

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**[Docket No. FR-5300-N-13]****Notice of Funding Availability for Fiscal Year 2009 for Self-Help
Homeownership Opportunity Program (SHOP)**

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice of Funding Availability (NOFA) for Fiscal Year (FY) 2009 for Self-Help Homeownership Opportunity Program (SHOP).

SUMMARY: This NOFA announces the availability of \$26,500,000 in FY 2009 funding to be awarded to national and regional nonprofit organizations and consortia which facilitate and encourage innovative homeownership opportunities for low-income individuals and families. These entities demonstrate experience in administering self-help housing programs in which the homebuyers contribute sweat equity toward construction or rehabilitation of the dwelling. 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 price. Applicants should note that this NOFA is governed by the information and instructions found in the Notice of Funding Availability; Policy Requirements and General Section (General Section) to HUD's FY2009 NOFAs for Discretionary Programs that HUD published in the Federal Register on December 29, 2008, (73 FR 79548) along with subsequent 2009 General Section

technical corrections or supplementary information published in the Federal Register on April 16, 2009, establishing threshold and other critical application submission requirements that affect the NOFA. Applicants for assistance are, therefore, directed to review the 2009 General Section for that information prior to submitting an application as well as the instructions in this NOFA.

FOR FURTHER INFORMATION: Questions regarding specific program requirements should be directed to Ms. Lou Thompson, Office of Affordable Housing Programs, at 202-402-4594. Questions regarding the 2009 General Section should be directed to the Office of Departmental Grants Management and Oversight at 202-708-0667 (this is not a toll-free number) or the NOFA Information Center at 1-800-HUD-8929 (toll-free). Persons with hearing or speech impairments may access these numbers via TTY by calling the Federal Information Relay service at 1-800-877-8339. The NOFA Information Center is open between the hours of 10:00 a.m. and 6:30 p.m. eastern time, Monday through Friday, except federal holidays.

OVERVIEW INFORMATION

- A. Federal Agency Name:** Office of Community Planning and Development, HUD.
- B. Funding Opportunity Title:** Self-Help Homeownership Opportunity Program (SHOP).
- C. Announcement Type:** Initial announcement.
- D. Funding Opportunity Number:** FR-5300-N-13; OMB Approval Number 2506-0157.

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

F. Dates: The application deadline date for receipt of an application is September 14, 2009.

Applications must be received through www.grants.gov no later than 11:59:59 Eastern time on the application deadline date. Please carefully read the timely receipt information in the **General Section** and this NOFA.

G. Optional, Additional Overview Information:

SHOP funds are 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 (FY) 2009 is \$26,500,000.

FULL TEXT OF ANNOUNCEMENT

I. Funding Opportunity Description

A. Program Description

SHOP funds are to be used to facilitate and encourage innovative homeownership opportunities on a national geographically diverse basis through self-help housing programs that require significant 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 of Funding Availability (NOFA) must involve labor contributed by homebuyers and volunteers in the construction of dwellings and other activities that involve the community in the project.

B. Authority

Funding made available under SHOP 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

\$26,500,000 will be available for this program in FY 2009. Any unobligated funds from previous competitions or additional funds that may become available due to deobligation or recapture from previous awards may be added to the FY 2009 appropriation amount to fund applications submitted in response to this NOFA. Awards will be made to successful applicants in the form of a grant. Grant funds must be expended within 24 months of the date that they 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.

III. Eligibility Information

A. Eligible Applicants

Individuals and local nonprofit organizations are not eligible to apply for funding under this competitive SHOP NOFA.

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. You must propose in your application to use a significant amount of SHOP funds in at least two states. Affiliates must be located within the regional organization’s or consortium’s service area.

A 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 scale.

A 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 scale. A regional area is a geographic area, such as the Southwest or Northeast that includes 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.

A 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 scale 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. All consortium members must receive SHOP funds and 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 FY 2009 SHOP funds must be submitted with your application. A consortium's application must be a single integrated document that demonstrates the consortium's comprehensive approach to self-help housing. All consortium members must be identified in your application. The integrated application must reflect all consortium members' programs as a single program and may only briefly summarize the individual consortium members' past experiences in factor 1. All other components of the application must reflect an overall consortium program design. Individual program designs for consortium members or affiliates within the integrated document will not be considered by HUD in scoring an application. Upon being funded, the lead entity must enter into a separate agreement with each individual consortium member. The agreement must include the requirements of the FY 2009

SHOP Grant Agreement between HUD and the consortium and set forth the individual consortium member's responsibilities for compliance with HUD's 2009 SHOP program.

An affiliate is defined as:

(1) a local public or private nonprofit self-help housing organization that 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; or

(2) a local public or private nonprofit 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 nonprofit 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 enter into an agreement to fund affiliates to carry out eligible activities. If you are a consortium, each of your affiliates must receive funds and 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 FY2009 application is not also seeking FY2009 SHOP funding from another SHOP applicant. If an affiliate applies for funds through more than one applicant, it may be disqualified for funding from any applicant that receives a grant.

B. Cost Sharing or Matching

Applicants are required to leverage resources for the construction of self-help housing assisted with SHOP. Failure to provide documentation of leveraged resources that meet the submission requirements for firm commitments as stated in factor 4 will result in a lower application score.

C. Other

1. Eligible Activities

The costs of eligible activities may be incurred by the applicant (and by affiliates, if permitted by the applicant) after the publication date of the NOFA and charged to the SHOP grant, provided the applicant and affiliates comply with the requirements of this NOFA (including relocation and environmental review requirements) and provided that these costs are included in the application. Applicants and affiliates incur pre-agreement costs at their own risk, because applicants that do not receive a SHOP grant cannot be reimbursed or reimburse affiliates.

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 funds expended by the organization, consortium, or affiliate to acquire land before completion of the environmental review;
- b. Infrastructure improvements**, including 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; costs of providing civil rights and fair housing 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.

Applicants should refer to Section IV.E., Funding Restrictions, to ensure that all proposed activities are eligible.

2. Threshold Requirements

HUD will not consider an application from an ineligible applicant. An applicant must meet all threshold requirements listed in the **General Section** (see Section III.C.2.) on December 29, 2008, and the SHOP threshold requirements described below:

a. Organization and Eligibility. You must be eligible to apply under SHOP (see Section III.A. below).

b. Nonprofit Status. You must describe how you qualify as an eligible applicant and, if you are not a current SHOP grantee, you must provide evidence of your public or private nonprofit status, such as a current Internal Revenue Service (IRS) 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 consortium member, if it does not currently receive SHOP funds, must submit evidence of its nonprofit status to the lead entity for inclusion in the consortium's application package.

c. Consortium Agreement. If you are a consortium, each consortium member must enter into and sign a consortium agreement for the purpose of applying for SHOP funds and carrying out SHOP activities. Your consortium agreement must be submitted as an appendix to your application.

d. Amount. The amount of SHOP funds you request must be sufficient for a minimum of 30 self-help housing units and may not exceed an average investment of \$15,000 per unit for costs of land and infrastructure improvements combined. You may add administrative expenses, not to exceed 20 percent of your grant request.

e. Homebuyer Eligibility. 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 specify the definition of "annual income" to be used in your proposed program. You may use one of the following two 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) “Adjusted gross income” as defined for purposes of reporting under the 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. You must include your definition of “annual income” in your Program Summary.

f. Experience. You must demonstrate successful completion of 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. For dwellings to qualify as self-help homeownership units, the homebuyers must have contributed a significant amount of sweat-equity toward the construction as set forth in this section.

g. Sweat Equity. Your program must require homebuyers to contribute a minimum of 100 hours of sweat equity toward the construction or rehabilitation of their own homes and/or the homes of other homebuyers participating in the self-help housing program. In the case of a household with only one adult, the requirement is 50 hours of sweat equity toward the construction of these homes. Sweat equity includes training for construction on the dwelling units, but excludes homebuyer counseling and home maintenance training. All homebuyers, including homebuyers with disabilities, must meet these minimum hourly sweat equity requirements; however, grantees must permit reasonable accommodations for persons with disabilities in order for them to meet the hourly requirements. For example, homebuyers with disabilities may work on less physical tasks or administrative tasks to meet this requirement, or a volunteer(s) may enter into a written agreement to substitute for the disabled person. No exception to meeting these hourly sweat equity requirements may be made.

h. Community Participation. Your program must involve community participation in which volunteers assist in the construction or rehabilitation of dwellings. Volunteer labor is work performed by an individual without promise, expectation, or compensation for the work rendered. For mutual self-help housing programs that are assisted by the U.S. Department of Agriculture’s Rural Housing Services/Rural Development under section 523 of the Housing Act of 1949 (7 CFR part 1944, subpart I) or which have a program design similar to the section 523

program, the work by each participating family on other participating families' homes may count as volunteer labor. A mutual self-help housing program generally involves four to ten participating families organized in a group to use their own labor to reduce the total construction cost of their homes and complete construction work on their homes by an exchange of labor with one another. For mutual self-help housing programs, applicant must clearly state the numbers of hours that are volunteer labor and sweat equity on the homebuyer's own home. Applicant should provide separate numbers for each.

i. Eligible Activities. You must use the SHOP funds for eligible activities (see Sections III.C.1 and IV.E.) and carry out the activities yourself or fund affiliates to carry out the activities.

3. Threshold Submission Requirements.

In order for your application to be rated and ranked, all threshold requirements must be met. Threshold requirements 2(d) through (i) above do not require separate submissions, but must be addressed in the program summary and/or in the submission requirements for the rating factors listed below in Section V, Application Review Information.

4. Other Requirements and Procedures.

Other requirements applicable to the SHOP program are set forth in Section III.C.4, "Additional Nondiscrimination and Other Requirements" of the Fiscal Year 2009 **General Section** published in the Federal Register dated December 29, 2008. The following requirements also apply to SHOP:

a. Affirmatively Furthering Fair Housing.

Successful applicants must affirmatively further fair housing by promoting fair housing rights and fair housing choice in housing programs funded by the award. Instead of the actions for affirmatively furthering fair housing in the **General Section**, successful applicants must affirmatively further fair housing by requiring each affiliate to adopt and follow procedures and requirements to affirmatively market the self-help housing program. If the applicant (includes individual consortium members, if applicable) will carry out self-help housing activities under the grant, it must also adopt and follow affirmative marketing requirements. Affirmative marketing consists of taking actions to provide information and otherwise attract eligible persons

in the housing market to the self-help housing program without regard to race, color, national origin, sex, religion, familial status and disability. The requirements and procedures include: methods for informing the public and potential homebuyers about federal fair housing laws; use of the Equal Housing Opportunity logo; and procedures to inform and solicit applications from persons in the housing market area not likely to apply for the program without special outreach.

b. Economic Opportunities for Low- and Very Low-Income Persons (Section 3). SHOP recipients must comply with section 3 of the Housing and Urban Development Act of 1968 (Section 3), 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 requirement of Subpart E. Section 3 requires recipients to ensure that to the greatest extent feasible, training, employment, and other economic opportunities created by SHOP infrastructure activities will be directed to low- and very-low income persons residing in the metropolitan area or nonmetropolitan county/parish, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very-low income persons. Successful applicants will be required to submit annual Section 3 data using form HUD-60002 to HUD, Office of Fair Housing and Equal Opportunity, 451 Seventh Street, SW, Room 5232, Washington, DC 20410, Attn: Economic Opportunity Division, or HUD's online system at <http://www.hud.gov/offices/fheo/section3/section3.cfm>.

c. Real Property Acquisition and Relocation. SHOP projects are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) (42 U.S.C. 4601), and the government-wide implementing regulations issued by the U.S. Department of Transportation at 49 CFR part 24. The URA is a federal law that establishes minimum standards for federally-funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

SHOP grantees and affiliates must comply with all applicable URA requirements in order to receive SHOP funds for their programs and projects; non-compliance could jeopardize SHOP funding. Real property acquisitions for a SHOP-assisted program or project conducted before

completion of an environmental review and HUD's approval of a request for release of funds and environmental certification are also subject to the URA. SHOP grantees and affiliates must ensure that all such real property acquisitions comply with applicable URA requirements.

Generally, real property acquisitions conducted without the threat or use of eminent domain, commonly referred to as "voluntary acquisitions," must satisfy the applicable requirements and criteria of 49 CFR 24.101(b)(1) through (5). Evidence of compliance with these requirements must be maintained by the affiliate and submitted to and maintained by the SHOP grantee. It is also important to note that tenants who occupy property that may be acquired through voluntary means must be fully informed of their eligibility for relocation assistance. This includes notifying such tenants of their potential eligibility when negotiations are initiated, notifying them if they become fully eligible, and, in the event the purchase of the property will not occur, notifying them that they are no longer eligible for relocation benefits. Evidence of compliance with these requirements must be maintained by the affiliate and submitted to and maintained by the SHOP grantee.

Additional information and resources pertaining to real property acquisition and relocation for HUD-funded programs and projects are available on HUD's Real Estate Acquisition and Relocation website at <http://www.hud.gov/relocation>. You will find applicable laws and regulations, policy and guidance, publications, training resources, and a listing of HUD contacts if you have questions or need assistance.

d. Environmental Requirements. The environmental review requirements for SHOP supersede the environmental requirements in the **General Section**. All SHOP assistance is subject to the National Environmental Policy Act of 1969 and related federal environmental authorities and regulations at 24 CFR part 58. 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 an 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 may advance non-grant funds to acquire land before 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 and award of SHOP funds under this NOFA..

e. Reduce Energy Costs. Applicants are required to take specific energy-saving actions. In the new construction and/or rehabilitation of self-help housing, SHOP applicants must incorporate energy-efficiency measures in the design, construction, and/or rehabilitation of self-help housing units. All newly constructed units assisted with SHOP funds provided under this NOFA must qualify and receive Energy Star Certification by an independent Home Energy Rater (HER) upon completion and only Energy Star labeled products and appliances may be used in these units. All products and appliances which are replaced in properties that are rehabilitated must be Energy Star labeled.

f. Statutory and Program Requirements. SHOP is governed by section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) (the Extension Act), 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, and the program requirements cited in this NOFA. Pursuant to these requirements, you must:

(1) 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 of SHOP funds for land acquisition and infrastructure improvements;

(2) Use your grant to leverage other sources of funding, including private or other public funds, to complete construction or rehabilitation of the housing units;

(3) 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;

(4) 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 they 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;

(5) Not require a homebuyer to make an up-front financial contribution to a housing unit other than cash contributed for down payment or closing costs at the time of acquisition; and

(6) Sell self-help housing units below the appraised value of the property such that the homebuyer, at a minimum, receives the full value of their sweat equity contribution in the form of a reduction of the purchase price. Loans and mortgages on the units cannot exceed the purchase price.

IV. Application and Submission Information

A. Address to Request Application Package

This NOFA contains all the information necessary for national and regional nonprofit organizations and consortia to submit an application for SHOP funding. This section describes how you may download the application and instructions from the HUD Grants.gov website at https://apply07.grants.gov/apply/forms_apps_idx.html. If you need assistance downloading the material, you can contact the Grants.gov Help Desk at 1-800-518-GRANTS and a customer service representative will assist you. The Grants.gov help desk is open from Monday to Friday, except Federal holidays from 7:00 a.m. to 9:00 p.m. eastern time. You can also email Support@grants.gov. If you do not have Internet access and you need to obtain a copy of this NOFA, you may contact HUD's NOFA Information Center toll-free at (800) HUD-8929 between the hours of 10:00 a.m. and 6:30 p.m., Eastern time, Monday through Friday, except Federal holidays. Individuals with hearing or speech impairments may access this number via the toll-free Federal Information Relay Service at 800-877-8339.

1. Application Kit. There is no application kit for this program. All the information needed to apply is contained in this NOFA and the application and instructions download found at https://apply07.grants.gov/apply/forms_apps_idx.html. A checklist in Section IV.B. identifies all required forms and materials for a complete application. Pay attention to the format and

submission requirements specified for this NOFA to ensure that you have submitted all required elements of your application and followed the submission instructions carefully.

The published document in Grants.gov is the official document that HUD uses to solicit applications. Therefore, if there is a discrepancy between any materials published by HUD on its website and other information provided in paper copy, the information provided on the Grants.gov site prevails. Be sure to review your application against the requirements published for the SHOP competition and made available on Grants.gov.

2. Guidebook and Further Information. See the **General Section**.

B. Content and Form of Application Submission

You must meet all requirements for application submission and receipt described in this NOFA. Your application must consist of the items listed in the section below called Assembly Format and Content.

1. Page Limits. There are page limits for responses to the five rating factors. A national or regional organization is limited to 40 pages of narrative to respond to the five rating factors. A consortium is permitted up to 5 additional pages to address the past experiences of its individual consortium members. Required appendices, forms, certifications, statements, and assurances are not subject to the page limitations. All pages must be numbered sequentially 1 through 40 or 45, based on an 8.5 by 11 inch paper, using a standard 12 point font. Material shown in a smaller font size will not be considered. Your application may contain only the items listed in the **Assembly Format and Content checklist** below. **In responding to the five factors, information must be included in your narrative response to each factor, unless this NOFA states that it should be included as an appendix. Information contained elsewhere, including in the Program Summary, will not be rated.** Any supplemental information not required in the program summary, narratives or appendices requested by HUD that further explains information required in the five factors will not be reviewed for consideration in the scoring of the application. When naming attachment files to your electronic application, please remember not to exceed 35 characters in length and do not use spaces or special characters (anything other than a number or a letter) in the file name. Failure to follow these instructions

will result in your application being rejected with a virus detect error message. See the General Section for further details.

2. Assembly Format and Content. Your FY2009 application will be composed of an Application Overview, Narrative Statements (rating factors), Forms, and Appendices. In order to receive full consideration for funding, you should use the following checklist to ensure that all requirements are addressed and submitted with your electronic application.

a. Application Overview (not subject to the page limitations).

_____ SF-424, Application for Federal Assistance (electronically signed by the Authorized Organization Representative (AOR) who is legally authorized to submit the application on behalf of the applicant). Please remember to use the DUNS number of the organization identified in Box 8a of the SF424 form. The DUNS number must be registered in the Central Contractor Registration and the Authorized Organization Representative submitting the application must be authorized by the eBusiness Point of Contact in the Grants.gov system to submit the application on behalf of the applicant.

_____ SF-424 Supplement, Survey on Ensuring Equal Opportunities for Applicant ("Faith Based EEO Survey (SF-424-SUPP)" on Grants.gov).

_____ Self-Help Housing Organization Qualification--Narrative describing qualification as an eligible applicant and Evidence of Nonprofit Tax Exempt Status (in accordance with Section III.C. of this NOFA).

_____ Consortium Agreement, if applicable.

_____ Program Summary (including definition of "annual income") (limited to five pages).

b. Narrative Statements Addressing: (subject to the page limitations and file naming requirements described above).

_____ Factor 1 - Capacity of the Applicant and Relevant Organizational Staff.

_____ Factor 2 - Need/Extent of the Problem (limited to five pages).

_____ Factor 3 - Soundness of Approach.

_____ Factor 4 - Leveraging Resources.

_____ Factor 5 - Achieving Results and Program Evaluation.

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

_____ HUD-424-CB, Grant Application Detailed Budget ("HUD Detailed Budget Form" on Grants.gov).

_____ HUD-424-CBW, Grant Application Detailed Budget Worksheet.

_____ SF-LLL, Disclosure of Lobbying Activities, as applicable.

_____ HUD-2880, Applicant/Recipient Disclosure/Update Report. ("HUD Applicant Recipient Disclosure Report").

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

_____ HUD-2994-A, You Are Our Client Grant Applicant Survey (optional).

_____ HUD-96010, Program Outcome Logic Model.

d. Appendices (not subject to the page limitations).

_____ Applicant's organizational chart (see factor 1).

- _____ A copy of your code of conduct (see the **General Section**).
- _____ Demonstration of past performance for new applicants (see factor 1).
- _____ Survey of potential affiliates, if applicable (see factor 2).
- _____ Leveraging documentation—firm commitment letters (see factor 4).

Other information should not be submitted and will not be considered in scoring the application.

e. Certifications and Assurances. By electronically signing the SF-424 cover page, the applicant is certifying to all information described in Section III.C.2 of the **General Section**.

C. Receipt Date and Time

The application must be received no later than 11:59:59 p.m. Eastern time by Grants.gov on the application deadline date which is September 14, 2009. The validation process may take 24 - 48 hours. Please follow the application timely receipt requirements that are established in the **General Section**. Applicants are advised to apply 24 - 48 hours in advance of the due date so that if they face technology challenges, Grants.gov has adequate time to assist the applicant in overcoming the difficulties. Grants.gov date stamps applications when they are received, not when an applicant hits the submit button. If an applicant is granted a waiver to the electronic application submission requirement, the application must be received at HUD Headquarters by the application deadline date (see **General Section**).

Applicants must follow the instructions for electronic transmission unless a waiver of the requirement, in accordance with HUD's waiver policy of 24 CFR 5.1005, electronic application requirement is approved by HUD. Applicants requesting a waiver should submit their waiver request in writing using e-mail or fax. A waiver request must be submitted no later than 15 days prior to the application deadline date and must be submitted to:

Lou Thompson
Office of Affordable Housing Programs
E-mail: louise.d.thompson@hud.gov
FAX: (202) 708-1744

Applicants who are granted a waiver based on a HUD-approved justification must submit their applications in accordance with the requirements stated in the approval to the waiver request. Paper applications will not be accepted from applicants that have not been granted a waiver. **All applications in paper format must have received a waiver to the electronic application requirement and the application must be received by HUD on or before the application deadline date.**

In FY 2009, HUD is establishing a one-day grace period from the date of notification of a rejection from Grants.gov, to allow applicants that successfully upload an application to Grants.gov prior to the deadline date and time, but receive a rejection notice after the deadline date and time, to cure the reason for rejection and re-upload the application to Grants.gov. The paragraphs below describe HUD's Grace Period Policy for FY2009.

a. Applicants that have successfully uploaded their application to Grants.gov prior to the deadline, and subsequently receive a rejection notice from Grants.gov after the deadline date and time, will have a one-day grace period from the date stamp on the first Grants.gov rejection notice after the deadline to cure the basis for the rejection and upload an application that corrects the problems cited in the rejection notice. Applicants can upload the application as many times as needed to cure noted deficiencies within the one-day grace period. The Grants.gov rejection notice identifies the reasons why the application was rejected. Applicants that do not understand the error messages received in the rejection notice should immediately contact the Grants.gov Help Desk so they can get assistance in clearing the problem. Generally, Grants.gov will reject an application because it contains an incorrect DUNS number or a DUNS number that does not match the AOR's registration, the application was submitted by an individual without proper authorization as the AOR, and/or the application contains file names that trigger a "VirusDetect" message. The grace period ends one day after the date stamp on the first rejection notice

received after the deadline date. WARNING: Applications that contain file names which are longer than 50 characters (HUD recommends using file names with 32 characters or less), or contain spaces or special characters, will result in the file being detected as a virus by the Grants.gov system and the application will be rejected with a “VirusDetect” message. In FY2008, the use of spaces and special characters in file names (note: eliminate hyphens, special characters, and spaces even in the form name) and the use of file names which were longer than 50 characters, resulted in most instances of an applicant receiving a “VirusDetect” rejection. Applicants should also scan files for viruses because the Grants.gov system will also reject files with viruses.

Applications received by Grants.gov, including those received during the grace period, must be validated by Grants.gov to be rated or ranked or receive funding consideration by HUD. HUD will use the date and time stamp on the Grants.gov system to determine dates when the grace period begins and ends.

b. Applications uploaded to Grants.gov after the deadline date under the following circumstances do not qualify for the grace period and will not be considered for funding:

(1) Applications uploaded and received by Grants.gov after the deadline date and time for which there is no prior rejection notice in the Grants.gov system logs will be considered late and will not be rated and ranked or receive funding consideration. Failure to successfully upload the application to Grants.gov by the deadline date and time does not qualify for the grace period as described above.

(2) Applications receiving a rejection notice due to the funding opportunity being closed will not be provided the one day grace period to correct the “opportunity closed” deficiency or any other basis for rejection because the applicant missed the deadline date and time and therefore does not qualify for the grace period as described above.

(3) If an application is uploaded during the grace period and is subsequently rejected after the grace period ends, the applicant will not be afforded additional time to correct the deficiency (ies) noted in the rejection notice.

c. The grace period ends at 11:59:59 p.m. one day from the date stamp on the first rejection notice issued by the Grants.gov system to the email address provided in the Grants.gov registration. Applicants must ensure that their email notification address contained in the Grants.gov registration is up-to-date. Neither HUD nor Grants.gov will be responsible if email messages are not received at the address listed in the registration process. Applicants must also ensure that their email systems will accept messages from Grants.gov. Applicants are responsible for monitoring their email messages. Messages from Grants.gov come from Support@grants.gov.

d. The only exceptions to HUD's grace period policy are:

(1) The Grants.gov system is down and not available to applicants for at least 24 hours prior to the deadline date, or the system is down for 24 hours or longer, impacting the ability of applicants to cure a submission deficiency within the grace period; and/or

(2) There is a presidentially declared disaster in the applicant's area. In the event of either or both of these events, HUD will publish a notice extending the deadline or cure period, for applicants affected, as appropriate.

e. Busy servers or slow processing are not the basis for HUD to extend the deadline dates or the grace period.

Applicants are advised to monitor the Grants.gov system using the Grants.gov blog at <http://grants-gov.blogspot.com/>. The Grants.gov blog provides information on server capacity, traffic on the Grants.gov site, and other federal grant closings each day. Applicants should monitor the site and take into account the amount of traffic on the site when applying.

2. An applicant will not be provided additional opportunities to correct rejection errors if an application is rejected after the one-day grace period has expired.

As with any electronic system, applicants may experience issues when attempting to submit their application which does not permit the uploading of the application to Grants.gov. Such issues can be due to firewall and virus protection software that the applicant has placed on their system or network; proxy and cache settings; Internet traffic; limitation on the size of the files attempting to be transmitted established at the applicant's site or by the applicant's Internet

provider; Grants.gov servers experiencing busy traffic; or any number of issues. Therefore, HUD strongly advises applicants to submit their applications at least 48 hours prior to the deadline and when the Grants.gov Help Desk is open so that assistance can be provided. Assistance may require diagnosing an applicant's particular issues. An applicant that does not follow HUD's advice increases the applicant's risk of not being able to meet the timely receipt requirements. A submission attempt less than the recommended 48 hours before the deadline does not allow the time needed to research the reason for the problem or to work with the applicant in overcoming the uploading difficulty. Similarly, attempting to submit within 24 hours of the deadline or when the Grants.gov Help Desk is closed does not allow the time needed for Grants.gov or HUD to provide the needed assistance. In addition, HUD staff cannot provide assistance or contact Grants.gov on your behalf after the Help Desk is closed. HUD strongly encourages applicants to carefully read the December 29, 2008, General Section for additional information regarding the Grants.gov registration process, submitting an application through Grants.gov, and timely receipt instructions. HUD also encourages applicants to submit their applications early with sufficient time to address issues that might prevent their applications from being received by Grants.gov.

Applicants should also note that Adobe has put out a new version of Adobe Reader compatible with Grants.gov. These versions are 8.1.6 and 9.1.2. Applicants must use the latest versions of the Adobe Reader compatible with Grants.gov, which are Adobe Reader 8.1.6 or 9.1.2. Applicants should refer to the Grants.gov website, What's New This Week Section at www.grants.gov or the Program Status page at http://www.grants.gov/aboutgrants/program_status.jsp

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 the publication date of the NOFA, but before the effective date of the SHOP Grant Agreement, an applicant and affiliates, if permitted by the applicant, may incur costs that may be charged to their SHOP grant, provided the costs are eligible (see Section III.C.1) and in compliance with the requirements of this NOFA (including relocation and environmental review requirements) and the application. Applicants and affiliates incur costs at their own risk; applicants that do not receive a SHOP grant cannot be reimbursed or reimburse affiliates. **To be eligible for reimbursement with SHOP funds, pre-agreement costs must be identified in the application.**

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 SHOP funds. Acquiring land for land banking purposes (i.e., holding land for an indefinite period) is an ineligible use of program funds. Acquisition costs undertaken by the applicant or its affiliate before the publication date of the NOFA are not eligible. Pre-agreement costs not identified in the application are ineligible as well. SHOP funds may not be expended on a property that is not owned by the applicant or its affiliates, or in which the applicant or its affiliates do not have an interest in the land. SHOP funds may not be expended on a property unless its acquisition by the applicant, (includes individual consortium members), or its affiliates complies with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). SHOP funds may not be used for lobbying activities. These requirements also apply to the reimbursement of pre-agreement costs (see above Section IV.E.2).

F. Other Submission Requirements

You must meet all submission requirements and instructions described in the **General Section**. Refer to the **General Section** for detailed submission instructions, including methods and deadlines for submission.

1. No Facsimilies or Video. HUD will not accept an entire application sent by facsimile (fax). However, third-party documents or other materials sent by facsimile in compliance with the requirements for facsimile transmission contained in the General Section are permitted. All facsimile transmissions must be received by the deadline date and time. Facsimile corrections to technical deficiencies will not be accepted. Videos cannot be submitted via the Grants.gov system and will not be accepted as a separate submission or if granted a waiver to the electronic application, as part of an application submitted in paper format. Any video submitted as part of an application will not be viewed.

V. Application Review Information

A. 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 (last five years) and relevant experience in carrying out the activities you propose (including experience in developing accessible/visitable housing), 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 as it relates to self-help housing and the ability to mentor new self-help housing affiliates.

For applicants that previously received SHOP grants, HUD will assess your organization's past performance based upon performance reports and other available data 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 had funds deobligated for failure to meet your drawdown and construction schedules or funds were returned because of monitoring findings or other program deficiencies. HUD may also use monitoring reports, audit reports, prior years' logic models, financial closeout reports, and other information available to HUD in making its determination under this factor. For applicants that received SHOP grants in previous years, HUD will assess your success in meeting benchmarks for all open grants during the most recent five full years of participation in the program. "Open grants" means all grants with incomplete properties and/or where a final Closeout Agreement has not been issued. If you are not a current SHOP grantee, HUD will assess your performance in undertaking similar activities and identifying and meeting outcomes during the past five years. You must supplement your narrative with internal or external performance reports or other information that will assist HUD in making its determination under this factor. Supplemental information and reports from applicants that have not received SHOP grants do not count against the page limitations.

Content Requirements for Rating Factor 1

a. Past Experience (10 points). You must describe the most recent five years of your organization 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 that you have had reasonable success in carrying out and completing those activities. In addition, you must provide the specific number of self-help housing units completed within the previous 24 months of the date of this NOFA. Further, you must include the average number of sweat equity hours provided per homebuyer family, and the average number of volunteer labor hours provided per unit during this 24-month period. 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.

b. Past Performance (7 points). For applicants that received SHOP grants in previous years, you must summarize your past performance, including any delays that you, the grantee (including individual consortium members), and/or affiliates encountered and the mitigating actions taken to overcome them to successfully complete your program. If you plan to fund an organization that encountered delays previously that affected grant performance, you must explain why you will do so. HUD will measure your past performance using tools such as monitoring reports, audit reports, quarterly and annual reports, disbursement data, prior years' logic models demonstrating success in meeting outputs and outcomes, closeout reports and other information currently in-house against what you stated you would do in your previous applications and your summary. New applicants must provide a summary of your performance in carrying out self-help housing, including any delays you encountered and the mitigating actions taken to overcome them to successfully complete your program. Your narrative summary must be supported by existing internal or external performance reports or other information that will assist HUD in measuring your performance for carrying out self-help housing and demonstrating outcomes beyond the provision of housing units as stated in prior years' logic models. The supplemental reports and information must be included as an appendix and will not count against the page limitations.

c. Management Structure (10 points). You must provide a description of your organization's or consortium's management structure, including an organizational chart that identifies all key management positions and the names and positions of staff managing SHOP. You must also describe your key staff and their specific roles and responsibilities for the day-to-day management of your proposed program to be funded from FY 2009 SHOP funds. Do not include individuals' Social Security Numbers in your application.

You must specifically state that you will or will not be working with affiliates that are inexperienced in carrying out self-help housing. If you propose to fund inexperienced affiliates, you must describe the technical assistance you will provide and how you will directly or indirectly mentor these affiliates to develop their capacity that results in development of FY 2009 SHOP-assisted units.

d. Experience Developing Accessible Design Features (3 points). You must demonstrate your experience in and ability to construct and alter self-help housing by describing the kinds of features you have used to design homes in accordance with universal design and visitability principles, or to otherwise make homes physically accessible. You must provide yearly data for the last five years from the date of the NOFA on the number of units completed that incorporate universal design and/or visitability features.

2. Rating Factor 2: Need/Extent of the Problem (5 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 self-help housing, using quality data identified by sources to substantiate that need.

The purpose of this factor is to make sure that funding is provided where a need for SHOP funding exists and except for self-help housing, the needs and problems of the community cannot be addressed. 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.

Content Requirements for Rating Factor 2 (four page limit)

Extent of Need for Self-help Housing (5 points). You must establish the need for self-help housing and the specific need for SHOP funds in identified 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 identified areas and how your proposed SHOP activities meet these needs. You must include data on housing problems in the proposed target areas, such as overcrowding, cost burden, foreclosures, housing age or deterioration, low homeownership rate (especially among minority families, lack of housing for families with children, and families with members with disabilities), and lack of adequate infrastructure or utilities. Also, to the extent information is available, you must address the need

for accessible homes in the target area(s); evidence of housing discrimination in the target area(s); and any need for housing shown in the local Analysis of Impediments to Fair Housing Choice, if appropriate. This information must be tied to the examples of housing problems noted above.

Applicants that select affiliates after application submission must submit with their application a list of affiliates they surveyed and upon which they their need for SHOP funding, and the specific criteria to be used to select communities or projects based on need.

In reviewing applications, HUD will consider the extent, quality, and validity of the information and data submitted that addresses the need for self-help housing in the target area and how recent the data sources are. “Recent” means the most recent updated U.S. Census data, as appropriate, and other information and data issued within the last five years of this NOFA that address indicators of social or economic decline that best capture the applicant’s situation.

3. Rating Factor 3: Soundness of Approach (45 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 the areas described below:

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

b. How your planned activities further three of seven HUD policy priorities described in the **General Section**. The three policy priorities that apply specifically to SHOP in FY 2009 are:

(1) Improving the knowledge of homeowners, homebuyers and renters regarding discriminatory practices and their rights, and increasing financial literacy to prevent foreclosure and address the needs of households facing foreclosure;

(2) Encouraging accessible design features: visitability in new construction and substantial rehabilitation and universal design; and

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

c. How you plan to comply with the statutory and regulatory requirements of Section 3 requirements for new employment, training or contracting opportunities for SHOP-funded infrastructure improvements.

Content Requirements for Rating Factor 3.

Activities. Describe the types of activities that you propose to fund with SHOP, the proposed number of units to be assisted with SHOP funding, the housing type(s) (single family or multifamily, or both) to be assisted, the form of ownership (fee simple, condominium, cooperative, etc.) and the Energy Star measures and appliances you propose to use. You should describe briefly any other energy conservation methods or green development programs you are undertaking in implementing your self-help housing program.

(1) Sweat Equity and Volunteer Labor (7 points). Describe your program's requirements for sweat equity and volunteer labor (i.e., types of tasks and numbers of hours required for both sweat equity and volunteer labor) and how you 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 providing administrative, clerical, organizational, 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. Volunteers substituting for disabled homebuyers must enter into a written three-party agreement with the affiliate or the grantee (if grantee directly administers a program) and the homebuyers to complete the work on behalf of the homebuyers. Include the per unit and total dollar values of both the sweat equity and volunteer labor contributions.

(2) Funds Expenditure, Construction, and Completion Schedules (7 points). Submit a construction and completion schedule that expends SHOP funds and substantially fulfills your obligations if you are funded. You must specifically state 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 interim milestones or benchmarks against which HUD can measure your progress in: 1) selecting local affiliates from those listed in the survey but not specifically identified for funding in the application, 2) expending SHOP funds, and 3) completing acquisition, infrastructure, and housing construction activities, and occupancy by homebuyers within these schedules. These milestones or benchmarks should be established at reasonable intervals (e.g., monthly, quarterly, but no greater than semiannually).

(3) Budget (7 points). Provide a detailed budget including a breakdown for each proposed task and budget category (acquisition, infrastructure improvements, and administration) funded by SHOP and leveraged funds in the HUD-424-CB and 424-CBW. The budget must include line items for the cost of monitoring consortium members and affiliates at least once during the grant period and pre-and post- homebuyer counseling for homebuyers. Homebuyer counseling must be covered by leveraged funds. Your detailed budget must also include leveraged funding to cover costs of completing construction of the proposed number of units, including the cost of Energy Star appliances. For purposes of SHOP, leveraged funding does not include the value of sweat equity and volunteer labor. You must state in the narrative whether your total budget includes the value of the sweat equity contributions of homebuyers and other volunteer labor and provide the amounts for each. If these values are included in the total budget, applicant must clearly identify the amounts as sweat equity and volunteer labor. Budget amounts on the HUD-424-CB and 424-CBW must agree with amounts stated elsewhere in the application.

(4) Cost Effective to the Homebuyer (9 points). State how the sales price for SHOP-assisted units is established (provide a table outlining separate costs for land purchase and infrastructure improvements paid by the affiliate; land and infrastructure improvements charged to the homebuyer; construction and project-related soft costs, such as architectural, engineering and related professional services; and any other costs charged to the homebuyer in the sales price). The table must include the appraised or market value and the contract sales price to the homebuyer. In this table, you must demonstrate that the investment of SHOP funds, the contribution of sweat equity and volunteer labor reduce the contract sales price to the homebuyer. Also, if applicant/affiliate receives donations (e.g., land and/or building materials), in-kind contributions, and financing subsidies, you must demonstrate the extent that these contributions further reduce the sales price to the homebuyer below the appraised value of the house or market value of comparable housing in the neighborhood. If your program design involves homebuyers receiving both USDA and non-USDA construction assistance, you must provide two tables to address cost effectiveness to the homebuyer for both types of assistance. Applicants showing a larger reduction of the sales price to the homebuyer from the appraised or market value as a result of the use of the SHOP grant for costs that are not charged to the homebuyer, the SHOP homebuyer's sweat equity, volunteer labor, and other donated contributions and subsidies not repaid by the homebuyer will receive a higher score. [NOTE: In accordance with III.C.4.f.(6), loans and mortgages on the SHOP-assisted unit cannot exceed the sales price.]

(5) Program Outreach (5 points). Describe procedures and materials or services that will be used to reach potential homebuyers in the proposed housing market area, including persons least likely to apply without special outreach. You must describe the alternative formats to be used to effectively reach persons with disabilities in accordance with the requirements of 24 CFR Part 8. In addition, describe the reasonable steps to be taken to ensure meaningful access to persons with limited English proficiency.

In addition, applicants are encouraged to outreach to single heads of households to participate in your program.

(6) Performance and Monitoring (5 points). Describe your plan for overseeing the performance of consortium members and affiliates and provide a schedule for monitoring each consortium member and affiliate for program compliance at least once during the term of the grant. Your schedule should show how many reviews will be conducted each year of the grant. Over 50 percent of the monitoring reviews must be conducted on site. 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.

(7) Policy Priorities (3 points). Describe how each of the three HUD policy priorities identified specifically for SHOP is furthered by your proposed activities. You will receive up to one point for each policy priority based on how well your proposed work activities address the specific policy. You will be required to report in the logic model (Factor 5) on the outputs and outcomes of the policy priorities you identify.

(8) Section 3 Procedures (2 points). Under Section 3 of the Housing and Urban Development Act of 1968, to the greatest extent feasible, new employment or job training opportunities created in connection with housing rehabilitation, housing construction, or other public construction projects must be given to low- and very low-income persons residing in the metropolitan area (or non-metropolitan county/parish) in which the project is located. In addition, to the greatest extent feasible, new contracts for housing rehabilitation, housing construction, or other public construction projects must be awarded to business concerns that are either owned by low- and very low-income persons or substantially employ low- and very low-income persons in the metropolitan area (or non-metropolitan county/parish) in which the project is located. Please refer to regulations implementing Section 3 at 24 CFR part 135 and the **General Section** for additional information. Because SHOP funds may only be used for acquisition and infrastructure improvements, Section 3 requirements apply only to SHOP projects for which the amount of SHOP funds for the infrastructure improvements (together with any other covered Section 3 housing and community development assistance for infrastructure) meets the threshold amount of \$200,000. Based on the SHOP maximum average investment of \$15,000 per unit, Section 3 would generally only apply to a SHOP project with at least 14 units where the entire SHOP

amount (if no other covered Section 3 housing and community development assistance is provided to the grantee or affiliate for infrastructure) is \$200,000 or more.

Regardless of whether the Section 3 threshold is met, all applicants are required to describe procedures they have in place for Section 3 compliance in the event that they meet the Section 3 threshold in carrying out their proposed FY 2009 SHOP activities, and will generate new employment, training or contracting opportunities. You must clearly explain your procedures for complying with these requirements for (a) projects you will undertake directly (includes individual consortium members, if applicable), and (b) projects to be undertaken by affiliates. In the case of projects undertaken by affiliates, your procedures must state how you will inform affiliates of their responsibilities under Section 3 and how you will monitor compliance. Your application will be evaluated based on the extent to which you demonstrate you will train and employ section 3 residents and contract with section 3 business concerns for economic opportunities generated in connection with your program. One point will be awarded for addressing job training and employment opportunities. One point will be awarded for addressing contracting opportunities.

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 are submitted. 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 mortgage financing provided to homebuyers. However, financing provided through the U.S. Department of Agriculture's Section 502 direct loans to homebuyers for construction of their dwellings counts as leveraging

for mutual self-help housing programs. Firm commitments must be substantiated by the documentation described below.

Content Requirements for Rating Factor 4

Firm Commitments of Resources (10 points). Applicant must 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 for the FY 2009 SHOP program 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 the dollar value of the commitment as it relates to your proposed FY2009 SHOP-funded 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. See Other Submission Requirements, of the **General Section** regarding the procedures for submitting third-party documentation. Each letter of commitment must specifically support your FY 2009 SHOP application or specific projects in your FY 2009 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 FY 2009 SHOP program. Applicants must ensure that duplicate letters for fundraising amounts are not submitted by both the applicant and its affiliates. Also, 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 FY 2009 SHOP program, you must submit a separate letter clearly committing these dollars to your FY 2009 SHOP program. In all instances, the dollar amount must be stated in the letters. 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.1. Unsigned, undated, or outdated letters, letters only expressing support of your organization or its proposal, or those not specifically stating the dollar amount or linking the resources to your FY 2009 SHOP application or specific projects in your FY 2009 application do not count as firm commitments.

To receive full credit for leveraging, an applicant's leveraging resources must be clearly identified for its FY 2009 SHOP application and must total at least 50 percent of the amount shown on form HUD-424-CB 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, including the HUD policy priorities specific to SHOP if applicant stated any will be implemented in their FY 2009 SHOP program. 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 Master Logic Model for SHOP, which can be found at [INSERT web site]. Applicants must clearly identify the "outputs" and "outcomes" to be achieved and measured. Completed newly constructed or rehabilitated self-help housing units are outputs. Outcomes are benefits accruing to the families and/or communities during or after participation in SHOP. Examples of outcomes include increasing the homeownership rate in a neighborhood or among low-income families by a certain percentage, increasing the property tax base by a certain value, or increasing housing stability (e.g., increasing assets of the low-income homebuyer households by creating household equity or reducing total housing costs compared to rents that SHOP participants previously paid) during and beyond the grantee's period for reporting on property completions. When comparing the total housing costs of new self-help housing units to rents previously paid by homebuyers, applicants should include actual or estimated utility costs paid for the rental units and any applicable homeowner association fees and estimated utilities for the new housing units. See Reporting in Section VI.C. In addition, applicants must establish interim benchmarks for which outputs lead to the ultimate achievement of outcomes. "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 for SHOP include acquisition of land, completion of infrastructure, identification of income-qualified 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 must be objectively quantifiable and measure actual achievements against anticipated achievements within a specified timeframe. Your evaluation plan must 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. This factor reflects HUD's goal to embrace high standards of ethics, management, and accountability. Successful applicants will be required to report quarterly on their progress in achieving the proposed outcomes identified in the Logic Model. Applicants should refer to the **General Section** for more information on the Master Logic Model.

Content Requirements for Rating Factor 5

Program Evaluation Plan and Logic Model (10 Points). The FY 2009 application requires submission of a written program evaluation plan and a completed form HUD 96010, eLogicModel™. The eLogicModel™ allows the applicant to select from drop down menus the elements of their program that are captured in the eLogic Model™. Instructions for the eLogic Model™ are found in Tab 1 of the form HUD-96011. The Master eLogic Model™ listing also identifies the unit of measure that HUD will collect for the output(s) and outcome(s) selected. Applicants must identify a unit of measure and establish a goal for each output and outcome.

SHOP outputs and outcomes are summarized below in Table 1, Activities and Outputs, and Table 2, Outcomes and Indicators. They are separated into "Required" and "If Applicable." Applicants must select from the drop down menus on form HUD-96010 all outputs and outcomes labeled "Required" in Tables 1 and 2 that are applicable to their program. If an applicant's program design includes both new construction and rehabilitation, applicant must address outputs and outcomes applicable to both program designs—Housing New Construction and Housing Rehabilitation. Otherwise, if an applicant's program involves only one, but not both, then the applicant will select all outputs and outcomes that apply for either new construction or rehabilitation.

If applicant’s program furthers one or more of the Department’s policy priorities specific to SHOP which it addressed in Factor 3, applicant is required to select from the drop down menus of form HUD-96010 all outputs and outcomes related to the three SHOP policy priorities that are listed in the “If Applicable” column of Tables 1 and 2.

Also, on form HUD-96010, Tab 9, labeled “Outcomes,” Column, Achievement Outcomes Goals and Indicator, for the project outcomes names “Housing-Increased housing stability—Average increased assets in savings,” you, the applicant, must not report on homebuyers’ existing savings. This outcome requires you to measure the equity in the units at the time housing units are occupied. This equity increases any other assets in savings that homebuyers may have at the time of closing, but only the equity is to be reported in this outcome. In addition, applicants are expected to select at least one additional output and outcome identified in their work plan. Further, interim benchmarks, program indicators, outputs, and outcomes must be quantifiable.

Table 1. Activities and Outputs	
Required	If Applicable
<p>Acquisition</p> <ul style="list-style-type: none"> • Acquisition of real property and infrastructure improvements- Same property-SHOP funded - Properties and Dollars. • Acquisition of real property only- SHOP funded - Properties and Dollars. <p>Infrastructure</p>	<p>Business opportunities</p> <ul style="list-style-type: none"> • Other- Businesses and Dollars. • Section 3-Businesses and Dollars. <p>Employment opportunities</p> <ul style="list-style-type: none"> • Other-Available Jobs and Persons. • Section 3-Available Jobs and Persons.

<ul style="list-style-type: none"> • On-site improvements only- Completed-SHOP funded - Properties and Dollars. <p>Housing</p> <ul style="list-style-type: none"> • New Construction <ul style="list-style-type: none"> --Average estimated cost of construction cited in the secured building permits - Dollars. --Building permit(s) secured- Units. --Construction materials and equipment Secured - Units. --Homeowners completing sweat equity - Households --Sweat Equity - Hours. --Volunteer Labor - Hours. • Rehabilitation <ul style="list-style-type: none"> --Building permit(s) secured - Units. --Construction materials and equipment secured – Units. --Homeowners completing sweat 	<p>Training Opportunities</p> <ul style="list-style-type: none"> • Other – Persons. • Section 3 – Persons. <p>Outreach</p> <ul style="list-style-type: none"> • Identify income-eligible homebuyers – outreach to single heads of households - Households. <p>Policy Priority</p> <ul style="list-style-type: none"> • Participation of Nonprofit Grassroots Community Based Organizations, including faith-based organizations (not existing affiliates) in the SHOP program – Organizations. • Providing Credit Counseling and Education for Families and Individuals – Enrolled – Households. • Providing Homebuyer Information for new homebuyers-
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<p>equity</p> <ul style="list-style-type: none"> - Households --Sweat Equity - Hours. --Volunteer labor - Hours. <ul style="list-style-type: none"> • Total number of certificates of occupancy received - Households. <p>Outreach</p> <ul style="list-style-type: none"> • Qualified homebuyers who obtained a home during period of performance - Households. <p>Energy Star</p> <ul style="list-style-type: none"> • Housing new construction-Design incorporates energy efficiency measures and/or meets Energy Star Standards - Units. • Housing rehabilitation – Design incorporates energy efficiency measures and/or meets Energy Star Standards - Units. 	<p>Enrolled – Households.</p> <ul style="list-style-type: none"> • Universal Design – Housing --New construction incorporates universal design – Units. --Rehabilitation incorporates universal design – Units. <ul style="list-style-type: none"> • Visitability – Housing --New construction incorporates visitability features – Units. --Rehabilitation incorporates visitability features – Units. <p>Other.</p>
<p>Housing</p> <ul style="list-style-type: none"> • New Construction --Average dollar increase of 	<p>Business Opportunities</p> <ul style="list-style-type: none"> • Other – Businesses and Dollars.

<p>property tax assessments – Dollars --Equity-Increased equity value of all housing units – Dollars.</p> <ul style="list-style-type: none"> • Rehabilitation --Average dollar increase of property tax assessments – Dollars. --Equity-Increased equity value of all housing units – Dollars. • Average increased homeownership rate - Percentage.* • Total number of housing units occupied by homebuyers – Units. • Average reduced sales price: --from 1-10% - Dollars and Units. --from 11-30% - Dollars and Units. --greater than 30% - Dollars and Units. 	<ul style="list-style-type: none"> • Section 3 – Businesses and Dollars. <p>Employment Opportunities</p> <ul style="list-style-type: none"> • Other – Available Jobs and Persons. • Section 3 – Available Jobs and Persons <p>Training Opportunities</p> <ul style="list-style-type: none"> • Other – Persons. • Section 3 – Persons. <p>Policy Priority</p> <ul style="list-style-type: none"> • Providing Credit Counseling and Education for Families and Individuals --Improved credit score – Households. --Average post test score – Score. --Classes/sessions completed – Households. • Providing homebuyer information
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<ul style="list-style-type: none"> • Increased Housing Stability <ul style="list-style-type: none"> --Average decreased housing costs - Dollars.** --Average increased assets in savings - Dollars.** • Total property tax from all units created during period of performance – Dollars. 	<p>for new homebuyers</p> <ul style="list-style-type: none"> --Completed – Households. --Obtained mortgage – Households. <ul style="list-style-type: none"> • Universal Design – Housing <ul style="list-style-type: none"> --New construction incorporates universal design – Units. --Rehabilitation incorporates universal design – Units. • Visitability – Housing <ul style="list-style-type: none"> --New construction incorporates visitability standards – Units. --Rehabilitation incorporates visitability standards – Units. <p>Outreach</p> <ul style="list-style-type: none"> • Female headed households participating in the program – Households. • Male headed households participating in the program – Households. • Children in female headed
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	<p>households who benefited from the program - Children.</p> <ul style="list-style-type: none"> • Children in male headed households who benefited from the program - Children. <p>Other.</p>
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***This is the average percentage increase of additional homeowner units in the community.**

****This is the average percentage of reduced housing costs to the families or increased assets (equity) to the household.**

You must summarize your program evaluation plan that measures your own program performance. Your plan must 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. Applicants that include both mandatory and optional outputs and outcomes and interim benchmarks, and prepare a written evaluation plan that meets the specified content requirements will receive a higher score. HUD will rate the eLogicModel™ submission based upon the matrix contained in Appendix B to the **General Section**.

B. Review 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 awarded for the rating factors is 100 plus the possibility of 2 bonus points for RC/EZ/EC-II.

a. RC/EZ/EC-II Bonus Points. Applicants may receive up to 2 bonus points for eligible activities that the applicant proposes to locate in federally designated Empowerment Zones (EZs), renewal communities (RCs), or enterprise communities (ECs) designated by the United States Department of Agriculture (USDA) in Round II (EC-IIs) that are intended to serve the residents of these areas and that are certified to be consistent with the area's strategic plan or RC Tax Incentive Utilization Plan for an urban or rural renewal community designated by HUD (RC) on the strategic plan for an enterprise community designed in round II by USDA (EC-II) . For ease of reference in this notice, all of the federally designated areas are collectively referred to as "RC/EZ/EC-IIs" and the residents of these federally designated areas as "RC/EZ/EC-II residents." The RC/EZ/EC-II certification, a valid HUD-2990 form, must be completed for an applicant to be considered for RC/EZ/EC-II bonus points. A list of RC/EZ/EC-IIs can be obtained from HUD's grants website at www.hud.gov/offices/adm/grants/fundsavail.cfm. Applicants can determine if their program or project activities are located in one of these designated areas by using the locator on HUD's website at <http://egis.hud.gov/egis/>. Copies of the certification can be found in the electronic application. The certification must be completed and signed by the appropriate official in the RC/EZ/EC-II for an applicant to be considered for RC/EZ/EC-II bonus points. In addition to the RC/EZ/EC-II certification, applicants must provide the location of the EC/EZ/EC-II (name of town, city, state, or other locale) if not otherwise identified on the certification, and the number of units to be developed within the RC/EZ/EC-II in order to receive credit. RC/EZ/EC-II bonus points will be awarded as follows: 2 points to an applicant with over 25 percent of its proposed units in RC/EZ/EC-II; 1 point for 10 to 25 percent of units in RC/EZ/EC-IIs; and 0 points below 10 percent of units in RC/EZ/EC-II zones.

b. Rating. Applications that meet all threshold requirements listed in Section III.C will be rated against the criteria in Factors 1 through 5 and assigned a score. Applicants are scored only on the contents of Factors 1 through 5 and designated appendices. If information is contained elsewhere in the application, including the Program Summary, it will not be counted toward

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

c. Ranking and Selection Procedures. Applications that receive at least 20 of 30 points for Factor 1 will be fully reviewed. Applications that receive a total of 75 points or more (without the addition of RC/EZ/EC-II bonus points) will be eligible for selection. After adding any bonus points for RC/EZ/EC-IIs HUD will place applications in ranked order. HUD will consider ranked order, funds availability, and past performance in the selection and funding of applications.

d. Technical Deficiencies. After the application deadline date and consistent with regulations in 24 CFR part 4, subpart B, HUD will not consider any unsolicited information you may want to provide. However, HUD may contact you to clarify an item in your application or to correct technical deficiencies. 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. However, HUD may not seek clarification of items or responses that improve the substantive quality of your response to any rating factor.

Examples of curable (correctible) technical deficiencies include inconsistencies in the funding request or a failure to submit certifications. In each case, HUD will notify you in writing by describing the clarification or technical deficiency. See the **General Section** for additional information.

e. HUD's Strategic Goals to Implement HUD's Strategic Frameworks and Demonstrate Results. See the **General Section** for HUD's Strategic Goals.

f. Policy Priorities. Refer to the **General Section** for information regarding application criteria addressing HUD's policy priorities.

VI. Award Administration Information

A. Award Notices

1. HUD reserves the right to:

- a.** 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/or
- b.** 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.

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

2. Debriefing. For a period of at least 120 days, beginning 30 days after the awards for assistance are publicly announced, HUD will provide to a requesting applicant a debriefing related to its application. A debriefing request must be made in writing or by email by its authorized official whose signature appears on the SF-424, or his or her successor in the office and submitted 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 or louise.d.thompson@hud.gov. Information provided during a debriefing will include, at a minimum, the final score you received for each rating factor, final evaluation comments for each rating factor, and the final assessment indicating the basis upon which assistance was provided or denied.

B. Administrative and National Policy Requirements.

1. Grantees are required to comply with the following administrative and financial requirements: A-122 Cost Principles for Non-Profit Organizations; A-133 (Audits of States, Local Governments, and Non-Profit Organizations); and the regulations at 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations).
2. Copies of the OMB Circulars may be obtained from EOP Publications, New Executive Office Building, Room 2200, Washington, DC 20503, telephone (202) 395-3080 (this is not a toll-free number) or (800) 877-8339 (toll-free TTY Federal Information Relay Service) or from the website at www.whitehouse.gov/omb/circulars/index.html.
3. Refer to all award administration information requirements described in Section VI (“Award Administration Information”) of the **General Section**.

C. Reporting. Grantees are required to submit quarterly and annual (consortium members/affiliates) reports providing data on the construction status, unit characteristics, and income and racial and ethnic composition of homeowners in SHOP-funded properties. Following issuance of a grant agreement and establishment of a line of credit for the grantee, grant recipients must submit a revised eLogic Model™ (form HUD-96010), that updates the output and outcome achievements identified in your application based upon the grant funding level on which HUD can evaluate the effectiveness of the SHOP funding. Thereafter, recipients will report quarterly following the schedule of the regular SHOP reporting. The eLogic Model™ is structured for reporting years 1, 2, and 3 of grant activity initially. If all properties are not complete at the time all funds are drawn, grantees will continue to report in year 4 and possibly year 5 until all properties are completed and conveyed to homebuyers. An amended eLogic Model™ shall be provided to grantees should they need to report year 4 and possibly year 5 activities and outcomes. Applicants are also required to report annually their responses to the management questions contained in the eLogic Model™ for the SHOP program until all properties are completed and conveyed.

VII. Agency Contact

Further Information and Technical Assistance. Before the application deadline date, HUD staff may provide general guidance and technical assistance about this NOFA. However, staff is not permitted to assist in preparing your application. Also, following selection of applicants, but before awards are announced, staff may assist in clarifying or confirming information that is a prerequisite to the offer of an award. You may contact Ms. Lou Thompson, SHOP Program Manager, Office of Affordable Housing Programs, 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. For technical support for downloading an application or electronically submitting an application, please call Grants.gov help desk at 800-518-GRANTS (this is a toll-free number) or send an email to support@grants.gov.

VIII. Other Information

A. Review Sections VIII.A., B., E., F., and G. (“Other Information”) of the **General Section**, and note that these subsections are incorporated by reference into this NOFA.

B. Paperwork Reduction Act. The information collection requirements contained in this document were 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 reports, 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.

C. Environmental. A Finding of No Significant Impact (FONSI) with respect to the environment has been made for this NOFA in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(c) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the FONSI must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number).

Date: JUN 12 2009

A handwritten signature in black ink, appearing to read "Nelson R. Bregón", written over a horizontal line.

Nelson R. Bregón
General Assistant Deputy Secretary
for Community Planning and Development

[FR-5300-N-13]