

**DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT**

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**RURAL HOUSING AND ECONOMIC  
DEVELOPMENT PROGRAM**

Billing Code 4210-32-C



## Funding Availability for the Rural Housing and Economic Development Program

### Program Overview

*Purpose of Program:* The purpose of the Rural Housing and Economic Development (RHED) program is to build capacity at the State and local level for rural housing and economic development and to support innovative housing and economic development activities in rural areas. The funds made available under this program will be awarded competitively, through a selection process conducted by HUD in accordance with HUD Reform Act.

*Available Funds:* Approximately \$24,837,500 million will be awarded in Fiscal Year (FY) 2003 plus any additional funds that would be available through recapture.

*Eligible Applicants:* Local rural non-profit organizations, community development corporations, federally recognized Indian tribes, State housing finance agencies and State economic development and/or community development agencies.

*Application Deadline:* May 27, 2003.

*Match:* None.

### Additional Information

If you are interested in applying for funding under this program, please carefully review the General Section of this SuperNOFA and the following information:

#### I. Application Due Date, Further Information and Technical Assistance

*Application Due Date:* Applications for RHED grants must be received by the deadline date. Applications received after the deadline date will not be considered.

See the General Section of this SuperNOFA for specific procedures governing the form of application submission).

*Applications.* Your application will be considered timely filed if your application is received in HUD headquarters on or before 5:15 pm eastern standard time on the application due date.

*Address for Submitting Applications:* Completed applications (one original and two complete copies) must be submitted to: Processing and Control Unit, Room 7251, Office of Community Planning and Development, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410; ATTN: Office of Rural Housing and Economic Development. When submitting your application, please include your name, mailing address (including zip code),

telephone number, and fax number (including area code).

*Application Kits.* An application kit for the RHED program is not necessary for submitting an application in response to this announcement. This announcement contains all the information necessary for the submission of your application for the Rural Housing and Economic Development Program.

*Further Information and Technical Assistance.* All information and materials required to submit an application for funding under the HUD Rural Housing and Economic Development program are included in the Appendix to this NOFA.

For information concerning the HUD Rural Housing and Economic Development program, contact Ms. Holly A. Kelly, Economic Development Program Specialist, Office of Rural Housing and Economic Development, Office of Community Planning and Development (CPD), U.S. Department of Housing and Urban Development, 451 7th Street, SW., Room 7137, Washington, DC 20410; telephone 202-708-2290 (this is not a toll-free number). Persons with speech or hearing impairments may access this number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

Prior to the application deadline, HUD staff at the number above will be available to provide general guidance and clarification of the NOFA, but not guidance in actually preparing your application. Following selection, but prior to award, HUD staff will be available to assist in clarifying or confirming information that is a prerequisite to the offer of an award by HUD.

*Satellite Broadcast.* HUD will hold an information broadcast via satellite for potential applicants to learn more about the program and preparation of an application. For more information about the date and time of this broadcast, consult the HUD Web site at [www.hud.gov](http://www.hud.gov).

#### II. Amount Allocated

(A) *Available Funds.* Approximately \$24,837,500 million in Fiscal Year (FY) 2003 funding (plus any additional funds that would be available through recapture) is being made available through this NOFA. The breakdown for this funding is below.

(B) *Funding Categories and Maximum Award Amounts.* HUD will award up to approximately \$25 million on a competitive basis in the following funding categories. Applicants must apply for funds in only one of the two

categories: Category (1) Capacity Building or Category (2) Support for Innovative Housing and Economic Development Activities. Only one application will be accepted from any given organization. If more than one application is received from any one organization, the application that was received in the Processing and Control Unit at HUD Headquarters first will be considered for funding. All subsequent applications will be deemed ineligible.

*Category 1 Capacity Building.* HUD will award up to approximately \$10 million to applicants for capacity building activities. This amount will go directly to local rural non-profits, community development corporations (CDCs) and federally recognized Indian tribes to increase an organization's capacity to support innovative housing and economic development activities. The maximum amount awarded to a successful applicant in this category will be \$150,000. If you received two or more RHED grants for capacity building since 1999, you are not eligible to apply under this category.

*Category 2 Support for Innovative Housing and Economic Development Activities.* HUD will award up to approximately \$14,837,500 million to federally recognized Indian tribes, State Housing Finance Agencies (HFAs), State community and/or economic development agencies, local rural non-profits and Community Development Corporations (CDCs) to support innovative housing and economic development activities in rural areas nationwide. The maximum amount awarded to a successful applicant in this category will be \$400,000.

**Special Note:** Applicants are encouraged to ensure that the amount of RHED funds requested are consistent throughout their application including on the HUD 424 "Application for Federal Assistance", the Transmittal Letter, the application narrative sections (Rating Factors) and the HUD 424A "Budget Information". Inconsistencies may result in discrepancies between funding amounts requested and amounts awarded.

#### III. Program Description; Eligible Applicants; Eligible Activities

##### (A) Program Description

(1) *Background.* There has been a growing national recognition of the need to enhance the capacity of local rural non-profit organizations, community development corporations, federally recognized Indian tribes, State housing finance agencies (HFAs) and State economic development and/or community development agencies to expand the supply of affordable housing and to engage in economic development

activities in rural areas. A number of resources are available from the Federal government to address these problems, including programs of the United States Department of Agriculture (USDA), the Economic Development Administration (EDA), the Appalachian Regional Commission (ARC), the Department of the Interior (for Indian Tribes) and HUD. The Rural Housing and Economic Development program has been developed to supplement these resources and to focus specifically on capacity building and promoting innovative approaches to housing and economic development in rural areas. In administering these funds, HUD encourages you to coordinate your activities supported by any of the above mentioned agencies.

(2) *Definitions*

*Appalachia's Distressed Counties* means those counties in Appalachia that ARC has determined to have unemployment and poverty rates that are 150 percent of the respective U.S. rates and has a per capita income that is less than 67 percent of the U.S. per capita income, and has counties with 200 percent of the U.S. poverty rate and one other indicator such as percent of overcrowded housing, etc. Appendix B to this notice identifies ARC's list of distressed counties.

*Colonia* means any identifiable, rural community that:

- (i) Is located in the state of Arizona, California, New Mexico, or Texas;
- (ii) Is within 150 miles of the border between the U.S. and Mexico; and
- (iii) Is determined to be a Colonia on the basis of objective need criteria, including the lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, sanitary, and accessible housing.

*Farmworker* means a farm employee of an owner, tenant, labor contractor, or other operator raising or harvesting agricultural or aquacultural commodities; or a worker in the employment of a farm operator, handling, planting, drying, packing, grading, storing, delivering to storage or market, or carrying to market agricultural or aquacultural commodities produced by the operator. Seasonal farm workers are those farm employees who typically do not have a constant year round salary.

*A Firm commitment* means the agreement by which an applicant's partner agrees to perform an activity specified in the application and demonstrates the financial capacity to deliver the resources necessary to carry out the activity, and commits the resources to the activity either in cash or through in-kind contributions and is

irrevocable, subject only to approval and receipt of a FY 2003 RHED grant. Each letter of commitment should include the organization's name, the applicant's name, the proposed program, the proposed total level of commitment and responsibilities as they relate to the proposed program. The commitment must be written on letterhead from the participating organization, must be signed by an official of the organization legally able to make commitments on behalf of the organization and dated not earlier than the date of publication of this NOFA. In documenting a firm commitment, the applicant's partner must:

(i) Specify the authority by which the commitment is made, the amount of the commitment, the use of funds and the relationship of the commitment to the proposed investment. If the committed activity is to be self-financed, the applicant's partner must evidence its financial capability through a corporate or personal financial statement or other appropriate means. If any portion of it is to be financed through a lending institution, the participant must provide evidence of the institution's commitment to fund the loan;

(ii) Affirm that the commitment is contingent only upon the receipt of FY 2003 RHED funds and state a willingness on the part of the signatory to sign a legally binding commitment (conditioned on HUD environmental review and approval of a property, where applicable) upon award of the grant.

*Federally Recognized Indian tribe* means any tribal entity eligible to apply for funding and services from the Bureau of Indian Affairs by virtue of their status as Indian Tribes. The list of federally recognized Indian tribes can be found in the notice published by the Department of the Interior on July 12, 2002, at 67 FR 46328, and is also available from HUD.

*Innovative housing activities* means projects, techniques, methods, combinations of assistance, construction materials, and energy efficiency improvements or financing institutions or sources new to the eligible area, or its population. The innovative activities can also build upon and enhance a model that already exists.

*Local rural non-profit or Community Development Corporation* means either:

(i) Any private entity with tax-exempt status recognized by the Internal Revenue Service (IRS) which serves the eligible rural area involved in the application (including local affiliates of national organizations that provide technical and capacity building assistance in rural areas); or

(ii) Any public non-profit such as a Council of Governments that will serve specific local non-profit organizations in the eligible area.

*Lower Mississippi Delta Region* means the eight state, 235 county/parish region defined by Congress in the Lower Mississippi Delta Development Act, Pub. L. 100-460. Appendix C to this notice identifies the counties referenced in the Act.

*Rural area* may be defined in one of five ways:

(i) A place having fewer than 2,500 inhabitants (within or outside of metropolitan areas).

(ii) A county with an urban population of 20,000 inhabitants or less.

(iii) Territory, persons, and housing units in the rural portions of "extended cities." The U.S. Census Bureau identifies the rural portions of extended cities.

(iv) Open country that is not part of or associated with an urban area. The USDA describes "open country" as a site separated by open space from any adjacent densely populated urban area. Open space includes undeveloped land, agricultural land, or sparsely settled areas, but does not include physical barriers (such as rivers and canals), public parks, commercial and industrial developments, small areas reserved for recreational purposes, and open space set aside for future development.

(v) Any place with a population not in excess of 20,000 and not located in a Metropolitan Statistical Area.

*State economic development and/or community development agency* means any state agency that has promotion of statewide or local community/economic development as its primary purpose.

*State housing finance agency* means any state agency created to assist local communities and housing providers with financing assistance for development of housing in rural areas, particularly for low- and moderate-income people.

(B) *Eligible applicants.* Eligible applicants for each of the funding categories are as follows:

(1) *For capacity building funding.* If you are a local rural non-profit, including grassroots, faith-based and other community-based grassroots organization, CDC, or federally recognized Indian tribe, you are eligible for capacity building funding to carry out innovative housing and economic development activities which should lead to an applicant becoming self-sustaining in the future.

(2) *For support for innovative housing and economic development activities funding.* If you are a local rural non-profit organizations, including

grassroots, faith-based and other community-based grassroots organization, CDC, federally recognized Indian tribe, State HFA, or State economic development and/or community development agency, you may apply for funding to support innovative housing and economic development activities in rural areas.

(C) *Eligible activities.* The following are examples of eligible activities under the Rural Housing and Economic Development program. These examples are illustrative and are not meant to limit the activities that you may propose in your application:

(1) *For capacity building funding.* Capacity building for innovative rural housing and economic development involves the enhancement of existing organizations to carry out new functions and/or to more effectively perform existing functions. Activities may include, but are not limited to the following:

(a) Enhancement of existing functions or creation of new functions to provide affordable housing and economic development in rural areas;

(b) Acquisition of additional space and support facilities;

(c) Salaries for additional staff needed to conduct the work, including financial management specialists, and economic development specialists;

(d) Training of staff in the areas of financial management, economic development financing, housing accessibility and visitability standards, fair housing issues and complaint filing;

(e) Development of business plans in order for the organization to be self-sustaining;

(f) Development of Management Information Systems (MIS) and software to enable better and more accurate reporting of information to HUD and to other entities;

(g) Development of feasibility studies and market studies;

(h) Training on energy efficiency in construction for housing and commercial projects;

(i) Housing counseling services including fair housing counseling, the provision of information on budgeting, access to credit and other federal program assistance available;

(j) Conducting conferences or meetings with other Federal and State agencies to inform residents of programs, rights and responsibilities associated with homebuying opportunities; and

(k) Arranging for technical assistance to conduct needs assessments, conduct asset inventories and to develop strategic plans.

**Note:** Administrative costs for assistance under this funding category may not exceed fifteen percent (15%) of the total HUD RHED grant award.

(2) *For support of innovative housing and economic development activities.* This category is intended to support, but not be limited to, other costs for innovative housing and economic development activities. Activities may include, but are not limited to the following:

(a) Cost for using new or innovative construction, energy efficiency or other techniques that will result in the design and/or construction of innovative housing and economic development projects;

(b) Preparation of plans, architectural or engineering drawings;

(c) Preparation of legal documents, government paperwork and applications to allow construction of housing and economic development activities to occur in the jurisdiction;

(d) Financial assistance for the acquisition of land and buildings;

(e) Demolition of property to permit construction or rehabilitation activities to occur;

(f) Development of infrastructure to support the housing or economic development activities;

(g) Purchase of construction materials;

(h) Job training to support the activities of the organization;

(i) Homeownership counseling including fair housing counseling, credit counseling, budgeting, access to credit, and other federal assistance available;

(j) Conducting conferences or meetings with other Federal and State agencies to inform residents of programs, rights and responsibilities associated with homebuying opportunities;

(k) Development of feasibility studies and market studies;

(l) Development of Management Information Systems (MIS) and software to enable better and more accurate reporting of information to HUD and to other entities;

(m) Establishing Community Development Financial Institutions (CDFIs), lines of credit, revolving loan funds, microenterprises, and small business incubators; and

(n) Provision of direct financial assistance to homeowners/businesses/developers, etc. This can be in the form of establishing default reserves, pooling/securitization mechanisms, loans, grants, funding existing Individual Development Accounts or similar activities.

Applicants are reminded that they must affirmatively further fair housing

in all their activities. Applicants should reference Section V(D) of the SuperNOFA General Section for clarification of AFFA requirements.

Applicants should demonstrate that their activities will continue to serve the populations that are in need and that beneficiaries will have a choice of innovative housing and economic development opportunities as a result of these activities.

**Note:** Administrative costs for assistance under this funding category may not exceed fifteen percent (15%) of the total HUD RHED grant award.

(D) *Ineligible activities.* Examples of ineligible activities for both funding categories include:

(a) the use of RHED grant funds for income payments to subsidize individuals or families;

(b) political activities;

(c) general governmental expenses other than expenses related to the administrative cost of the grant; or

(d) projects and activities intended for personal gain or private use.

#### IV. Program Requirements

(A) *General.* To be eligible for funding under this program section of this SuperNOFA, you must meet the threshold and statutory or regulatory requirements applicable to all programs set forth in Section V of the General Section of the SuperNOFA. In addition to the above, you must meet the following program specific requirements.

(B) *Accounting System Requirements.* RHED requires that successful applicants have in place an accounting system that meets the policies, guidance, and requirements as described in the following applicable OMB Circulars and Code of Federal Regulations:

(1) OMB Circular No. A-87 (Cost Principles Applicable to Grants, Contracts and Other Agreements with State and Local Governments);

(2) OMB Circular No. A-122 (Cost Principles for Nonprofit Organizations),

(3) OMB Circular No. A-133 (Audits of States, Local Governments, and Non-Profit Organizations);

(4) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations); and

(5) 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally recognized Indian tribal governments).

These documents apply to the award, acceptance and use of assistance under the Rural Housing and Economic

Development program NOFA, and to the remedies for noncompliance, except when inconsistent with the provisions of the FY 2003 HUD Appropriations Act, other Federal statutes or the provisions of this NOFA.

(C) *Ethical Standards.* HUD requires that all grantees adhere to core values and ethical business practices, as described in the General Section of the SuperNOFA as a condition of the award.

(D) *Ensuring the Participation of Small Businesses, Small Disadvantaged Businesses, and Women-Owned Businesses.* HUD requires grantees to use small businesses, small disadvantaged businesses and women-owned businesses in conducting your work activities, if possible. Please refer to Section V(F) of the General Section of the SuperNOFA for specific requirements.

(E) *Forms, Certifications and Assurances.* Applicants are required to submit signed copies of the standard forms, certifications and assurances included in the Appendix of this NOFA signed by the managing officer of your organization.

(F) *Environmental Review.* Selection for award does not constitute approval of any proposed sites. Following selection for award, HUD will perform an environmental review of activities proposed for assistance under this part, in accordance with 24 CFR part 50. The results of the environmental review may require that proposed activities be modified or that proposed sites be rejected. Applicants are particularly cautioned not to undertake or commit HUD funds for acquisition or development of proposed properties (including establishing lines of credit that permit financing of such activities or making commitments for loans that would finance such activities from a revolving loan fund capitalized by funds under this NOFA) prior to HUD approval of specific properties or areas. Each application must contain an assurance that you, the applicant, will assist HUD to comply with part 50; will supply HUD with all available relevant information to perform an environmental review for each proposed property; will carry out mitigating measures required by HUD or select alternate property; and will not acquire, rehabilitate, convert, demolish, lease, repair or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property, until HUD approval of the property is received. In supplying HUD with environmental information, grantees are to use the same guidance as provided in the Notice CPD-99-01, entitled "Field Environmental

Processing for HUD Colonias Initiative (HCI) grants" issued January 27, 1999.

(G) *Conflicts of Interest.* Consultants and experts assisting HUD in rating and ranking applicants for funding under this NOFA are subject to 18 U.S.C. 208. Refer to Section V(M) of the General Section of the SuperNOFA.

(H) *Grant Amounts.* In the event, you, the applicant, are awarded a grant that has been reduced (e.g. the application contained some activities that were ineligible or budget information did not support the request), you will be required to modify your project plans and application to conform to the terms of HUD's approval before execution of the grant agreement. HUD reserves the right to reduce or de-obligate the award if suitable modifications to the proposed project are not submitted by the awardee within 90 days of the request. Any modifications must be within the scope of the original application. HUD reserves the right not to make awards under this NOFA.

(I) *Grant Period.* Recipients will have 36 months from the date of the executed grant agreement to complete all project activities.

(J) *Lead-Based Paint Hazard Control.* All property assisted under the Rural Housing and Economic Development program is covered by the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) and HUD's implementing regulations at 24 CFR part 35.

(K) *Adjustments to Funding.* In addition to the items identified under Section VI(F) of the General Section of the SuperNOFA, HUD:

(1) reserves the right to utilize this year's funding to fund previous year's errors prior to the rating and ranking this year's applications. Additionally, HUD reserves the right to reallocate funds between categories to achieve the maximum allocation of funds in both categories.

(2) If after all eligible applicants have been selected for funding in Category 1 and funds remain, the remaining funds will be allocated to Category 2 to fund additional eligible applications in that category. If after all eligible applicants have been selected for funding in Category 2 and funds remain, the remaining funds will be allocated to Category 1 to fund additional eligible applications in that category. If a balance of funds remains, HUD reserves the right to utilize those funds toward the following year's competition.

(L) *Economic Opportunities for Low and Very Low Income Persons (Section 3).* Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1702u) is applicable to the RHED

program. Please see Section V of the General Section of the SuperNOFA.

## V. Application Selection Process

(A) *Rating and Ranking.* (1) *General.* To review and rate applications, HUD may establish panels which may include outside experts or consultants to obtain certain expertise and outside points of view, including views from other Federal agencies.

(2) *Rating.* All applicants for funding will be evaluated against the criteria below. In evaluating applications for funding, HUD will take into account an applicant's past performance in managing funds, including the ability to account for funds appropriately; timely use of funds received either from HUD or other Federal, State or local programs; meeting performance targets for completion of activities; and number of persons to be served or targeted for assistance. HUD may use information relating to these items based on information at hand or available from public sources such as newspapers, Inspector General or Government Accounting Office reports or findings, hotline complaints that have been found to have merit, or other such sources of information. In evaluating past performance, HUD will deduct points from rating scores as specified under Rating Factor 1, Capacity of the Applicant and Relevant Organizational Experience, described in this section below.

(3) *Ranking.* Applicants will be ranked separately within each of the two funding categories. Applicants will be selected for funding in accordance with their rank order in each category. An application must receive a minimum score of 75 points to be eligible for funding. If two or more applications are rated fundable and have the same score, but there are insufficient funds to fund all of them, the application(s) with the highest score for Rating Factor 2 (Need and Extent of the Problem) shall be selected. If applications still have the same score, the highest score in the following factors will be selected sequentially until one highest score can be determined, Rating Factor 3 (Soundness of Approach), Rating Factor 1 (Capacity and Experience), Rating Factor 5 (Achieving Results and Program Evaluation) and Rating Factor 4 (Leveraging Resources).

(B) *Initial screening.* During the period immediately following the application deadline, HUD will screen each application to determine eligibility. Applications will be rejected if they:

(1) Are submitted by ineligible applicants (including applicants that do

not meet the threshold requirements described in the General Section of the SuperNOFA);

(2) Do not serve an eligible rural area;

(3) Do not meet the objectives of the RHED program;

(4) Propose a program for which the majority of the activities are ineligible.

(C) *Rating Factors for Award Used to Evaluate and Rate Applications.* The factors for rating and ranking applicants, and maximum points for each factor, are provided below. The maximum number of points for this program is 102. This includes 100 points for all five rating factors and two RC/EZ/EC bonus points, as described in the General Section of the SuperNOFA.

(D) *Notification of Approval and Disapproval.* HUD will notify you whether or not you have been selected for an award. If you are selected, HUD's notice to you of the amount of the grant award based on the approved application will constitute HUD's conditional approval, subject to negotiation and execution of the grant agreement by HUD.

(E) *Applicant Debriefing.* Any applicant can obtain a debriefing of their application. Please refer to Section IX(A)(4) of the General Section of the SuperNOFA for details on the conditions and time frames for requesting a debriefing. In addition, applicants requesting a debriefing must send a written request to Ms. Jackie Williams-Mitchell, Director, Office of Rural Housing and Economic Development (ORHED), at the address listed in Section I of this NOFA under "For Further Information and Technical Assistance."

(F) *Rating Factors.* The following Rating Factors will be used to review, evaluate and rate your application.

**Rating Factor 1—Capacity of the Applicant and Relevant Organizational Experience (15 Points).**

This rating factor addresses the extent to which you have the organizational resources necessary to successfully implement your proposed work plan as further described in Rating Factor 3 in a timely manner, specifically within the 36 month award period.

*Rating standards applicable to individual funding categories.* The two funding categories have different objectives. Accordingly, in addition to the generally applicable rating standard discussed above, different standards as discussed below will be used to judge the experience and qualifications of the applicants for each of the two funding categories. HUD fully supports emerging organizations that desire to develop

internal capacity. Therefore, the following categories will be evaluated:

(1) *For Capacity Building applications* (15 points). *Team members, composition, experience, organizational structure and management capacity.*

Your response to this subfactor should clearly state the need which your organization is to address through the request for assistance. In addition, you should describe how the enhanced capacity realized through the assistance will fulfill that need. HUD will evaluate the experience of your project director, core staff, any outside consultants, contractors, subrecipients, and project partners to implement all of the work activities in your workplan as they relate to innovative housing and economic development activities. In evaluating your capacity to do the work, HUD will assess the recentness and relevancy of the prior work experience of each of the parties listed above to execute the prescribed activities; the services that consultants or other parties will provide to fill gaps in your staffing structure to enable you to carry out the proposed workplan; the experience of your project director in managing projects of similar size, scope, and dollar amount; the lines of authority and procedures that you have in place for ensuring that workplan goals and objectives are being met, consultants and other project partners are performing as planned, and that beneficiaries are being adequately served. In responding to this sub-factor, please indicate how the capacity building assistance will strengthen or otherwise impact your organization's current housing or economic development program portfolio, or if you are a new grantee, how the capacity assistance will ensure that you can carry out your proposed activities. In judging your response to this factor, HUD will only consider work experience gained within the last three years. When responding, please be sure to provide the dates, job titles and relevancy of the past experience to work undertaken by the employee or contractor under your proposed RHED application. The more recent, relevant, and successful the experience of your team members is in relationship to the workplan activities, the greater the number of points you will receive.

(2) *For Support for Innovative Rural Housing and Economic Development Activities applications*

(a) (5 points). *Team members, composition, and experience.* HUD will evaluate the experience of your project director, core staff, any outside consultants, contractors, subrecipients, and project partners to implement all of

the work activities in your workplan. In evaluating your capacity to do the work, HUD will assess the recentness and relevance of the prior work experience of each of the parties listed above to execute the prescribed activities; the services that consultants or other parties will provide to fill gaps in your staffing structure to enable you to carry out the proposed workplan; the experience of your project director in managing projects of similar size, scope, and dollar amount; the lines of authority and procedures that you have in place for ensuring that workplan goals and objectives are being met, that consultants and other project partners are performing as planned, and that beneficiaries are being adequately served. In judging your response to this factor, HUD will only consider work experience gained within the last seven years. When responding, please be sure to provide the dates, job titles and relevancy of the past experience to work undertaken by the employee or contractor under your proposed RHED application. The more recent, relevant, and successful the experience of your team members are in relationship to the workplan activities, the greater the number of points that you will receive.

(b) (5 points). *Organizational structure and management capacity.* HUD will evaluate the extent to which you can demonstrate your organization's ability to manage a workforce composed of full-time and/or part-time staff as well as any consultant staff and your ability to work with community-based groups or organizations in resolving issues related to affordable housing and economic development. In evaluating this sub-factor, HUD will take into account your experience in working with community-based organizations to design and implement programs which address the identified housing and economic development issues. The more recent, relevant, and successful the experience of your organization and any participating entities, the greater the number of points you will receive.

(c) (5 points). *Experience with performance based funding requirements.* HUD will evaluate your experience in producing timely products and reports in any previous grant programs undertaken with HUD funds or other Federal, State, local or non-profit or for-profit organization funds. In assessing points for this sub-factor, HUD reserves the right to take into account your past performance in meeting performance and reporting goals on any previous HUD awards. HUD will deduct one point for each of the following activities related to previous HUD grant programs for which

unsatisfactory performance has been verified and related to: (1) Mismanaging funds, including the inability to account for funds appropriately; (2) untimely use of funds received either from HUD or other Federal, State, or local programs; and (3) significant and consistent failure to meet performance targets. Among the specific outcomes to be measured are the number of jobs created or retained, the number of people trained, the number of housing units rehabilitated or constructed and made available for low- and moderate-income persons, or other relevant objective performance measures related to your previous job experience and/or grant programs. Applicants that can demonstrate a closer and greater linkage between the expected outcomes and the previously generated outcomes will receive higher points for this sub-factor.

#### **Rating Factor 2—Need and Extent of the Problem (25 Points)**

The Rural Housing and Economic Development program is designed to address the problems of rural poverty, inadequate housing and lack of economic opportunity. This Factor addresses the extent to which there is a need for funding the proposed activities based on levels of distress, and an indication of the urgency of meeting the need/distress in the applicant's target area. In responding to this Factor, applications will be evaluated on the extent to which the level of need for the proposed activity and the urgency in meeting the need are documented and compared to the target area and national data.

(1) In applying this factor, HUD will compare current levels of need in the area (*i.e.*) Census Tract(s) or Block Group(s), immediately surrounding the project site or the target area to be served by the proposed project and in the national level of need. This means that an application that provides data that show levels of need in the project area expressed as a percent greater than the national average will be rated higher under this Factor. Notwithstanding the above, an applicant proposing a project to be located outside the target area could still receive points under the Rating Factor 2 if a clear rationale and linkage is provided linking the proposed project location and the benefits to be derived by persons living in more distressed area(s) of the applicant's target area.

(2) Applicants should provide data that address indicators of need as follows:

(a) *Poverty Rate* (5 points)—data should be provided in both absolute and percentage form (*i.e.*, whole numbers

and percents) for the target area(s). An application that compares the local poverty rate in the following manner to the national average at the time of submission will receive points under this section as follows:

(i) Less than the national average = 0 points;

(ii) Equal to but less than twice the national average = 1 point;

(iii) Twice but less than three times the national average = 3 points;

(iv) Three or more times the national average = 5 points.

(b) *Unemployment* (5 points)—for the target area:

(i) Less than the national average = 0 points;

(ii) Equal to but less than twice the national average = 1 point;

(iii) Twice but less than three times the national average = 2 points;

(iv) Three but less than four times the national average = 3 points;

(v) Four but less than five times the national average = 4 points;

(vi) Five or more times the national average = 5 points.

(c) *Other indicators of social and/or economic decline that best capture the applicant's local situation* (5 points)—Data that could be provided under this section are information on the community's stagnant or falling tax base, including recent commercial or industrial closings; housing conditions, such as the number and percentage of substandard and/or overcrowded units; rent burden (defined as average housing cost divided by average income) for the target area; local crime statistics, etc. To the extent that the applicant's statewide or local Consolidated Plan, its Analysis of Impediments to Fair Housing choice (AI), and/or its Anti-Poverty Strategy identify the level of distress in the community and the neighborhood in which the project is to be carried out, references to such documents should be included in preparing the response to this Factor.

In rating applications under this Factor, HUD reserves the right to consider sources of available objective data other than, or in addition to, those provided by applicants, and to compare such data to those provided by applicants for the project site. This data includes the use of U.S. Census data.

(a) HUD requires use of sound and reliable data (*e.g.*, U.S. Census data, State statistical reports, university studies/reports that are verifiable) to support distress levels cited in each application. A source for all information along with the publication or origination date must also be provided.

(b) Updated Census data are available for the following indicators:

(i) Unemployment rate—estimated monthly for counties, with a two-month lag;

(ii) Population—estimated for incorporated places and counties, through 2000;

(iii) Poverty rate—2000 data being the most recent available.

(c) *Demographics of Distress—Special Factors (10 points)*. Because of HUD's concern with meeting the needs of certain underserved areas, you will be awarded a total of ten points if you are located in or propose to serve one or more of the following populations, if your application demonstrates that 100 percent of the beneficiaries supported by RHED funds are in one or more of the following populations. You must also specifically identify how each population will be served and that the proposed service area meets the definition of "eligible rural area" as described in Section III(A)(2) of this NOFA:

(i) Areas with very small populations in non-urban areas (2,500 population or less);

(ii) Seasonal farmworkers;

(iii) Federally recognized Indian Tribes;

(iv) Colonias;

(v) Appalachia's Distressed Counties;

or

(vi) The Lower Mississippi Delta Region (8 states and 235 counties/parishes). For these underserved areas, you should ensure that the populations that you serve and the documentation that you provide is consistent with the information described in the above paragraphs under this rating factor.

#### **Rating Factor 3—Soundness of Approach (30 points)**

This factor addresses the overall quality of your proposed workplan, taking into account the project and the activities proposed to be undertaken; the cost-effectiveness of your proposed program; and the linkages between identified needs, the purposes of this program and your proposed activities and tasks. In addition, this factor addresses your ability to ensure that a clear linkage exists between innovative rural housing and economic development. In assessing cost-effectiveness, HUD will take into account your staffing levels, beneficiaries to be served, a timetable for the achievement of program outcomes, the delivery of products and reports and any anticipated outcomes or products. You will receive a greater number of points if your workplan is consistent with the purpose of the RHED program, your program goals and the resources provided.



(a) *Management Plan* (24 points). A clearly defined management plan that identifies each of the projects and activities you will carry out to further the objectives of this program; describes the linkage between rural housing and economic development activities; and addresses the needs identified in Factor 2, including needs that had been previously identified in a statewide or local Analysis of Impediments to Fair Housing Choice (AI) or Consolidated Plan. The populations that were described in Rating Factor 2 for the purpose of documenting need should be the same populations that will receive the primary benefit of the activities, both immediately and long term. The benefits should be affirmatively marketed to those populations least likely to apply for and receive these benefits without such marketing. Your timetable should address the measurable goals and objectives to be achieved through the proposed activities; the method you will use for evaluating and monitoring program progress with respect to those activities; and the method you will use to ensure that the activities will be completed on time and within your proposed budget estimates. Applicants that have a clearly defined management plan and can produce results in less than 36 months will receive higher rating points for this sub-factor. Your management plan should also include the budget for your program, broken out for each line item. Documented projected cost estimates from outside sources are also required. Applicants should submit their workplan on a spreadsheet showing each project to be undertaken and the tasks (to the extent necessary or appropriate) in your workplan to implement the project with your associated budget estimate per activity/task. Your workplan should provide the rationale for your proposed activities and any assumptions used in determining your project timeline and budget estimates. Failure to provide your rationale may result in an application receiving fewer points for lack of clarity in the proposed management plan.

This sub-factor should include information that indicates the extent to which you have coordinated your activities with other known organizations (e.g. through letters of participation or coordination) that are not directly participating in your proposed work activities, but with which you share common goals and objectives and are working toward meeting these objectives in a holistic and comprehensive manner. The goal of

this coordination is to ensure that programs do not operate in isolation. Additionally, your application should demonstrate the extent to which your program exhibits the potential to be financially self-sustaining by decreasing dependence on RHED funding and relying more on state, local, and private funding. The goal of sustainability is to ensure that the activities proposed in your application can be continued after your grant award is complete.

(b) *Policy Priorities* (6 Points). Policy Priorities are further outlined in Section II of the General Section of the SuperNOFA. You should document the extent to which HUD's Policy Priorities are furthered by the proposed activities. Applicants that include activities that can result in the achievement of these Departmental Policy Priorities as described below and in Section II of the General Section of this SuperNOFA will receive higher rating points in evaluating their application for funding. Six Departmental Policy Priorities are listed below. You will receive 1 rating point for each Policy Priority addressed in your program of activities under this rating factor as described in Section VI (b) of this program NOFA. When Policy Priorities are included, describe in brief detail how those activities will be carried out. The Policy Priorities include (1 point each):

(a) Providing Increased Homeownership and Rental Opportunities for Low- and Moderate-Income Persons, Persons with Disabilities, the Elderly, Minorities, and Families with Limited English Proficiency;

(b) Improving our Nation's Communities;

(c) Encouraging Accessible Design Features;

(d) Providing Full and Equal Access to Grass-Roots Faith-Based and Other Community-Based Organizations in HUD Program Implementation;

(e) Participation in Energy Star;

(f) Ending Chronic Homelessness within Ten Years

#### **Rating Factor 4—Leveraging Resources (10 Points)**

This factor addresses the extent to which applicants for any of the two funding categories have obtained firm commitments of financial or in-kind resources from other Federal, State, local, and private sources. For every RHED dollar anticipated, you should provide the specific amount of dollars leveraged. In assigning points for this criterion, HUD will consider the level of outside resources obtained for cash or in-kind services that support activities proposed in your application. HUD will

award a greater number of points based upon a comparison of the extent of leveraged funds compared to the requested RHED grant. This criterion is applicable to both funding categories under this NOFA. The level of outside resources for which commitments are obtained will be evaluated based on their importance to the total program. You must provide evidence of leveraging by including in the application letters of firm commitment to participate from any entity, including your own organization, which will be providing matching funds to the project. Each commitment described in the narrative of this factor must be in accordance with the definition of "firm commitment" as defined in Section III(A)(2) of this NOFA. The commitment letter must be on letterhead from the participating organization, must be signed by an official of the organization legally able to make commitments on behalf of the organization and must not be dated earlier than this NOFA is published.

Points for this Factor will be awarded based on the satisfactory provisions of evidence of leveraging and financial sustainability, as described above, and the ratio of requested HUD RHED funds as follows:

- (i) 50% or more of requested HUD RHED funds will receive 10 points;
- (ii) 39–30% of requested HUD RHED funds will receive 8 points;
- (iii) 29–20% of requested HUD RHED funds will receive 6 points;
- (iv) 19–9% of requested HUD RHED funds will receive 4 points;
- (v) Less than 9% of HUD RHED funds requested will receive 0 points.

#### **Rating Factor 5—Achieving Results and Program Evaluation (20 Points)**

This Factor emphasizes HUD's commitment to ensuring that applicants keep promises made in their application and assesses their performance to ensure performance goals are met. Achieving results means you, the applicant, have clearly identified the benefits or outcomes of your program. Outcomes are ultimate project end goals. Benchmarks or outputs are interim activities or products that lead to the ultimate achievement of your goals. Program evaluation requires that you, the applicant, identify program outcomes, interim products or benchmarks, and performance indicators that will allow you to measure your performance. Performance indicators should be objectively quantifiable and measure actual achievements against anticipated achievements. Your Evaluation Plan should identify what you are going to

measure, how you are going to measure it, and the steps you have in place to make adjustments to your work plan if performance targets are not met within established time frames.

Program outcomes for the Rural Housing and Economic Development Program must include where applicable: (1) Number of housing units constructed; (2) number of housing units rehabilitated that will be made available to low-to-moderate-income participants; (3) number of jobs created; (4) percentage change in earnings as a result of employment for those participants; (5) number of participants trained; (6) the percent of participants trained that find a job; (7) number of new businesses created; (8) number of existing businesses assisted; and (9) annual estimated savings for low-income family as a result of energy efficiency improvements. In addition, applicants that receive capacity building funds must include goals (and report accomplishments) for the following, where applicable: (1) Increase in program accomplishments as a result of capacity building assistance (e.g. number of employees hired or retained, efficiency or effectiveness of services provided) and (2) Increase in organizational resources as a result of assistance (e.g., dollars leveraged).

Applicant must complete the "Logic Model" HUD Form included in the General Section of the SuperNOFA and submit the completed form with their application.

This rating factor reflects HUD's goal to embrace high standards of ethics, management and accountability. HUD will hold a training broadcast via satellite for potential applicants to learn more about Rating Factor 5. For more information about the date and time of the broadcast, consult the HUD Web site at [www.hud.gov](http://www.hud.gov).

#### RC/EZ/EC Bonus Points (2 Points)

HUD will award two bonus points to all applications that include documentation stating that the proposed eligible activities/projects will be located in and serve Federally designated Rural Renewal Communities, Rural Empowerment Zones, or Enterprise Communities (Rural EZs/ECs). A listing of Federally designated Rural RCs, EZs and ECs is available on the Internet at <http://www.hud.gov>. Further explanation of RC/EZ/EC can be found in Section VI of the General Section of the SuperNOFA.

#### VI. Application Submission Requirements

(A) *Form of Application.* All pages of the application must be numbered

sequentially. Your application must include an original and two copies of the items listed below.

(B) *Application Items.* Your application must contain the items listed in this section. These items include the standard forms and non-standard certifications that can be found in the Appendices to this program section of the SuperNOFA. The items are as follows:

(1) A transmittal letter that must include the category under which you are applying, the dollar amount requested, the category under which you qualify for demographics of distress Special Factor under Rating Factor 2 "Need and Extent of the Problem" and which of the five definitions of the term "rural area" set forth in Section III(A)(2) of this NOFA applies to the proposed service area and accompanying documentation as indicated on the form.

(2) A table of contents;

(3) A signed HUD-424 (application form);

(4) A budget for all funds (Federal and Non-Federal including HUD-424A and HUD 424C) and a breakdown of all Federal funds requested, in the format provided in Appendix A of this NOFA;

**Special Note:** You must ensure that the amount of RHED funds requested are consistent throughout your application including on the HUD 424 "Application for Federal Assistance", the Transmittal Letter, the application Narrative section (Rating Factors) and the HUD 424A "Budget Information".

(5) Documentation of funds pledged in support of Rating Factor 4—"Leveraging Resources" (which will not be counted in the 15 page limitation);

(6) The required certifications and assurances (signed, as appropriate, and attached as an Appendix);

(7) Acknowledgment of the Application Receipt form (HUD 2993) (submitted with application and returned to you as verification of timely receipt).

(8) If you are a private nonprofit organization, a copy of your organization's IRS ruling providing tax-exempt status under section 501 of the IRS Code of 1986, as amended.

(9) The Environmental Review Assurance;

(10) Narrative Response to Factors for Award:

(a) You must describe your organization and the assignment of responsibilities for the work to be carried out under the grant (Rating Factor 1).

(b) You must describe the need and extent of the problem and populations to be served (Rating Factor 2).

(c) You must submit a workplan that describes your soundness of approach and the clear linkage between rural housing and economic development (Rating Factor 3). In addressing this submission requirement, you must:

(i) Describe the activities you propose to undertake to address the needs which needs that have been identified, the linkage between rural housing and economic development, and describe the specific outcomes you expect to achieve.

(ii) Include a management plan which identifies the specific actions you will take to complete the proposed activities on time, and a budget in the format provided which explains the uses of both Federal and non-Federal funds and the period of performance under the grant.

(iii) Include a discussion of the process by which the work accomplished with the grant will be evaluated to determine if the objectives of the grant were met.

(d) You must identify the resources which will be leveraged by the amount of this grant's funding that you are requesting. (Rating Factor 4). To receive the maximum number of points under Rating Factor 4 you must provide evidence of firm commitments. The commitment can be contingent upon HUD site approval following environmental review.

(e) You must describe the extent to which your program reflects a coordinated, community based process of identifying needs and building a system to address these needs, providing program beneficiaries outcomes resulting in increased independence and empowerment, and the potential for your organization to become financially self-sustaining. You must also describe how your activities will satisfy the program outcomes as described in Rating Factor 5 (Achieving Results and Program Evaluation) namely where applicable, the number of housing units constructed, the number of housing units rehabilitated, the number of jobs created, the number of jobs retained, the number of participants trained, the number of new businesses created and the number of existing businesses assisted (Rating Factor 5).

The total narrative response to all factors should not exceed 15 pages and must be submitted on 8.5" by 11" paper, using a 12 point font size, with lines double spaced and printed only on one side. Please note that although submitting pages in excess of the page limit will not disqualify your application, HUD will not consider or review the information on any excess

pages, which may result in a lower score or failure to meet a threshold.

### **VII. Corrections to Deficient Applications**

The General Section of the SuperNOFA provides the procedures for corrections to deficient applications. After the application due date, HUD may not, consistent with its regulations in 24 CFR part 4, subpart B, consider any unsolicited information you, the applicant, may want to provide. HUD may contact you, however, to clarify an item in your application or to correct technical deficiencies. You should note, however, that HUD may not seek clarification of items or responses that improve the substantive quality of your response to any eligibility or selection

factors. Examples of curable (correctable) technical deficiencies include your failure to submit the proper certifications or your failure to submit an application that contains an original signature by an authorized official. In each case, HUD will notify you in writing of a technical deficiency. HUD will notify applicants by facsimile or by USPS, return receipt requested. Clarifications or corrections of technical deficiencies in accordance with the information requested by HUD must be submitted within 5 calendar days of the date you receive HUD notification. (If the due date falls on a Saturday, Sunday or Federal holiday, your correction must be received by HUD on the next day that is not a Saturday, Sunday or Federal holiday). The determination of when

you received the deficiency letter will be based on the confirmation of the facsimile transmission, return or postal tracking information, as appropriate. If the deficiency is not corrected within this time period, HUD will reject the application as incomplete and it will not be considered for funding.

#### *Catalog of Federal Domestic Assistance (CFA)*

The Catalogue of Federal Domestic Assistance number is 14.250.

### **VIII. Authority**

Division K of the FY 2003 Consolidated Appropriations Resolution.

**BILLING CODE 4210-32-P**

**U.S. Department of Housing  
and Urban Development**  
Office of Community Planning  
and Development

OMB Approval No. 2506-0142  
(exp. 09/30/2003)

**Line Item Budget for Federal Funds for the Rural Housing and  
Economic Development Program**

Public reporting burden for the collection of information is estimated to average 2 hours per response. This includes the time for collecting, reviewing, and reporting the data. The information will be used for the Youthbuild grant. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Cost Category (specify Activity)	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5	Total Dollars
Personnel	\$	\$	\$	\$	\$	\$
Fringe Benefits						\$
Travel						\$
Equipment						\$
Supplies						\$
Contracts						\$
Consultants						\$
Other Direct Cost						\$
Indirect Costs						\$
Total Costs						\$