

# FY2012 Choice Neighborhoods Planning Grant Agreement

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**FY2012 Choice Neighborhoods  
PLANNING GRANT AGREEMENT**

This grant agreement (“Grant Agreement”) is made by and between the United States Department of Housing and Urban Development (“HUD”) and the Lead and Co-Applicant(s) (“Grantee”). The Grantee received a Choice Neighborhoods Planning Grant from fiscal year 2012 funds, for the creation of a Transformation Plan that is the subject of this Grant Agreement (“Transformation Plan”) and that is identified on the fund obligation document (Form HUD-1044).

While the Planning Grant is awarded to the Grantee, only the Lead Applicant identified in the Grantee’s Choice Neighborhoods Application (“Lead Grantee”) will have access to draw down funds in LOCCS. HUD agrees, subject to the terms of this Grant Agreement, to provide grant funds to the Lead Grantee, in the total amount listed on the 1044, for the activities described in the Transformation Plan as defined in Article III.

The assistance that is the subject of this Grant Agreement is authorized by, and required to be used in accordance with, Section 24 of the U.S. Housing Act of 1937, the Consolidated and Further Continuing Appropriations Act, 2012 (Public Law 112-55, 125 Stat. 552, approved November 18, 2011) (“2012 HUD Appropriations Act”), (collectively the “Choice Neighborhoods Authorization”). The 2012 HUD Appropriations Act appropriates \$120 million for the Choice Neighborhoods program.

The form HUD-1044 and the Exhibits are incorporated into and subject to the terms of this Grant Agreement.

HUD and the Grantee hereby agree to be bound by the following terms and conditions of this Grant Agreement:

## ARTICLE I. Choice Neighborhoods Requirements

The Grantee agrees to conduct all activities to be assisted with funds provided under this Grant Agreement in accordance with the following requirements, as such requirements now exist or as they may hereafter be amended (hereafter collectively referred to as the “Choice Neighborhoods Requirements”):

- (A) the U.S. Housing Act of 1937 (the “1937 Act”) as applicable, including the HOPE VI Authorization, and all implementing regulations;
- (B) the 2012 HUD Appropriations Act, (Public Law 112-55, 125 Stat. 552, approved November, 18, 2011);
- (C) the Fiscal Year (FY) 2012 NOFA for the Choice Neighborhoods Initiative Planning Grants published via Grants.gov on February 29, 2012 (the “Choice Neighborhoods NOFA”) and NOFA Policy Requirements and General Section (“General Section”) to HUD’s FY2012 NOFAs for Discretionary Programs, published via www.grants.gov on September 19, 2011 incorporated therein.
- (D) 31 U.S.C. § 1552. In accordance with this statute, all FY2012 Choice Neighborhoods funds must be expended by September 30, 2019. 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. **However, in accordance with the Choice Neighborhoods NOFA, the term of a Planning Grant is two years and all funds should be expended shortly after the end of the Planning Grant term.**
- (E) In accordance with section 24(e)(2)(D) of the 1937 Act, Grantees must involve affected residents of the targeted public and/or assisted housing at the beginning and during the planning process. Grantees 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. In addition to the statutory requirement, unless HUD indicates otherwise in writing, Grantees will be expected to undertake resident and community involvement in a manner and method at least as comprehensive as that described in your grant application.
- (F) all executive orders applicable to the activities being conducted with funds provided under this Grant Agreement;
- (G) the terms and requirements of this Grant Agreement, and any amendments or addenda thereto;
- (H) all other applicable Federal requirements, including, without limitation, those set forth in Appendix A; and

- (I) all regulations, handbooks, notices, and policies applicable to the activities being conducted with funds provided under this Grant Agreement;

## **ARTICLE II. Program Overview**

- (A) **Goals of the Choice Neighborhoods Program.** The Choice Neighborhoods Program employs a comprehensive approach to neighborhood transformation. The program will transform neighborhoods of concentrated poverty into mixed-income neighborhoods of long-term viability by revitalizing severely distressed public and/or assisted housing; improving access to economic opportunities; and investing and leveraging investments in well-functioning services, effective schools and education programs, public assets, public transportation, and improved access to jobs. Choice Neighborhoods will ensure that current residents benefit from this transformation by preserving affordable housing in the neighborhood or providing the choice to move to affordable housing in another neighborhood of opportunity. The purpose of this grant is to create a Transformation Plan that furthers the goals of the Choice Neighborhoods Program. The core goals of Choice Neighborhoods are:

- 1. Housing:** Transform distressed public and assisted housing into energy efficient, mixed-income housing that is physically and financially viable over the long-term;
- 2. People:** Support positive outcomes for families who live in the target development(s) and the surrounding neighborhood, particularly outcomes related to residents' health, safety, employment, mobility, and education; and
- 3. Neighborhood:** Transform neighborhoods of poverty into viable, mixed-income and sustainable neighborhoods with access to well-functioning services, high quality public schools and education programs, high quality early learning programs and services, public assets, public transportation, and improved access to jobs.

- (B) **Expected Results of Coordinated Efforts.**
  - (1) Developmental assets that allow residents to attain the skills needed to be successful in all aspects of daily life (educational institutions, early learning centers and health resources);
  - (2) Commercial assets associated with production, employment, transactions, and sales (e.g. labor force and retail establishments);
  - (3) Recreational assets that create value in a neighborhood beyond work and education (e.g. parks, open space, arts organizations, restaurants, movie theatres, and athletics);

- (4) Physical assets that are associated with the built environment and physical infrastructure (e.g. housing, commercial buildings, roads, sidewalks and bike path); and
- (5) Social assets that establish well-functioning social interactions (e.g. public safety and community engagement).

### **ARTICLE III. Choice Neighborhoods Transformation Plan**

- (A) **General.** The Grantee’s Choice Neighborhoods Transformation Plan (“Transformation Plan”) consists of a document or documents reviewed and accepted by HUD to govern the transformation of the neighborhood. The Transformation Plan should integrate effective strategies to implement public and/or assisted housing revitalization, the coordination and design of supportive services, including educational opportunities for children, and neighborhood-level planning to improve a range of neighborhood assets. The Transformation Plan should be created as part of a collaborative planning process that involves neighborhood stakeholders and local governmental entities.

The Transformation Plan should translate the three core goals of Choice Neighborhoods – Housing, People and Neighborhood – into a strategy that will direct investments, demonstrate the commitment among a range of public and private partners to address interdependent neighborhood challenges, utilize data to set and monitor progress toward implementation goals, and engage community stakeholders and residents in meaningful decision-making roles.

- (B) **Schedule and Budget.** In preparation for creating a Transformation Plan, Grantees must submit the following to HUD:
  - (1) a Program Schedule identifying tasks and milestones by date;
  - (2) a Choice Neighborhoods Planning Budget, as described in Article IX; and
  - (3) any other information or documentation that is not otherwise required under the Choice Neighborhoods NOFA or this Grant Agreement but that is requested by HUD to supplement or refine information provided in the Choice Neighborhoods Application or to meet any terms or conditions of the Grant Agreement.
- (C) **Time Periods for Implementation.** The Grantee agrees to create its Transformation Plan in accordance with the approved Program Schedule, including but not limited to the following time periods:
  - (1) In accordance with the Choice Neighborhoods NOFA as incorporated by Article I(C) above.

- (2) All items identified in paragraph (B) of this Article must be submitted to HUD by January 31<sup>st</sup>, 2013. HUD reserves the right to require Grantee to make edits to these items to put them in a form and substance acceptable to HUD.
  - (3) The Grantee must complete planning and deliver their final Transformation Plan to HUD within 24 months from the Grant Award Date.
  - (4) All other required information or submissions as requested by HUD pursuant to paragraph (B)(3) of this Article must be submitted in accordance with the Quarterly Report as described in Article XV, in a form and substance acceptable to HUD.
- (D) Time Extensions. All requests for extensions of the time periods for implementation listed in paragraph (C)(1)-(4) of this Article must be requested by the Grantee in advance of the deadline date. All requests for extensions must be made in writing, and will be reviewed and approved or disapproved by the Deputy Assistant Secretary for the Office of Multifamily Housing Programs, the Assistant Secretary of Public and Indian Housing, and/or the Deputy Assistant Secretary for the Office of Public Housing Investments as applicable.

#### **ARTICLE IV. Transformation Plan Requirements**

- (A) Activities under this Grant Agreement include tasks necessary to develop a Transformation Plan, align investments with this plan, and develop the relevant planning and evaluation capacity of the Grantee and its partners. Eligible activities for the Planning Grant include:
- (1) Conduct comprehensive needs assessments to inform the development of the Transformation Plan by 12 months after the Grant Award Date. The needs assessments should include:
    - (a) Current patterns of disinvestment with the neighborhood, including vacant/abandoned homes and businesses, the quality of the existing housing stock, foreclosures, and current home values and rents. Discuss other subsidized housing (for example Housing Choice Vouchers, LIHTC units, local affordable housing units, etc.) in the neighborhood not part of the target public and/or assisted housing project(s), the current mix of incomes, and any long-term economic drivers for continued disinvestment that may be expected to continue, absent a publicly funded intervention;
    - (b) The neighborhood's access to key assets, such as quality grocery stores, banks, health clinics and doctors' offices, local schools,

child care facilities, parks and recreational facilities, and public transit. Identify key neighborhood anchor institutions, such as major employers, universities, or hospitals that can reliably be expected to continue to provide significant economic activity;

- (c) Relevant developmental, commercial, recreational, physical and social assets in the target neighborhood as these assets relate to opportunities for resident education, employment, health, mobility and safety; and
  - (d) Challenges and gaps in neighborhood services and assets.
  - (e) A household-level needs assessment for public and/or assisted housing residents living in the target development(s) to better design solutions for the children and families of HUD housing.
- (2) Address the challenges and gaps in services and assets identified through the needs assessments in the Transformation Plan.
- (a) Housing. Adopt effective strategies to achieve the Housing goal. Such activities include but are not limited to:
    - 1. Studies of the different options for revitalization, including the feasibility, costs and neighborhood impact of such options;
    - 2. Assessment of the need for affordable housing;
    - 3. Market study to assess the feasibility of market rate rental and homeownership housing.
    - 4. Site planning and conceptual architectural design work;
    - 5. Designing a suitable replacement housing plan, in situations where partial or total demolition is considered (Owners of projects subject to a project-based section 8 HAP contract may, to the extent that their proposal involves the preservation of the HAP contract, request that the Secretary either (1) exercise the discretion that he has for the remainder of fiscal year 2012 under section 212(a) of the 2012 HUD Appropriations Act to authorize the transfer of some or all project-based assistance associated with one or more multifamily housing project to another multifamily housing project or projects. The Secretary may exercise this discretion, however, only to the extent that HUD determines that all conditions enumerated in section

212(c) are satisfied. To the extent that Congress enacts any authority of this nature for future fiscal years, the Secretary may act only in accordance with the terms of any such enactment, or (2) split the HAP contract before it terminates, terminate one of the resulting contracts, and, under section 8(bb)(1) of the 1937 Act, transfer the budget authority remaining on the terminated contract to another contract, whether an existing HAP contract or a new HAP contract that the Secretary agrees to put in place. Any exercise of such discretion, however, will be subject to terms and conditions as prescribed by the Secretary. These terms include a requirement, among others, that the contract to which budget authority is transferred be in the same locale as the contract that HUD agreed to split.);

6. Designing a suitable mobility strategy and relocation assistance;
7. Conducting environmental or geotechnical studies to assess the suitability of a site for developmental activities; and
8. Developing a viable financing plan to implement the Housing plan.

(b) People. Adopt effective strategies to achieve the People goal. Such activities include but are not limited to:

1. Planning for supportive services, particularly education, asset building, job training and self-sufficiency activities that promote the educational attainment and economic self-sufficiency of the neighborhood residents, including original residents of the targeted public and/or assisted housing;
2. Planning for improving access to high quality education programs and improved academic and developmental outcomes for children in the neighborhood along the continuum of cradle-through-college-to-career solutions, including:
  - a. High quality early learning programs and services that are comprehensive, inclusive, evidence-based and that result in significantly improved 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.

- b. High quality education programs, 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 student for college and career success.
  - c. 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. While planning for new schools is an eligible use of Planning Grant funds, no Choice Neighborhoods grant funds may be used to construct or rehabilitate schools or universities.
3. Developing a viable financing plan to implement the People plan.
  4. Planning for the health of residents of the neighborhood.
  5. Planning for safety precautions and infrastructure needed to support the neighborhood and allow for sustainability.
  6. Engaging residents and building resident and neighborhood capacity within the first 12 months of grant award date by completing one or more of the following: resident leadership training on transformation planning or a similar topic, participation by more than one resident on primary leadership group and other work groups.
- (c) Neighborhood. Adopt effective strategies to achieve the Neighborhood goal. Such activities include but are not limited to:
1. Planning for neighborhood-level improvements across a range of neighborhood assets;
  2. Aligning with existing planning processes and activities in the local jurisdiction and/or metropolitan area or county/parish;

3. Planning for neighborhood economic development activities; and
  4. Developing a viable financing plan to implement the Neighborhood plan.
- (3) Conduct technical planning studies concerning local development issues, priorities, or suggested appropriate approaches in the context of the local housing market relative to other alternatives. This could include new approaches to housing, economic development, capital improvement programming or community relations. However, any such studies should directly further the integration of strategies to develop a comprehensive neighborhood-level Transformation Plan.
- (4) Work with public and private agencies, organizations (including philanthropic organizations) and individuals to develop the Transformation Plan and secure commitments to collaborate long-term to ensure it will be implemented successfully, gather and leverage resources needed to support the financial sustainability of the Transformation Plan, and identify strategies for building upon and leveraging existing neighborhood efforts and anticipated Federal, state, regional and local investments.
- (5) Ensure meaningful resident and neighborhood participation throughout the development of the Transformation Plan, including but not limited to public hearings, meetings, websites, forums, charrettes, and other communication that will provide all aspects of the policy and development plans and alternative options to neighborhood residents in sufficient time for them to review, react, and make informed decisions on how proposed plans and policies will impact their daily lives. Activities should prioritize ways to engage communities traditionally marginalized from planning processes, such as low-income individuals and families, limited English speakers, persons with disabilities, and the elderly.
- (a) 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):
1. The Choice Neighborhoods planning process;
  2. The proposed physical plan, including the extent of proposed demolition or rehabilitation of existing structures, and if applicable, proposed site design;
  3. Planned supportive service activities;

4. Other proposed transformation activities;
  5. Relocation issues, such as relocation planning, mobility counseling and relocation benefits; and
  6. Reoccupancy plans and policies.
- (b) For assistance in ensuring meaningful access for persons with limited English proficiency, Grantees may consult HUD's Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (HUD's LEP Guidance) published in the Federal Register on January 22, 2007 (72 Fed. Reg. 2732). Additional information is also available at [www.hud.gov/fheo/promotingfh/lep.cfm](http://www.hud.gov/fheo/promotingfh/lep.cfm). Pursuant to Section 508 of the Rehabilitation Act, recipients must employ accessible means of technology to ensure that persons with disabilities can access information on the planning process, plans, and other information.
- (6) Plan for the collection and strategic use of relevant data by identifying data to track future community impacts once the Transformation Plan is implemented by employing statistical and qualitative analysis of specific metrics (see Summary section B) developed in partnership with the appropriate local, state, regional and federal agencies/organizations.
  - (7) Strengthen management and decision-making capacities of participating organizations to create a comprehensive and integrated Transformation Plan.
  - (8) Identify and secure the involvement of effective practices and actors based on the best available evidence. Such activities may include conducting site visits, research, or participating in a community of practice, which is a group of grantees that agrees to interact regularly to solve a persistent problem or improve practice in an area that is important to them and the success of their project, through enabling grantees to meet, discuss and collaborate with each other regarding grantee projects.
  - (9) Leveraging other resources, including housing resources, supportive services, job creation, and other economic development uses on or near the project that will benefit future residents of the site.
  - (10) Reasonable costs for administration, planning, technical assistance, and fees and costs, as established by the HUD Choice Neighborhoods Planning Grant Budget Guidance are eligible uses of Planning Grant funds. These costs are limited to the costs of creating the Transformation

Plan, as specifically approved by HUD, such as fees for architectural and engineering work.

## **ARTICLE V. Program Requirements**

- (A) Program Requirements. In developing the Transformation Plan, Grantees should evaluate and incorporate the general requirements contained in Section III.C.3 of the Choice Neighborhoods NOFA as they are applicable to their Transformation Plan. However, the following requirements of Section III.C.3 apply specifically to this Planning Grant Agreement:
- (1) Compliance with Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973. The Grantee must comply with the Fair Housing Act and Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and implementing regulations in determining the location of any replacement housing.
  - (2) Housing Choice Opportunities for Returning Tenants. An approved Transformation Plan shall demonstrate the following:
    - (a) that each public and/or assisted housing 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 Choice Neighborhoods NOFA.
    - (b) that (1) the owner of a project subject to a project-based section 8 HAP contract (Owner) will secure temporary replacement housing for displaced families; (2) the Owner will ensure that the temporary housing is available for the entire duration of the displacement period; and (3) the housing meets the requirements of 24 C.F.R. Part 5, Subpart G (“Physical Condition Standards and Inspection Requirements”) and 24 C.F.R. Part 200 Subpart P (“Physical Condition of Multifamily Properties”) at the beginning of and throughout the displacement period. To satisfy this requirement, Owners are encouraged to adopt the model and the related procedures in Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 (“Multifamily Emergency/Disaster Guidance”), section 38-32 C (“Section 8 Pass Through”) for the temporary relocation of section 8-assisted families necessitated by a natural disaster or

other emergency. Based on this model and the related procedures, the Owner is authorized to enter into a temporary lease for a unit in the same locale that meets the foregoing regulatory requirements on behalf of a displaced section 8-assisted family. During this period, the Owner may voucher for the contract rent for that unit on a temporary basis. The Owner pays no more than the contract rent on the temporary dwelling until the resident's permanent rental unit has been restored to habitable condition and the Owner notifies the resident that they may resume occupancy of their former unit. The resident is still responsible for the resident's share of the rent. Should the displaced resident fail to return, the Owner may rent the repaired unit to an eligible section 8 applicant. Before doing so, however, the Owner must inform the resident in writing that their assistance is terminated. In the event that the Owner rents the unit to an eligible section 8 applicant, the Owner must first terminate the "pass through" lease that the Owner executed on behalf of the displaced resident. In addition, should the temporarily displaced resident move from the temporarily leased unit before their permanent rental unit is repaired and made available for their return, the Owner can no longer voucher for the temporary unit and the resident is considered permanently housed. (See Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 ("Multifamily Emergency/Disaster Guidance"), section 38-32 C ("Section 8 Pass Through")).

These preferences are retained even if the resident has already received permanent relocation benefits. This preference remains available until the initial lease-up of the new units.

- (3) One-for-One Replacement of Public and/or Assisted Housing Units. Grantees are expected to devise a Transformation Plan that provides for replacing any public and/or assisted dwelling units that will be demolished or disposed on a one-for-one basis. The Transformation Plan will be subject to the replacement requirements of any implementation funding received. The following are guidelines of HUD's current policy:
  - (a) 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;
  - (b) 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.c of the FY2012 Choice Neighborhoods NOFA using a tenant-based voucher in the original neighborhood or other neighborhood of the tenants’ choice.

(c) Location.

1. Replacement housing units shall be developed:

- a. on-site and/or in the target neighborhood being revitalized; and
- b. within the metropolitan area up to 25 miles from the original project site, as necessary to:
  - (i) comply with fair housing requirements;
  - (ii) deconcentrate poverty; or
  - (iii) redevelop onsite with appropriate densities.

2. Replacement housing outside the target neighborhood must 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.

3. Replacement housing outside the target neighborhood shall 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 MSA (or jurisdiction not in a MSA) as a whole.

(d) 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) (excluding tenant-based vouchers, except as described below), 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). 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.

(e) 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).

1. To be granted this exception to the hard-unit one-for-one replacement criteria, the area of the Choice Neighborhoods development must meet all three of the following criteria:
  - a. Be located in a county/parish with a currently and historically soft rental housing market for low-income renters. HUD has defined these areas as those where the county/parish rental vacancy rates for units affordable to low-income households were greater than 7.3 percent in 2000 and greater than 8.7 percent in 2005-2009.
  - b. Be located in a Core Based Statistical Area (CBSA) or non-CBSA County/Parish where vouchers currently in use are primarily in lower poverty neighborhoods. Data from 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 for a voucher holder in the CBSA (or county/parish outside of a CBSA) must be 20 percent or less. In other words, at least 50 percent of voucher holders must be in neighborhoods with 20 percent poverty rate or less. A Grantee may request that this standard only be applied for the

entity proposed to operate the voucher program as opposed to all entities in the CBSA.

- c. **High voucher success rate.** The Grantee will be required to provide data to HUD that shows that the entity 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 entity 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 Grantee would need to discuss relative success rates for each of these groups in their one-for-one waiver application.

## **ARTICLE VI. Deliverables**

- (A) The Grantee should submit draft documents to HUD during the term of the Planning Grant. HUD may provide comments and guidance on these draft documents, which the Grantee should use in drafting the Transformation Plan. The documents that are required are:
  - (1) **Outline with Content.** The Grantee should provide an update to HUD showing at a minimum the outline with some of the content that will be in the Transformation Plan no later than 12 months after the Grant Award Date.
  - (2) **Draft Transformation Plan.** The Grantee should submit a draft Transformation Plan to HUD no later than 18 months after the Grant Award Date.
  - (3) **Final Draft Transformation Plan.** The Grantee should submit a final draft of the Transformation Plan to HUD no later than 21 months after the Grant Award Date.

- (4) Transformation Plan. The Grantee should submit a final Transformation Plan to HUD no later than 24 months after the Grant Award Date.

## **ARTICLE VII. Changes to the Grantee's Plan**

- (A) Changes Requiring Prior HUD Approval. If the following activities in the application are to be modified or amended, the Grantee must request and obtain prior written HUD approval:
  - (1) Program Schedule. The Grantee must inform HUD immediately, in writing, of any problems, delays or adverse conditions that will impair materially the Grantee's ability to comply with the Program Schedule, and include a statement of action taken, or proposed to be taken, and any assistance needed to resolve the situation. HUD must approve any proposed changes to the Program Schedule that would modify any date or time period.
  - (2) changes in any Budget Line Item (BLI) in LOCCS and changes in any sub-BLI that are greater than 10% of the original of the Choice Neighborhoods Budget;
  - (3) an extension of the period of availability of the Choice Neighborhoods Grant funds provided under this Grant Agreement, not to go beyond the statutory timeframes;
  - (4) any material changes to the contract between the Grantee and the Planning Coordinator; and
  - (5) any loss or replacement of committed funds which were identified for purposes of rating and ranking the leverage section of the grant.

## **ARTICLE VIII. Waiver Requests**

- (A) Standard for Approval. The activities to be conducted under this Grant Agreement are subject to the terms of this Grant Agreement and the Choice Neighborhoods Requirements. Nevertheless, HUD seeks innovative solutions under Choice Neighborhoods to the long-standing problems associated with neighborhoods of concentrated poverty and severely distressed public and assisted housing, and will consider granting a waiver of specific HUD regulatory requirements, provided that:
  - (1) such a waiver would be consistent with applicable statutory requirements; and

- (2) the Grantee is able to demonstrate good cause to support HUD's granting of such a waiver.
- (B) Waiver Request Procedure. If the Grantee wants HUD to approve a waiver of a HUD regulatory requirement, it must submit a written request with sufficient information and justification to enable HUD to make a determination of good cause for granting any such request to deviate from existing regulations. Until such time as the Grantee requests and HUD, in its discretion, approves any such requests in writing, the Grantee does not have authority to implement the activities described in the Choice Neighborhoods Application to which the request for approval applies (or for which a request for approval is needed).

#### **ARTICLE IX. Choice Neighborhoods Budget and Funding Requests**

- (A) Budget. The Grantee must ensure that funds provided under this Grant Agreement are expended in accordance with the Choice Neighborhoods Requirements and a Choice Neighborhoods Budget. Each Grantee must submit to HUD for approval a Choice Neighborhoods Budget as part of the Supplemental Submissions. The Choice Neighborhoods Budget allocates ALL Choice Neighborhoods Grant funds into Budget Line Items. The Choice Neighborhoods Budget will serve as the primary budget and may be subject to revision.
- (B) Budget Form. Each budget submitted in accordance with paragraph (A) of this Article must be submitted on the Choice Neighborhoods Planning Grant budget form, Parts I and II. Part I must be signed and dated by the Lead Grantee, and Part II must include a detailed description of the uses of the funds. Grantees should also track their leveraged fund expenditures and maintain this information on file should HUD request it.
- (C) Pre-Grant Agreement Execution Costs. After the execution of this Grant Agreement, the Grantee may include in its Choice Neighborhoods Budget, and the Lead Grantee may draw down funds for, costs that were incurred prior to execution of this Grant Agreement, provided that such costs:
- (1) were incurred after the date of HUD's notification letter awarding this Choice Neighborhoods Planning Grant to the Grantee (October 11, 2012);
  - (1) are directly associated with the activities to be funded under this Choice Neighborhoods Grant; and
  - (2) are approved as reasonable and eligible by HUD.
- (D) Administration, Fees and Costs.

- (1) **Cost Controls.** The Grantee will comply with HUD guidance and policies that establish reasonable costs for administration, management improvements, planning, technical assistance, and fees and costs.

You may not use Choice Neighborhoods Transformation Grant funds to pay for any planning activities carried out on or before the date of the letter announcing the award of the Choice Neighborhoods Grant (October 11, 2012).

- (2) **Lobbying.** The Grantee hereby certifies that no funds provided under this Grant Agreement will be expended for lobbying activities, as prohibited by Section 319 of Public Law 101-121 (which prohibits recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government), and implemented for HUD at 24 CFR part 87, as the same may be amended from time to time. The Grantee will disclose promptly any commitment or expenditure of non-appropriated funds for lobbying activities if those activities would be prohibited if paid with appropriated funds.

## **ARTICLE X. Project Drawdowns**

- (A) **LOCCS Payment System.** Notwithstanding any contrary provisions of 24 CFR § 85.21 or 24 CFR § 84.22, the Lead Grantee will request all drawdowns of Choice Neighborhoods Grant funds under the Line of Credit Control System (e-LOCCS), unless and until another payment system is designated by HUD. The Lead Grantee will comply with all rules, guidelines, and notices established for Choice Neighborhoods under LOCCS, or any substitute system, in connection with any drawdown of Choice Neighborhoods Grant funds. If HUD designates a different payment system, it will be based upon the provisions of section 85.21 and 84.22 (subject to the provisions of Article XVII(D)).
- (B) **Drawdowns.**
  - (1) Without HUD approval, the Lead Grantee may draw down Choice Neighborhoods Grant funds for a Budget Line Item (BLI) in an amount up to 100 percent of the amount of that BLI that HUD has approved and made available for drawdown.
  - (2) Any request for funds in excess of 10 percent of the entire grant amount in any month must be approved by HUD.
- (C) **Drawdown Consequences of Default.**

- (1) **Withholding of Payments.** HUD may withhold payments in accordance with 24 CFR § 85.21(g) and 84.22.
- (2) **Grantee Representations.** Each drawdown request by the Lead Grantee will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement (except as the Grantee previously may have disclosed to HUD in writing).
- (3) **Overdue Reports.** No funds provided under this Grant Agreement may be released during any period in which the Grantee has failed to file with HUD any overdue quarterly report.

#### **ARTICLE XI. Matching and Leveraged Funds**

- (A) **Overall Match and Leverage.** The Grantee agrees to provide resources, other than Choice Neighborhoods Grant funds, in an amount that is the greater of five percent of the Choice Neighborhoods Grant amount or the amount documented in the Grant application for purpose of leverage scoring. Matching and Leveraged funds must be directly applicable to planning and the creation of the Transformation Plan.
- (B) **Eligible Match Contributions.** Matching funds may include amounts from other Federal sources, any State or local government sources, any private contributions, the value of any donated material or building, the value of any lease on a building, the value of the time and services contributed by volunteers, and the value of any other in-kind services or administrative costs provided. Other Federal sources may include funds provided by the Public Housing Capital Fund Program or other HUD-provided public housing funds, including funds derived from program income. You may not include as match amounts funds from any HOPE VI grant, including HOPE VI Revitalization, HOPE VI Demolition, HOPE VI Neighborhood Networks or HOPE VI Main Street Grants.
- (C) **Enforcement of Leveraged Resources.** The Grantee agrees that it will pursue and enforce any commitment (including commitments for services) obtained from any public or private entity for any contribution or commitment to the Transformation Plan, as included in its Choice Neighborhoods Application.

#### **ARTICLE XII. Grantees, Subgrantees and Contractors**

- (A) **General Grantee Responsibilities.**
  - (1) **Planning Team.** The Grantee agrees to promptly assemble a competent planning team, if the Grantee has not already, to assist in working with the

Grantee's partners and collaborators and coordinating all phases of the planning process. In the event of a default under the terms of this Grant Agreement, HUD reserves the right to require a Grantee to procure a planning coordinator in order for the Grantee to meet the performance standards detailed in this agreement.

(2) Choice Neighborhoods Requirements. The Grantee shall ensure that any entity to which it makes grant funds available will comply with the Choice Neighborhoods Requirements.

(3) Required Certifications.

(a) The Grantee must ensure that all subgrantees and contractors execute an original document in the form of Exhibit A or B, as appropriate, to this Grant Agreement at the time the Grantee executes any contract with any subgrantee or contractor to provide goods or services under this Grant Agreement. The Grantee will retain the executed original certification together with the executed contract documents.

(b) Grantees that are public housing authorities (PHA Grantee) must ensure that the requirements contained in the General Conditions for Non-Construction Form (Form 5370-C) are included in any solicitation in connection with non-construction contracts that will be made by the PHA Grantee and paid for with assistance under this Grant Agreement. Such conditions must also be included in any non-construction contract entered into by the PHA Grantee.

(B) Administrative Requirements for PHA, Government and Nonprofit Grantees.

(1) Administrative requirements applicable to Grantees that are public housing authorities or 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 part 941 or successor part, relating to the procurement of partners in mixed finance developments;

(b) 2 CFR 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, 2 CFR Part 215);
  - (b) OMB Circular A-122 (2 CFR Part 230, Cost Principles for Nonprofit Organizations); and
  - (c) 24 CFR 84.26 (audit requirements).
- (3) Non-profit instrumentalities of state or local governments are subject to 24 CFR Part 85 because of the degree of control exercised by the governmental bodies over the instrumentality non-profit entities.
- (4) Subgrant Agreements
- (a) Grantee Responsibilities Regarding Subgrantees. Grantees will be responsible for:
    - (i) ensuring that subgrantees are aware of the requirements imposed upon them by Federal statutes, regulations, and this Grant Agreement;
    - (ii) ensuring that all subgrant agreements between Choice Neighborhoods Grantees and non-profit subgrantees contain all the provisions required by 24 CFR § 84.48 and Appendix A to Part 84;
    - (iii) ensuring that subgrant agreements include any clauses required by Federal statutes and executive orders, and their implementing regulations; and
    - (iv) monitoring subgrantees' performance to ensure compliance with the Choice Neighborhoods Requirements.
  - (b) State or Local Subgrantee Requirements. State or local government subgrantees are subject to, and required to comply with, the Administrative requirements at 24 CFR part 85 ("Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments") and the cost principles of 2 CFR 225 ("Cost Principles for State, Local and Indian Tribal Governments").
  - (c) Nonprofit Subgrantee Requirements. Nonprofit subgrantees are subject to, and required to comply with, the provisions and standards set forth in the regulations at 24 CFR part 84 ("Grants and Agreements with Institutions of Higher Education, Hospitals,

and other Non-Profit Organizations” or the “Nonprofit Administrative Requirements”) and OMB Circular A-122 (“Cost Principles for Nonprofit Organizations” or the “Nonprofit Cost Principles”).

(5) Contractors and Subcontractors

- (a) Grantee Responsibilities Regarding Contractors and Subcontractors. Grantees that are subject to 24 CFR part 85 as described in (B)(1) of this Article will be responsible for the following:
  - (i) For-Profit Entities. Obtain the services of a for-profit entity through a competitive procurement under 24 CFR part 85. However, if the Grantee can demonstrate to HUD that the services to be provided by the for-profit entity can be obtained only from that one source, the Grantee may request HUD approval to select the entity under a sole-source procurement in accordance with 24 CFR § 85.36(d)(4).
  - (ii) Consultant Services. Obtain consultant services provided under an independent contractor relationship according to the procurement requirements in 24 CFR § 85.36 and the principles of cost reasonableness contained in 2 CFR 225.
- (b) Trigger for the Submission of Contracts. Contract documents must be submitted to HUD for prior approval if required or requested by HUD under 24 CFR § 85.36 or 84.44. Any modification of such contracts is also subject to HUD’s written approval before execution.
- (c) Debarred or Suspended Parties. Prior to executing any contract, Grantees which are local governments or PHAs will comply with, and ensure compliance with, 24 CFR § 85.35 and 24 CFR part 24, which prohibit the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status.
- (d) Minority, Women’s, and Resident-Controlled Business Enterprises. In accordance with Executive Orders 11246, 11625, 12432, and 12138, the Grantee will adopt the goal of awarding a specified percentage of the dollar value of the total of the Choice Neighborhoods contracts to be awarded as a result of this grant to minority business enterprises and take appropriate affirmative

action to assist resident-controlled and women's business enterprises.

(6) Administrative Requirements. Administrative requirements applicable to for-profit organizations under contract with a Grantee subject to 24 CFR part 85 as described in (B)(1) of this Article are 48 CFR part 31 (contract cost principles and procedures).

(C) Administrative Requirements for For-profit Grantees

(1) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations);

(2) 48 CFR part 31 (contract cost principles and procedures); and

(3) 24 CFR 84.26 (audit requirements).

### **ARTICLE XIII. No Third Party Rights**

The Grantee and HUD are the sole parties to this Grant Agreement and do not intend to create any third party beneficiaries to this Grant Agreement. Notwithstanding the provisions set forth in this Grant Agreement concerning consultations with residents and dissemination of information to residents, nothing in this Grant Agreement may be construed as conferring the status of third party beneficiary upon the residents; and in no event shall any entity other than the Grantee have direct rights to the Choice Neighborhoods funds provided for under this Grant Agreement.

### **ARTICLE XIV. Conflict of Interest**

(A) Prohibition. The Grantee shall comply with the conflict of interest requirements in 24 CFR part 85 or part 84 as applicable. No person who is an employee, agent, officer, or elected or appointed official of the Grantee or member of his immediate family and who exercises any functions or responsibilities with respect to activities assisted under this Choice Neighborhoods Grant may have a direct interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder.

(B) HUD-Approved Exception.

(1) Standard. HUD may grant an exception to the exclusion in paragraph (A) of this Article on a case-by-case basis when it determines that such an exception will serve to further the purposes of Choice Neighborhoods and its effective and efficient administration.

- (2) Procedure. HUD will consider granting an exception only after the Grantee has provided a disclosure of the nature of the conflict, accompanied by:
  - (a) an assurance that there has been public disclosure of the conflict;
  - (b) a description of how the public disclosure was made; and
  - (c) an opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws.
  
- (3) Consideration of Relevant Factors. In determining whether to grant a requested exception under paragraph (B) of this Article, HUD will consider the cumulative effect of the following factors, where applicable:
  - (a) whether the exception would provide a significant cost benefit or an essential degree of expertise to the Transformation Plan that would otherwise not be available;
  - (b) whether an opportunity was provided for open competitive bidding or negotiation;
  - (c) whether the person affected is a member of a group or class intended to be the beneficiaries of the Transformation Plan and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
  - (d) whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process, with respect to the specific activity in question;
  - (e) whether the interest or benefit was present before the affected person was in a position as described in paragraph (A) of this Article;
  - (f) 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
  - (g) any other relevant considerations.

## **ARTICLE XV. Reporting Requirements**

- (A) Quarterly Report.

- (1) The Grantee will submit to HUD a Quarterly Report on the 15<sup>th</sup> day of the month after the calendar quarter. The first report will be due in April 2012. If the due date falls on a Saturday, the report is due the Friday before. If the due date falls on a Sunday, the report is due the Monday after. In the Quarterly Report the Grantee will report the progress of their grant for the previous quarter, including but not limited to progress against their schedule and budget, expenditures to date, and a narrative statement on their progress, progress on financing leverage secured to date for the planning grant and leverage for the implementation of the plan. The Grantee should also include, as appropriate, best practices and lessons learned from the date of the prior Quarterly Report.
  - (2) Failure to submit to HUD a timely Quarterly Report will result in a suspension of Choice Neighborhoods Grant funds in LOCCS until such time as the report is received and approved by HUD, and/or any other default remedy authorized by Article XVII.
- (B) Obligations and Expenditures. The Grantee must enter cumulative obligation and expenditure data into LOCCS by the due dates established by HUD, whether or not there has been any change in the cumulative amounts since the end of the last quarter.
- (C) Additional Information Requests. Subject to paragraph (D) of this Article, the Grantee will comply with all other reporting requirements from time to time established by HUD, in its sole discretion, in connection with the Choice Neighborhoods Program. The Grantee will:
- (1) fully cooperate with all reasonable information gathering requests made by HUD or contractors of HUD in the course of authorized evaluations of the Choice Neighborhoods Program; and
  - (2) if requested, submit any post-closeout reports, in the forms prescribed by HUD, for a reasonable period of years as designated by HUD.
- (D) Additional Requirements. The Grantee agrees to comply with all other terms and conditions HUD may establish to administer, monitor, or evaluate the Choice Neighborhoods Program in an effective and efficient manner. Notwithstanding the foregoing, however, except as provided in Article XVII, HUD hereafter will not establish any additional terms and conditions without:
- (1) consideration of the burden imposed on the Grantee by such conditions or requirements;
  - (2) consideration of the availability of less burdensome conditions or requirements; and

- (3) in the case of a term or condition applicable solely to the Grantee, consulting in advance with the Grantee.

#### **ARTICLE XVI. Technical Assistance**

- (A) **Site Visits.** The Grantee acknowledges and agrees that HUD, or its designees, may conduct site visits and inspections as deemed necessary by HUD based upon the Grantee's needs in creating the Transformation Plan or the needs of the Choice Neighborhoods Program. Technical assistance site visits may be provided by HUD or its designees:
  - (1) in response to requests from the Grantee; or
  - (2) based upon demonstrated needs of the Choice Neighborhoods Program; or
  - (3) as provided in paragraph (B) of this Article.
- (B) **HUD Assessment.** HUD representatives will visit the site and make an assessment of any technical assistance and/or training that the Grantee may require for the creation of the Transformation Plan. HUD will consult with the Grantee in determining the Grantee's specific technical assistance and training needs and will carry out subsequent on-site assessments as necessary.
- (C) **Technical Assistance Provider.** If HUD determines, in its discretion, that technical assistance and/or training is necessary for the creation of the Transformation Plan, it will assign a technical assistance provider to work with the Grantee for this purpose.
- (D) **Grantee Training/Technical Assistance.** The Grantee agrees to use its best efforts to attend any training and to accept any technical assistance provided or sponsored by HUD.

#### **ARTICLE XVII. Unsatisfactory Performance/Default**

- (A) In accordance with Section 24(i) of the 1937 Act, if the Grantee defaults under this grant agreement, HUD may withdraw any unobligated grant amounts and may pursue other actions as described in this Article. 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 Transformation Plan of the original Grantee. This section applies to all Grantees regardless of their status as a government, PHA, for-profit, or other entity.

- (B) Default. Each of the following events or occurrences, to the extent it constitutes a material breach or occurrence, may constitute a default by the Grantee under this Grant Agreement, as determined by HUD in its sole discretion:
- (1) use of funds provided under this Grant Agreement for any purpose, in any manner or at any time, other than as authorized by this Grant Agreement;
  - (2) failure to comply with the Choice Neighborhoods Requirements or any other Federal, State, or local laws, regulations or requirements applicable in creating the Transformation Plan;
  - (3) failure to make any submission under Article III, perform any obligation, or otherwise fail to proceed in a manner consistent with the Transformation Plan, (including, without limitation, failure to accomplish an activity by the date specified in the Program Schedule);
  - (4) any material misrepresentation in any of the required submissions, including, without limit, any misrepresentations in any of the submissions required by Article III(B); or
  - (5) failure to comply with, or any material breach of, any other requirements, conditions or terms of this Grant Agreement.
- (C) Notice of Default and Action(s) to Cure.
- (1) General. HUD will give the Grantee written notice of any default. The notice will give the Grantee the opportunity to cure such default within 30 days of the date of the notice, or to demonstrate within this time period, by submitting substantial evidence satisfactory to HUD, that it is not in default. If the default is not able to be cured within the 30-day period, the Grantee will demonstrate, to HUD's satisfaction, that the Grantee has taken actions necessary to cure the default and that the default is curable within 90 days from the date of the default notice. Additionally, the Grantee must agree to carry out such cure diligently and to complete the cure within the 90-day period.
  - (2) Immediate Default. Notwithstanding the provisions of paragraph (C)(1) of this Article, HUD in its sole discretion may place the Grantee into immediate default for not being in compliance with its Program Schedule or for non-compliance with Choice Neighborhoods requirements once written notification of default has been provided to the Grantee. At that time, HUD may immediately begin imposing consequences of default, including specifically the suspension of draws of the Choice Neighborhoods grant.

- (3) **Imminent Threat.** Notwithstanding the provisions of subparagraph (C)(1) of this Article concerning the opportunity to cure defaults, if HUD reasonably determines that there is an imminent threat that the Grantee will expend additional Choice Neighborhoods Grant funds in violation of the provisions of this Grant Agreement, HUD may implement the remedial action provided for under subparagraph (C)(4)(d) of this Article to prevent any such unauthorized expenditure until such time as the Grantee has complied with the cure provisions set forth above. HUD will implement such remedial action by written notice set forth either in the notice of default given under paragraph (C)(1) of this Article or by subsequent written notice to the Grantee. An imminent threat is not an immediate default.
- (4) **Consequences of Default.** If the Grantee fails to cure all defaults specified in the notice of default within the time periods set forth in paragraph (C)(1) of this Article, or fails to diligently pursue or complete any cure as provided in paragraph (C)(1), HUD may take any of the following remedial actions, upon written notice to the Grantee:
- (a) requiring a Grantee in default to provide evidence to HUD of acceptable performance over such period of time as specified by HUD and to obtain written approval from HUD to proceed to the next phase of activities;
  - (b) requiring additional, more detailed financial reports;
  - (c) requiring additional project monitoring;
  - (d) requiring the Grantee (or subgrantee) to obtain technical or management assistance;
  - (e) establishing additional prior approvals; and
  - (f) require the Grantee, within a time period established by HUD, to prepare a revised Program Schedule, obtain HUD's approval thereto, and follow such revised Program Schedule to complete the activities under the Grant Agreement;
  - (g) require the Grantee, within a time period established by HUD, to revise any activity under the Grant Agreement in order to successfully complete the activities under the Grant Agreement in a manner satisfactory to HUD, including, without limitation, exclusion or revision of affected activities, revision of the Choice Neighborhoods Budget as necessary, and substitution of other eligible activities;

- (h) require submission of additional documentation before any additional request for funds will be approved;
  - (i) temporarily suspend the Grantee's authority to draw down Choice Neighborhoods Grant funds for affected activities, or at HUD's sole discretion for all activities, pending action to cure the defaults;
  - (j) disallow use of Choice Neighborhoods Grant funds for all or part of the cost of the activity or action not in compliance;
  - (k) recover amounts determined by HUD to have been improperly expended, including any property obtained by the Grantee with such grant funds;
  - (l) require reimbursement by the Grantee for Choice Neighborhoods Grant funds determined by HUD to have been improperly expended;
  - (m) make arrangements satisfactory to HUD, in its sole discretion, for use of an entity other than the Grantee to carry out activities assisted under the Grant Agreement, including requiring the Grantee to assign any outstanding contracts obligating grant funds to another entity.
- (5) Additional Enforcement Actions. If HUD determines that the remedial actions taken by HUD under paragraph (C)(4) of this Article have not been effective in curing the default, or if the Grantee has not complied with the requirements imposed by HUD under paragraph (C)(4) and has not otherwise cured the default, or if HUD exercises its discretion under subparagraph (C)(2) of this Article to institute any of the following actions, HUD may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under paragraph (C) of this Article upon written notice to the Grantee):
- (a) reduce the Choice Neighborhoods Grant in the amount affected by the default;
  - (b) terminate the Choice Neighborhoods Grant as to all further activities and initiate closeout procedures;
  - (c) recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.
    - (i) If the basis for the Grantee's default is its failure to comply with the reasonable time periods established by HUD under Article III(C), HUD shall, in accordance with section 24(i)

of the 1937 Act, and unless otherwise approved by HUD under paragraph (C)(3) of this Article, recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.

- (ii) If the Grantee fails to comply with the reasonable time periods established in Article III(C), HUD may take into account whether factors beyond the Grantee's control are the cause of the delay.
  - (d) take action against the Grantee under 24 CFR part 24 and Executive Order 12549 with respect to future HUD or Federal grant awards; and
  - (e) take any other available legal or equitable remedial action, including, but not limited to, any remedial actions available under a PHA's ACC and/or premised on HUD's interest in the housing development established in the relevant Declaration of Trust or Declaration of Restrictive Covenants or housing assistance contract, as applicable.
- (6) Delinquent Federal Debts. Consistent with the purposes and intent of 31 U.S.C. 3720B and 28 U.S.C. 3201(e), Grantees with an outstanding federal debt must provide to HUD a negotiated repayment schedule which is not delinquent or have made other arrangements satisfactory to HUD. If arrangements satisfactory to HUD cannot be completed within 90 days of notification of selection, HUD will not make an award of funds to the Grantee, but offer the award to the next eligible Grantee. Applicants selected for funding, or awarded funds, must report to HUD changes in status of current agreements covering federal debt. If a previously agreed-upon payment schedule has not been adhered to or a new agreement with the federal agency to which the debt is owed has not been signed, the Grantee will be considered to be in default under this Agreement.
- (D) Inappropriate Physical Condition of Property. If the REAC score of the targeted public or assisted housing is under 60, for the earlier of the period of time during which the score remains below 60 or this Grant Agreement remains in effect, HUD may request the property owner submit a monthly certification to HUD that the project has corrected all exigent health and safety items and that no new health and safety items exist. If so required by HUD, failure to correct the items and provide the monthly certification will constitute default under this Agreement.

## **ARTICLE XVIII. Project Close-Out**

(A) Termination of Disbursements Letter. Within 90 days after completion of all grant-funded activities and HUD's approval of the Transformation Plan, the Grantee will initiate close-out, in accordance with procedures established by HUD, by submitting a Termination of Disbursements letter, which states that:

- (1) The Grantee has completed all activities to be performed using Choice Neighborhoods Planning Grant funds.
- (2) All requirements of the Grant Agreement have been met.
- (3) All obligated Choice Neighborhoods grant funds have been disbursed;
- (4) The Grantee will abide by any continuing Federal requirements; and

At HUD's option, the Grantee may delay initiation of close-out until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.

(B) Preliminary Closeout Materials. The Grantee must submit the following Preliminary Close-Out Materials along with the Termination of Disbursements Letter:

- (1) Final Choice Neighborhoods Budget;
- (2) Final Financial Status Report (Form SF-269-A), which contains a cumulative summary of all expenditures and indicates the balance of unexpended funds.
- (2) Actual HOPE VI Cost Certificate (AHCC) (Form HUD-53001-A), or a Choice Neighborhoods successor form if created, which summarizes the information on the Financial Status Report and serves as the document that officially closes out the grant.

(C) HUD Review of Preliminary Close-Out Materials. HUD will review Preliminary Close-Out Materials to confirm that:

- (1) The amounts on the final Choice Neighborhoods Budget and AHCC agree as to funds approved, obligated and expended.
- (2) The amount of funds approved and disbursed on the AHCC agrees with HUD records in LOCCS.
- (3) If HUD disbursed more funds than the Grantee expended, the Grantee will immediately remit to HUD the excess funds, without waiting for completion of the final audit.

- (D) Final Audit. Following HUD approval of the Preliminary Close-Out Materials, the Grantee must conduct a final audit of the Planning Grant in accordance with the requirements of 24 CFR 85.26 or 84.26 and forward the audit to HUD for approval.
- (E) Cost Certificate. Upon receipt of the final audit, the designated HUD official will execute the AHCC once HUD determines to its satisfaction that:
  - (1) the expenditure of funds provided under this Grant Agreement was allowable and reasonable, as determined by the final audit;
  - (2) the activities to be completed using Choice Neighborhoods Grant funds were completed, as required by the Grant Agreement; and
  - (3) all Federal requirements, were satisfied.
- (F) Final Close-Out. Following execution of the AHCC, any funds remaining in the Planning Grant will be recaptured by HUD. A Post-Audit Date will be entered into LOCCS and the grant will be closed.
- (G) Close-Out Procedures on the Choice Neighborhoods Website. Grantees must follow the detailed Close-Out Procedures for the Choice Neighborhoods program, as posted to the Choice Neighborhoods website, including procedures for the Final Choice Neighborhoods Close-Out Approval.

#### **ARTICLE XIX. Grant Award Date**

The Grant Award Date is October 11, 2012. Except for Quarterly Reports, which are due according to the dates in Article XV, all deliverables in the Grant Agreement are based on the Grant Award Date.

#### **ARTICLE XX. Funding Obligation Date, Date of Funding Availability and Effective Date**

The date of obligation of the funding to the Grantee under this Grant Agreement is the date HUD signed the form HUD-1044. The date of fund availability for this Grant Agreement is the date that the Lead Grantee signs the 1044. The effective date of the Grant Agreement is the date that HUD signs the signature page of the Grant Agreement (See Article XXII).

#### **ARTICLE XXI. Points of Contact**

Any correspondence related to this Grant Agreement should be directed to the following points of contact for HUD, the Lead Grantee, and any other Grantees:

For the U.S. Department of Housing and Urban Development:

Dominique Blom  
Deputy Assistant Secretary, Office of Public Housing Investments  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW Room 4130  
Washington, D.C. 20410

For the Lead Grantee:

[name]  
[title]  
[organization name and address]

For the Co- Grantee(s):

[name]  
[title]  
[organization name and address]

**XXII. Signature Page.**

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[name]  
[title]  
[organization name]

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[name]  
[title]  
[organization name]

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Sandra B. Henriquez  
Assistant Secretary, Public and Indian Housing  
U.S. Department of Housing and Urban Development

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Date

## Appendix A

Additional statutory, regulatory, and other requirements with which Grantee must comply as applicable include:

1. OMB Circulars A-102, A-110, A-87, A-122 are applicable to the availability of using federal funds for matching.
2. Fair Housing Certifications, as the same maybe amended from time to time, and any additional Fair Housing requirements that may become applicable:
  - (A) the Fair Housing Act (42 U.S.C. §§ 3601-19) and regulations pursuant thereto 24 CFR part 100;
  - (B) Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107);
  - (C) the fair housing poster regulations (24 CFR part 110) and advertising guidelines (24 CFR part 108);
  - (D) Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and regulations pursuant thereto (24 CFR part 1) relating to nondiscrimination in housing;
  - (E) the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07) and regulations issued pursuant thereto (24 CFR part 146);
  - (F) the prohibitions against discrimination on the basis of disability, including requirements that the Grantee make reasonable modifications and accommodations and make units accessible, under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and regulations issued pursuant thereto (24 CFR part 8);
  - (G) the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and its implementing regulation at 28 CFR part 36; and
  - (H) the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151) and regulations issued pursuant thereto (24 CFR part 40).
  - (I) Accessible Technology. The Rehabilitation Act Amendments of 1998 apply to all electronic information technology (EIT) used by a Grantee for transmitting, receiving, using, or storing information to carry out the responsibilities of any Federal grant awarded. It includes, but is not limited to, computers (hardware, software, word processing, email and web pages) facsimile machines, copiers and telephones. When developing, procuring, maintaining or using EIT, grantees must ensure that the EIT allows:

- (1) Employees with disabilities to have access to and use information and data that is comparable to the access and use of data by employees who do not have disabilities; and
- (2) Members of the public with disabilities seeking information or service from a grantee must have access to and use of information and data and comparable to the access and use of data by members of the public who do not have disabilities. If these standards impose on a grantee, they may provide an alternative means to allow the individual to use the information and data. No grantee will be required to provide information services to a person with disabilities at any location other than the location at which the information services are generally provided.

### 3. Finance and Accounting

- (A) **Commingling of Grant Funds.** The Grantee agrees that, in its recordkeeping, it will not commingle Choice Neighborhoods Grant funds with funds from any other sources including, but not limited to, other HUD program funds or funds from other Federal, State or local government agencies. (Such other funds may be used to carry out the Transformation Plan, so long as they are not commingled in the Grantee's recordkeeping.)
- (B) **Duplication of Funding.** The Grantee will ensure that Choice Neighborhoods Grant funds are not used to duplicate work that is funded with any other HUD funds, funds from any other Federal program, or from any other funding source identified under the Transformation Plan, and will establish controls to assure non-duplication of funding.

### 4. Recordkeeping

- (A) **Recordkeeping Authorities.** The Grantee will comply with and be subject to all Federal recordkeeping requirements, including, but not limited to:
  - (1) the retention and access requirements for records under 24 CFR § 85.41, or 84.46 and 84.53;
  - (2) the non-Federal audit requirements under 24 CFR § 85.26 or 84.26; and
  - (3) the requirements of 24 CFR § 85.20 or 84.21 that facilitate an effective audit to determine compliance with program requirements.
- (B) **Recordkeeping Requirements.** Grantees must retain records in accordance with the requirements of paragraph (A) above, including, but not limited to:
  - (1) the amount and disbursement of funds received under this Choice Neighborhoods Grant, including sufficient records that document the reasonableness and necessity of each expenditure;

- (2) the amount and nature of any other assistance, including cash, services, or other items contributed to assist in the development of the Transformation Plan or contributed as a condition of receiving this Choice Neighborhoods Grant;
- (3) any other proceeds received for, or otherwise used in connection with, the Transformation Plan; and

(B) Access to Records. For the purpose of audit, examination, monitoring, and evaluation, the Grantee will give HUD (including any duly authorized representatives and the Inspector General) access, and will ensure that any participating party will give HUD such access, to any books, documents, papers, and records of the Grantee, or such participating party, that are pertinent to assistance received under this Choice Neighborhoods Grant or under the Transformation Plan, including all records required to be kept by paragraph (B) above.

## 5. Reporting

- (A) Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282) (Transparency Act), as amended.
- (1) Recipient Reporting to Meet the Requirements of the Federal Financial Assistance Accountability and Transparency Act of 2006, as amended.
    - a. Prime Awardee Reporting. Prime recipients of HUD financial assistance are required to report subawards in the federal government-wide website [www.frs.gov](http://www.frs.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.

1. Name of entity receiving award;
2. Amount of award
3. Funding agency;
4. North American Industry Classification System (NAICS) code for contracts/CFDA program for financial assistance awards;
5. Program source;
6. Award title descriptive of the purpose of the funding action;
7. Location of the entity (including Congressional district);
8. Place of Performance (including Congressional district);
9. Unique identifier of the entity and its parent; and
10. 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.

- b. 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:
  1. More than 80 percent of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and
  2. Compensation information is not readily available through reporting to the Securities Exchange Commission (SEC.)
- c. 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:
  1. More than 80 percent of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and
  2. 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.

- d. 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.

- (B). **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