



ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

Special Attention of:

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

NOTICE H06-08

Issued: July 5, 2006  
Expires: July 31, 2007

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**Cross Reference:**

Handbook 4571.2 (811)  
Handbook 4571.3 REV-1 (202)

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**Subject:** Fiscal Year 2006 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.

**PURPOSE.** This Notice transmits for Fiscal Year 2006

- Changes to Application/Selection Process
- Application Processing Schedule
- Submission Requirements for Selection Materials
- Section 202 Allocation Chart
- Section 811 Allocation Chart
- Section 811 Workshop Instructions
- Section 202 Funding Notification
- Section 811 Funding Notification
- Applications Processing and Selections Policy
- Section 202 Minority Business Enterprise Goals
- Section 811 Minority Business Enterprise Goals
- Initial Screening for Curable Deficiencies
- Technical Review Sheets
- Section 202 Standard Rating Criteria Form
- Section 811 Standard Rating Criteria Form

This Notice should be used in conjunction with the Final Rule Part 891, the General Section of the Super Notice of Funding Availability (SuperNOFA) published in the Federal Register on January 20, 2006, the Section 202 and 811 program NOFAs published in the Federal Register on March 8, 2006, the technical corrections to the Section 202/811 program NOFA published in the Federal Register on April 28, 2006, 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.

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Previous editions obsolete

Form HUD-21-B (3/80)

## TABLE OF CONTENTS

I.	HIGHLIGHTS OF CHANGES TO THE APPLICATION AND SELECTION PROCESS FOR THE FISCAL YEAR (FY) 2006 SECTION 202 AND SECTION 811 PROGRAMS.	1
A.	Submission of Applications.	1
1.	Filing of applications.	1
2.	Proof of Timely Submission.	1
B.	Electronic Application Retrieval Procedures.	2
C.	Restoration of the District of Columbia Allocation.	2
D.	Economic Opportunities for Low and Very Low-Income Persons (Section 3).	2
E.	Mixed-Finance.	2
F.	Project Design Requirements.	3
G.	Application Changes.	3
1.	Non-responsive Application.	3
2.	Changes to Exhibits.	4
H.	Rating Factor Changes.	5
I.	Program Forms and Appendices.	6
J.	Evidence of Site Control.	6
K.	Environmental Issues.	7
1.	Phase I Environmental Site Assessment (ESA).	7
2.	Asbestos.	7
L.	Project Rental Assistance Contract (PRAC) Term.	7
M.	Form HUD-2530, Previous Participation Certification.	8
N.	Reduction in Points for Time Limit.	8
O.	Clarification on the Removal of Regulatory Barriers to Affordable Housing.	8
P.	Reporting Requirements.	9
1.	Program Outcome Logic Model (form HUD 96010).	9
2.	Return of Investment Statement.	10
3.	Race and Ethnic Data Reporting Form (form HUD-27061).	10
Q.	Expiration of Funds.	10
R.	Accessibility.	10
S.	Changes Applicable to the Section 202 Program Only.	10
1.	Available Funds.	10
2.	Metropolitan and Nonmetropolitan Allocation.	10
3.	Mixed-Finance.	11
T.	Changes Applicable to the Section 811 Program Only.	11
1.	Available Funds.	11
2.	Site Identified Applications.	11
3.	Review and Rating of Exhibit 4(a), Evidence of Need.	11
II.	CHANGES PURSUANT TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS ACT, 2006.	11
III.	CHANGES FOR FY 2005 AND EARLIER WHICH ARE STILL IN EFFECT.	12
A.	Section 202 and Section 811 Program Changes.	12
1.	DUNS Number.	12

2.	Name Check Review.....	12
3.	Leasehold Term.....	12
4.	Expiration of Funds.....	12
5.	Project Development Timeline.....	13
6.	Forms & Certifications.....	13
7.	Threshold Score.....	14
8.	Review and Selection Process.....	14
9.	Appeal Process.....	17
10.	Development Cost Limits.....	17
11.	Commercial Space.....	18
12.	Environmental Site Assessment (ESA) Requirements.....	18
13.	Site Related Issues.....	20
14.	Evidence of Need/Demand.....	23
15.	Elimination of Congressional Notification Letter.....	23
16.	Press Release Information.....	24
17.	Applicant Debriefing.....	25
18.	Administrative and National Policy Requirements.....	25
19.	Sponsor as Consultant.....	26
20.	Supportive Services.....	26
21.	Historic Preservation.....	26
22.	Waivers.....	27
23.	Project Size.....	27
24.	Mixed-Finance Projects.....	28
25.	Elimination of the Reference to Mixed-Use Proposals.....	29
26.	Eligibility of Owner Entity When Later Formed by the Sponsor.....	30
B.	Changes Applicable to the Section 202 Program Only.....	31
1.	Allocation Formula.....	31
2.	Licensed Assisted Living Projects.....	31
3.	Application Changes.....	31
4.	Scattered Site Projects.....	31
5.	Accessibility Requirements.....	31
6.	Acquisition of Housing With or Without Rehabilitation.....	32
7.	Economic and Market Analysis (EMAS) Review.....	32
C.	Changes to the Section 811 Program Only.....	32
1.	Allocation of Funds.....	32
2.	Applicant Eligibility.....	32
3.	Application Changes.....	32
4.	Valuation Review of Market Need/Demand.....	34
5.	Development Cost Limits for Group Homes.....	34
6.	Applications Proposing a Mixed-Finance Project.....	34
7.	Site Related Issues.....	34
8.	Restrictions Removed from Acquisition Projects.....	37
9.	Project Size.....	37
10.	Supportive Services.....	38
11.	Occupancy Issues.....	40
12.	Intermediate Care Facilities (ICFs) are no Longer Eligible.....	41
13.	Davis-Bacon Act.....	41
14.	Lead-Based Paint.....	41

15.	Accessibility.....	41
16.	Project Type Name Change.....	42
IV.	SITES LOCATED IN FLOODPLAINS OR WETLANDS.....	42
V.	FY 2006 CAPITAL ADVANCE AUTHORITY ASSIGNMENTS.....	42
A.	Fair Share Factors.....	42
1.	Section 202.....	42
2.	Section 811.....	43
B.	Program Fund Assignments.....	43
VI.	LOCAL HUD OFFICE ALLOCATIONS.....	43
A.	Allocation of Funds.....	43
1.	Section 202.....	43
2.	Section 811.....	44
B.	Project Rental Assistance Contract Funds.....	44
C.	Local HUD Office Funding Notifications.....	44
VII.	AWARD ADMINISTRATION INFORMATION.....	45
A.	Notification to Program Applicants.....	45
B.	Prior Successful Applicants.....	45
C.	Release of Information on Ratings and Rankings.....	45
VIII.	OTHER INFORMATION.....	45
A.	Consolidated Plan Certification.....	45
B.	Workshops.....	46
C.	Minority Business Enterprise Goals.....	46
D.	Salary Limitation for Consultants.....	46
IX.	DAP.....	47
A.	Instructions for Inputting Information in DAP.....	47
1.	DAP's Comment Section.....	47
2.	Print Copy of DAP Application Log.....	47
B.	DAP Application Log.....	47
	FISCAL YEAR 2006 APPLICATION PROCESSING SCHEDULE.....	1

**Attachments:**

- 1 Section 811 and Section 202 Application Processing Schedule
- 2 Submission Requirements for Selection Materials
- 3 Section 202 Allocation Chart
- 4 Section 811 Allocation Chart
- 5 Section 811 Workshop Instructions
- 6 Section 202 Funding Notification
- 7 Section 811 Funding Notification
- 8 Applications Processing and Selections Policy
- 9 Section 202 Minority Business Enterprise Goals
- 10 Section 811 Minority Business enterprise Goals
- 11 Initial Screening for Curable Deficiencies
- 12 Technical Review Sheets
- 13 Section 202 Standard Rating Criteria Form
- 14 Section 811 Standard Rating Criteria Form
- 15 Draft Letter for Requesting Review of Supportive Services Plan

**I. HIGHLIGHTS OF CHANGES TO THE APPLICATION AND SELECTION PROCESS FOR THE FISCAL YEAR (FY) 2006 SECTION 202 AND SECTION 811 PROGRAMS.**

**A. Submission of Applications.**

**1. Filing of applications.**

The application deadline date for the Section 811 program is May 26, 2006 and for the Section 202 Program the deadline date is June 2, 2006. Unless a waiver of the requirement for electronic application submittal is approved, applicants must register and are required to submit their application via [www.Grants.gov](http://www.Grants.gov). All applications must be submitted to [www.grants.gov/Apply](http://www.grants.gov/Apply) and received and validated by Grants.gov no later than **11:59:59 p.m. Eastern time** on the application deadline date. Field Offices must encourage applicants to submit their applications no later than 48 to 72 hours in advance of the application deadline date in order to accommodate the validation process, which can take between 24 to 48 hours.

To assist applicants in applying electronically, HUD published its Early Registration for Grant Application Submission Notice on December 9, 2005 (70 FR 73332). The Early Registration Notice provides step-by-step instructions for applicants that register with Grants.gov and renewal instructions for those applicants that have previously registered. Field Offices must encourage applicants to register early as the registration process can take up to two weeks. The General Section of the SuperNOFA details the requirements for electronic submission as well as the instructions for obtaining a waiver of the electronic submission requirement.

**2. Proof of Timely Submission.**

(a) Electronic Submission. Proof of timely submission and validation is automatically recorded by Grants.gov. Please refer to the General Section of the Super NOFA for further discussion on timely receipt requirements and proof of timely submission.

(b) Paper Application Submission. If a waiver is approved to submit a paper application, the waiver letter will provide instructions regarding what time the application must be submitted on the deadline date, the number of copies of the application to be included, and where the application package must be sent. The Sponsor should mail their application in sufficient time to ensure that the application is received in the appropriate local HUD Office no later than the close of business on the deadline date for the local HUD Office. Hand delivered applications also should be delivered to the local HUD Office by the local HUD Office's close of business on the application deadline date. HUD will no longer accept as evidence of timely submission a receipt of mailing from the USPS or other mail services certifying that the application was mailed (i.e., the postmark date) by the established deadline

date and time. An **original and 4 copies** of the application must be received by the local HUD Office by the application deadline date. Paper applications received by the local HUD Office after the established deadline date and time will be considered late and non-responsive to the NOFA. Non-responsive applications will not be processed for funding consideration.

**B. Electronic Application Retrieval Procedures.**

The Grant Interface Management System (GIMS) is the interface between Grants.gov and HUD that provides an automated method to receive and distribute applications electronically. GIMS is available on the HUD webpage at, <http://gims.hud.gov>.

For a detail discussion on using GIMS, please access “The Grants Interface Management System (GIMS) User’s Guide” on the HUDweb page at the following URL: <http://hudatwork.hud.gov/po/a/grants/gims/gims.cfm>.

**C. Restoration of the District of Columbia Allocation.**

A separate allocation for the Washington, DC Office was restored this year. All applicants for projects proposed to be located within the jurisdiction of the Washington, DC Office that received permission to submit paper applications, will submit their paper applications to the Baltimore, Maryland Office for review and processing.

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

The Department has included compliance with the Section 3 provision as a Departmental Priority Policy. All applicants must comply with Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 170u (Economic Opportunities for Low and Very Low-Income Persons) and its implementing regulations at 24 CFR Part 135. However, to be eligible to receive up to two points under Rating Factor 3(l), Sponsors must provide a description of their plans to incorporate the Section 3 requirements into their proposed project with the goal of expanding training and employment opportunities for low and very low-income residents as well as business concerns under Exhibit 3(k) for Section 202 and Exhibit 3(m) for Section 811.

1. The submission of Exhibit 3(k)/202 and Exhibit 3(m)/(811) is optional, but in order to receive up to 2 points under Rating Factor 3(l), Sponsors must submit these Exhibits and adequately address their plans to provide training and employment opportunities to low and very-low income persons residing in the project area as well as business concerns.
2. The Project Manager within the Multifamily Hubs/Program Centers is responsible for the review of these Exhibits and the assignment of points under Rating Factor 3(l).

**E. Mixed-Finance.**

Proposals to develop mixed-finance projects for additional units over and above the Section 202 and Section 811 units, whichever applies, are no longer a rating factor for additional

points.

1. Sponsors are still required to discuss their plans to develop a mixed-finance project for additional units under Exhibit 4(c)(iii) if they are planning on developing such projects for additional units.
2. If a Sponsor proposes to develop a mixed-finance project for additional units, they are now required to demonstrate their ability to proceed with the development of the project without mixed-financing for additional units in the event that (i) they are later unable to obtain the necessary outside funding; or (ii) HUD disapproves their proposal for mixed-finance projects.
3. Exhibit 4 (c)(iii) is now curable since it is no longer a rating factor.

**F. Project Design Requirements.**

The NOFA clarified that the proposed bedroom sizes must not exceed the maximum unit size limits as stated in Section 202 Handbook 4571.3 or Section 811 Handbook 4571.2, unless, the Sponsor demonstrates a willingness and ability to contribute the incremental development cost and continuing operating cost associated with the oversize units; or the project involves rehabilitation or acquisition and the additional design feature was incorporated into the existing structure before submission of the application.

**G. Application Changes.**

**1. Non-responsive Application.**

The definition for non-responsive applications was expanded to include additional reasons as listed below to determine whether an application will be considered as non-responsive to the NOFA. Applications will not be accepted for processing if the Sponsor:

- (a) submits paper copies of the application if HUD did not approve a waiver of the electronic submission requirements;
- (b) submits a substantially deficient application (i.e., a majority of the required exhibits, are not submitted with the application, particularly, but not limited to, those exhibits which are not curable). (See Section IV.B. of the program NOFA.)
- (c) requests assistance for an ineligible activity as defined in Section IV.E., Funding Restrictions, of the Section 202/811 NOFAs; or
- (d) is an ineligible applicant (see Section III.A, Eligible Applicants of this program NOFA).



## **2. Changes to Exhibits.**

- (a)** Exhibit 2. A note was added to clarify the purpose of HUD's review of the Sponsor's organizational documents to determine the Sponsor's eligibility to participate in the Section 202/811 programs.
- (b)** Exhibit 3(a). This Exhibit was revised to make it clear that Sponsors are required to describe their ability to enlist volunteers and raise local funds, if applicable.
- (c)** Exhibit 3(k)/(202) and 3(m)/(811). Although optional, these are new Exhibits added for Sponsors to describe their plans, if any, to incorporate the Section 3 requirements in the proposed project.
- (d)** Exhibit 4(c)(iii). Sponsor's description of any plans to develop a mixed-finance project for additional units, is now a curable item.
- (e)** Exhibit 4(d)(ix). Sponsors will submit the letter they sent to State/Tribal Historic Officer (SHPO/THPO) requesting a review of their applications relative to any historical significance and a statement that the SHPO/THPO failed to respond; OR, if a response has been received, a copy of the SHPO/THPO letter to the Sponsor. Previously, this requirement was covered in two separate Exhibits.
- (f)** Exhibit 6. Sponsors are required to submit a list of all FY 2005 and prior year Section 202 and Section 811 capital advance projects to which they are a party. Each must be identified by project number and local HUD office and include the following information:
  - (i)** Whether the project has initially closed and, if so, when;
  - (ii)** If the project was older than 24 months when it initially closed (specify how old) or if older than 24 months now (specify how old) and has not initially closed, provide the reasons for the delay in closing;
- (g)** Exhibit 8(a) – Standard Form 424, Application for Federal Assistance.
  - (1)** Pursuant to E0 12372, if the State Point of Contact (SPOC) requires a review of the Sponsor's application, the Sponsor must include a copy of the cover letter sent to the SPOC in Exhibit 8(a). Although the copy of the cover letter is a curable deficiency, the letter to the SPOC must reflect a date on or before the application deadline date.
  - (2)** In Item 12, Areas Affected by Project, of the SF-424, Sponsors are instructed to provide the name of the City, County, and State where the

project will be located and not the largest political entities as indicated on the instructions page of the SF-424.

- (h) Exhibit 8(b) - 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 6142, **by June 28, 2006 for Section 811 and by July 6, 2006, for Section 202. Please write the related Project Numbers at the top of each front page of the SF-424 Supplement before submitting them to Headquarters.**
- (i) Exhibit 8(i)/(202) and 8(j)/(811), Program Outcome Logic Model, (form HUD-96010). This form was revised to tailor each specific program. It incorporates a master list of program needs, activities/outputs and outcomes that Sponsors can select from based on their planned activities.
- (j) Although optional, Form HUD-2994, You Are Our Grant Applicant Survey, was added to the list of forms under Exhibit 8.

## H. Rating Factor Changes.

1. The maximum score for sub-Rating Factor 1(a), Capacity of the Applicant and Relevant Organizational Staff, has been reduced from 15 to 13 points to accommodate the 2 points added under sub-Rating factor 3(l) for compliance with the Section 3 requirements..
2. Under sub-Rating Factor 1(d), a sliding scale (from -3 points to -5points) was developed in order to better determine the deduction of points for those Sponsors that received an amendment money in connection with a fund reservation approved under either the Section 202 Program of Supportive Housing for the Elderly or the Section 811 Program of Supportive Housing for Persons with Disabilities in FY 2001 or later. The point deduction is as follows:
  - **(-3 points).** The amount of the amendment money required was **25% or less** of the original capital advance amount approved by HUD.
  - **(-4 points).** The amount of the amendment money required was between **26% and 50%** of the original capital advance amount approved by HUD.
  - **(-5 points).** The amount of the amendment money required was over **50%**

of the original capital advance amount approved by HUD.

**Note: Under this sub-rating factor, there are no exceptions for delays beyond the Sponsor's control.**

3. In order to accommodate the Department's policy to allow Sponsor's to receive up to 2 points for describing their plans to comply with the Economic Opportunities for Low and Very Low-Income Persons (Section 3) requirement, a new sub-Rating Factor 3(1), Plans to Meet Section 3 Requirement, was added under Rating Factor 3, Soundness of Approach.
  - (1 point). Plans to provide opportunities to train and employ low and very-low income residents of the project area;
  - (1 point). Plans to award substantial contracts to persons residing in the project area.
4. To provide a fair and more reasonable method to award points under Rating Factor 4, Leveraging Resources, a sliding scale based on the dollar value of any written evidence of firm commitments (including financial assistance, donation of land, provision of services, etc.) towards the development and operation of the proposed project from other funding sources (e.g., private local community and government sources) was developed. The designated points for this rating factor are to be awarded as follows:
  - 0 point if the dollar value totals 5% or less of the capital advance amount as determined by HUD;
  - 1 point if the total value totals between 6% and 10%;
  - 2 points if the total value totals between 11% and 15%;
  - 3 point if the total value totals between 16% and 20%;
  - 4 points if the total value totals between 21% and 25%; and
  - 5 points if the total value totals over 25%.

**I. Program Forms and Appendices.**

Forms and appendices are no longer a component of the program NOFA, however, each NOFA provides the website where the required forms and appendices may now be downloaded. To download the forms for the Section 202 and Section 811 programs, please visit <http://www.Grants.gov> or HUD's website at <http://www.hud.gov/offices/adm/grants/fundsavail.cfm>. It should be noted that the "fundsavail" website has additional related program documents that were appendices to prior years NOFAs (e.g., Listing of HUD Offices, Guide to Choosing an Environmentally Safe Site with Supplemental Guidance, and format of the SHPO/THPO letter).

**J. Evidence of Site Control.**

1. If the site is covered by mortgage under a HUD program, (e.g., a previously funded Section 202 or 811 project or an FHA-insured mortgage) the Sponsor must submit

evidence of site control as described in Exhibit 4 (d)(i)(A), (B), or (C) of the NOFA **AND** evidence that consent to release the site from the mortgage has been obtained or has been requested from HUD (all required information in order for a decision on the request for a partial release of security must have been submitted to the local HUD office) and from the mortgagee, if other than HUD. Approval to release the site from the mortgage must be done before the local HUD Office makes its selection recommendations to HUD Headquarters. Refer to Chapter 16 of HUD Handbook 4350.1 Rev-1, Multifamily Asset Management and Project Servicing, for instructions on submitting requests to the local HUD Office for a partial release of security from a mortgage under a HUD program.

2. The NOFA clarifies that the Title policy or other similar evidence on site must be current. A current Title policy should be one that runs to the present Owner who will provide the option agreement or contract of sale and who would presumably have obtained a Title policy when it acquired the site. The Field Counsel will determine what is a reasonable period of time based on their review of the information in the submitted Title policy. If there is reason to question the Title policy, Field Counsel could request that the Multifamily Housing Project Manager ask for a Title Report supplementing the policy in a deficiency letter to the Sponsor.

#### **K. Environmental Issues.**

##### **1. Phase I Environmental Site Assessment (ESA).**

Phase I ESAs for all Section 202 proposals and Section 811 proposals with site control must be prepared in accordance with the ASTM Standards E 1527-05, as amended.

##### **2. Asbestos.**

- (a) The asbestos reporting requirement has been changed to require a comprehensive building asbestos survey, when applicable, rather than an asbestos report.
- (b) The requirement for determining when a Sponsor must conduct a comprehensive building asbestos survey has been changed to exclude any pre-1978 structures on the site(s) that most recently consisted of solely four or fewer units of single-family housing including appurtenant structures thereto. Therefore, Sponsors proposing to acquire and rehabilitate existing structures built after 1978 or structures built before 1978 that most recently consisted of solely four or fewer units of single-family housing, including appurtenant structures thereto, are required to submit a statement to this effect, but are not required to submit a comprehensive asbestos survey.

#### **L. Project Rental Assistance Contract (PRAC) Term.**

The initial term of the PRAC Budget Authority has been reduced from 5 years to 3 years.

**M. Form HUD-2530, Previous Participation Certification.**

Form HUD-2530 is no longer required to be submitted with the application at the NOFA stage. Thus, Sponsors no longer have to receive clearance by HUD regarding their previous participation activities before they can be considered for funding. Instead, if selected for funding, Sponsors will be required to submit their Form HUD-2530 electronically. This requirement must be fully covered during the project Planning Conference with Sponsors approved for funding.

**N. Reduction in Points for Time Limit.**

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 2001 and later years (See Rating Factor 1.c and d). It was decided that it 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.

**O. Clarification on the Removal of Regulatory Barriers to Affordable Housing.**

1. Awarding of Points. Applicants are eligible to receive up to 2 points for responding to the policy priority of undertaking activities that will remove barriers to the development of affordable housing. Section 202 and Section 811 applicants are to describe the extent to which the jurisdiction, in which the project will be located, had undertaken successful efforts to remove regulatory barriers to affordable housing in Exhibit 3(j) and Exhibit 3(l), respectively. To receive up to the 2 points under Rating Factor 3(g), Section 202 and Section 811 applicants must submit Form HUD-27300, Questionnaire for HUD's Initiative on Removing Regulatory Barriers **and** the necessary URL references and or the required documentary evidence.

2. Guidance on Awarding Points on the Removal of Regulatory Barriers to Affordable Housing. Form HUD-27300 consists of two parts:

- **Part A:** Local Jurisdictions, Counties Exercising Land Use and Building Regulatory Authority and Other Applicants Applying for Projects Located in Such Jurisdictions or Counties. Part A consists of 20 questions with two columns for response to each question, a No Response and a Yes Response.
- **Part B:** State Agencies and Departments or Other Applicants Applying for Projects Located in Unincorporated Areas or Areas Otherwise Not Covered in Part A. Part B consists of 15 questions with two columns for response to each question, a No Response and a Yes Response.

For both Parts A and B, a check in column 2 is valid only if, as stated in the NOFA, the applicant supplies for each question either a reference, URL, or a brief statement indicating where the backup information may be found and a point of contact including a telephone number and/or email address. The Department may request the applicant to subsequently submit supporting or clarifying documentation. The applicant's supply of a reference, URL, or brief statement that indicates where backup information may be

found is to assist the reviewer with any response that the reviewer believes should be checked whether for purposes of verification or clarity in understanding a response. Where the reference to backup information is not helpful to the reviewer, the reviewer may request the applicant to submit additional supporting or clarifying documentation.

In addition, a limited number of these questions expressly request the applicant to provide brief documentation in the application itself (see questions Part A, No. 12 and Part B, Nos. 12, 14 and 15). As with any documentation specifically requested by HUD in its NOFAs, this information is to be reviewed by the reviewer to ensure that it is responsive to the question. If the information is not provided, points should not be awarded for the response.

- Part A – The applicant will not receive any points if there are only 4 or fewer checks in column 2.
- Part A – The applicant will get 1 point if there are 5 to 9 valid checks in column 2.
- Part A – The applicant will get 2 points if there are 10 or more valid checks in column 2.
- Part B – The applicant will not receive any points if there are 3 or fewer checks in column 2.
- Part B – The applicant will get 1 point if there are 4 to 7 valid checks in column 2.
- Part B – The applicant will get 2 points if there are 8 or more valid checks in column 2.

**P. Reporting Requirements.**

The reporting requirement has been revised as follows:

**1. Program Outcome Logic Model (form HUD 96010).**

The Sponsor and the Owner, when formed, are now required to report annually, on the results achieved against the output goal(s) and outcome(s), which were initially proposed.

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 SuperNOFA applicants are 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://www.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.

**2. Return of Investment Statement.**

Based on information provided in the Logic Model, Sponsors will be required to submit to HUD a statement reporting the Return on Investment (ROI) as a result of HUD's Section 202 or Section 811 funding award. HUD will be publishing a separate notice of the ROI concept later.

**3. Race and Ethnic Data Reporting Form (form HUD-27061).**

HUD no longer requires Sponsors to submit form HUD-27061 that provides for the collection and reporting of racial and ethnic beneficiary data.

**Q. Expiration of Funds.**

The Department of Housing and Urban Development Appropriations Act, 2006, requires HUD to obligate all Section 202 and Section 811 funds appropriated for FY 2006 by September 30, 2009. Under 31 U.S.C. Section 1551, no funds can be disbursed from this account after September 30, 2014. Under Section 202 and Section 811, obligation of funds occurs for both capital advances and project rental assistance upon fund reservation and acceptance. If all funds are not disbursed by HUD and expended by the project Owner by September 30, 2014, the funds, even though obligated, will expire and no further disbursements can be made from this account. Furthermore, all unexpended balances, including any remaining balance on PRAC contracts will be cancelled as of October 1, 2014.

**R. Accessibility.**

Compliance with HUD's design and cost standards has been clarified to include the implementing regulation at 24 CFR Part 8.

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

**1. Available Funds.**

For FY 2006, \$443,167,647 is available for capital advances for new units under the Section 202 Supportive Housing for the Elderly Program as provided by the Department of Housing and Urban Development Appropriations Act, 2006 (Pub. L. 109-115, approved November 30, 2005)

**2. Metropolitan and Nonmetropolitan Allocation.**

The allocations for metropolitan and nonmetropolitan portions of the local HUD Office jurisdictions reflect the definitions of metropolitan and nonmetropolitan areas as of the June 2003 definitions by the Office of Management and Budget, and not

the 2000 Census as previously done.

**3. Mixed-Finance.**

The Section 202 NOFA clarified that any additional units in a mixed-finance proposal must be for the elderly.

**T. Changes Applicable to the Section 811 Program Only.**

**1. Available Funds.**

For FY 2006, \$90,302,844 million is available for capital advances new units under the Section 811 Program of Supportive Housing for Persons with Disabilities as provided under the Department of Housing and Urban Development Appropriations Act, 2006 (Pub.L. 109-115, approved November 30, 2005).

**2. Site Identified Applications.**

Project location must include street address or block/lot number(s).

**3. Review and Rating of Exhibit 4(a), Evidence of Need.**

The responsibility for determining the need for additional housing for persons with disabilities has been transferred from the Economic and Market Analysis Staff (EMAS) to the Valuation staff within the Multifamily Hubs/Program Centers. Therefore, the Valuation staff will be responsible for reviewing Exhibit 4(a) of Section 811 applications and assigning the related points (0 or 10 points) under Rating Factor 2(a).

**II. CHANGES PURSUANT TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS ACT, 2006.**

In accordance with the waiver authority provided in the FY 2006 Department of Housing and Urban Development Appropriations Act, 2006, the Secretary is extending the determination, as made in the Notice, published in 61 F.R. 3047 and in the FYs 1997 through 2005 Section 202 and Section 811 NOFAs, to FY 2006, 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 **three-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.**

**III. CHANGES FOR FY 2005 AND EARLIER WHICH ARE STILL IN EFFECT.**

**A. Section 202 and Section 811 Program Changes.**

**1. 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.

**2. Name Check Review.**

Approvable applicants are subjected to a Name Check Review. Name checks are intended to reveal matters that significantly reflect on the applicant's management and financial integrity or if any key individual has been convicted or is presently facing criminal charges. 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 6142, Attention Section 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:

- (a) deny funding or consider suspension/termination of an award immediately for cause;
- (b) require removal of any key individual from association with management of and/or implementation of the award; and
- (c) 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.

**3. Leasehold Term.**

The leasehold term is 50 years with renewal provisions for 25 years except for sites located on Indian Trust land. The leasehold term for sites on Indian Trust land is 50 year with no extension requirement.

**4. Expiration of Funds.**

- (a) The FYs 2003, and 2004 Consolidated Appropriations Resolutions require

all 202/811 FYs 2003, 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 contracts beyond September 30, 2011.

- (b) *Section 202.* The FY 2005 Consolidated Appropriations Act requires all 202 FY 2005 funds to be obligated by September 30, 2008. No funds can be disbursed from the account after September 30, 2013. The project must be completed through final closing no later than September 30, 2013. All unexpended balances, including any remaining balance on PRAC contracts will be cancelled as of October 1, 2013. 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, 2013.
- (c) *Section 811.* The Emergency Supplemental Appropriations Act of 2005 requires all 811 FY 2005 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.

**5. Project Development Timeline.**

In keeping with the Department's Policy Priorities requiring applicants to be accountable for their performance and achieving results, Sponsors are 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, Achieving Results and Program Evaluation.

**6. Forms & Certifications.**

- (a) 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.
- (b) Submission Form HUD-424B, Applicant Assurances and Certifications, is

eliminated to conform to the General Section of the SuperNOFA.

**7. 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).

**8. Review and Selection Process.**

- (a) 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 Program Center. 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 Program Center's metropolitan and non-metropolitan allocations. Once this is completed, Program Centers 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 Program Center jurisdiction before any applications in Category B can be selected.

After the Program Centers have funded all possible projects based on the process above, residual funds from all Program Centers in each Multifamily Hub will be combined. These funds will be used to first, restore units to

projects reduced by Program Centers 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 Program Center unless there are insufficient approvable applications in other Program Centers within the Multifamily Hub. For the Section 811 program, this process must be done first for all applications that are in Category A before any applications in Category B can be selected. 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: Program Centers 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 Program Centers/Hubs as a result of the instructions above and for selecting applications based on Program Centers' rankings, beginning with the next highest rated application nationwide.

For Section 811 only, before restoring units to projects reduced by Program Centers/Hubs, HUD Headquarters will use the residual Section 811 funds first to fund the Methodist Rehab Center in the jurisdiction of the Jackson, MS Program Center, a FY 2005 application that was not funded due to an administrative error relative to the electronic submission process, and Lower Paxton VOA Living Center in the jurisdiction of the Philadelphia, PA Program Center, a FY 2005 application that was not funded due to HUD error. Then all other approvable applications in Category A will be selected before any applications in Category B. However, during the first round of funding of additional Section 811 applications from HUD Headquarters' residual funds, HUD Headquarters will skip over any applications within the jurisdiction of the Philadelphia, PA Program Center because of HUD Headquarters' funding of an additional application that was not selected in FY 2005 for that Program Center, due to HUD error.

For Section 202 only, 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.

No more than one application will be selected per Program Center from the national residual amount, unless there are insufficient approvable applications in other Program Centers. If there are no approvable applications in other Program Centers, 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. For Section 811, if there are no approvable applications in Category A in other Program Centers, then the next highest rated application in Category B in another Program Center will be selected.

- (b) 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.
- (c) Initial Screening for Curable Deficiencies. The list of exhibits or portions of exhibits that are considered curable deficiencies is included in the 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.

**NOTE:** Only those Exhibits that do not affect the rating of the application and are missing in their entirety or a portion thereof from the application are curable. If an Exhibit is listed as curable in the NOFA, but the Exhibit is not missing nor any portion thereof (i.e., it is complete and clear with respect to its contents), then that Exhibit would not be treated as curable and the Sponsor would not be given additional time to correct any deficiencies that may be discovered later as a result of the local HUD Office's technical review of the Exhibit. However, Field Offices are still permitted to seek clarification of information in an Exhibit, if necessary.

- (d) 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.

- 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.
- If an applicant is not satisfied with the Field Office's response to their appeal, any further appeal of the Field Office's decision must be forwarded to Headquarters, Office of Housing Assistance and Grant Administration, for a final determination.

**9. Appeal Process.**

Applicants have 14 calendar days from the date of HUD's written notice to appeal a technical rejection to the local HUD Office. Pursuant to the regulations at 24 CFR part 4, subpart B and the provisions of the General Section of the SuperNOFA, HUD will not consider any unsolicited information from the applicant. The local HUD Office will make a determination on any appeals before making its selection recommendations.

**10. Development Cost Limits.**

- (a) 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 2006 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.

- (b) Language was added to Part IV.E.3, Development Cost Limits to state the following: “The capital advance funds awarded projects are to be considered the total amount of funds that the Department will provide for the development of the project. Amendment funds will only be provided in exceptional circumstances (e.g., to cover increased costs for construction delays due to litigation or unforeseen environmental issues resulting in a change of sites) that are clearly beyond the applicant’s control. Otherwise, the applicant is responsible for any costs over and above the capital advance amount provided by the Department as well as any costs associated with any excess amenities and design features”.

**11. Commercial Space.**

The maximum amount of space allowed for a commercial facility, separately, 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.

**12. Environmental Site Assessment (ESA) Requirements.**

- (a) 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 in an effort to get a better idea about the type of environmental information HUD needs to complete the environmental review (See Section III.C.3.f).
- (b) Phase I 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 of 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 1527-05, 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.**

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 received by 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 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 clean-up 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 November 26, 2005, for Section 811s and December 2, 2005 for Section 202s, the preparer or other appropriate environmental professional must update the environmental site assessment. If there have not been any changes since the previous assessment, the preparer must certify to same.

- (c) Phase II ESA. If the Phase II 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.

**13. Site Related Issues.**

- (a) Site Control. The specific forms of site control acceptable to the Department have been clarified (see Exhibit 4(d) of the Section 202 and Section 811 NOFAs. Particularly, 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 current 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 indicates 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.

- (b) 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:

- expanding housing opportunities in non-minority neighborhoods (if located in such a neighborhood); or
- contributing to the revitalization and reinvestment in minority neighborhoods, including improvement of the level, quality and affordability of services furnished to the minority elderly and persons with disabilities.

Starting in For FY 2003, 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; (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.

- (c) 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-II”), 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(h) of the application) that the proposed project(s): (1) will be located in a federally-designated RC/EZ/EC-II and will serve residents of the RC/EZ/EC-II; and (2) is consistent with the strategic plan of the RC/EZ/EC-II. 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-II area, be approvable and have acceptable evidence of site control, and the Sponsor must have submitted the required certification (Exhibit 8(h)) to receive the 2 bonus points.

A list of the federally-designated RCs/EZs/Ecs-II is available at HUD’s web site at <http://www.hud.gov/offices/adm/grants/fundsavail.cfm>. Local HUD Offices should also provide information about the local community agency

for applicants to contact and determine if their proposed projects will be located in one of the federally-designated areas identified above.

**(d) 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.

(i) Applicability of Acquisition for Sites under the URA. The annual Section 202 and Section 811 NOFAs have included information to remind Sponsors of their exemption from the site acquisition requirements of the URA under certain conditions. The site acquisition requirements do not apply to the Section 202 and Section 811 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.

(ii) 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. All Section 202 and Section 811 applications for fund reservations that are filed in response to the FY 2006 NOFAs must be in

compliance with the above.

- (iii) Because of the importance of getting this information to Sponsors as early as possible in the project planning stages, the exemption provisions under the URA's site acquisition requirements are now included in Section IV.B. 2.c.(1)(d)(iv) and Section VI.B.2 of the Section 202 and Section 811 NOFAs.
- (iv) The implementing instructions regarding site acquisition under the URA are contained in Chapter 5 of HUD Handbook 1378, CHG-4, Tenant Assistance, Relocation and Real Property Acquisition.

**14. 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, Attention: Kevin P. Kane, Office of Policy Development and Research, Room 8224.

**NOTE:** For the Section 811 program only, the Valuation staff, not EMAS, is now responsible for determining the need and demand for additional units for persons with disabilities and awarding points for same under Rating Factor 2.a.

**15. 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 inputted into DAP.

**NOTE:** Although you are not required to submit the Congressional Notification Letters for your selected projects to HUD Headquarters, HUD Offices are still required to complete the "Project Highlights" section of the Congressional Notification Letters in DAP for each approvable application. This is required because Headquarters pulls the information from the "Project Highlights" section to prepare the Press Release for each application selected for funding. By completing the "Project Highlights" for each approvable application, this information will be already available for any additional approvable applications funded by the Hub or Headquarters using residual funds.

**16. Press Release Information.**

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

(a) 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:

(i) Section 202

The funds will be used to construct 100 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, particularly frail residents, assess services.

(ii) 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.

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

(i) The words or phrases that must not be used and their replacements are as follows:

- “handicapped” (except when used to describe accessibility or adaptability), “clients”, or “patients”. Instead, use “person or persons with disabilities”.
- “supervision” (or any form of the word), “caretaker”, or “houseparents” Instead, use “resident manager”.
- “facility”. Instead, use “project”, “housing” or “independent living project”, “group home” or “condominium”, as the case may be.
- “low income”. Instead, use “very low-income” since residents of

- Section 202 or Section 811 housing must be very low income.
- “confined to a wheelchair”. Instead, use “wheelchair user”.
- “services will be provided”. Instead, use “services will be available”.

(ii) Do not capitalize the type of project or the type of disability.

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

**17. Applicant Debriefing.**

The NOFAs now provide for an applicant debriefing. The request must be in writing to the appropriate local HUD Office’s 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. (See General Section of NOFA on applicant debriefing)

**18. Administrative and National Policy Requirements**

(a) 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.

(b) 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.

(c) **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 2006 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.

**(d) 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 is also reminded that the HUD Reform Act prohibits advance disclosure of funding decisions (also see 24 CFR Part 4)

**19. 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.

**20. Supportive Services.**

**(a) 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.

**(b) 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.

**21. 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 their review and findings with respect to any historical significance to the proposed project along with a statement that the SHPO/THPO failed to respond to your letter; OR (2) a copy of the SHPO's/THPO's response.

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).

## 22. Waivers

- (a) 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.
- (b) 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. Requests for fund reservation extensions in excess of 24 months must be approved in Headquarters.

## 23. Project Size.

- (a) Minimum and Maximum Project Sizes.
  - (i) For **Section 202** applications, the minimum project size for both metro and non-metro proposals is five units which includes 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 200 units in a single Hub for projects in metropolitan and non-metropolitan areas is unchanged. No single application may propose to develop a project for more than the number of units allocated to a local HUD Office (in either the metropolitan or non-metropolitan category) or 125 units, whichever is less.
  - (ii) For **Section 811** projects, the limits are as follow:
    - Group home for persons with disabilities - The minimum number of residents in a Group Home a Sponsor can apply for is two and the maximum number of residents is six. There are no exceptions to this requirement. Each resident



should occupy a bedroom unless another resident choose to share that same bedroom or the 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.

- **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 (**See Section III.C.3.b.(1)**). 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 (See Section III.C.3.b.(2)).**

#### **24. Mixed-Finance Projects.**

**(a) Definition of Owner.**

The definition was revised to indicate that for the purpose of supportive housing, mixed-finance Owner means a for-profit limited partnership (as opposed to a for-profit limited dividend organization) of which a single-purpose private organization (Section 202) or a single-purpose organization with a 501(c)(3) tax exemption (Section 811) is the sole general partner or is a corporation wholly owned and controlled by the single-purpose organization.

**(b) 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.

**(c) 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 the application its plans and actions taken

thus far to create such a mixed-finance project and provide any letters and the corresponding response sent to outside funding sources.

- (i) For the FY 2005 and an earlier funding round, if the Sponsor proposed and was approved for the development of a mixed-finance project for additional units, if the Sponsor should later be unable to secure the funding for the additional units or HUD disapproves of the proposal for mixed financing for additional units, then the Sponsor will not be permitted to proceed with a 202 or 811 project without additional units and the fund reservation will be cancelled. This is due to the fact that the application during those funding rounds were rated 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.
- (ii) 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.
- (iii) Firm Commitment Application Requirements. If a Sponsor receives a Section 202 or Section 811 fund reservation to develop a mixed-finance proposal for additional units, the Sponsor will be required to submit the additional documents outlined in HUD's Final Rule on Mixed Financing, which was published in the Federal Register on September 13, 2005 (FR-4725-F-02).
- (iv) 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.
- (v) Section 202 Mixed-Finance Applications for Additional Units. For Section 202 mixed-finance proposals for additional units, the additional units must be for the elderly.

**25. 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.

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 (See Section IV.E.4). 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, 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.

**26. 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 III.A. of the Sections 202 and 811 NOFAs provides the eligibility requirements of the Owner entity when it is later formed by the Sponsor.

- (a) 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.
- (b) 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 or a corporation wholly owned and controlled by that organization **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)).

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

**1. Allocation Formula.**

The allocation formula includes one data element from the 2000 Census. The data element is the number of a one-person elderly renter household (householder age 62 and older) with incomes at or below the Section 8 very low-income limit, and with poor 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. Application Changes**

- (a) Non-Responsive Applications. An application will be considered non-responsive to the NOFA and will not be accepted for processing if the applicant request assistance for housing that they currently own or lease that is already occupied by elderly persons. Section IV.E., Funding Restrictions, also was revised to include this restriction as an ineligible activity. This revision is a clarification of policy and not a change.

**NOTE:** The Sponsor may propose to rehabilitate an existing currently-owned or leased structure that does not already serve elderly persons, except that the refinancing of any federally-funded or assisted project or project insured or guaranteed by a federal agency is not permissible under the Section 202 NOFA. HUD does not consider it appropriate to utilize scarce program resources to refinance projects that have already received some form of assistance under a federal program. (For example, Section 202 or Section 202/8 direct loan projects cannot be refinanced with capital advances and project rental assistance).

- (b) Exhibit 4(e)(iv), Description of How Residents will be Afforded Opportunities for Employment, was eliminated.

**4. Scattered Site Projects**

If a project will be a scattered site development, each site must have at least five units.

**5. 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) that prohibits the selection of a site or location, which has the purpose or effect of excluding persons with

disabilities from the Federally-assisted activity.

**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.

**7. Economic and Market Analysis (EMAS) Review.**

The EMAS rating for sufficient demand was based on the project's unmet needs ratio. An application in a market area found to have sufficient demand was eligible to receive either 10 or 5 points. If not, the project would receive no point. No other point values were 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 could receive 10 points if the project has an unmet needs ratio of 15 percent or less; 5 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 conditions, as of the 2000 Census, minus the number of project-based subsidized rental housing units (HUD, Rural Housing Services (RHS), or applicable Low-Income Housing Tax Credit (LIHTC) that are affordable to very low-income elderly) provided in the area since 1999.

**C. Changes to the Section 811 Program Only.**

**1. Allocation of 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.

**2. 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.

**3. Application Changes**

- (a) Non-Responsive Applications. If an applicant requested assistance for housing that they currently own or lease that has been occupied by people with disabilities for longer than one year prior to the application deadline date, that application will be considered as non-responsive. Section IV.E., Funding Restrictions, also was revised to include this restriction as an ineligible activity, along with assisted living facilities and mobile homes (previously manufactured housing).

**NOTE:** The Sponsor may propose to rehabilitate an existing currently-owned or leased structure (if the structure already serves persons with disabilities, it cannot have not operated as housing for persons with disabilities for longer than one year prior to the application deadline date); however, the refinancing of any federally funded or assisted project or project insured or guaranteed by a federal agency is not permissible under the Section 811 NOFA. HUD does not consider it appropriate to utilize scarce program resources to refinance projects that have already received some form of assistance under a federal program or that have been operating as housing for persons with disabilities for longer than one year prior to the application deadline date. (For example, Section 202, Section 202/8 or Section 202/PAC direct loan projects cannot be refinanced with capital advances and project rental assistance.)

- (b) 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) and the Response from SHPO/THPO or a statement that they didn't respond
- Exhibit 4(d)(x) Willingness to seek an alternate site
- Exhibit 4(d)(xi) Exception to project size limit
- 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

- (c) 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".

(d) 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.

(e) The Supportive Services Plan is a curable deficiency.

**4. Valuation Review of Market Need/Demand.**

In Rating Factor 2, Need/Extent of the Problem, if the Valuation staff determines 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 10 points. If not, the project is to be awarded 0 points. No other point values are allowed.

**5. 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 2006, 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.

**6. Applications Proposing a Mixed-Finance Project**

Clarification was made to state that only applications with control of an approvable site are permitted to request consideration of a proposal involving mixed-financing.

**7. Site Related Issues**

(a) 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 for 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".

- (b) **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.

- (c) 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.
- (d) 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".

- (e) Specific Street Address Required. Sponsors must provide the specific street address of the site. For site-identified applications, the location must include the street address or block or lot number(s). If the Sponsor proposes one or more condominium units, the unit number(s) must also be provided. The NOFA clarifies that if an application failed to provide the required information, that application will be rejected.
- (f) 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.
- (g) 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 requirement 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.
- (h) 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.

**8. 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.

**9. Project Size**

- (a) 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.
- (b) 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.
- (c) Project Size Limits.
  - (i) 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.
  - (ii) 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).
  - (iii) Section III.C.3.b.(3). This section was revised to state that there would be no exceptions to the maximum project size limit of six persons with disabilities in a group home.
- (d) 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.

- (e) 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.

## 10. 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.

- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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 (i.) receive supportive services available in the community, (ii.) receive supportive services available to them from the

Sponsor directly or coordinated by the Sponsor, or (iii.) 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.

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

## 11. **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:
  - a description of the population to which occupancy will be limited;
  - an explanation of why it is necessary to limit occupancy;
  - how restricted occupancy will promote the goals of the Section 811 program;
  - why the needs of the proposed occupants cannot be met in a more

- integrated setting;
  - a description of the Sponsor's experience in providing housing and/or supportive services to the proposed occupants; and
  - 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.

**12. 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.

**13. 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.

**14. 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.

**15. 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.

**16. 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."

**IV. 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.

**V. FY 2006 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).

**1. Section 202**

The FY 2006 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.

Eighty-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.

**2. Section 811.**

The FY 2006 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.**

As done in prior years, HUD Headquarters will assign the 202/811 capital advance and PRAC funds for the FY 2006 applications selected for funding by electronic means to the Ft. Worth Accounting Center upon completion of the HUD Headquarters' review.

**VI. LOCAL HUD OFFICE ALLOCATIONS**

**A. Allocation of Funds.**

**1. 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 2006 Section 202 allocations.



- (a) 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.
- (b) There is a minimum proposal size of **5** units and a maximum of **200** 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.

**2. 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 2006. 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 makes the initial reservation of project rental assistance contract funds for Section 202 and Section 811 applications selected for funding for three years based on the 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 7 and 8 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 Attachments 6, 7 and 8 of this Notice.

## **VII. AWARD ADMINISTRATION INFORMATION**

### **A. Notification to Program Applicants.**

Sponsors must be advised that all applications submitted under the FY 2006 program must be in conformance with the Federal Register SuperNOFA, Regulations, Handbook and local HUD Office Funding Notifications. To this end, FY 2006 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 1995 (44 U.S.C. 3501-3520).

### **B. 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.

### **C. 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 2006, 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).

## **VIII. OTHER INFORMATION**

### **A. 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 2006. 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 a public official responsible for submitting the plan to HUD. All plan certifications must be submitted as part of the application by the application's submission deadline set forth in the NOFA. The Plan regulations are published in 24 CFR Part 91.

**B. 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 2006 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 6142, 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.

**C. 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 2006 funding round as set forth in Attachments 10 and 11. (These goals do not affect the rating of Section 202 or Section 811 applications.) Field Offices are expected to encourage participation by minority Sponsors. A minority Sponsor is one in which more than 50 percent of the board members are minority based on the following codes/categories:

- 2 - Black
- 3 - Hispanic
- 4 - Native American
- 5 - Asian Pacific
- 6 - Asian Indian

**D. 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 the General Section of the SuperNOFA, Fiscal Year 2006 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 of the high of the pay band paid for level IV of the Executive Schedule, unless specifically authorized by law. This requirement is based on the provision contained in the Department of Housing and Urban Development Appropriations Act, 2006.

## **IX. DAP.**

### **A. Instructions for Inputting Information in DAP.**

Following the processing schedule in Attachment 1 of this Notice, the initial input of application information into DAP should be made by June 16, 2006 for Section 811 and June 23, 2006 for Section 202. Field Offices are to make the final input of information in DAP by June 23, 2006 for Section 811 and June 30, 2006 for Section 202.

#### **1. DAP's Comment Section.**

Use the comment section to input the grant number assigned to the application by Grants.gov.

#### **2. Print Copy of DAP Application Log.**

- (a)** After logging in all applications received, print a copy of the log and write in the related Grant Number below the Project and PRAC Numbers for each application.
- (b)** Write in "R" after the Grant Number to indicate that it is a resubmitted application.
- (c)** Make sure you account for all of the applications.
- (d)** Mail the printed copies of the DAP Log of Applications Received to Headquarters, Attention: Aretha Williams, Director, Grant Policy and Management Division, 451 7<sup>th</sup> Street, SW, Washington, DC 20410, Room 6142 by July 7, 2006 for Section 811 and July 14, 2006, for Section 202. .

### **B. DAP Application Log.**

A Section 202 Log of Applications Received by Sponsor will be available in DAP under the "Reports" tab. After the date to finally input application information in DAP [insert date], Field Offices should use the Sponsor log of applications received to determine if any Sponsor has applied for more units than allowed under either the Section 202 or Section 811 programs. The maximum unit limitation includes Co-Sponsors and any of the Sponsor's affiliated entities (organizations that are branches or offshoots of a parent organization).

- Under the Section 202 program, a Sponsor or Co-Sponsor may not apply for more than 200 units of housing for the elderly in a single Hub or more than 10 percent of the total units allocated to all HUD offices.
- Under the Section 811 program, a Sponsor or Co-Sponsor may not apply for more than 70 units of housing or 4 projects (whichever is less) for persons with disabilities in a single Hub or more than 10 percent of the total units allocated to all local HUD offices.

Programmatic questions concerning the FY 2006 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).

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Brian D. Montgomery  
Assistant Secretary for Housing –  
Federal Housing Commissioner

**SECTION 811 and SECTION 202  
FISCAL YEAR 2006 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>Section 811 Application Deadline</u>	May 26, 2006
<u>Section 202 Application Deadline</u>	June 2, 2006
Initial DAP Application Data Input	June 16, 2006
Final DAP Application Data Input	June 30, 2006
<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, <b>IF</b> so indicated by the Phase I ESA and/or Phase II ESA</u>	
<b>Section 811</b>	<b>June 26, 2006</b>
<b>Section 202</b>	<b>July 3, 2006</b>
Initial Screening for Curable Deficiencies Completed and Deficiency Letters Mailed	July 5, 2006
<u>Submission of SF-424 Supplement from Each application received to Headquarters</u>	July 6, 2006
Send Technical Reject Letters to Sponsors with a copy of each letter plus Technical Reject Report to Headquarters	July 26, 2006
<u>Program Center Offices submit transmittal memoranda, recapitulation sheets, lists of initial selections, approvable but unfunded applications, and applications that scored less than <b>75</b> base pts. to Hubs and SF-424 from each approvable application to Headquarters</u>	August 16, 2006
<u>Hubs submit lists of initial selections, approvable but unfunded applications, applications that scored less than <b>75</b> base pts., transmittal memoranda, and recapitulation sheets to Headquarters</u>	August 23, 2006

## **SUBMISSION REQUIREMENTS FOR SELECTION MATERIALS**

**Submission of Selection Materials to Multifamily Hubs and Headquarters.** 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 Attachments 1 and 2. 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.
  - (i) Number of applications received.
  - (ii) Number of applications selected.
  - (iii) 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.
  - (iv) Amount of unused funds being returned to the Multifamily Hub.
  - (v) 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.
  - (vi) 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, along with copies of any appeal letters and the Program Centers' responses to the appeal letters.
  - 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.
    - (i) Number of applications received.
    - (ii) Number of applications selected.
    - (iii) 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.
    - (iv) Identification of any approvable but unfunded applications the Multifamily Hub funded with residual funds from the Program Centers.
    - (v) Amount of unused funds and units being returned to Headquarters.
    - (vi) 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.
    - (vii) 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 and each Program Center 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 Hub-wide 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. Also, include copies of any appeal letters and the Program Centers’/Hubs’ responses to the appeal letters.
  - 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**:
    - (i) Program Center Transmittal Memorandum.
    - (ii) 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, along with any appeal letters and the Program Centers’ responses to the appeal letters.

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

FY 2006 SECTION 202 ALLOCATIONS BY FIELD OFFICE						
	METROPOLITAN		NONMETRO		TOTALS	
OFFICES	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE
<b>BOSTON HUB</b>						
BOSTON	129	\$15,564,417	5	\$601,448	134	\$16,165,865
HARTFORD	65	\$7,946,297	9	\$1,052,092	74	\$8,998,389
MANCHESTER	40	\$3,881,135	23	\$2,157,316	63	\$6,038,451
PROVIDENCE	40	\$4,827,240			40	\$4,827,240
TOTAL	274	\$32,219,089	37	\$3,810,856	311	\$36,029,945
<b>NEW YORK HUB</b>						
NEW YORK	310	\$38,617,068	5	\$622,188	315	\$39,239,256
<b>BUFFALO HUB</b>						
BUFFALO	87	\$9,248,360	25	\$2,640,360	112	\$11,888,720
<b>PHILADELPHIA HUB</b>						
CHARLESTON	20	\$1,814,715	11	\$992,898	31	\$2,807,613
NEWARK	146	\$17,993,806			146	\$17,993,806
PHILADELPHIA	126	\$14,572,884	18	\$2,023,930	144	\$16,596,814
PITTSBURGH	64	\$6,318,624	14	\$1,417,082	78	\$7,735,706
TOTAL	356	\$40,700,029	43	\$4,433,910	399	\$45,133,939
<b>BALTIMORE HUB</b>						
BALTIMORE	63	\$6,064,734	5	\$482,196	68	6,546,930
WASHINGTON	60	\$6,431,887			60	6,431,887
RICHMOND	58	\$5,137,294	15	\$1,282,127	73	6,419,421
TOTAL	181	\$17,633,915	20	\$1,764,323	201	\$19,398,238
<b>GREENSBORO HUB</b>						
COLUMBIA	43	\$4,026,055	13	\$1,193,046	56	\$5,219,101
GREENSBORO	64	\$7,164,349	29	\$3,254,193	93	\$10,418,542
TOTAL	107	\$11,190,404	42	\$4,447,239	149	\$15,637,643

	<b>METROPOLITAN</b>		<b>NONMETRO</b>		<b>TOTALS</b>	
<b>OFFICES</b>	<b>UNITS</b>	<b>CAPITAL ADVANCE</b>	<b>UNITS</b>	<b>CAPITAL ADVANCE</b>	<b>UNITS</b>	<b>CAPITAL ADVANCE</b>
<b>ATLANTA HUB</b>						
ATLANTA	66	\$5,652,196	20	\$1,724,942	86	\$7,377,138
KNOXVILLE	20	\$1,638,428	9	\$727,670	29	\$2,366,098
LOUISVILLE	42	\$3,792,284	20	\$1,855,095	62	\$5,647,379
NASHVILLE	43	\$3,654,088	14	\$1,216,238	57	\$4,870,326
SAN JUAN	36	\$3,600,655	5	\$505,528	41	\$4,106,183
<b>TOTAL</b>	<b>207</b>	<b>\$18,337,651</b>	<b>68</b>	<b>\$6,029,473</b>	<b>275</b>	<b>\$24,367,124</b>
<b>JACKSONVILLE HUB</b>						
BIRMINGHAM	47	\$3,868,900	17	\$1,367,390	64	\$5,236,290
JACKSON	20	\$1,607,319	18	\$1,413,145	38	\$3,020,464
JACKSONVILLE	186	\$15,229,308	12	\$950,260	198	\$16,179,568
<b>TOTAL</b>	<b>253</b>	<b>\$20,705,527</b>	<b>47</b>	<b>\$3,730,795</b>	<b>300</b>	<b>\$24,436,322</b>
<b>CHICAGO HUB</b>						
CHICAGO	150	\$17,751,418	23	\$2,707,777	173	\$20,459,195
INDIANAPOLIS	69	\$6,295,375	19	\$1,696,015	88	\$7,991,390
<b>TOTAL</b>	<b>219</b>	<b>\$24,046,793</b>	<b>42</b>	<b>\$4,403,792</b>	<b>261</b>	<b>\$28,450,585</b>
<b>COLUMBUS HUB</b>						
CINCINNATI	51	\$4,627,889	5	\$451,086	56	\$5,078,975
CLEVELAND	81	\$7,867,659	14	\$1,374,696	95	\$9,242,355
COLUMBUS	40	\$3,575,488	15	\$1,339,012	55	\$4,914,500
<b>TOTAL</b>	<b>172</b>	<b>\$16,071,036</b>	<b>34</b>	<b>\$3,164,794</b>	<b>206</b>	<b>\$19,235,830</b>
<b>DETROIT HUB</b>						
DETROIT	85	\$8,911,136	10	\$1,014,397	95	\$9,925,533
GRAND RAPIDS	42	\$3,774,205	14	\$1,291,955	56	\$5,066,160
<b>TOTAL</b>	<b>127</b>	<b>\$12,685,341</b>	<b>24</b>	<b>\$2,306,352</b>	<b>151</b>	<b>\$14,991,693</b>

	METROPOLITAN		NONMETRO		TOTALS	
OFFICES	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE
<b>MINNEAPOLIS HUB</b>						
MINNEAPOLIS	63	\$6,942,229	23	\$2,522,537	86	\$9,464,766
MILWAUKEE	73	\$7,717,849	23	\$2,469,528	96	\$10,187,377
<b>TOTAL</b>	<b>136</b>	<b>\$14,660,078</b>	<b>46</b>	<b>\$4,992,065</b>	<b>182</b>	<b>\$19,652,143</b>
<b>FT. WORTH HUB</b>						
FT. WORTH	94	\$7,432,879	24	\$1,909,424	118	\$9,342,303
HOUSTON	61	\$4,744,124	9	\$731,223	70	\$5,475,347
LITTLE ROCK	20	\$1,482,881	17	\$1,244,128	37	\$2,727,009
NEW ORLEANS	50	\$4,065,695	14	\$1,127,289	64	\$5,192,984
SAN ANTONIO	52	\$3,896,212	10	\$763,615	62	\$4,659,827
<b>TOTAL</b>	<b>277</b>	<b>\$21,621,791</b>	<b>74</b>	<b>\$5,775,679</b>	<b>351</b>	<b>\$27,397,470</b>
<b>KANSAS CITY HUB</b>						
DES MOINES	20	\$1,638,428	20	\$1,631,262	40	\$3,269,690
KANSAS CITY	54	\$4,853,142	20	\$1,757,253	74	\$6,610,395
OKLAHOMA CITY	38	\$3,043,259	16	\$1,292,764	54	\$4,336,023
OMAHA	20	\$1,814,715	14	\$1,229,339	34	\$3,044,054
ST LOUIS	45	\$4,665,792	14	\$1,466,969	59	\$6,132,761
<b>TOTAL</b>	<b>177</b>	<b>\$16,015,336</b>	<b>84</b>	<b>\$7,377,587</b>	<b>261</b>	<b>\$23,392,923</b>
<b>DENVER HUB</b>						
DENVER	76	\$7,176,367	31	\$2,474,938	107	\$9,651,305
<b>SAN FRANCISCO HUB</b>						
SAN FRANCISCO	148	\$17,605,317	10	\$1,124,640	158	\$18,729,957
HONOLULU	20	\$3,733,128	5	\$933,282	25	\$4,666,410
PHOENIX	56	\$4,678,191	9	\$780,333	65	\$5,458,524
SACRAMENTO	49	\$5,819,931	9	\$1,082,051	58	\$6,901,982
<b>TOTAL</b>	<b>273</b>	<b>\$31,836,567</b>	<b>33</b>	<b>\$3,920,306</b>	<b>306</b>	<b>\$35,756,873</b>

OFFICES	METROPOLITAN		NONMETRO		TOTALS	
	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE
<b>LOS ANGELES HUB</b>						
LOS ANGELES	235	\$26,686,926	5	\$567,747	240	\$27,254,673
<b>SEATTLE HUB</b>						
SEATTLE	75	\$8,227,226	13	\$1,398,338	88	\$9,625,564
ANCHORAGE	20	\$3,733,128	5	\$933,282	25	\$4,666,410
PORTLAND	55	\$5,279,867	18	\$1,681,124	73	\$6,960,991
<b>TOTAL</b>	150	\$17,240,221	36	\$4,012,744	186	\$21,252,965
<b>NATIONAL TOTAL</b>	3,617	\$376,692,499	696	\$66,475,148	4,313	\$443,167,647

<b>FY 2006 SECTION 811 ALLOCATIONS FOR SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES</b>		
<b>OFFICES</b>	<b>UNITS</b>	<b>CAPITAL ADVANCE</b>
<b>BOSTON HUB</b>		
BOSTON	20	\$2,303,897
HARTFORD	10	\$1,177,474
MANCHESTER	10	\$937,874
PROVIDENCE	10	\$1,168,554
TOTAL	50	\$5,587,799
<b>NEW YORK HUB</b>		
NEW YORK	34	\$4,079,464
<b>BUFFALO HUB</b>		
BUFFALO	19	\$1,961,030
<b>PHILADELPHIA HUB</b>		
CHARLESTON	10	\$883,106
NEWARK	22	\$2,622,563
PHILADELPHIA	23	\$2,599,492
PITTSBURGH	15	\$1,473,111
TOTAL	70	\$7,578,272
<b>BALTIMORE HUB</b>		
BALTIMORE	15	\$1,455,965
RICHMOND	18	\$1,576,619
WASHINGTON	15	\$1,616,012
TOTAL	48	\$4,648,596
<b>GREENSBORO HUB</b>		
COLUMBIA	18	\$1,610,633
GREENSBORO	24	\$2,631,484
TOTAL	42	\$4,242,117
<b>ATLANTA HUB</b>		
ATLANTA	24	\$1,974,924
KNOXVILLE	10	\$832,557
LOUISVILLE	18	\$1,558,073
NASHVILLE	16	\$1,339,069

SAN JUAN	19	\$1,839,670
TOTAL	87	\$7,544,293
<b>JACKSONVILLE HUB</b>		
BIRMINGHAM	18	\$1,480,947
JACKSON	16	\$1,214,171
JACKSONVILLE	38	\$3,021,346
TOTAL	72	\$5,716,464
<b>CHICAGO HUB</b>		
CHICAGO	28	\$3,191,666
INDIANAPOLIS	19	\$1,720,040
TOTAL	47	\$4,911,706
<b>COLUMBUS HUB</b>		
CINCINNATI	10	\$880,132
CLEVELAND	18	\$1,710,077
COLUMBUS	10	\$861,301
TOTAL	38	\$3,451,510
<b>DETROIT HUB</b>		
DETROIT	20	\$2,019,247
GRAND RAPIDS	15	\$1,329,464
TOTAL	35	\$3,348,711
<b>MINNEAPOLIS HUB</b>		
MINNEAPOLIS	16	\$1,708,402
MILWAUKEE	17	\$1,719,424
TOTAL	33	\$3,427,826
<b>FT. WORTH HUB</b>		
FT. WORTH	30	\$2,211,919
HOUSTON	20	\$1,514,450
LITTLE ROCK	15	\$1,113,202
NEW ORLEANS	18	\$1,414,339
SAN ANTONIO	19	\$1,400,829
TOTAL	102	\$7,654,739
<b>KANSAS CITY HUB</b>		
DES MOINES	10	\$796,877
KANSAS CITY	17	\$1,495,773
OKLAHOMA CITY	16	\$1,233,530

OMAHA	10	\$883,106
ST LOUIS	10	\$1,008,981
TOTAL	63	\$5,418,267
<b>DENVER HUB</b>		
DENVER	23	\$2,005,360
<b>SAN FRANCISCO HUB</b>		
SAN FRANCISCO	29	\$3,344,550
HONOLULU	10	\$1,784,052
PHOENIX	18	\$1,462,681
SACRAMENTO	16	\$1,783,920
TOTAL	73	\$8,375,203
<b>LOS ANGELES HUB</b>		
LOS ANGELES	45	\$4,986,788
<b>SEATTLE HUB</b>		
SEATTLE	19	\$2,018,070
ANCHORAGE	10	\$1,784,052
PORTLAND	17	\$1,562,577
TOTAL	46	\$5,364,699
<b>NATIONAL TOTAL</b>	<b>927</b>	<b>\$90,302,844</b>



**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 8) 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 2006  
SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY  
CAPITAL ADVANCE PROGRAM**

The Department of Housing and Urban Development will accept applications from private nonprofit organizations and nonprofit consumer cooperatives 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.grants.gov/FIND>; or by contacting the Grants.gov customer support at 1-800-518-GRANTS 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 JUNE 2, 2006.

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

**FUNDING NOTIFICATION FOR FISCAL YEAR 2006  
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.grants.gov/FIND>; or by contacting the Grants.gov customer support at 1-800-518-GRANTS; 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 MAY 26, 2006.

**Fiscal Year 2006 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 3 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 previously described.

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

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 6142, Attention: 202/811. See the processing schedule in Attachment 1 for the date they should be submitted to Headquarters. Also, include copies of any appeal letters with the HUD Offices' responses to the appeal letters.
- 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 14 for 202, Attachment 15 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 (for Section 202, this means one application per metropolitan and non-metropolitan allocation category) 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-II Bonus Points. After rating applications, those that receive at least **75** base points, have complete RC/EZ/EC-II certifications, and acceptable site control of an approvable site(s) should be reviewed against HUD's list of RCs/EZs/Ecs-II 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-II, will be located in an RC/EZ/EC-II, and will serve residents of the RC/EZ/EC-II 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 202/811 independent living projects of 5 units or less or Section 811 Group Homes of 2 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 3 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 Section 202/811 independent living projects of 5 units or less or Section 811 Group Homes of 2 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. For Section 811 only, before restoring units to projects reduced by Program Centers/Hubs, Headquarters will use the residual Section 811 funds first to fund the Methodist Rehab Center in the jurisdiction of the Jackson, MS Program Center, a FY 2005 application that was not funded due to an administrative error relative to the electronic submission process, and Lower Paxton VOA Living Center in the jurisdiction of the Philadelphia, PA Program Center, a FY 2005 application that was not funded due to HUD error. 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. However, during the first round of funding of additional Section 811 applications from HUD Headquarters' residual funds, Headquarters will skip over any applications within the jurisdiction of the Philadelphia, PA Program Center because of Headquarters' funding of an additional application that was not selected in FY 2005 for that Program Center, due to HUD error. 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 3 for a description of the selection materials that must be submitted to the Multifamily Hub in accordance with the processing schedules in Attachments 1 and 2.

## SECTION 202 MINORITY BUSINESS ENTERPRISE (MBE) GOALS – FY 2006

<u>OFFICES</u>	<u>CAPITAL ADVANCE</u>	<u>UNITS</u>
<b>BOSTON HUB</b>		
Boston	\$ 2,047,705	17
Hartford	1,353,067	11
Manchester	479,242	5
Providence	591,734	5
<b>NEW YORK HUB</b>		
New York City	10,293,485	83
<b>BUFFALO HUB</b>		
Buffalo	3,118,723	29
<b>PHILADELPHIA HUB</b>		
Charleston	452,841	5
Newark	4,029,120	33
Pittsburgh	922,974	9
Philadelphia	1,980,224	17
<b>BALTIMORE HUB</b>		
Baltimore	1,926,091	20
Richmond	1,453,156	17
Washington	3,637,317	34
<b>GREENSBORO HUB</b>		
Columbia	1,398,963	12
Greensboro	2,375,460	21
<b>ATLANTA HUB</b>		
Atlanta	2,104,021	25
San Juan	654,349	7
Louisville	455,434	5
Knoxville	407,948	5
Nashville	788,061	9

**SECTION 202 MINORITY BUSINESS ENTERPRISE (MBE) GOALS – FY 2006**

<u>OFFICES</u>	<u>CAPITAL ADVANCE</u>	<u>UNITS</u>
<b>JACKSONVILLE HUB</b>		
Jacksonville	2,908,883	36
Birmingham	1,236,682	15
Jackson	952,791	12
<b>CHICAGO HUB</b>		
Chicago	4,430,687	37
Indianapolis	816,336	9
<b>COLUMBUS HUB</b>		
Cincinnati	622,593	7
Cleveland	1,132,950	12
Columbus	602,431	7
<b>DETROIT HUB</b>		
Detroit	1,606,038	15
Grand Rapids	819,749	9
<b>MINNEAPOLIS HUB</b>		
Milwaukee	924,106	9
Minneapolis	819,884	7
<b>FT. WORTH HUB</b>		
Ft. Worth	2,214,056	28
Houston	1,297,616	17
Little Rock	445,711	6
New Orleans	1,532,007	19
San Antonio	1,104,344	15

**SECTION 202 MINORITY BUSINESS ENTERPRISE (MBE) GOALS – FY 2006**

<u>OFFICES</u>	<u>CAPITAL ADVANCE</u>	<u>UNITS</u>
<b>KANSAS CITY HUB</b>		
Des Moines	408,711	5
Kansas City	750,894	8
Oklahoma City	843,345	11
Omaha	447,655	5
St. Louis	756,780	7
<b>DENVER HUB</b>		
Denver	1,356,598	15
<b>SAN FRANCISCO HUB</b>		
Honolulu (Guam)	2,886,792	15
Phoenix	1,092,894	13
Sacramento	2,284,365	19
San Francisco	6,199,097	52
<b>LOS ANGELES HUB</b>		
Los Angeles	9,020,543	79
<b>SEATTLE HUB</b>		
Anchorage	1,170,733	6
Portland	762,276	8
Seattle	1,431,641	13
<b>TOTAL</b>	<b>\$89,711,788</b>	<b>851</b>

## SECTION 811 MINORITY BUSINESS ENTERPRISE (MBE) GOALS – FY 2006

<u>OFFICES</u>	<u>CAPITAL ADVANCE</u>	<u>UNITS</u>
<b>BOSTON HUB</b>		
Boston	230,390	2
Hartford	235,495	2
Manchester	187,575	2
Providence	233,711	2
<b>NEW YORK HUB</b>		
New York City	599,921	5
<b>BUFFALO HUB</b>		
Buffalo	309,636	3
<b>PHILADELPHIA HUB</b>		
Charleston	176,621	2
Newark	357,622	3
Pittsburgh	196,415	2
Philadelphia	339,064	3
<b>BALTIMORE HUB</b>		
Baltimore	291,193	3
Richmond	262,770	3
Washington	323,202	3
<b>GREENSBORO HUB</b>		
Columbia	268,439	3
Greensboro	328,936	3
<b>ATLANTA HUB</b>		
Atlanta	329,154	4
San Juan	193,649	2
Louisville	173,119	2
Knoxville	166,511	2
Nashville	167,384	2

**SECTION 811 MINORITY BUSINESS ENTERPRISE (MBE) GOALS – FY 2006**

<u>OFFICES</u>	<u>CAPITAL ADVANCE</u>	<u>UNITS</u>
<b>JACKSONVILLE HUB</b>		
Jacksonville	318,036	4
Birmingham	164,550	2
Jackson	227,657	3
<b>CHICAGO HUB</b>		
Chicago	341,964	3
Indianapolis	181,057	2
<b>COLUMBUS HUB</b>		
Cincinnati	176,026	2
Cleveland	190,009	2
Columbus	172,260	2
<b>DETROIT HUB</b>		
Detroit	201,925	2
Grand Rapids	177,262	2
<b>MINNEAPOLIS HUB</b>		
Milwaukee	202,285	2
Minneapolis	213,550	2
<b>FT. WORTH HUB</b>		
Ft. Worth	294,923	4
Houston	227,168	3
Little Rock	148,427	2
New Orleans	235,723	3
San Antonio	147,456	2
<b>KANSAS CITY HUB</b>		
Des Moines	159,375	2
Kansas City	175,973	2
Oklahoma City	154,191	2
Omaha	176,621	2
St. Louis	201,796	2

**DENVER HUB**

Denver	174,379	2
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**SAN FRANCISCO HUB**

Honolulu (Guam)	535,216	3
Phoenix	162,520	2
Sacramento	334,485	3
San Francisco	576,647	5

**LOS ANGELES HUB**

Los Angeles	886,540	8
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**SEATTLE HUB**

Anchorage	356,810	2
Portland	183,833	2
Seattle	212,428	2

<b>TOTAL</b>	<b>12,958,697</b>	<b>131</b>
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**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>
<u>1</u>	_____	_____	_____
<u>2(a)</u>	_____	_____	_____
<u>2(b)</u>	_____	_____	_____
<u>2(c)</u>	_____	_____	_____
<u>2(d) (811)</u>	_____	_____	_____
<u>3(a)</u>	_____	_____	_____
<u>3(b)</u>	_____	_____	_____
<u>3(c)</u>	_____	_____	_____
<u>3(d)</u>	_____	_____	_____
<u>3(e)</u>	_____	_____	_____
<u>3(f)</u>	_____	_____	_____
<u>3(g)</u>	_____	_____	_____
<u>3(h)</u>	_____	_____	_____
<u>3(i)(i)</u>	_____	_____	_____
<u>3(i)(ii)</u>	_____	_____	_____
<u>3(i)(iii)</u>	_____	_____	_____
<u>3(j)</u>	_____	_____	_____
<u>3(k)</u>	_____	_____	_____
<u>3(l) (811)</u>	_____	_____	_____
<u>3(m) (811)</u>	_____	_____	_____
<u>4(a)</u>	_____	_____	_____
<u>4(b)</u>	_____	_____	_____
<u>4(c)(i)</u>	_____	_____	_____
<u>4(c)(ii)</u>	_____	_____	_____
<u>4(c)(iii)</u>	_____	_____	_____

<u>EXHIBIT NO.</u>	<u>COMPLETE</u>	<u>INCOMPLETE</u>	<u>MISSING</u>
<u>4(d)(i)</u>	_____	_____	_____
<u>4(d)(ii)</u>	_____	_____	_____
<u>4(d)(iii)</u>	_____	_____	_____
<u>4(d)(iv)</u>	_____	_____	_____
<u>4(d)(v)</u>	_____	_____	_____
<u>4(d)(vi)</u>	_____	_____	_____
<u>4(d)(vii)</u>	_____	_____	_____
<u>4(d)(viii)</u>	_____	_____	_____
<u>4(d)(ix)</u>	_____	_____	_____
<u>4(d)(x) (811)</u>	_____	_____	_____
<u>4(d)(xi) (A) (811)</u>	_____	_____	_____
<u>4(d)(xi) (B) (811)</u>	_____	_____	_____
<u>4(d)(xi)(C) (811)</u>	_____	_____	_____
<u>4(d)(xi) (D) (811)</u>	_____	_____	_____
<u>4(d)(xi) (E) (811)</u>	_____	_____	_____
<u>4(d)(xi) (F) (811)</u>	_____	_____	_____
<u>4(d)(xi) (G) (811)</u>	_____	_____	_____
<u>4(e)(i) (811)</u>	_____	_____	_____
<u>4(e)(ii) (811)</u>	_____	_____	_____
<u>4(e)(iii) (811)</u>	_____	_____	_____
<u>4(e)(iv) (811)</u>	_____	_____	_____
<u>4(e)(v) (811)</u>	_____	_____	_____
<u>5(a) (202)</u>	_____	_____	_____
<u>5(b) (202)</u>	_____	_____	_____
<u>5(c) (202)</u>	_____	_____	_____
<u>5(a) (811)</u>	_____	_____	_____
<u>5(b)(i) (811)</u>	_____	_____	_____
<u>5(b)(ii)(A) (811)</u>	_____	_____	_____
<u>5(b)(ii)(B) (811)</u>	_____	_____	_____
<u>5(b)(iii) (811)</u>	_____	_____	_____
<u>5(b)(iv) (811)</u>	_____	_____	_____
<u>5(c) (811)</u>	_____	_____	_____
<u>5(d) (811)</u>	_____	_____	_____
<u>5(e) (811)</u>	_____	_____	_____
<u>5(f) (811)</u>	_____	_____	_____
<u>5(g)(i) (811)</u>	_____	_____	_____
<u>5(g)(ii) (811)</u>	_____	_____	_____
<u>5(g)(iii) (811)</u>	_____	_____	_____
<u>5(h) (811)</u>	_____	_____	_____
<u>5(i) (811)</u>	_____	_____	_____
<u>5(j) (811)</u>	_____	_____	_____
<u>6(a)</u>	_____	_____	_____
<u>6(b)(1)</u>	_____	_____	_____
<u>6(b)(2)</u>	_____	_____	_____

<u>EXHIBIT NO.</u>	<u>COMPLETE</u>	<u>INCOMPLETE</u>	<u>MISSING</u>
<u>6(b)(3)</u>	_____	_____	_____
<u>6(b)(4)</u>	_____	_____	_____
<u>7(a)</u>	_____	_____	_____
<u>7(b)</u>	_____	_____	_____
<u>7(c)</u>	_____	_____	_____
<u>7(d)</u>	_____	_____	_____
<u>8(a)</u>	_____	_____	_____
<u>8(b)</u>	_____	_____	_____
<u>8(c)</u>	_____	_____	_____
<u>8(d)</u>	_____	_____	_____
<u>8(e)</u>	_____	_____	_____
<u>8(f)</u>	_____	_____	_____
<u>8(g)</u>	_____	_____	_____
<u>8(h)</u>	_____	_____	_____
<u>8(i)</u>	_____	_____	_____
<u>8(i)(i)</u>	_____	_____	_____
<u>8(i)(ii)</u>	_____	_____	_____
<u>8(i)(iii)</u>	_____	_____	_____
<u>8(i)(iv)</u>	_____	_____	_____
<u>8(j)</u>	_____	_____	_____
<u>8(k)</u>	_____	_____	_____
<u>8(l)</u>	_____	_____	_____
<u>8(m) (811)</u>	_____	_____	_____

**NOTES:**

- 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.
- 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:

- \_\_\_\_\_ The Sponsor shall be notified of the following curable deficiencies:

Curable Deficiencies Identified

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\_\_\_\_\_ 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

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**OR**

2. \_\_\_\_\_ The application is complete.

Comments: \_\_\_\_\_

Signature of Project Manager

Date

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**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 14 (202) and Attachment 15 (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 23 base points for 202 and 28 base points for 811. However, on the Project Manager's Memorandum Format, Rating Factor 1 is worth a maximum of 16 points for 202 and 21 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 and only assigns 3 of the 5 points under Rating Criterion 1(b)(2).
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:

- **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:

Reviewing Office

Recommendation 1/

	<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 and any Co-Sponsors have experience in providing housing or services to the elderly (Section 202) or persons with disabilities (Section 811).

Yes \_\_\_\_ No \_\_\_\_ If No, the application must be rejected.

Note: The application may remain approvable if at least one of the Sponsors has the experience and meets all other program requirements and the application is otherwise acceptable based on the eligible Sponsor(s). The ineligible organization(s) must be removed as a Sponsor to the application.

3. 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:

\_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Yes \_\_\_\_\_ No \_\_\_\_\_ If No, the application must be rejected.

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. **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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. **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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. **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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. **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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. **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?

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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. **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 III.C.11 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.

13. **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 6142, 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 \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## RATING FACTORS

### RATING FACTOR 1 - CAPACITY OF THE APPLICANT AND RELEVANT ORGANIZATIONAL STAFF (23 POINTS for 202, 28 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. (13 points maximum)

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (b)(2)** 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 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 2001 or later has been extended beyond 24 months (-3 points), 36 months (-4 points) or 48 months (-5 points) (except if the delay was beyond the Sponsor's control).

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (d)** The amount of amendment money required in connection with a fund reservation the Sponsor received under either the Section 202 Program for Supportive Housing for the Elderly or the Section 811 Program for Persons with Disabilities in FY 2001 or later was 25% or less of the original capital advance amount approved by HUD (-3 pts); between 26% and 50% (-4 pts); and over 50% (-5 pts).

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (e) **Section 811 Only:** The Sponsor has experience in developing integrated housing and/or the proposed project will be an integrated housing model (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 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 (13 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 a connection has been established between the project and the community's Consolidated Plan, 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. This will be 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RATING FACTOR 3 - SOUNDNESS OF APPROACH (47 POINTS FOR 202, 42 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 incorporate the provisions of Section 3 through the Sponsor's plans to expand economic opportunities for low- and very low-income, and 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 persons with disabilities. (0 or 4 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 and will be provided on a consistent, long-term basis. (3 points maximum)

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (i) **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) **202** 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(k) for 202 and 8(l) for 811, Form HUD-27300, Questionnaire for HUD's Initiative on Removal of Regulatory Barriers to Affordable Housing)
- (j)

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (l) The extent to which the Sponsor has described its plans for expanding economic opportunities for low and very-low income persons and business concerns. (Section 3 provision).(2 point maximum.)
  - (i) The extent of the Sponsor's plans to provide opportunities to train and employ low and very low-income residents of the project area. (1 point)
  - (ii) The extent of the Sponsor's plans to award substantial contracts to persons residing in the project area. (1 point)

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### **RATING FACTOR 4 - LEVERAGING RESOURCES (5 POINTS)**

In determining the ability of the Sponsor to secure other funding sources and community resources that can be combined with HUD's program resources to achieve program purposes, consider (5 points maximum):

- (a)** The extent to which the Sponsor has secured general support and/or written evidence of firm commitments towards the development and operation of the proposed project (including financial assistance, donation of land, provision of services, etc.) from other funding sources (e.g., private local community and government sources) where the dollar value totals 5% or less of the capital advance amount as determined by HUD. (0 point)
- (b)** The extent to which the Sponsor has secured general support and/or written evidence of firm commitments towards the development and operation of the proposed project (including financial assistance, donation of land, provision of services, etc.) from other funding sources (e.g., private local community and government sources) where the dollar value totals between 6% and 10% of the capital advance amount as determined by HUD. (1 point)
- (c)** The extent to which the Sponsor has secured general support and/or written evidence of firm commitments towards the development and operation of the proposed project (including financial assistance, donation of land, provision of services, etc.) from other funding sources (e.g., private local community and government sources) where the dollar value totals between 11% and 15% of the capital advance amount as determined by HUD. (2 points)
- (d)** The extent to which the Sponsor has secured general support and/or written evidence of firm commitments towards the development and operation of the proposed project (including financial assistance, donation of land, provision of services, etc.) from other funding sources (e.g., private local community and government sources) where the dollar value totals between 16% and 20% of the capital advance amount as determined by HUD. (3 points)
- (e)** The extent to which the Sponsor has secured general support and/or written evidence of firm commitments towards the development and operation of the proposed project (including financial assistance, donation of land, provision of services, etc.) from other funding sources (e.g., private local community and government sources) where the dollar value totals between 21% and 25% of the capital advance amount as determined by HUD. (4 points)
- (f)** The extent to which the Sponsor has secured general support and/or written evidence

of firm commitments towards the development and operation of the proposed project (including financial assistance, donation of land, provision of services, etc.) from other funding sources (e.g., private local community and government sources) where the dollar value totals over 25% of the capital advance amount as determined by HUD. (5 points)

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RATING FACTOR 5 – ACHIEVING RESULTS AND PROGRAM EVALUATION (12 pts)**

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 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(j) for 202 or 8(i) for 811 in rating this criterion.)

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (b) The extent to which the Sponsor’s past performance evidences that the proposed project will result in the timely development of the project. (2 points maximum)

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Technical Processing - Project Manager) - continued  
Project No. \_\_\_\_\_

- (c) 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (d) 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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  
(47 POINTS FOR 202, 42 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 incorporate the provisions of Section 3 through the Sponsor's plans to expand economic opportunities for low- and very low-income, and 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: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- (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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

**202**

- (h)** 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (k)** The extent to which the design and operation of the proposed housing will promote energy efficiency. (1 point maximum)

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

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Reviewer

\_\_\_\_\_  
Date



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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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), or is the site located in the FEMA identified 100-year floodplain, yet the community has been suspended or does not participate in the Flood Insurance Program?

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:** All Section 811 proposals are considered to be critical actions. 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 the convening of the Rating/ Selection Panel. Also, HUD must pay for the publication of the early public notice, as required by step 2.:

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 that most recently consisted of solely four or fewer units of single family housing including appurtenant structures, or was a comprehensive building asbestos survey 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 survey 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. The term "comprehensive building asbestos survey" is a more appropriate term than the term asbestos report referred to in last year's SUPERNOFA.

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. For **Section 202 applications** and **Section 811 applications with site control only**, was a Phase I Environmental Site Assessment (ESA) submitted for the entire site that would be covered by the capital advance, with an Update, as appropriate, and prepared in conformance with ASTM 1527-05, as amended? This is not meant to be an exhaustive search. It should be relatively obvious if it does not meet the intent of the required site visit, or it says that it is in conformance with ASTM 1527-00.

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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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 received 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 \_\_\_\_\_

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 received 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 application shall receive 0 points for Criterion 3(a) below and placed in Category B for selection purposes provided the Sponsor indicated a willingness to locate an alternate 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 as set forth in the attached Form HUD-4128 with Sample Field Notes Checklist, including but not limited to:

- a. The environmental finding that the project has been deemed acceptable.
- b. Signatures of the Appraiser and Supervisory Project Manager/Operations Director and Hub Director/Program Center Director.

- c. Floodplain/wetland Executive Orders compliance through step 6 of the 8-step process for projects in floodplains/wetlands.
- d. Historic preservation compliance including: any required consultation with the SHPO or, THPO on tribal lands; submission to and taken into account any comments received from any Indian Tribes on non-tribal lands, or Native Hawaiian Organization when your office possesses any knowledge that a site might have a religious or cultural significance to them.

Yes \_\_\_ No \_\_\_ N/A \_\_\_ (811 – Site Identified)

**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:**

- 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.
- 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.
- 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.

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## RATING FACTORS

### RATING FACTOR 2 – EVIDENCE OF NEED/EXTENT OF THE PROBLEM (13 Points)

- (a) **Section 811 Projects Only:** 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 10 points. If not, the project is to be awarded 0 points. Awarding of points between 0 and 10 points is not permitted.

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**RATING FACTOR 3 - SOUNDNESS OF APPROACH**  
**(47 POINTS FOR 202, 42 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 incorporate the provisions of Section 3 through the Sponsor's plans to expand economic opportunities for low- and very low-income, and 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Technical Processing – Valuation) – continued  
Project No. \_\_\_\_\_

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)(x)); 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 ONLY**  
**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 for the elderly, EMAS should take into consideration the Sponsor's evidence of need; current and anticipated market conditions in assisted housing; 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 in the market area; the current occupancy and waiting lists in such facilities; and the extent of the pipeline of assisted housing 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 \_\_\_\_\_

**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 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 (13 POINTS)**

**Section 202 Projects Only:** 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. (10 points maximum)

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

5 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. \_\_\_\_\_

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:

Attention: Kevin P. Kane,  
Economic and Market Analysis Division, REE,  
Office of Policy Development and Research,  
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 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 (23 POINTS FOR 202, 28 POINTS FOR 811)**

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

- (b)(1)** The scope, extent and quality of the Sponsor's experience in providing housing or related services to minority persons or minority families. (5 points maximum)

**NOTE:** If the Sponsor has no previous housing experience, all relevant supportive services experience should be examined.

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (b)(2)** 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. (3 points)

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RATING FACTOR 2 - NEED/EXTENT OF THE PROBLEM (13 points)**

- (b)** 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RATING FACTOR 3 - SOUNDNESS OF APPROACH  
(47 POINTS FOR 202, 42 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 incorporate the provisions of Section 3 through the Sponsor's plans to expand economic opportunities for low- and very low-income, and 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  
**(i)** 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?

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.

**Section 811 and Section 202.** The extent to which you have described your plans for expanding economic opportunities for low and very low-income persons (provisions of Section 3). **NOTE:** To receive up to 2 points, the applicant must have adequately addressed the following in Exhibit 3(m) of the application. (1 point if the applicant provide opportunities to train and employ low and very low-income residents of the project area. And/or 1 point if the applicant award substantial contracts to persons residing in the project area.

Recommended rating: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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 \_\_\_\_\_

(Technical Processing - FHEO) - continued  
Project 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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),  
TO DETERMINE THE ABOVE FINDINGS.

4(d), 7 and 8 WERE REVIEWED

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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Based on a review of a current Title policy or other acceptable evidence, the site control document contains restrictive covenants or reverter clauses that 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.

**NOTE:** A current Title policy should be one that runs to the present Owner who will provide the option agreement or contract of sale and who would presumably have obtained a Title policy when it acquired the site. The Field Counsel is responsible for determining what is a reasonable period of time based on a review of the information in the Title policy. If there is reason to question the Title policy, Field Counsel should request that the Multifamily Housing Project Manager ask for a Title Report supplementing the policy in a deficiency letter to the Sponsor.

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 by CPD with regard to:

- The acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended
- Verification that the Certification of Consistency with the Consolidated Plan is included and properly executed
- If applicable and requested, an evaluation to determine the site's location in a RC/EZ/EC, whether or not the project is consistent with the RC/EZ/EC strategic plan and serves RC/EZ/EC residents, and if the Certification of Consistency with the RC/EZ/EC Strategic Plan is included and properly executed.

**The Regional Relocation Specialist is to complete Questions 1-5 and the CPD Reviewer will complete the remainder of the form.**

1. 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 2.(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 all persons (families, individuals, businesses and nonprofit organizations) by race/minority group, and status as owners or tenants occupying the property on the date of submission of the application (or initial site control, if later).

Yes \_\_\_\_ No \_\_\_\_ N/A \_\_\_\_ (811 site identified)



(Technical Processing - CPD) continued  
Project No. \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Persons occupying the property include:

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

3.(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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(d) All persons that have moved from the site within the past 12 months have been identified.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Technical Processing - CPD) continued  
Project No. \_\_\_\_\_

4. Organization to administer relocation has been identified.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Signature of Regional  
Relocation Specialist)

\_\_\_\_\_  
Date

**The remainder of the form is to be completed by the CPD  
Reviewer.**

**6. BONUS POINTS (2 POINTS)**

(a) 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(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, 7, and 8(e), and 8(h) WERE REVIEWED TO DETERMINE THE ABOVE FINDINGS.

SECTION 202 STANDARD RATING CRITERIA FORM  
(FORM HUD-9879-CA)

SECTION 811 STANDARD RATING CRITERIA FORM  
(FORM HUD-9883-CA)

ATTACHMENT 15

Draft Letter from the Supervisory Project Manager to the Director of the Appropriate State or Local Agency Requesting Designation of Representative to Review Supportive Services Plans of Section 811 Applications

Dear \_\_\_\_\_:

The purpose of this letter is to request your assistance, [once again], in reviewing supportive services plans from applications for funding under the Section 811 Program of Supportive Housing for Persons with Disabilities. This program was authorized by the National Affordable Housing Act of 1990 and provides funding in the form of capital advances to nonprofit organizations (Sponsors) to construct, rehabilitate or acquire (with or without rehabilitation) housing for persons with disabilities. The capital advance does not have to be repaid as long as the housing remains available for very low income persons with disabilities for at least 40 years. Project rental assistance funds are also provided to cover the HUD-approved operating costs of the housing with the exception of the cost of any necessary supportive services for the residents. Residents are required to pay no more than 30 percent of their adjusted incomes for rent.

Nationwide, HUD has \$443,167,647 in capital advance funds available which will facilitate the development of 4,313 housing units for persons with disabilities.

On March 8, 2006, HUD published in the Federal Register a Notice of Fund Availability for the Section 811 Program as part of a Super Notice of Funding Availability (SuperNOFA) for HUD's Discretionary Programs. A copy is enclosed for your information. Applications for funding must be submitted electronically through [www.grants.gov/Apply](http://www.grants.gov/Apply), unless a waiver to submit a paper application is granted.

If a waiver is approved to submit a paper application, the Sponsor must mail their application in sufficient time to ensure that the application is received in the appropriate local HUD Office no later than the close of business on the deadline date for the local HUD Office. Hand delivered applications also must be delivered to the local HUD Office by the local HUD Office's close of business on the application deadline date. HUD will no longer accept a receipt of mailing from the USPS or other mail services certifying that the application was mailed before the established deadline date and time. An original and 4 copies of the application must be received by the local HUD Office by the application deadline date. Paper applications received by the local HUD office after the established deadline date and time will be considered late and non-responsive to the NOFA.

The supportive services plan and the Sponsor's description of its experience in providing housing or related services to the intended population are key parts of a Section 811 application. HUD recognizes that housing without necessary supportive services may not be sufficient to enable many persons with disabilities to live independently in the community. Since HUD cannot pay for supportive services, it will not select an applicant

for a Section 811 capital advance unless the provision of supportive services described in the supportive services plan is well designed to serve the needs of the proposed residents and there is evidence that any necessary supportive services will be provided on a consistent, long-term basis to ensure the continued viability of the housing project. It should be noted, however, that accepting the supportive services that are offered in conjunction with the housing is not a condition of occupancy.

We [again] are requesting your assistance in reviewing the supportive services plans from Sponsors proposing to serve people with (insert disability category) because of your agency's knowledge and expertise in the provision of supportive services to this population. In order to be approved for funding, Sponsors are required by law to have a certification from the "appropriate State or local agency" indicating that the provision of the services identified in the supportive services plan is well designed to meet the special needs of the proposed residents. Enclosed are copies of the Certification for Provision of Supportive Services (Certification) and an evaluation form designed to assist the reviewer in completing the Certification.

Please note that, in addition to the statutory requirement for a determination as to whether or not the provision of services is well designed, we have included space for the reviewer to indicate whether the proposed project is consistent/inconsistent with State or local plans and policies addressing the housing needs of people with disabilities. For example, if the proposed project will be a group home for four adults with developmental disabilities but the State will only provide supportive services funding for three persons in a group home, the reviewer would check the "Inconsistent" box. This additional indication will help assure us that Sponsors who are receiving funding or referrals through a particular agency, or their projects will be licensed by that agency, are proposing projects that are sanctioned by that agency. There is also space for the reviewer to indicate whether or not the necessary supportive services will be provided on a consistent, long-term basis as well as whether the provision of supportive services will enhance the independent living success and promote the dignity of those who will access the proposed project.

HUD will not review the supportive services plan of Sponsor's applications and, consequently, there will be no points assigned to the plan. Instead, the supportive services plan and the Certification are threshold requirements which means that if the application does not include them and, after being notified by the HUD Office, the Sponsor does not provide the missing information by (insert deadline for submitting missing information), the application is rejected. Furthermore, if the agency completing the Certification indicates any of the following, the application will be rejected:

- 1) the provision of supportive services is **not** well designed to serve the individual needs of persons with disabilities the housing is expected to serve;
- 2) the provision of supportive services will **not** enhance the independent living success or promote the dignity of those who will access the proposed project;
- 3) the necessary supportive services will **not** be provided on a consistent,

long-term basis; or

- 4 ) the proposed housing is **inconsistent** with State or local plans and policies addressing the housing needs of people with disabilities; (if the agency will be a major funding or referral source for or license the proposed project).

Unless we are informed otherwise, we assume that your agency is the appropriate agency to review the supportive services plans of applications from Sponsors proposing to develop housing for persons with (insert disability category) and to complete the Certification and we will be informing applicants interested in submitting a Section 811 application for persons with (insert disability category) that they are to send one copy of their application including the supportive services plan to your agency for review and completion of the Supportive Services Certification.

[We are having an orientation workshop for prospective Sponsors (insert information on the date, time and place) and would like you or your representative to attend in order to receive more detailed information on the Section 811 Program and to be available to help answer any questions on the supportive services plan. If you or a representative will be attending, please call this office on (insert telephone number) to confirm.]

If your agency is not the appropriate agency for Sponsors proposing to serve (insert disability category) to send a copy of their applications for review of the supportive services plan and completion of the Supportive Services Certification described above, please direct us to the appropriate agency as soon as possible.

Thank you for your time and attention to this important effort. We look forward to hearing from you soon.

Sincerely,

Supervisory Project  
Manager

Enclosures



**Section 811 - Supportive Housing for Persons with Disabilities**

**SUPPORTIVE SERVICES PLAN  
EVALUATION FORM**

**Appropriate State/Local Agency**

**Instructions:**

This Evaluation Form may be used for review of the Supportive Services Plan (Exhibit 5 of the Section 811 Application) to facilitate completion of the Supportive Services Certification (Exhibit 8(i) of the Section 811 Application) by the designated representative for the State/Local Agency which provides funding for services, licenses housing for the population proposed in the Section 811 Application and/or will provide the majority of referrals for the proposed project.

**The completed form should be sent to the appropriate HUD Office so that it can remain on file with the Sponsor's application.**

**Section 811 - Supportive Housing for Persons with Disabilities**

**EVALUATION FORM**

**Appropriate State/Local Agency**

Sponsor Name/City/ST: \_\_\_\_\_

Project Address: \_\_\_\_\_

Project Number: \_\_\_\_\_

////////////////////////////////////

Evaluation of the Supportive Services Plan

A. The extent to which the Sponsor has demonstrated that the identified supportive services will be provided on a consistent, long-term basis.

1. Did the Sponsor demonstrate that supportive services will be available on a consistent, long-term basis?

Yes [ ] No [ ]

If Yes, briefly describe the evidence that the Sponsor provided and indicate whether you think it is sufficient to ensure that the services will be available over a long period of time.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. If the project will be a group home(s) and receive State funding for some or all of the supportive services, what is the maximum number of persons with disabilities the State will permit (i.e., provide funding for services on behalf of) per home?

**(State/Local Agency - cont'd)**  
**Project No. \_\_\_\_\_**

B. The quality of the services implementation plan.

1. Does the supportive services plan have a clear description of each service, its frequency and location? Briefly describe the services, their frequency and where provided.

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2. Does the Sponsor have experience in providing (or ensuring the provision of) the proposed services to the anticipated occupancy and appear to have a good working knowledge of the potential service needs in general for the proposed occupants? Explain.

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3. Will there be any residential staff and what will be their function(s)?

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4. Is the supportive services plan well thought-out?

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5. Did the Sponsor clearly describe how the provision of the proposed services will be managed? Explain.

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**(State/Local Agency - cont'd)**

**Project No.** \_\_\_\_\_

6. If the Sponsor is also the service provider, is there sufficient staff, both in terms of quantity and experience, to ensure the effective delivery of the proposed services? Briefly describe the number and qualifications of staff proposed.

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7. If the Sponsor will not be the service provider, what agency(ies) will provide the services and how will coordination be ensured?

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8. If the Sponsor indicates a particular agency will fund or provide some or all of the supportive services, is there a letter of intent from each agency named indicating its willingness to fund or provide the service(s)?

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9. For those residents who will be taking responsibility for acquiring their own supportive services, did the Sponsor provide a description of appropriate services in the community from which the residents can choose and did the Sponsor get any commitments from outside service providers that the proposed residents will have access to these services?

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**(State/Local Agency - cont'd)**  
**Project No. \_\_\_\_\_**

10. Will any supportive services be provided on-site?

Yes  No

If Yes, explain and could they be provided off-site and still benefit the residents?

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11. Did the Sponsor provide assurances that the proposed residents will receive supportive services based on their individual needs?

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12. Did the Sponsor include a commitment that accepting supportive services will not be a condition of occupancy?

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13. Will the Sponsor's Supportive Services Plan enhance independent living success and promote the dignity of those who will access the proposed project.

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RECOMMENDATION: Application is

Acceptable

Unacceptable

Explain:

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Print Name of Reviewer:\_\_\_\_\_

Signature:\_\_\_\_\_ /Date:\_\_\_\_\_

Name of Agency:\_\_\_\_\_

Address:\_\_\_\_\_

Telephone Number:\_\_\_\_\_

