

**DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT**

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**SELF-HELP HOMEOWNERSHIP  
OPPORTUNITY PROGRAM (SHOP)**

Billing Code 4210-32-C



## Self-Help Homeownership Opportunity Program (SHOP)

### Overview Information

A. *Federal Agency Name*: Department of Housing and Urban Development, Office of Community Planning and Development.

B. *Funding Opportunity Title*: Self-Help Homeownership Opportunity Program (SHOP).

C. *Announcement Type*: Initial announcement.

D. *Funding Opportunity Number*: The **Federal Register** number for this NOFA is FR-4900-N-15. The OMB paperwork approval number for this program is 2506-0157.

E. *Catalog of Federal Domestic Assistance (CFDA) Number*: 14.247 Self-Help Homeownership Opportunity Program

F. *Dates*: The application due date is on or before July 20, 2004. Please see the General Section of the SuperNOFA for application submission, delivery, and timely receipt requirements.

G. *Optional, Additional Overview Content Information*: SHOP funding is awarded to national and regional nonprofit organizations and consortia demonstrating experience in administering self-help housing programs in which the homebuyers contribute a significant amount of sweat-equity toward construction or rehabilitation of the dwelling.

The amount available for SHOP in Fiscal Year 2004 (FY) is approximately \$26,840,700 to be awarded to eligible applicants.

### Full Text of Announcement

#### I. Funding Opportunity Description

##### A. Program Description

SHOP funding is intended to facilitate and encourage innovative homeownership opportunities on a national geographically-diverse basis through self-help housing programs that require a significant amount of sweat-equity by the homebuyer toward the construction or rehabilitation of the dwelling.

SHOP programs are administered by national and regional nonprofit organizations and consortia. Units developed with SHOP funds must be decent, safe, and sanitary non-luxury dwellings and must be made available to eligible homebuyers at prices below the prevailing market prices. Eligible homebuyers are low-income individuals and families (*i.e.*, those whose annual incomes do not exceed 80 percent of the median income for the area, as established by HUD) who would otherwise be unable to purchase a

dwelling but for the provision of sweat equity. Housing assisted under this notice must involve labor contributed by homebuyers and volunteers in the construction of dwellings and by other activities that involve the community in the project.

##### B. Authority

The funding made available under this program section of the SuperNOFA is authorized by section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) (the "Extension Act").

#### II. Award Information

The amount available for this program is \$26,840,700 in FY2004. Any unobligated funds from previous competitions or additional funds that may become available due to deobligation or recapture from previous awards or budget transfers may be added to the FY2004 appropriation to fund applications submitted in response to this NOFA. Awards will be made to successful applicants in the form of a grant.

#### III. Eligibility Information

##### A. Eligible Applicants

You must be a national or regional nonprofit public or private organization or consortium that has the capacity and experience to provide or facilitate self-help housing homeownership opportunities. Your organization or consortium must undertake eligible SHOP activities directly and/or provide funding assistance to your local affiliates to carry out SHOP activities.

"National organization" is defined as an organization that carries out self-help housing activities or funds affiliates that carry out self-help housing activities on a national scope. A national organization must propose in its application to use a significant amount of SHOP funds in at least two states.

Regional organization is defined as an organization that carries out self-help housing activities or funds affiliates that carry out self-help housing activities on a regional scope. "Regional" is an area, such as the Southwest or Northeast, that must include at least two states. The regional organization must propose to use a significant amount of SHOP funds in at least two states. The states in the region need not be contiguous, and the service area of the organization need not precisely conform to state boundaries. Affiliates working under regional organizations must be located within the regional organization's service area.

"Consortium" is defined as two or more nonprofit organizations located in

at least two states that individually have the capacity and experience to carry out self-help housing activities or fund affiliates that carry out self-help housing activities on a national or regional scope and enter into an agreement to submit a single application for SHOP funding on a national or regional basis. The consortium must propose to use a significant amount of SHOP funds in each state represented in the consortium. One organization must be designated as the lead entity. The lead entity must submit the application and, if selected for funding, execute the SHOP Grant Agreement with HUD and assume responsibility for the grant on behalf of the consortium in compliance with all program requirements.

A consortium agreement, executed, and dated by all consortium members, for the purpose of applying for and using FY2004 SHOP funds must be submitted with your application. All consortium members must be identified in your application. Your application must be one integrated document that demonstrates the consortium's comprehensive approach to self-help housing. If individual consortium members will use different program designs, your application must describe the program design of each consortium member. Upon being funded, the lead entity must enter into a separate agreement with each consortium member. The agreement must incorporate the requirements of the FY2004 SHOP Grant Agreement between HUD and the consortium and outline the individual consortium member's responsibilities for compliance with HUD's 2004 SHOP program.

"Affiliate" is defined as:

(1) A local public or private non-profit self-help housing organization which is a subordinate organization (*i.e.*, chapter, local, post, or unit) of a central organization and covered by the group exemption letter issued to the central organization under section 501(c)(3) of the Internal Revenue Code;

(2) A local public or private non-profit self-help housing organization with which the applicant has an existing relationship (*e.g.*, the applicant has provided technical assistance or funding to the local self-help housing organization); or

(3) A local public or private non-profit self-help housing organization with which the applicant does not have an existing relationship, but to which the applicant will provide necessary technical assistance and mentoring as part of funding under the application.

You must carry out eligible activities or you must fund affiliates to carry out

eligible activities. If you are a consortium, each of your affiliates must be linked to an individual consortium member.

Your application may not propose to fund any affiliate or consortium member that is also included in another SHOP application. You must ensure that any affiliate or consortium member under your FY2004 application is not also seeking FY2004 SHOP funding from another SHOP applicant. If an affiliate applies for funds through more than one applicant, it may be disqualified for any funding.

#### B. Cost Sharing or Matching

There is no match requirement for the SHOP funds. However, you are expected to leverage resources for the construction of self-help housing assisted with SHOP. Failure to provide documentation of leveraged resources as described in rating factor 4 will result in a lower application score.

#### C. Other

##### 1. Eligible Activities

Eligible activities are:

a. Land acquisition (including financing and closing costs), which may include reimbursing an organization, consortium, or affiliate, upon approval of any required environmental review, for non-grant amounts expended by the organization, consortium, or affiliate to acquire land before completion of the review;

b. Infrastructure improvements (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure, including removal of environmental hazards); and

c. Administration, planning, and management development, including the costs of general management, oversight, and coordination of the SHOP grant; staff and overhead costs of the SHOP grant; costs of providing information to the public about the SHOP grant; cost of providing civil rights training to local affiliates as well as any expenses involved in affirmatively furthering fair housing; and indirect costs (such as rent and utilities) of the grantee or affiliate in carrying out the SHOP activities.

##### 2. Threshold Requirements

In addition to the statutory, regulatory, threshold, and public policy requirements listed in section III.C of the General Section of the SuperNOFA, each applicant must meet and comply with the following SHOP threshold requirements:

a. You must be eligible to apply under SHOP (*see* section III.A. of this program section).

b. The amount of funding you request must be sufficient to complete a minimum of 30 self-help housing units and may not exceed an average investment of \$15,000 per unit of SHOP funding.

c. The population you propose to serve must be eligible for SHOP assistance. Eligible homebuyers are low-income individuals and families (*i.e.*, those whose incomes do not exceed 80 percent of the median income for the area, as established by HUD). You must identify the definition of "annual income" to be used in your proposed program. You may use one of the following three definitions of "annual income" to determine whether a homebuyer is income eligible under SHOP:

(1) "Annual income" as defined at 24 CFR 5.609; or

(2) "Annual income" as reported under the Census long-form for the most recent available decennial Census; or

(3) "Adjusted gross income" as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.

You may also adopt or develop your own definition of annual income for use in determining income eligibility under SHOP subject to review and approval by HUD.

d. You must demonstrate that you have successfully completed at least 30 self-help homeownership units in a national or regional area within the 24-month period immediately preceding the publication of this NOFA. To qualify as self-help homeownership units, the homebuyers must have contributed a significant amount of sweat-equity toward the construction of the dwellings as set forth in section III.C.2.e.

e. Your program must require homebuyers to contribute a minimum of 100 hours of sweat equity toward the construction or rehabilitation of their own homes. However, in the case of a household with only one adult, the requirement is 50 hours of sweat equity toward the construction of the home. This includes training for construction on the dwelling units, but excludes homebuyer counseling and home maintenance training. Reasonable accommodation must be permitted in the provision of sweat equity for persons with disabilities.

f. Your program must involve community participation in which volunteers assist in the construction of dwellings. Volunteer labor is work performed by an individual without

promise, expectation or compensation for the work rendered. A homebuyer, who contributes sweat equity to his/her own home, counts as volunteer labor when working on other homes.

g. You must propose to use the SHOP funds for eligible activities (*see* sections III.C. and IV.E.). You must carry out the activities or you must fund affiliates to carry out the activities.

h. DUNS Number Requirement. All applicants must provide a DUNS number pursuant to the DUNS number requirement specified in section III.C.2.b. of the General Section. *Failure to provide a DUNS number will be treated as a technical deficiency. Failure to correct the deficiency will result in your application not being eligible to receive funding.*

##### 3. Threshold Submission Requirements

You must describe how you qualify as an eligible applicant and provide evidence of your public or private non-profit status, such as a current Internal Revenue Service ruling that your organization is exempt from taxation under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986. If you are a consortium, each participant in your consortium must be a nonprofit organization. Each consortium member must submit evidence of its nonprofit status to the lead entity for inclusion in the consortium's application package. In addition, your consortium agreement must be submitted.

Threshold requirements (b) through (g) do not require separate submissions. In order for your application to be rated and ranked, these requirements must be addressed under the submission requirements for the rating factors listed below in section V, Application Review Information Criteria, of this SHOP NOFA.

##### 4. Statutory and Program Requirements

The operation of SHOP is governed by the statute, Public L. 104-120, § 11, 110 Stat. 841 (March 28, 1996), as amended; 42 U.S.C. 12805 note, and this NOFA. There are no program regulations. You must comply with all statutory requirements applicable to SHOP as cited in section I., Funding Opportunity Description, of this SHOP NOFA and the program requirements cited in this SHOP NOFA. Pursuant to these requirements, you must:

a. Develop, through significant amounts of sweat-equity by each homebuyer and volunteer labor, at least 30 dwelling units at an average cost of no more than \$15,000 per unit in SHOP funds for land acquisition and infrastructure improvements;

b. Use your grant to leverage other sources of funding, including private or other public funds, to complete construction of the housing units;

c. Develop quality dwellings that comply with local building and safety codes and standards, that will be made available to homebuyers at prices below the prevailing market price;

d. Schedule SHOP activities to expend all grant funds awarded and substantially fulfill your obligations under your grant agreement, including timely development of the appropriate number of dwelling units. Grant funds must be expended within 24 months of the date that grant funds are first made available for draw-down in a line of credit established by HUD for the Grantee, except that grant funds provided to affiliates that develop five or more units must be expended within 36 months; and

e. Not require a homebuyer to make an up-front financial contribution to a housing unit other than cash contributed for downpayment or closing costs at the time of acquisition.

#### IV. Application and Submission Information

##### A. Address To Request Application Package

*Application.* There is no application kit. This notice contains all the information necessary for national and regional nonprofit organizations and consortia to submit an application for SHOP funding. Copies of the standard forms are located in the General Section of the SuperNOFA or you may request copies by calling HUD's NOFA Information Center at: 800-HUD-8929. If you have a hearing or speech impairment, please call the Center's TTY number at 800-HUD-2209. When requesting standard forms, you should refer to SHOP and provide your name and address (including ZIP code) and telephone number (including area code). See section IV.B.2., Assembly Format, for application submission requirements. You may also access the application requirements on the Internet through HUD's Web site at: <http://www.grants.gov>.

##### B. Content and Form of Application Submission

Your application should consist of the items listed in the section below called Assembly Format. The standard forms, certifications, and assurances applicable to this funding (collectively, referred to as the "standard forms") can be found in the Appendices to the General Section of the SuperNOFA.

1. *Page Limits.* There are page limits for your responses to the five rating

factors. A national or regional organization is limited to 60 pages of narrative for responding to the five rating factors. A consortium is permitted up to 10 additional pages total to accommodate the requirement to address the capacity and soundness of approach of its individual consortium members if they are different. All pages must be numbered sequentially from 1 through 60 or 70, for factors 1 through 5, and tabs must be inserted to separate each factor. Your application may contain only the narrative statements that address the five rating factors and the required forms, certifications, assurances, and appendices listed in Assembly Format below to be submitted for review. Any additional information provided outside the narrative statements to further explain information required in the five factors will not be considered in the scoring of the application. In responding to the five factors, information must be included in your narrative response to the factor, unless this NOFA states that it should be included as an appendix. Applicants are discouraged from submitting unnecessary documentation.

2. *Assembly Format.* Your FY2004 application should be assembled with tabs designating Application Overview, Narrative Statements (rating factors), Forms, and Appendices. In order to receive full consideration for funding, your application should be assembled according to the following checklist to ensure that all of the required items have been submitted.

a. *Application Overview:* (Not subject to the page limitations.)

\_\_\_\_\_ SF-424, Application for Federal Assistance (signed by the authorized representative of the organization eligible to receive funds).

\_\_\_\_\_ SF-424 Supplement, Survey on Ensuring Equal Opportunity for Applicants.

\_\_\_\_\_ HUD-424B, Applicant Assurances and Certifications.

\_\_\_\_\_ Narrative describing qualification as an eligible applicant and evidence of non-profit status.

\_\_\_\_\_ Consortium Agreement, if applicable.

\_\_\_\_\_ Program Summary.

b. *Narrative Statements Addressing:* (Subject to the page limitations described above.)

\_\_\_\_\_ Factor 1—Capacity of the Applicant and Relevant Organizational Staff.

\_\_\_\_\_ Factor 2—Need/Extent of the Problem.

\_\_\_\_\_ Factor 3—Soundness of Approach.

\_\_\_\_\_ Factor 4—Leveraging Resources.

\_\_\_\_\_ Factor 5—Achieving Results and Program Evaluation. Program Outcome Logic Model, HUD-96010 (Evaluation Plan).

c. *Forms, Certifications and Assurances:* (Not subject to the page limitations.)

\_\_\_\_\_ HUD-424CB, Grant Application Detailed Budget.

\_\_\_\_\_ SF-LLL, Disclosure of Lobbying Activity, as applicable.

\_\_\_\_\_ HUD-2880, Applicant/Recipient Disclosure/Update Report.

\_\_\_\_\_ HUD-2990, Certification of Consistency with the RC/EZ/EC Strategic Plan.

\_\_\_\_\_ HUD-2993, Acknowledgment of Application Receipt.

d. *Appendices:* (Not subject to the page limitations.)

\_\_\_\_\_ Recent audit, if available.

\_\_\_\_\_ A copy of your code of conduct and a narrative description of the methods you will use to ensure that all officers, employees and agents of your organization become aware of your code of conduct.

\_\_\_\_\_ Leveraging documentation—firm commitment letters.

\_\_\_\_\_ Survey of potential affiliates, if applicable (see Factor 2, element "a").

\_\_\_\_\_ Demonstration of past performance for new applicants (see Factor 1).

\_\_\_\_\_ HUD-27300, Questionnaire for HUD's Initiative on Removal of Regulatory Barriers.

\_\_\_\_\_ Evaluative criteria for Removal of Regulatory Barriers to Affordable Housing in affiliate selection process, if applicable.

3. *Technical Deficiencies.* Section V.B.4 of the General Section of the SuperNOFA provides the procedures for corrections to deficient applications.

##### C. Submission Dates and Times

To apply for SHOP funding, please follow these procedures and those noted in the General Section of this SuperNOFA.

1. *Application Deadline.* Applications for SHOP grants are due on or before 12 midnight eastern time on July 20, 2004. Please follow the specific Mailing and Receipt Procedures and Proof of Timely Submission located in section IV.F of the General Section as failure to comply with these procedures may disqualify your application.

2. *Acceptance of Hand-Carried Submissions.* Please follow the procedures for hand-carried submissions located in Section IV.F of the General Section as failure to comply with these procedures may disqualify your application.

#### D. Intergovernmental Review

Executive Order 12372 review does not apply to SHOP.

#### E. Funding Restrictions

##### 1. Administrative costs.

Administrative costs may not exceed 20 percent of any SHOP grant. Indirect costs may only be charged to the SHOP grant under a cost allocation plan prepared in accordance with OMB Circular A-122.

2. *Pre-agreement costs.* After submission of the application, but before the effective date of the SHOP Grant Agreement, an applicant may incur costs which may be charged to its SHOP grant provided the costs are eligible (*see* section III.C.1.) and in compliance with the requirements of this NOFA (including environmental review requirements) and the application. Applicants incur costs at their own risk, because applicants that do not receive a SHOP grant cannot be reimbursed.

3. *Ineligible Costs.* Costs associated with the rehabilitation, improvement, or construction of dwellings and any other costs not identified in section III.C.1. are not eligible uses of program funds. Acquiring land for land banking purposes (*i.e.*, holding land for an indefinite period) is an ineligible use of SHOP funds.

#### F. Other Submission Requirements

##### 1. Application Mailing Procedures.

Applicants must follow the specific Mailing and Receipt Procedures and Proof of Timely Submission located in section IV.F.1 and 2. of the General Section of this SuperNOFA.

2. *Address for Submitting Applications.* Submit one original and two copies of the application to: HUD Headquarters, Robert C. Weaver Federal Building, 451 Seventh Street, SW., Room 7251, Washington, DC 20410-7000, ATTN: Self-Help Homeownership Opportunity Program (SHOP).

#### V. Application Review Information Criteria

##### 1. Rating Factor 1: Capacity of the Applicant and Relevant Organizational Staff (30 points)

This factor examines the extent to which you, as a single applicant or consortium (including individual consortium members), have the experience and organizational resources necessary to carry out the proposed activities effectively and in a timely manner. Any applicant that does not receive at least 20 points under this factor will not be eligible for funding.

In evaluating this factor, HUD will consider your recent and relevant experience in carrying out the activities you propose, and your administrative and fiscal management capability to administer the grant, including the ability to account for funds appropriately. All applicants, including individual consortium members, must have capacity and experience in administering or facilitating self-help housing. If you are sponsoring affiliate organizations that do not have experience in developing self-help housing, HUD will assess your organization's experience in providing technical assistance and the ability to mentor new affiliates. For applicants that currently have open SHOP grants, HUD will assess your organization's past performance based upon performance reports that demonstrate your organization's completion of eligible SHOP activities, the number of families provided housing, financial status information focusing on timely use of funds, and other program outcomes. HUD will consider whether you have had funds deobligated for failure to meet your drawdown and construction schedules or funds were returned because of monitoring findings. HUD will also rely on monitoring reports, audit reports and other information available to HUD in making its determination under this factor. For applicants that currently have open SHOP grants from previous years, HUD will assess your pattern of meeting benchmarks in the most recent three years of participation in the program. If you are not a current recipient of SHOP funds, you must summarize your past performance in undertaking similar or the same activities during the past three years. You may supplement your narrative with existing internal or external performance reports or other information that will assist HUD in making this determination and submit it as an appendix. Failure to provide this information will result in a lower score.

##### Submission Requirements for Rating Factor 1

a. (10 points) Past Experience. You must describe your past experience in carrying out self-help housing activities (specify the time frame during which these activities occurred) that are the same as, or similar to, the activities you propose for funding, and demonstrate reasonable success in carrying out and completing those activities. You must include the average number of sweat-equity hours provided per family, and volunteer labor. You may demonstrate reasonable success by showing that your

previous activities were carried out as proposed, consistent with the time frame you proposed for completion of all work. You must provide evidence regarding your performance in meeting established benchmarks for acquiring properties and completing housing construction and indicate that performance reports were submitted, as required. New applicants furnishing supplemental material should refer to the introduction to this rating factor. To the extent that you encountered delays that were beyond your control, please describe the circumstances causing the delays and the mitigating actions taken to overcome them to successfully complete your program.

b. (8 points) Management Structure. You must provide a description of your organization's or consortium's management structure. You must also describe your key staff and their specific roles and responsibilities for day-to-day management of your proposed SHOP program. If you elect to work with affiliates that do not have capacity and experience, you must describe how you will provide technical assistance and mentor these organizations to develop capacity either directly or indirectly.

c. (8 points) Financial Control. You must demonstrate your organization's ability to track financial resources with adequate financial control and accounting procedures. You must describe your financial control procedures for SHOP and how they meet 24 CFR 84.21, "Standards for Financial Management Systems." Under 24 CFR 84.21, your financial management system must provide:

(1) Accurate, current, and complete disclosure of the financial results;

(2) Adequate identification of the source and application of funds including information pertaining to Federal awards, authorization, obligations, unobligated balances, assets, outlays, income and interest;

(3) Effective control over the accountability for all funds, property and other assets and adequately safeguards all such assets and assures they are used solely for authorized purposes;

(4) Written procedures to minimize the time elapsing between the transfer of funds to your organization from the U.S. Treasury and the issuance or redemption of checks, warrants, or payments by other means for program purposes by your organization;

(5) Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and

the terms and conditions of the award; and

(6) Accounting records including cost accounting records that are supported by source documentation.

You should submit a copy of your most recent audit, if one is required to be performed for your organization. A consortium only needs to submit an audit of the lead entity.

d. (4 points) Experience Developing Accessible Housing. You must demonstrate your experience in and ability to construct and alter homes by describing the kinds of features that you have used to design homes in accordance with universal design and visitability standards, or otherwise make homes accessible to the elderly or persons with disabilities. You must provide data on the number of accessible units you have completed and the timeframe during which units were constructed and/or altered.

## 2. Rating Factor 2: Need/Extent of the Problem (10 Points)

This factor examines the extent to which you demonstrate an urgent need for SHOP funds in your proposed target areas based on the need for affordable housing, and the quality of the data submitted to substantiate that need.

The purpose of this factor is to make sure that funding is provided where a need for funding exists. Under this factor, you must identify the community need or needs that your proposed SHOP activities are designed to address. If you plan to select some or all affiliates after application submission, you must demonstrate how the selection of affiliates will help to address the needs identified in the proposed target areas.

### Submission Requirements for Rating Factor 2

a. (5 points) Extent of Need. Describe the extent of need for SHOP funds in the communities or areas in which your proposed activities will be carried out. You must specifically address the need for acquisition and/or infrastructure assistance for self-help housing activities in these areas. National and regional organizations and consortia that select affiliates after application submission must submit a list of affiliates surveyed upon which they are basing their need for SHOP funding and the specific criteria to be used to select communities or projects based on need.

b. (5 points) Documentation of Need. Information you submit to demonstrate the need or needs in the target areas must include, but is not limited to, the following:

(1) (3 points) Data describing:

(a) The housing market data in the proposed target areas including, but not limited to, low-income, minority, and disability populations; number of home sales and median sales price; and homeownership, rental and vacancy rates. This information can be obtained from state or regional housing plans, the American Housing Survey, the United States Census, Home Mortgage Disclosure Act data or other local data sources, such as Consolidated Plans, comprehensive plans, local tax assessor databases or relevant realtor information. Data included in your application must be specific to your proposed target areas.

(b) The housing problems in the proposed target areas such as overcrowding, cost burden, housing age or deterioration, low homeownership rate (especially among minority families, families with children, and families with members with disabilities) and lack of adequate infrastructure or utilities.

(2) (2 points) Data demonstrating:

(a) Need for accessible homes in the target area(s).

(b) Evidence of housing discrimination in the target area(s).

(c) Any need for housing shown in the local Analysis of Impediments to Fair Housing Choice, if addressed.

## 3. Rating Factor 3: Soundness of Approach (40 Points)

This factor examines the quality and soundness of your plan to carry out a self-help housing program. In evaluating this factor HUD will consider:

a. Your proposed use of SHOP funds, including the number of units and the type(s) of housing to be constructed, the use of sweat equity and volunteer labor; your schedule for expending funds and completing construction; including interim milestones; the appropriateness of proposed housing to the specific needs of target area(s); the proposed budget and cost effectiveness of your program; and your plan to reach all potentially-eligible homebuyers, including those with disabilities and others least likely to apply, and your criteria for selecting homebuyers.

b. How your planned activities further the Department's FY2004 policy priorities noted in section V.B.2 of the General Section. For FY2004, the four policy priorities that apply to SHOP are:

(1) Providing increased homeownership opportunities for low- and moderate-income persons, persons with disabilities, the elderly, minorities, and families with limited English proficiency.

(2) Encouraging accessible design features: Visitability in new

construction and substantial rehabilitation and universal design.

(3) Providing full and equal access to grassroots faith-based and other community-based organizations in HUD program implementation; and

(4) Removal of regulatory barriers to affordable housing.

### Submission Requirements for Factor 3

Activities. Describe the types of activities that you propose to fund with SHOP and the proposed number of units to be assisted with SHOP funding, the housing type(s) (single family or multifamily, or both) to be assisted and the form of ownership (fee simple, condominium, cooperative, etc.) you propose to use.

a. (5 points) Sweat Equity. Describe the individual sweat equity requirements (*i.e.*, types of tasks and numbers of hours required of homebuyers) of your program, and describe how your program will provide reasonable accommodations for persons with disabilities by identifying sweat equity assignments that can be performed by the homebuyer regardless of the disability, such as doing administrative, clerical, organization, or other office work or minor tasks on site. Reasonable accommodation can include sweat equity by the homebuyer that can be performed regardless of the disability or substitution of a non-homebuyer designee(s) to perform the sweat equity assignments on behalf of the homebuyer. Include the dollar value of the sweat equity and volunteer labor contribution and specify the amount by which this contribution will reduce the sales price to the homebuyer. Applicants showing a larger reduction of the sales price as a result of the homebuyer's sweat equity and volunteer labor contributions will receive a higher score.

b. (5 points) Funds Expenditure, Construction, and Completion Schedules. Submit a construction and completion schedule that expends SHOP funds and substantially fulfills your obligations. You must define "substantially fulfills" by stating the percentage or number of properties that you propose to be completed and conveyed to homebuyers at the time all grant funds are expended. Your construction schedule must include the number of dwelling units to be completed within 24 months, or in the case of affiliates that develop five or more units, within 36 months, and a time frame for completing any unfinished units.

Your schedule must also include milestones or benchmarks against which HUD can measure your progress in

selecting local affiliates if they are not specifically identified in the application, expending funds, and completing acquisition, infrastructure, and housing construction activities within these schedules. These milestones or benchmarks should be established at reasonable intervals (*e.g.*, monthly, quarterly).

c. (3 points) Need. Describe how your proposed SHOP activities address the need or needs you identified under Rating Factor 2 above.

d. (6 points) Budget. Provide a detailed budget including a break out for each proposed task and each budget category (acquisition, infrastructure improvements, and administration) funded by SHOP in the HUD-424C and 424CB. If SHOP funds will be used for administration of your grant, you must include the cost of monitoring consortium members and affiliates at least once during the grant period. Your budget must also include leveraged funding to cover costs of completing construction of the proposed number of units.

e. (3 points) Cost Effective. Describe how the cost of your proposed SHOP units compare to similar units in the target area(s) that are not funded with SHOP. You must demonstrate that your SHOP costs will not exceed an average of \$15,000 per unit, and that your proposed self-help housing activities are cost effective. Applicants should address costs of land, infrastructure, and housing construction for non-SHOP units.

f. (5 points) Policy Priorities. Describe how each of the four Department's policy priorities identified specifically for SHOP is furthered by your proposed activities. You will receive one point for policy priorities (a), (b), and (c) above based on how well your proposed work activities address the specific policy. You will receive up to two points for addressing policy priority (d), Removal of Regulatory Barriers to Affordable Housing, for which you must submit form HUD-27300, Questionnaire for HUD's Initiative on Removal of Regulatory Barriers (see Section V.B.2.g. of the General Section). Applicants that identify affiliate organizations and jurisdictions to be served in their application to HUD should address the questions in Part A or Part B for the jurisdiction in which the majority of services will be performed. Applicants that do not identify affiliates and communities to be served in their application to HUD, but select affiliates competitively or through another method after application submission to HUD, may address this policy priority by including it as an evaluative criterion

in their affiliate selection process. Such applicants may receive up to two points by either requiring affiliate applicants for the awarded SHOP funds to complete the questions in Part A or Part B, as appropriate. In order to receive points, applicants that identify affiliates after application submission must include their evaluative criterion as an appendix. This does not count against the page limits identified in section IV.B.1., Page Limits.

g. (3 points) Program Outreach. Describe materials or services that will be used to reach potential homebuyers in all protected classes. For example, what alternative formats will be used to reach persons with a variety of disabilities and what language accommodations will be made for persons with limited English proficiency.

h. (5 points) Homebuyer Selection. Describe your criteria for selecting homebuyers, including the income range of targeted homebuyers, and selection procedures. If the selection criteria used by individual consortium members or affiliates are different from your criteria, you must describe the differences. Specify the definition of annual income that you will use to determine the income eligibility of homebuyers as described in section III.C.2.c. of this NOFA. If a consortium member's or affiliate's definition of annual income is different from your income definition, you must identify the consortium member or affiliate and its definition. For organizations that select affiliates after application submission, you must specify how you will impose this requirement in your selection of affiliates.

i. (5 points) Performance and Monitoring. Describe your plan for overseeing the performance of consortium members and affiliates, including a plan for monitoring each consortium member and affiliate for program compliance at least once during the term of the grant. Your plan should address when and how you will shift funds among consortium members and affiliates to ensure timely and effective use of SHOP funds within the schedule submitted for item b. above.

#### 4. Rating Factor 4: Leveraging Resources (10 Points)

This factor addresses your ability to secure other resources that can be combined with HUD's program resources to fully fund your proposed program. When combined with the SHOP grant funds, homebuyer sweat equity, and volunteer labor, your leveraged resources must be sufficient to develop the number of units proposed

in your application. HUD will consider only those leveraging contributions for which current firm commitments as described in this Factor have been provided. A firm commitment means a written agreement under which the applicant, a partner, or an entity agrees to perform services or provide resources for an activity specified in your application. Firm commitments in the form of cash funding (*e.g.*, grants or loans), in-kind contributions, donated land and construction materials, and donated services will count as leverage. Leveraging does not include the dollar value of sweat equity and volunteer labor for your proposed activities. Leveraging does not include financing of mortgages to homebuyers. Firm commitments must be substantiated by the documentation described below.

#### Submission Requirements for Factor 4

(10 points) Firm Commitments of Resources. Provide firm commitments (letters, agreements, pledges, etc.) of leveraged resources or services from the source of the commitment. In order to be considered, leveraged resources or services must be committed in writing and include your organization's name, the contributing organization's name (including designation as a Federal, state, local, or private source), the proposed type of commitment and dollar value of the commitment as it relates to your proposed activities. Each letter of commitment must be signed by an official of the organization legally able to make the commitment on behalf of the organization. Each letter of commitment must specifically support your FY2004 SHOP application or specific projects in your FY2004 application. If your organization depends upon fundraising and donations from unknown sources/providers you must submit a separate letter committing a specific amount of dollars in fundraising to your proposed FY2004 SHOP program. Likewise, if you have received funds from organizations and agencies from previous years that are not committed to another activity and you have the sole discretion to commit these funds to your FY2004 SHOP program, you must submit a separate letter committing these dollars to your FY2004 SHOP program. Letters of commitment may be contingent upon your receiving a grant award. Letters of commitment must be included as an appendix to your application, and do not count toward the page limitation noted in section IV.B. Letters only expressing support of your organization or its proposal, unsigned, undated, or outdated letters, or those not specifically linking the resources to

your FY2004 SHOP application or specific projects in your FY2004 application do not count as firm commitments.

To receive full credit for leveraging, an applicant's leveraging resources must be clearly identified for your FY2004 SHOP application and must total at least 50 percent of the amount needed to complete all properties, minus the proposed SHOP grant amount, homebuyer sweat equity, and volunteer labor.

#### 5. Rating Factor 5. Achieving Results and Program Evaluation (10 points)

This factor emphasizes HUD's determination to track whether applicants meet commitments made in their applications and grant agreements and assess their performance in realizing performance goals. HUD requires SHOP applicants to develop an effective, quantifiable, outcome-oriented evaluation plan for measuring performance and determining whether goals have been met using the Logic Model, Form HUD-96010, provided in the General Section. "Outcomes" are benefits accruing to the families and/or communities during or after participation in the SHOP program. The self-help housing units developed are outputs as described under this Factor, not outcomes. Applicants must clearly identify the outcomes to be achieved and measured. Examples of outcomes include increasing the homeownership rate in a neighborhood or among low-income families by a certain percentage, increasing financial stability (e.g., increasing assets of the low-income homebuyer households through additional savings, home equity) or increasing housing stability (e.g., whether persons and families assisted remain in the home one, two, or five or more years after completion).

In addition, applicants must establish interim benchmarks and outputs for their proposed programs that lead to the ultimate achievement of outcomes. "Outputs" are the direct products of the applicant's program activities. Examples of outputs include the number of the houses constructed, number of sweat-equity hours, or number of homes rehabilitated. Outputs should produce outcomes for your program. "Interim benchmarks" are steps or stages in your activities that, if reached or completed successfully, will result in outputs for your program. Examples of interim benchmarks include income-qualifying homebuyers, obtaining building permits, or securing construction materials and equipment.

Program evaluation requires that you identify program outcomes, outputs,

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 timeframes. This factor reflects HUD's goal to embrace high standards of ethics, management, and accountability.

#### Submission Requirements for Factor 5

(10 Points) Program Evaluation Plan. Using Logic Model, Form HUD-96010, provided in the General Section, you must submit a program evaluation plan that demonstrates how you will measure your own program performance. Your plan must identify the interim benchmarks, outputs, and outcomes you expect to achieve over the term of your proposed grant including timeframes for accomplishing these goals. Your plan must demonstrate how interim benchmarks relate to outputs, and subsequently to outcomes in your proposed program. Your plan must include performance indicators to measure actual accomplishments against anticipated achievements. You must indicate how your plan will measure the performance of individual consortium members and affiliates, including the standards and measurement methods, and the steps you have in place or how you plan to make adjustments if you begin to fall short of established benchmarks and time frames.

#### B. Reviews and Selection Process

##### 1. Factors for Award Used To Evaluate Applications

HUD will evaluate all SHOP applications that successfully complete technical processing and meet threshold and submission requirements for Factors 1 through 5. The maximum number of points for this program is 102, which includes two Empowerment Zones/Enterprise Communities/Urban Enhanced Enterprise Communities/or Renewal Communities (RC/EZ/EC) bonus points, as described in section V.A.1.a. of the General Section of the SuperNOFA.

##### 2. Rating

Applications that meet all threshold requirements listed in Section III.C. will be rated against the criteria in Factors 1 through 5 and given a score.

Applications that do not meet all threshold factors will be rejected and not rated.

#### 3. Ranking and Selection Procedures

Applications that receive a total rating of 75 points or more (without the addition of RC/EZ/ECs bonus points) will be eligible for selection. RC/EZ/EC bonus points will be awarded as follows: Two points to an applicant with over 25 percent of its proposed units in RC/EZ/ECs; one point for 10 to 25 percent of units in RC/EZ/ECs, and 0 points below 10 percent of units in zones. After adding any bonus points for RC/EZ/ECs, HUD will place applications in rank order. HUD will consider rank order, funds availability, and past performance in the selection and funding of applications.

##### a. HUD reserves the right to:

(1) Fund less than the amount requested by any applicant based on the application's rank, the applicant's past performance, and the amount of funds requested relative to the total amount of available funds; and

(2) Fund less than the full amount requested by any applicant to ensure a fair distribution of the funds and the development of housing on a national, geographically-diverse basis as required by the statute; and/or

(3) Not award funds to an applicant with significant performance problems.

HUD will not fund any portion of an application that is ineligible for funding under program statutory requirements, or which does not meet the requirements of the General Section of this SuperNOFA or the requirements in this SHOP section of the SuperNOFA. The minimum grant award shall be the amount necessary to complete at least 30 units at an average investment of not more than \$15,000 per unit or a lesser amount if lower costs are reflected in the application. If any funds remain after all selections have been made, these funds may be available for other competitions.

#### VI. Award Administration Information

##### A. Award Notices

Upon selection and public announcement of grant award, successful applicants will receive an award letter stating that they were selected and the award amount. Following this award letter, grantees will receive a letter transmitting a grant agreement and financial documents to set up their lines of credit. The grant agreement must be signed and returned to HUD. Upon receipt of the executed grant agreement, HUD will establish a line of credit for the grantee. Grantees

will be notified when they may begin to draw funds. The 24- and 36-month grant periods for grantees to expend funds begin at the time HUD makes funds available to grantees in their lines of credit.

#### *B. Applicant Debriefing*

In accordance with the requirements of Section VI.A.3. of the General Section of the SuperNOFA, applicants requesting a debriefing must send a written request to Ms. Lou Thompson, Office of Affordable Housing Programs, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW., Room 7164, Washington, DC 20410-7000.

#### *C. Administrative and National Policy Requirements*

##### 1. Environmental Requirements

The provisions contained in section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994, Environmental Review, implemented in the Environmental Review regulations at 24 CFR part 58, are applicable to properties assisted with SHOP funds. All SHOP assistance is subject to the National Environmental Policy Act of 1969 and related Federal environmental authorities. SHOP grant applicants are cautioned that no activity or project may be undertaken, or Federal or non-Federal funds or assistance committed, if the project or activity would limit reasonable choices or could produce a significant adverse environmental impact until all required environmental reviews and notifications have been completed by a unit of general local government, tribe, or state and until HUD approves a recipient's request for release of funds under the

environmental provisions contained in 24 CFR part 58. Notwithstanding the preceding sentence, in accordance with section 11(d)(2)(A) of the Housing Opportunity Extension Act of 1996 and HUD Notice CPD-01-09, an organization, consortium, or affiliate receiving SHOP assistance may advance non-grant funds to acquire land prior to completion of an environmental review and HUD's approval of a request for release of funds and environmental certification. Any advances to acquire land prior to such approval are made at the risk of the organization, consortium or affiliate and reimbursement from SHOP funds for such advances will depend on the result of the environmental review.

##### 2. HUD Reform Act of 1989

The provisions of the HUD Reform Act of 1989 that apply to this NOFA are explained in the General Section of the SuperNOFA at Section VIII.F.

#### *D. Reporting*

Grantees are required to submit quarterly and annual reports providing data on the construction status, unit characteristics, and income and racial and ethnic composition of homeowners in SHOP-funded properties. For each reporting period, as part of the required report to HUD, grant recipients must include a completed Logic Model (form HUD 96010), which identifies output and outcome achievements.

#### **VII. Agency Contact**

Further Information and Technical Assistance. You may contact Ms. Lou Thompson; Office of Affordable Housing Programs; U.S. Department of Housing and Urban Development; 451 Seventh Street, SW., Room 7164,

Washington, DC 20410-7000; telephone (202) 708-2684 (this is not a toll-free number). This number can be accessed via TTY by calling the toll-free Federal Information Relay Service Operator at 800-877-8339.

Satellite Broadcast. HUD will hold an information broadcast via satellite for potential applicants to learn more about the program and preparation of the application. For more information about the date and time of the broadcast, you should consult the HUD Web site at: <http://www.hud.gov/grants>.

#### **VIII. Other Information**

##### *A. Paperwork Reduction Act*

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2506-0157. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number. Public reporting burden for the collection of information is estimated to average 60 hours per annum per respondent for the application and grant administration. This includes the time for collecting, reviewing, and reporting the data for the application, quarterly, and annual report, and final report. The information will be used for grantee selection and monitoring the administration of funds. Response to this request for information is required in order to receive the benefits to be derived.

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