</li> </ul>

<p>2. Children enter Kindergarten ready to learn</p> <p>3. Children are proficient in core academic subjects</p> <p>4. Youth graduate from high school college- and career-ready</p>	<ul style="list-style-type: none"> <li>• Number and percentage of children in kindergarten who demonstrate at the beginning of the program or school year age-appropriate functioning across multiple domains of early learning as determined using developmentally appropriate early learning measures</li> <li>• Number and percentage of students at or above grade level according to state mathematics and English language arts assessments in at least the grades required by the ESEA (3rd through 8th and once in high school)</li> <li>• Number and percentage of youth who graduate from high school</li> </ul>
<p>5. Households are economically stable and self-sufficient</p>	<ul style="list-style-type: none"> <li>• Number and percentage of working-age adults working at least 30 hours per week</li> <li>• Average earned income of HUD-assisted households (excluding those who cannot work due to being elderly or disabled)</li> </ul>

**(1) Resident Needs Survey and Results** – 3 points. You must demonstrate that a comprehensive resident needs survey has been completed as of the application deadline and that this needs survey is the basis for the People strategy proposed in your application, including case management activities. The comprehensive needs assessment should also serve as the baseline from which the expected outcomes and associated metrics for each component of your People strategy are developed. See the “Health, Education, and Economic Self-Sufficiency Outcomes and Metrics” table above for priority baseline data to gather through your comprehensive needs assessment. All households of the public and/or assisted housing must have the opportunity to complete a written or oral survey as part of the resident needs assessment. It is HUD’s expectation that you have at least a 51 percent response rate from all public and/or assisted households targeted for this grant. To achieve full points for this rating factor, however, a higher response rate is expected. HUD award points for this rating factor based on the extent to which you demonstrate that you had a high response rate, the findings from your comprehensive resident needs survey serve as the foundation for your proposed strategy and partnerships, the metrics you will use to measure progress towards key outcomes, and your expected results. You should have conducted a comprehensive resident needs assessment that describes and quantifies (provide numbers and percentages):

- (a) demographics of residents in the target public and/or assisted housing;
- (b) key data in the areas of health, education, and employment of affected residents across all age groups, including those with unique circumstances (e.g. elderly or disabled), as relevant to the target development(s) and neighborhood, and
- (c) resident satisfaction with the quality and accessibility of existing services and resident preferences for improved and new services.

**(2) Supportive Services Strategy.** HUD will evaluate your application based on the extent to which you demonstrate a well-defined, sound and results-oriented Supportive Services

strategy, administered through effective case management, to achieve the outcomes identified in the table above (see the “Health, Education, and Economic Self-Sufficiency and Metrics” table above), as well as any additional outcomes and associated metrics you have identified through your resident and neighborhood needs assessments. HUD will evaluate your responses in accordance with the criteria in the introductory paragraph to the People Strategy section above (section V.A.3.d). Also, in order to receive full points, you must address all of the following criteria, as described in each sub-rating factor.

(a) **Supportive Services and Programs**– 7 points. Provide a summary description of your overall Supportive Services strategy, administered through effective case management, to achieve each of the year 5 outcomes identified in the table above (see the “Health, Education, and Economic Self-Sufficiency and Metrics” table above), as well as any additional priority outcomes and associated metrics you have identified through your resident needs assessment and/or neighborhood narrative. In this rating factor, please focus on Health and Economic Self-Sufficiency strategies as Education strategies are the focus of other rating factors. Following the summary description, identify and describe each priority outcome you seek to influence through your Supportive Services strategy by providing for each one the information asked for in the table below. HUD will evaluate your response in accordance with the relevant criteria in the introductory paragraph to the People Strategy section above (Section V.A.3.d). Additionally, in order to earn full points for this sub-rating factor, you must demonstrate that at least one additional priority outcome is directly influenced by the neighborhood narrative you collected. You may demonstrate the above criteria in your narrative and/or in a table such as the table below, which summarizes most of the criteria requested for this rating factor:

**Table: Supportive Services Strategy and Expected Results by Year 5**

<b>Outcome</b>	Each year 5 outcome from the “Health, Education, and Economic Self-Sufficiency Outcomes and Metrics” table above, or any additional priority outcome you identify through your resident needs survey and/or neighborhood narrative, that you seek to influence through your Supportive Services strategy
<b>Metric</b>	Each associated metric from “Health, Education, and Economic Self-Sufficiency Outcomes and Metrics” table above that you will use to assess progress towards the priority outcome and any additional priority metric(s) you identify through your needs assessment (if any)
<b>Needs Assessment Result</b>	Baseline (provide number and percentage) for each metric, as identified through needs assessment and/or neighborhood narrative
<b>Expected Result</b>	Expected result (provide number and percentage) for each metric, as identified through needs assessment and/or neighborhood narrative, that you anticipate achieving through your Supportive Services strategy by the end of the 5-year grant period

<b>Strategy/Service</b>	Brief description of strategy and priority service(s) that will be used in order to achieve this specific outcome. (Note: Such strategies/services will serve as the foundation of your overall Supportive Services Strategy and must be coordinated to meet the priority resident needs identified in your needs assessment, paying particular attention to the public and/or assisted households of the target development(s), but also including neighborhood residents to the extent possible).
<b>Service Provider</b>	Name of service provider(s) contributing to the outcome through the Outcome-Specific strategies/services you identified above.
<b>Resource Commitment</b>	Description of how you are leveraging and building on high-quality services and programs that are already in the neighborhood and how your People leverage commitments directly address the results of your needs assessment and/or neighborhood narrative; Identify and describe the major leverage commitments and Choice Neighborhoods funds dedicated to the strategies to achieve the expected outcome.
<b>Residents Served</b>	Number and percentage of public and/or assisted housing residents to be served by each strategy/service; Number and percentage of other neighborhood residents to be served by each strategy/service, if applicable; Specify whether the targeted residents are HUD-assisted and/or neighborhood residents.

**(b) Supportive Services Sustainability** – 2 points. The sustainability of your Supportive Services strategy is critical to attaining long-term outcomes that improve resident quality of life and avoiding abrupt cessation of key services at the end of the grant period. You will receive 2 points for this rating factor if you demonstrate that you have exercised the sustainability option available under this notice and set aside at least 5 percent of the total Choice Neighborhoods grant to create a Supportive Services Endowment and have a plan to secure an equal amount of matching funds to the endowment to sustain these activities after the grant period. You will receive 0 points if you do not demonstrate either of these criteria.

**(c) Federally Qualified Health Center** – 1 point. If your target neighborhood is also the focus area of a Federally Qualified Health Center (FQHC), you will receive 1 point by describing how your health strategies under this grant are integrated with the FQHC's strategic priorities and how specific resources deployed by the FQHC will be instrumental in meeting your desired health outcomes. A letter, signed by a senior office of the FQHC, identifying the FQHC's intention to partner and collaborate with the applicant within the target neighborhood must be provided as an attachment.

**(3) Education Strategy.** Your Education strategy should ensure that neighborhood residents between the ages of 0-18 will have access to high-quality early learning programs, schools, and education programs that will improve key measurable outcomes for HUD-assisted and other school-aged children and youth in the neighborhood. HUD encourages participation in

these education opportunities by all children in the neighborhood, though the Choice Neighborhoods grant funds must be used for the primary benefit of the public and/or assisted housing residents. Please refer to section III.3.C.3 for the Program Requirements related to Early Education and School-based programs. HUD will evaluate your application based on the extent to which you demonstrate a well-defined, sound and results-oriented Education strategy to achieve the priority outcomes, which addresses all of the criteria in each of the following rating factors:

**(a) Early Learning** – 3 points. You should:

- i. describe the specific activities that will be undertaken during the grant period and sustained after implementation of your Transformation Plan to ensure that HUD-assisted and other neighborhood children ages birth to kindergarten entry have access to high-quality early learning programs and services that are evidence-based;
- ii. describe how you and/or your partner(s) will continue to provide access to these consistently high-quality early learning programs and services to children of the community beyond the period of the grant; and
- iii. identify and describe the metrics you will track, the baseline for those metrics (as determined by your comprehensive needs assessment), and the projected results for that metric (provide numbers and percentages) for year 5 in table format that includes the information requested in the above table (see “Supportive Services Strategy and Expected Results by Year 5” table above).

You will be evaluated in part in terms of how successful your early learning strategy will be – as indicated by the evidence base and responsiveness to your residents’ needs – at improving the priority outcome that children enter Kindergarten ready to learn (see the “Health, Education, and Economic Self-Sufficiency Outcomes and Metrics” table above), as well as any additional outcomes and associated metrics in the area of early learning you have identified in your needs assessment (and neighborhood narrative, as relevant) as a priority for affected residents.

**(b) Schools** – 4 points. You will be evaluated in part in terms of how successful your school strategy will be at improving the priority outcomes that children are proficient in core academic subjects and that youth are graduating from high school college- and career-ready (see “Health, Education, Economic Self-Sufficiency and Safety Outcomes and Metrics” table above), as well as additional outcomes and associated metrics in the area of education you have identified in your needs assessment (and neighborhood narrative, as relevant) as a priority for affected residents. You are encouraged to consider one of the four rigorous interventions identified by the Department of Education’s Title 1 School Improvement grant program as an indicator of the quality of a school improvement strategy. You should:

- i. Identify and state the current performance of all schools located in the neighborhood. Please include a table and/or narrative with the following information:

School Name	School Type (Elementary, Middle, High)	School Size (total student body count)	School Performance (Both reading and math scores for grades 4, 8, or any high school grade for the neighborhood school and the state average reading and math scores for the selected grade)
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- ii. Describe specific activities that will be undertaken to ensure that young neighborhood residents have access to high-quality schools after the implementation of your Transformation Plan, by either providing them access to existing high-quality schools or making school improvements, which may include significant improvements to the programs, policies and personnel of an elementary, middle/junior high and/or high school to improve academic outcomes; or
- iii. Explain the student outreach plan, enrollment policies, and parent involvement strategies for the school(s);
- iv. Describe how you and/or your partner(s) will continue to provide access to consistently high-quality schools to children and youth of the community beyond the period of the grant; and
- v. Identify and describe the metrics you will track, the baseline for those metrics (as determined by your comprehensive needs assessment), and the projected results for that metric (provide numbers and percentages) for year 5 in a narrative and/or table that includes the information requested in the above table (see “Supportive Services Strategy and Expected Results by Year 5” table above).

You will be evaluated in part in terms of how successful your schools strategy will be – as indicated by the evidence base and responsiveness to your residents’ needs – at improving the priority outcome that children are proficient in core academic subjects and that youth are graduating from high school college- and career-ready children (see the “Health, Education, and Economic Self-Sufficiency Outcomes and Metrics” table above) , as well as any additional outcomes and associated metrics in the area of schools you have identified in your needs assessment (and neighborhood narrative, as relevant) as a priority for affected residents.

**(c) Promise Neighborhoods** – 4 points. If your target neighborhood is also the focus area of a Promise Neighborhoods Grant funded through the Department of Education, you may receive 2 points by describing how the education strategies under this grant are integrated with the strategies funded through that grant. In addition, if your Principal Education Partner is the Promise Neighborhoods grantee and your application for this grant earns full points under “Capacity of the Principal Education Partner” rating factor in Section V.A.1.e as well as at least six of the points in the two Education Strategy rating factors above, then you will receive a total of 4 points under this rating factor.

**(4) Economic Opportunities for Low- and Very Low-Income Persons (Section 3).**

Choice Neighborhoods grantees must comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and its implementing regulations at 24 CFR part 135. Specifically, Choice Neighborhoods grantees are required to ensure, to the greatest extent feasible, that training, employment, and other economic opportunities (including

contracting) will be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business entities that provide economic opportunities to low- and very low-income persons in the area in which the project is located. Information about Section 3 can be found at HUD's Section 3 website at <http://www.hud.gov/section3>.

**(a) Section 3 Plan** – 1 point. You will receive 1 point if your application demonstrates that you have a feasible plan for directing training, employment and contracting opportunities generated by the expenditure of covered financial assistance (your grant award) to Section 3 residents and Section 3 business entities. To earn the point, your application must demonstrate that your Section 3 Plan addresses a majority of the items listed below in paragraphs (i)-(vii). You will receive zero points if your application does not adequately demonstrate that your Section 3 Plan addresses four or more of the items listed below in paragraphs (i)-(vii), or if your application does not address this factor to an extent that makes HUD's rating of this factor possible.

- (i) Types and amounts of employment, training, and contracting opportunities to be generated as a result of proposed project activities;
- (ii) Specific actions that will be taken to ensure that low- and very low-income persons and the business entities that substantially employ these persons will be given priority consideration for employment, training, and contracting opportunities in accordance with 24 CFR Part 135.34 and Part 135.36;
- (iii) Criteria to be used for certifying the eligibility of Section 3 residents and business entities;
- (iv) Process to be used for notifying Section 3 residents and business entities about the availability of training, employment, and contracting opportunities;
- (v) Methodology to be used for monitoring developers/contractors and subcontractors that are awarded covered contracts to ensure their compliance with the requirements of Section 3;
- (vi) Strategies for meeting the Section 3 minimum numerical goals for employment and contracting opportunities found at 24 CFR Part 135.30; and
- (vii) Contact information and qualifications for staff persons that will be responsible for the day-to-day implementation of Section 3.

**(b) Section 3 Compliance** – 1 point. You will receive 1 point if your application demonstrates either the Lead Applicant's or the Co-Applicant's (if any) compliance with the requirements of Section 3 during the most recent fiscal or calendar year. You will receive zero points if your application does not demonstrate compliance with the requirements of Section 3 during the most recent fiscal or calendar year, or if your application does not address this factor to an extent that makes HUD's rating of this factor possible. Evidence that demonstrates the applicant's current compliance with the requirements of Section 3 may only include a copy of the applicant's most recent Section 3 Annual Summary Report (Form HUD 60002), to be provided in the attachments section. If neither you nor your Co-Applicant (if any) are subject to the requirements of Section 3, the Section 3 Plan rating factor (above) will be worth 2 points

**(5) People Leverage** – 5 points. Leverage – both financial and in-kind – is an essential element of Choice Neighborhoods. Choice Neighborhoods grant dollars enable grantees to leverage other local, state and federal resources to catalyze comprehensive transformation of

the neighborhood environment to benefit HUD-assisted and other neighborhood residents. HUD encourages applicants to create a comprehensive continuum of committed resources that support your People plan. To receive points under this rating factor, leveraged resource commitments must directly contribute to your People plan. Please include a table (in your People leverage attachments) with the following information summarizing the People resource commitments you have secured:

Agency	Amount – Existing	Amount – New	Brief Service Description	Number of Public and/or Assisted Housing Residents Served, if any	Number of Other Neighborhood Residents Served, if any	Specific Outcome and Associated Metric to which Resource Contributes
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Carefully review section III.C.3.c, Program Requirements, “Program Requirements that Apply to Match and Leverage” for eligible resources, ineligible resources, and leverage documentation requirements. These requirements MUST be followed in order to earn points under this rating factor. Both existing resources and new commitments will be counted, but new commitments must be at least half of the leveraged amount. HUD will calculate the ratio of the total allowable Choice Neighborhoods funds that can be requested for supportive services activities (15 percent of the total Choice Neighborhoods grant amount requested) to the dollar value of documented, committed People resources leveraged from other sources.

Leverage Ratio (15% of Choice Neighborhoods grant vs. non-Choice Neighborhoods funds)		Points Awarded
MSA greater than 200,000	MSA 200,000 or less	
1:3.00 or higher	1:1.50 or higher	5
1:2.50 and 1:2.99	1:1.25 and 1:1.49	4
1:2.00 and 1:2.49	1:1.00 and 1:1.24	3
1:1.50 and 1:1.99	1:0.75 and 1:0.99	2
1:1.00 and 1:1.49	1:0.50 and 1:0.74	1
Less than 1:1.00	Less than 1:0.50	0

#### 4. Rating Factor – Soundness of Approach (41 points total)

**a. Planning Process** – 3 points. This rating factor evaluates the quality of your overall neighborhood planning process including how well your Housing, People and Neighborhood strategies detailed in section V.A.3 relate to the findings and recommendations of your planning process. Please provide the executive summary or a brief narrative of your neighborhood plan. This should describe the process undertaken, participants in the process, engagement of residents, community residents, other community organizations business, service providers, religious institutions, schools etc. Please describe the engagement of governmental agencies and broader civic engagement if applicable. Include a summary of representative resident and community recommendations and concerns from meetings and

other forms of communication and an explanation of how this resident and community input has been addressed through the components of your proposed Transformation Plan

**b. Organizational Framework for Implementation** – 2 points. This description should address how you, the Lead Applicant, plans to coordinate the implementation process across any Co-Applicants and Principal Team Members. HUD will evaluate the legal contracts provided, such as a developer services and asset management agreement, joint venture agreement, or performance contract submitted as a threshold for this application (see section III.C.2). You may also provide a supplemental narrative description.

- (1) You will receive up to 3 points if the contracts provide for clear assignment of specific roles and responsibilities for the proposed activities in your Transformation Plan and include information about the process for decision-making and settling disputes.
- (2) Fewer points will be awarded if the accountability structure and roles and responsibilities are not clearly defined for each member within the contracts themselves. Fewer points will also be awarded for failure to address all of the above criteria in a sufficient manner, and general lack of specificity.
- (3) Zero points will be awarded if your response does not address this factor to an extent that makes HUD's rating of this factor possible.

**c. Governance/Accountability Structure and Community Engagement** – 4 points. Choice Neighborhoods funding is intended to serve as a catalyst for additional public and private investment in the neighborhood. Planning and coordination for these activities, as well as the Choice Neighborhoods activities, requires a mechanism for coordination and accountability with the neighborhood. This rating factor considers whether your Transformation Plan contains a governance strategy and ensures ongoing community engagement mechanisms for long term accountability and a forum to secure commitment from major stakeholders to collaborate long-term in the Transformation of the Neighborhood. These governance structures or stakeholder groups may take on various forms. HUD will evaluate your application based on the extent to which your governance structure provides long-term accountability, serves as a coordinating body and addresses mechanisms for long term accountability and broad community engagement including, but not limited to, residents of the target housing, community residents, other community stakeholders and institutions, local government officials and other civic leaders Describe the members engaged or types of people you intend to have as part of your governance structure. Please describe the way in which you have or plan to provide accountability to the residents and the local community; mechanisms to engage specific types of stakeholders; and means of building consensus and any arbitration or mid-course correction mechanisms you have in place, if applicable. You may provide an organizational chart with a committee structure if applicable.

**d. Community Capacity Building** – 2 points. In this rating factor, HUD will evaluate the extent to which you demonstrate how you will continue to build enduring capacity among neighborhood residents (including residents of the targeted public and/or assisted housing). Please describe the capacity building, training, and other supports that have been and/or will be provided to residents and the community in order to increase informed, substantive, and sustained participation in the development and implementation of the Transformation Plan and ensure long-term accountability to the proposed vision. Explain how these efforts will

strengthen the capacity of your partners, residents and other community members to participate in decision-making and planning processes and coordinate on cross-programmatic, place-based approaches in order to develop an effective Transformation Plan. Please explain how you will demonstrate the increased skills and expertise gained by you, your partners, and community stakeholders during the life of award and the means of measuring this increased capacity (e.g., needs assessments, evaluations, etc.).

**e. Anchor Institution Engagement** – 3 points. HUD seeks to support revitalization efforts that are supported by the broader civic community and thus have an even greater chance at real neighborhood transformation. HUD will evaluate your application based on the extent to which it application evidences how your strategy has engaged Anchor Institutions, as defined in section I.C, in a meaningful way in the planning and implementation of the Transformation plan, and builds on the existing relationships and contributions of the institutions. Evidence should take the form of financial commitments and significant in kind supports described in a letter signed by an executive of the Anchor Institution.

**f. Project Readiness** – 3 points. HUD seeks to fund projects that will be able to commence immediately after grant award. HUD will evaluate your application for this rating factor based on the Sources and Uses and other information provided in the attachments.

- (1) You will receive 3 points if:
  - (a) the funding for the first housing phase of development which includes Choice Neighborhoods funds is firmly committed. You should provide a detailed budget identifying sources and uses which indicates that all the construction and permanent period sources necessary to cover the cost of the phase (including any required infrastructure costs) have been committed (other than Choice Neighborhoods funding). If you identify, and are committing, future public housing capital funds in your Sources and Uses, you must provide a commitment letter detailing the fiscal years and dollars amounts of these commitments. Please include these letters in the same attachment section as your Sources and Uses; and
  - (b) your supportive services strategy demonstrates that you will start supportive services within 60 days of the grant award date.
- (2) You will receive 1 point if some, but not all, of the funding for the first housing phase of development is firmly committed.
- (3) You will receive 0 points if none of the funding for the first housing phase of development is firmly committed or if your response lacks specificity.

**g. Program Schedule** – 1 point. You must submit the proposed schedule for all the activities included in your Transformation Plan. Grantees must proceed in a timely manner, as indicated by the timeframes below. Grantees should also refer to section IV.D, Funding Restrictions, for the required expenditure date for FY2013 Choice Neighborhoods grant funds, which is September 30, 2020. The timeframes below apply to applicant's ENTIRE Transformation Plan, including ALL phases, unit types, and activities whether or not they are funded by Choice Neighborhoods grant dollars.

- The closing of the first housing phase of development must take place within 18 months of the grant award date. For this purpose, "closing" means all financial and legal arrangements have been executed and actual activities (construction, etc.) are ready to

commence.

- Grantees must start housing rehabilitation/construction within 21 months of the grant award date.
  - Grantees must complete all housing rehabilitation/construction by the statutorily required expenditure deadline.
  - If awarded grant funds, all other required components of the Transformation Plan and any other submissions not identified above must be submitted in accordance with requirements HUD identifies.
- (1) You will receive 1 point if the program schedule provided in your application includes all components of your Transformation Plan and incorporates the timelines/milestones.
  - (2) If your schedule does not incorporate all the timelines/milestones for your entire Transformation Plan or is not deemed to be feasible, you will earn zero points.

**h. Evidence-based Decision Making** – 5 points. Applicants should select strategies based on research and evidence of effectiveness. You must provide a description of research findings and describe how the evidence influenced the design of key elements, particularly the education and public safety strategies, of your Transformation Plan. HUD will evaluate your application based on the strength of evidence supporting the key strategies (e.g. the 8-10 strategies that are the highest priority based on needs identified) selected and how well you will incorporate the evidence into implementation. “Strength of Evidence” is defined in accordance with the following table:

<b>Strength of Evidence</b>	<b>Strong</b>	<b>Moderate</b>	<b>Preliminary</b>
Prior Research Studies Supporting Effectiveness or Efficacy of the Proposed Practice, Strategy or Program	(1) More than one well-designed and well-implemented experimental study or well-designed and well-implemented quasi-experimental study; or (2) one large, well-designed and well-implemented randomized controlled, multisite trial	(1) At least one well-designed and well-implemented experimental or quasi-experimental study, with small sample sizes or other conditions of implementation or analysis that limit generalizability; (2) at least one well-designed and well-implemented experimental or quasi-experimental study that does not demonstrate equivalence between the intervention and comparison groups	(1) Evidence that the proposed practice, strategy, or program, or one similar to it, has been attempted previously, albeit on a limited scale or in a limited setting, and yielded promising results that suggest that more formal and systematic study is warranted; and (2) a rationale for the proposed practice, strategy, or program that is based on research findings or reasonable hypotheses, including related research or theories in education
Internal Validity (i.e. Strength of Causal Conclusions) and External Validity (Generalizability)	High internal validity and high external validity	High internal validity and moderate external validity; or, Moderate internal validity and high external validity	Theory and reported practice suggest the potential for efficacy for at least some participants and settings

**i. Collection and Use of Data to Achieve Core Goals of the Transformation Plan - 4 points.**

To ensure the maximum impact in transforming the neighborhood with Choice Neighborhoods funds, your application must demonstrate a clear connection between the needs identified in your neighborhood, desired improvements, expected measurable outcomes, the strategy proposed to achieve those outcomes through the Transformation Plan and the metrics you will be using to assess those outcomes. You have been asked to demonstrate this results-focused connection in the Strategy section of this application. For this rating factor, HUD will evaluate your plan to collect, use, and share quantitative and qualitative data to affect sustainable improvements in the core goals of your Transformation Plan.

(1) You will earn 4 points if you describe a comprehensive plan for collecting, analyzing, and sharing data to evaluate and improve your Transformation Plan strategies and programs. You must describe the processes that will be established in order to integrate data analysis into the development and updating of your Transformation Plan. Explain and provide specific examples of how you will collect data relevant to the Housing, People and Neighborhood components of your Transformation Plan, maximizing collaboration with partners and minimizing redundant surveying of participants; how this data will be shared across

agencies/actors in the Transformation Plan; and how data will be discussed within your organization and with partners to continuously improve ongoing operations by identifying measurable progress, needed improvements or new program components or partners, and necessary adjustments in actions, outcomes, or milestones.

(2) Fewer points will be awarded for lacking a well-defined and comprehensive plan for collecting, analyzing and sharing data; for failure to address the above criteria in a sufficient manner; and general lack of specificity or for not evidencing a robust management process for using data to make ongoing adjustments to the implementation of the Transformation Plan.

(3) Zero points will be awarded if you do not include measurable indicators or a clear plan for collecting and tracking the data for measurement. No points will be awarded if your narrative does not address this factor to an extent that makes HUD rating of this factor possible.

**j. Affirmatively Furthering Fair Housing** – 2 points. Pursuant to section 808(e)(5) of the Fair Housing Act, HUD requires applicants to affirmatively further fair housing. Your application must discuss how you are going to carry out your proposed activities in a manner that affirmatively furthers fair housing. You will receive up to 2 points based on the substance and specificity of your proposal to do this, including by at least two of the following means:

(1) Increasing economic and racial and ethnic diversity within the neighborhood;

(2) Providing existing residents with the choice to pursue housing choices in areas of greater racial, ethnic and income or diversity;

(3) Demonstrating that any replacement housing that will be located outside the target neighborhood increases the racial and ethnic diversity of the neighborhood based on the demographics of the neighborhood and the expected residents of the replacement housing;

(4) In addition to any applicable required accessibility feature under Section 504 of the Rehabilitation Act of 1973, the design and construction requirements of the Fair Housing Act, or Title II of the Americans with Disabilities Act, describe how you will ensure that buildings and housing units incorporate the principles of universal design and visitability;

(5) Demonstrating that the proposed Transformation Plan is an integral part of the strategy of the jurisdiction in which the target neighborhood is located for addressing an impediment to fair housing that it has identified in its Analysis of Impediments (AI). Applications should demonstrate the connection between the Transformation Plan and the AI.

**k. Impact of the Transformation Plan** - 12 points. To ensure the maximum impact of Choice Neighborhoods funds, your Transformation Plan must demonstrate a clear connection between the needs identified in Housing, People, and Neighborhood; the improvements your plan will make; and the strategies proposed to achieve those outcomes. Successful Transformation Plans will spur outside investment into the surrounding community, enhance economic and education opportunities for residents, remove impediments to continued redevelopment, and sustain the revitalization effort for the long-term. As described throughout the rating factors, your application should provide adequate reasoning and justification for the proposed transformational activities to affect sustainable improvements in the core goals and how progress will be measured. A strong explanation will also include an evidence base for the strategy being used, such as a proven industry practice. It should also demonstrate that the plan is financially feasible, as reflected in the budgets and operating pro forma. The application itself must be well organized, well written and internally consistent. For this rating factor,

HUD will evaluate your overall Transformation Plan and rate it based on the extent to which the approach described in the Strategy sections of your application achieves the core goals of the program and addresses the key needs of the targeted neighborhood; the degree of impact your Plan will have on the three core goals and the likelihood of success (e.g. sustainability, financial feasibility, and/or support from local government).

- (1) You will receive full points if your application demonstrates that you have devised a Transformation Plan that will accomplish the core goals of the program, have significant impact on the neighborhood, and is likely to succeed.
- (2) Fewer points will be awarded if your application demonstrates that your Transformation Plan will accomplish some of the core goals of the program, have a less significant impact on the neighborhood, and/or is less likely to succeed.

**5. Site Visits.** As a part of HUD's application review process, site visits may be conducted for applications that qualify for Stage 3 so that HUD may gain a better understanding of the Transformation Plan. Information gained during these visits will be taken into consideration while assigning scores in response to the rating factors. HUD expects to meet with the Lead Applicant, Co-Applicant (if any), Principal Team Members and other key partners that HUD will identify to ensure that they are committed to and able to implement the Transformation Plan described in the Choice Neighborhoods grant application. These meetings are being conducted as part of a competition covered by the HUD Reform Act and thus will not be open to the public. HUD anticipates that all site visits will be conducted between mid-February 2014 and the end of March 2014. HUD encourages you to ensure that all of the key members of the team are available during these dates and to avoid scheduling conflicts. Given the short time frame for conducting these visits, HUD will determine the schedule of site visits and notify you in advance. Please do not indicate to HUD your scheduling preferences. Following the visits HUD may request applicants to respond to technical clarification questions. Such request will be sent via email and you should respond via email within 48 hours.

**6. General Section Bonus Points: Preferred Sustainability Status** – 2 points. In accordance with section V.A.1.b of the General Section, 2 points will be awarded for applications that are working with entities designated as having Preferred Sustainable Status. Please refer to the General Section for a description of the eligibility requirements to receive these bonus points.

## **B. Review and Selection Process**

HUD's selection process is designed to ensure that grants are awarded to eligible applicants that submit the most meritorious applications. HUD will consider the information you submit by the application deadline date. After the application deadline date, HUD cannot, consistent with its regulations in 24 CFR part 4, subpart B, consider any unsolicited information that you or any third party may want to provide. HUD may verify information provided in your application as needed by sending a written request for clarification. Responses to such inquiries will be required within 2 business days.

### **1. Application Screening.**

- a. HUD will screen each application to determine if:
  - (1) The three key eligibility criteria in section III.A are met;
  - (2) It is deficient, i.e., contains any Technical Deficiencies; and

- (3) It meets the threshold criteria listed in Section III.C.
- b.** See Section III.C.2 for information regarding thresholds and technical deficiencies.
- c.** Corrections to Deficient Applications – Cure Period. The subsection entitled, “Corrections to Deficient Applications,” in Section V.B of the General Section is incorporated by reference and applies to this NOFA, except that clarifications or corrections of technical deficiencies in accordance with the information provided by HUD must be submitted within five business days (i.e. excluding Saturdays, Sundays and federal holidays) of the date of receipt of the HUD notification. For applications under this NOFA, HUD may contact you regarding the curable thresholds and/or to ensure proper completion of the Key Eligibility Data Form.
- d.** Applications that will not be rated or ranked. HUD will not rate or rank applications that are deficient at the end of the cure period stated in Section V.B of the General Section or that have not met the thresholds described in Section III.C of this NOFA. Such applications will not be eligible for funding.

## **2. Preliminary Rating and Ranking.**

- a.** Reviewers will preliminarily rate each eligible application, SOLELY on the basis of the rating factors described in Section V.A of this NOFA.
- b.** The preliminary review will be conducted in three stages:
  - (1) In **Stage 1**, HUD will evaluate the application based on only the Capacity and Need rating factors. Applications must earn at least 70 percent of the points in Capacity and at least 50 percent of the points in Need in order to move on to Stage 2. However, HUD reserves the right to lower these criteria to allow enough applications to move on to Stage 2 that reflect a cumulative funding request of approximately four times the amount of funding available. For those applications that do not receive the minimum points in these two categories, HUD will not review the rest of the application.
  - (2) In **Stage 2**, HUD will evaluate the application based on the Strategy and Soundness of Approach rating factors, except for the Impact of the Transformation Plan rating subfactor. Applications will be ranked in score order based on the total score from each stage. The number of the most highly rated applications that reflects a cumulative funding request of approximately two times the amount of funding available will move on to Stage 3 as Finalists, including at least two applications that target a multifamily HUD-assisted housing property receiving project-based rental assistance under section 8 of the United States Housing Act of 1937 (exclusive of tenant-based or project-based vouchers), section 221(d)(3) or section 236 of the National Housing Act, section 202 of Housing Act of 1959, or section 811 of the National Affordable Housing Act of 1990. For those applications that do not move on to Stage 3, HUD will not review the rest of the application.
  - (3) In **Stage 3**, HUD plans to conduct site visits to the Finalists’ sites and will assign the preliminary score for all rating factors based on the application materials and what is observed on site visit.
- c.** The maximum number of points for each application is 216.

## **3. Final Panel Review.** A Final Review Panel will:

- a.** Review the Preliminary Rating and Ranking documentation to:
  - (1) Ensure that any inconsistencies between preliminary reviewers have been identified and rectified; and

(2) Ensure that the Preliminary Rating and Ranking documentation accurately reflects the contents of the application.

- b. Assign a final score to each application and rank them in score order; and
- c. Recommend for selection the most highly rated applications, subject to the amount of available funding, in accordance with the allocation of funds described in section II of this NOFA.

**4. Grant Sizing.** HUD will only fund grant awards that are in accordance with the Grant Sizing criteria described in Sections II.A and IV.D.3.

**5. Tie Scores.** If two or more applications have the same score and there are insufficient funds to select all of them, HUD will select for funding the application(s) with the highest score for the overall Capacity Rating Factor. If a tie remains, HUD will select for funding the application(s) with the highest score for the Lead Applicant Capacity Rating Factor. HUD will select further tied applications with the highest score for the Need Rating Factor.

**6. Remaining Funds.** HUD reserves the right to reallocate remaining funds from this NOFA to other eligible activities under section 24 of the 1937 Act.

- a. If the total amount of funds requested by all applications found eligible for funding under Section V.B of this NOFA is less than the amount of funds available from this NOFA, all eligible applications will be funded and those funds in excess of the total requested amount will be considered remaining funds.
- b. If the total amount of funds requested by all applications found eligible for funding under this NOFA is greater than the amount of funds available from this NOFA, eligible applications will be funded until the amount of non-awarded funds is less than the amount required to feasibly fund the next eligible application. In this case, the funds that have not been awarded will be considered remaining funds.

**7. Review and Selection Process References from the General Section.** The following subsections of V.B of the General Section are hereby incorporated into this NOFA:

- a. Threshold Compliance (**V.B.1**);
- b. Corrections to Deficient Applications (**V.B.2**);
- c. Rating Panels (**V.B.3**);
- d. Rating (**V.B.4**); and
- e. Ranking (**V.B.5**).

**C. Anticipated Announcement and Award Date.** HUD anticipates announcing awards under this NOFA in May 2014.

## **VI. AWARD ADMINISTRATION INFORMATION**

### **A. Site Visit and Award Notices.**

- 1. Site Visit Notification.** If your application is selected as a Finalist to proceed to Stage 3, HUD will notify you via email to schedule the site visit. See Section V.B.2.b for review process.
- 2. Notification of Non-selection.** If your application has been found to be ineligible or if it did

not receive enough points to be selected as a Finalist, you will receive a letter stating why the application was ineligible or the score received upon the conclusion of HUD's review in Stage 2.

**3. Final Notification.** HUD will provide a final written notification to all Finalists, whether or not you have been selected for funding.

**4. Award Letter.** The notice of award letter is signed by the Secretary or the Assistant Secretary for Public and Indian Housing and will be delivered by email and the U.S. Postal Service.

**5. HUD-1044.** The grant funds are deemed obligated by HUD when HUD executes the form HUD-1044.

**6. Choice Neighborhoods Grant Agreement.** When you are selected to receive a Choice Neighborhoods grant, HUD will send you a Choice Neighborhoods grant agreement for your signature, which constitutes the contract between you and HUD to carry out and fund Choice Neighborhoods grant activities. It is effective on the date of HUD's signature, which is the second signature.

**7. Applicant Debriefing.** For applications that are rated, HUD will provide you a copy of the total score received by your application and the score received for each rating factor. Debriefings for non-selected applications will be offered after the competition concludes.

**8. Negotiation.** Section VI.A.1 of the General Section is hereby incorporated.

**9. Adjustments to Funding.** The Adjustments to Funding sub-section of VI.A.2 of the General Section is hereby incorporated. Specifically, HUD may adjust the grant award amount for any or all applications and to provide grantees with vouchers to relocate residents (if funds are not available from the tenant protection voucher fund).

**B. Administrative and National Policy Requirements.** In addition to the list below, see Section III.C.3 for administrative and national policy requirements.

1. **LOCCS Requirements.** The grantee must record all obligations and expenditures in the Line of Credit Control System (LOCCS).

2. **Final Audit.** Grantees are required to obtain a complete final closeout audit of the grant's financial statements by a certified public accountant, in accordance with generally accepted government audit standards. A written report of the audit must be forwarded to HUD within 60 days of issuance. Grant recipients must comply with the requirements of 24 CFR part 84 or 24 CFR part 85, as stated in OMB Circulars A-110, A-87 (2 CFR 225), and A-122, as applicable.

**C. Reporting.** HUD shall require grantees under this NOFA to report the sources and uses of all amounts expended and other information about transformation plans for HUD's annual report to Congress or other purposes as determined by HUD.

**1. Quarterly Report.** If you are selected for funding, you must submit a quarterly report to HUD.

**a.** HUD will provide training and technical assistance on the filing and submitting of quarterly reports.

**b.** Filing of quarterly reports is mandatory for all grantees, and failure to do so within the required timeframe will result in suspension of grant funds until the report is filed and approved by HUD.

**c.** Grantees will be held to the milestones in the program schedule, as approved by HUD.

**d.** Grantees must also report obligations and expenditures in LOCCS, or its successor system, on a quarterly basis.

**2. Logic Model Reporting.** Logic Model reporting will be required of the Choice Neighborhoods Implementation Grantees after grant award. As a condition of the receipt of financial assistance under this NOFA, all successful applicants will be required to cooperate with all HUD staff or contractors performing HUD-funded research and evaluation studies.

**3. Final Report.**

- a. The grantees shall submit a final report, which will include a financial report and a narrative evaluating overall performance against its Choice Neighborhoods Transformation Plan. Grantees shall use quantifiable data to measure performance against goals and objectives outlined in its Transformation Plan. The financial report shall contain a summary of all expenditures made from the beginning of the grant agreement to the end of the grant agreement and shall include any unexpended balances.
- b. The final narrative and financial report shall be due to HUD 90 days after either the full expenditure of funds, or when the grant term expires, whichever comes first.

**4. Race and Ethnic Data Reporting.** The race and ethnic data reporting requirements of Section VI.C.7 of the General Section are hereby incorporated.

**5. Compliance with the Federal Funding Accountability and Transparency Act of 2006** (Pub. L. 109-282) (Transparency Act), as amended.

a. Recipient Reporting to Meet the Requirements of the Federal Financial Assistance Accountability and Transparency Act of 2006, as amended.

(1) **Prime Awardee Reporting.** Prime recipients of HUD financial assistance are required to report subawards in the federal government wide website [www.fsrs.gov](http://www.fsrs.gov) or its successor system. Starting with awards made October 1, 2010 prime financial assistance awardees receiving funds directly from HUD are required to report subawards and executive compensation information both for the prime award and subaward recipients, including awards made as pass-through awards or awards to vendors, where both the initial award is \$25,000 or greater or the cumulative award will be \$25,000 or greater if funded incrementally as directed by HUD in accordance with OMB guidance. If subaward recipients' executive compensation is reported through the Central Contractor Registration (CCR) system, the prime recipient is not required to report this information. The reporting of award and subaward information is in accordance with the requirements of Federal Financial Assistance Accountability and Transparency Act of 2006, as amended by section 6202 of Public Law 110-252, hereafter referred to as the "Transparency Act" and OMB Guidance issued to the Federal agencies on September 14, 2010 (75 FR 55669) and in OMB Policy guidance. The prime awardee will have until the end of the month plus one additional month after a subaward or pass-through award is obligated to fulfill the reporting requirement. Prime recipients are required to report the following information for applicable subawards. This information will be displayed on a public government website pursuant to the Transparency Act.

- (a) Name of entity receiving award;
- (b) Amount of award;
- (c) Funding agency;
- (d) North American Industry Classification System (NAICS) code for contracts/CFDA program for financial assistance awards;

- (e) Program source;
- (f) Award title descriptive of the purpose of the funding action;
- (g) Location of the entity (including Congressional district);
- (h) Place of Performance (including Congressional district);
- (i) Unique identifier of the entity and its parent; and
- (j) Total compensation and names of top five executives.

For the purposes of reporting into the FFATA Sub-award Reporting System (FSRS) reporting site, the unique identifier is the DUN and Bradstreet Universal Numbering System (DUNS) number the entity has obtained from Dun and Bradstreet, and for Prime awardees the DUNS number registered in the Central Contractor Registration as required by HUD regulation 24 CFR 5.1004

**(2) Prime Grant Awardee Executive Compensation Reporting.** Prime awardees must also report in the government wide website the total compensation and names of the top five executives in the prime awardee organization if:

- (a) More than 80 percent of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and
- (b) Compensation information is not readily available through reporting to the Securities Exchange Commission (SEC).

**(3) Subaward Executive Compensation Reporting.** Prime awardees must also report in the government wide website the total compensation and names of the top five executives in the subawardees if:

- (a) More than 80 percent of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and
- (b) This required compensation information is not readily available through reporting to the Securities Exchange Commission (SEC.) If the subaward recipient's executive compensation is reported through the Central Contractor Registration (CCR), the prime recipient is not required to report the information again.

**(4) Transparency Act Reporting Exemptions.** The Transparency Act exempts any sub-awards less than \$25,000 made to individuals and any sub-awards less than \$25,000 made to an entity whose annual expenditures are less than \$300,000. Subawards with a cumulative total of \$25,000 or greater are subject to subaward reporting beginning the date the subaward total award amount reaches \$25,000. The Transparency Act also prohibits reporting of any classified information. Any other exemptions to the requirements must be approved by the Office of Management and Budget.

**NOTE:** For the purposes of FFATA reporting requirements, "prime grant awardee" includes awardees of capital advances for the Section 202 Housing for the Elderly and Section 811 Housing for Persons with Disabilities programs.

**6. Compliance with Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), hereafter referred to as "Section 872."** Section 872 requires the establishment of a government wide data system – the Federal Awardee Performance and Integrity Information System (FAPIIS) - to contain information related to the integrity and performance of entities awarded federal financial assistance and making use of the information by federal officials in making awards. OMB is in the process of issuing regulations regarding federal agency implementation of section 872 requirements. A technical correction to this General section may be issued when such regulations are promulgated.

HUD anticipates that the terms and conditions to its FY2013 awards will contain requirements related to meeting FFATA and Section 872 requirements.

## VII. AGENCY CONTACTS

### A. Technical Assistance.

**1. HUD Staff.** Before the application deadline date, HUD staff will be available to provide you with general guidance and technical assistance. However, HUD staff is not permitted to assist in preparing your application. If you have a question or need a clarification, you may send an e-mail message to [ChoiceNeighborhoods@hud.gov](mailto:ChoiceNeighborhoods@hud.gov). The mailing address is: Office of Public Housing Investments, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4130, Washington, DC 20410-5000; telephone numbers (202) 401-8812; fax (202) 401-2370 (these are not toll-free numbers). Persons with hearing or speech impairments may access these telephone numbers through a text telephone (TTY) by calling the toll-free Federal Relay Service at 800-877-8339.

**2. Frequently Asked Questions and General Choice Neighborhoods Information.** Before the application deadline date, frequently asked questions (FAQs) on the NOFA will be posted to the Choice Neighborhoods webpage at <http://www.hud.gov/cn>.

**3.** You may obtain general information about HUD's Choice Neighborhoods program from HUD's Choice Neighborhoods website at <http://www.hud.gov/cn>.

**B. Technical Corrections to the NOFA.** Technical corrections to this NOFA will be posted to Grants.gov, the HUD's grants website at <http://www.hud.gov/offices/adm/grants/otherhud.cfm>, and the Choice Neighborhoods webpage at <http://www.hud.gov/cn>. You are responsible for monitoring the website during the application preparation period.

## VIII. OTHER INFORMATION

**A. Paperwork Reduction Act Statement.** The information collection requirements contained in this document has been approved by the OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2577-0269. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number. The public reporting burden for the collection of information is estimated to average 68.09 hours for Implementation Grant applications per annum per respondent for the application and grant administration. This includes the time for collecting, reviewing, and reporting the data for the application, quarterly reports, and final report. The information will be used for grantee selection and monitoring the administration of funds. Response to this request for information is required in order to receive the benefits to be derived.

**B. Environmental Impact.** A Finding of No Significant Impact with respect to the environment has been made for this notice, in accordance with HUD regulations at 24 CFR part 50 that implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C.

4332(2)(C)). The Finding of No Significant Impact is made available with the posting of this NOFA on HUD's 'Funds Available' page at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/grants/fundsavail](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail) under the FY2013 program link.

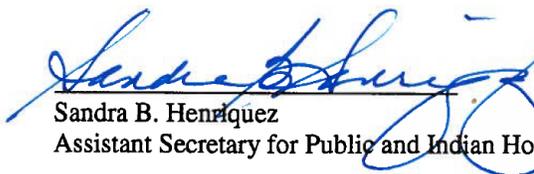
**C. General Section References.** The following sub-sections of VIII of the General Section are hereby incorporated by reference:

1. Executive Order 13132, Federalism;
2. Section 102 of the HUD Reform Act;
3. Section 103 of the HUD Reform Act.

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

**E. Posting Application Information.** After the selection process, HUD may post on-line certain summary and contact information from Choice Neighborhoods applications (e.g., the Executive Summary, neighborhood map, Lead Applicant contact information, etc.) in order to facilitate connections between eligible applicants (both those selected for grant funding and those who are not) and other entities (e.g., foundations, philanthropies, etc.) that might be interested in supporting the project proposed in the application. HUD also posts the highest rated application to its Freedom of Information Act (FOIA) frequently requested materials. FOIA materials are reviewed for privacy and proprietary information before posting.

Dated: May 1, 2013

  
Sandra B. Henriquez  
Assistant Secretary for Public and Indian Housing

Dated: May 14, 2013

  
Carol J. Galante  
Assistant Secretary for Housing –  
Federal Housing Commissioner