

**DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

**RURAL HOUSING AND ECONOMIC
DEVELOPMENT**

Rural Housing and Economic Development Program Overview Information

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

B. Funding Opportunity Title: Rural Housing and Economic Development (RHED) program.

C. Announcement Type: Initial Announcement.

D. Funding Opportunity Number: The **Federal Register** number is FR-4950-N-34. The OMB approval number is 2506-0169.

E. Catalog of Federal Domestic Assistance (CFDA) Number: Rural Housing and Economic Development. The CFDA number is 14.250.

F. Application Due Date: The application submission date is May 17, 2005.

G. Optional Additional Overview Information: 1. The purpose of the Rural Housing and Economic Development 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 the HUD Reform Act.

Full Text of Announcement

I. Funding Opportunity Description

A. Background

There has been a growing national recognition of the need to enhance the capacity of local rural nonprofit organizations, community development corporations, federally recognized Indian tribes, state housing finance agencies (HFAs) and state economic development and 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 Interior (for Indian tribes), and HUD. The Rural Housing and Economic Development program was 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 with those supported by any of the agencies listed above.

B. Definitions

1. *Appalachia's Distressed Counties* means those counties in Appalachia that the Appalachian Regional Commission (ARC) has determined to have unemployment and poverty rates that are 150 percent of the respective U.S. rates and a per capita income that is less than 67 percent of the U.S. per capita income, and have counties with 200 percent of the U.S. poverty rate and one other indicator, such as the percentage of overcrowded housing. Refer to www.arc.gov for a list of ARC distressed counties and more information.

2. *Colonia* means any identifiable, rural community that:

a. Is located in the state of Arizona, California, New Mexico, or Texas;

b. Is within 150 miles of the border between the U.S. and Mexico; and

c. Is determined to be a Colonia on the basis of objective need criteria, including a lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, sanitary, and accessible housing.

3. *Farm Worker* 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.

4. *Firm Commitment* means a letter of commitment from a partner by which an applicant's partner agrees to perform an activity specified in the application, 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. It is irrevocable, subject only to approval and receipt of a FY2005 Rural Housing and Economic Development grant. Each letter of commitment must include the organization's name and applicant's name, reference the Rural Housing and Economic Development program, and describe the proposed total level of commitment and responsibilities, expressed in dollar value for cash or in-kind contributions, as they relate to the proposed program. The commitment must be written on the letterhead of the

participating organization, must be signed by an official of the organization legally able to make commitments on behalf of the organization, and must be dated no earlier than the date of publication of this NOFA. In documenting a firm commitment, the applicant's partner must:

a. Specify the authority by which the commitment is made, the amount of the commitment, the proposed 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 demonstrate its financial capability through a corporate or personal financial statement or other appropriate means. If any portion of the activity is to be financed through a lending institution, the participant must provide evidence of the institution's commitment to fund the loan;

b. Affirm that the firm commitment is contingent only upon the receipt of FY2005 Rural Housing and Economic Development funds and state a willingness on the part of the signatory to sign a legally binding agreement (conditioned upon HUD's environmental review and approval of a property where applicable) upon award of the grant.

5. *Federally Recognized Indian tribe* means any tribal entity eligible to apply for funding and services from the Bureau of Indian Affairs by virtue of its status as an Indian tribe. The list of federally recognized Indian tribes can be found in the notice published by the Department of the Interior on December 5, 2003 (68 FR 68180) and is also available from HUD.

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

7. *Local Rural Nonprofit Organization or Community Development Corporation* means either of the following:

a. Any private entity with tax-exempt status recognized by the Internal Revenue Service (IRS) which serves the eligible rural area identified in the application (including a local affiliate of a national organization that provides technical and capacity building assistance in rural areas); or

b. Any public nonprofit entity such as a Council of Governments that will serve specific local nonprofit organizations in the eligible area.

8. *Lower Mississippi Delta Region* means the eight-state, 240-county/parish region defined by Congress in the Lower Mississippi Delta Development Act, Public Law 100-460. Refer to www.dra.gov for more information.

9. *Eligible Rural Area* means one of the following:

a. A non-urban place having fewer than 2,500 inhabitants (within or outside of metropolitan areas).

b. A county or parish with an urban population of 20,000 inhabitants or less.

c. Territory, including its persons and housing units, in the rural portions of "extended cities." The U.S. Census Bureau identifies the rural portions of extended cities.

d. 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, or open space set aside for future development.

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

10. *State Community and/or Economic Development Agency* means any state agency that has promotion of economic development statewide or in a local community as its primary purpose.

11. *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.

II. Award Information

A. Amount Allocated

1. *Available Funds.* Approximately \$24 million in Fiscal Year (FY) 2005 funding (plus any additional funds available through recapture) are being made available through this NOFA.

2. *Funding Categories and Maximum Award Amounts.* HUD will award up to approximately \$24 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.

a. *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 nonprofit organizations or community development corporations or 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.

b. *Category 2: Support for Innovative Housing and Economic Development Activities.* HUD will award up to approximately \$14 million to federally recognized Indian tribes, state housing finance agencies (HFAs), state community and/or economic development agencies, local rural nonprofit organizations or community development corporations to support innovative housing and economic development activities in rural areas throughout the nation. The maximum amount awarded to a successful applicant in this category will be \$400,000.

B. Grant Amount

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 to not make awards under this NOFA.

C. Grant Period

Recipients will have 36 months from the date of the executed grant agreement to complete all project activities.

D. Notification of Approval or Disapproval

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

III. Eligibility Information

A. Eligible Applicants

Eligible applicants for the Rural Housing and Economic Development

program are local rural nonprofit organizations and community development corporations, federally recognized Indian tribes, state housing finance agencies and state community and/or economic development agencies. Also, you must meet all of the applicable eligibility requirements described in Section III.C of the General Section. Eligible applicants for each of the funding categories are as follows:

1. *For Capacity Building Funding.* If you are a local rural nonprofit, including grassroots, faith-based and other community-based grassroots organization, community development corporation, or federally recognized Indian tribe, you are eligible for capacity building funding to carry out innovative housing and economic development activities that 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 nonprofit organizations, including grassroots, faith-based and other community-based grassroots organization, community development corporation, federally recognized Indian tribe, state HFA, or state economic development or community development agency, you may apply for funding to support innovative housing and economic development activities in rural areas.

B. Cost Sharing or Matching

There is no match required under the Rural Housing and Economic Development program. Applicants that submit evidence of leveraging dollars under Rating Factor 4 "Leveraging Resources" will receive points according to the scale under that factor.

C. Other

1. *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:

a. *For Capacity Building Funding.* Capacity building for innovative Rural Housing and Economic Development involves the enhancement of existing organizations to carry out new functions or to perform existing functions more effectively. Permissible activities include, but are not limited to, the following:

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

(2) Acquisition of additional space and support facilities;

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

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

(5) Development of business plans to help the organization become self-sustaining;

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

(7) Development of feasibility studies and market studies;

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

(9) Housing counseling services, including fair housing counseling, information on budgeting, and information on credit and available federal programs;

(10) Conducting conferences or meetings with other federal or state agencies to inform residents of programs, rights, and responsibilities associated with homebuying opportunities; and

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

b. *For Support of Innovative Housing and Economic Development Activities.* This category is intended to support other costs for innovative housing and economic development activities. Permissible activities may include, but are not limited to the following:

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

(2) Preparation of plans or of architectural or engineering drawings;

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

(4) Acquisition of land and buildings;

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

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

(7) Purchase of construction materials;

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

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

(10) Conducting conferences or meetings with other federal or state agencies tribes, tribally designated housing entities (TDHE) or national or regional housing organizations, to inform residents of programs, rights, and responsibilities associated with homebuying opportunities;

(11) Development of feasibility studies and market studies;

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

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

(14) Provision of direct financial assistance to homeowners/businesses/developers, etc. This can be in the form of default reserves, pooling/securitization mechanisms, loans, grants, funding existing individual development accounts or similar activities.

2. *Statutory and Regulatory Requirements.* To be eligible for funding under HUD NOFAs issued during FY2005, you, the applicant, must meet all statutory and regulatory requirements applicable to this NOFA as described in the General Section. HUD may also eliminate ineligible activities from funding consideration and reduce funding amounts accordingly.

3. *General HUD Threshold Requirements.* You must meet all threshold requirements described in the General Section.

a. *Ineligible Applicants.* HUD will not consider an application from an ineligible applicant.

b. *Economic Opportunities for Low- and Very Low-Income Persons (Section 3).* Recipients of assistance under this NOFA must comply with Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u (Economic Opportunities for Low- and Very Low-Income Persons in Connection with Assisted Projects) and the HUD regulations at 24 CFR part 135, including the reporting requirements at subpart E. Section 3 requires recipients to ensure that, to the greatest extent feasible, training, employment, and other economic opportunities will be directed to low- and very-low income persons, particularly those who are recipients of government assistance for

housing, and business concerns that provide economic opportunities to low- and very low-income persons.

4. *Program-Specific Threshold Requirements.*

a. The application must receive a minimum rating score of 75 points to be considered for funding.

b. HUD will only fund eligible applicants as defined in this NOFA under Section III.A.

c. Applicants must serve an eligible rural area as defined in I. of this NOFA.

d. Proposed activities must meet the objectives of the Rural Housing and Economic Development program.

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

IV. Application and Submission Information

A. Address to Request Application Package

This section describes how you may obtain application forms. Copies of the published Rural Housing and Economic Development NOFA and application forms may be downloaded from the Grants.gov Web site at <http://www.grants.gov/Apply>. The web site contains the electronic forms and the NOFA which includes forms and other attachments. The NOFA and forms is a zip file found under instructions. You may call the Grants.gov support desk at 800-518-GRANTS, or email the support desk at Support@Grants.gov for assistance in downloading the application.

You may request general information and paper copies of this NOFA from the NOFA Information Center (800-HUD-8929 or 800-HUD-2209 (TTY)) between the hours of 10 a.m. and 6:30 p.m. (Eastern Time) Monday through Friday, except on federal holidays. When requesting information, please refer to the name of the program you are interested in. Be sure to provide your name, address (including zip code), and telephone number (including area code).

B. Content and Form of Application Submission

1. *Application Submission Requirements.* Be sure to read and follow the application submission requirements carefully.

a. *Page Numbering.* All pages of the application must be numbered sequentially if you are submitting a paper copy application. For electronic application submission you should

follow the directions in the General Section.

b. *Application Items.* Your application must contain the items listed below.

(1) An abstract 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," which of the five definitions of the term "rural area" set forth in Section I B.9 of this NOFA applies to the proposed service area, and accompanying documentation as indicated on the form.

(2) Table of Contents.

(3) A signed SF-424 (application form).

(4) SF-424 Supplement Survey on Equal Opportunity for Applicants (optional submission).

(5) Facsimile Transmittal (HUD-96011).

(6) Disclosure of Lobbying Activities (SF-LLL).

(7) Applicant/Recipient Disclosure/Update Report (HUD-2880).

(8) Client Comments and Suggestions (HUD-2994) (Optional)

(9) Program Outcome Logic Model (HUD-96010).

(10) A budget for all funds (federal and non-federal including HUD-424CB and HUD 424-CBW).

(11) Certification of Consistency with RC/EZ/EC-II Strategic Plan (HUD-2990), if applicable.

(12) Certification of Consistency with the Consolidated Plan (HUD-2991), if applicable.

(13) Documentation of funds pledged in support of Rating Factor 4—"Leveraging Resources" (which will not be counted in the 15-page limitation). Documentation must be in the form of a "firm commitment" as defined in Section I.B.4. of this NOFA.

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

(15) Narrative response to Factors for Award (not to exceed 15 pages).

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

(b) A description of the need and extent of the problem and populations to be served (Rating Factor 2).

(c) A workplan that demonstrates 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 that address the needs, which have been identified, the linkage between rural housing and economic development, as well as the specific outcomes you expect to achieve.

(ii) Include a management plan that identifies the specific actions you will take to complete the proposed activities on time and a budget in the format provided that 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) Identify the resources that 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.

(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 with outcomes that result in increased independence and empowerment, and the potential for your organization to become financially self-sustaining. You must also describe how your activities will achieve 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, number of housing units rehabilitated that will be made available to low-to-moderate income participants, percentage change in earnings as a result of employment for those participants, the percent of trained participants who find a job, and annual estimated savings for low-income families as a result of energy efficiency improvements entered into the HUD Program Outcome Logic Model (form 96010) (Rating Factor 5).

(f) The total narrative response to all factors should not exceed 15 pages and be submitted in a format that equals to 8.5 x 11-inch single sided paper, with 12 point font and double lined spacing. 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 requirement. In addition, applicants should be aware that additional pages increase the size of the application and the length of time it will take to electronically submit the document and have it electronically received by Grants.gov. Large files result in slower delivery to Grants.gov.

(16) Questionnaire for HUD's Initiative on Removal of Regulatory Barriers (HUD 27300). To get the points for this policy priority, you must include the documentation or references to URLs where the information can be found.

C. *Submission Dates and Times*

1. *Electronic Application Submission.* Applications for the Rural Housing and Economic Development program must be submitted and received by Grants.gov no later than 11:59:59 p.m. Eastern Time of the application submission date. Applicants are advised to allow time for transmitting their application to Grants.gov. You will receive an acknowledgement of receipt from Grants.gov when your application has been successfully received. Please see the General Section for more detailed information.

2. *Paper Copy Application Submission.* Applicants receiving a waiver of the mandatory electronic applications submission requirement must submit the original and required number of paper copies of the application to the United States Postal Service no later than 11:59:59 p.m. on the application submission date. No hand delivery or services other than the United States Post Office will be accepted.

Applicants should be aware that large packages must be taken to a Post Office for delivery. The United States Postal Service in many areas of the country no longer will deliver large packages that are dropped in a mailbox for delivery. Applicants are advised to carefully read the application submission and timely receipt requirements in the General Section as they have changed from previous years.

3. *Only one application will be accepted from any given organization.* If more than one application is submitted electronically, the last application submitted prior to the due date and time will be the one reviewed by HUD. HUD will not accept application addendums after the deadline unless HUD has specifically asked the applicant for a correction to a technical deficiency in the application. Responses to technical deficiencies must be received by HUD within the time allocated to cure the deficiency. Corrections to technical deficiencies are submitted directly to

HUD in accordance with the information provided by the program office in their cure notification.

What to submit	Required content	Required form or format	When to submit it
Application: Abstract Application Form Budget information Rating Factors: Narrative Disclosure Update Disclosure of Lobby Facsimile Transmittal Certification of RC/EZ/EC-II Certification of Consistency with Consolidated Plan Comments and Suggestions Program Outcome Logic Model Questionnaire for HUD's Initiative on Removal of Regulatory Barriers.	(Per required form) Described in Section V. of this announcement.	SF-424, SF 424 Supplement. HUD-CB, HUD-CBW. HUD-2880. SF-LLL. HUD-96011. HUD-2990. HUD 2991. HUD-2994. HUD-96010. HUD-27300.	May 20, 2005.

D. Intergovernmental Agency Review

Intergovernmental agency review is not required for this program.

E. Funding Restrictions

1. Administrative Costs.

Administrative costs for assistance under the Rural Housing and Economic Development program may not exceed 15 percent of the total HUD Rural Housing and Economic Development grant award.

2. Multiple Capacity Building Grants.

If you have received two or more Rural Housing and Economic Development grants for capacity building since 1999, you are not eligible to apply under Category 1: Capacity Building.

3. Ineligible Activities. RHED funds cannot be used for the following activities:

- a. 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 or activities intended for personal gain or private use.

HUD reserves the right to reduce or deobligate the award if suitable modifications to the proposed project are not submitted by the awardee within 90 days of the request. Any modification must be within the scope of the original application. HUD reserves the right not to make awards under this NOFA.

F. Other Submission Requirements. Carefully review the procedures presented in Section IV of the General Section. During FY 2005, HUD will only accept electronic applications submitted through www.grants.gov unless the applicant has received a waiver from the Department. Please see the General Section for detailed instructions and timelines for requesting a waiver of this

requirement. Applicants receiving a waiver of the electronic submission requirement should send an original and two copies of the application to Department of Housing and Urban Development, Office of Community Planning and Development, Attn: Office of Rural Housing and Economic Development, Processing and Control Unit (Room 7251), 451 Seventh Street, SW., Washington, DC 20410-7000.

V. Application Review Information

A. Criteria. Carefully review all the Application Review procedures in Section V of the General Section. In addition, the following Rating Factors will be used to review, evaluate, and rate your application.

1. Rating Factor 1—Capacity of the Applicant and Relevant Organizational Experience (25 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, within the 36-month award period.

a. **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, the different standards 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 (25 points).** *Team members, composition, experience, organizational structure, and management capacity.* Your response to this sub-factor should clearly state the need that your

organization will address with the requested assistance. In addition, you should describe how the enhanced capacity realized through the assistance will fulfill that need. HUD will evaluate the experience (including its recentness and relevancy) of your project director, core staff, and any outside consultant, contractor, subrecipient, or project partner as it relates to innovative housing and economic development and to the implementation of the activities in your workplan. HUD also will assess 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 responding to this sub-factor, please indicate how the capacity building assistance will strengthen or otherwise affect 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 to be undertaken by the employee or contractor under your Rural Housing and Economic Development program application. Failure to provide dates results in HUD assuming that the experience is earlier than the last three

years, and could result in a lower rating for the response. 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) *Team members, composition, and experience* (10 points). HUD will evaluate the experience (including its recentness and relevancy) of your project director, core staff, and any outside consultant, contractor, subrecipient, or project partner as it relates to innovative housing and economic development and to the implementation of the activities in your workplan. HUD also will assess 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 to be undertaken by the employee or contractor under your proposed Rural Housing and Economic Development award. 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) *Organizational structure and management capacity* (5 points). HUD will evaluate the extent to which you can demonstrate your organization's ability to manage a workforce composed of full-time 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 subfactor, HUD will take into account your experience in working with community-based organizations to design and implement programs that address the identified housing and economic development issues. The more recent, relevant, and successful the experience of your organization and any participating entity, the greater the number of points you will receive.

(c) *Experience with performance based funding requirements* (10 points). HUD will evaluate your performance in any previous grant program undertaken with HUD funds or other federal, state, local, or nonprofit 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 for any previous HUD award, in particular whether the program achieved its outcomes. HUD will deduct one point for each of the following activities related to previous HUD grant programs for which unsatisfactory performance has been verified: (1) mismanagement of 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 measure performance outcomes. Among the specific outcomes to be measured are the increases in program accomplishments as a result of capacity building assistance and the increase in organizational resources as a result of assistance.

(d) *Past Rural Housing and Economic Development program performance*. The past performance of previously awarded Rural Housing and Economic Development grantees will be taken into consideration when evaluating Rating Factor 1 "Capacity of the Applicant and Relevant Organizational Experience." Applicants who have been awarded Rural Housing and Economic Development program funds prior to FY2005 should indicate fiscal year and funding amount. HUD local field offices may be consulted to verify information submitted by the applicant as a part of the review of applications.

2. Rating Factor 2—Need and Extent of the Problem (20 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 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 target area and national data.

a. In applying this factor, HUD will compare the 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 the national levels 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. Applicants should provide data that address indicators of need as follows:

(1) *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:

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

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

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

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

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

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

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

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

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

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

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

(3) *Other indicators of social or economic decline that best capture the applicant's local situation* (5 points).

(a) 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 or overcrowded units; rent burden (defined as average housing cost divided by average income) for the target area; local crime statistics, falling property values, etc. To the extent that the applicant's statewide or local Consolidated Plan, its Analysis of Impediments to Fair Housing Choice (AI), its Indian housing plan 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.

(b) 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. These may include U.S. Census data.

(c) HUD requires use of sound, verifiable, and reliable data (e.g., U.S. Census data, state statistical reports, university studies/reports, or Home Mortgage Disclosure Act or Community Reinvestment Act databases) to support distress levels cited in each application. See <http://www.ffiec.gov/> or <http://www.ffiec.gov/webcensus/ffieccensus> for census data. A source for all information along with the publication or origination date must also be provided.

(d) 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—through 2000.

(4) *Demographics of Distress—Special Factors (5 points)*. Because HUD is concerned with meeting the needs of certain underserved areas, you will be awarded a total of five points if you are located in or propose to serve one or more of the following populations, or if your application demonstrates that 100 percent of the beneficiaries supported by Rural Housing and Economic Development 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” in Section I of this NOFA:

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

(b) Seasonal farm workers;

(c) Federally recognized Indian tribes;

(d) Colonias;

(e) Appalachia’s Distressed Counties; or

(f) The Lower Mississippi Delta Region (8 states and 240 counties/parishes).

For these underserved areas, you should ensure that the populations that you serve and the documentation that you provide are consistent with the information described in the above paragraph under this rating factor.

3. *Rating Factor 3—Soundness of Approach (20 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; and your timetable for the achievement of program outcomes, the delivery of products and reports, and any anticipated outcome or product. You will receive a greater number of points if your workplan is consistent with the purpose of the Rural Housing and Economic Development program, your program goals, and the resources provided.

a. *Management Plan (13 points)*. A clearly defined management plan should be submitted 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 previously were 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 over the 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. Your management plan should also include the budget for your program, broken out by 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 for each activity/task. Your workplan should provide the rationale for your proposed activities and assumptions used in determining your project timeline and budget estimates. Failure to provide your rationale may result in your application receiving fewer points for

lack of clarity in the proposed management plan.

This subfactor 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 that 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 has the potential to be financially self-sustaining by decreasing dependence on Rural Housing and Economic Development 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 (7 Points)*. Policy priorities are outlined in detail in the General Section. 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 will receive higher rating points in evaluating their application for funding. Seven departmental policy priorities are listed below. When policy priorities are included, describe in brief detail how those activities will be carried out.

The point values for policy priorities are as follows:

- (1) Providing increased homeownership and rental opportunities for low- and moderate-income persons, persons with disabilities, the elderly, minorities, and families with limited English proficiency=1 point;
- (2) Improving our Nation’s communities=1 point;
- (3) Encouraging accessible design features=1 point;
- (4) Providing full and equal access to grassroots faith-based and other community-based organizations in HUD program implementation=1 point;
- (5) Ending chronic homelessness within ten years=1 point;
- (6) Removal of barriers to affordable housing= 2 points and;
- (7) Promoting Energy Efficiency and Adopting Energy Star = 1 point.

4. *Rating Factor 4—Leveraging Resources (10 points)*. This factor addresses the extent to which applicants for either 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 Rural Housing and Economic Development program 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 in the form of cash or in-kind goods or 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 with the requested Rural Housing and Economic Development award. 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. Your application must provide evidence of leveraging in the form of letters of firm commitment 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 this NOFA. The commitment letter must be on letterhead of 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 the date 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 leveraged funds to requested HUD Rural Housing and Economic Development funds as follows:

- a. 50% or more of requested HUD Rural Housing and Economic Development funds=10 points;
- b. 49–40% of requested HUD Rural Housing and Economic Development funds=8 points;
- c. 39–30% of requested HUD Rural Housing and Economic Development funds=6 points;
- d. 29–20% of requested HUD Rural Housing and Economic Development funds=4 points;
- e. 19–9% of requested HUD Rural Housing and Economic Development funds=2 points;
- f. Less than 9% of HUD requested Rural Housing and Economic Development funds =0 points.

See the General Section for instructions for submitting third party letters and other documents with your electronic application.

5. Rating Factor 5—Achieving Results and Program Evaluation (25 points). This factor emphasizes HUD's commitment to ensure that applicants keep promises made in their application. This factor assesses their performance to ensure that rigorous and useful performance measures are used and 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.

Applicants must also complete the "Logic Model" HUD Form (HUD-96010) included in the appendix to this NOFA 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/grants/index.cfm.

Program outcomes for the Rural Housing and Economic Development program must include where applicable:

- a. Number of housing units constructed;
- b. Number of housing units rehabilitated that will be made available to low-to-moderate-income participants;
- c. Number of jobs created;
- d. Percentage change in earnings as a result of employment for those participants;
- e. Number of participants trained;
- f. Percent of participants trained who find a job;
- g. Number of new businesses created;
- h. Number of existing businesses assisted; and
- i. Annual estimated savings for low-income families as a result of energy efficiency improvements.
- j. 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

- k. Increase in organizational resources as a result of assistance (e.g., dollars leveraged). If you receive an award of funds, you will be required to use the logic model to report progress against the proposed outcomes in your approved application and award agreement.

Applicant must provide a breakdown of estimated dollar amount of the Rural Housing and Economic Development grant to be expended on each of the performance measures included on the HUD-96010 "Logic Model" and under the Rating Factor 5 section of your application.

6. RC/EZ/EC-II 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 RC/EZ/EC-II. A listing of federally designated RC/EZ/EC-II is available on the Internet at www.hud.gov/grants/index.cfm.

This notice contains a certification (HUD-2990) that must be completed for the applicant to be considered for Rural EZ/Round II EC bonus points.

B. Review and Selection Process

1. 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 applicable criteria. 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; its timely use of funds received either from HUD or other federal, state or local programs; its success in meeting performance targets for completion of activities; and the 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.

(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) will 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).

a. *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;
- (2) Do not serve an eligible rural area as defined in Section III of this NOFA;
- (3) Do not meet the objectives of the Rural Housing and Economic Development program; or
- (4) Propose a project for which the majority of the activities are ineligible.

b. *Rating Factors for Award Used to Evaluate and Rate Applications.* The factors for rating and ranking applicants and the maximum points for each factor are provided above. The maximum number of points for this program is 102. This includes 100 points for all five rating factors and two RC/EZ/EC-II bonus points, as described above.

c. *Environmental Review.* Each application constitutes an assurance that the applicant agrees to assist HUD in complying with the provisions set forth in 24 CFR part 50. Selection for award does not constitute approval of any proposed site. 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 constitutes an assurance that you, the applicant, will assist HUD in complying 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, or 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 must use the guidance provided in Notice CPD-99-01, entitled "Field Environmental Processing for HUD Colonias Initiative (HCI) grants," issued January 27, 1999. HUD's funding commitment is contingent upon HUD's site approval following an environmental review.

d. *Adjustments to Funding.*

(1) HUD will not fund any portion of your application that is ineligible for funding and does not meet the requirements of this NOFA, or is duplicative of other funded programs or activities from prior year awards or other selected applicants. Only the eligible non-duplicative portions of your application may be funded.

(2) HUD reserves the right to reallocate funds between categories to achieve the maximum allocation of funds in both categories.

(3) 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 a balance of funds remains, HUD reserves the right to utilize those funds toward the following year's awards.

(4) Please see the Section VI.A.3 of the General Section for more information about funding.

(5) Performance and Compliance Actions of Funding Recipients. HUD will measure and address the performance and compliance actions of funding recipients in accordance with the applicable standards and sanctions of the Rural Housing and Economic Development program.

e. *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 to clarify an item in your application or to correct technical deficiencies. HUD may not

seek clarification of items or responses that improve the substantive quality of your response to any rating factors. In order not to unreasonably exclude applications from being rated and ranked, HUD may contact applicants to ensure proper completion of the application and will do so on a uniform basis for all applicants.

Examples of curable (correctable) technical deficiencies include inconsistencies in the funding request, a failure to submit the proper certifications or failure to submit an application that contains a signature by an official able to make a legally binding commitment on behalf of the applicant. In the case of an applicant who received a waiver, the technical deficiency may include a failure to submit an application that contains an original signature. If HUD finds a curable deficiency in the application, HUD will notify you in writing by describing the clarification or 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 provided by HUD must be submitted within 14 calendar days of the date of receipt of the 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.) 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. In order to meet statutory deadlines for the obligation of funds or for timely completion of the review process, Program NOFAs may reduce the number of days for submitting a response to a HUD clarification or correction to a technical deficiency. Please be sure to carefully read each Program NOFA for any additional information and instructions. An applicant's response to a HUD notification of a curable deficiency should be submitted directly to HUD in accordance with the instructions provided with request to cure the deficiency.

VI. Award Administration Information:

A. *Award Notice.* Successful Rural Housing and Economic Development program applicants will be notified of grant award and will receive post-award instructions by mail.

B. *Administrative and National Policy Requirements.* In addition to the requirements listed below, please review all requirements in Section III of the General Section.

1. *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.

2. *Audit Requirements.* Any grantee that expends \$500,000 or more in federal financial assistance in a single year (this can be program year or fiscal year) must meet the audit requirements established in 24 CFR parts 84 and 85 in accordance with OMB A–133.

3. *Accounting System Requirements.* The Rural Housing and Economic Development program requires that successful applicants have in place an accounting system that meets the policies, guidance, and requirements described in the following applicable OMB Circulars and Code of Federal Regulations:

- a. OMB Circular A–87 (Cost Principles for State, Local and Indian Tribal Governments);
- b. OMB Circular A–122 (Cost Principles for Non-Profit Organizations);
- c. OMB Circular A–133 (Audits of States, Local Governments, and Non-Profit Organizations);
- d. 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations); and
- e. 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally recognized Indian tribal governments).

C. *Reporting:* Reporting documents apply to the award, acceptance and use

of assistance under the Rural Housing and Economic Development program and to the remedies for noncompliance, except when inconsistent with HUD's Appropriation Act, or other federal statutes or the provisions of this NOFA.

For each reporting period, as part of your required report to HUD, you must include a completed Logic Model (Form HUD 96010), which identifies output and outcome achievements. If you are reporting race and ethnic data, you must use Form HUD–27061, Race and Ethnic Data Reporting Form.

D. *Debriefing.* See the General Section for information on how to obtain a debriefing on your application review and evaluation.

VII. Agency Contact(s)

Further Information and Technical Assistance: For information concerning the HUD Rural Housing and Economic Development program, contact Mr. Thann Young, Program Specialist, or Ms. Linda L. Streets, Community Development Specialist, Office of Rural Housing and Economic Development, Office of Community Planning and Development, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 7137, Washington, DC 20410–7000; 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 800–877–8339.

Prior to the application deadline, Mr. Young or Ms. Streets will be available at the number above 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.

VIII. Other Information

1. *Satellite Broadcast.* HUD will hold an information webcast 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 webcast, consult the HUD web site at www.hud.gov.

2. *The 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 2506–0169. 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 it displays a currently valid OMB control number. Public reporting burden for the collection of information is estimated to average 100 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, semi-annual reports, and final report. The information will be used for grantee selection and monitoring the administration of funds.