

U.S. Department of Housing and Urban Development

Housing

Special Attention of:

NOTICE 04-16

**All Multifamily Hub Directors
All Multifamily Program Center Directors
All Supervisory Housing Project Managers**

Issued: August 19, 2004

Expires: August 31, 2005

Cross Reference:

Handbook 4571.2 (811)

Handbook 4571.3 REV-1 (202)

Subject: Fiscal Year 2004 Policy for Capital Advance Authority Assignments, Instructions and Program Requirements for the Section 202 and Section 811 Capital Advance Programs, Application Processing and Selection Instructions, and Processing Schedule.

1. PURPOSE. This Notice transmits for Fiscal Year
 - A. Changes to Application/Selection Process
 - B. Application Processing Schedule (ATT. 1)
 - C. Submission Requirements for Selection Materials (ATT. 2)
 - D. Section 202 Allocation Chart (ATT.3)
 - E. Section 811 Allocation Chart (ATT.4)
 - F. Section 811 Workshop Instructions (ATT.5)
 - G. Section 202 Funding Notification (ATT.6)
 - H. Section 811 Funding Notification (ATT.7)
 - I. Applications Processing and Selections Policy (ATT.8)
 - J. Section 202 Minority Business Enterprise Goals (ATT.9)
 - K. Section 811 Minority Business enterprise Goals (ATT. 10)
 - L. Initial Screening for Curable Deficiencies (ATT.11)
 - M. Technical Review Sheets (ATT. 12)

This Notice should be used in conjunction with the Final Rule (Part 891), the Super Notice of Funding Availability (SuperNOFA) published in the Federal Register on May 14, 2004, and the technical correction published in the Federal Register on June 22, 2004, and Handbook 4571.3 REV-1 - Section 202 Supportive Housing for the Elderly or Handbook 4571.2 - Section 811 Supportive Housing for Persons with Disabilities, as appropriate.

Previous editions obsolete

Form HUD-21-B (3/80)

2. CHANGES FOR THE FISCAL YEAR (FY) 2004 SECTION 202 AND SECTION 811 PROGRAMS:

A. Reformatted Program Sections and General Section of the SuperNOFA.

All Program Sections and the General Section of the SuperNOFA have been reformatted according to the Office of Management and Budget (OMB) specifications in an effort to ensure consistency in funding notifications across the federal government. Therefore, it is essential to read the Section 202 and Section 811 program sections of the SuperNOFA as well as the General Section thoroughly to become familiar with the reformatted material and the information that has changed since FY 2003. In addition, the program NOFAs contain information that has not changed, but that has never been included in either NOFA before (e.g., information on the Agreement Letter and what is expected after selection for a fund reservation).

B. Submission of Applications.

- (1) Filing of Applications. Hand-delivered applications will be accepted if they are **received** in your office **by 4:00 p.m. local time on July 22, 2004**. If there is no one available in your office to accept the application or if the courier service is not allowed to enter the building to deliver the package for security or other reasons, then the package will be deemed undeliverable and not accepted. The General Section advises applicants, if this should occur, to take the application to the nearest post office so that it can be postmarked no later than midnight on July 22, 2004.

The strong encouragement to applicants to mail their applications using the United States Postal Service (USPS) has been removed from the General Section. If applications are mailed via the **USPS**, they must be **postmarked no later than midnight on July 22, 2004**, and received in the appropriate HUD field office within 15 days of the application deadline date.

No specific courier service is specified for delivery to HUD field offices, however, applications delivered by a **courier service** must be **received by** your office **by 4:00 p.m. local time**

on July 22, 2004.

(2) **Proof of Timely Submission.**

(a) **USPS.** If the postal service does not normally postmark large packages, the proof of timely submission shall be receipt within 15 days at the designated HUD Office and, upon request by a HUD official, proof of mailing using USPS Form 3817, Certificate of Mailing or a receipt from the Post Office which contains the post office name, location, date and time of mailing.

(b) **Other Delivery Service.** Timely submission of applications sent by a delivery service other than the USPS is a delivery receipt indicating the application was delivered to a carrier service at least 24 hours prior to the application deadline date and, through no fault of the applicant, delivery could not be made on or before the application deadline date. Couriers turned away from a HUD Office due to security reasons will not be considered as meeting the requirement of "through no fault of the applicant".

C. **No Separate Application Kit.** There is no separate application kit this year. In previous years, the applications were never available immediately upon publication of the SuperNOFA. Customers complained that sometimes it took an extremely long time to receive the application kit which impeded the development of their application. Therefore, everything needed to submit a Section 202 or Section 811 application this year is in the SuperNOFA. The forms that are required for all programs are in the General Section of the SuperNOFA and all of the exhibits required as part of either the Section 202 or Section 811 application are described in the applicable program NOFA which also contains the additional forms that are required for the particular program. Applicants may obtain an application by accessing the HUD homepage on the Internet at <http://www.hud.gov/grants/index.cfm> and downloading the General Section of the SuperNOFA and the applicable Program Section. Although all the necessary forms are in the General Section and applicable Program NOFA, they may be downloaded individually as well. Applicants may also request copies of the Application from the NOFA Information Center by calling toll-free 1-800-HUD-8929 (the TTY number is 1-800-HUD-2209) or by contacting the appropriate HUD Office. An applicant

that contacts the NOFA Information Center requesting either a Section 202 or Section 811 application will receive the General Section of the SuperNOFA, the Section 202 and Section 811 program NOFAs and all of the required forms as one package. Field Offices will also receive a supply of these application packages. We feel this process is more customer oriented and will result in greater customer satisfaction with the application process.

D. DUNS Number. All applicants will need to obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and include it on its Standard Form 424 (SF-424), Application for Federal Assistance. The General Section of the SuperNOFA explains the procedures for obtaining a DUNS number. The DUNS number and the SF-424 are curable deficiencies. If the DUNS number is not included on the SF-424 and is not provided during the deficiency period, the application cannot be selected.

E. Name Check Review. Recommended applicants will be subject to a Name Check Review. This is in addition to the previous participation clearance process as described in paragraph 16 below. Program Centers must submit a list of all applications that are approvable for funding along with the SF-424 from each of these applications to Headquarters, the Office of Housing Assistance and Grant Administration, Room 6138, Attention 202/811, at the same time they submit their selection information to the Multifamily Hubs. If the name check review reveals significant adverse findings that reflect on the business integrity or responsibility of the applicant and/or key individual, HUD reserves the right to: (1) deny funding or consider suspension/termination of an award immediately for cause; (2) require removal of any key individual from association with management of and/or implementation of the award; and (3) make appropriate provisions or revisions with respect to the method of payment and/or financial reporting requirements. Headquarters will notify the Hubs as soon as the results of the name check review process are available should the results affect the selection of any applications that are either on the Selection List or on the Approvable, but Unfunded List so that appropriate changes can be made before the selection materials are sent to Headquarters.

F. Increased Development Cost Limits. The Development Cost Limits for elevator and non-elevator structures

under the Section 202 program and for independent living projects under the Section 811 program have been increased to match the Section 221(d)(3) cost limits which were published in the Federal Register on November 18, 2003, and became effective on January 1, 2004. These cost limits, including the cost limits for Section 811 group homes which were also increased, reflect the current trend in costs to develop such projects. The high cost factors also have been revised to correspond to the new development cost limits. HUD Offices will calculate FY 2004 Section 202 and Section 811 fund reservations based on outstanding program instructions (see Paragraph 3-50 of Handbooks 4571.3REV and 4571.2) using the revised development cost limits and high cost factors.

- G. **Additional Units Are No Longer Required for a Mixed-Finance Project.** If an applicant wants to develop a mixed-finance project, it no longer has to propose the development of additional units over and above the Section 202 or Section 811 units, as applicable.

NOTE: The term mixed-finance project, as used here and in the Section 202 and Section 811 NOFAs, does not include the development of Section 202 or Section 811 units using secondary/supplemental financing or the development of a mixed-use project in which the Section 202 or Section 811 units are mortgaged separately from the other uses of the structure.

- H. **Mixed-Finance Project For Additional Units.** If the applicant proposes to develop a mixed-finance project by developing additional units over and above either the Section 202 or Section 811 units, as applicable, it must describe in Exhibit 4 (c)(iii) of the application its plans and actions that it has taken thus far to create such a mixed-finance project and provide any letters it has sent to, and responses it has received from, outside funding sources. If the Sponsor's application is selected as a non-mixed-finance application or as a mixed-finance application without additional units, the Sponsor cannot decide at a later date to do a mixed-finance application for additional units.

- (1) **Rating for Factor 4(c).** If additional units are proposed, the application will receive up to two points for Rating Factor 4(c), the extent of the applicant's plans to develop a mixed-finance project for additional units over and above the Section 202 or Section 811 units, as applicable.

If the proposed project will involve mixed-financing for additional units in which the non-Section 202 or non-Section 811 units represent 30 percent or less of the Section 202 or Section 811 units, the application will receive one point for Rating Factor 4(c)(i), **or**, if they represent more than 30 percent of the Section 202 or Section 811 units, the application will receive two points for Rating Factor 4(c)(ii). If the application does not propose mixed-financing for additional units, it will not receive a score for Rating Factor 4(c)(i) or 4(c)(ii).

- (2) **Potential Cancellation of Fund Reservation.** If for any reason, the Sponsor is unable to develop a mixed-finance project for additional units, the Section 202 or Section 811 fund reservation, as applicable, will be cancelled. This is due to the fact that the application received a rating based on the number of additional units being proposed, thus increasing its competitiveness, and a later change in the proposal to exclude the additional units would alter the fairness of the competition.
- (3) **No Capital Advance Amendment Money.** No capital advance amendment money will be provided to Section 202 or Section 811 mixed-finance projects for additional units.
- (4) **Firm Commitment Application Requirements.** If a Sponsor receives a Section 202 or Section 811 fund reservation for a mixed-finance application in which it proposed additional units, it will be required to submit the additional documents outlined in HUD's mixed-financing interim rule which was published in the Federal Register on December 1, 2003.
- (5) **Section 811 Mixed-Finance Applications For Additional Units.** The additional units cannot cause the Section 811 project to exceed the project size limit for the type of project proposed, unless the applicant requests and receives HUD approval to exceed the project size limit if the project will be an independent living project or the additional units will house people without a disability.

I. Environmental Changes.

- (1) For all Section 202 and Section 811 applications

with evidence of site control, an asbestos report is required if an existing structure built before 1978 is on the site even if the structure on the site will be demolished. The report must be based on a thorough inspection of the structure(s) and identify the location and condition of any asbestos. Should an application be approved for funding where the asbestos report either indicates or assumes that asbestos is present, HUD will condition the approval on an appropriate mix of asbestos abatement and an asbestos Operations and Maintenance Plan. If there is no pre-1978 structure on the site, the applicant must provide a statement to that effect. Both the asbestos report and statement are separate from the Phase I this year and are curable deficiency items.

- (2) This year the NOFA informs and/or reminds applicants that HUD must complete the environmental review process before an application can be recommended for selection and that, in order to do so, HUD may contact the applicant for further environmental information. The NOFA refers applicants to HUD's website where they can view HUD Form 4128 and the Sample Field Notes Checklist so they can get a better idea about the type of environmental information HUD needs to complete the environmental review.
- (3) If the Phase II Environmental Site Assessment (ESA) reveals site contamination, the required remediation plan that must be submitted to HUD must require that any contamination be eliminated to non site-specific Federal, state or local health standards except if the contamination remains only in groundwater that is 25 feet below the surface. Clean-up of the contamination cannot include capping over of the contamination, monitoring wells, or any ongoing active or passive remediation after initial closing.

J. Time Limit for Reduction in Points Due to Delay in Reaching Initial Closing/Need for Amendment Funds.

Points for Sponsor-caused delays in the project reaching initial closing and any corresponding need for amendment money will be deducted only for such projects that were funded in FY 1999 and later years. It was decided that is unfair to continually penalize a Sponsor for such occurrences that happened five or more years ago if they have shown an improvement in project development in recent years.

K. Removal of Regulatory Barriers to Affordable Housing.

All applicants applying for funding under the FY 2004 SuperNOFA will receive up to 2 points for responding to the policy priority of undertaking activities that will remove barriers to the development of affordable housing. In Exhibit 3(j) and Exhibit 3(l), respectively, Section 202 and Section 811 applicants must describe the extent to which the jurisdiction in which the project will be located has undertaken successful efforts in removing regulatory barriers to affordable housing. In order to receive up to 2 points under Rating Factor 3, Section 202 and Section 811 applicants must submit the optional Form HUD-27300, Questionnaire for HUD's Initiative on Removing Regulatory Barriers. Although this form is not required, it is not curable since it affects the rating of the application. However, if the applicant does not submit this form, it will **not** cause the application to be rejected. On the other hand, failure to complete the narrative in Exhibit 3(j) for 811 or 3(l) for 202 will cause the application to be rejected.

L. Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended, (URA) Site Notification Requirement.

All Section 202 applicants and Section 811 applicants submitting applications with site control must include evidence in their applications that they have provided the seller with written information regarding a voluntary, arm's length purchase transaction. If an applicant owns vacant property, even if it was purchased years ago, and the property was acquired for purposes of doing a 202 or 811 project, then the Sponsor must locate the seller and provide the required written disclosures. If no 202 or 811 project was planned or intended, the written notifications are not required. It may be difficult to determine whether a project was planned or intended when these properties were acquired. One suggestion is to determine if there was an application that may not have been funded that involved these properties.

The disclosure notices are not required for acquisitions of real property from a Federal agency, State, or State agency when the purchaser does not have authority to acquire the property through condemnation.

M. Survey on Ensuring Equal Opportunity for Applicants (SF-424 Supplement).

The completed SF-424 Supplement will contain information regarding whether or not the applicant is a faith-based organization. The Department is required to provide information to the White House

and Congress from time to time on both the number of applications it receives from faith-based organizations as well as the number of funding awards it has provided to such organizations. Therefore, Program Centers are required to send a copy of the SF-424 Supplement from each application it receives to Headquarters, Office of Housing Assistance and Grant Administration, Attention: 202/811, Room 6134, by **July 29, 2004**.

- N. **Program Outcome Logic Model(Form HUD-96010)**. This year, the Program Outcome Logic Model (Form HUD-96010) is being required in addition to the Project Development Timeline. The Project Development Timeline was introduced as an application requirement in FY 2003 for two purposes. First, it served as a means for determining whether an applicant had a full understanding of the development process for Section 202 or Section 811 housing which would be an additional indication of the Sponsor's ability to develop the project in a timely manner. It also was required as a means for beginning to hold selected Sponsors accountable for their performance and for achieving results. In an effort to increase the applicant's accountability for their performance, all FY 2004 SuperNOFA applicants will be required to complete Form HUD-96010. Headquarters offered two additional satellite broadcasts on the Logic Model; one for HUD staff and one for applicants. Check the satellite broadcast schedule on <http://ww.hud.gov/offices/adm/grants/fundsavail.cfm> to view the archived public broadcast and <http://hudweb.hud.gov/po/a/grants/odgmotrng.htm> on the [HUD@Work](#) site to view the staff broadcast.
- O. **Leasehold Term**. The leasehold term is 50 years with renewable provisions for 25 years.
- P. **Commercial Space**. The maximum amount of space allowed for a commercial facility, on its own, may not exceed 10 percent of the total project cost. It is no longer combined with community space for the purpose of determining the maximum amount of allowable space.
- Q. **Eligibility of Housing Already Serving the Elderly or Persons with Disabilities**. Due to the scarcity of Section 202 and Section 811 program resources compared with the need for housing that can be developed through these programs, applicants may not request funding for housing that is currently owned or leased by the applicant **and** already serving the elderly, in the case of applications for Section 202, and housing already

serving persons with disabilities, in the case of applications for Section 811.

R. Scoring Changes Applicable to Both Section 202 and Section 811.

(1) **Rating Factor 3, Soundness of Approach.** As described in paragraph K. above, applicants will receive a maximum of two points on their efforts to remove regulatory barriers to the development of affordable housing in the community in which the project will be located. Section 202 applicants will receive a rating for Rating Factor 3(k) and Section 811 applicants will receive a rating for Rating Factor 3(j).

(2) **Rating Factor 4, Leveraging Resources.** One point each was removed from Rating Factors 4(a) and 4(b) so that up to two points could be assigned to a new Rating Factor, 4(c), which is the extent of the Sponsor's plans to develop a mixed-finance project for additional units over and above the Section 202 or Section 811 units as described in paragraph H. above. An application will receive two points for Rating Factor 4(c)(i) if the additional units represent more than 30 percent of the number of Section 202 or Section 811 units, one point for Rating Factor 4(c)(ii) if they will represent 30 percent or less of the Section 202 or Section 811 units or zero points for both Rating Factors if the project will not be a mixed-finance project for additional units.

S. Elimination of Congressional Notification Letter. In an effort to standardize the information that the Office of Congressional and Intergovernmental Relations (CIR) needs to notify Congress of all the funding awards under the SuperNOFA, the Congressional Notification Letter that is in the Development Application Processing system (DAP) will no longer be used for that purpose. Headquarters will be providing CIR with an excel spreadsheet with pertinent information such as the Grant Program Name, recipient, the street address, city, state and zip code of the project, the total award amount and a contact name and phone number. This information will be pulled from the data that you input into DAP. Although all the information must be accurate, it is essential that the zip code of the project not have any mistakes because that is what they will use to determine which Congressional District the project is in and,

consequently, which Member of Congress to notify. However, because it is used for the information that will be in the press release, you are still required to input the information in the project highlights section of the Congressional Notification for each application that is on either the Initial Selection List or Approvable but Unfunded List, but you do not have to submit a hard copy of the Congressional Notification to Headquarters.

T. Press Release Information.

When completing the Project Highlights section of the Congressional Notification form that will be used for the attachment to the Press Release as indicated in the preceding paragraph, please pay particular attention to the following:

- (1) **Project Description.** Describe something unique and interesting about the project. The following are good examples of project highlights for a Section 202 project and a Section 811 project:

a. Section 202.

The funds will be used to construct 124 one-bedroom units for very-low income elderly persons and one two-bedroom unit for a resident manager. The site for the project is adjacent to an existing senior center and the residents will be able to participate in the many activities sponsored by the center including a meals program. A public bus stop will be located in front of the project so the residents will have easy access to shopping and medical facilities. A Service Coordinator is being provided on site to help residents assess services.

b. Section 811.

The funds will be used to acquire and rehabilitate seven units for very low-income persons with physical disabilities. The project consists of five one-bedroom and two two-bedroom condominium units scattered throughout an existing condominium complex. The location is in close proximity to services such as medical, shopping and public transportation, etc. This integrated model allows residents to blend into the surrounding community yet provides the

accessibility features and the availability of supportive services that allow them to live as independently as possible.

(2) **Things to Avoid in Description of Section 811 Project/Residents.**

a. The words or phrases that must not be used and their replacements are as follows:

- i. "handicapped" (except when used to describe accessibility or adaptability), "clients", or "patients"

Instead, use "person or persons with disabilities".

- ii. "supervision" (or any form of the word), "caretaker", or "houseparents"

Instead, use "resident manager".

- iii. "facility"

Instead, use "project", "housing" or "independent living project", "group home" or "condominium", as the case may be.

- iv. "low income"

Instead, use "very low-income" since residents of Section 202 or Section 811 housing must be very low income.

- v. "confined to a wheelchair"

Instead, use "wheelchair user".

- vi. "services will be provided"

Instead, use "services will be available".

b. Do not capitalize the type of project or the type of disability.

(3) **Proofread Carefully.** Make sure there are no typos in the final DAP entry.

U. **Technically Rejected Applications.** Field Offices are not permitted, under any circumstances, to talk to or

meet with any applicant whose application has been technically rejected. The procedure that must be followed for applications that are technically rejected is for the applicant to receive a technical reject letter outlining the reasons for the rejection and affording them an opportunity to appeal the rejection without submitting any new information. The appeal process is not an opportunity for the applicant to discuss with Field Office staff, either on the telephone or in person, why their application should not be rejected, as it would undermine the competitive aspect of the programs. Any further appeal of the Field Office's decision must be forwarded to Headquarters, Office of Housing Assistance and Grant Administration, for final determination.

V. **Exhibit 8(i), Form HUD-2990, Certification of Consistency with the RC/EZ/EC Strategic Plan.**

Strategic Planning Communities have been deleted from the listing.

W. **Changes Applicable to the Section 202 Program Only.**

- (1) **Allocation Formula.** The allocation formula uses 2000 Census Data that includes one data element. The data element is the number of one-person elderly renter households (householder age 62 and older) with incomes at or below the applicable Section 8 very low-income limit, and with housing conditions.
- (2) **Licensed Assisted Living Projects.** Licensed assisted living projects have been added to the list of ineligible activities in the Section 202 program NOFA.
- (3) **Economic and Market Analysis (EMAS) Review.** The EMAS rating for sufficient demand will once again be based on the project's unmet needs ratio. An application in a market area found to have sufficient demand may receive either 12 or 6 points. No other point values are allowed. The ratio is calculated by dividing the number of units in the proposed project by the unmet need in the market area. Units intended for occupancy by resident managers are not to be counted. An application is to receive 12 points if the project has an unmet needs ratio of 15 percent or less; 6 points if the unmet needs ratio is greater than 15 percent. Unmet need is defined as the number of

very low-income elderly one-person renter households age 75 or older with housing condition problems, as of the 2000 Census minus the number of project-based subsidized rental housing units (HUD, Rural Housing Service (RHS), or Low-Income Housing Tax Credit (LIHTC) that are affordable to very low-income elderly) provided in the area since 1999.

- (4) **Changes to Rating Factor 3.** The rating criterion for site approvability has been increased from 15 points to 20 points. As a result of this increase as well as the addition of a rating criterion for the policy priority of removing regulatory barriers to affordable housing as mentioned above, all other rating criteria within Factor 3 have been reduced by one point with the following exceptions: The rating criteria dealing with permissive zoning, the suitability of the site for promoting a greater choice of housing opportunities for minority elderly persons/families, etc. and the design incorporating visitability and universal design have not been reduced and the extent to which the proposed design will meet the physical needs of the elderly has been reduced by two points.

X. Changes to the Section 811 Program Only.

- (1) **Site Control.** Applications that are submitted with evidence of site control where both the evidence and site(s) are approvable will no longer receive five points site control. Instead, such applications that receive at least 75 points before the addition of bonus points will be placed in Category A. Applications that are submitted with evidence of site control where either the evidence or the site is not approvable, as well as applications that come in with an identified site(s) or with a mix of sites under control and sites identified, that receive at least 75 points before the addition of bonus points will be placed in Category B. All applications in Category A will be selected before the selection of any applications in Category B, both at the Program Center and Multifamily Hub levels. This change was necessary for two reasons. First, it was necessary to free up some points for the addition of two rating criteria applicable to the policy priorities of ending chronic homelessness and

removing regulatory barriers to affordable housing. Second, with the addition of the two policy priorities just mentioned, it would have been more difficult for applications to attain the minimum of 75 points necessary for selection if we didn't convert to a selection preference rather than the point system for meeting the statutory selection criterion of "the extent to which the Sponsor has control of the site".

- (2) **Site Scoring Issues.** Applications containing satisfactory evidence of control for all proposed sites and all proposed sites are approvable by Valuation (a score of one or higher for Criterion 3(a), Site Approvability) will be placed in Category A for selection purposes as indicated above.

If the site control is NOT acceptable in a single site application, the application will be placed in Category B for selection purposes but is still rated by Valuation (VAL) for Site Approvability (Criterion 3(a)) and by the Office of Fair Housing and Equal Opportunity (FHEO) for the suitability of the site in promoting a greater choice of housing opportunities for persons with disabilities, including minorities (Criterion 3(c)).

If either VAL or FHEO REJECTS the site in a single site application, the application will receive zero points for Criteria 3(a) and 3(c). The application will be placed in Category B for selection purposes as long as the Sponsor indicated in Exhibit 4(d)(xi) that it is willing to seek an alternate site. Otherwise, the application will be rejected.

NOTE: For a scattered site application to receive points for Criteria 3(a) and 3(c), **all** proposed sites must be under acceptable control and be approvable.

- (2) **Changes to Rating Factor 3.** The rating criterion for site approvability has been increased from 10 points to 14 points. A rating criterion worth one point has been added to accommodate the policy priority of ending chronic homelessness within 10 years. As mentioned above, the five points for site control have been eliminated.
- (3) **Additional Curable Deficiency Items.** As a result of eliminating the five points for site control, the following parts of Exhibit 4 are now curable since they don't affect the rating of the application:

Exhibit 4(d)(i) Evidence of site control
Exhibit 4(d)(ii) Evidence site is free of limitations, restrictions or reverters
Exhibit 4(d)(iv) Evidence of compliance with the URA site notification requirement
Exhibit 4(d)(vii) Phase I ESA
Exhibit 4(d)(viii) Asbestos Statement or Report
Exhibit 4(d)(ix) Letter to the State Historic Preservation Officer/Tribal Historic Preservation Officer (SHPO/THPO)
Exhibit 4(d)(x) Response from SHPO/THPO or statement that they didn't respond
Exhibit 4(e)(ii) Steps undertaken to identify site
Exhibit 4(e)(iv) Status of the sale of the site
Exhibit 4(e)(v) Whether the site would involve relocation

3. **CHANGES PURSUANT TO THE CONSOLIDATED APPROPRIATIONS RESOLUTIONS, 2004:** In accordance with the waiver authority provided in the FY 2004 Consolidated Appropriations Resolutions, the Secretary is extending the following determination made in the Notice, published in 61 F.R. 3047 and in the FYs 1997 through 2002 Section 202 and Section 811 NOFAs, to FY 2004 funding by waiving the statutory and regulatory provisions governing the amount and term of the Project Rental Assistance Contract (PRAC).

Project rental assistance funds will be reserved based on **75 percent** of the current operating cost standards to support the units selected for capital advances sufficient for a minimum **five-year** project rental assistance contract term. The Department anticipates that at the end of the contract term, renewals will be approved depending upon the availability of funds.

PLEASE NOTE THAT THE WAIVER BROADENING THE ELIGIBILITY OF TENANTS TO PERSONS WITH INCOMES AT 80 PERCENT OF THE MEDIAN OR BELOW (61 F.R. 3047, JANUARY 30, 1996) IS NO LONGER IN EFFECT. THE STATUTORY PROVISION LIMITING ELIGIBILITY TO PERSONS WITH INCOMES AT 50 PERCENT OF THE MEDIAN OR BELOW REMAINS IN EFFECT.

4. **CHANGES FOR THE FY 2003 AND EARLIER SECTION 202 AND SECTION 811 PROGRAMS WHICH ARE STILL IN EFFECT:**

- A. **Threshold Score.** The minimum score for funding consideration was increased from 70 to 75 points beginning in FY 2003 (exclusive of the two bonus points for Renewal Community/Empowerment Zone/Enterprise Community/Urban Enhanced Enterprise Community (RC/EC/EZ) applications).
- B. **Form HUD-2530, Previous Participation Certification.** Sponsors must now receive clearance by HUD regarding their previous participation activities before they can be considered for funding. Beginning in FY 2003, Sponsors must submit form HUD-2530, Previous Participation Certification, under Exhibit 8(j) of the 202 and/or 811 applications. HUD staff will complete the previous participation clearance process in accordance with the Previous Participation Handbook 4065.1 REV-1 and the instructions contained in paragraph 16 of this Notice. Form HUD-2530 is a curable deficiency item. See paragraph 16 for further discussion.
- C. **Elimination of the Reference to Mixed-Use Proposals.** The reference to proposals with a mixed-use purpose was eliminated beginning in the FY 2003 NOFA. However, this does not preclude the addition of commercial spaces in mixed-finance projects as long as the space meets the requirements for commercial spaces as stated in the 202 and 811 NOFAs. There are other ways that Sponsors can combine Section 202 and Section 811 projects with commercial spaces. Sponsors may propose to develop the project under a condominium structure whereby the Section 202 or Section 811 units would be a separate condominium from the commercial space, or develop the project under an air-rights structure so that the Section 202 or Section 811 capital advance would be used to purchase the air rights over the commercial space.
- D. **Commercial Facilities.** To clarify that commercial facilities may be included in Section 202 and Section 811 projects, a definition of a commercial facility is

included in the NOFAs. Commercial facilities cannot be funded with the use of the capital advance or PRAC funds and must be for the benefit of the residents. The maximum space for a commercial facility and other community space may not exceed 10 percent of the total project cost (**this part has changed for FY 2004 - see paragraph 2.P. above**), unless it is a project involving acquisition or rehabilitation and the additional space was incorporated in the existing structure at the time the proposal was submitted to HUD. Commercial facilities must comply with the accessibility requirements of the Americans with Disabilities Act of 1990 (ADA) as they are considered public accommodations under Title III of the ADA.

- E. **Supplemental Guidance to Guidebook entitled "Choosing an Environmentally Safe Site."** Additional environmental information on the protection and conservation of natural resources, such as the protection of endangered and threatened species, and manmade hazards is included as Appendix C to the NOFA.

- F. **Sample State/Tribal Historic Preservation Office Letter.** Appendix B to the NOFA includes a sample letter that Sponsors may use to submit to the SHPO/THPO to attempt to initiate consultation with the SHPO/THPO and to request their review of the proposed project. Sponsors may, however, continue to develop and use their own letters to request the SHPO/THPO review of their projects.
- G. **Supportive Services Plan.** The Exhibit for providing a description of the provision of services and the supportive services plan is now Exhibit 5. It was previously a part of Exhibit 4.
- H. **Form HUD-50071, Certification of Payments to Influence Federal Transactions.** The submission of Form HUD-50071 is no longer required. Form HUD-424B, Applicant Assurances and Certifications, provides the information previously contained in Form HUD-50071. Therefore, by signing the Form HUD-424B, Sponsors are, in fact, certifying to compliance with the requirements regarding payments to influence federal transactions. Sponsors are still required to submit SF-LLL, Disclosure of Lobbying Activities, if necessary, to report such activities.
- I. **Project Development Timeline.** In keeping with the Department's Policy Priorities for FYs 2003 and 2004 for requiring applicants to be accountable for their performance and achieving results, Sponsors are now required to submit under Exhibit 3(h), a project development timeline that lists the major development stages for the project with the associated dates for completing the stages. Sponsors have to identify the development stages to get the projects to initial closing and start of construction within the 18-month term of the fund reservation period as well as the full completion of the project, through final closing. Information from this Exhibit is used to assist the Field Office in scoring applications under Rating Factor 5, which has been renamed "Achieving Results and Program Evaluation." The previous optional Exhibit asking the Sponsor to describe its plan for getting the project to initial closing and start of construction within 18 months of the fund reservations (previously Exhibit 4(c)(iv)) has been eliminated.
- J. **Expiration of Funds.** The FYs 2003 and 2004 Consolidated Appropriations Resolutions require all 202/811 FYs 2003 and 2004 funds to be obligated by September 30, 2006. No funds can be disbursed from the

account after September 30, 2011. The project must be completed through final closing no later than September 30, 2011. All unexpended balances, including any remaining balance on PRAC contracts will be cancelled as of October 1, 2011. Other current appropriations will have to fund any amounts needed to maintain PRAC payments for any remaining term on the affected contract beyond September 30, 2011.

The FY 2002 Appropriations Act requires all 202/811 FY 2002 funds to be obligated by September 30, 2004. No funds can be disbursed from the account after September 30, 2009. The project must be completed through final closing no later than September 30, 2009. All unexpended balances, including any remaining balance on PRAC contracts will be cancelled as of October 1, 2009. Other current appropriations will have to fund any amounts needed to maintain PRAC payments for any remaining term on the affected contract beyond September 30, 2009.

- K. **New York City-Owned Sites.** The provision in the FY 2002 NOFAs stating that New York City-owned sites that are designated as community gardens **and** involved in litigation will not meet the site control requirements for that year's competition has been eliminated. Since the litigation regarding such sites in New York has been resolved, there no longer is a need to place a restriction on these sites.
- L. **Visitability Standards and Universal Design.** In accordance with the Departmental Policy Priority for incorporating visitability standards and universal design in the project design, Sponsors have to address as part of Exhibit 4(c) whether the building design will incorporate visitability standards and universal design.
- M. **Energy Star Labeled Products and Appliances.** Sponsors are asked to identify, if applicable, any plans to incorporate energy efficient features in the operation of the project through the use of Energy Star labeled products and appliances. This information is submitted under Exhibit 4(c)(ii).
- N. **Exhibit 6, Listing of 202/811 Applications Submitted to Other HUD Offices.** This Exhibit was expanded to require Sponsors to (a) identify their **FY 2003 and earlier** funded projects by project number and Field Office, (b) indicate whether or not the fund

reservations are older than **24 months** and if amendment funds were or will be needed for the projects, and (c) indicate those projects which have not been finally closed.

O. Scoring Changes Affecting Both 202 and 811 Programs.

(1) Rating Factor 1, Capacity of the Applicant and Relevant Organizational Staff.

- a.** Field Offices are no longer assigning one point to organizations that are defined as grassroots organizations.
- b.** The points for the scope, extent and quality of the Sponsor's experience in providing housing or related services to the intended residents has been increased from 14 to 15 points for Section 202 projects and from 11 to 15 points for Section 811 projects.
- c.** The scope, extent and quality of the Sponsor's experience in providing housing or related services to minority persons or families and the Sponsor's ties to the community at large and to the minority and elderly (202) or disabled (811) communities in particular have been divided into two rating factors of 5 points each. The overall experience in serving minorities is now a separate rating factor from the Sponsor's ties to the community at large and to the minority and elderly (202) or disabled (811) communities in particular. FHEO will rate the Sponsor's experience in serving minorities and the Sponsor's ties to the minority community. The Project Manager will rate the Sponsor's ties to the community at large and to the elderly (202) or disabled (811) community in particular.
- d.** The number of points that HUD will deduct from this rating factor due to Sponsor delays in reaching initial closing has been revised to provide for a maximum deduction of up to 4 points based on the length of the delay (except if the delay is beyond the Sponsor's control). **Also see paragraph 2.J. under Changes for the FY 2004 Section 202 and Section 811 Programs for an additional change for this rating factor.** Two points will be

deducted for delays beyond 24 months of the fund reservation, three points if beyond 36 months, and four points if beyond 48 months. Additionally, if amendment money was required as a result of the delay for a 202 or 811 project that was extended beyond **24 months** (except if the delay was beyond the Sponsor's control), one point will be deducted from Rating Factor 1. **Also see paragraph 2.J. under Changes for the FY 2004 Section 202 and Section 811 Programs for an additional change for this rating factor.** This is a change from FY 2002, when one point was deducted if the 202 or 811 project required amendment funds, and 2 points were deducted if the project was extended beyond 36 months.

Examples of delays beyond the Sponsor's control include, but are not limited to, initial closing delays: (1) directly attributable to HUD; (2) directly attributable to third party opposition, including litigation, and (3) due to a disaster, as declared by the President of the United States.

(2) Rating Factor 3, Soundness of Approach.

- a.** The application will receive one point if the proposed design incorporates visitability standards and universal design in the construction or rehabilitation of the project.
- b.** The rating criteria regarding the Sponsor's involvement of elderly persons, including minority elderly persons (202), and the involvement of persons with disabilities, including minority persons with disabilities (811) in the development of the application and their intent to involve them in the development and operation of the project has been moved from Rating Factor 5 and included under Rating Factor 3.
- c.** Field Offices are no longer required to deduct one point if the Sponsor fails to include a plan for getting the project to initial closing and start of construction within 18 months. This Exhibit has been replaced with the Exhibit requiring a project

development timeline, which is addressed under Rating Factor 5.

- d. One point will be deducted from Rating Factor 3(b) for proposed sites that are not currently zoned for the intended use.

(3) **Rating Factor 4, Leveraging Resources.** This rating factor has been reduced from 10 to 5 points.

(4) **Rating Factor 5, renamed Achieving Results and Program Evaluation.**

- a. Applications may receive up to five points for the extent to which the Sponsor's project development timeline is indicative of the Sponsor's full understanding of the development process.
- b. The rating criterion pertaining to the extent to which the Sponsor has demonstrated that the project will remain viable as housing for the intended residents for a 40-year period has been increased from two to three points.
- c. Applications are no longer rated with respect to the Sponsor's involvement in the community's planning process.

P. **Elimination of Certain Certifications.** An applicant's signature on Forms HUD-92015 or HUD-92016 is, in effect, a certification that the applicant will comply with all program requirements. Therefore, the following certifications have been eliminated:

- (1) Sponsor's Combined Certifications;
- (2) Lead-Based Paint Certification (811 only); and
- (3) Certification for Single Room Occupancy in Section 811 Group Homes.

Q. **Exhibits Involving Third Party.** The provision has been eliminated that permitted the Sponsor to cure a deficiency that involved the non-submission of the Evidence of Permissive Zoning for Section 202, Form HUD-2991, Certification of Consistency with the Consolidated Plan for Section 202 and Section 811, and the Supportive Services Certification for Section 811 if the Sponsor was not notified of the deficiency during the curable deficiency period and it could provide documentation that it had requested the

information from the third party at least 45 days prior to the application deadline date.

The provision has been eliminated because the Sponsor must be afforded the opportunity to cure any item that is curable that is not discovered during the curable deficiency period. Additionally, the evidence of permissive zoning is no longer a curable item.

- R. **Applicant Debriefing.** The NOFAs now provide for an applicant debriefing. The request must be in writing to the Director of Multifamily Housing beginning 30 days after the awards are publicly announced and lasting at least 120 days after the awards are publicly announced.
- S. **Exhibit 8(i) (Certification of Consistency with the RC/EZ/EC Strategic Plan) Is Optional.** It has been clarified that Exhibit 8(h), Certification of Consistency with the RC/EZ/EC Strategic Plan is not required to be in the application unless the site is located in an RC/EZ/EC.
- T. **Definition of Owner for the Purpose of Developing a Mixed-Finance Project.** The definition was revised to indicate that an eligible owner entity would include a for-profit limited partnership (as opposed to a for-profit limited dividend organization) with a nonprofit as the sole general partner to be consistent with the statutory change of a 202/811 Owner.
- U. **Conducting Business in Accordance with Core Values and Ethical Standards.** In the General Section of the SuperNOFA, it states that entities subject to 24 CFR Parts 84 and 85 must develop and maintain a written code of conduct. The Section 202 and Section 811 programs are **not** subject to 24 CFR parts 84 and 85. Instead, Section 202 and Section 811 Sponsors/Owners must adhere to the conflict of interest provisions in 24 CFR 891.130.
- V. **Ensuring the Participation of Small Businesses, Small Disadvantaged Businesses and Women-Owned Businesses.** With respect to the Department's priority for "Ensuring the Participation of Small Businesses, Small Disadvantaged Businesses and Women-Owned Businesses in HUD Programs", it was clarified that Section 202/811 Sponsors/Owners must comply with Executive Order (EO) 12432, Minority Business Enterprise Development and EO 11625, Prescribing Additional Arrangements for Developing and Coordinating a National Program for

Minority Business Enterprise.

W. **Application Changes.** The following changes have been made to the Application:

- (1) Exhibit 3(b), Description of Communities, has been expanded to require the Sponsor to describe specific geographic areas that they have served;
- (2) Exhibit 3(g) has been revised to require a description of the practical solutions the Sponsor will implement to enable the residents to achieve independent living and educational opportunities, and how the project will be an improved living environment for the resident when compared to their previous residence;
- (3) Exhibit 3(i) was added to require Sponsors to describe how the project will remain viable as housing with supportive services for the target population for 40 years; and
- (4) Due to the misinterpretation of the term "delineated," Exhibit 4(d)(vi), Map of Site Location, Racial Composition of Neighborhood and Areas of Racial Composition was revised to indicate that the map must show the location of the site, the racial composition of the neighborhood and any areas of racial concentration. Also, Sponsors are advised that they must use data from the 2000 Census of Population as the basis for determining the racial composition of the neighborhood and areas of minority concentration. This data can be found on the U.S. Bureau of the Census' website at <http://factfinder.census.gov/servlet/BasicFactsServlet>.

- X. Eligibility of Owner Entity When Later Formed by the Sponsor.** The American Homeownership and Economic Opportunity Act of 2000 (P.L. 106-569), approved December 27, 2000, revised the definition of an eligible Owner entity to include a for-profit limited partnership with a nonprofit entity as the sole general partner. In view of the statutory change, an administrative decision was made to permit such Owners to participate in the Section 202 and Section 811 programs for the purposes of developing a mixed-finance project. Section VIII.A. of the Sections 202 and 811 NOFAs provides the eligibility requirements of the Owner entity when it is later formed by the Sponsor.

Under the Section 202 program, the Owner corporation may be (1) a single-purpose private nonprofit organization that has tax exempt status under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code of 1986, (2) a nonprofit consumer cooperative, or (3) for purposes of developing a mixed-finance project, a for-profit limited partnership with a nonprofit entity as the sole general partner.

Under the Section 811 program, the Owner corporation may be (1) a single-purpose nonprofit organization that has tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, or (2) for purposes of developing a mixed-finance project, a for-profit limited partnership with the nonprofit entity as the sole general partner.

NOTE: The expansion of the eligibility criteria for the Owner entity to include a for-profit limited partnership with the nonprofit as the sole general partner **DOES NOT** apply to Section 202 or Section 811 Sponsors or Co-Sponsors. Applicant eligibility for purposes of applying for a Section 202 or Section 811 fund reservation has not changed (i.e., all Section 202 Sponsors and Co-Sponsors must be private nonprofit organizations or nonprofit consumer cooperatives and all Section 811 Sponsors and Co-Sponsors must be nonprofit organizations with a 501(c)(3) tax exemption from the Internal Revenue Service (IRS)).

- Y. Applicability of Acquisition of Sites under the URA.** In past years, as well as this year, the annual Notices of Fiscal Year Section 202 and Section 811 Policy have included information to remind Sponsors of their exemption from the site acquisition requirements of the URA if they have no power of eminent domain and inform the seller of the land (1) that they have no power of

eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement, and (2) of the estimate of the fair market value of the property. Because of the importance of getting this information to Sponsors as early as possible in the project planning stages, beginning in FY 2001, the exemption provisions under the URA's site acquisition requirements are now included in Section IV(L) of the Section 202 NOFA and Section IV(M) of the Section 811 NOFA. See Paragraph 14 of this Notice for more detailed information regarding this requirement.

- Z. Initial Screening for Curable Deficiencies.** As in FYs 2002 and 2003, the list of exhibits or portions of exhibits that are considered curable deficiencies has been included in the FY 2004 Section 202 and Section 811 program sections of the SuperNOFA.

HUD Offices will complete an initial screening for curable deficiencies of all applications received by the application deadline date. Curable deficiencies include those items in the application that are required but do not have an impact on the rating of the application (e.g., missing certifications). Applicants will no longer be afforded the opportunity to submit missing exhibits or parts of exhibits that have an impact on the rating of the application (e.g., a failure to include a description of local government support for the project in the Sponsor's description of its purpose, community ties and experience). Applicants will be given 14 calendar days from the date of HUD notification to correct any curable deficiencies. At the end of the 14-day curable deficiency period, all applications received in accordance with the application submission requirements will be placed into technical processing.

- AA. Technical Rejections.** At the conclusion of technical processing, the HUD Office will send out technical reject letters to Sponsors of applications in which curable deficiencies were not corrected during the curable deficiency period, incurable deficiencies were discovered during initial screening, and/or technical deficiencies were identified during technical processing. The technical reject letter will indicate all of the reasons for rejection of the application and provide the Sponsor 14 calendar days from the date of the letter to appeal the rejection. HUD must respond to the Sponsor within five working days of receipt of the appeal.

- BB. Site Control.** The specific forms of site control

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acceptable to the Department have been clarified (see Exhibit 4(d) of the Section 202 and Section 811 application requirements. One of the clarifications that Sponsors must pay particular attention to is that the site option must remain in effect at least for six months from the application deadline date, must state a firm price binding on the seller, and must be renewable at the end of the six-month option period. The only condition on which the option may be terminated is if the Sponsor is not awarded a fund reservation. The option must be renewable at the end of the six months option period.

Sponsors must also provide evidence (a title policy or other acceptable evidence) that the site is free from any limitations, restrictions, or reverters which could adversely affect the use of the site for the proposed project for the 40-year capital advance period (e.g., reversion to seller if title is transferred). If the title evidence contains restrictions or covenants, the Sponsor must submit copies of such covenants or restrictions with the applications. However, if not submitted, this is a curable deficiency item. If the site is subject to any such limitations, restrictions, or reverters: (1) for Section 202, the application will be rejected; or (2) for Section 811, the site will be rejected, the application will not receive points for Site Approvability from Valuation or for Site Suitability from FHEO, and the application will be placed in Category B for selection purposes as long as the Sponsor indicated its willingness to seek an alternate site. Purchase money mortgages that will be satisfied from capital advance funds are not considered to be limitations or restrictions that would adversely affect the use of the site. If the contract of sale or the option agreement contains provisions that allow a Sponsor not to purchase the property for reasons such as environmental problems, failure of the site to pass inspection, or the appraisal is less than the purchase price, then such provisions are not objectionable and a Sponsor is allowed to terminate the contract of sale or the option agreement.

- CC. Suitability of the Site from the Standpoint of Promoting a Greater Choice of Housing Opportunities for Minority Elderly Persons/Families and Persons with Disabilities, Including Minorities. In accordance with the Secretary's December 16, 1996, memorandum that requires NOFAs to include a selection factor addressing affirmatively furthering fair housing, the application submission requires a narrative description of how the Sponsor will use the site to affirmatively further fair

housing opportunities for minority elderly persons/families and persons with disabilities, including minorities.

To determine the acceptability of the site and to rate the application, FHEO will review the narrative submitted by the Sponsor. The site will be deemed acceptable if it increases housing choice and opportunity by (1) expanding housing opportunities in non-minority neighborhoods (if located in such a neighborhood), or by (2) contributing to the revitalization of and reinvestment in minority neighborhoods, including improvement of the level, quality and affordability of services furnished to the minority elderly and persons with disabilities.

For FYs 2003 and 2004, the term "minority neighborhood (area of minority concentration)" has been defined as one where any one of the following statistical conditions exist: (1) the percentage of persons of a particular racial or ethnic minority is at least 20 points higher than the minority's or combination of minorities' percentage in the housing market as a whole; (2) the neighborhood's total percentage of minority persons is at least 20 points higher than the total percentage of minorities for the housing market as a whole; or (3) in the case of a metropolitan area, the neighborhood's total percentage of minority persons exceeds 50 percent of its population. The term "non-minority area" is defined as one in which the minority population is lower than 10 percent.

- DD. Bonus Points for Location of Site.** An application containing satisfactory evidence of control of an approvable site which is located in a federally-designated Renewal Community (RC), Empowerment Zone (EZ), Enterprise Community (EC), or Urban Enhanced Enterprise Community (EEC) and serves the residents of these federally-designated references (collectively referred to as "RCs/EZs/ECs"), will be awarded two bonus points. To be eligible to receive the two bonus points, the Sponsors must have submitted a certification (see Exhibit 8(i) of the application) that the proposed project(s): (1) will be located in a federally-designated RC/EZ/EC and will serve residents of the RC/EZ/EC; and (2) is consistent with the strategic plan of the RC/EZ/EC. The Office of Community Planning and Development (CPD) will determine if the application is eligible for the bonus points (see CPD's Technical Processing Review and Findings Memorandum in Attachment 12 of this Notice). For a scattered site application with site control, all sites

must be located in an RC/EZ/EC area, be approvable and have acceptable evidence of site control, and the Sponsor must have submitted the required certification (Exhibit 8(i)) to receive the 2 bonus points.

A list of the federally-designated RCs/EZs/ECs is attached to the General Section of the SuperNOFA, is available from the NOFA Information Center, and is available through the Internet at <http://www.hud.gov>. Local HUD Offices should also provide information about the local community agency for applicants to contact to determine if their proposed projects will be located in one of the federally-designated areas identified above.

EE. Evidence of Need/Demand. Where EMAS finds there is not sufficient sustainable demand for additional units of the number and type of units proposed, without long-term adverse impact on the occupancy in existing federally-assisted housing for the elderly or persons with disabilities, a detailed report of EMAS's findings must be prepared. The report must present the data and findings justifying the conclusion. A copy of the report must be attached to the Technical Processing Review and Findings Memorandum, and one copy is to be sent to the Headquarters Economic and Market Analysis Division, Office of Policy Development and Research, Room 8224.

The maximum number of points available to EMAS for rating the need factor is 12. Under Section 811, the application is to receive 12 points if a determination has been made that there is a need for additional supportive housing for persons with disabilities (811) in the area to be served. If not, the application is to be awarded zero points. Under Section 202, for FY 2004, the EMAS review will go back to the policy of rating sufficient demand based on the project's unmet needs ratio. See paragraph 2.U.(3) for further information.

FF. Allocation of Funds. The allocation of funds reflects the revised Field Office Multifamily Hub structure.

GG. Application Receipt Form. The Application package contains an Acknowledgement of Application Receipt form which must be completed and returned to the Sponsor indicating whether or not the local HUD Office received the application by the deadline as described above and, consequently, whether it will be considered for funding.

HH. Revised Selection Process. At the conclusion of technical processing, Rating/Selection Panels must score each Rating Factor for all applications that successfully complete technical processing. Applications that receive a score of **75** base points or higher are then ranked in descending order. The Rating/Selection Panels then select for funding the highest rated applications ranked in descending order which most reasonably approximate the number of units **and** capital advance funds available to each HUD Office. The Rating/Selection Panels must select in rank order down to the next highest rated application that can utilize the remaining funds **WITHOUT** skipping over a higher rated application.

After making the initial selections, any residual funds may be used to fund the next rank-ordered application by reducing the units by no more than 10 percent rounded to the nearest whole number; provided the reduction will not render the project infeasible. Projects of five units or less, or two units if a Section 811 group home, may not be reduced. An example of a project becoming infeasible by a unit reduction is a project that will be rehabilitated (for Section 811 this applies only if the Sponsor has site control), where the project will not be able to sustain fewer units than those requested. Acceptance by a Sponsor of a project where the units have been reduced means acceptance of the reduced number of units.

Under Section 202, the above processes must be done separately for each HUD Office's metropolitan and non-metropolitan allocations. Once this is completed, HUD Offices may combine their unused metropolitan and non-metropolitan funds to select the next highest ranked application in either category using the unit reduction policy described above.

Under Section 811, the above process must be done first for all applications that are in Category A in each HUD Office jurisdiction before any applications in Category B can be selected. **See Paragraph 2.V.(1) above as this is a change for FY 2004.**

After the Offices have funded all possible projects based on the process above, residual funds from all HUD Offices in each Multifamily Hub will be combined. These funds will be used first to restore units to projects reduced by HUD Offices based on the above instructions. Second, additional applications within

each Multifamily Hub will be selected in rank order with no more than one additional application selected per HUD Office unless there are insufficient approvable applications in other HUD Offices within the Multifamily Hub. This process must be done first for all applications that are in Category A in each Multifamily Hub jurisdiction before any applications in Category B can be selected. **See Paragraph 2.V.(1) above as this is a change for FY 2004.** This process will continue until there are no more approvable applications within the Multifamily Hub that can be selected with the remaining funds. However, any remaining residual funds may be used to fund the next rank-ordered application by reducing the number of units by no more than 10 percent rounded to the nearest whole number, provided the reduction will not render the project infeasible. For this purpose, HUD will not reduce the number of units in projects of five units or less.

NOTE: Field and Hub Offices cannot skip over any applications in order to fund one based on the funds remaining.

Section 202 and Section 811 funds remaining after these processes are completed will be returned to Headquarters.

The residual funds for each program will be used to restore units to projects reduced by HUD Offices as a result of the instructions above and for selecting applications based on field office rankings, beginning with the next highest rated application nationwide. For Section 811, all approvable applications in Category A will be selected before any applications in Category B. **See Paragraph 2.V.(1) above as this is a change for FY 2004.** No more than one application will be selected per HUD Office from the national residual amount, unless there are insufficient approvable applications in other HUD Offices. If there are no approvable applications in other HUD Offices, the process will begin again with the selection of the next highest rated application nationwide. This process will continue until all approvable applications are selected using the available remaining funds. However, for Section 202, priority will be given to those applications for projects in non-metropolitan areas, if necessary, to meet the statutory requirement pertaining to Section 202 funding in non-metropolitan areas.

- II. **Application Unit Limit.** A Sponsor or a Co-sponsor may apply for a maximum of 200 units within a single Hub under the Section 202 program and a maximum of 70 units or 4 projects (whichever is less) under the Section 811 program.
- JJ. **Ineligible Activities.** The NOFAs include a list of activities that are ineligible for funding through either the Section 202 or Section 811 programs.
- KK. **Appeal Period for Technical Rejection.** The appeal period for applications that receive a technical rejection is 14 calendar days from the date of HUD's letter notifying the Sponsor of the technical rejection.
- LL. **Sponsors Cannot Require Residents to Accept Supportive Services.** Section 202 and Section 811 Sponsors must **not** require residents to accept any supportive services as a condition of occupancy. Although the acceptance of services has never been a program requirement, it has come to the Department's attention that in many cases residents have been required to accept services in order to live in housing for persons with disabilities developed under either the Section 202 Direct Loan program or the Section 811 program.
- MM. **Environmental Site Assessment (ESA).** In conformance with 24 CFR 50.3(i), as revised (effective October 28, 1996), all Section 202 applicants and those Section 811 applicants who have site control are required to submit a Phase I ESA their proposed site(s) with their applications. The Phase I ESA is to be completed in accordance with the American Society for Testing and Material (ASTM), Standards E 1527-97, as amended, and must be submitted with the application by the application deadline date. Section 811 Sponsors submitting applications with identified sites (i.e., not under control) are not required to submit a Phase I ESA with their applications. However, if they are selected for funding, they must complete the Phase I ESA upon obtaining site control and prior to submitting their Application for Firm Commitment.

NOTE: The Transaction Screen Process is no longer accepted as an application submission requirement.

If the Phase I ESA indicates the possible presence of contamination and/or hazards, further study must be undertaken. At this point, the Sponsor must decide

whether to continue with this site or choose another site. Should the Sponsor choose another site, the same environmental site assessment procedure identified above must be followed for that site. **Since the Phase I ESA must be completed and submitted with the application, it is important that the Sponsor start the site assessment process as soon after NOFA publication as possible. Ensure that Sponsors receive a copy of "Choosing an Environmentally Safe Site" to assist them in this process.**

If the Sponsor chooses to continue with the original site on which the Phase I ESA indicated possible contamination or hazards, then a detailed Phase II ESA by an appropriate professional will have to be undertaken. **NOTE: THE COST OF THE STUDY MUST BE BORNE BY THE SPONSOR IF THE APPLICATION IS NOT SELECTED.** If the Phase II ESA reveals site contamination, the extent of the contamination and a plan for clean-up (as identified in the Section 202 and Section 811 NOFAs) of the site must be submitted to the local HUD Office. The plan for clean-up must include a contract for remediation of the problem(s) and an approval letter from the applicable federal, state, and/or local agency with jurisdiction over the site. For Section 202 applications to be considered for review and Section 811 applications with evidence of control of an approvable site to be placed in Category A for selection purposes, the Phase II ESA and the plan for clean-up including the contract for remediation (if appropriate) must be submitted to the local HUD Office no later than the date specified in the NOFA which is generally 30 days from the application deadline date. HUD will not consider a site to be cleaned up or clean if a contamination problem is to be/has been capped or paved over and if there are to be active testing, monitoring, flushing wells put in place in relation to contamination or suspected contamination. In the Section 202 program, if the required information is not received by the deadline specified in the Section 202 NOFA, the application must be rejected. In the Section 811 program, if the information is not received by the deadline specified in the Section 811 NOFA, the application will be placed in Category B for selection purposes and will **NOT** receive any points for Site Approvability (Rating Criterion 3(a)) or any points for Site Suitability (Criterion 3(c)).

NOTE: THIS COULD BE AN EXPENSIVE UNDERTAKING. THE COST OF ANY CLEANUP AND/OR REMEDIATION MUST BE BORNE BY THE SPONSOR.

To be considered valid, no more than six months can elapse after completion of the Phase I ESA. If the Phase I ESA is dated prior to **January 7, 2004**, the preparer or other appropriate environmental professional must update the environmental site assessment. If there have been no changes since the previous assessment, the preparer must certify to same.

- NN. Historic Preservation.** Sponsors are to submit with their applications, a letter from the SHPO or the THPO indicating whether the proposed site has any historic significance or whether it impacts any site or area of historic significance. Having this information submitted with the application will assist HUD in the timely completion of its environmental review. Sponsors must be informed to request a letter from the SHPO/THPO well in advance of the application deadline date to ensure a timely response from the SHPO/THPO.

The Sponsor must submit the following in its application: (1) a copy of the Sponsor's letter to the SHPO/THPO requesting the required letter; and (2) a copy of the SHPO's/THPO's response, if available.

If the SHPO/THPO does not respond to the Sponsor's request or responds that it cannot or will not comply with the requirement, the HUD Office must process the application in accordance with the standard environmental review procedures in place prior to the NOFA publication (i.e., file with the SHPO/THPO, allow time for a response from the SHPO/THPO, and then make the appropriate finding, which must be received prior to convening the Rating/Selection Panel).

- OO. Sponsor as Consultant.** The Sponsor may also serve as a consultant to the project. Section 891.130(a)(2)(iii) of the final rule for the Section 202 and Section 811 programs states that developer (consultant) contracts between the Owner and the Sponsor or the Sponsor's nonprofit affiliate will not constitute a conflict of interest if no more than two persons salaried by the Sponsor or management affiliate serve as nonvoting directors on the Owner's board of directors.

- PP. Limit on Amendments.** Per Section 891.100(d) of the final rule for the Section 202 and Section 811 programs, fund reservations may be amended only after initial closing, subject to the availability of funds. This change must be emphasized to Sponsors so that as they plan their projects they will be aware that they

need to keep the cost of the project within the fund reservation amount. Should the cost exceed the fund reservation amount, it may be necessary for Sponsors/Owners to seek outside funding sources to cover any additional expenses.

QQ. Limit on Fund Reservation Extensions. Section 891.165 of the final rule for the Section 202 and Section 811 programs permits fund reservations to be extended up to 24 months on a limited case-by-case basis. This approval will be made at the local HUD Office level.

RR. Minimum and Maximum Project Sizes. For **Section 202** applications, the minimum project size for both metro and non-metro proposals is five units including the non-revenue manager's unit, if applicable. A Sponsor can propose scattered sites in its application as long as each site consists of at least five units and the Sponsor has site control for all sites. In such cases, for the rating criteria pertaining to the need for supportive housing in the area and the suitability of the site, each site is to be rated separately and then the scores averaged. The maximum of 125 units for projects in metropolitan and non-metropolitan areas is unchanged.

For **Section 811** projects, the limits are as follow:

Group home - The minimum number of persons with disabilities that can be housed in a group home is two and the maximum number is six, with one person per bedroom unless two residents choose to share one bedroom or a resident determines he/she needs another person to share his/her bedroom. An additional one-bedroom unit can be provided for a resident manager. The corresponding development cost limits for the larger group homes have been eliminated from the NOFA since, in many states, funding for supportive services will not be provided to persons with disabilities living in larger housing developments. **Furthermore, exceptions to the six-person limit for group homes will not be considered in FY 2004.**

Independent living project - The minimum number of units that can be applied for in one application is five; not necessarily in one structure. The maximum number of persons with disabilities that can be housed in an independent living project is 14. An additional one or two bedroom unit can be provided for a resident manager. **Exceptions to the 14-person limit may be requested by the Sponsor if it has control of the site.**

SS. **Secretary's Representative.** Since FY 1999, the Secretary's Representative has not participated in the rating of applications.

TT. **Selection of Projects from Residual Funds.** The restriction on the size of a project that can be reduced to use residual funds has been changed from projects of nine units or less to those of five units or less.

UU. **Rehabilitation of Sponsor-Owned or Leased Properties.** If the Sponsor-owned or leased property has been federally funded or assisted, or insured or guaranteed by a federal agency and will involve refinancing, it is not permissible under the Section 202 and Section 811 NOFAs. For example, Section 202 or Section 202/8 projects cannot be refinanced with capital advances and project rental assistance.

VV. **Changes Applicable to the Section 202 Program Only.**

- (1) **Rating Factor 5.** The rating criterion (which provided 2 points) regarding the extent to which the Sponsor coordinates its application with other organizations not directly participating in the project has been eliminated.
- (2) **Scattered Site Project.** If a project will be a scattered site development, each site must have at least five units.
- (3) **Accessibility Requirements.** The accessibility requirements for Section 202 projects have been clarified with respect to site selection. Sponsors must comply with Section 504 of the Rehabilitation Act of 1973 and 24 CFR 8.4(b)(5) which prohibits the selection of a site or location which has the purpose or effect of excluding persons with disabilities from the Federally-assisted activity.
- (4) **Exhibit 4(d)(iii), Evidence of Permissive Zoning** is not curable.
- (5) **Application Change.** Exhibit 4(e)(iv), Description of How Residents will be Afforded Opportunities for Employment, was eliminated.
- (6) **Acquisition of Housing With or Without Rehabilitation.** The American Homeownership and

Economic Opportunity Act of 2000 (P.L. 106-569) removed the limitation on acquiring structures for Section 202 projects solely from the Federal Deposit Insurance Corporation (formerly Resolution Trust Corporation) (FDIC/RTC). Therefore, similar to the Section 811 program, Sponsors may submit applications proposing the acquisition of housing with or without rehabilitation whether or not such housing is obtained from the FDIC/RTC.

WW. Changes Applicable to the Section 811 Program Only.

- (1) **Exceptions to the 14-Person Project Size Limit.** The provision allowing Sponsors to request exceptions to the 14-person project size limit for independent living projects was added back into the NOFA beginning in FY 2003. Only Sponsors who submit an application for an independent living project with site control can submit a request to exceed the 14-person project size limit. Such requests are submitted as part of Exhibit 4(d)(xii) of the Application.
- (2) **Restriction to Project Size Limits for Independent Living Projects.** The NOFA clarifies that if a Sponsor proposes to place an independent living project on the same or an adjacent site already containing housing for persons with disabilities, then the total number of persons housed in both the existing and proposed project cannot exceed 14.
- (3) **Group Homes.** The maximum bedroom size for a resident manager that is permitted to be included in a group home for persons with disabilities is now limited to a one-bedroom unit.
- (4) **Allocation of Section 811 Funds.** Beginning in FY 2003 allocation formula is based on the 2000 Census and includes one data element: the number of non-institutionalized persons age 16 to 64 with a disability.
- (5) **Scoring Changes.**
 - a. **Rating Factor 1, Capacity of the Applicant and Relevant Organizational Staff.** This rating factor has been increased from 25 to 30 points. This increase is due to (1) the increase from 11 to 15 points for the scope, extent, and quality of the Sponsor's

experience in providing housing or related services for the intended residents, (2) the increase from 8 to a combined 10 points for the scope, extent and quality of the Sponsor's experience in providing housing and related services to minorities and the scope, extent and quality of the Sponsor's ties to the community, and (3) the elimination of one point pertaining to grassroots organizations. Also, the two rating criteria relative to integrated housing (i.e., experience in developing integrated housing and/or whether or not the project will be an integrated housing model) have been combined into one criterion worth up to five points depending upon whether the Sponsor has experience and/or the project qualifies as integrated housing.

b. **Rating Factor 3, Soundness of Approach.** This rating factor has been increased from 38 to 40 points. The criteria regarding whether or not the site promotes greater choice for minorities has been increased from 8 to 10 points. The rating criteria relative to the involvement of persons with disabilities in the development of the application and the Sponsor's coordination efforts with other organizations have been shifted from Rating Factor 5 to Rating Factor 3. Also, the two rating criteria pertaining to the extent to which the project design will meet the needs of the intended residents and the extent to which the project's placement in the neighborhood will facilitate the integration of the residents in the community have been combined.

c. **Rating Factor 5, renamed Achieving Results and Program Evaluation.** The two rating criteria with respect to the project implementing practical solutions and providing activities to improve computer access, literacy and employment opportunities have been combined for a total maximum of 2 points.

(6) **Project Size Limits.**

a. **Independent Living Project.** The project size limit for an independent living project is

14 units plus one unit (one- or two-bedroom) for a resident manager.

b. **Mixed Project Type Applications.** It has been clarified that applications proposing both a group home and an independent living project must request the minimum number of units per project type (i.e., two units for a group home and five units for an independent living project).

- (7) **The Supportive Services Plan** is a curable deficiency.
- (8) **Applications Proposing a Mixed-Finance Project.** It has been clarified that only applications with control of an approvable site are permitted to request consideration of a proposal involving mixed-financing.
- (9) **Change to Application.** In addition to addressing how their project will implement practical solutions that will assist residents in achieving independent living, educational opportunities and improved living conditions in Exhibit 3(g), the Sponsor must also address how it will assist residents to achieve economic empowerment.
- (10) **Adjustments to Development Cost Limits for Group Homes.** Section IV(E)(2)(c) of the Section 811 NOFA provides for increases in the development cost limits for Section 811 group homes where it can be documented that high land costs limit or prohibit project feasibility. The NOFA provides an example of acceptable documentation which includes evidence of at least three land sales which have actually taken place (listed prices for land are not acceptable) within the last two years in the area where the project is to be built. For FY 2004, the average cost of the documented sales must exceed 10 percent of the development cost limits for the project in order for an increase to be considered.
- (11) **Supportive Services Certification.** An addition has been made to the certification that addresses whether the provision of supportive services will enhance independent living success and promote the dignity of those who will access the proposed project.

- (12) **Resident Manager's Unit.** In an independent living project, the Sponsor can designate either a one- or two-bedroom unit for a resident manager. In a group home, the size of the resident manager's unit is limited to a one-bedroom unit.
- (13) **Minimum size of Group Home.** The minimum size of a group home has been reduced to two persons to more closely resemble shared housing in a community. A two-person cost limit has been provided. A Sponsor can submit an application requesting two units if it is proposing to develop one group home for two persons with disabilities.
- (14) **Reduction in Number of Units that Can be Applied for in a Single Hub.** A Sponsor may apply for the lesser of 70 units or 4 projects in a single Hub in order to facilitate the participation by Sponsors that have not yet participated in the program.
- (15) **Access to Community Services and Amenities.** Proposed project sites that are either in close proximity to community services and amenities or accessible to them other than by sole means of a project residence or private vehicle will be rated more favorably than sites located in areas where the residents must be dependent upon a project residence or private vehicle as their only means of accessing such services and amenities.
- (16) **Sponsor's Board Comprised of At Least 51 percent Persons with Disabilities.** Although Sponsors will continue to receive 5 points if their Boards are comprised of at least 51 percent persons with disabilities, the composition of the Board no longer has to include persons with the same disability or disabilities as those of the proposed residents.
- (17) **Involvement of Centers for Independent Living.** In order to encourage Sponsors to work with their local Center for Independent Living they are required to indicate in their applications the extent to which they involved their local Center for Independent Living in the development of their applications. In addition, the NOFA and Application identify local Centers for Independent Living and Statewide Independent Living Councils as examples of organizations from which they can obtain letters or support for their projects to

include in their applications.

(18) **Supportive Services.** The requirements for the Supportive Services Plan have been streamlined to coincide with the philosophy that residents must be given the freedom to choose whether they want to (1) receive supportive services available in the community, (2) receive supportive services available to them from the Sponsor directly or coordinated by the Sponsor, or (3) receive no supportive services at all. If the Sponsor will be providing any supportive services directly or coordinating the availability of any supportive services, they must include a letter in their Supportive Services Plan that the services they will either make available directly or coordinate their availability and describe how the coordination will be implemented; provide an assurance that any supportive services made available to the residents will be based on their individual needs; and, state their commitment to make the supportive services available or coordinate their availability for the life of the project.

(19) **Opportunities for Employment.** Sponsors must include in their Supportive Services Plans a description of how the residents will be afforded opportunities for employment.

(20) **Occupancy Issues.**

- a. **Mixed Occupancy.** In the application submission requirements, the Sponsor is asked to specify whether the proposed housing will serve persons with physical disabilities, developmental disabilities or chronic mental illness, or any combination of the three.
- b. **Restricted Occupancy.** Sponsors may request approval to limit occupancy to a subcategory of one of the three main disability categories (i.e., physically disabled, developmentally disabled, chronically mentally ill). For example, autism is a subcategory of developmental disability. If requesting approval to limit occupancy, Sponsors must submit more detailed information in their Supportive Service Plans for HUD to determine whether approval

is justified. Such information includes:
(1) a description of the population to which occupancy will be limited; (2) an explanation of why it is necessary to limit occupancy; (3) how restricted occupancy will promote the goals of the Section 811 program; (4) why the needs of the proposed occupants cannot be met in a more integrated setting; (5) a description of the Sponsor's experience in providing housing and/or supportive services to the proposed occupants; and (6) a description of how the Sponsor will ensure that the occupants will be integrated into the neighborhood and surrounding community. The Project Manager (PM) will be responsible for reviewing requests for restricted occupancy and the PM Technical Processing Review and Findings Memorandum has been modified accordingly. If the PM determines that approval of restricted occupancy is justified, a memorandum to the file shall be developed for the signature of the Supervisory Project Manager and attached to the PM Technical Processing Review and Findings Memorandum. If the Sponsor is selected for funding, the Notification of Selection Letter must include the information in the Supervisory Project Manager's approval memorandum.

- c. **Single Occupancy Bedrooms in Group Homes.** Sponsors proposing to develop a group home may not require residents to share a bedroom. Double occupancy bedrooms are only allowed if a resident indicates a preference or need to share a bedroom with another resident.

- (21) **Intermediate Care Facilities (ICFs) are no Longer Eligible.** Sponsors may no longer propose the development of an ICF. Due to the quasi-institutional nature of an ICF which is contrary to programmatic goals, the Department decided to eliminate its eligibility for development under the program.

- (22) **Site Issues.**

- a. **Review of Sites under Control/Sites Identified.** Sites under control and sites identified will be evaluated using the same

review factors. However, applications with sites identified will have to specifically include information on how the site will promote greater housing opportunities for persons with disabilities, including minorities, affirmatively further fair housing and any other information on the suitability of the site for persons with disabilities.

b. Rejection of a Site Identified Application.

If, in the case of a site identified application, the evidence provided in the site description is not sufficient to lead to the conclusion that the Sponsor will have site control within six months, the application will be rejected.

Although identified sites are **NOT** to receive an environmental review, if the local HUD Office has knowledge about an identified site that would result in rejection of the site (e.g., it is located in a community that is already impacted with assisted housing), the application is to be rejected on the basis that it is unlikely that the Sponsor will be able to obtain control of an approvable site within six months of fund reservation. The reason for treating Sponsors who submit applications with site control where the site is unacceptable differently from Sponsors who submit applications with identified sites where the site is unacceptable, is that the Department can be more reasonably assured that Sponsors who were able to obtain site control during the application preparation period will be able to obtain site control within six months of fund reservation than are Sponsors who were only able to identify sites during this period. The statute requires that the Department have "reasonable assurances that the applicant will own or have control of an acceptable site for the proposed housing not later than six months after notification of an award for assistance".

c. Specific Street Address Required. Sponsors must provide the specific street address of the site, even if it is an identified site. If the Sponsor proposes one or more

condominium units, the unit number(s) must also be provided.

d. **Zoning.** Sponsors must provide evidence that the proposed projects are either permissible under applicable zoning ordinances or regulations or describe action that is required to make the projects permissible as well as the basis for the belief that the proposed action will be completed successfully before issuance of the firm commitment application. Furthermore, Sponsors should be aware that, under certain circumstances, the Fair Housing Act requires localities to make reasonable accommodations to their zoning ordinances or regulations to offer persons with disabilities an opportunity to live in an area of their choice. If the Sponsor is relying upon a theory of reasonable accommodation to satisfy the zoning requirement, then the Sponsor must clearly articulate the basis for its reasonable accommodation theory.

e. **Relaxation of Site Location Requirements.** Under Section 891.320(b) of the final rule for the Section 811 program, the site and neighborhood standards were revised to provide more flexibility to the site location requirements for Section 811 housing. The final rule now indicates that Section 811 housing should, rather than must, be located where other family housing is located and should not, rather than must not, be located adjacent to or in areas concentrated by schools or day-care centers for persons with disabilities, workshops, medical facilities, or other housing primarily serving persons with disabilities. Local HUD Offices will make these determinations and must ensure that, in doing so, the selected site will facilitate the integration of persons with disabilities into the surrounding community. The requirements that not more than one group home be located on one site and two group homes not be next to each other remains in Section 891.320(b), since the prohibitions are statutory.

(23) **Scattered-site Applications.** If Sponsors are

applying for a scattered-site project consisting of different project types (e.g., group home and independent living project) they may do so in one application. In order to come up with an overall rating for the rating criteria pertaining to the need for supportive housing in the area and the approvability and suitability of the site, each site is to be rated separately and then the scores averaged.

(24) Experience with Integrated Housing Developments.

When describing any rental housing projects sponsored, owned and operated by the Sponsor as part of the description of its housing and/or supportive services experience, the Sponsor should include its experience with integrated housing developments.

(25) Contact for Agency Providing Independent Living Services. The State Independent Living Council and the local Center for Independent Living must be included on the list of State and local agency contacts provided to Sponsors for submission of the Supportive Services Plan of their applications.

(26) Restrictions Removed from Acquisition Projects. In Section 891.305 of the final rule, the definition of "acquisition" was revised. The restriction to group homes and Federal Deposit Insurance Corporation/Resolution Trust Corporation properties was removed so that any housing type may now be acquired. The restriction to properties that are at least three years old was also removed.

(27) Supportive Services.

- a. **Residents' Choice in Supportive Services Plan.** Since Sponsors cannot require potential residents to accept any supportive services as a condition of occupancy, they must design a Supportive Services Plan that offers potential residents the following choices: (1) to take responsibility for choosing and acquiring their own services; (2) to receive any supportive services made available directly or indirectly by the Sponsor; or (3) to not receive any supportive services at all. Such a Supportive Services Plan will offer maximum choice for residents while meeting the statutory requirement that

Section 811 housing provide supportive services that address the individual health, mental health, and other needs of the residents.

- b. Supportive Services Certification.** The Sponsor is required to submit a copy of its Supportive Services Plan and Supportive Services Certification to the appropriate state or local agency for review of the Supportive Services Plan and completion of the Supportive Services Certification which is a requirement of the Section 811 application. The Supportive Services Certification provides HUD with information about whether the Sponsor's Plan is well designed to serve the individual needs of persons with disabilities. Furthermore, it indicates whether the proposed housing is consistent with state or local policies or plans governing the development and operation of housing to serve persons with disabilities. In addition, the appropriate state or local agency must indicate on the Supportive Services Certification whether the Sponsor demonstrated that the necessary supportive services will be available on a consistent, long-term basis.

If the Supportive Services Certification is missing or incomplete, the Sponsor must be notified that it is a curable deficiency and be given the 14-day period to have the appropriate State or local agency complete the Certification. If the Supportive Services Certification is not received during the curable deficiency period the application must be rejected but must still undergo technical processing. If the Certification comes in during the curable deficiency period and the appropriate State or local agency did not indicate whether the Supportive Services Plan is well designed to meet the needs of the residents, or indicated that it was **not** well designed, or indicates that the provision of supportive services will not enhance independent living success or promote the dignity of the residents, the application must also be rejected. If the appropriate state or local agency failed to respond to either one or

both of the other two questions (whether or not the housing is consistent with State or local policies or plans governing the development and operation of housing for persons with disabilities population and whether or not the supportive services will be available on a consistent, long-term basis), the Project Manager must review the Supportive Services Plan and respond to these two questions. If the appropriate State or local agency or, if necessary, the Project Manager, determines that the housing is inconsistent with state or local policies or plans governing the development and operation of housing to serve the proposed population and the appropriate State or local agency will be a primary funding or referral source for the project or is required to license the project; or, that supportive services will not be provided on a consistent, long-term basis, the application must be rejected.

Sponsors must be reminded to send their Supportive Services Plans to the appropriate state or local agency in ample time so that the agency can review them, complete the Supportive Services Certifications and return them to the Sponsors for inclusion in their applications to HUD.

- (28) **Applicant Eligibility.** Section 603 of the Housing and Community Development Act of 1992 (HCD Act of 1992) amended Section 811 of the National Affordable Housing Act (NAHA) by striking the language "incorporated private" and thus expanded the definition of private nonprofit organization in Section 811(k)(6) to include public and unincorporated institutions or foundations. This amendment also requires such sponsoring organizations to have received tax-exempt status under section 501(c)(3) of the Internal Revenue Service Code of 1986, which effectively limits the eligibility of public bodies. (Temporary clearance to receive section 501(c)(3) tax-exempt status is not permissible.) The same requirements apply to the Owner except that the Owner must be incorporated.
- (29) **Davis-Bacon Act.** Davis-Bacon Labor standards apply to housing containing 12 or more units.

A group home is considered as one unit for this purpose; therefore, the labor standards do not apply. Independent living projects with 12 or more units **are** covered by the standards.

(30) **Lead-Based Paint.** The requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) and implementing regulations at 24 CFR part 35, and 24 CFR section 891.325 apply to all Section 811 dwelling units except as indicated in the aforementioned regulations.

(31) **Exhibit 7 of the Application.** Exhibit 7 which must be completed if the site will involve relocation does not apply to Section 811 applications that are "site identified."

(32) **Accessibility.** All Section 811 applications, whether proposing new construction, rehabilitation, or acquisition with or without rehabilitation, must adhere to the provisions of 24 CFR 891.310. The applications must also adhere to the provisions of 24 CFR 8.4(b)(5) which prohibits the selection of a site or location which has the purpose or effect of excluding persons with disabilities from the project. Sponsors who choose to use existing structures must make sure that the structures can be made accessible without resulting in infeasible projects.

(33) **Project Type Name Change.** The term "independent living facility" has been changed to "independent living project" to eliminate the institutional connotation associated with the term "facility."

5. **SITES LOCATED IN FLOODPLAINS OR WETLANDS:** Due to the length of the review process required for all sites that are located in floodplains or (for new construction projects) wetlands (see Attachment 6, paragraph A.5.), HUD Offices may not be able to complete their reviews in time for the applications to be considered for funding. Therefore, Sponsors should take this into consideration when selecting project sites and put forth all efforts to locate sites that are not in floodplains or (for new construction projects) wetlands.

6. **FISCAL YEAR 2004 CAPITAL ADVANCE AUTHORITY ASSIGNMENTS:**

A. **Fair Share Factors.** Although not subject to the section 213(d) requirements, a formula is still used

for allocating Section 202 and Section 811 funds. The allocation formula was developed to reflect the "relevant characteristics of prospective program participants", as specified in 24 CFR 791.402(a).

Section 202. The FY 2004 formula for allocating Section 202 capital advance funds consists of the following data element: the number of one-person elderly renter households (householder age 62 and older) with incomes at or below the applicable Section 8 very low-income limit, and with housing conditions. The data elements were taken from the 2000 Census. The formula focuses the allocation on targeting the funds based on the unmet needs of elderly renter households who pay excessive rents and who have very low incomes.

A fair share factor is developed for each metropolitan and non-metropolitan portion of each local HUD Office jurisdiction by dividing the number of renter households for the jurisdiction by the total for the United States. The resulting percentage for each local HUD Office jurisdiction is then adjusted to reflect the relative cost of providing housing among the HUD Office jurisdictions. The adjusted needs percentage for the applicable metropolitan or non-metropolitan portion of each jurisdiction is then multiplied by respective total remaining capital advance funds available nationwide.

Eight-five percent of the total capital advance amount is allocated to metropolitan areas and 15 percent to non-metropolitan areas. Each HUD Office jurisdiction receives sufficient capital advance funds for a minimum of 20 units in metropolitan areas and 5 units in non-metropolitan areas. The total amount of capital advance funds to support these minimum set-asides is subtracted from the respective (metropolitan or non-metropolitan) total capital advance amount available. The remainder is fair shared to each HUD Office jurisdiction whose original fair share exceeded the minimum set-aside, based on its respective fair share factor.

NOTE: The allocations for metropolitan and non-metropolitan portions of the Multifamily Hub or Program Center jurisdictions reflect the most current definitions of metropolitan and non-metropolitan areas, as defined by the Office of Management and Budget.

Section 811. The FY 2004 formula for allocating Section 811 capital advance funds consists of one data element from the 2000 Census: the number of non-institutionalized persons age 16 to 64 with a disability.

The fair share factors were developed by taking the number of persons age 16 to 64 for each state, or state portion, of each HUD Office jurisdiction as a percent of the data element from the 2000, as described above, for the total United States. The resulting percentage for each local HUD Office is then adjusted to reflect the relative cost of providing housing among the local HUD Office jurisdictions. The adjusted needs percentage for each local HUD Office jurisdiction is then multiplied by the total amount of capital advance funds available nationwide.

Each HUD Office jurisdiction receives sufficient capital advance funds for a minimum of 10 units. The total amount of capital advance funds to support this minimum set-aside is then subtracted from the total capital advance available. The remainder is fair shared to each HUD Office jurisdiction whose original fair share exceeded the minimum set-aside, based on the allocation formula fair share factors described above.

- B. **Program Fund Assignments.** Form HUD-185s will be processed assigning funds to the field offices when all of the selections for the FY 2004 program are finalized.

7. **LOCAL HUD OFFICE ALLOCATIONS:**

A. **Allocation of Funds.**

Section 202: The Department of Housing and Urban Development Reform Act of 1989 (HUD Reform Act) provides that allocations of funds be made to the smallest practicable areas consistent with the delivery of assistance through meaningful competition. The HUD Reform Act also states that program funding under Section 202 shall be allocated in a manner that ensures selections of projects of sufficient size to accommodate facilities for supportive services appropriate to the needs of the population to be served. To meet the intent of the Reform Act, the following rules will apply to the FY 2004 Section 202 allocations.

- (1) Offices are required to establish allocation areas only for the respective metropolitan and non-metropolitan assignments of capital advance authority for the entire office jurisdiction. Therefore, all applications received from metropolitan areas will compete against each other and all applications from non-metropolitan areas will compete against each other.
- (2) There is a minimum proposal size of 5 units and a maximum of 125 units for projects in metropolitan and non-metropolitan areas. **Offices may NOT establish their own minimum or maximum application sizes.**

Where the office allocation in either the metropolitan or non-metropolitan areas is less than 125, the maximum proposal size will be limited by the allocated amount. Among other requirements, to be considered responsive to the NOFA, an applicant must not request a larger number of units for the specific geographical area (metropolitan or non-metropolitan) than permitted in the NOFA (see Attachment 1) and must not exceed the maximum number of units per application as established herein.

Section 811: The allocations for Section 811 housing for persons with disabilities are not subject to the Section 213(d) requirements including the control on non-metropolitan funding and the requirement for a formula allocation. Accordingly, there will not be any division of funding between metropolitan and non-metropolitan areas. We will, however, continue funding the program on a formula basis.

In accordance with 24 CFR part 791, the Assistant Secretary has allocated the amounts available for capital advances for supportive housing for persons with disabilities for FY 2004. To be responsive to the NOFA, a Sponsor must request at least five units if proposing to develop an independent living project (all five units do not have to be on one site) or two units if proposing to develop a group home. The Sponsor cannot request more units in a Field Office jurisdiction than allocated to that office in the NOFA (see Attachment 2).

- B. Project Rental Assistance Contract Funds.** The Department reserves project rental assistance contract funds for five years consistent with current operating

cost standards.

- C. **Local HUD Office Funding Notifications.** This paragraph expands on Paragraph 2-1 of Handbooks 4571.2 (Section 811) or 4571.3 REV-1 (Section 202) as appropriate. All offices shall issue Funding Notifications in accordance with this paragraph and the above Handbook references (see Attachments 4 and 5 for Funding Notification Formats). The Funding Notification Formats shall be used by all offices with no deviations.

Although previous advertising requirements have been eliminated, offices must notify potential applicants by following the instructions in Handbooks 4571.2 and 4571.3 REV-1 and Attachment 3 of this Notice.

8. **CONSOLIDATED PLAN CERTIFICATION:** Each applicant must submit a certification by the jurisdiction in which the proposed project is to be located that the application is consistent with the jurisdiction's HUD-approved Consolidated Plan for FY 2004. The certification is to be signed by the unit of general local government if it is required to have, or has, a complete Consolidated Plan. Otherwise, the certification may be made by the State, or if the project will be located within the jurisdiction of a unit of general local government authorized to use an abbreviated strategy, by the unit of general local government if it is willing to prepare such a plan.

All Consolidated Plan Certifications must be made by the public official responsible for submitting the plan to HUD. All plan certifications must be submitted as part of the application by the application submission deadline set forth in the NOFA. The Plan regulations are published in 24 CFR Part 91.

9. **WORKSHOPS:** To the extent possible, experienced program and technical staff should conduct the workshops to provide guidance, particularly for new program participants. Since first time applicants may have difficulty with the complexity of the Section 202 or Section 811 program, Offices are urged to conduct pre-workshops (to be held prior to the start of the regularly scheduled session) for first-time applicants. These applicants should attend the pre-workshop and remain for the regular session.

Particular emphasis should be placed on the new requirements for the FY 2004 program.

It should also be pointed out to potential applicants at

the workshop that in the Forms Section of the General Section of the SuperNOFA there is an optional form for them to fill out with their comments and suggestions about the NOFA and the Application which they can include as part of their applications or submit separately to HUD Headquarters, 451 7th Street, SW, Washington, DC, 20410, Office of Departmental Grants Management and Oversight, Room 3156, with a copy to the Office of Housing Assistance and Grant Administration, Room 6138, Attention: Section 202/811. Local HUD Offices are also encouraged to complete this form and return it to HUD Headquarters at the above address, along with any Sponsor-completed forms that may have been attached to applications.

10. **MINORITY BUSINESS ENTERPRISE GOALS:** The Department encourages participation by the Minority Business Enterprise (MBE) sector in HUD programs and establishes MBE goals each fiscal year. Therefore, MBE goals (expressed in dollars and units) have been established for the Section 202 and Section 811 FY 2004 funding round as set forth in Attachments 8 and 9. (These goals do not affect the rating of Section 202 or Section 811 applications.) A minority Sponsor is one in which more than 50 percent of the board members are minority (i.e., Black, Hispanic, Native American, Asian Pacific or Asian Indian). Offices are expected to encourage participation by minority Sponsors.
11. **NOTIFICATION TO PROGRAM APPLICANTS:** Sponsors must be advised that all applications submitted under the FY 2004 program must be in conformance with the Federal Register SuperNOFA, Regulations, Handbook and local HUD Office Funding Notifications. To this end, FY 2004 applications must follow the format provided in the Section 202 or Section 811 NOFA, as applicable, which is in accordance with the Paperwork Reduction Act of 1980 (P.L. 96-511).
12. **RELEASE OF INFORMATION ON RATINGS AND RANKINGS:**

Release of information regarding selections or non-selections is prohibited until after funding announcements are made. Local HUD Offices may not release selection letters until authorized to do so by Headquarters. It is the policy of the Department to operate an open selection system. Release of rating and ranking information to Section 202 and Section 811 applicants or their authorized representatives is permitted, but only after the release of selection letters and, for FY 2004, in response to a written request from the applicant to the Director of Multifamily Housing at least 30 days after the awards are publicly announced. If standard rating criteria forms or technical processing review and findings memoranda are

requested, they may also be released. However, the name of the reviewer must be deleted from the copy released to the applicant.

The above information may also be released to any member of the public requesting such information under the Freedom of Information Act (FOIA).

13. **HUD REFORM ACT PROVISIONS:** As required by the HUD Reform Act, the Department will publish the funding decisions in the Federal Register at the conclusion of the funding cycle. Local HUD Office staff also are reminded that the HUD Reform Act prohibits advance disclosure of funding decisions (also see 24 CFR Part 4)
14. **UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION ACT (URA):** It is imperative that the following information be covered at the workshops:

In addition to complying with the URA, Sponsors must be reminded of its site acquisition provisions. These provisions apply to the acquisition of sites with or without existing structures. The implementing instructions regarding site acquisition under the URA are contained in Chapter 5 of HUD Handbook 1378.0 CHG-4, Tenant Assistance, Relocation and Real Property Acquisition.

Sponsors that do not have the power of eminent domain are exempt from compliance with the site acquisition requirements of the URA under certain conditions. The site acquisition requirements do not apply to the above Sponsors if, prior to entering into a contract of sale or any other method of obtaining site control, the Sponsor informs the seller of the land:

- That it does not have the power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and
- Of its estimate of the fair market value of the property. An appraisal is not required; however, the Sponsor's files must include an explanation, with reasonable evidence, of the basis for the estimate.

In those cases, prior to submission of an application for a fund reservation, where there are existing contracts or options and Sponsors did not provide the pre-contractual notifications to the sellers, the Sponsor must provide the notification after-the-fact and give the seller an opportunity to withdraw from the contract/option. **Also see**

paragraph 2.L. above regarding the URA site notification requirements. All Section 202 and Section 811 applications for fund reservations that are filed in response to the FY 2004 NOFAs must be in compliance with the above.

15. **PRIOR SUCCESSFUL APPLICANTS:** Sponsors applying for a Section 202 or Section 811 fund reservation who have received a Section 202 or Section 811 fund reservation, as applicable, within the last three funding cycles are **NOT** required to submit the following:
- Articles of Incorporation, constitution, or other organizational documents;
 - By-laws; and
 - IRS tax exemption ruling.

Instead, these Sponsors must submit the project number of the last appropriate application selected and the local HUD Office to which it was submitted. If there have been any modifications or additions to the subject documents, Sponsors must indicate such, and submit the new material.

16. **Review of Form HUD-2530, Previous Participation Certification.** It is the Department's policy that participants in its housing programs be responsible individuals and organizations who will honor their legal, financial, fair housing and contractual obligations. Therefore, to ensure that only those organizations that have a record of satisfactory performance under HUD's housing programs are eligible for funding consideration, beginning in FY 2003, we are requiring Sponsors to submit Form HUD-2530 (under Exhibit 8(j)) with their 202/811 Applications for a Fund Reservation. Form HUD-2530 must be submitted for the Sponsor and all of the Officers and Directors of the Board of the Sponsor. HUD Field Offices will review the Form HUD-2530 form in accordance with outstanding instructions contained in HUD Handbook 4065.1REV-1, Previous Participation Handbook. In accordance with paragraph 2-8 of the Previous Participation Handbook, it is acceptable for the HUD Field Office to maintain a Master List of the Sponsor's activities. If such is the case, Sponsors may indicate on Schedule A of the HUD-2530 form that a Master List is on file with the applicable HUD Field Office. The Master List must be current. If your Master List does not reflect up-to-date information of the activities of the Sponsor and its Officers and Directors, Sponsors must submit the updated information with the Form HUD-2530. If the Sponsor refers to a Master List, then the Master List must be on file in

the HUD Field Office in which the Sponsor submits its Section 202 and/or Section 811 Application. Form HUD-2530 is required to be submitted with all 202/811 Applications for a Fund Reservation whether or not a Master List is on file with the HUD Field Office. If the Form HUD-2530 is incomplete, the Sponsor must be sent a curable deficiency letter indicating the incomplete items.

The Field Office must determine if the entities and participants on the Form HUD-2530 disclose risk indicators or if risk indicators are present in the Active Partner Performance System (APPS). If risk indicators are present, the Field Office has latitude to clear the risk indicators locally. If that cannot be done, the Form HUD-2530 is referred to the Policy and Participation Division in HUD Headquarters. That office will determine if the risk indicators are sufficient to preclude further participation. Details of the participation process may be found in Handbook 4065.1 and at 24 CFR Part 200, Subpart H.

Where the Field Office determines risk indicators do not exist either from disclosures on Schedule A or in APPS, then the participant should be deemed acceptable to HUD as a participant per standard policy.

The following information should be stressed to applicants that attend the field office workshop to assist them in completing the Form HUD-2530.

A. The Form HUD-2530 must be fully complete with no blank lines or spaces. If a Sponsor cannot provide a specific data element, then a full explanation must be provided.

(1) In the loan or contract amount the Sponsor should place the estimated capital advance amount they are seeking.

(2) All named Officers and Directors of the Sponsor must disclose a Social Security Number (SSN) or IRS Employer Identification Number (EIN); there are no exceptions.

(3) Schedule A to Form HUD-2530 must show all properties where a participant has or had any affiliation (owner, agent, board member, etc). If some persons do not have ready access to current property inspection and financial data due to the type of participation in a property (e.g., a minority limited partner, the party no longer has an affiliation with the

property, etc) a clear explanation of why the item is missing must be provided. The Sponsor may also refer the Field Office to a Master List as described above.

- (4) All required signatures (no older than four months) must be affixed and all extra certifications or disclosures must be attached. For example, in most cases, all listed participants must sign the Form HUD-2530. In some instances however, it is acceptable to have a single person sign for all other listed principals when ALL of the principals have the exact same previous participation. In that case, a separate certification is attached to the application, which explains why only one person is signing and is signed by all parties. Another example is in the event that a principal is a publicly traded company. In this case, the handbook allows a modified Form HUD-2530 which will be for the publicly traded entity. The Form HUD-2530 is signed by one or more of the officers and directors (if only one party signs for the entity, then the Sponsor must provide documentation that the signer has the appropriate authority). The entities previous participation will be disclosed in its entirety along with the names and SSNs for the immediately responsible officers (e.g., Chairman CEO, Secretary, CFO, etc). The Sponsor must also attach a full copy of the most recently published annual report, which shows the officers and directors of record.

- B. Approval to participate does not mean that any part of the application for funding is acceptable nor does it mean that the application will eventually receive funding. Further, the absence of risk indicators does not mean any particular entity or person has the skills and abilities required to own or operate subsidized housing.
- C. If participants change during the application process or after approval, then all new persons and entities must apply for participation approval.

- 17. **Salary Limitation for Consultants.** The requirement in the General Section of the SuperNOFA, pertaining to salary limitations for consultants, applies to the Section 202 and Section 811 programs. In accordance with this section of the General Section of the SuperNOFA, Fiscal Year 2003 funds may not be used to pay or to provide reimbursement

for payment of the salary of a consultant at more than the daily equivalent of the rate paid for level IV of the Executive Schedule, unless specifically authorized by law. This requirement is based on the provision contained in Title IV-General Provisions of the Consolidated Appropriations Resolution for Fiscal Year 2004. Additional instructions regarding this requirement will be addressed in the Agreement Letters for the 202/811 Sponsors selected for funding this fiscal year.

Programmatic questions concerning the FY 2004 Section 202 or Section 811 program and questions concerning DAP may be discussed with the Office of Housing Assistance and Grant Administration in Headquarters at (202) 708-3000 (this is not a toll-free number).

Questions concerning Section 202 or Section 811 Capital Advance or Project Rental Assistance Contract Authority should be directed to the Funding Control Division at (202) 708-2750 (this is not a toll-free number).

John C. Weicher
Assistant Secretary for Housing -
Federal Housing Commissioner

Attachments

FISCAL YEAR 2004 APPLICATION PROCESSING SCHEDULE

In accordance with the schedule included in the SuperNOFA published in the Federal Register, the following processing schedule has been developed. It is not mandatory that Offices maintain all dates in this schedule. However, the underscored dates and actions are specific deadlines that must be met:

<u>Application Deadline</u>	<u>July 22, 2004</u>
Initial DAP Application Data Input	July 28, 2004
Final DAP Application Data Input	August 5, 2004
Initial Screening for Curable Deficiencies Completed and Deficiency Letters Mailed	July 28, 2004
<u>Submission of SF-424 Supplement from each Application received to Headquarters</u>	<u>July 29, 2004</u>
<u>Expiration of 14-day period for submission of missing application items</u>	<u>August 11, 2004</u>
<u>Submission of the Phase II ESA or the Phase II ESA and contract for remediation and the approval letter from the Federal, State and/or local agency with jurisdiction over the site, IF so indicated by the Phase I ESA and/or Phase II ESA</u>	<u>August 23, 2004</u>
Send Technical Reject Letters to Sponsors with a copy of each letter plus Technical Reject Report to Headquarters	August 16, 2004
<u>End of 14-day appeal period for Technical Rejects</u>	<u>August 30, 2004</u>
<u>Program Center Offices submit transmittal memoranda, recapitulation sheets, lists of initial selections, approvable but unfunded applications, and applications that scored less than 75 base pts. to Hubs and SF-424 from each approvable application to Headquarters</u>	<u>September 9, 2004</u>
<u>Hubs submit lists of initial selections, approvable but unfunded applications, applications that scored less than 75 base pts., transmittal memoranda, and recapitulation sheets to Headquarters</u>	<u>September 15, 2004</u>

SUBMISSION REQUIREMENTS FOR SELECTION MATERIALS

Submission of Selection Materials to Multifamily Hubs and Headquarters. Due to the later than usual publication date for the FY 2004 SuperNOFA and resulting delay in the application deadline date, as well as the addition of the Name Check Review Process, it is **essential** that all selection materials be reviewed for completeness and accuracy, prepared in accordance with the following instructions, and forwarded to the Multifamily Hubs and to Headquarters in strict adherence to the Processing Schedule in Attachment 1. The Development Application Processing (DAP) System is to be used in preparing all Selection Lists and Reports.

1. Program Center Submissions to the Multifamily Hubs.

Program Centers are to submit the following selection materials to the Multifamily Hubs **separately** for the Section 202 and Section 811 programs:

- a. Transmittal Memorandum.** A separate transmittal memorandum for each program summarizing the following results of the selection process.
- (1) Number of applications received.
 - (2) Number of applications selected.
 - (3) Identification of applications, if any, where the number of units was reduced by up to 10 percent and the number of units and funds needed to restore the application to its original request.
 - (4) Amount of unused funds being returned to the Multifamily Hub.
 - (5) For any applications with the same score on the Program Center's Approvable but Unfunded List, identify the order in which you would like them selected.
 - (6) Achievement of MBE goals, non-metro achievement for Section 202, state comments in response to E.O. 12372, etc.
- b. Recapitulation Form.** A separate recapitulation form

for the Program Center for each program.

- c. **Initial Selection List.** For Section 202, a separate metro and non-metro initial selection list in rank order must be submitted. For 811, a separate Category A and Category B initial selection list in rank order must be submitted.
 - d. **Approvable but Unfunded List.** For Section 202, a separate metro and non-metro approvable but unfunded list in rank order must be submitted. For Section 811, a separate Category A and Category B approvable but unfunded list in rank order must be submitted.
 - e. **Not Recommended List.** A list of applications in rank order for each program that received a score of less than 75 base points.
 - f. **Technical Reject List and Letters.** A list of applications for each program that have been technically rejected and a copy of each technical reject letter.
 - g. **The Standard Rating Criteria Form** for each application.
2. **Multifamily Hub Submission to Headquarters.** The Multifamily Hubs are to submit the following selection materials to Headquarters **separately** for the Section 202 and Section 811 programs.
- a. **Transmittal Memorandum.** A separate transmittal memorandum for each program summarizing the following results of the selection process for that program.
 - (1) Number of applications received.
 - (2) Number of applications selected.
 - (3) Identification of applications by project number, if any, where the number of units was reduced by up to 10 percent and the number of units and capital advance and PRAC funds needed to restore the application to its original request.
 - (4) Identification of any approvable but unfunded applications the Multifamily Hub funded with residual funds from the Program Centers.
 - (5) Amount of unused funds and units being returned to Headquarters.

- (6) For any applications with the same score on the Multifamily Hub's Approvable but Unfunded List, identify the order in which you would like them selected.
- (7) Achievement of MBE goals, non-metro achievement for Section 202, state comments received in response to E.O. 12372, etc.
- b. **Multifamily Hub Recapitulation Form.** A separate recapitulation form for the Multifamily Hub for each program.
- c. **Multifamily Hub Initial Selection List.** For Section 202, a separate metro and non-metro initial selection list in rank order must be submitted. For 811, a separate Category A and Category B initial selection list in rank order must be submitted. **If applicable, identify any project that requires units and/or capital advance and PRAC funds to be restored.**
- d. **Multifamily Hub Approvable but Unfunded List.** For Section 202, a separate metro and non-metro approvable but unfunded list in rank order must be submitted. For Section 811, a separate Category A and Category B approvable but unfunded list in rank order must be submitted.
- e. **Multifamily Hub Not Recommended List.** A list of applications in rank order for each program that received a score of less than 75 base points.
- f. **Multifamily Hub Technical Reject List and Letters.** A list of applications for each program that have been technically rejected and a copy of each technical reject letter.
- g. **Program Center Selection Materials.** The following selection materials from the Program Centers **exactly** as they were submitted to the Hub **before selections were made with residual funds**:
 - (1) **Program Center Transmittal Memorandum.**
 - (2) **Program Center Initial Selection List in rank order for each program.** For 202, metro and non-metro selections must be on separate lists. For 811, a separate Category A and Category B initial selection list in rank order must be submitted.

- (3) **Program Center Approvable but Unfunded List in rank order for each program.** For 202, metro and non-metro selections must be on separate lists. For 811, a separate Category A and Category B approvable but unfunded list in rank order must be submitted.
- (4) **Program Center Not Recommended List for each program** of applications that scored less than 75 base points.
- (5) **Technical Reject List and Letters.** A list of applications for each program that have been technically rejected and a copy of each technical reject letter.

Do **NOT** send Technical Processing Review and Findings Memoranda or Standard Rating Criteria Forms.

FY 2004 SECTION 202 ALLOCATIONS BY FIELD OFFICE						
	METROPOLITAN		NONMETRO		TOTALS	
OFFICES	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE
BOSTON HUB						
BOSTON	163	\$17,050,065	10	\$996,102	173	\$18,046,167
HARTFORD	83	8,787,604	5	531,452	88	9,319,056
MANCHESTER	42	3,540,080	33	2,772,517	75	6,312,597
PROVIDENCE	46	4,784,554	5	523,675	51	5,308,229
TOTAL	334	\$34,162,303	53	\$4,823,746	387	\$38,986,049
NEW YORK HUB						
NEW YORK	378	\$47,017,426	5	\$622,188	383	\$47,639,614
TOTAL	378	\$47,017,426	5	\$622,188	383	\$47,639,614
BUFFALO HUB						
BUFFALO	115	\$10,904,648	24	\$2,299,775	139	\$13,204,423
TOTAL	115	\$10,904,648	24	\$2,299,775	139	\$13,204,423
PHILADELPHIA HUB						
CHARLESTON	20	\$1,648,798	14	\$1,183,689	34	\$2,832,487
NEWARK	189	20,673,105			189	20,673,105
PHILADELPHIA	163	16,777,940	20	2,057,867	183	18,835,807
PITTSBURGH	80	6,912,749	17	1,459,439	97	8,372,188
TOTAL	452	\$46,012,592	51	\$4,700,995	503	\$50,713,587
BALTIMORE HUB						
BALTIMORE	76	\$6,491,148	10	\$894,379	86	\$7,385,527
RICHMOND	67	5,149,652	22	1,698,573	89	6,848,225
WASHINGTON	74	6,794,588			74	6,794,588
TOTAL	217	\$18,435,388	32	\$2,592,952	249	\$21,028,340
GREENSBORO HUB						
COLUMBIA	48	\$3,994,495	17	\$1,377,926	65	\$5,372,421
GREENSBORO	79	7,621,677	36	3,477,810	115	11,099,487
TOTAL	127	\$11,616,172	53	\$4,855,736	180	\$16,471,908

	METROPOLITAN		NONMETRO		TOTALS	
OFFICES	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE
ATLANTA HUB						
ATLANTA	75	\$5,660,125	33	\$2,465,635	108	\$8,125,760
KNOXVILLE	38	2,715,047	12	838,241	50	3,553,288
LOUISVILLE	47	3,805,447	27	2,169,558	74	5,975,005
NASHVILLE	52	3,781,443	18	1,305,436	70	5,086,879
SAN JUAN	39	3,450,946	5	438,124	44	3,889,070
TOTAL	251	\$19,413,008	95	\$7,216,994	346	\$26,630,002
JACKSONVILLE HUB						
BIRMINGHAM	57	\$4,108,623	20	\$1,478,820	77	\$5,587,443
JACKSON	20	1,389,553	22	1,525,276	42	2,914,829
JACKSONVILLE	246	17,889,694	15	1,121,146	261	19,010,840
TOTAL	323	\$23,387,870	57	\$4,125,242	380	\$27,513,112
CHICAGO HUB						
CHICAGO	192	\$20,348,902	30	\$3,172,318	222	\$23,521,220
INDIANAPOLIS	83	6,796,262	25	2,056,114	108	8,852,376
TOTAL	275	\$27,145,164	55	\$5,228,432	330	\$32,373,596
COLUMBUS HUB						
CINCINNATI	62	\$4,889,099	5	\$396,645	67	\$5,285,744
CLEVELAND	104	9,160,566	14	1,236,884	118	10,397,450
COLUMBUS	47	3,691,620	18	1,403,205	65	5,094,825
TOTAL	213	\$17,741,285	37	\$3,036,734	250	\$20,778,019
DETROIT HUB						
DETROIT	109	\$10,139,333	5	\$464,049	114	\$10,603,382
GRAND RAPIDS	49	3,855,945	18	1,389,164	67	5,245,109
TOTAL	158	\$13,995,278	23	\$1,853,213	181	\$15,848,491
MINNEAPOLIS HUB						
MINNEAPOLIS	76	\$7,449,689	28	\$2,778,551	104	\$10,228,240
MILWAUKEE	88	8,300,477	31	2,970,092	119	11,270,569
TOTAL	164	\$15,750,166	59	\$5,748,643	223	\$21,498,809

	METROPOLITAN		NONMETRO		TOTALS	
OFFICES	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE
FT. WORTH HUB						
FT. WORTH	120	\$8,525,371	30	\$2,118,983	150	\$10,644,354
HOUSTON	75	5,259,711	11	786,599	86	6,046,310
LITTLE ROCK	37	2,439,143	22	1,450,933	59	3,890,076
NEW ORLEANS	64	4,490,972	15	1,061,878	79	5,552,850
SAN ANTONIO	62	4,180,197	13	858,658	75	5,038,855
TOTAL	358	\$24,895,394	91	\$6,277,051	449	\$31,172,445
KANSAS CITY HUB						
DES MOINES	37	\$2,743,793	26	\$1,943,370	63	\$4,687,163
KANSAS CITY	63	5,101,194	27	2,091,770	90	7,192,964
OKLAHOMA CITY	45	3,157,857	19	1,349,120	64	4,506,977
OMAHA	20	1,596,949	16	1,294,061	36	2,891,010
ST LOUIS	52	4,850,866	18	1,699,215	70	6,550,081
TOTAL	217	\$17,450,659	106	\$8,377,536	323	\$25,828,195
DENVER HUB						
DENVER	93	\$8,075,133	39	\$2,893,063	132	\$10,968,196
TOTAL	93	\$8,075,133	39	\$2,893,063	132	\$10,968,196
SAN FRANCISCO HUB						
SAN FRANCISCO	179	\$20,921,616	13	\$1,411,137	192	\$22,332,753
HONOLULU	20	3,733,128	5	933,282	25	4,666,410
PHOENIX	69	5,259,165	10	775,132	79	6,034,297
SACRAMENTO	60	6,082,365	10	1,067,733	70	7,150,098
TOTAL	328	\$35,996,274	38	\$4,187,284	366	\$40,183,558
LOS ANGELES HUB						
LOS ANGELES	306	\$30,829,365	5	\$502,935	311	\$31,332,300
TOTAL	306	\$30,829,365	5	\$502,935	311	\$31,332,300
SEATTLE HUB						
SEATTLE	90	\$8,832,953	19	\$1,861,291	109	\$10,694,244
ANCHORAGE	20	3,733,128	5	933,282	25	4,666,410
PORTLAND	62	5,495,007	25	2,137,476	87	7,632,483
TOTAL	172	\$18,061,088	49	\$4,932,049	221	\$22,993,137
NATIONAL TOTAL	4,481	\$420,889,213	872	\$74,274,568	5,353	\$495,163,781

FY 2004 SECTION 811 ALLOCATIONS FOR SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES					
OFFICES	UNITS	CAPITAL ADVANCE	OFFICES	UNITS	CAPITAL ADVANCE
BOSTON HUB			ATLANTA HUB		
BOSTON	28	\$2,890,683	ATLANTA	36	\$2,630,342
HARTFORD	19	1,964,406	KNOXVILLE	18	1,245,797
MANCHESTER	19	1,533,503	LOUISVILLE	25	1,978,833
PROVIDENCE	10	1,016,910	NASHVILLE	22	1,546,717
TOTAL	76	\$7,405,502	SAN JUAN	26	2,242,625
			TOTAL	127	\$9,644,314
NEW YORK HUB			JACKSONVILLE HUB		
NEW YORK	51	\$6,078,584	BIRMINGHAM	26	\$1,829,333
TOTAL	51	\$6,078,584	JACKSON	21	1,407,174
			JACKSONVILLE	62	4,409,117
BUFFALO HUB			TOTAL	109	\$7,645,624
BUFFALO	27	\$2,456,869			
TOTAL	27	\$2,456,869	CHICAGO HUB		
			CHICAGO	43	\$4,464,533
PHILADELPHIA HUB			INDIANAPOLIS	28	2,200,380
CHARLESTON	17	\$1,337,954	TOTAL	71	\$6,664,913
NEWARK	33	3,498,110			
PHILADELPHIA	35	3,462,979	COLUMBUS HUB		
PITTSBURGH	20	1,711,276	CINCINNATI	17	\$1,284,419
TOTAL	105	\$10,010,319	CLEVELAND	25	2,150,861
			COLUMBUS	19	1,460,353
BALTIMORE HUB			TOTAL	61	\$4,895,633
BALTIMORE	20	\$1,690,704	DETROIT HUB		
RICHMOND	26	1,930,701	DETROIT	28	\$2,541,189
WASHINGTON	20	1,823,754	GRAND RAPIDS	20	1,523,369
TOTAL	66	\$5,445,159	TOTAL	48	\$4,064,558
GREENSBORO HUB			MINNEAPOLIS HUB		
COLUMBIA	24	\$1,934,983	MINNEAPOLIS	21	\$1,998,690
GREENSBORO	37	3,447,578	MILWAUKEE	23	2,076,056
TOTAL	61	\$5,382,561	TOTAL	44	\$4,074,746

OFFICES	UNITS	CAPITAL ADVANCE
FT. WORTH HUB		
FT. WORTH	48	\$3,150,378
HOUSTON	29	1,968,238
LITTLE ROCK	20	1,310,464
NEW ORLEANS	25	1,739,185
SAN ANTONIO	28	1,791,635
TOTAL	150	\$9,959,900
KANSAS CITY HUB		
DES MOINES	17	\$1,208,698
KANSAS CITY	24	1,842,676
OKLAHOMA CITY	22	1,459,921
OMAHA	10	777,054
ST LOUIS	19	1,699,696
TOTAL	92	\$6,988,045
DENVER HUB		
DENVER	34	\$2,728,992
TOTAL	34	\$2,728,992

OFFICES	UNITS	CAPITAL ADVANCE
SAN FRANCISCO HUB		
SAN FRANCISCO	44	\$4,849,879
HONOLULU	10	1,784,052
PHOENIX	25	1,878,257
SACRAMENTO	20	2,033,514
TOTAL	99	\$10,545,702
LOS ANGELES HUB		
LOS ANGELES	76	\$7,415,595
TOTAL	76	\$7,415,595
SEATTLE HUB		
SEATTLE	27	\$2,557,226
ANCHORAGE	10	1,784,052
PORTLAND	23	1,927,871
TOTAL	60	\$6,269,149
NATIONAL TOTAL	1,357	\$117,676,165

SECTION 811 WORKSHOP INSTRUCTIONS

The local HUD Office will send a copy of the Funding Notification and information regarding the date, time and place of the workshop (Attachment 7) to the following:

- Disabled and minority media, and minority and other organizations involved in housing and community development within the Office's jurisdiction;
- Groups with a special interest in housing for persons with disabilities, including State and local disability agencies (e.g., Department of Mental Health and Developmental Disabilities); State Independent Living Councils and Centers for Independent Living;
- The applicable State Single Point of Contact (Executive Order 12372) and Chief Executive Officers of appropriate units of State/local government in all instances where there is a Consolidated Plan.

In addition, the following must be notified, where feasible:

- Trade association journals;
- Associations representing persons with disabilities;
- State Agencies, such as Departments of Human Resources;
- Fair Housing Groups (the names and addresses of such organizations and groups shall be provided to the PC&R staff by the Equal Opportunity Division Directors).

**FUNDING NOTIFICATION FOR FISCAL YEAR 2004
SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY
CAPITAL ADVANCE PROGRAM**

The Department of Housing and Urban Development will accept applications from private nonprofit organizations for rental or cooperative housing under the Section 202 Capital Advance Program for Supportive Housing for the Elderly subject to the following:

	<u>Units</u>	<u>Capital Advance</u>
METROPOLITAN AREA:	_____	\$
NONMETROPOLITAN AREA:		

This represents the funding available for the _____ Office. The minimum number of units per application is 5 and the maximum number is 125* (including the manager's unit). Applicants submitting applications for units in either of the areas identified above may not request more units than advertised for the specific area (metropolitan or non-metropolitan).

An application may be obtained by downloading the General Section of the SuperNOFA and the Section 202 Program NOFA from HUD's homepage at <http://www.hud.gov/grants/index.cfm>; or by contacting the NOFA Information Center at 1-800-HUD-8929 (TTY: 1-800-HUD-2209); or the HUD Office at _____ (HUD Office Address).

This office will conduct a workshop on _____ (date) at _____ (time) for interested applicants to explain the Section 202 program, to distribute copies of the Application and to discuss application procedures. The facility for the workshop is accessible to individuals with disabilities. The VOICE/TTY telephone number is _____.

THE DEADLINE DATE FOR THE SUBMISSION OF APPLICATIONS IS July 22, 2004.

* If your office's allocation is less than 125 units, then insert that number instead of 125.

**FUNDING NOTIFICATION FOR FISCAL YEAR 2004
SECTION 811 SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES
CAPITAL ADVANCE PROGRAM**

The Department of Housing and Urban Development will accept applications from nonprofit organizations for rental or cooperative housing under the Section 811 Capital Advance Program for Supportive Housing for Persons with Disabilities subject to the following:

<u>Units</u>	<u>Capital Advance</u>
_____	\$

This represents the funding available for the _____ Office. Applicants must not request more units than available.

An application may be obtained by downloading the General Section of the SuperNOFA and the Section 811 Program NOFA from HUD's homepage at <http://www.hud.gov/grants/index.cfm>; or by contacting the NOFA Information Center at 1-800-HUD-8929 (TTY: 1-800-HUD-2209); or the HUD Office at _____ (HUD Office Address).

This office will conduct a workshop on _____ (date) at _____ (time) for interested applicants to explain the Section 811 program, to distribute copies of the Application and to discuss application procedures. The facility for the workshop is accessible to individuals with disabilities. The VOICE/TTY telephone number is _____.

THE DEADLINE DATE FOR THE SUBMISSION OF APPLICATIONS IS July 22, 2004.

**Fiscal Year 2004 Policy for Section 202 and Section 811
Applications Processing and Selections**

The modifications outlined below eliminate the need for technical review documents being forwarded to Headquarters for review.

Separate selection lists, lists of unfunded but approvable applications and lists of applications that receive base scores below **75** for the Section 202 and Section 811 programs are still to be submitted to Headquarters prior to completion of the selection and announcement process. See Attachment 2 for specific instructions regarding the selection materials that must be submitted to Headquarters.

Residual funds not used by Multifamily Hubs for each program shall be identified in the transmittal memorandum to accompany the above lists. These funds will be recaptured by Headquarters and will be used to restore units, where possible, to projects that had units reduced in order to be selected and to fund additional applications based on field office ratings, beginning with the highest rated application nationwide, ensuring equity among field offices as described in paragraph 4.HH. on page 28 above.

Responsibility for notifying State Points of Contact of nonaccommodations has been transferred from Headquarters to the local HUD Offices.

REVISED REVIEW, RATING AND SELECTION PROCEDURES

The following revised review, rating and selection procedures are to be used in place of Paragraphs 3-51 through 3-58 of Handbooks 4571.3 REV-1 and 4571.2.

A. Considerations Prior to Forwarding Applications to the Rating/Selection Panel.

1. Applications that are determined to be technical rejects after the conclusion of the appeal process, will receive a final score of 0 and cannot be considered by the Rating/Selection Panel.

NOTE: Sponsors whose applications are found technically unapprovable must be promptly notified when all technical reviews are complete. The letters shall be sent by certified mail and shall enumerate all

reasons for technical rejection including missing or incomplete Exhibits identified during the initial screening for curable deficiencies period but were not requested due to their impact on the rating of the applications. Sponsors shall have 14 calendar days from the date of the letter to appeal the rejection.

2. The selection process cannot take place until after receipt of comments from the State Single Point of Contact or upon expiration of the comment period, whichever occurs first.
 3. HUD Offices should alert the Rating/Selection Panel of any applications with adverse State comments.
 4. The Environmental Assessment and Compliance Findings for the Related Laws Form (Form 4128) must be completed for applications with satisfactory evidence of site control, all compliance findings made, including the Finding of No Significant Impact, and properly executed by the Appraiser and Supervisory Project Manager/ Operations Director and Hub Director/Program Center Director before technical processing can be completed. For projects that require the 8-Step process identified in 24 CFR Part 55 (Floodplains/ Wetlands), the Form 4128 should indicate that Steps 1 through 6 have been completed, documentation attached. Also, if the application does not include a letter from the SHPO indicating that the site has no historic significance, and does not impact on a site or area of historic significance, the applicable determination under Historic Preservation procedures must be made and documented by HUD Office staff. After completion of technical processing, the Form 4128 must be executed by the Supervisory Project Manager and attached to the Valuation Technical Processing Review and Findings Memorandum.
 5. HUD Offices should have initiated the eight-step process for sites located in the 100-year floodplain (500-year floodplain for critical actions) and/or, in the case of sites for new construction, a wetland, prior to submission to the Rating/Selection Panel. The first six steps **must** be completed prior to the convening of the Rating/Selection Panel.
- B. Notification of Technical Rejection. Upon completion of technical processing, a copy of the Technical Reject Report generated from DAP and a copy of each technical rejection letter shall be sent to Headquarters, Office of Housing Assistance and Grant Administration, room 6138, Attention: 202/811. See the processing schedule in Attachment 1 for

the date they should be submitted to Headquarters.

C. Determining Approvable Applications.

1. Establishing the Rating/Selection Panel. The HUD Office will convene a Rating/Selection Panel to assure each Section 202 and Section 811 application is approvable, to complete final ratings and to rate and rank the approvable applications.
2. Composition of Panel. The Panel will include the Project Manager and staff from the following Technical Disciplines:
 - a. Valuation
 - b. Architectural and Engineering
 - c. Economic and Market Analysis
 - d. Fair Housing and Equal Opportunity
 - e. Community Planning and Development
3. Area of Competition.
 - a. Section 202. All metropolitan applications will compete against each other and all non-metropolitan applications will compete against each other within each local HUD Office's jurisdiction.
 - b. Section 811. All applications in Category A (applications with legal evidence of an approvable site) will compete against each other and all applications in Category B (applications with site control where the evidence of site control and/or site is not approvable, site-identified applications and scattered-site applications with a combination of identified sites and sites under control) will compete against each other within each local HUD Office's jurisdiction.
4. Review for Consistency. If the Supervisory Project Manager's review reveals that a particular Technical Discipline's review comments have violated or are inconsistent with any outstanding instructions, the Supervisory Project Manager shall take corrective action prior to making selections. Such items should be noted and maintained in the application file.
5. Recommended Scores. Based on the findings from the Technical Processing Review and Findings Memoranda, the Project Manager will complete the appropriate Standard Rating Criteria Form (Attachment 13 for 202, Attachment 14 for 811), to be used by the Rating/Selection Panel in assigning final ratings to all approvable

applications.

6. Rank Order. All approvable applications are to be placed in rank order.

D. Selection of Applications. The Panel shall select applications according to the following process:

1. Descending Order. Applications shall be selected in descending order which most reasonably approximate the number of units and capital advance authority allocated to each HUD Office without skipping over a higher rated application. For Section 202, this process must be done separately for the metropolitan and non-metropolitan categories. For Section 811, all applications in Category A must be selected before the selection of applications in Category B.
2. Units and Dollars Control. The selection process is controlled by the number of units and dollars stated in the NOFA. Therefore, a HUD Office may not select more units nor approve more funds than it was allocated.

NOTE: The only exception to this is if the HUD Office can select only one application and, although the units are within the total units allocated to the office the capital advance required is more than the capital advance amount allocated to the office. In this case, the Hub should fully fund this application first with any residual capital advance funds. If the Hub should not have sufficient capital advance funds to make the application whole, it will be fully funded with residual funds in Headquarters. In any event, the Program Center must address the situation in its transmittal memorandum to the Hub and the Hub must address it in its transmittal memorandum to Headquarters, indicating whether it was able to fully fund the application or whether it will need to be fully funded at the Headquarters level.

REMINDER: In calculating the capital advance amount, you are to use the development cost limits and high cost percentages that are currently in effect. However, in applying the high cost percentages, you may use a percentage that is higher or lower than that assigned to your office if it is needed to provide a capital advance amount that is comparable to what it typically costs to develop a 202 or 811 project in your area.

3. Minimum Score. Only those applications that receive a

score of **75** base points or above may be considered for selection. (The base score does not include bonus points.)

NOTE: In no case may applications with technical deficiencies (e.g., ineligible Sponsor, missing or unsatisfactory Supportive Services Certification (Section 811), be considered by HUD Office panels, or included on the Initial Selection List or the Approvable but Unfunded List.

4. RC/EZ/EC Bonus Points. After rating applications, those that receive at least **75** base points, have complete RC/EZ/EC certifications, and acceptable site control of an approvable site(s) should be reviewed against HUD's list of RCs/EZs/ECs to determine if they are eligible to receive two (2) bonus points. Only those applications where the proposed site(s) is consistent with the strategic plan of the RC/EZ/EC, will be located in an RC/EZ/EC, and will serve residents of the RC/EZ/EC may receive the two (2) bonus points.
5. Unit Reduction Policy. After making the initial selections, any residual funds may be utilized to fund the next highest rank-ordered application by reducing the units by no more than 10 percent rounded to the nearest whole number; provided the reduction will not render the project infeasible. Applications proposing 5 units or less may not be reduced. For Section 811, the unit reduction policy must be applied to the next highest-ranked application in Category A first. For Section 202, the HUD Office may combine its unused metropolitan and non-metropolitan funds in order to select the next ranked application in either category, using the unit reduction policy, if necessary.
6. Approvable but Unfunded Applications. After the above process has been completed, HUD Offices must identify all unfunded but otherwise approvable applications.
7. Program Center's Submission to the Multifamily Hub. See Attachment 2 for a description of the selection materials that must be submitted to the Multifamily Hub in accordance with the processing schedule in Attachment 1.
8. Multifamily Hub's Use of Residual Funds. After the Program Centers within each Hub have funded all possible projects for the Section 202 and Section 811

programs, the residual funds (for Section 202, metropolitan and non-metropolitan funds are to be combined) will be used in the following manner. First, these funds will be used to restore units to projects reduced by Program Centers. Then, additional applications within each Multifamily Hub will be selected in rank order with no more than one application selected per Program Center unless there are insufficient approvable applications in other Program Centers within the Multifamily Hub. This process will continue until there are no more approvable applications within the Multifamily Hub that can be selected with the remaining funds. For Section 811, the residual funds are to be used first to fund Category A applications in rank order. Applications may not be skipped over to select one based on funds remaining. However, if necessary, any remaining residual funds may be used to fund the next rank-ordered application by reducing the number of units by no more than 10 percent, rounded to the nearest whole number, provided the reduction will not render the project infeasible. HUD will not reduce the number of units in projects of 5 units or less.

9. Headquarters' Use of Residual Funds. Headquarters will use residual funds first to restore units to projects that were reduced by HUD Offices and/or Multifamily Hubs. Next, residual funds will be used for the selection of additional applications based on a national rank order with no more than one application selected per HUD Office from the national residual amount unless there are insufficient approvable applications in other HUD Offices. For Section 202, all non-metropolitan applications will be funded first to meet the statutory requirement pertaining to Section 202 funding in non-metropolitan areas. For Section 811, all Category A applications will be funded first to meet the statutory requirement that selection shall be based on the extent to which the Sponsor has site control. Headquarters may skip over a higher rated application in order to use as much of the remaining funds as possible.

- E. Submission to Headquarters. See Attachment 2 for a description of the selection materials that must be submitted to the Multifamily Hub in accordance with the processing schedule in Attachment 1.

SECTION 202 MINORITY BUSINESS ENTERPRISE (MBE) GOALS

OFFICES	SECTION 202 CAPITAL ADVANCE	UNITS
BOSTON HUB		
Boston	\$ 2,191,598	21
Hartford	1,343,488	13
Manchester	420,840	5
Providence	520,415	5
NEW YORK HUB		
New York City	11,981,671	96
BUFFALO HUB		
Buffalo	3,320,998	35
PHILADELPHIA HUB		
Charleston	416,542	5
Newark	4,438,134	41
Pittsburgh	957,714	11
Philadelphia	2,154,672	21
BALTIMORE HUB		
Baltimore	2,083,186	24
Richmond	1,486,284	19
DC	3,683,947	40
GREENSBORO HUB		
Columbia	1,380,664	17
Greensboro	2,426,338	25
ATLANTA HUB		
Atlanta	2,221,946	30
San Juan	594,189	7
Louisville	463,466	6
Knoxville	551,239	8
Nashville	789,152	11

SECTION 202 MINORITY BUSINESS ENTERPRISE (MBE) GOALS

OFFICES	SECTION 202 CAPITAL ADVANCE	UNITS
JACKSONVILLE HUB		
Jacksonville	3,276,937	45
Birmingham	1,265,188	17
Jackson	881,545	13
CHICAGO HUB		
Chicago	4,883,710	46
Indianapolis	866,990	11
COLUMBUS HUB		
Cincinnati	621,214	8
Cleveland	1,221,975	14
Columbus	598,776	8
DETROIT HUB		
Detroit	1,644,954	18
Grand Rapids	813,699	10
MINNEAPOLIS HUB		
Milwaukee	980,196	10
Minneapolis	849,476	9
FT. WORTH HUB		
Ft. Worth	2,418,586	34
Houston	1,373,829	20
Little Rock	609,582	9
New Orleans	1,570,606	22
San Antonio	1,144,917	17

SECTION 202 MINORITY BUSINESS ENTERPRISE (MBE) GOALS

OFFICES	SECTION 202 CAPITAL ADVANCE	UNITS
KANSAS CITY HUB		
Des Moines	371,997	5
Kansas City	783,370	10
Oklahoma City	352,108	5
Omaha	401,529	5
St. Louis	774,939	8
DENVER HUB		
Denver	1,478,114	18
SAN FRANCISCO HUB		
Honolulu (Guam)	2,767,725	15
Phoenix	1,158,342	15
Sacramento	2,268,878	22
San Francisco	7,086,657	61
LOS ANGELES HUB		
Los Angeles	9,942,405	99
SEATTLE HUB		
Anchorage	933,282	5
Portland	801,336	9
Seattle	1,524,985	16
TOTAL	\$99,094,330	1,044

SECTION 811 MINORITY BUSINESS ENTERPRISE (MBE) GOALS

OFFICES	SECTION 811 CAPITAL ADVANCE	UNITS
BOSTON HUB		
Boston	309,716	3
Hartford	310,169	3
Manchester	242,133	3
Providence	305,073	3
NEW YORK HUB		
New York City	755,727	6
BUFFALO HUB		
Buffalo	305,453	3
PHILADELPHIA HUB		
Charleston	236,109	3
Newark	371,229	4
Pittsburgh	171,128	2
Philadelphia	296,826	3
BALTIMORE HUB		
Baltimore	253,606	3
Richmond	207,134	3
DC	273,563	3
GREENSBORO HUB		
Columbia	245,815	3
Greensboro	372,543	4
ATLANTA HUB		
Atlanta	355,546	5
San Juan	169,375	2
Louisville	158,306	2
Knoxville	138,422	2
Nashville	118,613	2

SECTION 811 MINORITY BUSINESS ENTERPRISE (MBE) GOALS

OFFICES	SECTION 811 CAPITAL ADVANCE	UNITS
JACKSONVILLE HUB		
Jacksonville	375,692	5
Birmingham	204,761	3
Jackson	210,374	3
CHICAGO HUB		
Chicago	458,226	4
Indianapolis	235,755	3
COLUMBUS HUB		
Cincinnati	226,662	3
Cleveland	258,103	3
Columbus	230,582	3
DETROIT HUB		
Detroit	194,877	2
Grand Rapids	228,505	3
MINNEAPOLIS HUB		
Milwaukee	270,790	3
Minneapolis	285,527	3
FT. WORTH HUB		
Ft. Worth	353,849	5
Houston	221,072	3
Little Rock	101,511	2
New Orleans	243,170	3
San Antonio	201,236	3
KANSAS CITY HUB		
Des Moines	213,300	3
Kansas City	230,335	3
Oklahoma City	199,080	3
Omaha	233,115	3
St. Louis	268,373	3

SECTION 811 MINORITY BUSINESS ENTERPRISE (MBE) GOALS

OFFICES	SECTION 811 CAPITAL ADVANCE	UNITS
DENVER HUB		
Denver	240,793	3
SAN FRANCISCO HUB		
Honolulu (Guam)	535,216	3
Phoenix	178,229	2
Sacramento	318,977	3
San Francisco	760,753	7
LOS ANGELES HUB		
Los Angeles	1,163,211	12
SEATTLE HUB		
Anchorage	535,215	3
Portland	251,461	3
Seattle	284,136	3
TOTAL	\$15,309,372	170

**SECTION 202/SECTION 811 CAPITAL ADVANCE PROGRAM
APPLICATION FOR FUND RESERVATION
INITIAL SCREENING FOR CURABLE DEFICIENCIES CHECKLIST FORMAT**

Instructions:

1. The Project Manager shall screen each application to determine if the application has any curable deficiencies (i.e., deficiencies that have no affect on the rating of the application). Other deficiencies such as exhibits or portions of exhibits that are incomplete or missing and will affect the rating of the application shall be noted on the checklist for inclusion in a technical reject letter to the Sponsor. They shall **NOT** be requested during the curable deficiency period. **NOTE:** During initial screening, the contents of the exhibits are **not** to be reviewed; only the inclusion of the material.
2. When completed, the Project Manager shall draft a letter to the Sponsor identifying the deficiencies that must be corrected within 14 calendar days from the date of the letter.
3. **(Section 811 Only)** If the Sponsor checks box 9b. of Form HUD-92016-CA indicating that it is requesting approval to restrict occupancy of the proposed project to a subcategory of persons with disabilities within one of the three main categories (i.e., physically disabled, developmentally disabled, chronically mentally ill) the Project Manager must ensure that the Sponsor has submitted the required information in Exhibit 5(b) to justify its request.

Project Sponsor:

Project Location:

Project No.: _____ No. of Units/Residents:

INITIAL SCREENING SUMMARY

Date Received for Screening:

Date Screening Completed:

_____ Application is complete.

OR

_____ Application is incomplete.

Date of curable deficiency letter (attach copy):

Date of response to curable deficiency letter:

Date Application Placed into Technical Processing:

Signature of Project Manager

Date

**Section 202/Section 811 - Application for Fund Reservation
Initial Screening for Curable Deficiencies Checklist**

Project Manager

Sponsor Name:
Project Location:
Project No.:

The Project Manager must complete an initial screening of each application to determine if there are any curable deficiencies (See Section 202 or Section 811 Program Section of the SuperNOFA for a list of curable deficiencies). The Project Manager shall also note whether there are any missing or incomplete Exhibits that would affect the rating of the application and, thus, will need to be included in a technical reject letter to the Sponsor.

<u>EXHIBIT NO.</u>	<u>COMPLETE</u>	<u>INCOMPLETE</u>	<u>MISSING</u>
1	_____	_____	_____
2(a)	_____	_____	_____
2(b)	_____	_____	_____
2(c)	_____	_____	_____
2(d) (811)	_____	_____	_____
3(a)	_____	_____	_____
3(b)	_____	_____	_____
3(c)	_____	_____	_____
3(d)	_____	_____	_____
3(e)	_____	_____	_____
3(f)	_____	_____	_____
3(g)	_____	_____	_____
3(h)	_____	_____	_____
3(i)(i)	_____	_____	_____
3(i)(ii)	_____	_____	_____
3(i)(iii)	_____	_____	_____
3(j)	_____	_____	_____
3(k) (811)	=====	=====	=====
3(l) (811)	=====	=====	=====
4(a)	_____	_____	_____
4(b)	_____	_____	_____
4(c)(i)	_____	_____	_____
4(c)(ii)	_____	_____	_____
4(c)(iii)	_____	_____	_____
4(d)(i)	_____	_____	_____
4(d)(ii)	_____	_____	_____
4(d)(iii)	_____	_____	_____
4(d)(iv)	_____	_____	_____
4(d)(v)	_____	_____	_____
4(d)(vi)	_____	_____	_____
4(d)(vii)	_____	_____	_____

<u>EXHIBIT NO.</u>	<u>COMPLETE</u>	<u>INCOMPLETE</u>	<u>MISSING</u>
4(d)(viii)			
4(d)(ix)			
4(d)(x)			
4(d)(xi) (811)			
4(d)(xii) (A) (811)			
4(d)(xii) (B) (811)			
4(d)(xiii)(C) (811)			
4(d)(xii) (D) (811)			
4(d)(xii) (E) (811)			
4(d)(xii) (F) (811)			
4(d)(xii) (G) (811)			
4(e)(i) (811)			
4(e)(ii) (811)			
4(e)(iii) (811)			
4(e)(iv) (811)			
4(e)(v) (811)			
5(a) (202)			
5(b) (202)			
5(c) (202)			
5(a) (811)			
5(b)(i) (811)			
5(b)(ii)(A) (811)			
5(b)(ii)(B) (811)			
5(b)(iii) (811)			
5(b)(iv) (811)			
5(c) (811)			
5(d) (811)			
5(e) (811)			
5(f) (811)			
5(g) (811)			
5(h) (811)			
5(i) (811)			
5(j) (811)			
6(a)			
6(b)			
6(c)			
6(d)			
7(a)			
7(b)			
7(c)			
7(d)			
8(a)			
8(b)			
8(c)			
8(d)			
8(e)			
8(f)			
8(g)			

8(h)			
8(i)			
<u>EXHIBIT NO.</u>	<u>COMPLETE</u>	<u>INCOMPLETE</u>	<u>MISSING</u>
8(j)			
8(k) (202)			
8(k) (811)			
8(l) (202)			
8(l) (811)			
8(m) (811)			

NOTES:

1. **Section 811 Only** - Sponsors must provide **either** evidence of control of an approvable site (Exhibit 4(d)(i) through (xi) **or** information on an identified site(s)(Exhibit 4(e). Put N/A in the column titled, "Complete" for whichever doesn't apply to the application.
2. For those exhibits or parts of exhibits that apply to one program or the other, put N/A in the column titled, "Complete" for whichever one doesn't apply.

After review of the application for curable deficiencies, and missing or incomplete exhibits, complete 1. or 2. below, as applicable:

1. _____ The Sponsor shall be notified of the following curable deficiencies:

Curable Deficiencies Identified

_____ The following exhibits or parts of exhibits are missing or incomplete and, since they have an impact on the rating of the application, they cannot be corrected. They shall be included in a technical reject letter sent to the Sponsor at the conclusion of technical processing:

Information to be identified in technical reject letter

OR

2. _____ The application is complete.

Comments:

Signature of Project Manager

Date

**SECTION 202/811 CAPITAL ADVANCE
APPLICATION FOR FUND RESERVATION
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDA
FORMATS**

Instructions:

1. The attached contains 7 separate suggested memoranda formats for use by the reviewing disciplines during technical processing at the fund reservation stage. The memoranda formats provide for:
 - the assignment of recommended rating points by the reviewing discipline for the Section 202 or Section 811 Rating/Selection Panel.
 - identification of all required findings and applicable program instructions.
 - identification of substantive comments by the reviewer.

NOTE: Other review formats may be used as long as the required information is recorded.

2. The rating criteria on the memoranda formats correspond to the Rating Factors on the Standard Rating Criteria Form (Attachment 13 (202) and Attachment 14 (811)). For example, on FHEO's Memorandum Format there is no (a) under Rating Factor 1 because that criterion is rated by the Project Manager. Furthermore, the points for each overall factor on the memoranda formats relate to the maximum points the particular technical discipline can assign to the rating criterion and may not equal the total points for the corresponding Rating Factor on the Standard Rating Criteria Form. For example, Rating Factor 1 on the Standard Rating Criteria Form is worth 25 base points for 202 and 30 base points for 811. However, on the Project Manager's Memorandum Format, Rating Factor 1 is worth a maximum of 20 points for 202 and 25 points for 811 because the Project Manager does not rate Rating Criterion 1(b)(i) which is worth 5 points for either 202 or 811.
3. **Applications Submitted by Co-Sponsors.** Each Co-Sponsor must submit all of the application submission requirements. In rating a co-sponsored application, the technical discipline will rate each Co-Sponsor separately and the highest score for the applicable Rating Criterion will apply.

4. **Missing Information.** If the reviewing discipline discovers that an exhibit or part of an exhibit is missing which was not identified during initial screening for curable deficiencies, the Project Manager must be notified immediately. If the item is a curable deficiency, the Project Manager shall telephone the Sponsor and request the missing information to be submitted within 14 calendar days from the date of the telephone call. The Project Manager shall also request this information on the same day by certified mail. Any other missing information shall be listed in a technical reject letter to the Sponsor.
5. **Restricted Occupancy.** Under Section 811, if the Project Manager determines, based on a review of the Sponsor's justification, that the Sponsor's request for restricted occupancy should be approved, it must prepare a memorandum to the file for the signature of the Supervisory Project Manager indicating whether the Sponsor's request to restrict occupancy has been approved or disapproved. The memorandum shall be attached to the Project Manager's Technical Processing Review and Findings Memorandum and include the following language which must be inserted in the Agreement Letter, should the Sponsor be selected for funding:

If Approved:

"Your request to restrict occupancy to (insert applicable subcategory of persons with disabilities) is approved. However, you must permit occupancy by any otherwise qualified very low-income person with a (insert applicable category under which the subcategory falls), provided the person can benefit from the housing and/or services provided."

If Disapproved:

"Your request to restrict occupancy to (insert applicable subcategory of persons with disabilities) has been disapproved. Therefore, your project must serve persons with (insert applicable category(ies) of persons with disabilities)."

6. **Section 811 Site Control Applications.** An application with control of a single site will be placed in Category A for selection purposes **ONLY** if the evidence of site control is acceptable and the site is approvable by FHEO and Valuation (this includes the Phase I and Phase II, if necessary, being received according to the NOFA instructions).

If the site control is **NOT** acceptable for a single site application, the application may still receive up to 14 points for Site Approvability (Criterion 3(a)) from Valuation and up to 10 points from FHEO for the suitability

of the site in promoting a greater choice of housing opportunities for persons with disabilities, including minorities (Criterion 3(c)).

If either VAL or FHEO rejects the site, the application will receive 0 points for Criteria 3(a) and Criterion 3(b). The application will be placed in Category B for selection purposes and remain in the competition as long as the Sponsor indicated in Exhibit 4(d)(xi) that it is willing to seek an alternate site. Otherwise, the application will be rejected.

NOTE: For a scattered site application, site control must be acceptable for all sites and all sites must be approvable for the application to receive points for Criteria 3(a) and 3(b) and to be placed in Category A for selection purposes.

7. Review Disciplines Summary: The Project Manager shall complete the following:

<u>Reviewing Office</u>	<u>Recommendation 1/</u>	
	<u>Acceptable</u>	<u>Not Acceptable</u>
PROJECT MANAGER	_____	
A & E	_____	
VAL	_____	
EMAS	_____	
FH&EO	_____	_____
COUNSEL	_____	_____
CPD	_____	

- 1/ If an application receives a "not acceptable" recommendation, the application is a "technical reject", and a letter must be sent to the Sponsor outlining all reasons for rejection and providing the Sponsor 14 calendar days from the date of HUD's notification to appeal the rejection. If the Sponsor submits an appeal that causes the rejection to be overturned, the application is then rated, ranked and submitted to the Rating/Selection Panel for consideration. If the Sponsor does not appeal the rejection or does appeal but the rejection is not overturned, the application remains a "technical reject", receives a final score of 0 and is not to be considered by the Rating/ Selection Panel.

SECTION 202/811
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDUM

Project Manager

MEMORANDUM FOR: Supervisory Project Manager

FROM: _____, Project Manager

SUBJECT: Technical Processing Review and Findings Memorandum

Sponsor's Name: _____

Project Location: _____

Project No.: _____

Section 811 Only: Proj. Type/# of Sites: _____

of Units per Site: _____

The subject application has been reviewed and the Project Manager's findings are as follows:

1. The proposed housing and intended occupants are eligible under the ____Section 811 or ____ Section 202 program (check one).

Yes _____ No _____ If No, the application must be rejected.

Comments : _____

2. The Sponsor/Co-sponsor submitted a board resolution stating its commitment to cover the required minimum capital investment, estimated start-up expenses, and the estimated cost of any amenities or features and (operating costs related thereto) which would not be covered by the approved capital advance.

Yes _____ No _____ If No, was a board resolution provided by another organization to furnish these funds or a combination thereof?

Yes _____ No _____ If No, the application must be rejected.

If Yes, name of organization:

Technical Processing - Project Manager) - continued
Project No. _____

Comments: _____

3. The Sponsor submitted properly executed Exhibits including Certifications and Resolutions.

Yes _____ No _____ If No, the application must be rejected.

Comments: _____

4. HUD's experience with the Sponsor has been satisfactory, if self-management or identity of interest management is proposed.

Yes _____ No _____ N/A _____

Comments: _____

5. Is project likely to affect adversely other HUD-insured and assisted housing? (Coordinate response with EMAS)

Yes _____ No _____ If yes, application must be rejected.

Comments: _____

6. **Section 811 Only:** The likelihood that the Sponsor will have site control (if not already in control of a site) within six months of receiving a notice of Section 811 Capital Advance.

Yes _____ No _____ If No, the application must be rejected.

Comments: _____

Technical Processing - Project Manager) - continued
Project No. _____

7. **Section 811 Only:** Did the State/local agency Supportive Services Certification indicate that the supportive services plan is well designed to meet the needs of the persons with disabilities the housing is intended to serve?

Yes _____ No _____ If No, the application must be rejected.

Comments: _____

8. **Section 811 Only:** Did the State/local agency Supportive Services Certification indicate that the provision of supportive services will enhance independent living success and promote the dignity of those who will access the project?

Yes _____ No _____ If No, the application must be rejected.

Comments: _____

9. **Section 811 Only:** Did the State/local agency Supportive Services Certification (or the Supportive Services Plan if the State/local agency fails to complete this part of the Certification) indicate that the necessary supportive services will be available on a consistent, long-term basis?

Yes _____ No _____ If No, and the agency will be a major funding or referral source for the proposed project, or must license the project, the application must be rejected.

Comments: _____

10. **Section 811 Only:** Did the State/local agency Supportive Services Certification indicate that the proposed housing is consistent (or the Supportive Services Plan if the State/local agency fails to complete this part of the Certification) with the agency's plans/policies governing the development and operation of housing to serve persons with disabilities?

Technical Processing - Project Manager) - continued
Project No. _____

Yes _____ No _____ If No, and the agency will be a major
funding or referral source for the
proposed project, or must license the
project, the application must be
rejected.

Comments: _____

11. **Section 811 Only:** If the Sponsor requested approval to limit occupancy to a subcategory of one of the three main categories of disability (see paragraph 4.WW.(20)(b) of the Notice above), did the Sponsor sufficiently respond to all six requirements to justify an approval of the request?

Yes _____ No _____ (Explain below) N/A _____

Comments: _____

NOTE: A memorandum to the file indicating whether or not the approval is granted must be signed by the Supervisory Project Manager and attached to this Review Sheet. If the Sponsor is selected for funding, the paragraph in item 5. of the Instructions above must be included in the Agreement Letter.

12. **Section 811 Only:** If the Sponsor of a site control application for an independent living project is requesting approval to exceed the project size limits, does the Sponsor sufficiently justify approval of such an exception?

NOTE: If the request requires Headquarters review (exceeds 24 persons for an independent living project [not counting the resident manager's unit]), ensure that Exhibits 1, 4(a),(b),(c), and (d)(xii) have been submitted to Headquarters, Office of Housing Assistance and Grant Administration, room 6138, Attn: 202/811. Headquarters will respond within 5 working days. The response must be attached to this technical review sheet. If the site is rejected or the exception is not approved, the application must be processed at the project size limit; provided in the latter case that the Sponsor indicated its willingness to have its application processed at the project size limit.

Yes _____ No _____ (Explain below) N/A _____
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Technical Processing - Project Manager) - continued
Project No. _____

Comments: _____

13. The Sponsor has received 2530 clearance.

Yes _____ No _____ If No, the application must be
rejected.

Comments: _____

RATING FACTORS

RATING FACTOR 1 - CAPACITY OF THE APPLICANT AND RELEVANT ORGANIZATIONAL STAFF (25 POINTS for 202, 30 POINTS for 811)

In determining the Sponsor's ability to develop and operate
the proposed housing on a long-term basis, consider:

- (a) The scope, extent and quality of the Sponsor's
experience in providing housing or related services
to those proposed to be served by the project and the
scope of the proposed project (i.e., number of units,
services, relocation costs, development, and
operation) in relationship to the Sponsor's
demonstrated development and management capacity as
well as its financial management capability. (15
points maximum)

Recommended rating: _____

Comments:

- (b)(ii) The scope, extent, and quality of the Sponsor's ties
to the community at large and to the minority and
elderly (202) disability (811) communities in

Technical Processing - Project Manager) - continued
Project No. _____

particular. (5 points maximum)

The scope, extent, and quality of the Sponsor's ties to the community at large and to the elderly (202) or disability (811) community in particular. (3 points)

NOTE: FHEO will rate the scope, extent and quality of the Sponsor's ties to the minority community. (2 points)

Recommended rating:

Comments: _____

- (c) A Section 202 or Section 811 fund reservation the Sponsor received in FY 1999 or after has been extended beyond 24 months (-2 points), 36 months (-3 points) or 48 months (-4 points) (except if the delay was beyond the Sponsor's control).

Recommended rating:

Comments:

- (d) Amendment money was required as a result of the delay in (c) above (except if the delay was beyond the Sponsor's control). (-1 point)

Recommended rating:

Comments:

- (e) **Section 811 Only:** The Sponsor has experience in developing integrated housing and/or the proposed project will be integrated housing (condominium units scattered within one or more buildings or non-contiguous independent living units on scattered sites). (5 points if Sponsor has both experience in developing integrated housing and the project will be integrated housing, 4 points if the project will be integrated housing but the

Technical Processing - Project Manager) - continued
Project No. _____

Sponsor has no experience in developing integrated housing, 2 points if Sponsor has experience in developing integrated housing but the project will not be integrated housing and 0 points if Sponsor has no experience in developing integrated housing and the proposed project will not be integrated housing)

Recommended rating: _____

Comments: _____

RATING FACTOR 2 - NEED/EXTENT OF THE PROBLEM (15 POINTS)

In determining the extent to which there is a need for funding the proposed supportive housing to address a documented problem in the market area, consider:

- (b) The extent that information in the community's Analysis of Impediments to Fair Housing Choice (AI) or other planning document that analyzes fair housing issues and is prepared by a local planning or similar organization is used by the Sponsor in identifying the level of the problem and the urgency in meeting the need for the project. (3 points maximum)

NOTES: 1) Applications in which the Sponsor not only uses the AI to identify the level of the problem and the urgency in meeting the need for the project but also establishes a connection between the proposed project and the AI will be given 3 points. Applications in which the Sponsor uses the AI to identify the level of the problem and the urgency in meeting the need for the project will receive 1 point. 2) Consider FHEO's comments in rating this Factor.

Recommended rating: _____

Comments: _____

Technical Processing - Project Manager) - continued
Project No. _____

**RATING FACTOR 3 - SOUNDNESS OF APPROACH (45 POINTS FOR 202, 40
POINTS FOR 811)**

In determining the quality and effectiveness of the proposal, the extent to which the Sponsor involved the target population (including minorities) in the development of the application and will involve them in the development and operation of the project, the extent to which the Section 811 Sponsor coordinated its application with other organizations such as centers for independent living as well as the relationship between the project, the community's needs and purposes of the program funding, consider:

- (f) **Section 811 Only:** The Sponsor's board is comprised of at least 51 percent persons with disabilities. (0 or 5 points)

Recommended rating: _____

Comments: _____

- (g) **Section 811 Only:** The Sponsor's involvement of persons with disabilities (including minority persons with disabilities), in the development of the application, and its intent to involve persons with disabilities (including minority persons with disabilities in the development and operation of the project. (3 points maximum)

Recommended rating: _____

Comments: _____

- (g) **Section 202 Only:** The extent to which the proposed supportive services meet the identified needs of the (anticipated) residents. (2 points maximum)

Recommended rating: _____

Comments: _____

Technical Processing - Project Manager) - continued
Project No. _____

- (h) **Section 811 Only:** The extent to which the Sponsor coordinated its application with other organizations (including local independent living centers) that will not be directly participating in the project, but with which the Sponsor shares common goals and objectives and are working toward meeting the objectives in a holistic and comprehensive manner. (2 points maximum)

Recommended rating: _____

Comments: _____

- (h) **Section 202 Only:** The extent to which the Sponsor demonstrated that the identified supportive services will be provided on a consistent, long-term basis. (2 points maximum)

Recommended rating: _____

Comments: _____

- (i) **Section 811 Only:** The extent to which the Sponsor consulted with Continuum Care organizations in the community in which the proposed project will be located and have developed ways in which the proposed project will assist persons with disabilities who have been experiencing chronic homelessness become more productive members of society. (1 point maximum)

Recommended rating: _____

Comments: _____

Technical Processing - Project Manager) - continued
Project No. _____

- (j) **Section 202 Only:** The Sponsor's involvement of elderly persons, particularly minority elderly persons in the development of the application, and its intent to involve elderly persons, particularly minority elderly persons in the development and operation of the project. (2 points maximum)

Recommended rating: _____

Comments: _____

811

- (j) The extent to which the jurisdiction in which the project will be located has undertaken successful efforts to remove regulatory barriers to affordable housing. (2 points maximum based on the review of Exhibit 8(l) for 202 and 8(m) for 811, Form HUD-27300, Questionnaire for HUD's Initiative on Removal of Regulatory Barriers to Affordable Housing)
- (k)

Recommended rating: _____

Comments: _____

RATING FACTOR 4 - LEVERAGING RESOURCES (5 POINTS)

In determining the ability of the Sponsor to secure other community resources that can be combined with HUD's program resources to achieve program purposes, consider:

- (a) The extent of local government support (including financial assistance, donation of land, provision of services, etc.) for the project. (1 point maximum)

Recommended rating: _____

Comments: _____

Technical Processing - Project Manager) - continued
Project No. _____

- (b) The extent of the Sponsor's activities in the community, including previous experience in serving the area where the project is to be located, and the Sponsor's demonstrated ability to enlist volunteers and raise local funds. (2 points maximum)

Recommended rating: _____

Comments: _____

- (c)(i) The proposed project involves mixed-financing for additional units in which the non-Section 202 or non-Section 811 units represent 30 percent or less of the Section 202 or Section 811 units in the project. (1 point maximum)

Recommended rating: _____ N/A _____

Comments: _____

-OR-

- (c)(ii) The proposed project involves mixed-financing for additional units in which the non-Section 202 or non-Section 811 units represent over 30 percent of the Section 202 or Section 811 units in the project. (2 points maximum)

Recommended rating: _____ N/A _____

Comments: _____

**RATING FACTOR 5 - ACHIEVING RESULTS AND PROGRAM EVALUATION
(10 POINTS)**

In determining whether the Sponsor has the ability to get the proposed project to initial closing within 18 months, the extent to which the project will implement practical solutions that will result in assisting residents in achieving independent living, educational opportunities, economic

empowerment (811 only), and improved living environments and
Technical Processing - Project Manager) - continued
Project No. _____

how the long-term viability of the project will be sustained
over the 40 year capital advance period, consider:

- (a) The extent to which the Sponsor's project development
timeline is indicative of the Sponsor's full
understanding of the development process and will,
therefore, result in the timely development of the
project. (5 points)

Recommended rating: _____ (Also use the Logic
Model (Form HUD-96010) in Exhibit 8(k) for 202 or 8(l)
for 811 in rating this criterion.)

Comments: _____

- (b) The extent to which the project will implement practical
solutions that will result in assisting residents in
achieving independent living, economic empowerment (811
only), educational opportunities and improved living
environments (e.g., activities that will improve computer
access, literacy and employment opportunities(811 only)).
(2 points maximum)

Recommended rating: _____

Comments: _____

- (c) The extent to which the Sponsor demonstrated that the
project will remain viable as housing with the
availability of supportive services for the target
population for the 40-year capital advance period.
(3 points maximum)

Recommended rating: _____

Comments: _____

Technical Processing - Project Manager) - continued
Project No. _____

In summary, the subject application is acceptable.

Yes _____ No _____

Comments: _____

Signature of Project Manager

Date

NOTE: ALL OF THE EXHIBITS WERE REVIEWED TO DETERMINE THE ABOVE
FINDINGS.

SECTION 202/811
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDUM

ARCHITECTURAL, ENGINEERING, AND COST (A&E)

MEMORANDUM FOR: Supervisory Project Manager

FROM: _____, A&E

SUBJECT: Technical Processing Review and Findings Memorandum

Sponsor's Name: _____
Project Location: _____
Project No.: _____

Section 811 Only: Proj. Type/# of Sites: _____
of Units per Site: _____

The subject application has been reviewed and Architectural, Engineering and Cost's findings are as follows:

RATING FACTORS

RATING FACTOR 3 - SOUNDNESS OF APPROACH (45 POINTS FOR 202, 40 POINTS FOR 811)

In determining the quality and effectiveness of the proposal, the extent to which the Sponsor involved the target population (including minorities) in the development of the application and will involve them in the development and operation of the project, the extent to which the Section 811 Sponsor coordinated its application with other organizations such as centers for independent living as well as the relationship between the project, the community's needs and purposes of the program funding, consider:

- (d) **Section 202 Only:** The extent to which the proposed design will meet the special physical needs of elderly persons (2 points maximum)

Recommended rating: _____

Comments: _____

(Technical Processing - A&E) - continued
Project No. _____

- (e) **Section 202 Only:** The extent to which the proposed size and unit mix of the housing will enable the Sponsor to manage and operate the housing efficiently and ensure that the provision of supportive services will be accomplished in an economical fashion. (2 points maximum)

Recommended rating: _____

Comments: _____

- (f) **Section 202 Only:** The extent to which the proposed design of the housing will accommodate the provision of supportive services that are expected to be needed, initially and over the useful life of the housing, by the category or categories of elderly persons the housing is intended to serve. (2 points maximum)

Recommended rating: _____

Comments: _____

- (d) **Section 811 Only:** The extent to which the proposed design of the project (exterior and interior) and its placement in the neighborhood will meet the individual needs of the residents and will facilitate their integration into the surrounding community and promote their ability to live as independently as possible. (2 points maximum)

Recommended rating: _____

Comments: _____

(Technical Processing - A&E) - continued
Project No. _____

202

- (i)** The proposed design incorporates visitability standards
811 and universal design in the construction or
(e) rehabilitation of the project. (1 point maximum)

Recommended rating: _____

Comments: _____

The application is acceptable from an Architectural,
Engineering and Cost viewpoint.

Yes _____ No _____

Comments: _____

Signature of Reviewer

Date

NOTE: EXHIBITS 1, 4(c), 4(d), and 5 WERE REVIEWED TO DETERMINE THE
ABOVE FINDINGS.

SECTION 202/811
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDUM

VALUATION BRANCH

MEMORANDUM FOR: Supervisory Project Manager

FROM: _____, Appraiser

SUBJECT: Technical Processing Review and Findings Memorandum

Sponsor Name: _____
Project Location: _____
Project No: _____

Section 811 Only: Proj. Type/# of Sites: _____
 # of Units per Sites: _____
 Site Control _____ OR Site Identified _____

The subject application has been reviewed and comments are as follows:

NOTES: 1) If the Section 811 Sponsor did not submit either evidence of site control or an identified site, the application must be rejected. 2) If the Section 811 Sponsor has control of a single site, and the site control documentation is not acceptable, it can still receive points for Criterion 3(a) below. However, if the Sponsor submits a scattered site application, the site control documentation must be acceptable for all sites and all sites must be approvable in order for the application to receive points for Criterion 3(a) below and remain in Category A for selection purposes. Otherwise, the application will be placed in Category B for selection purposes and remain in the competition as long as the Sponsor indicated in Exhibit 4(d)(xi) that it is willing to locate an alternate site.

1. The number of units and bedroom sizes are marketable.

Yes _____ No _____

Comments: _____

(Technical Processing - Valuation) - continued
Project No. _____

2. **For Section 202 applications and Section 811 applications with site control only:** is the site located in a floodway, Coastal High Hazard Area, and/or within the designated Coastal Barrier Resources System (Coastal Barrier Resources Act, as amended)?

Yes _____ No _____ N/A _____ (811 site identified)

Section 202: If Yes, the application must be rejected.

Section 811: If Yes, the site must be rejected and the application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate site.

Comments: _____

3. **For Section 202 applications and Section 811 applications with site control only:** the proposed site is located inside the 100-year floodplain (or, if a critical action, the 500-year floodplain) and/or, if a new construction project, the proposed site is located in a wetland.

Yes _____ No _____ If Yes, initiate the 8-step process.

Comments: _____

NOTE: Contact the Sponsor to determine if a Conditional/Final Letter of Map Amendment/Revision has been issued by FEMA that would remove the site from the 100-year or 500-year floodplain, as appropriate. If not, or in the case of wetlands, six steps of the 8-step process identified in 24 CFR Part 55 **must** be completed prior to convening of the Rating/ Selection Panel. Also, HUD must pay for the publication of the early public notice, as required by step 2.:

(Technical Processing - Valuation) - continued
Project No. _____

4. For **Section 202 applications** and **Section 811 applications with site control only**, was there either a statement submitted that the project did not involve a pre-1978 structure on the site or was an asbestos report submitted that was a **thorough inspection** that identified the location and condition of asbestos **throughout** any structures? In those cases where suspect asbestos was found as part of this asbestos report, it must either have been assumed to be asbestos or would have required confirmatory testing.

Yes_____ No_____ N/A_____(811 site identified)

Section 202: If No, the application must be rejected.

Section 811: If No, the site must be rejected and the application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate site.

Comments: _____

NOTE: A general "asbestos screen" that does not appear to be a thorough inspection is not acceptable. If the asbestos report indicates the presence of asbestos or the presence of asbestos is assumed, and if the application is approved, you must condition the approval on an appropriate mix of asbestos abatement for friable asbestos and asbestos directly affected by rehabilitation or demolition or an Operations and Maintenance Plan for other asbestos. Asbestos abatement is an allowable project cost up to the limits imposed by the Capital Advance.

Comments: _____

5. For **Section 202 applications** and **Section 811 applications with site control only**, was a Phase I Environmental Site Assessment (ESA) submitted, with an Update, as appropriate, and prepared in conformance with ASTM 1527-00, as amended?

Yes_____ No _____ N/A _____ (811 site identified)
(Technical Processing - Valuation) - continued
Project No. _____

Section 202: If No, the application must be rejected.

Section 811: If No, the site must be rejected and the application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate site.

Comments: _____

6. If the answer to question #5 is Yes, based on the Phase I ESA (and its update, as applicable) and any other evidence deemed appropriate, is further study recommended?

Yes_____ No _____ N/A _____

Comments: _____

7. If the answer to question #6 is Yes, was a Phase II ESA prepared and submitted by the appropriate date?

Section 202: If No, the application must be rejected.

Section 811: If No, the site must be rejected and the application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate site.

Yes_____ No _____ N/A _____

Comments: _____

8. If the answer to question #7 is Yes, did the Phase II ESA and/or any other evidence deemed appropriate, reveal: onsite contamination; and/or nearby off-site known or suspected

contamination that might be anticipated to migrate on-site?

Yes _____ No _____ N/A _____
(Technical Processing - Valuation) - continued
Project No. _____

Comments: _____

9. If the answer to question #8 is Yes, was the extent of contamination and an acceptable plan for clean-up, including a contract for remediation and an approval letter from the applicable Federal, State and/or local agency submitted by the appropriate date?

Yes _____ No _____ N/A _____

Section 202: If No, the application must be rejected

Section 811: If No, the site must be rejected and the application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate site.

Comments: _____

10. If the answer to question #9 is yes: (a) other than if the site meets the **special groundwater exception below**, will the plan for clean-up eliminate contamination to the extent necessary to meet non site-specific Federal, State or local health standards; (b) can all active or passive remediation that is proposed, be completed prior to initial closing; (c) does the plan not include or allow for engineering controls such as vertical barrier walls or capping, (d) will any monitoring or testing wells put in place in relation to known or suspected contamination be able to be closed out prior to initial closing?

Yes to all _____ No to any _____ N/A _____

Section 202: If No to any, the application must be rejected **unless** it meets the requirements of the special groundwater exception note below.

Section 811: If No, the site must be rejected and the
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application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate

(Technical Processing - Valuation) - continued
Project No. _____

site **unless** it meets the requirements of the special groundwater exception note below.

Comments: _____

Special Groundwater Exception

The proposed project site may be acceptable if **all** of the following three criteria are met (Check all that apply):

- a. All known or suspected contamination on the proposed site is located, or will be located after remediation, solely within groundwater that is or would be located at least 25 feet below the surface. _____
- b. There is an outright prohibition on the use of groundwater for any purposes in the vicinity of the proposed site. _____
- c. No active water supply wells will be in existence at the proposed site at initial closing. _____

Site meets the Special Groundwater Exception:
Yes _____ No _____

NOTE: If the project is environmentally acceptable you must condition all remediation to be completed and all monitoring or testing wells be removed prior to initial closing.

11. **For Section 202 applications and Section 811 applications with site control only:** the Environmental Assessment has been completed (through step 6 of the 8-step process for projects in floodplains/wetlands) including signatures of the Appraiser and Supervisory Project Manager/Operations Director and Hub Director/Program Center Director, and the proposed project meets Environmental Assessment requirements, including Compliance Findings (including historic preservation findings made by the SHPO/THPO) set forth in attached Form HUD-4128 with Sample Field Notes Checklist.

Yes _____ No _____ N/A _____ (811 - site identified)

(Technical Processing - Valuation) - continued
Project No. _____

Section 202: If No, the application is rejected.

Section 811: If No, the site must be rejected and the application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate site.

Comments: _____

NOTES:

1. As stated in the SuperNOFA, you are authorized to contact the applicant in order to obtain information that would help you complete the environmental assessment.
 2. If you have not received an "opinion" from the SHPO/THPO in response to the request made by the applicant, you **must** contact the SHPO/THPO and allow 30 days for such response.
 3. If the project is deemed environmentally acceptable but with special conditions, and if the application is approved, you must condition the approval on such conditions.
12. The proposed construction or rehabilitation is permissible under applicable zoning ordinances or regulations, or a statement was included indicating the proposed action required to make the proposed project permissible and the basis for belief that the proposed action would be completed successfully before the submission of the firm commitment application. (See Rating Factor 3(b) below for rating associated with permissive zoning.)

Yes _____ No _____

Section 202: If No, the application must be rejected.

Section 811: If No, the site must be rejected and the application shall receive 0 points for Criterion 3(a) below and be placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate site.

(Technical Processing - Valuation) - continued
Project No. _____

Comments: _____

13. **Section 202 Only:** If proposed, will the congregate dining facility be financially viable?

Yes _____ No _____ N/A _____

Comments: _____

RATING FACTOR

RATING FACTOR 3 - SOUNDNESS OF APPROACH (45 POINTS FOR 202, 40 POINTS FOR 811)

In determining the quality and effectiveness of the proposal, the extent to which the Sponsor involved the target population (including minorities) in the development of the application and will involve them in the development and operation of the project, the extent to which the Section 811 Sponsor coordinated its application with other organizations such as centers for independent living as well as the relationship between the project, the community's needs and purposes of the program funding, consider:

- (a) **Site approvability** - Proximity or accessibility of the site to shopping, medical facilities, transportation, places of worship, recreational facilities, places of employment and other necessary services to the intended occupants, adequacy of utilities and streets and freedom of the site from adverse environmental conditions (**applies only to site control projects for 811**) and compliance with the site and neighborhood standards. (20 points maximum for Section 202, 14 points maximum for Section 811)

Recommended rating: _____

Comments: _____

(Technical Processing - Valuation) - continued
Project No. _____

- (b) **Permissive Zoning** - One or more of the proposed sites is not permissively zoned for the intended use. (-1 point)

Recommended rating: _____

Comments: _____

In summary, the subject Section 202 application is:

_____ Acceptable _____ Not Acceptable

the subject Section 811 site is:

_____ Acceptable _____ Not Acceptable

If "Not Acceptable", the Section 811 application shall be placed in Category B for selection purposes as long as the Sponsor indicated its willingness to seek an alternate site (Exhibit 4(d)(xi)); otherwise, the application will be rejected.

Explain: _____

(Signature of Appraiser)

Date

Attachment: Form HUD-4128 with supporting documentation.

NOTE: EXHIBITS 1, 4(a), 4(c), 4(d) and 5 WERE REVIEWED TO DETERMINE THE ABOVE FINDINGS.

SECTION 202/811
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDUM

ECONOMIC & MARKET ANALYSIS

MEMORANDUM FOR: Supervisory Project Manager

FROM: _____, Economic & Market Analysis

SUBJECT: Technical Processing Review and Findings Memorandum

Sponsor Name: _____
Project Location: _____
Project No.: _____

Section 811 Only: Proj. Type/# of Sites: _____
of Units per Site: _____

In determining the need for additional supportive housing (elderly or persons with disabilities), EMAS should take into consideration the Sponsor's evidence of need; current and anticipated market conditions in assisted housing (elderly or persons with disabilities); economic, demographic and housing market data available to the HUD Office; and in accordance with an agreement between HUD and RHS, comments from RHS on the need for additional assisted housing and the possible long-term impact on existing projects in the same housing market area.

The data should include a count of the available Federally (HUD and RHS) assisted housing (elderly or persons with disabilities) in the market area; the current occupancy and waiting lists in such facilities; and the extent of the pipeline of assisted housing (for the elderly or persons with disabilities) under construction and for which fund reservations have been issued.

Based on the above, the subject application has been reviewed and EMAS' findings are as follows:

1. Taking into consideration the information available, including the Sponsor's evidence of need, comments from the Rural Housing Service (RHS), and EMAS's independent analysis, there is sufficient sustainable demand for additional units of the number and type of units proposed, without long-term adverse impact on existing Federally-assisted housing.

Yes _____ No _____

(Technical Processing - EMAS) - continued
Project No. _____

If No, the application is a technical reject and is to be given zero (0) points on Rating Factor 2 below. A detailed report must be attached presenting the data and findings justifying the conclusion of insufficient demand.

2. The proposed location is acceptable and desirable for the target population (elderly (202) or persons with disabilities (811)) taking into consideration the proximity or accessibility of public facilities, health care and other necessary services to the intended occupants. **NOTE:** EMAS should complete this question only if it has available relevant information on the site and location.

Yes _____ No _____

Comments: _____

RATING FACTOR

RATING FACTOR 2 - NEED/EXTENT OF THE PROBLEM (15 POINTS)

Rating Section 202 projects: Rating points for all Section 202 projects, determined to have sufficient demand, are to be based on the ratio of the number of units in the proposed project to the estimate of unmet need for housing assistance by the income eligible elderly households with selected housing conditions. Unmet housing need is defined as the number of very low-income elderly one-person renter households age 75 and older with housing conditions problems, as of the 2000 Census minus the number of project-based subsidized rental housing units (HUD, RHS, or LIHTC) that are affordable to very low-income elderly provided in the area since 1999. Units to be occupied by resident managers are not to be counted. (12 points maximum)

12 points: The project has an unmet needs ratio of 15 percent or less.

6 points: The project has an unmet needs ratio of greater than 15 percent.

Project/Needs Ratio: _____

Recommended rating: _____

Comments: _____

(Technical Processing - EMAS) - continued
Project No. _____

Rating Section 811 projects: If a determination has been made that there is sufficient sustainable long-term demand for additional supportive housing for persons with disabilities in the area to be served, the project is to be awarded 12 points. If not, the project is to be awarded 0 points. Awarding of points between 0 and 12 points is not permitted.

Recommended rating: _____

Comments: _____

Based on the EMAS review, the application is:

_____ Acceptable _____ Not Acceptable

Explain: _____

(Signature of Economist)

Date

NOTES: EXHIBITS 1, 4(a) and 4(c) WERE REVIEWED TO DETERMINE THE ABOVE FINDINGS.

Where you find there is **not** sufficient sustainable demand for additional units, a memorandum of the review must be prepared with the data and findings justifying the conclusion. A copy of the memorandum must be attached to this Technical Processing Review and Findings Memorandum, and a second copy sent to Headquarters, Economic and Market Analysis Division, REE, Office of Policy Development and Research, Attention: Bruce D. Atkinson, Room 8224.

SECTION 202/811
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDUM

FAIR HOUSING & EQUAL OPPORTUNITY (FHEO)

MEMORANDUM FOR: Supervisory Project Manager

FROM: _____, Director, Fair Housing and
Equal Opportunity

SUBJECT: Technical Processing Review and Findings Memorandum

Sponsor Name: _____
Project Location: _____
Project No.: _____

Section 811 Only: Proj. Type/# of Sites: _____
of Units per Site: _____

The Office of Fair Housing and Equal Opportunity (FHEO) has reviewed the subject application in accordance with the Rating Factors as outlined in the SuperNOFA, this Notice, other applicable notices, and in accordance with applicable civil rights requirements. FHEO's recommended ratings and comments on the acceptability of the application are as follows:

1. Based on the application submission, even without the benefit of a site visit, the proposed site meets site and neighborhood standards.

Yes _____ No _____

Section 202 Only: If No, without proper justification, the application must be rejected.

Section 811 Only: If No, without proper justification, site is rejected and application receives 0 points for Criterion 3(c) under "Rating Factors" below.

Comments: _____

2. Sponsor is in compliance with civil rights laws and applicable regulations, i.e., there is no pending Department of Justice civil rights lawsuit alleging ongoing pattern or practice of discrimination; or outstanding letter of noncompliance findings under Title VI of the Civil Rights Act of 1964 or Section 504 of the Rehabilitation Act of 1973 involving systemic discrimination, or Secretarial charge alleging

(Technical Processing - FHEO) - continued
Project No. _____

ongoing discrimination under the Fair Housing Act which have not been resolved to the satisfaction of the Secretary. In cases where such problems exist, HUD will decide whether a charge, lawsuit or finding has been satisfactorily resolved, based on whether the applicant has taken appropriate actions to address the allegations of ongoing discrimination.

Yes _____ No _____

Comments: _____

3. The Sponsor's Certifications are acceptable in connection with compliance with civil rights laws, regulation, Executive Orders, and equal opportunity requirements.

NOTE: FHEO shall accept the Certifications unless there is documented evidence to the contrary.

Yes _____ No _____

Comments: _____

NOTE: Any application that would require rejection based on a "No" response in any of the above questions (with the exception of Question #1 for Section 811 only) must be rated. However, the application will not be ranked. The applicant will not be notified of the rejection until technical processing has been completed.

RATING FACTORS

RATING FACTOR 1 - CAPACITY OF THE APPLICANT AND RELEVANT ORGANIZATIONAL STAFF (25 POINTS FOR 202, 30 POINTS FOR 811)

In determining the Sponsor's ability to develop and operate the proposed housing on a long-term basis, consider:

- (b)(i) The scope, extent and quality of the Sponsor's experience in providing housing or related services to minority persons or families. (5 points maximum)

NOTE: If the Sponsor has no previous housing
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experience, all relevant supportive services
(Technical Processing - FHEO) - continued
Project No. _____

experience should be examined.

Recommended rating: _____

Comments: _____

(b)(ii) The scope, extent and quality of the Sponsor's ties to the community at large and to the minority and elderly (202) disability (811) communities in particular. (5 points maximum)

The scope, extent, and quality of the Sponsor's ties to the minority community. (2 points)

NOTE: The Project Manager will rate the scope, extent and quality of the Sponsor's ties to the community at large and to the elderly (202) or disability (811) community in particular.

Recommended Rating: _____

Comments: _____

RATING FACTOR 2 - NEED/EXTENT OF THE PROBLEM (15 points)

Did the Sponsor utilize the community's Analysis of Impediments to Fair Housing Choice (AI) or other planning document that analyses fair housing issues and was prepared by a local planning or similar organization in identifying the level of the problem and the urgency in meeting the need of the project? Extra consideration should be given to the Sponsor that also shows how the AI or other planning documents support the need for the project.

NOTE: Although FHEO doesn't rate this Factor, its comments are to be considered in the award of points by the Project Manager.

Comments: _____

(Technical Processing - FHEO) - continued
Project No. _____

RATING FACTOR 3 - SOUNDNESS OF APPROACH (45 POINTS FOR 202, 40 POINTS FOR 811)

In determining the quality and effectiveness of the proposal, the extent to which the Sponsor involved the target population (including minorities) in the development of the application and will involve them in the development and operation of the project, the extent to which the Section 811 Sponsor coordinated its application with other organizations such as centers for independent living as well as the relationship between the project, the community's needs and purposes of the program funding, consider:

- (c) The suitability of the site from the standpoints of promoting a greater choice of housing opportunities for minority elderly persons/families (**Section 202**) or persons with disabilities, including minorities (**Section 811**) and affirmatively furthering fair housing. The site will be deemed acceptable if it increases housing choice and opportunity by (a) expanding housing opportunities in non-minority neighborhoods (if located in such a neighborhood); **OR** contributing to the revitalization of and reinvestment in minority neighborhoods, including improvement of the level, quality and affordability of services furnished to the minority elderly (202) or minority persons with disabilities (811). (10 points maximum)

Recommended rating: _____

Section 202: If 0 points, application must be rejected.

Section 811: If 0 points, site must be rejected and the application will also receive 0 points for Criterion 3(a).

Comments: _____

- 202** Did the Sponsor involve minority elderly (202) or
(j) minority persons with disabilities (811) in the
811 development of the application?
(g)

Yes _____ No _____

Does the applicant intend to involve minority elderly (202) or minority persons with disabilities (811) in the

development and operation of the project?
(Technical Processing - FHEO) - continued
Project No. _____

Yes _____ No _____

Comments: _____

NOTE: Although the Project Manager assigns the rating points on this factor, FHEO is to make recommendations and comments to the Project Manager.

The following additional findings have been made:

1. The project addresses a low participation rate and an identified need for housing for very low-income minority elderly persons/families (**Section 202**) or persons with disabilities, including minorities (**Section 811**).

Yes _____ No _____

Comments: _____

2. The Sponsor's project is consistent with the affirmatively furthering fair housing provisions of the jurisdiction's Consolidated Plan Certification.

Yes _____ No _____

Comments: _____

3. For projects with relocation indicated, is the information submitted in Exhibit 7 acceptable?

Yes _____ No _____ N/A _____

Comments: _____

(Technical Processing - FHEO) - continued
Project No. _____

The subject application is acceptable from an FHEO viewpoint.

Yes _____ No _____

Explain: _____

(Signature of FHEO Reviewer)

Date

NOTE: EXHIBITS 1, 3(a), 3(b), 3(d), 3(e), 3(f), 3(h), 4(a),
4(d), 7 and 8 WERE REVIEWED TO DETERMINE THE ABOVE
FINDINGS.

SECTION 202/811
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDUM

FIELD OFFICE COUNSEL

MEMORANDUM FOR: Supervisory Project Manager

FROM: _____, Field Office Counsel

SUBJECT: Technical Processing Review and Findings Memorandum

Sponsor Name: _____

Project Location: _____

Project No.: _____

Section 811 Only: Proj. Type/# of Sites: _____

of Units per Site: _____

The subject application has been reviewed and the Field Office Counsel's comments are as follows:

1. The Sponsor is an eligible private nonprofit entity (**Section 202**) or nonprofit entity with a 501(c)(3) IRS tax exemption (**Section 811**), no part of the net earnings of which inures to the benefit of any private party and which is not controlled by or under the direction of persons seeking to derive profit or gain therefrom.

Yes _____ No _____

Comments: _____

2. The Sponsor has the necessary legal authority to sponsor the project, to assist the Owner and to apply for the capital advance.

Yes _____ No _____

Comments: _____

(Technical Processing - Counsel) - continued
Project No. _____

3. The Sponsor has an IRS tax exemption ruling, a blanket exemption with the Sponsor specifically named in the list, or a copy of the letter from the national/parent organization to the IRS requesting that the Sponsor be included under its blanket exemption. **NOTE: For Section 811 applications, the tax exemption must be under Section 501(c)(3) of the IRS tax code.**

Yes _____ No _____ If No, the application must be rejected.

Comments: _____

4. **Section 202 Only:** The Sponsor is a public body or an instrumentality of a public body.

Yes _____ No _____ If Yes, the application must be rejected.

Comments: _____

5. The Sponsor has submitted legally acceptable evidence of site control. (See Exhibit 4(d) of the Section 202 or Section 811 program section of the SuperNOFA.)

Yes _____ No _____ N/A _____ (811 site identified)

Section 202: If No, the application must be rejected.

Section 811: If No, the site must be rejected and the application will be placed in Category B for selection purposes.

Comments: _____

(Technical Processing - Counsel) - continued
Project No. _____

6. The site control document contains restrictive covenants or reverter clauses which are unacceptable to HUD. (See Exhibit 4(d)(ii) of the Section 202 or Section 811 program section of the SuperNOFA.)

Yes _____ No _____ N/A _____ (Section 811 site identified)

Section 202: If Yes, the application must be rejected.

Section 811: If Yes, the site must be rejected and the application will be placed in Category B for selection purposes.

Comments: _____

7. The Sponsor's board has adopted a resolution which:

- (a) Certifies that no officer or board member of the Sponsor, or of the Owner when formed, has or will be permitted to have any financial interest in any contract or in any firm or corporation that has a contract with the Owner in connection with the construction or operation of the project, procurement of the site or other matters whatsoever.

NOTE: This prohibition, as to the Sponsor's officers or board, does not apply to any management, supportive service or developer (consultant) contracts entered into by the Owner with the Sponsor or its nonprofit affiliate. (See 891.130(a)(2).)

Yes _____ No _____

Comments: _____

(Technical Processing - Counsel) - continued
Project No. _____

- (b) Lists all the Sponsor's duly qualified and sitting officers and directors, their titles, and the beginning and ending date for each of their terms of office.

Yes _____ No _____

Comments: _____

NOTES: 1) If the answer to any item is checked "No", with the exception of an answer of "Yes" to Question 4 for Section 202 only, Question 5 for Section 811 only and Question 6 for Section 202 and Section 811, Counsel will check "not acceptable" below and the application will be rejected. 2) If the evidence of site control is not acceptable for a Section 811 application or the site control document contains unacceptable restrictions, the application will be placed in Category B for selection purposes. (Questions 5 and 6)

RECOMMENDATION: _____ The subject Application is acceptable.
_____ The subject Application must be rejected
for the following reason(s):

(Signature of Field Office Counsel)

Date

NOTE: EXHIBITS 1, 2, 4(d), and 8(f) WERE REVIEWED TO DETERMINE THE ABOVE FINDINGS.

SECTION 202/811
TECHNICAL PROCESSING REVIEW AND FINDINGS MEMORANDUM

COMMUNITY PLANNING AND DEVELOPMENT (CPD)
RELOCATION REVIEW

MEMORANDUM FOR: Supervisory Project Manager

FROM: _____, Director, Community Planning
and Development

SUBJECT: Technical Processing Review and Findings Memorandum

Sponsor Name: _____
Project Location: _____
Project No.: _____

Section 811 Only: Proj. Type/# of Sites: _____
of Units per Site: _____

The subject application has been reviewed with regard to
displacement and acquisition and CPD's findings are the following:

- 1.(a) Sponsor has completed the information required by
Exhibit 7, on project occupancy, relocation costs,
and previous site-occupant moves.

Yes ____ No ____ N/A ____ (811 site identified)

- (b) Sponsor has identified persons occupying the
property on the date of submission of the
application (or initial site control, if
later).

	No. not to be Displaced	No. to be Displaced
Households (families and individuals)	_____	_____
Business and Nonprofit Organizations	_____	_____
Farms	_____	_____
Totals	_____	_____

(Technical Processing - CPD) continued
Project No. _____

- 2.(a) Estimated costs for relocation and real property acquisition, if applicable, are reasonable.

Yes _____ No _____

Comments: _____

- (b) The source of funding for such costs has been identified.

Yes _____ No _____

Comments: _____

- (c) There is a firm commitment to provide funds for relocation costs (Section 202 or Section 811 funds or other sources).

Yes _____ No _____

Comments: _____

3. Organization to administer relocation has been identified.

Yes _____ No _____

Comments: _____

4. Certification of Consistency with the Consolidated Plan (form HUD-2991) has been provided and is signed by the authorized certifying official.

Yes _____ No _____

(Technical Processing - CPD) continued
Project No. _____

Comments: _____

5.(a) **BONUS POINTS (2 POINTS)**

Will the project be located in a federally designated Empowerment Zone, Enterprise Community, Urban Enhanced Enterprise Community, or Renewal Community, (collectively referred to as RCs/EZs/ECs), be consistent with the RC/EZ/EC strategic plan, and serve RC/EZ/EC residents?

Yes _____ No _____

(b) Certification of Consistency with RC/EZ/EC Strategic Plan (form HUD-2990) has been provided and is signed by authorized certifying official.

Yes _____ No _____ NA _____

If yes to (a) and (b), then the application will receive two (2) bonus points.

Recommended rating: _____

Comments: _____

6. Real Property acquisition / site control (Exhibit 4).
If applicant has site control, did applicant/buyer provide seller with required voluntary, arm's length transaction information?

Yes _____ No _____ NA _____

Comments: _____

(Technical Processing - CPD) continued
Project No. _____

In view of the above, the proposal is acceptable to Community Planning and Development.

Yes _____ No _____

If No, identify the conditions for acceptability below:

(Signature of CPD Reviewer)

Date

NOTE: EXHIBITS 1, 4(d), 7, and 8(h) WERE REVIEWED TO DETERMINE THE ABOVE FINDINGS.