

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
[Docket No. FR-5600-N-19]
HUD's Fiscal Year (FY) 2012 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) 2012 Notice of Funding Availability for HUD's Choice Neighborhoods Initiative.

SUMMARY: Today's publication is governed by the information and instructions found in the Notice of HUD's Fiscal Year 2012 Notice of Funding Availability (NOFA) Policy Requirements and General Section (General Section) to HUD's FY2012 NOFAs for Discretionary Programs, published on September 19, 2011 and this program section of the NOFA. For FY2012, HUD will award two types of grants for the Choice Neighborhoods Initiative:

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 \$110 million in assistance through the FY2012 Choice Neighborhoods Initiative for Implementation Grants. The NOFA for Choice Neighborhoods Planning Grants will be issued under separate cover.

A. Choice Neighborhoods Initiative – Summary. The spatial concentration of poverty remains a serious and often unrecognized challenge to the ability of poor families and children to access opportunities and move up the economic ladder. Many neighborhoods of concentrated poverty contain distressed public and/or HUD-assisted housing in need of repair or replacement. Prior to the creation of Choice Neighborhoods, HOPE VI was the only major source of revitalization funding available to these areas. This funding was only available to the public housing stock, and HUD could not reach nearby distressed assisted or vacant private housing. Choice Neighborhoods helps communities also address assisted and vacant housing units, while investing in people and neighborhood assets, to transform neighborhoods of distress into revitalized mixed-income neighborhoods.

Choice Neighborhoods employs a comprehensive approach to neighborhood transformation. 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, public assets, public transportation, and improved access to jobs. Choice Neighborhoods will ensure that current 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:** 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 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.

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.

To successfully implement the Transformation Plan, applicants will need to work with public and private agencies, organizations (including philanthropic organizations), and individuals to gather and leverage resources needed to support the financial sustainability of the plan. These efforts should build community support for and involvement in the development of the plan.

In addition, HUD intends to work with other Federal agencies to integrate programs so that place-based solutions can be more readily implemented. This interagency collaboration will assist HUD and 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 Health and Human Services' Community Health Centers investments, and the Department of Education's Promise Neighborhoods program. 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.

These coordinated efforts should result in the strategic investment of resources into the following key neighborhood assets:

- 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, arts organizations, restaurants, movie theatres, and athletics);
- d.** Physical assets that are associated with the built environment and physical infrastructure (e.g. housing, commercial buildings, roads, sidewalks and bike paths); and
- e.** Social assets that establish well-functioning social interactions (e.g. public safety and community engagement).

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. Anticipated Objectives That Will Be Used to Develop Metrics to Measure Long Term

Success: As the Department moves forward with the selected grantees, the Department will work with each grantee to develop metrics appropriate to its site and neighborhood in order to measure performance. Below are the objectives that the Department will be using to measure performance across sites and neighborhoods.

1. Housing Objectives. Housing transformed by Choice Neighborhoods is expected to be:

a. *Energy Efficient, Sustainable, Accessible, Connected and Free from Discrimination.*

HUD's expectation for Choice Neighborhoods are properties with low per unit energy consumption, healthy indoor air quality, built to be resistant to local disaster risk, exceeding the Section 504 and Fair Housing Act accessibility requirements, with affordable broadband Internet access and free from discrimination in the sale, rental or financing of housing.

b. *Mixed-Income.* HUD's expectation for Choice Neighborhoods are properties with a mix of extremely low-income (e.g. public/assisted/HTF units), low income (e.g. tax credit/HOME units), and, as appropriate, moderate income units (e.g. market rate rent/homeownership units).

c. *Physically Viable.* HUD's expectation for Choice Neighborhoods are properties that are constructed with durable and low-maintenance materials, receive high quality maintenance over time, and scheduled upgrades and replacements are performed.

d. *Financially Viable.* HUD's expectation for Choice Neighborhoods are projects that have budgeted appropriately for the rental income that can be generated from the project (including rental subsidy) to meet debt payments and meet or exceed industry standards for quality management and maintenance of the property.

2. People Objectives. People that live in the housing transformed through Choice Neighborhoods are expected to improve their quality of life.

a. *Resident Metrics.* There are two sets of resident groups for which metrics will be established.

(1) *Baseline Residents.* The grantee and HUD will work together to monitor the location and outcomes for the baseline residents of the public and/or assisted development. These are the residents that lived in the targeted redevelopment site at the time of application for Choice Neighborhoods. HUD's expectation is that the tenants who relocate find housing and neighborhood opportunities as good as or better than the opportunities available to tenants who return to the redeveloped site, and that all residents of the targeted redevelopment site experience improvements along all of the indicators below relative to their pre-redevelopment circumstances.

(2) *Revitalized Development Residents.* The grantee and HUD will also work together to track the experiences and changing characteristics of residents who live at the revitalized site. HUD's goal is that, over time, the average incomes at the site rise, residents experience a safe living environment, children have access to high quality early learning programs and services and high quality schools that prepare students to graduate from high school college- and career-ready and perform well on standardized tests relative to the state average, there is good access to parks and recreation, and residents have access to quality health care.

b. *Outcomes.* Outcomes for both the baseline residents and the residents of the revitalized developments are planned to be measured along the following dimensions:

(1) *Housing Location, Quality, and Affordability.* HUD's expectation is that baseline 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. This is consistent with HUD's strategic plan objective to increase the proportion of HUD-assisted families in low-poverty and racially diverse communities.

(2) *Resident Health.* HUD's expectation is that health for residents over time is as good as or better than that of other households with similar economic and demographic conditions at baseline.

(3) *Resident Safety.* HUD's expectation is that 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.

(4) *Employment.* HUD's expectation is that the income of baseline residents and residents of the revitalized development, particularly wage income for non-elderly/non-disabled adult residents, increases over time. This is consistent with HUD's strategic plan objective to increase the average income of existing HUD-assisted households.

(5) *Education.* HUD's expectation is 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.

3. Neighborhood Objectives. Through Choice Neighborhoods, the neighborhood is expected to improve:

a. *Other Neighborhood Housing.* HUD's expectation is that post-redevelopment the neighboring housing has a very low vacancy/abandonment rate, that the housing inventory be of high quality, and that the neighborhood be mixed-income and maintain a mixture of incomes over time. This may include maintaining a significant amount of the private inventory as affordable post-redevelopment.

b. *Services.* HUD's expectation is that 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. *Public Schools.* HUD's expectation is that public schools in the target neighborhood are safe and welcoming places for children and their families. In addition, HUD's expectation is that the 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. *Other Education Programs.* HUD's expectation is that infants, toddlers and preschool-age children have access to high-quality early learning programs and services 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 and that engage their families in meaningful ways.

e. *Public Assets.* HUD's expectation is that the distance to travel to high-quality park and recreational facilities in the neighborhood be equal to or less than for other neighborhoods in the jurisdiction and the region.

f. *Effective Transportation Alternatives.* HUD's expectation is that neighborhood residents have quality public transit, walking and/or biking options to connect them easily to places of work and local services.

g. *Job Access.* HUD's expectation is that neighborhood residents have rates of employment among working age non-disabled adults similar to or better than the employment rate in other neighborhoods in the jurisdiction and region.

FOR FURTHER INFORMATION CONTACT: Questions regarding specific program requirements should be directed to the agency contact identified in this program NOFA. Questions regarding the 2012 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 NOFA). Applicants for the Choice Neighborhoods NOFA must also refer to the 2012 General Section for important application information and requirements, including submission requirements, which have changed this year.

In FY2012, HUD is continuing its requirement that applicants submit their applications electronically through <http://www.grants.gov>. If applicants have questions concerning the registration process, registration renewal, assigning a new Authorized Organization Representative, or have a question about a NOFA requirement, please contact 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. 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.

Pursuant to government-wide policy, all applicants must have a DUNS number and be registered in the Central Contractor Registration (CCR) to receive an award of funds from HUD. Applicants applying via Grants.gov already meet this requirement by completing the Grants.gov

registration requirements. Applicants who receive a waiver to submit a paper application, if any, must also comply with the requirement for a DUNS number and registration in the CCR. Failure to meet the requirement will prohibit you from receive a grant award.

In FY2012, 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 find the NOFA and application forms. The NOFA posted to Grants.gov is the official version of the Notice and 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.

B. Funding Opportunity Title. Choice Neighborhoods Initiative Implementation Grants Fiscal Year 2012.

C. Announcement Type. Initial announcement.

D. Funding Opportunity Number. The Federal Register number for this NOFA is FR-5600-N-19. The 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 **April 10, 2012**. Electronic applications must be received by 11:59:59 p.m. eastern time on the deadline date. See this NOFA for application submission, faxing instructions, and timely receipt requirements, including Section IV.C, which provides detailed information on what qualifies as “received.” See HUD’s 2012 General Section for application submission, faxing instructions, and timely receipt requirements, unless otherwise noted in this NOFA. Note: Grants.gov now uses Adobe Reader 9.4. 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. HUD recommends that applicants download either of these two readers to prepare and transmit the application to Grants.gov. HUD will not accept an entire application submitted by fax.

G. Additional Overview Content Information

1. Grant Type. For FY2012, 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 \$110 million in FY2012 funds for Choice Neighborhoods grants. HUD anticipates awarding four to five grants not to exceed \$30,000,000 each, or the sum of the amounts in Section IV.E.3, whichever is lower. At its discretion, HUD may use remaining FY2011 and additional FY2012 Choice Neighborhoods funding to make Implementation Grant awards under this NOFA. At least \$80,000,000 of the total FY2012 Choice Neighborhoods funding must be awarded to applications in which a public housing authority is the Lead Applicant or Co-Applicant. Furthermore, HUD will 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. As stated in the Department of Housing and Urban Development Appropriations Act, 2012, Choice Neighborhoods 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 Neighborhoods. See I.C, III.A.3, and III.C.2 for additional information related to Eligible Neighborhoods.

5. Matching Requirement. A match of at least 5 percent is required. See III.B for additional information related to the match requirement.

6. Application materials may be obtained from

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/>.

7. Rental Assistance Demonstration. Choice Neighborhoods applicants may be eligible to apply for HUD's new Rental Assistance Demonstration (RAD). RAD provides for public housing ACC capital and operating subsidies or certain expiring subsidies provided to other eligible properties to be converted to long-term section 8 contracts in order to facilitate additional debt and equity financing. More information can be found at www.hud.gov/rad. However, unless you are selected for participation in RAD on or before the Choice Neighborhoods application deadline stated in this NOFA, your Choice Neighborhoods application should not assume that your targeted site(s) will be part of RAD.

FULL TEXT OF ANNOUNCEMENT

I. FUNDING OPPORTUNITY DESCRIPTION

A. Program Description

Choice Neighborhoods is focused on three core goals:

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 distressed, high-poverty neighborhoods into viable, mixed-income 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.

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

B. Authority

The funding authority for Choice Neighborhoods grants under this NOFA is provided by the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112-55, 125 Stat. 552, approved November, 18, 2011). 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 Department of Housing and Urban Development Appropriations Act, 2012.

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 (like museums and libraries) public utilities and some very large churches and corporations.

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 any 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” means:

- a. Development or improvement of community facilities to promote upward mobility, self-sufficiency, or improved quality of life for residents of the neighborhood, such as construction or rehabilitation of parks and community gardens, or environmental improvements; or
- b. Activities to promote economic development, such as development or improvement of transit, retail, community financial institutions, public services, facilities, assets or other community resources.

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, EPA and 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.

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. Long-Term Viability. The term “long-term viability” refers to a community that has in place all five Neighborhood Assets sufficient to provide for resident well-being and community

quality of life.

14. 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.”

15. 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 is typically an area less than two miles wide. 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.

16. 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).

17. 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. 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.

18. 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.

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 (including Education), 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 Education Implementation Entity), and Neighborhood Implementation Entity.

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

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

23. Public Housing Project. 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. 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 Public Housing Information Center (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.

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 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) are included 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.

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:

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

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

(c) 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 \$120 million has been appropriated for Choice Neighborhoods in FY2012, of which at least \$80 million must be awarded to public housing authorities. Approximately \$110 million in funding is being made available under this NOFA. HUD will 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	\$110,000,000	\$30,000,000 or the calculated amount described in Sections II.A.2 and IV.E.3, whichever is lower.	4-5
Planning Grants (to be awarded under a separate NOFA)	\$5,000,000	\$300,000	17-20
TOTAL	\$115,000,000		

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.E.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.E.1 for statutory time limits related to the grant and expenditure of funds, including the requirement that all FY2012 Choice Neighborhoods funds must be expended by September 30, 2019.

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.

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 HUD has designated a PHA as troubled pursuant to section 6(j)(2) of the 1937 Act, 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 is the owner of the assisted property that is the subject of the Choice Neighborhoods activity grant, the applicant is 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. To demonstrate eligibility, applicants must 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), Principal Team Member (if any), the public housing authority

(if applicable), or a unit of local government in which the housing is located. If the targeted project is not severely distressed, your application will not be considered for funding.

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 2008-2010 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. Evidence of Use. Grantees will be required to show evidence that matching resources were actually received and used for their intended purposes through quarterly reports as the project proceeds. Sources of matching funds may be substituted after grant award, as long as the dollar requirement is met.

4. Grantee Enforcement. 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 amount.

5. 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 may 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.E);
- (13) Payment of reasonable legal fees, subject to the criteria stated in this NOFA (such as Section III.C.3 and Section IV.E);
- (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

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.

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 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) Site Control for Target and All Replacement Housing Sites. You must provide evidence in your application that you (as the Lead Applicant) or your Co-Applicant (if any) 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 a Principal Team Member (who is not also the Lead Applicant or a Co-Applicant) 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).

(3) 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 FY2012 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.

(4) Partnership Legal Contract. The applicant must provide in your application a legal contract or contracts, such as a developer services 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.

(5) 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 of this NOFA (i.e. within the metropolitan area up to 25 miles from the original project site as necessary to comply with fair housing requirements, deconcentrate poverty, or redevelop onsite with appropriate densities). Your application must include a justification of why it is necessary to locate this housing outside the target neighborhood and how doing so supports and enables the Transformation Plan. You must include this information in your attachments.

(6) Standard Forms and Certifications. 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.

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

(a) The definition of “neighborhood” from I.C applies.

(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 FY2012 NOFA and Funding Information page at 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 III.A.3.a(2), you must provide in your application data on crime (data is described in the rating factor in 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.

(2) 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 Choice Neighborhoods applications, in accordance with the criteria of this NOFA. 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.

(b) 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.

(c) HUD will not consider applications sent entirely by facsimile.

(d) HUD will not consider any application that does not meet the timely receipt requirements for electronic applications, in accordance with the criteria of the General Section "Receipt Dates and Times."

(3) Relation to prior HOPE VI Revitalization Grantees. Public housing projects previously funded through a HOPE VI Revitalization grant may not be the target public housing project of a FY2012 Choice Neighborhoods grant application. However, they may be located within the Transformation Plan neighborhood.

(4) Relation to ARRA CFRC Grantees. 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 FY2012 Choice Neighborhoods grant application. However, they may be located within the Transformation Plan neighborhood.

(5) Relation to prior Choice Neighborhoods Implementation Grantees. Public and/or assisted housing projects previously funded through a Choice Neighborhoods Implementation Grant may not be the target housing of a FY2012 Choice Neighborhoods Grant application. However, since the Seattle Housing Authority's (SHA) FY2010 Implementation Grant application for Yesler Terrace in the Yesler Neighborhood was only partially funded due to limited funding, SHA may apply for the same project. The maximum grant size for which SHA is eligible is reduced by the amount of the prior Implementation Grant award.

(6) Relation to prior Choice Neighborhoods Planning Grantees. Public and/or assisted housing projects previously funded through a FY2010 or FY2011 Choice Neighborhoods Planning Grant are eligible to be the target housing in a FY2012 Choice Neighborhoods Implementation Grant under this NOFA. However, the maximum award amount for which the application is eligible is reduced by the same amount awarded under the Choice Neighborhoods Planning Grant.

(7) 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 III.C.3.b.

(8) 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 benefits, 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. 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.
- (9) Appropriateness of Proposal.** In accordance with section 24(e)(1) of the 1937 Act, each application must demonstrate the appropriateness of the proposal (Transformation Plan) 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 (e.g., "We considered X, Y, Z other alternatives, but they were not the optimal alternatives for A, B, C reasons"). If you do not

demonstrate the appropriateness of the proposal in the context of the local housing market relative to other alternatives, your application will not be considered for funding. Applicants must demonstrate compliance with this threshold in their narrative. Examples of alternative proposals may include:

- (a) Proposing to rehabilitate the existing project when the units are obsolete;
- (b) Proposing a range of incomes, housing types (rental, homeownership, market-rate, public housing, townhouse, detached house, etc.), or costs that cannot be supported by a market analysis; or
- (c) Proposing to use the land in a manner that is contrary to the goals of your organization.

(10) 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.

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

(12) Active Registration in the CCR. This threshold is hereby incorporated from the General Section (III.C.2.c).

(13) Resolution of Outstanding Civil Rights Matters. This threshold is hereby incorporated from the General Section (III.C.2.d).

(14) Debarment and Suspension. This threshold is hereby incorporated from the General Section (III.C.2.e).

(15) 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 benefits. 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 and/or in the target neighborhood being revitalized; and
 - (ii) Within the metropolitan area up to 25 miles from the original project site, as necessary to:
 - (a) Comply with fair housing requirements;
 - (b) Deconcentrate poverty; or
 - (c) Redevelop onsite with appropriate densities.
 - (b) 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.
 - (c) 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. 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) 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.

(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 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:

(i) Be located in a county/parish with a currently and historically soft rental housing market for low-income renters. HUD has defined these counties 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.

(ii) 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 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. An applicant may request that this standard only be applied for the agency proposed to operate the voucher program as opposed to all agencies in the CBSA.

(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.

(i) HUD has provided a list on its website (www.hud.gov/cn) of the communities it has identified where voucher holders are currently moderately- to well-dispersed in areas of low poverty and with consistently high rental vacancy rates.

(ii) In advance of submitting the grant application, Choice Neighborhoods applicants working in one of the relatively few eligible communities 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.

(iii) 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 FY2012 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. Resources that are committed to individuals other than those targeted in the application cannot 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 FY2012 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. In-kind

contributions can include physical items such as office supplies, 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, construction equipment and other project related items. In-kind contribution can also be contribution of professional time. 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.

(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) Materials;
- (ii) The value of a building or space in a building donated for Supportive Services purposes;
- (iii) The value of a lease on a building or space in a building donated for Supportive Services purposes;
- (iv) Other infrastructure for Supportive Services purposes;
- (v) Time and services contributed by volunteers;
- (vi) Staff salaries and benefits of service providers (PHA and/or applicant staff time may not be counted);
- (vii) Supplies;
- (viii) The value of supportive services provided by a partner agency, in accordance with the eligible Supportive Services activities described in section III.C.1.
- (ix) 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.
- (x) 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.

e. Broadband Access. All FY2012 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. Relocation Requirements. You must carry out relocation activities in compliance with planning requirements in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). If the project also utilizes Community Development Block Grant (CDBG) or HOME funds, section 104(d) of the Housing and Community Development Act of 1974 may also apply. Please refer to the Tenant Assistance Relocation and Real Property

Acquisition Handbook (HUD Handbook 1378) for detailed information on these requirements, including applicable statutory and regulatory references. These relocation requirements cover any person who moves permanently or temporarily from real property or moves personal property from real property directly because of acquisition, rehabilitation, or demolition for a project undertaken with HUD assistance. Handbook 1378 is available on line at: www.hud.gov/relocation under Policy and Guidance.

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. Affirmatively Furthering Fair Housing. All activities under this NOFA shall be carried out in a manner that affirmatively furthers fair housing, as required by section 808(e)(5) of the Fair Housing Act, as amended (42 U.S.C. 3608(e)(5)). In lieu of an affirmatively furthering fair housing (AFFH) submission requirement, HUD has established specific AFFH requirements for successful applicants. Grantees must adopt affirmative marketing procedures, and require affirmative marketing activities of project owners and managers. "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 their race, color, national origin, religion, sex, disability or familial status are aware of the housing opportunities in each project funded under this NOFA.

i. Physical Accessibility Requirements. All new construction and alterations of existing buildings and facilities must be in compliance with the section 504 accessibility requirements described in 24 CFR part 8. HUD applies the Uniform Federal Accessibility Standards (UFAS) through its regulations under part 8. In addition, under the Fair Housing Act, all new construction of covered multifamily dwellings must contain certain features of accessible or adaptable design in the covered dwelling units and in the public and common use areas. "Covered multifamily dwellings" means all 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. Recipients must also comply with the accessibility requirements of Titles II and III of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act and the Americans with Disabilities Act, as applicable, with respect to facilities (*e.g.*, parks, playgrounds, pedestrian access, bus stops, etc.).

j. 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.

k. Applicability of the Uniform Relocation Act. Except for 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 (42 U.S.C. 4601 et seq.). See Section III.C.5.h. Real Property Acquisition and Relocation in the General Section and Handbook 1378 for additional information on the acquisition and relocation policies under URA. The Handbook can be located on HUD's Real Estate Acquisition and Relocation website at www.hud.gov/relocation.

l. 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.

m. 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) 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.

n. 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.

o. Homeownership.

- (1) Any homeownership replacement units developed under a Choice Neighborhoods grant must be done in accordance with a homeownership proposal, which must conform with either:
 - (a) Section 24(d)(1)(J) of the 1937 Act; or
 - (b) 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.
- (2) 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>.)

p. 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. All new construction and substantial rehabilitation developments must also comply 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. 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. 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.

(2) **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>.

(3) 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. For information on the ENERGY STAR Multifamily High-Rise Program please contact 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) Energy Star appliances;
- (vii) Concentrated solar power;
- (viii) Right sized and efficient HVAC and other systems; and
- (ix) Demand side management applications (e.g. “smart meters”).

(4) 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§ionid=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>.

(5) 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.*). You also must comply with regulations at 24 CFR part 35, 24 CFR 965.701, and 24 CFR 968.110(k), as they may be amended or revised from time to time. As applicable, you will be responsible for lead-based paint evaluation and reduction activities. The National Lead Information Hotline is 800-424-5323.

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 30 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. If you have not met these performance benchmarks, 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.E.

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

w. 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.

x. 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>.

y. **Section 3.** Choice Neighborhoods grantees must comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Economic Opportunities for Low- and Very-Low-Income Persons in Connection with Assisted Projects) and the implementing regulations at 24 CFR part 135. Information about Section 3 can be found at HUD's Section 3 website at <http://www.hud.gov/offices/fheo/section3/section3.cfm>.

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

- (1) Pre-Award Accounting System Surveys. (III.C.4.a);
- (2) Name Check Review. (III.C.4.b);
- (3) False Statements. (III.C.4.c);
- (4) Compliance with Fair Housing and Civil Rights Laws. (III.C.5.a);
- (5) Affirmatively Furthering Fair Housing (III.C.5.b);
- (6) Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency (LEP)" (III.C.5.c);
- (7) Economic Opportunities for Low- and Very Low-Income Persons (section 3) (III.C.5.d);
- (8) Ensuring the Participation of Small Businesses, Small Disadvantaged Businesses, and Women-Owned Businesses (III.C.5.e);
- (9) Accessible Technology (III.C.5.f);
- (10) Executive Order 13279, "Equal Protection of the Laws for Faith-Based and Community Organizations" (III.C.5.g);
- (11) Real Property Acquisition and Relocation (III.C.5.h);
- (12) Conducting Business in Accordance with Core Values and Ethical Standards/Code of Conduct (III.C.5.i);

- (13) Prohibition Against Lobbying Activities. (Section III.C.5.j);
- (14) Procurement of Recovered Materials (III.C.5.k);
- (15) Participation in HUD-Sponsored Program Evaluation (III.C.5.l);
- (16) Salary Limitation for Consultants (III.C.5.m);
- (17) OMB Circulars and Government-wide Regulations Applicable to Financial Assistance Programs (III.C.5.n);
- (18) Environmental Requirements (III.C.5.o);
- (19) Drug-Free Workplace (III.C.5.p);
- (20) Conflicts of Interest (III.C.5.q);
- (21) Safeguarding Resident/Client Files (III.C.5.r);
- (22) Executive Order, “Intergovernmental Review of Federal Programs.” (III.C.5.s);
- (23) Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub.L. 109-282) (Transparency Act) (III.C.5.t); and
- (24) 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.5.u).

aa. Conflict of Interest in Grant Activities and Exceptions.

(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 Exception.

(a) Standard. HUD may grant an exception to the prohibition above 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.

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

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

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

- (i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the 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 exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or 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.

bb. 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. 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.

(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, SUBMISSION AND TIMELY RECEIPT INFORMATION

A. Addresses to Request Application Package. This section describes how applicants may obtain application forms and request technical assistance. 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.

1. Technical Assistance and Resources for Electronic Grant Applications.

a. Grants.gov Customer Support. 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 twenty-four hours a day, seven days per week, except federal holidays. The customer service representatives will assist applicants in accessing the information and addressing technology issues, including accessibility problems, in accordance with Section 508 of the Rehabilitation Act (See paragraph 4(h), Accessible Technology). Applicants should ask for a Grants.gov call center ticket number if not provided one by the call center customer service representative. In case of issues, HUD relies on the call center ticket logs as part of the review of records.

b. HUD Staff. HUD staff will be available to provide you with general guidance and technical assistance about this notice or about individual program NOFAs. However, HUD staff is not permitted to help prepare your application. Following selection of applicants, but before announcement of awards, HUD staff is available to assist in clarifying or confirming information that is a prerequisite to the offer of an award or Annual Contributions Contract (ACC) by HUD. If you have program-related questions, follow the instructions in Section VII of this NOFA entitled “Agency Contact(s).”

If you have difficulty in submitting your application, please first contact the Grants.gov Help Desk. The Grants.gov Help Desk can be reached by calling 800-518-GRANTS or emailing support@grants.gov. HUD recommends calling the Help Desk rather than emailing, because determining the basis for the problem may take some conversation with the Grants.gov Support Customer Service Representative. Grants.gov can try to assist you in overcoming technology obstacles, but can only provide assistance with 24 to 48 hours advance notice so it has resources and time to diagnose the problems. Applicants are reminded to retain any Grants.gov Help Desk ticket number(s).

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 9.4. Applicants must use this version or the latest version on Grants.gov. HUD’s FY2012 applications use Adobe Reader. Do not use Nuance Reader.

1. Use of Adobe Forms Application Packages.
2. Instructions on How to Register for Electronic Application Submission.
3. Key Terms Used as Part of the Registration Process.
4. Instructions on Completing the Registration Process for New Applicants or Applicants Updating or Renewing Registration.
5. Instructions on How to Download an Application Package and Application Instructions.
6. Instructions on How to Complete the Selected Grant Application Package
7. Steps to Take Before You Submit Your Application.
8. **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) Double-space your narrative pages. Single-spaced pages will be counted as two pages;
- (2) Use 8½ x 11-inch paper.
- (3) All margins should be approximately one inch. If any margin is smaller than ½ inch, the page will be counted as two pages;
- (4) Use 12-point, Times New Roman font;
- (5) Any pages marked as sub-pages (e.g., with numbers and letters such as 75A, 75B, 75C), will be treated as separate pages;

- (6) 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);
- (7) 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;
- (8) No more than one page of text may be placed on one sheet of paper; i.e., you may not shrink pages to get two or more on a page. Shrunken pages, or pages where a minimized/reduced font are used, will be counted as multiple pages;
- (9) Do not format your narrative in columns. Pages with text in columns will be counted as two pages;
- (10) 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.
- (11) 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.
- (12) Any tables included in the narrative sections of the application must also be double spaced or they will be counted twice.
- (13) 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.

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

(1) Narrative Exhibits.

(a) The first part of your application will be comprised of narrative exhibits. Your narratives will respond to threshold, rating factor, and other criteria in the NOFA, as indicated below and will also respond to threshold requirements. Among other things, your narratives must describe your capacity, need and vision.

(b) Each Choice Neighborhoods application must contain no more than 95 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 95-page limit.

(2) Attachments.

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

(b) 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 Attachments 4, 5, and 7.
 - (c) Attachment 17 that provides documentation of site control.
 - (d) Attachment 37 that provides documentation of other Transformation Plan Activities on other sites.
 - (e) Leverage documentation (including the cover sheet provided) required for Attachments 45, 46, and 48.
 - (f) Documentation to support Consistency with Other Planning Documents (e.g., PHA Plan, Consolidated Plan, etc.) in Attachment 39.
 - (g) Section 3 Report and Housing Choice Voucher application (Attachments 36 and 54).
 - (h) Standard Forms (Attachments 55, 56, 57, 58).
 - (i) Blank/extra pages generated as part of standard forms.
 - (j) Tabs/title pages that are blank or display a title/header/“n/a” indication.

c. **Choice Neighborhoods Specific Electronic Submission Requirements:** Format and Title Instructions in Addition to Those in the General Section.

- (1) **Exhibits and Exhibit Title Pages.** Exhibits are as listed below in IV.B.8.e. Each Exhibit 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 it goes with. 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 when HUD determines the length of each Exhibit, or the overall length of the Exhibits. Each title page should only contain, in the following order:
- (a) The name of the Exhibit, as described below, e.g., “NarrativeExhibitASummaryInfo.”
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 applicant; and
 - (c) The name of the file that contains the Exhibit.

- (2) **Attachments and Attachment Title Pages.** Attachments are as listed below in IV.B.8.e. Each Attachment should be contained in its own separate file in the application. Each Attachment that is not a HUD form should contain one title page. HUD will use title pages as

tabs if 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 when HUD determines the length of each Attachment or the overall length of the Attachments. HUD forms do not require title pages. Each title page should only contain:

- (a) The name of the Attachment, as described below, e.g., “Att10ExtraordinarySiteCostCert.”
- (b) **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.
- (c) The name of the applicant; and
- (d) The name of the file that contains the 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 III.C.2 and the Rating Factors of 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. The narrative exhibits, attachments, and instructions for each are as follows:

- (1) **Table of Contents.** Use form provided.
- (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), and Principal Team Members (specifying the Housing Implementation Entity, People Implementation Entity, Education Implementation Entity, and Neighborhood Implementation Entity) 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 III.C.2.a(4) (in addition to the legal contract(s) required by that section);

B.2. Appropriateness of the Proposal. Review and provide a narrative response to III.C.2.b(9);

B.3. Separability. Review and provide a narrative response to III.C.2.b(10).

(c) **Exhibit C – Capacity.** Review and provide a narrative response to V.A.1. (suggested 20 pages maximum)

C.1 Overall Leadership Capacity of Lead Applicant. Review and provide a narrative response to V.A.1.a.

C.2. Housing Implementation Capacity of Lead Applicant, Co-Applicant, or Principal Team Members. Review and provide a narrative response to V.A.1.b.

C.3. People Implementation Capacity of Lead Applicant, Co-Applicant, or Principal Team Members. Review and provide a narrative response to V.A.1.c.

C.4. Education Implementation Capacity of Lead Applicant, Co-Applicant, Principal Team Member, or Principal Education Partner. Review and provide a narrative response to V.A.1.d.

C.5. Neighborhood Implementation Capacity of Lead Applicant, Co-Applicant, or Principal Team Members. Review and provide a narrative response to section V.A.1.e.

C.6. Overall Community Involvement. Review and provide a narrative response to 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 V.A.2.a. (suggested 2 pages maximum)

(e) **Exhibit E – Vision for Housing.** Review and provide a narrative response to V.A.3.a. (suggested 10 pages maximum)

E.1. Overall Vision. Review and provide a narrative response to section V.A.3.a(1).

E.2. Access to Opportunity. Review and provide a narrative response to section V.A.3.a(2).

E.3. Replacement Housing. Review and provide a narrative response to section V.A.3.a(3).

E.4. Mixed-Income Development. Review and provide a narrative response to section V.A.3.a(4).

E.5. Long-term Affordability. Review and provide a narrative response to section V.A.3.a(5)

E.6. Green Building. Review and provide a narrative response to section V.A.3.a(7).

(f) **Exhibit F – Vision for People.** Review and provide a narrative response to V.A.3.b (suggested 34 pages maximum)

F.1. Resident Needs Assessment and Results. Review and provide a narrative response to section V.A.3.b(1).

F.2. Supportive Services Strategy. Review and provide a narrative response to section V.A.3.b(2).

F.3. Supportive Services Sustainability. Review and provide a narrative response to section V.A.3.b(3).

F.4 Education Strategy. Review and provide a narrative response to section V.A.3.b(4).

F.5. Public Safety. Review and provide a narrative response to section V.A.3.b(5).

F.6. Relocation and Reoccupancy. Review and provide a narrative response to section V.A.3.b(6).

F.7. Economic Opportunities for Low- and Very Low-Income Persons. Review and provide a narrative response to section V.A.3.b(7).

(g) Exhibit G – Vision for Neighborhood. Review and provide a narrative response to V.A.3.c (suggested 13 pages maximum)

G.1. Goals and Outcomes. Review and provide a narrative response to section V.A.3.c(1).

G.2. Alignment with Existing Efforts. Review and provide a narrative response to section V.A.3.c(2).

G.3 Consistency with Other Planning Documents. Review and provide a narrative response to section V.A.3.c(3).

G.4. Access to Amenities. Review and provide a narrative response to section V.A.3.c(4).

G.5. Anchor Institution Engagement. Review and provide a narrative response to section V.A.3.c(5).

G.6. Design. Review and provide a narrative response to section V.A.3.c(6).

(h) Exhibit H – Soundness of Approach. Review and provide a narrative response to V.A.4. (suggested 10 pages maximum)

H.1. Organizational Framework for Implementation. Review and provide a narrative response to V.A.4.a.

H.2. Resident and Community Engagement. Review and provide a narrative response to V.A.4.b.

H.3. Collection and Use of Data to Achieve Core Goals of the Transformation Plan. Review and provide a narrative response to V.A.4.e.

H.4. Affirmatively Furthering Fair Housing. Review and provide a narrative response to V.A.4.f.

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

(a) Attachment 1: **Key Eligibility Threshold Data Form.** Complete the form provided.

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

(c) Attachment 3: **Planned Units.** Complete the form provided.

(d) Attachment 4: **Eligible Applicants Documentation**

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

2. Nonprofits, if applicable. Review and respond to the threshold requirement in III.C.2.a(1)(b) by providing the documentation required by that section.
 3. 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 III.A.1.c.
- (e) Attachment 5: **Partnership Legal Contract**. Review and respond to the threshold requirement in III.C.2.a(4) by providing the documentation required in that section.
 - (f) Attachment 6: **Eligible Target Housing Documentation –Severe Distress of Targeted Project Certification**. Review and respond to the eligibility requirement in III.A.2 by completing the form provided.
 - (g) Attachment 7: **Eligible Neighborhoods Documentation – Eligible Neighborhoods Data**. Review and respond to the threshold requirement in III.C.2.b(1)(b) by providing the pdf received via email from using the mapping tool provided on www.hud.gov/cn.
 - (h) Attachment 8: **Eligible Neighborhoods Documentation – Substandard Housing Documentation**, as applicable. If you are demonstrating compliance with the Eligible Neighborhoods threshold requirement in III.C.2.b(1)(c) through the substandard housing criteria, documentation demonstrating substandard housing must be provided in this attachment.
 - (i) Attachment 9: **Eligible Neighborhoods Documentation- Inadequate School Documentation**, as applicable. If you are demonstrating compliance with the Eligible Neighborhoods threshold requirement in III.C.2.b(1)(c) through the inadequate school criterion, provide the school form 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.
 - (j) Attachment 10: **Grant Sizing Worksheet**. Review the Program Requirements in III.C.3 and Funding Restrictions in IV.E. Complete and provide the entire form provided.
 - (k) Attachment 11: **Extraordinary Site Costs Certification**. Review III.C.3 and Funding Restrictions in IV.E to determine if this attachment applies to you. If applicable, complete the form provided.
 - (l) Attachment 12: **Choice Neighborhoods Budget form**. Complete the form provided and only include Choice Neighborhoods funds.
 - (m) Attachment 13: **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.

- (n) Attachment 14: **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.
- (o) Attachment 15: **City and Neighborhood Maps.** Provide a to-scale city and a neighborhood map that clearly labels the items in (i)-(iv) following in the context of existing city streets, the central business district, other key city and neighborhood sites, and census tracts. Because the City and Neighborhood Maps provide essential context for HUD reviewers, it is essential that applicant's provide a map that is readable, at a reasonable scale, and clearly labels the key information below:
- (i) the existing housing project and eligible neighborhood;
 - (ii) replacement neighborhoods, if any;
 - (iii) off-site properties, if any;
 - (iv) other useful information to place the project in the context of the city, county/parish, or municipality, neighborhood assets, and other revitalization activity underway or planned. 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 7.
- (p) Attachment 16: **Location of Housing Documentation/Map.** Review and respond to the threshold requirement in III.C.2.a(5) by providing the documentation required by that section. The map required can either be a map provided in Attachment 15 (if it clearly labels each housing site) or a separate map that only highlights the target neighborhood boundaries and housing location(s).
- (q) Attachment 17: **Site Control Documentation for Targeted and Replacement Housing Site(s).** Review and respond to the threshold requirement in III.C.2.a.(2) 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.
- (r) Attachment 18: **One-for-One Replacement Certification.** Review and respond to the threshold requirement in III.C.2.b(7) by including the certification form provided.

- (s) Attachment 19: **Resident and Community Involvement Certification.** Review and respond to the threshold requirement in III.C.2.b(8) by including the assurance form provided.
- (t) Attachment 20: **Capacity - Lead Applicant Implementation Documentation.** This attachment may be used, if needed, to provide any additional support for your narrative response to V.A.1.a.
- (u) Attachment 21: **Capacity - Housing Implementation Documentation.** Review and respond to V.A.1.b(1)(a)(iii) by providing the most recent operating statements, in accordance with that criteria. Also, this attachment may be used, if needed, to provide any additional support for your narrative response to V.A.1.b.
- (v) Attachment 22: **Capacity - People Implementation Documentation.** This attachment may be used, if needed, to provide any additional support for your narrative response to V.A.1.c.
- (w) Attachment 23: **Capacity - Education Implementation Documentation.** Review and respond, if applicable, to V.A.1.d(1) by providing a Partnership Agreement, in accordance with that criteria. Also, this attachment may be used, if needed, to provide any additional support for your narrative response to V.A.1.d.
- (x) Attachment 24: **Capacity - Neighborhood Implementation Documentation.** This attachment may be used, if needed, to provide any additional support for your narrative response to V.A.1.e.
- (y) Attachment 25: **Capacity - Overall Community Involvement Documentation.** This attachment may be used, if needed, to provide any additional support for your narrative response to V.A.1.f.
- (z) Attachment 26: **Capacity - References.** Review and respond to the rating factor in V.A.1.g.
- (aa) Attachment 27: **Need- Rehabilitation Cost Estimate from PNA** (if applicable). Review and respond to the rating factor in V.A.2.a(1). If you seeking to earn points through the option provided in V.A.2.a(1)(b), provide the rehabilitation cost estimate as determined by a PNA.
- (bb) Attachment 28: **Need - Structural Deficiencies Documentation.** Review and respond to the rating factor in V.A.2.a(2) by providing the documentation identified in that section, as relevant. Include photographs as part of the documentation.
- (cc) Attachment 29: **Need - Design Deficiencies Documentation.** Review and respond to the rating factor in V.A.2.a(3) by providing the documentation identified in that section, as relevant. Include photographs as part of the documentation.
- (dd) Attachment 30: **Need - Part I Violent Crimes Documentation.** Review and respond to the rating factor in 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 III.C.2.b(1)(c), which is part of the Eligible Neighborhoods threshold requirement.

- (ee) Attachment 31: **Access to Opportunity Documentation.** Review and respond to Rating Factor V.A.3.a(2). To demonstrate school performance, official documentation must be provided.
- (ff) Attachment 32: **Preliminary Market Assessment Letter.** This letter must be provided in response to Rating Factor V.A.3.a(4) (Mixed-Income Development) and Rating Factor V.A.3.c(1) (Neighborhood-Goals and Outcomes). This market assessment letter must support any market rate housing, affordable homeownership, economic development, or retail activities you propose.
- (gg) Attachment 33: **Certification of Accessibility, Adaptability and Visitability.** Review and respond to Rating Factor V.A.3.a(6) by providing a certification and description.
- (hh) Attachment 34: **Documentation for Green Development and Energy Efficiency Strategies,** if any. Provide any necessary documents in response to Rating Factor V.A.3.a(7).
- (ii) Attachment 35: **Land Use Approvals.** Review and respond to Rating Factor V.A.3.a(8).
- (jj) Attachment 36: If applicable, **Section 3 Annual Summary Report** (Form HUD 60002), in response to Rating Factor V.A.3.b(7)(b).
- (kk) Attachment 37: **Other Sites for Transformation Plan Activities documentation.** Review and respond to rating factor V.A.3.c(1) by providing the documentation required by that section. You must include a cover sheet with a list that matches the site(s) targeted in your application with its intended use. Specifically, this table should provide in one column the name of each property, 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 use of properties consistent with the Transformation Plan.
- (ll) Attachment 38: **Walkscore Documentation.** Provide a copy of the walkability score and listed amenities produced by www.walkscore.com based on the address of the target housing project.
- (mm) Attachment 39: **Documentation to support Consistency with Other Planning Documents.** Review and respond to Rating Factor V.A.3.c(3) by providing the documentation required under that section.
- (nn) Attachment 40: **Access to Amenities Documentation.** Review and respond to Rating Factors at V.A.3.c(4). You should include a list of the amenities that satisfy the criteria in the rating factors and provide a map indicating their location relative to the geographic center of the largest target housing project.
- (oo) Attachment 41: **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.

- (pp) Attachment 42: **Conceptual Site Plan Design.** Review and respond to the rating factor in V.A.3.c(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.
- (qq) Attachment 43: **Transit-Served Location Documentation.** Review and respond to Rating Factor V.A.3.c(7).
- (rr) Attachment 44: **LEED for Neighborhood Development Documentation.** Review and respond to Rating Factor V.A.3.c(8).
- (ss) Attachment 45: **Housing Leverage Documentation.** Review and respond to Rating Factor V.A.3.a(9).
- (tt) Attachment 46: **People Leverage Documentation.** Review and respond to Rating Factor V.A.3.b(8).
- (uu) Attachment 47: **Neighborhood Leverage – Community Development Block Grant Leverage Documentation.** Review and respond to Rating Factor V.A.3.c(9)(a).
- (vv) Attachment 48: **Neighborhood Leverage Documentation.** Review and respond to Rating Factor V.A.3.c(9)(b).
- (ww) Attachment 49: **Program Schedule.** Review and respond to Rating Factor V.A.4.d.
- (xx) Attachment 50: **Capital Fund Financing Program (CFFP) Documentation.** Review and respond to the threshold requirement in III.C.2.a(3) by providing the documentation required in that section.
- (yy) Attachment 51: **Choice Neighborhoods Application Certifications.** Review and respond to the threshold requirement in III.C.2.a(7) by completing the form provided.
- (zz) Attachment 52: **RC/EZ/EC-II Certification,** if applicable. Review and respond to rating factor V.A.6.a by providing a completed form HUD-2990 as instructed in section V.A.1.a of the General Section.
- (aaa) Attachment 53: **Preferred Sustainable Status Certification,** if applicable. Review and respond to rating factor V.A.6.b by providing a completed form HUD-2995 as instructed in section V.A.1.b of the General Section.
- (bbb) Attachment 54: **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.

(ccc) **Standard Forms.** Respond to the threshold requirement in III.C.2.a(6) by completing and providing the forms listed below in (i)-(iv). The Lead Applicant must be the signatory for these forms.

- (i) Attachment 55: **Application for Federal Assistance** (SF-424).
- (ii) Attachment 56: **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 57: **Applicant/Recipient Disclosure/Update Report** (form HUD-2880) (“HUD Applicant Recipient Disclosure Report”).
- (iv) Attachment 58: **Form HUD-96011**, Third Party Documentation Facsimile Transmittal (Facsimile Transmittal Form on Grants.gov), if applicable.

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 2012 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 2012 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.

D. Intergovernmental Review/State Points of Contact (SPOC). Section IV.D of the General Section is hereby incorporated. This program is not covered by E.O. 12372.

E. Funding Restrictions.

1. Statutory Time Limits.

- a. Required Obligation Date. Funds appropriated for the Choice Neighborhoods program for FY2012 must be obligated by HUD on or before September 30, 2014. 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 FY2012 Choice Neighborhoods funds expire on 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.

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 I.C of this NOFA.
- e. Not more than 15 percent of funds may be used for Critical Community Improvements, as described in part b of 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).

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 November 15, 2011 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 III.C. of this NOFA. 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-housing capital costs as described in part b of 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, 2012 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.

F. Other Submission Requirements.

1. 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. Regarding electronic submission of the application, applicants must follow the instructions in this NOFA and in the FY2012 General Section (as incorporated in this NOFA), unless a waiver for good cause (e.g., the applicant does not have internet access) in accordance with HUD's waiver policy of 24 CFR 5.1005, to the electronic application requirements is approved by HUD. Applicants requesting a waiver should submit their waiver requests in writing using e-mail or fax. 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) 401-2370 (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.
2. Application Certifications and Assurances, from IV.F.2.a and IV.F.2.b of the General Section are hereby incorporated.

V. APPLICATION REVIEW INFORMATION

Choice Neighborhoods Implementation Scoring			
	Rating Factor	Points	Totals
Capacity			
Overall Project Leadership			
	manage contracts/partnerships	4	
	secured leverage	4	
	achieved outcomes	6	
Housing			
	housing experience	8	
	leverage	3	
People			
	supportive services experience and leverage	5	
	results oriented	2	
	educational outcomes	3	

Neighborhood			
	neighborhood transformation experience	6	
	leverage	3	
Community Involvement			
	overall community involvement	5	
			49
Need			
Unit distress			
	REAC physical inspection	3	
	structural deficiencies	5	
	design deficiencies	4	
Neighborhood distress			
	poverty/ELI	5	
	vacancy	2	
	crime	5	
Need for affordable housing in the community		1	
			25
Vision			
Housing	Access to Opportunity	4	
	Replacement Housing	2	
	Mixed-income development	6	
	Long-term affordability	2	
	Accessibility, adaptability, visitability	1	
	Green Building	3	
	Land Use Approvals	4	
	Leverage	10	
			32
People	Resident Needs Assessment and Results	3	
	Supportive Services Strategy	7	
	Supportive Services Sustainability	2	
	Education - early learning	3	
	Education - schools	4	
	Public Safety	3	
	Relocation and Reoccupancy	3	
	Section 3 - Plan	1	
	Section 3 - Compliance	1	
	Leverage	5	

			32
Neighborhood	Goals and Outcomes	5	
	Alignment with Existing Efforts	3	
	Consistency with other Planning Documents	2	
	Access to Amenities	4	
	Anchor Institution Engagement	3	
	Design	5	
	Transit-Served Location	4	
	LEED-ND	2	
	Leverage - CDBG	2	
	Leverage - Neighborhood	4	
			34
Soundness of Approach			
	Organizational Framework for Implementation	3	
	Resident and Community Engagement	3	
	Project Readiness	3	
	Program Schedule	1	
	Collection and Use of Data	4	
	Affirmatively Furthering Fair Housing	2	
	Impact of the Transformation Plan	12	
			28
General Section Bonus			
	RC/EZ/EC-II	2	
	Preferred Sustainability Status	2	
			4
		TOTAL	204

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 IV.B.8.

1. RATING FACTOR – CAPACITY (49 Points Total)

a. Overall Project Leadership Capacity of the Lead Applicant – 14 points. You must demonstrate that you have effectively led complex components and processes that resulted in positive, measureable outcomes aligned with the three core goals of Choice Neighborhoods – Housing, People and Neighborhoods as defined in this NOFA. This rating factor looks at the capacity of ONLY the Lead Applicant.

(1) Please provide two examples of comprehensive neighborhood transformation projects – comparable in scale and scope to your proposed Transformation Plan – that you led. One of your examples may be a project that is still underway (including the proposed Transformation Plan that is the subject of this grant application), 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:

(a) You may receive up to 4 points if you demonstrate in each of the two examples that you effectively managed and coordinated multiple contracts and/or partnerships with public and private entities focused on different activities and representing diverse constituencies. Please include the following information for each example:

- (i) Identify the number and types of all major contracts and/or partnerships;
- (ii) Discuss how you managed individual actors, partner interactions, and planning processes; and
- (iii) Explain how you strategically collected and used data to inform your oversight of contractors/partners and promote ongoing evaluation and improvement.

(b) You may receive up to 4 points if you demonstrate in each of the two examples that you effectively secured, leveraged, and coordinated multiple funding streams from private and public sources. Please include the following information for each example:

- (i) Identify all major funding sources and amounts; and
- (ii) If applicable, describe any instance in which you were in default under the terms of any funding source.

(c) You may receive up to 6 points if you demonstrate in each of the two examples that you achieved positive measurable outcomes in the areas of Housing, People and Neighborhood. Please include the following information for each example:

- (i) Provide quantifiable outcome data (or, for an example that is not yet completed, a description of evidence-based approaches (as defined in this NOFA) currently underway and expected outcomes based on this evidence) to substantiate achievements in all three of these areas; and
- (ii) Describe the current status of the projects.

(2) Scoring.

(a) You may receive up to 14 points (as broken out above) if you demonstrate relevant and successful experience in ALL of the above criteria in each of the two examples; your two examples are comparable in scale and scope to your proposed Transformation Plan; and you provide compelling quantifiable outcome data to evidence your achievements.

(b) Fewer points will be awarded if you demonstrate some, but less extensive, experience in the above criteria for either of the two examples. Fewer points will be awarded for failure to address all of the above criteria for each of the two examples, failure to address the above criteria in a sufficient manner, and general lack of specificity. Fewer points will be awarded for providing an example that is smaller in scope or scale than your proposed

Transformation Plan and for providing outcomes that are not measurable or do not reflect significant success.

(c) Zero points will be awarded if you do not demonstrate the experience in the criteria above, or if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

b. Housing Implementation Capacity of the Lead Applicant, Co-Applicant or Principal Team Member – 11 Points. You must demonstrate that the Housing Implementation Entity (you or the entity you have selected to lead implementation of the Housing component of your proposed Transformation Plan) has effectively implemented housing activities – comparable in scale and scope 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 EITHER the Lead Applicant, OR Co-Applicant OR a Principal Team Member.

(1) Please provide three examples of housing development projects – comparable in scale and scope to the Housing component of your proposed Transformation Plan – in which the Housing Implementation Entity had primary responsibility for implementing day-to-day development and asset management activities. You must identify the Housing Implementation Entity's role in each project and include achievements in the areas described below. You may respond to these two rating factors through narrative description, charts, and other documentation.

(a) You may receive up to 8 points if you demonstrate that in each of the three examples the Housing Implementation Entity effectively developed, newly constructed, rehabilitated, and/or acquired, as well as operated high-quality, energy efficient, affordable housing that resulted in significant improvements in the quality, affordability, and income mix of housing in a neighborhood. Please include the following information for each example:

- (i) Populations served;
- (ii) Total number of units and unit types;
- (iii) Most recent operating statements for each of the three examples certified by an independent auditor and indicating that existing properties are not requiring ongoing cash infusions by the owner; and
- (iv) Relocation of residents, if applicable.

(b) You may receive up to 3 points if you demonstrate that in each of the three examples the Housing Implementation Entity effectively secured and leveraged significant funding streams from a range of public and private sources. Please identify all major sources and amounts of financing.

(2) Scoring.

(a) You will receive up to 11 points (as broken out above) if you demonstrate in each of the three examples that the Housing Implementation Entity demonstrates extensive and successful experience in ALL of the above criteria; the three examples are comparable in scale and scope to the Housing component of your proposed Transformation Plan; and you

provide compelling, measurable results.

(b) Fewer points will be awarded if the Housing Implementation entity has some, but less extensive, experience in the above criteria for any of the three examples. Fewer points will be awarded for failure to address all of the above criteria, failure to address the above criteria in a sufficient manner, and general lack of specificity. Fewer points will be awarded for providing an example that is smaller in scope or scale than the Housing component of your proposed Transformation Plan and for providing results that are not measurable or do not reflect significant success.

(c) Zero points will be awarded if the Housing Implementation Entity does not demonstrate the experience in the criteria described above, or if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

c. People Implementation Capacity of the Lead Applicant, Co-Applicant or Principal Team Member – 7 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 EITHER the Lead Applicant, OR Co-Applicant OR a Principal Team Member.

(1) Please provide three examples of supportive services coordination projects – comparable in scope and scale to the People component of your proposed Transformation Plan – 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 (including the proposed Transformation Plan that is the subject of this grant application), 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.

(a) You may receive up to 5 points if you demonstrate that in each of the three examples the People Implementation Entity effectively improved resident wellbeing and quality of life across a range of populations and indicators, such as employment, adult education, health, safety, and mobility. Please include the following information for each example:

- (i) Populations served;
- (ii) Coordination of high-quality, evidence-based supportive service programs and case management;
- (iii) Coordination and design of effective mobility and relocation counseling, as Applicable;
- (iv) Amount of leverage and coordination of services from a diverse set of partner organizations, including community- and faith-based organizations that are broadly

representative of resident needs; and

(v) Sustaining and expanding successful service strategies over time.

(b) You may receive up to 2 points if you demonstrate that in each of the three examples the People Implementation Entity effectively collected and analyzed data for planning, evaluation and ongoing improvement of supportive services.

(2) Scoring.

(a) You will receive up to 7 points (as broken out above) if you demonstrate that in each of the three examples the People Implementation Entity has extensive and successful experience in ALL of the above criteria; the three examples are comparable in scale and scope to the People component of your proposed Transformation Plan; and you provide compelling quantifiable outcome data to evidence results and a strong evidence base for your approaches.

(b) Fewer points will be awarded if the People Implementation Entity has some, but less extensive, experience in the above criteria for any of the three examples. Fewer points will be awarded for failure to address all of the above criteria, failure to address the above criteria in a sufficient manner, and general lack of specificity. Fewer points will be awarded for providing an example that is smaller in scope or scale than the People component of your proposed Transformation Plan; for providing outcomes that are not measurable or do not reflect significant success; and for providing a weak evidence base for the approaches.

(c) Zero points will be awarded if the People Implementation Entity does not demonstrate the experience in the criteria described above, or if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

d. Education Implementation Capacity of the Lead Applicant, Co-Applicant, Principal Team Member, or Principal Education Partner – 3 Points. You must demonstrate that the Education Implementation Entity (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 a neighborhood. This rating factor looks only at the capacity of EITHER the Lead Applicant, OR Co-Applicant OR a Principal Team Member OR a principal education partner identified by the Lead Applicant in the rating factor narrative below.

(1) You may demonstrate this rating factor through narrative description, charts, and other documentation. Note: If the Education Implementation Entity is not a Co-applicant or Principal Team Member, then you must provide a Partnership Agreement that identifies the Education Implementation Entity, 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 Education Implementation Entity's role in the project and include achievements in the areas described below.

(a) You may receive up to 3 points if you demonstrate that the Education Implementation Entity 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 one or more of the following areas:

- (i) High quality early learning programs and services that are comprehensive, inclusive, evidence-based, and 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.
- (ii) 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.
- (iii) 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.

(2) Scoring.

- (a) You will receive up to 3 points if you demonstrate that the Education Implementation Entity has extensive and successful experience in at least one of the above criteria and if this experience is comparable in scale and scope to the education strategy proposed in your Transformation Plan; and you provide compelling quantifiable outcome data to evidence results and a strong evidence base for the approaches.
- (b) Fewer points will be awarded if the Education Implementation Entity demonstrates some, but less extensive, experience in the above criteria. Fewer points will be awarded for failure to address the above criteria in a sufficient manner, and general lack of specificity. Fewer points will be awarded for providing if the Education Implementation Entity's experience is smaller in scope or scale than the education strategy proposed in your Transformation Plan; for providing outcomes that are not measurable or do not reflect significant success; and for providing a weak evidence base for the approaches.
- (c) Zero points will be awarded if the Education Implementation Entity does not demonstrate the experience in the criteria described above, or if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

e. Neighborhood Implementation Capacity of the Lead Applicant, Co-Applicant or Principal Team Member – 9 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 EITHER the Lead Applicant, OR Co-Applicant OR a Principal Team Member.

(1) Please provide three examples of neighborhood-level planning and coordination activities – comparable in scope and scale to the Neighborhood component of your proposed Transformation Plan – in which you 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 (including the proposed Transformation Plan that is the subject of this grant application), as long as implementation activities have been initiated and measurable outcomes have already been realized. For each example, you must identify the Neighborhood 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.

(a) You may receive up to 6 points if you demonstrate that in each of the three examples you effectively and substantially contributed to moving a neighborhood of distress toward a neighborhood of opportunity. Please include the following information for each example:

(i) Development of a shared plan and outcomes with other participating parties. This plan must build upon a baseline assessment, conducted prior to implementation of the neighborhood-level planning and coordination activities, of a range of neighborhood assets (as defined in this NOFA) and;

(ii) Improvement of a range of neighborhood assets and sustaining these improvements over time.

(b) You may receive up to 3 points if you demonstrate in each of the three examples that you effectively secured and integrated a range of public and private funding sources in support of neighborhood planning and implementation activities. Please identify all major funding sources and amounts.

(2) Scoring.

(a) You will receive up to 9 points (as broken out above) if you demonstrate that in each of the three examples the Neighborhood Implementation Entity demonstrated extensive and successful experience in ALL of the above criteria; the three examples are comparable in scale and scope to the Neighborhood component of your proposed Transformation Plan; and you provide compelling quantifiable outcome data to evidence results.

(b) Fewer points will be awarded if the Neighborhood Implementation Entity demonstrates some, but less extensive, experience in the above criteria for any of the three examples. Fewer points will be awarded for failure to address all of the above criteria, failure to address the above criteria in a sufficient manner, and general lack of specificity. Fewer points will be awarded for providing an example that is smaller in scope or scale than the Neighborhood component of your proposed Transformation Plan and for providing outcomes that are not measurable or do not reflect significant success.

(c) Zero points will be awarded if the Neighborhood Implementation Entity does not demonstrate the experience in the criteria described above, or if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

f. Overall Community Involvement.

(1) You may receive up to 5 points if you demonstrate that you, your Co-Applicant(s) or 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 and organizations that are broadly representative of resident needs for each of the Housing, People and Neighborhood examples, as well as for the proposed Transformation Plan that is the subject of this grant application. Describe in detail the community involvement that resulted in the community-driven planning process you completed in order to develop the Transformation Plan proposed in this grant application. You may respond to this rating factor through narrative description, charts, and other documentation.

(2) Fewer points will be awarded for failure to address all of the above criteria, failure to address the above criteria in a sufficient manner, and general lack of specificity.

(3) Zero points will be awarded if you, your Co-Applicant(s), or your Principal Team Member(s) do not have the experience described above, or if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

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 three 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 only 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 – 12 points. 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. If the targeted units have already been demolished, HUD will evaluate the condition of the units based on the condition of the units as of the day the demolition application was approved by HUD. You will receive points for the following subfactors, as indicated.

(1) REAC Score or Rehabilitation Costs. You may receive up to 3 points based on either of the following two measures:

(a) The lowest of the three most recent scores from the HUD Real Estate Assessment Center Physical Inspection (REAC Score), even if the public and/or assisted housing units have been previously demolished. Please provide the three most recent REAC scores from each target housing project. HUD will verify with its own data systems. If this application is for more than one public and/or assisted housing project, HUD will calculate a weighted average and round up to the nearest whole number in order to award points. Points will be awarded as shown in the following table:

REAC Score	Points Awarded
60 and below	3
Between 61 and 64	2
Between 65 and 69	1
70 and above	0

(b) The estimated cost to rehabilitate the units as determined by a Physical Needs Assessment (PNA) 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 PIH Notice 2011-38), for a two-bedroom walkup unit. You must provide an excerpt from the PNA report showing the total estimated rehabilitation costs per unit and HUD will calculate that as a percentage of the applicable TDC limit. If this application is for more than one public and/or assisted housing project, HUD will calculate a weighted average in order to award points. Points will be awarded based on the following table:

Estimated Rehabilitation Needs as Percent of TDC	Points Awarded
At least 55 percent	3
Between 45.00 and 54.99 percent	2
Between 35.00 and 44.99 percent	1
Less than 35 percent	0

(2) Structural Deficiencies. You may receive up to 5 points if your application demonstrates significant deficiencies in the structural elements, building systems, or 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.

(a) You may demonstrate the presence of these deficiencies at the target public and/or assisted housing project through either of the following two methods:

(i) Provide a letter in your attachments signed by a registered engineer, or architect which includes a narrative description, and may be supplemented by physical inspection reports or pictures. (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). For public housing projects that have been demolished, 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.

(ii) Provide excerpts from a Physical Needs Assessment in your attachments that demonstrates the housing has severe structural deficiencies, including those described above.

(b) Fewer points may be awarded for descriptions that are inadequate and/or demonstrate distress that could be remedied through cosmetic rehabilitation or routine repair and maintenance. 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, or does not provide adequate information to make HUD's rating of this factor possible.

(3) Design Deficiencies. 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 inappropriately high 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 items.

(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 – 12 points. HUD recognizes that in neighborhoods containing severely distressed public or assisted housing, the pattern of distress often affects all residents. 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) 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) 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) 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 2008-2010 (measured as Part I crimes per 1,000 persons). You will earn points for the higher of the three-year average for either the rate compared to the city/county/parish or the rate in accordance with the table below. This data for each of the three years must be submitted 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.

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

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. 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 – VISION (98 Points Total)

a. HOUSING – 32 POINTS TOTAL. The purpose of this rating factor is to provide detail about the Housing component of your Transformation Plan. You may receive up to 31 points if 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.

(1) Overall Vision. Provide a detailed description of your vision for 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 should include information about the housing you plan to demolish, develop, rehabilitate, and/or acquire including the number of units and how you determined your proposed income mix and type (such as public housing, LIHTC, Project-based Section 8, market rate, homeownership etc.). 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.

(2) Access to Opportunity – 4 points. For projects that propose to locate replacement housing outside the target neighborhood, the locations should provide access to opportunity, low poverty and low minority concentration. You must identify and discuss how the housing will offer residents access to economic opportunities and public transportation and be accessible (i.e. within one mile) to high-quality social, recreational, educational (including high-quality schools and early learning programs when family housing is proposed), commercial (including fresh food grocery retailers), and health facilities and services, and other high-quality municipal services and facilities. You must demonstrate using data from the U.S. Census that the housing will be in areas with low poverty and low minority concentration.

(a) You will receive 4 points if you demonstrate that the replacement housing will:

- (i) be located in an area where the poverty rate is less than 20 percent and
- (ii) the neighborhood's total percentage of minority persons is less than 20 percentage points higher than the total percentage of all minorities for the MSA as a whole.

(b) You will receive 2 points if the replacement housing is located in an area where poverty rate is less than 30 percent but is within the catchment area of a school with both reading and math scores better than the state averages in grades 4, 8, and any high school grade.

(c) Zero points will be awarded if your application does not address this factor to an extent that makes HUD's rating of this factor possible and/or replacement housing outside the target neighborhood is in areas that have a poverty rate between 20 percent and 40 percent. (Replacement housing outside the neighborhood in areas that have a poverty rate above 40 percent is not permitted in accordance with the Program Requirement identified in section III.C.3.b of the NOFA.)

(3) Replacement Housing – 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 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 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 replacement unit.

(4) Mixed-Income Development – 6 points. Given that the goal of Choice Neighborhoods is to go beyond the revitalized public and/or assisted properties to create communities of opportunity, this factor examines the extent to which you promote a mix of housing in the targeted neighborhood. HUD’s expectation is that “choice neighborhoods” provide housing to households at a mix of incomes, including extremely and very low-income (i.e. 0-50% of AMI and/or rents determined in accordance with section 3 of the US Housing Act of 1937, as amended), low-income (i.e. 50-80% of AMI without rents determined in accordance with section 3 of the US Housing Act of 1937, as amended), and, as appropriate, middle income to market rate (i.e. above 80% AMI and/or no restrictions on rent and income). Please provide a detailed presentation of your unit mix including information on funding source, bedroom type, AMI targets and building information. For purposes of this rating factor, HUD will compare the number of units serving households at 50 percent of AMI or higher (exclusive of public or assisted housing units) to the total number of units you are proposing to develop or rehabilitate as part of your Transformation Plan. This includes all units in the Transformation Plan, including those being developed without Choice Neighborhoods funds (i.e. other affordable or market-rate units). To demonstrate demand for housing serving households above 80 percent of AMI, you must provide in the attachments a recent, signed preliminary market assessment letter from an independent, third party, credentialed market research firm, or professional that describes its assessment of the demand and associated pricing structure for the proposed market rate residential units, based on the market and economic conditions of the project area. The preliminary market assessment letter must demonstrate the need for the market rate units proposed in your application. This market assessment letter, as indicated elsewhere in the NOFA, must also support any homeownership, economic development, or retail activities you propose.

Units serving households at 50% of AMI and above (exclusive of public or assisted housing units) as a percentage of total units acquired, developed or rehabilitated	Points
More than 50 percent	6
Between 42 and 50 percent	5
Between 35 and 42 percent	4
Between 27 and 35 percent	3
Between 19 and 27 percent	2
Between 10 and 19 percent	1
Less than 10 percent	0

For example, an application proposes to develop a total of 200 units: 80 public housing/LIHTC units, 30 project-based section 8 units, 40 LITHC-only (no PBVs attached) units, and 50 market-rate units. In this case, 45 percent (90/200) of the units will serve households at 50 percent of AMI and above 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) Accessibility, Adaptability and Visitability – 1 point. Over and above the accessibility and adaptability requirements listed in section III.C.3, you will receive 1 point if you certify to the following and describe how you will:

- (a) If homeownership units are planned, provide accessibility in homeownership units by setting a goal of constructing a percentage of the homeownership units as accessible units for persons with mobility impairments;
- (b) Where playgrounds are planned, to make them accessible to children with disabilities, over and above statutory and regulatory requirements;
- (c) Construct "adaptable" units as defined by HUD at 24 CFR 8.3 beyond those units required to be accessible in accordance with 24 CFR 8.22 and 8.23; and
- (d) Provide a percentage of newly constructed units that have the visitability features recommended by HUD that apply to units not otherwise covered by the accessibility requirements. The visitability features are: (a) at least one entrance at grade (no steps) approached by a sidewalk and (b) an entrance door and all interior passage doors on the entrance level are at least 2 feet, 10 inches wide, allowing 32 inches of clear passage space.

(7) 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 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.

(8) 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.

(9) Housing Development Leveraging – 10 points. 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 housing development included in the Transformation Plan. Resource commitments being used for activities completed in the past 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. 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 to other Housing resources)	Points Awarded
1:3.0 or higher	10
1:2.70 and 1:2.99	9
1:2.40 and 1:2.69	8
1:2.10 and 1:2.39	7
1:1.80 and 1:2.09	6
1:1.50 and 1:1.79	5
1:1.20 and 1:1.49	4
1:0.90 and 1:1.19	3
1:0.60 and 1:0.89	2
1:0.30 and 1:0.59	1
Less than 1:0.30	0

b. PEOPLE – 32 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, health, safety, and relocation and reoccupancy of households – including children, transition age youth (as defined in this notice), adults, and seniors – living in the target development(s) before and after revitalization. You may receive up to a total of 32 points if 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; builds on relevant, existing neighborhood assets; and is informed by at least one evidence-based practice or an existing intervention that may not yet have been studied but has produced significant and comparable improvements in the outcomes your plan aims to achieve. 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 terms of how successful your strategies will be – as indicated by the evidence base and responsiveness to your residents’ needs – at improving priority outcomes identified by HUD and by you. These three key evaluation criteria– definition, soundness and results orientation of your People plan – apply to all of the People rating subfactors below, as indicated. Your plan will be evaluated in part in terms of how successful your strategies will be – as indicated by the evidence base and 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, employment, safety, and relocation and reoccupancy you have identified in your needs assessment as a priority for affected residents:

Health, Education, Economic Self-Sufficiency and Safety Outcomes and Metrics

Outcome	Metrics
1. Children, youth and adults are physically and mentally healthy	<ul style="list-style-type: none"> • 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 • Number and percentage reporting good physical health • Number and percentage reporting low psychological distress • Number and percentage reporting healthy weight
2. Children enter Kindergarten ready to learn	<ul style="list-style-type: none"> • Number and percentage of children in kindergarten who are assessed as developmentally ready at the beginning of the school year
3. Children are proficient in core academic subjects	<ul style="list-style-type: none"> • Number and percentage of students at or above grade level according to state mathematics and English language arts assessments in 3rd through 8th grade
4. Youth graduate from high school college- and career-ready	<ul style="list-style-type: none"> • Number and percentage of youth who graduate from high school
5. Households are economically stable and self-sufficient	<ul style="list-style-type: none"> • Number and percentage of working-age adults meeting proficient literacy standards • Number and percentage of working-age adults working at least 30 hours per week • Average earned income of HUD-assisted households (excluding those who cannot work due to being elderly or disabled)
6. Residents feel safe in their neighborhood	<ul style="list-style-type: none"> • Part I violent crime rates (per 1,000 residents) • Number and percentage reporting feeling

	safe in their neighborhood
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(1) Resident Needs Assessment and Results – 3 points. You must demonstrate that a comprehensive resident needs assessment has been completed as of the application deadline and that this needs assessment is the basis for the People strategy proposed in your application, including case management activities. The comprehensive needs assessment should 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, Economic Self-Sufficiency and Safety Outcomes and Metrics” table above for priority baseline data to gather through your comprehensive needs assessment. You are encouraged to gather additional data as relevant to the target neighborhood. Because affected public and/or assisted households should be the primary beneficiaries of your People strategy, you are expected to collect survey data specifically from the current or most recent households of the public and/or assisted housing targeted for this grant. All affected public and/or assisted households must have the opportunity to complete a written or oral survey as part of the 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. Because residents of the surrounding neighborhood should also benefit from your People strategy, you are expected to include neighborhood-level data as part of your needs assessment. This neighborhood-level data might, for example, include recent neighborhood-level administrative data or studies. If you do not have access to neighborhood-level data sufficient to form the basis of the needs assessment to inform your People Strategy, then you must survey a sampling of neighborhood residents in order to achieve full points for this rating factor. As part of HUD’s evaluation of your responses to the People rating factors that follow, you will be expected to demonstrate that findings from your comprehensive resident needs assessment serve as the foundation for your proposed activities and partnerships, the metrics you will use to measure progress towards key outcomes, and your expected results.

(a) You may receive up to 3 points if you demonstrate that you have conducted a comprehensive resident needs assessment that describes and quantifies (provide numbers and percentages):

- (1) demographics of affected residents in the target neighborhood, including the residents currently or most recently living in the target public and/or assisted housing site(s), across all age groups (young children ages 0-5, school-aged children, transition age youth, working-age adults, and seniors), including those with unique circumstances such as the elderly, disabled, and hard-to-house, as relevant to the target development(s) and neighborhood;
- (2) key data in the areas of health, education, employment, safety, and relocation and reoccupancy of affected residents across all age groups, including those with unique circumstances, as relevant to the target development(s) and neighborhood, and

(3) resident satisfaction with the quality and accessibility of existing services and resident preferences for improved and new services. You may identify research and data (e.g. from reports, public meetings, partner organizations) that apply in general to residents in the target neighborhood, but you must also include administrative and survey data gathered specifically from public and/or assisted households targeted for this grant. The resident survey does not need to have been conducted in response to this NOFA; it may have been done for other purposes as long as the information was gathered within the past 24 months of the publication of this NOFA and satisfies the criteria required for this NOFA. In order to achieve full points, you must include the number and percentage of public and/or assisted households that completed the survey and you must describe and quantify (provide numbers and percentages) key findings from the resident survey and overall resident needs assessment. In order to achieve full points, you must demonstrate that all affected public and/or assisted households were provided a survey to complete and that you received a response rate greater than 51 percent. The resident survey and overall needs assessment must be representative of the resident population and comprehensive, providing a thorough analysis of the demographics, current conditions, service participation, needs, and preferences of affected residents across age groups, including those with unique circumstances. You should include, to the extent practicable, data that shows risks relevant to children and youth in the targeted development(s) and neighborhood.

(b) You will receive fewer points if you demonstrate that a resident needs assessment, including a survey of affected public and/or assisted housing residents, has been completed as of the application deadline date, but fail to demonstrate that the needs assessment:

(1) is comprehensive;

(2) describes key results for all age groups and types of affected residents; and/or

(3) describes and quantifies these results. You will also receive fewer points if a survey was not provided to all affected public and/or assisted households and if the response rate was 51 percent or below. Points may be deducted for failure to address all of the above criteria in a sufficient manner and for lack of specificity.

(c) You will receive zero points if you do not demonstrate any of the above criteria, or if your application does not address this factor to an extent that makes HUD's rating of this factor possible.

(2) Supportive Services Strategy – 7 points. Stable housing is an important platform for delivering supportive services that improve resident health, education, employment and safety. Your Supportive Services strategy should use housing as a platform to coordinate and improve access to high-quality services to improve the quality of life of residents of all ages affected by your Transformation Plan. In turn, your Supportive Services strategy should incorporate comprehensive relocation and reoccupancy supports to ensure that residents who relocate as a result of revitalization are able to maintain stable housing and access high-quality services in their new locations. When possible, your strategy should leverage and build on high-quality services that are already provided to the neighborhood.

(a) You may receive up to 7 points if you demonstrate a well-defined, sound and results-oriented Supportive Services strategy to achieve the outcomes identified in the table above (see the “Health, Education, Economic Self-Sufficiency and Safety Outcomes and Metrics” table above), as well as any additional outcomes and associated metrics you have identified through your resident needs assessment as a priority for affected residents. To receive full points, you must address all of the following criteria:

(1) **Supportive Services and Programs.** You should (1) identify and describe each priority outcome you seek to influence through your Supportive Services strategy, each metric you will use to assess progress towards your priority outcomes, 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 Supportive Services strategy by the end of the 5-year grant period; (2) identify and describe the priority services that will serve as the foundation of your Supportive Services strategy and that will 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); (3) explain how these services are based on evidence-based practice (as defined in this notice) or other successful models that have not yet been studied but have produced significant and comparable improvements in the outcomes your plan aims to achieve; (4) describe 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; identify and describe the major leverage commitments and Choice Neighborhoods funds dedicated to each outcome and the number and percentage residents expected to be served by each service; specify whether the targeted residents are HUD-assisted and/or neighborhood residents; and (5) demonstrate an understanding of positive youth development (as defined in this notice) and an approach to incorporating positive youth development into your Supportive Services strategy. 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:

Supportive Services Strategy and Expected Results by Year 5 Outcome	(Each outcome from the “Health, Education, Economic Self-Sufficiency and Safety Outcomes and Metrics” table above and any other priority outcome you identify through your needs assessment (if any))
Metric	(Each associated metric from “Health, Education, Economic Self-Sufficiency and Safety Outcomes and Metrics” table above and any other priority metric(s) you identify through your needs assessment (if any))
Needs Assessment Result	(Baseline number and percentage for each metric, as identified through needs assessment)
Strategy	(Brief description of service(s) to be provided)
Service Provider	(Name of service provider(s) contributing to the expected

	outcome)
Resource Commitment	(Amount of Choice Neighborhoods funds dedicated to the expected outcome; Amount of each People leverage commitment dedicated to the expected outcome)
Residents Served	(Number and percentage of public and/or assisted housing residents to be served; Number and percentage of other neighborhood residents to be served, if applicable)

(2) 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. You should (1) describe how your service coordination strategy will 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 ((2) describe, per the results of your needs assessment, how your overall Supportive Services framework will 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 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. You will be evaluated in part in terms of how successful your strategies will be – as indicated by the evidence base and responsiveness to your residents’ needs – at effectively connecting residents to high-quality, results-oriented supportive services and ensuring these services are delivered on a regular, ongoing, and satisfactory basis throughout the grant period.

(a) You will receive fewer points if you do not address all of the criteria above as well as all of the criteria for a well-defined, sound and results-oriented plan described at the beginning of the People rating factor and/or if you do not address these criteria in sufficient detail.

(b) You will receive zero points if you do not demonstrate any of the criteria, or if your application does not address this factor to an extent that makes HUD’s rating of this factor possible.

(3) 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 to sustain these activities after the grant period. If you choose not to exercise that option, to receive 2 points for this rating factor, you must demonstrate that you have established an equivalent

sustainability mechanism using other firmly committed financing. You will receive 0 points if you do not demonstrate either of these criteria.

(4) 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.

(a) You may receive up to 7 points if 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:

i. Early Learning – 3 points. You should:

- (a)** 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 and that lead to significant improvements in child health, social-emotional and cognitive outcomes;
- (b)** 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
- (c)** 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 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 succeed (see 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 as a priority for affected residents. The targeted early learning program(s) may, but are not required to be, housed within or run by a local school. The 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. You must commit to a goal of enrolling, tracking and supporting the attendance of the affected public and/or assisted housing families with children ages birth to kindergarten entry in high-quality early learning programs 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 program(s). You must commit to a post-revitalization goal of enrolling at least 65 percent of the families with children ages birth to kindergarten entry that will occupy the revitalized site in high-quality early learning programs. HUD encourages enrollment of all children across income levels in the revitalized community, though the Choice Neighborhoods grant funds must be used for the primary benefit of the public and assisted housing residents.

ii. Schools – 4 points. You should:

(a) 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)

(b) 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

- (1) significant improvements to the programs, policies and personnel of an elementary, middle/junior high and/or high school to improve academic outcomes; or
- (2) establishing a new high-quality school serving your target population;

(c) Explain the student outreach plan, enrollment policies, and parent involvement strategies for the school(s);

(d) 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

(e) 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 school strategy will be – as indicated by the evidence base and responsiveness to your residents’ needs – at improving the priority outcomes that children are achieving academically and children 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 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 must commit to a goal of enrolling, tracking and supporting the attendance of the public and/or assisted households with 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). 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. HUD encourages enrollment of all children across income levels in the revitalized community, though the Choice Neighborhoods grant funds must be used for the primary benefit of the public and assisted housing residents.

(b) You will receive fewer points if you do not address all of the criteria above for each component of your Education strategy, as well as all of the criteria for a well-defined, sound and results-oriented plan described at the beginning of the People rating factor and/or if you do not address these criteria in sufficient detail.

(c) You will receive zero points if you do not demonstrate any of the above criteria, or if your application does not address this factor to an extent that makes HUD's rating of this factor possible.

(5) Public Safety – 3 points. 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 violent crime (Part I), 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 violent crime (Part I), gang activity, and illegal drugs.

(a) You may receive up to 3 points if you demonstrate a well-defined, sound and results-oriented Public Safety strategy to achieve the priority outcome, 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 (see "Supportive Services Strategy and Expected Results by Year 5" table above);
- ii.** describe specific activities that will be undertaken to address and prevent high violent crime (Part I), 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 improve the effectiveness and efficiency of criminal justice systems, processes, and procedures, and demonstrate that findings from

your needs assessment serve as the foundation for your proposed public safety activities and partnerships; 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. You will be evaluated in part in terms of how successful your Public Safety strategy will be – as indicated by the evidence base and responsiveness to your residents’ needs – at improving the priority outcome that residents feel safe in their neighborhood, using the Part I violent crime rate as a key metric, (see “Health, Education, Economic Self-Sufficiency and Safety Outcomes and Metrics” table above), as well as any additional outcomes and associated metrics in the area of public safety you have identified in your needs assessment as a priority for affected residents.
 - (b) You will receive fewer points if you do not address all of the criteria above for your Public Safety strategy, as well as all of the criteria for a well-defined, sound and results-oriented plan described at the beginning of the People rating factor and/or if you do not address these criteria in sufficient detail.
 - (c) You will receive zero points if you do not demonstrate any of the above criteria, or if your application does not address this factor to an extent that makes HUD’s rating of this factor possible.
- (6) Relocation and Reoccupancy – 3 points.** See section III.C of this NOFA for relocation requirements. Your Relocation and Reoccupancy strategy must ensure that all residents benefit from revitalization, whether they choose to return to the revitalized neighborhood or permanently relocate. Moreover, this component advances HUD’s Strategic Plan goal to increase the proportion of HUD-assisted families in low-poverty and racially diverse communities.
 - (a) You may receive up to 3 points if you demonstrate that you have a well-defined, high-quality and sound Relocation and Reoccupancy strategy, which addresses the following criteria:
 - i. You should (1) provide an overall description of your Relocation and Reoccupancy strategy based on resident relocation and reoccupancy preferences (provide numbers and percentages) identified through your needs assessment, including the specific activities that have or will be undertaken to 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 3 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; and (4) identify and describe the metrics you will use to assess progress towards your priority outcomes. You will be evaluated in part in terms of how successful your Relocation and Reoccupancy strategy will be – as indicated by the evidence base and responsiveness to your residents’ needs – at improving the following priority outcomes and metrics, as well as any additional outcomes and associated metrics in the area of relocation and reoccupancy you have identified in your needs assessment as a priority for affected residents:

Relocation and Reoccupancy Outcomes and Metrics

Outcome	Metrics
Residents have choices about where to live	<ul style="list-style-type: none"> • Number and percentage who want to return to site and actually do return by household type (e.g., elderly, families with children) • Number and percentage living in a lower-poverty and higher-opportunity neighborhood than pre-transformation by household type
Vulnerable populations are supported during relocation	<ul style="list-style-type: none"> • Number and percentage of children and youth enrolled in a new school due to relocation • Number and percentage of school moves during the school year due to relocation • Quality of new schools
Residents are stably housed during relocation	<ul style="list-style-type: none"> • Number of moves between first move and site completion date by household type • Number and percentage of involuntary termination (evictions) during relocation/redevelopment period by household type

- ii. Describe specific activities that have minimized, or will minimize, disruption to and negative impacts on the education of school-aged children ensuring that they have access to high-quality early learning programs and schools during relocation, as well as negative impacts on the well-being of elderly, disabled or other vulnerable populations;
- iii. Describe your strategy for a regional mobility counseling program for any tenant-based voucher assistance provided in connection with the Choice Neighborhoods grant. The regional mobility counseling program must have a regional focus (i.e., it must provide counseling to voucher holders seeking to live outside of neighborhoods of minority concentration and/or poverty concentration anywhere within the MSA of the revitalizing neighborhood; it must identify housing opportunities in neighborhoods that are not minority-concentrated or poverty-concentrated and that have high-quality schools and early learning programs; and provide transportation assistance for voucher holders to visit identified housing opportunities); and
- iv. Explain your system for effectively tracking 100 percent of the original residents of the target public and/or assisted housing for at least five years after their initial move. Identify

and describe specific, measurable relocation and mobility outcomes that will be tracked and analyzed. You must collect data for the metrics included in the table above. You may also choose to collect additional metrics for relocation and reoccupancy outcomes, as relevant to the findings of your needs assessment.

(b) You will earn fewer points for failure to address all of the criteria above, as well as all of the criteria for a well-defined, sound and results-oriented plan described at the beginning of the People rating factor, for failure to address these criteria in a sufficient manner, and for lack of specificity.

(c) You will receive zero points if you do not demonstrate any of the above criteria, or if your application does not address this factor to an extent that makes HUD's rating of this factor possible.

(7) 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.

(8) 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

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
1:3.00 or higher	5
1:2.50 and 1:2.99	4
1:2.00 and 1:2.49	3
1:1.50 and 1:1.99	2
1:1.00 and 1:1.49	1
Less than 1:1.00	0

c. NEIGHBORHOOD- 34 POINTS TOTAL. The purpose of this rating factor is to provide detail about the Neighborhood component of your Transformation Plan, which aims to improve outcomes related to access to opportunity and amenities for neighborhood residents and ensure the impact and sustainability of your plan. You may receive up to 34 points if you demonstrate a well-defined, sound and results-oriented plan to achieve the Neighborhood goals. In its evaluation of the definition of your Neighborhood 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 your Neighborhood plan, HUD will consider the extent to which you demonstrate that your plan addresses the distress and deficiencies and builds on relevant, existing neighborhood assets and is informed by market demand. Also, in its evaluation of the soundness of your Neighborhood plan (including but not limited to your description of racial and ethnic concentration of existing public and assisted housing and the surrounding neighborhood(s)), HUD will consider the extent to which you demonstrate the avoidance or amelioration of relatively high concentrations of racial or ethnic minorities. In its evaluation of the results orientation of your Neighborhood plan, HUD will consider 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) Goals and Outcomes - 5 points. You will receive up to 5 points for thoroughly describing: (1) 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; and (2) your plan for how your Transformation Plan will address such disinvestment, avoid or reduce the concentration of racial or ethnic minorities, reduce the concentration of poverty, and build upon neighborhood assets. You must clearly identify the outcomes desired for the Neighborhood component of your Transformation Plan, the strategies chosen to achieve those outcomes, and the metrics you will be using to assess them. Such outcomes may include, but are not limited to, creating more parks and recreation space; addressing vacant land or housing in the neighborhood; preservation of affordable housing;

improving transit access; and increasing the economic and employment opportunities for the community. For each identified outcome, short-term and long-term outcomes should be stated. Applicants should consider the key neighborhood assets described in Section A of this NOFA (i.e. developmental assets, commercial assets, recreational assets, physical assets, and social assets).

(a) To gain full points, your application must:

- (i) include an explanation of the evidence base supporting the use of these strategies;
- (ii) provide (in the attachments section) a recent, signed preliminary market assessment letter from an independent, third party, credentialed market research firm, or professional that describes its assessment (based on market and economic conditions of the project area) of the demand for the economic development activities or retail/commercial development you propose;
- (iii) describe the methods used to avoid or ameliorate patterns of racial or ethnic segregation and to reduce poverty concentration; and
- (iv) identify all other parcels of land that are proposed to be used in the Transformation Plan [whether for non-replacement housing (excluding single-family homes that will be converted to affordable housing), commercial, recreational, community, educational, or other uses] and provide documentation that they are available for use consistent with the Plan. If you or a Co-Applicant (if any) has site control, you must provide appropriate site control evidence in your application. HUD will presume land under your, or your co-applicant's, control is available for use consistent with the Plan. For sites for which you or a Co-Applicant do not have site control, you must provide a letter of intent (LOI) from each owner of such land affirming its intended use consistent with the Plan (e.g. if the Plan includes retail development, the owner of the land on which it will be developed must provide an LOI indicating his/her commitment to that use). General letters of support are not acceptable for purposes of meeting this rating factor. The owner(s) do not need to be a Principal Team Member; nor will they be required to transfer ownership at any time. The letter must be signed by the title-holder of the land. If the property is owned by an entity (rather than an individual), then it must be signed by an authorized executive of that entity. You should include this information in your attachments.

(b) Fewer points will be awarded for failure to provide outcomes and metrics appropriate to your vision; for identifying outcomes that are not commensurate with the need identified; and/or for failing to provide documentation showing site control or LOIs for all parcels intended for use in the Transformation Plan. NOTE: Applications that do not demonstrate site control or LOIs for all parcels may only gain a maximum of 3 points for this rating factor.

(c) Zero points will be awarded if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

(2) Alignment with Existing Efforts – 3 points. Describe how the Neighborhood component of the Transformation Plan aligns with and builds on existing efforts to improve

the neighborhood. Such efforts 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. Fewer points will be awarded for failure to address the above criteria in a sufficient manner and/or for general lack of specificity. Zero points will be awarded if your narrative does not address this factor to an extent that makes HUD's rating of this factor possible.

(3) Consistency with Other Planning Documents – 2 points total. Points will be awarded to applicants who can provide evidence of consistency with other community, city, or regional planning documents. These planning documents should examine more than just the targeted neighborhood and should be generally applicable to larger areas of the community, city, or region.

(a) You will receive 1 point if the proposed Transformation Plan is consistent with the PHA Plan (or MTW Plan, as applicable) and the Consolidated Plan for the jurisdiction in which the target neighborhood is located. If there is a targeted public housing site in the application, then you must demonstrate consistency with both the PHA Plan (or MTW Plan, as applicable) and the Consolidated Plan. You must provide a copy of the most relevant section(s) from the PHA Plan (or MTW Plan, as applicable) and the Certification of Consistency with the Consolidated Plan (form HUD-2991) in your attachments. The PHA/MTW Plan must specifically identify the development of a Transformation Plan for the target public housing project and its neighborhood and plan to apply for this grant. Zero points will be awarded if the required documentation is not provided.

(b) You will receive 1 point if either:

- (i) the proposed Transformation Plan is consistent with a regional sustainability plan, which plan has been adopted by a consortium of local jurisdictions, that includes the target neighborhood of the Choice Neighborhoods application; or
- (ii) the target neighborhood is located in a jurisdiction that has received a HUD grant to support a regional planning process through the Sustainable Communities Regional Planning Grant Program. You must provide a copy of the relevant section from the regional sustainability plan or grant award letter in your attachments. You must also explain in your narrative the consistency required in this paragraph. If there is no regional sustainability plan or the jurisdiction has not received a Sustainable Communities Regional Planning Grant, you will receive 0 points.

(4) Access to Amenities – 4 points total. For these rating factors you will be evaluated on the neighborhood's existing and planned access to a variety of amenities, which can be grouped as described in the table below:

Amenity Groupings	
<p>Fresh Food Retail</p> <ul style="list-style-type: none"> • Supermarket • Other food store with produce 	<p>Civic and Community Facilities</p> <ul style="list-style-type: none"> • Adult or senior care (licensed) • Child care (licensed) • Community or recreation center • Cultural arts facility (museum, performing arts) • Educational facility (including K–12 school, university, adult education center, vocational school, community college) • Family entertainment venue (theater, sports) • Government office that serves public on-site • Medical clinic or office that treats patients • Police or fire station • Post office • Public library • Public park • Social services center
<p>Community-Serving Retail</p> <ul style="list-style-type: none"> • Clothing store or department store selling clothes • Convenience store • Farmer’s market • Hardware store • Pharmacy • Other retail 	
<p>Services</p> <ul style="list-style-type: none"> • Bank • Gym, health club, exercise studio • Hair care • Laundry, dry cleaner • Restaurant, café, diner (excluding establishments with only a drive-through) 	

- (a) You will receive 1 point for existing and/or planned access to a Fresh Food Retail establishment within one mile of the geographic center of the target housing project with the most units.
- (b) You will receive 2 points if there are five or more existing amenities from the other three amenity groupings, with at least one amenity from each grouping, within one mile of the geographic center of the target housing project with the most units.
- (c) You will receive 1 point for existing and/or planned access to seven or more amenities from the other three groupings, with at least one amenity from each grouping, within one mile of the geographic center of the target housing project with the most units.
- (d) You will receive 0 points for any of the above rating factors for which your application does not demonstrate it has met the stated criteria.

(5) Anchor Institution Engagement – 3 points. Effectively facilitating neighborhood change beyond the footprint of distressed public or HUD-assisted housing requires engaging anchor institutions. You will receive up to 3 points if your application describes how your strategy has engaged anchor institutions for the targeted neighborhood and will result in a revitalized neighborhood that builds on the existing relationships and contributions of the anchor institutions as cited above. Anchor institutions will not be counted for rating purposes unless evidence is provided that they meet the definition provided in section I.C. In order to receive full points the anchor institution must be located within 1/2-mile of the perimeter of

the target neighborhood. You may receive fewer points if it is not physically located within 1/2-mile of the perimeter of the target neighborhood, but you have adequately described its relationship to and demonstrated its impact on the neighborhood. You may also receive fewer points if the anchor institution(s) has less of an impact on the transformation of the neighborhood. You will receive zero points for failure to address the mandatory criteria of this rating factor, for lack of specificity, or if justification for designation as an anchor institution is weak.

(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) Transit-Served Location – 4 points. You will receive up to 4 points if your target neighborhood is currently well-served by public transit. To receive points, you must demonstrate that the location of at least 50 percent of the newly constructed or rehabilitated dwelling units in the target neighborhood is within a 1/4-mile of bus or streetcar stops and/or within a 1/2-mile of bus rapid transit stops, light or heavy rail stations, or ferry terminals, and that the transit service at those stops in aggregate meets the minimum daily service for both weekdays and weekends listed in the table below. Trips may be counted in both directions (i.e. the northbound leg and southbound leg of a route count as 2 trips). Weekend daily trips

must include service on both Saturday and Sunday; if there is a different number of trips per day, the lesser number will be considered. Projects where existing transit service is temporarily rerouted outside the required distances for less than two years may meet the requirements if the local transit agency has committed, as evidenced by a letter or published document, to restoring the compliant routes with service at or above the prior level.

Minimum daily transit service serving proposed housing		
Weekday trips	Weekend Trips	Points
Less than 40	Less than 30	0
40	30	1
80	45	2
125	60	3
165+	75+	4

For example, a neighborhood has three bus lines that serve the neighborhood and among them there are a total of 175 trips each weekday, 75 trips on Saturday and 65 trips on Sunday. In this case, the number of daily weekday trips and Saturday trips meet the minimum to score 4 points and the number of Sunday trips meets the minimum number to score 3 points. Thus, the application would earn 3 points.

To demonstrate that at least 50 percent of the newly constructed or rehabilitated units are located near transit, your application must include a scaled map clearly showing the location of the housing and the transit stops. To document the frequency of the transit service, you must identify each bus route/transit line that qualifies and state the number of trips per day each route provides to your neighborhood. For applications that do not receive maximum points due to the current service levels, one point may be gained by providing documentation which shows a commitment to 1) provide future permanent fixture transit service (e.g. light rail, heavy rail or streetcars) within 5 years and that the transit service is located within the 1/2-mile requirement; or 2) create a new bus line/route within 2 years and that the transit service is located within the 1/4-mile requirement.

(8) HUD Policy Priority: Sustainability through LEED for Neighborhood Development (LEED-ND) – 2 points. You will receive 2 points for developing a project 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.

(9) 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. You will receive 2 points if the local jurisdiction in which the target neighborhood is located commits at least \$500,000 or 5 percent of its annual CDBG allocation, whichever is greater, to the activities in the Transformation Plan. You will receive 1 point if one or both of the following are committed by the local jurisdiction in which the target neighborhood is located: (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. Provide the commitment letter from the local jurisdiction in your attachments.

(b) **Neighborhood Leverage** – 4 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 part b 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
1:1 or higher	4
1:0.85 and 1:0.99	3
1:0.70 and 1:0.84	2
1:0.55 and 1:0.69	1
less than 1:0.55	0

4. Rating Factor – Soundness of Approach (28 Points Total)

a. Organizational Framework for Implementation – 3 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.

b. Resident and Community Engagement – 3 points. For this rating factor, you will be evaluated based on the extent to which you demonstrate that you have involved and will continue to involve neighborhood residents (including residents of the targeted public and/or assisted housing), local businesses, and community organizations in a sustained, informed and substantive way in the development and implementation of the Transformation Plan. Your application should demonstrate the impact of their involvement in shaping the vision for the neighborhood.

- (1) Points will be awarded to the extent that your application:
 - (a) Describes how residents of all ages as well as community-based organizations and local businesses have been, and will continue to be, well informed and substantively engaged in the neighborhood transformation planning and implementation process. Explains key roles these interested parties have played in shaping the development of the Transformation Plan, and how you will ensure that local stakeholders' concerns remain at the forefront of decision-making moving forward;
 - (b) Includes 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;
 - (c) Describes 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; and
 - (d) Describes your system for tracking and monitoring resident and other local stakeholder participation and satisfaction and how an analysis of participation and satisfaction has aided and will aid you in assessing and adapting your ongoing Resident and Community Engagement strategy.

- (2) You will receive up to 3 points if you demonstrate that you demonstrate that you have engaged in, and will continue to engage in, a feasible, well- defined, and high-quality Resident and Community Engagement strategy, which addresses all of the above criteria.
- (3) You will receive fewer points for failure to address all of the above criteria, failure to address the criteria in a sufficient manner, and for lack of specificity.
- (4) You will receive zero points for failure to demonstrate that your Resident and Community Engagement strategy addresses any of the above criteria or your application does not address this factor to an extent that makes HUD’s rating of this factor possible.

c. 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 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.
- (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.

d. Program Schedule – 1 point. Grantees must proceed in a timely manner, as indicated by the timeframes below. Grantees should also refer to section IV.E, Funding Restrictions, for the required expenditure date for FY2012 Choice Neighborhoods grant funds, which is September 30, 2019. 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 of September 30, 2019.
- 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 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.

e. 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 Vision 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.
- (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.

f. 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) Ensuring that replacement housing is sited in a manner to enhance racial and ethnic diversity;
- (4) Ensuring that buildings and housing units are accessible and visitable by persons with disabilities;
- (5) Demonstrating that the proposed Transformation Plan is consistent with the Analysis of Impediments for the jurisdiction in which the target neighborhood is located.

g. 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. 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. 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. 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 Vision 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 September 4-28, 2012. 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 (4 Points Total)

- a. **RC/EZ/EC-II.** In accordance with section V.A.1.a of the General Section, 2 points will be awarded for applications that meet the criteria related to association with an RC/EZ/EC-II. Please refer to the General Section for a description of the eligibility requirements to receive these bonus points.
- b. **Preferred Sustainability Status.** 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 may not, consistent with its regulations in 24 CFR part 4, subpart B, consider any unsolicited information that you or any third party may want to provide. 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 III.C of this NOFA.
- b. See III.C.2 of this NOFA for information regarding thresholds and technical deficiencies.
- c. **Corrections to Deficient Applications – Cure Period.** The subsection entitled, “Corrections to Deficient Applications,” in 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 V.B of the General Section or that have not met the thresholds described in 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 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 Vision 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 three 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, including need, capacity and vision, based on the application materials and what is observed on site visit.
- c.** The maximum number of points for each application is 204.

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 of II.A and IV.E.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 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 December 2012.

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 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. Choice Neighborhoods Grant Agreement. When you are selected to receive a Choice Neighborhoods grant, HUD will send you a Choice Neighborhoods grant agreement, 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.

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

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. 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 in order to meet the statutory requirement that \$80,000,000 of the FY2012 Choice Neighborhoods appropriations must be awarded to public housing authorities and to provide tenant protection vouchers to grantees (if funds are not available from the tenant protection voucher fund).

B. Administrative and National Policy Requirements. In addition to the list below, see III.C.3 of this NOFA 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.

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

- a. The community in which the area is situated is participating in the National Flood Insurance program (see 44 CFR parts 59 through 79), or less than one year has passed since FEMA notification regarding such hazards; and
- b. Where the community is participating in the National Flood Insurance Program, flood insurance is obtained as a condition of execution of a grant agreement.

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

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 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.fsr.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 FY2012 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. 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. 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.

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 under the FY2012 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. Public Access, Documentation, and Disclosure;
3. Section 103 of the HUD Reform Act.

D. 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.

E. 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.

Dated: JAN - 6 2012

for Deborah Herman

Sandra B. Henriquez
Assistant Secretary for Public and Indian Housing

Carol J. Galante

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

[FR-5600-N-19]