

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
[Docket No. FR-5564-N-01]
Notice of Funding Availability for the
Section 202 Demonstration Pre-Development Grant Program

AGENCY: Office of the Assistant Secretary for Housing – Federal Housing Commissioner, HUD.

ACTION: Notice of Funding Availability (NOFA) for the Section 202 Demonstration Pre-Development Grant Program.

SUMMARY: This NOFA authorizes \$20,000,000 for pre-development grants to private nonprofit organizations and the Supportive Housing for the Elderly Program as authorized by the Consolidated Appropriations Act, 2010 (Pub. L. 111-117, approved December 16, 2009). Pre-development funding is made available for architectural and engineering work, site control, and other planning related expenses that are eligible for funding under the Section 202 program. This NOFA clearly defines the policies and procedures that govern the application selection process under the FY2010 Section 202 Demonstration Pre-Development Grant Program. Applicants for the Section 202 Demonstration Pre-Development Grant Program must address applicable requirements established by HUD's Fiscal Year 2010 Notice of Funding Availability (NOFA) Policy Requirements and General Section to HUD's FY2010 NOFAs for Discretionary Programs, herein referred to as the FY2010 General Section, posted on www.Grants.gov on June 7, 2010. The notice providing information regarding the application process, funding criteria and eligibility requirements is available on the Grants.gov website.

FOR FURTHER INFORMATION CONTACT: Questions regarding specific Section 202 Pre-Development Grant program requirements should be directed to the appropriate local HUD office or Denise Taylor-Parker at HUD Headquarters at 202-402-2892 or via the Internet at Denise.L.Taylor-Parker@hud.gov. Persons with hearing or speech impairments may access the above number via TTY by calling the Federal Information Relay Service at 800-877-8339.

OVERVIEW INFORMATION

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

B. Funding Opportunity Title: Section 202 Demonstration Pre-Development Grant Program.

C. Announcement Type: Initial announcement.

D. Funding Opportunity Number: The Office of Management and Budget (OMB) approval number for this NOFA is 2502-0267. The Federal Register number is FR-5564-N-01.

E. Catalog of Federal Domestic Assistance (CFDA) Number(s): 14.157, Section 202 Demonstration Pre-Development Grant Program.

F. Dates: The application deadline date is: **January 18, 2012**. All applications must be received and validated by Grants.gov no later than 11:59:59 pm Eastern Time on the application deadline date.

Applicants need to be aware that following receipt, applications go through a validation process in which the application may be accepted or rejected. Please allow time for this process to ensure that you meet the timely receipt requirements. Please see the FY 2010 General Section for instructions for timely receipt, including actions to take if the application is rejected. The General Section contains information on using Adobe Reader, HUD's timely receipt policies, and other application information.

G. Additional Overview Content Information: Private nonprofit organizations and nonprofit consumer cooperatives interested in applying for funding under this program, in addition to this Program Section, should carefully review the FY 2010 General Section posted on www.grants.gov and the information detailed in this program NOFA, which covers the registration, submission, timely receipt, and additional requirements for this funding opportunity. Applicants are advised to become familiar with the requirements of the FY 2010 General Section, particularly the Grants.gov registration requirements and submission instructions. Applicants are advised to start the registration process immediately upon publication of this NOFA. Registration can take several weeks to complete.

FULL TEXT OF ANNOUNCEMENT

I. FUNDING OPPORTUNITY DESCRIPTION

A. Program Description. The purpose of this Demonstration Pre-Development Grant program is to assist Sponsors of projects that receive Fund Reservation Awards pursuant to the FY 2010 NOFA for the Section 202 Supportive Housing for the Elderly program, as amended to include FY 2011 appropriations, by providing pre-development grant funding for architectural and engineering work, site control, and other planning related expenses that are eligible for funding under the Section 202 Supportive Housing for the Elderly program. Subsequent to providing pre-development grant funding to the selected applicants, HUD will assess the impact of the availability of such funding on the ability of project Sponsors to expedite the development processing of projects from Section 202 Fund Reservation to Initial Closing within 18 months.

HUD is aware of the complexities of developing Section 202 projects and understands that a lack of pre-development funding may be a contributing factor in many instances where project Sponsors are not able to move their approved projects from Fund Reservation award to Initial Closing within the required 18-month time frame. Funding under this program is not intended to duplicate Section 202 Capital Advance funding, but rather to provide a source of funding for pre-development costs that would otherwise not be reimbursable until Initial Closing or would be payable from eligible funding resources secured outside of Section 202 Capital Advance funding.

B. Authority. The Section 202 Demonstration Pre-Development program is authorized by the Consolidated Appropriations Resolution, 2003 (Pub. L.108-7), approved February 20, 2003 and the Consolidated Appropriations Act, 2010 (Pub. L. 111-117, approved December 16, 2009).

II. AWARD INFORMATION

A. Funding Available. The Consolidated Appropriations Act, 2010 (Pub. L. 111-117, approved December 16, 2009), authorized \$20,000,000 for pre-development grants to private nonprofit organizations and consumer cooperatives in connection with the development of housing under the Section 202 Supportive Housing for the Elderly program.

B. Funding Process. HUD will only make offers to fully fund as many applications as possible from the \$20,000,000 allocated for Sponsors that receive Section 202 Fund Reservations pursuant to the FY 2010 program NOFA, as amended. Applicants selected for funding under the FY 2010 NOFA are not guaranteed funding under this demonstration program.

C. Maximum Grant Award. The maximum grant amount per single application is \$400,000. However, no more than \$800,000 may be awarded to a single entity or its affiliated organizations. The amount of funding requested must be within the maximum grant award amounts or the application will not receive funding consideration.

D. Reduction of Requested Grant Amount. HUD may make an award in an amount less than requested, if:

1. HUD determines that any of the proposed pre-development activities are ineligible for funding under the Section 202 Supportive Housing for the Elderly program (see Section E paragraph 2 for a list of ineligible activities);
2. HUD determines that an eligible applicant has not been able to provide sufficient evidence to support the proposed cost of an eligible pre-development item or activity;
3. HUD determines that a reduced grant would prevent duplicative federal funding; or
4. HUD determines that proposed costs for pre-development activities are not based on comparable costs for eligible items and activities in the applicant's community. HUD field office staff will review proposed costs in accordance with customary and reasonable costs for such items within the geographical jurisdiction of the respective Multifamily Hub and/or Multifamily Program Center Office. If requested by HUD, eligible applicants must provide supportable evidence of comparable costs for proposed activities.

E. Term of Funded Activities. The grant term is 18 months from the date of the Section 202 Supportive Housing for the Elderly Agreement Letter to Initial Closing. Funds not expended by the end of the grant term are subject to recapture and/or repayment if expended on ineligible activities. Failure to complete the development processing of the Section 202 project by the end of the grant term may result in grant termination, grant reduction, or other action deemed appropriate by HUD. HUD may consider past performance in making future funding decisions.

III. ELIGIBILITY INFORMATION

A. Eligible Applicants.

1. Funding Awards Restricted to FY2010 Section 202 applicants selected for Fund Reservation Awards. All private nonprofit organizations and nonprofit consumer cooperatives that submitted an application for funding consideration under the FY 2010 Section 202 Program NOFA are eligible to apply for funding under this Demonstration Pre-Development Grant program. (Please refer to the FY 2010 Section 202 Program NOFA for a discussion on the eligibility criteria for the Section 202 program.) However, funding awards under this Section 202 Demonstration Pre-Development Grant program will be restricted to those applicants that were selected for Fund Reservation Awards under the FY 2010 program NOFA for the Section 202 Supportive Housing for the Elderly program.

2. Ineligible Applicants. Ineligible applicants include:

- a. Applicants that failed to submit a request for Fund Reservation under FY 2010 Section 202 Program NOFA.
- b. Applications from eligible applicants that did not receive a Fund Reservation Award under the FY 2010 NOFA for the Section 202 program.
- c. Applicants who are ineligible under the Section 202 program, including public bodies and instrumentalities of public bodies.
- d. Applicants submitting proposals involving mixed-financing for additional units.

B. Cost Sharing or Matching. No match required.

C. Other

1. Requirements and Procedures. To receive and administer funding under this demonstration program, applicants must fully satisfy the eligibility requirements for participation in the Section 202 Supportive Housing for the Elderly program as well as comply with the following:

a. Statutory and Regulatory Requirements. You must comply with all statutory, regulatory, threshold, and public policy requirements listed in the FY2010 General Section.

b. Allowable Use of Funds. Pre-development grant funds may be used to cover the cost of pre-development activities relating to the development of supportive housing for the elderly under the Section 202 program as described in Section IV.E.1. (“Eligible Activities”). However, before a grantee can enter into a contract for professional services, the entity must receive approval under the form HUD-2530 clearance process. Such entities include, but are not limited to, housing consultants (including those instances where eligible sponsors proposed to provide such services), general contractors, and management agents.

c. Organizational Costs. Eligible organizational expenses and/or costs are limited to those incurred in connection with the organization of an owner entity, pursuant to the requirements of the Section 202 Supportive Housing for the Elderly program.

d. Site Control. Applicants are required to provide evidence of site control, consistent with the requirements of the Section 202 program, as a condition to being funded under the FY2010 Section 202 Program NOFA. Applicants who receive funding awards under this NOFA may utilize this funding to extend site control in accordance with the site control requirements under the Section 202 Supportive Housing for the Elderly program. For further discussion, see the Section 202 Program NOFA.

e. Phase I and Phase II Environmental Site Assessments (ESA). The requirements for Phase I and II ESAs are the same as those that apply to the Section 202 Supportive Housing for the Elderly program and are contained in the Section 202 Program NOFA.

f. False Statements. See the General Section.

g. Delinquent Federal Debts. In addition to the requirements in the 2010 General Section, applicants at the time of award that have federal debt or are in default of an agreement with the Internal Revenue Service (IRS) will not be funded. Applicants selected for funding have an obligation to report to HUD changes in status of a current IRS agreement covering federal debt.

2. Program Related Threshold Requirements. HUD's FY2010 General Section establishes threshold and other critical application requirements that affect this NOFA. In addition to the threshold requirements in the 2010 General Section, applicants must adhere to all program-specific threshold requirements, as detailed in this NOFA. HUD will consider an application non-responsive to this NOFA and will not accept it for processing if the applicant:

- a. Is determined to be ineligible (Please refer to Section III.A.2 of this NOFA for a more detailed discussion on ineligible applicants);
- b. Requested more than the maximum grant amount;
- c. Is granted a waiver to submit a paper application, but fails to submit the required original and four copies; or
- d. Failed to submit the threshold requirements as identified by the asterisk (*) in Section IV.B. of this Program NOFA by the deadline date.

IV. APPLICATION AND SUBMISSION INFORMATION

A. Addresses to Request Application Package. All information needed for the preparation and submission of this application is included in this Program NOFA and in the FY 2010 General Section. Copies of the 2010 General Section, this Program NOFA, and needed forms are found in the instructions and application downloads on the Grants.gov website. If you have

difficulty accessing the information, you may call the Grants.gov Support Desk toll free at 800-518-GRANTS or e-mail your questions to Support@Grants.gov. The Support Desk staff will assist you in accessing the information.

Your application must be transmitted electronically using www.Grants.gov unless you request and receive a waiver of the requirement for electronic application submittal. Please refer to the 2010 General Section for further information and instructions pertaining to electronic application submission and waiver request requirements.

For applicants receiving a waiver to submit a paper application, original and 4 copies of the completed application package must be received by the appropriate local HUD office on or before **January 18, 2012**. Please visit http://www.hud.gov/offices/hsg/mfh/mfbroch/hubs_pcs.cfm for a complete listing of the Multifamily Hub Offices and Multifamily Program Centers.

B. Content and Form of Application Submission.

You should ensure that your application is complete before transmitting it to Grants.gov. In cases where a waiver of electronic submission requirement is granted, an original and four copies must be submitted to the appropriate HUD office. In addition, all applicable documents must have an original signature. Upon receipt of the application by HUD staff, HUD will screen all applications to determine if there are any curable deficiencies. See Section V.B.2. of this Program NOFA for further discussion.

Applicants may submit more than one application to a single field office. However, no more than one application may be submitted per project. Each application must propose a separate project, and the proposed development must be located within the jurisdiction of the appropriate field office. To be eligible for review, all applications must contain the required exhibits that include form SF-424, form HUD-2880, and the narrative discussions. Forms needed for the application may be downloaded from http://www.grants.gov/applicants/apply_for_grants.jsp.

Threshold items are identified by an asterisk (*). Failure to include threshold items in your initial application submission will render your application non-responsive and it will not be considered for funding by HUD. Applications must contain the required exhibits as listed below:

- 1. Cover Letter.** A brief narrative detailing the project's name, HUD project number, and the name(s), address(es), contact person name(s) and telephone number(s) of the Sponsor(s). The letter must also detail the total grant amount being requested under this Program NOFA.
- 2. Standard Form 424 – Application for Federal Assistance.** Applicants must enter their legal name in box 8.a. of the SF-424 as it appears in the Central Contractor Register (CCR). See the General Section regarding CCR registration.
- 3. * Narrative Demonstrating Need for Pre-Development Funding.** This exhibit requires applicants to submit form HUD-2880, Applicant/Recipient Disclosure/Update Report ("HUD Applicant Recipient Disclosure Report" on Grants.gov). A disclosure of assistance from other

government sources received in connection with the project is required. Applicants must also submit a brief narrative describing the financial circumstances that resulted in your need to apply for funding assistance with pre-development activities and how the lack of such assistance has impacted the organization's previous or current development efforts.

4. * Proposed Pre-Development Activities and Budget. This exhibit requires applicants to submit a spreadsheet that specifically identifies the proposed activity(ies) and their anticipated cost. The recommended format is as follows:

Column 1 – Clearly identify each eligible pre-development activity being proposed by the applicant.

Column 2 – Identify the anticipated cost for each activity.

The spreadsheet must identify the total pre-development funding assistance being proposed in the application.

5. * Project Development Schedule. This exhibit should include a detailed development schedule which identifies the pre-development activities being proposed, their projected start and completion dates, the projected completion date for **all** pre-development planning activities, and a brief narrative describing the applicant's plan for monitoring this schedule of activities and addressing delays should they occur. All projected development schedules must clearly demonstrate the applicant's ability to move its approved FY 2010 Section 202 project from Fund Reservation to Initial Closing within 18 months of grant approval and must provide a statement addressing how access to pre-development funding will assist the applicant in moving its FY 2010 Section 202 project to Initial Closing within 18 months of Fund Reservation approval. The completion of the Logic Model (form HUD-96010) will assist you in responding to this exhibit.

6. Program Outcome Logic Model (HUD-96010). The Logic Model is representative of this Section 202 Demonstration Pre-Development Grant program proposal and it serves as the "executive summary" for this grant request. Applicants must ensure that its Logic Model accurately represents the purpose of the funding request and the expected impact on the development process.

7. Third Party Documentation Facsimile Transmittal ("Facsimile Transmittal Form" on Grants.gov) (HUD-96011). This form must be used as part of the electronic application to transmit third party documents and other information as described in the General Section (if applicable). Applicants should only use the fax method when documents cannot be attached to the electronic application package or when the size of the submission is too large to upload from the applicant's computer. Please note that the facsimile transmittal form, found in the downloaded application, contains an embedded ID number that is unique to your application submission. Make a copy of this facsimile transmittal cover page and provide that copy to the third party for use with the fax transmission. In addition, HUD will be using the unique identifier associated to the downloaded application package as a means of matching the faxes submitted with the applications received via Grants.gov.

NOTE: Do not insert any additional or other cover pages as it will cause problems in electronically matching the pieces of the application. See the 2010 General Section for further instructions.

8. Acknowledgment of Application Receipt (HUD-2993). This is not required for applications submitted electronically.

9. SF-424 Supplement, Survey for Ensuring Equal Opportunity for Applicants (“Faith Based EEO Survey (SF-424 SUPP)” on Grants.gov)

10. SF-LLL, Disclosure of Lobbying Activities, if applicable.

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

If changes have been made to any of the forms that were submitted under the FY 2010 Section 202 NOFA, HUD requires that the updated form(s) be resubmitted under this Demonstration Pre-Development Grant NOFA.

C. Submission Dates and Times. Your application must be received and validated electronically by Grants.gov no later than 11:59:59 p.m. eastern time by the application deadline date, unless a waiver of the electronic delivery process has been approved by HUD. Please refer to the 2010 General Section and Section IV.F.3 below for instructions on applying for a waiver. If a waiver is granted, HUD must receive an **original and four copies** of your application by January 18, 2012. The notification approving your waiver request will provide submission instructions. Paper applications must be received by the deadline date.

D. Intergovernmental Review. This funding opportunity is subject to Executive Order (EO) 12372, “Intergovernmental Review of Federal Programs.” You must contact your State’s Single Point of Contact (SPOC) to find out about and comply with the state’s process under EO 12372. The names and addresses of the SPOCs are listed in the Office of Management and Budget’s home page at http://www.whitehouse.gov/omb/grants_spoc. If required by the state, the submission to the state needs to occur no later than the application deadline date. HUD recommends that you provide the state with sufficient time to review the application. Therefore, it is important that you consult with the SPOC for State review timeframes and take that into account when submitting the application.

E. Funding Restrictions.

1. Eligible Activities. Section 202 Demonstration Pre-Development Grant program funds must be used exclusively to facilitate planning, design, and pre-development activities for projects funded under the FY 2010 Section 202 Supportive Housing for the Elderly program. Such activities include architectural and engineering work, site control planning, and other planning activities related to the development of a multifamily housing project funded under the FY 2010 Section 202 Supportive Housing for the Elderly program. Grantees may not use funds for land acquisition, leasing, new construction, property rehabilitation, alteration, demolition, or disposition.

a. All expenses related to eligible activities must be limited to those actual costs that are incurred prior to initial closing and be otherwise eligible activities under the Section 202 program. Activities that are eligible for funding include the following:

(1) Appraisals. The applicant's cost for obtaining an appraisal to establish the fair market value of the proposed site completed by a qualified and licensed appraiser.

(2) Architect Services. The design fees charged by licensed architectural/engineering firms for architectural services regarding the applicant's project. Applicants are reminded that projects must meet the accessibility requirements of Section 504 of the Rehabilitation Act of 1973, the Fair Housing Act, and the Americans with Disabilities Act, as applicable. See Section III.C.3.d of the FY2010 Program NOFA for additional information

(3) Engineering Services. Actual cost of boundary survey, topographic survey, soil borings and tests.

(4) Environmental Site Assessment. Actual cost incurred for the environmental site assessment, i.e., Phase I and Phase II.

(5) Consultant Services. Up to 20 percent of the total amount of the contract between the applicant and its consultant for services related to the development and submission of an approvable Section 202 Fund Reservation Application.

(6) Cost Analysis. The cost of the contract between the applicant and a professional with experience in cost estimation, for an independent cost estimate needed to determine the viability of a proposed project as required for firm commitment processing under the Section 202 program.

(7) Legal Fees. The cost for legal services and title binder fees.

(8) Site Control. The applicant's cost for extending the time for site control of the original site, including option costs necessary to extend the option agreement for up to 18 months, to the closing target date. The proceeds of this grant may not be used for site acquisition.

(9) Market Studies. The applicant's cost for a study completed by a qualified, independent, third party, market research firm for purposes of examining the need for and verifying the marketability of the proposed project.

(10) Organizational Expenses. The actual cost related to the creation of an owner entity for the proposed project pursuant to Section 202 program regulations.

(11) Impact Fees. One-time fees that local governments charge Sponsor/Owners to offset the impact such housing will have on the community. (Typical impact fees are traffic, solid waste, sewer, water, electric, gas, police protection, and fire protection).

(12) Relocation Expenses. Cost of relocation assistance if the project involves displacement of site occupants.

(13) Building Permits and Variance Fees. The cost of obtaining building permits and variances.

2. Ineligible Activities. No proposed activity that is deemed to be ineligible will be funded from the Demonstration Pre-Development Grant funds.

a. Section 202 Demonstration Pre-Development Grant program funds may not be used for the following:

(1) To acquire sites or other real property, to fund organizational overhead and/or operating expenses, to pay staff salaries, or to fund any planning activity that is otherwise ineligible for assistance under the Section 202 Supportive Housing for the Elderly program.

(2) To meet Minimum Capital Investment (MCI) requirements for the Section 202 program.

(3) To meet Performance/Payment Bonds (dual obligee).

(4) To pay taxes and interest.

(5) To pay bond premium, builder's risk, liability insurance, fidelity bond insurance, performance bond insurance, cash bond, and insurance premiums.

b. In the event that funding awarded under this program is utilized for activities or purposes that have not been approved by HUD, the Department will seek repayment or any other available remedies.

3. Applicants submitting proposals involving mixed-financing for additional units are **not** eligible to be considered for pre-development funding under this NOFA.

F. Other Submission Requirements.

1. Application Submission and Receipt Procedures. This section provides the application submission and receipt instructions for HUD program applications. Refer to the 2010 General Section for specific procedures for additional information on application submission requirements.

a. Electronic Application through Grants.gov. Applications under this NOFA must be received electronically through the Federal website Grants.gov, unless a waiver of this requirement is granted in accordance with the instructions below. You must follow the procedures for electronic submission of applications contained in the 2010 General Section unless a waiver for good cause in accordance with HUD's waiver policy of 24 CFR 5.1005 is approved.

The Grants.gov website offers a simple, unified application process. Submission requires an authenticated signature and registration at Grants.gov. There are five steps to complete the registration process and information is available in the 2010 General Section. *Applicants are encouraged to start the Grants.gov registration process immediately upon publication of this NOFA. The registration process can take several weeks to complete.*

b. Dun and Bradstreet Numbering System (DUNS) Numbering Requirement. Refer to Section III.C.2.b of the FY 2010 General Section for information regarding the DUNS requirement. You will need to obtain a DUNS number to apply for funding using the Grants.gov application process. HUD will not make an award to an organization that does not have a DUNS number. The DUNS number used in the application must be for the applicant organization identified in Box 8a on the HUD-424, Application for Federal Financial Assistance.

c. Central Contractor Registration. Refer to Section III.C.2.c of the 2010 General Section for information regarding the Central Contractor Registration (CCR) requirement. You will need to have an active registration in CCR in order to apply for funding using the Grants.gov application process. HUD will not make an award or make payments to an organization that does not have an active registration in CCR. See HUD's Interim Rule governing CCR registration requirements published in the Federal Register on September 14, 2010 at 75FR55663 and Final Rule published in the Federal Register on December 8, 2010 at 75FR76260.

2. Address to Request Application Package. See the 2010 General Section for specific procedures concerning the electronic application submission and timely receipt requirements. Copies of the published NOFAs and application forms for HUD programs announced through NOFAs may be downloaded from the grants.gov website at http://www07.grants.gov/applicants/apply_for_grants.jsp; if you have difficulty accessing the information, you may receive customer support from Grants.gov by calling its Support Desk at 800-518-GRANTS, or by sending an email to support@grants.gov. The Grants.gov help desk is open 7 days a week, 24 hours a day, except federal holidays.

3. Waiver of Electronic Submission Requirement. Applicants that are unable to submit their application electronically must seek a waiver of the electronic grant submission requirement. Waiver requests must be on the applicant's letterhead, signed by an official with the legal authority to request a waiver from the Department and be submitted by mail, fax, or email. Waiver requests must be submitted no later than 15 days prior to the application deadline date and must be submitted in accordance with the following requirements:

a. Mailed Requests. A mailed request must be sent to Carol Galante, Acting Assistant Secretary for Housing--Federal Housing Commissioner, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 9100, Washington, DC 20410-8000;

b. Faxed Requests. Faxed requests must be sent to (202) 708-3104. This is not a toll-free number; or

c. Electronic Mail Requests. An email request must be sent to the attention of Aretha.M.Williams@hud.gov.

If a waiver is granted, you must submit the required number of copies of your application to the Director of the appropriate Multifamily HUD Office, and **the application must be received no**

later than that HUD Office's close of business on the application deadline date. There is no grace period. The waiver approval notification will identify the appropriate HUD Office where the application should be submitted and the required number of copies that must be submitted. Paper applications will not be accepted from applicants that have not been granted a waiver.

4. Timely Receipt Requirements. Your completed application must be received by Grants.gov no later than 11:59:59 p.m. eastern time on the application deadline date. Following receipt the application will go through a validation process. If the application fails the Grants.gov validation process, it will be rejected. Please see the 2010 General Section for instructions for timely receipt, including actions to take if the application is rejected. Applicants should carefully read the section titled "INSTRUCTIONS ON HOW TO DOWNLOAD AND APPLICATION PACKAGE AND APPLICATION INSTRUCTIONS" in the 2010 General Section. This section contains information on using Adobe Reader, HUD's timely receipt policies, and other application information.

V. APPLICATION REVIEW INFORMATION

A. Criteria. HUD Headquarters will select applications for the Section 202 Demonstration Pre-Development Grant based on the HUD Multifamily Program Center's rating of the respective FY 2010 Section 202 applications. HUD will award funding under the following process until all available funding has been exhausted.

B. Review and Selection Process.

1. HUD Application Review Process. HUD's application review process will include, but is not limited to, an eligibility review of each pre-development planning activity being proposed by the applicant, the reasonableness of the proposed cost for each activity, the reasonableness of the applicant's proposed budget, and the ability of project Sponsors to expedite the development processing of projects from Section 202 Fund Reservation to Initial Closing within the 18 month timeframe. All activities must be related to the development of the Section 202 housing project selected under the FY 2010 Section 202 program NOFA and be otherwise eligible activities under the Section 202 program.

2. Review for Curable Deficiencies. A curable deficiency is a missing Exhibit or portion of an Exhibit that will not affect the rating of the application. Refer to the 2010 General Section for additional information regarding procedures for corrections to deficient applications. In addition to the examples provided in the General Section, a curable deficiency for those items that do not affect score will exist when: (1) there are no documents associated with a particular exhibit; (2) the exhibit contains missing pages; or (3) documents submitted are wholly unrelated to what the exhibit requires. The exhibits identified by asterisk (*) as threshold requirements must be dated on or before the application deadline date. HUD will screen all applications received by the application submission deadline for curable deficiencies. The HUD Office will notify you in writing if your application is missing any of the exhibits or portions of exhibits, as listed in Section IV.B. of this NOFA. You will then be given 14 calendar days from the date of the HUD written notification to submit the information required to cure the noted deficiencies.

3. Review for Threshold Requirements. All applications must meet the threshold requirements identified in the 2010 General Section and in Section IV.B. and Section III.C.2. of this program NOFA. Failure to meet any threshold item will render an application ineligible for funding consideration. Please note that the 2010 General Section, and the items identified by an asterisk (*) as listed in Section IV.B. and in Section III.C.2. of this NOFA, are also threshold requirements and must be dated on or before the application deadline date. Failure to satisfy all threshold requirements at the time of submission will render the application in question as non-responsive to this NOFA, and the application will be subject to no further review. See the 2010 General Section for additional procedures for corrections to deficient applications.

4. Technical Review. HUD Multifamily Field Office staff will review applications that passed the threshold review for compliance with the eligibility criteria set forth in this NOFA. However, HUD will not reject your application based on technical review without notifying you of that rejection, the reason(s) for the rejection, and providing you with an opportunity to appeal. You will have 14 calendar days from the date of HUD's written notice to appeal a technical rejection to the HUD office. The HUD office will make a determination on an appeal before making its selection of projects to be forwarded to HUD Headquarters. HUD Field Office staff will forward to Headquarters a listing of eligible applications that were received by the deadline date that met all eligibility criteria, that proposed reasonable costs for eligible activities, and that included all technical corrections by the designated deadline date.

5. Selection Process. HUD Headquarters will select Section 202 Demonstration Pre-Development Grant applications based on HUD Multifamily Program Centers' rating of the respective FY 2010 Section 202 application, beginning with the highest rated application nationwide. After this selection, HUD Headquarters will select the next highest rated application in another Program Center. Only one application will be selected per Multifamily Program Center. However, if there are no approvable applications in other Multifamily Program Centers, the process will begin again with the selection of the next highest rated application nationwide. More than one application may be selected per HUD Multifamily Program Center if there are no other approvable applications.

This process will continue into a second and subsequent round(s) until all approvable applications are selected using the available remaining funds. HUD Headquarters will fully fund as many applications as allocated funds will allow. HUD Headquarters will review its selection results to ensure that no single entity (including affiliated entities) receives grant funding in excess of \$800,000. Once an organization receives its maximum amount of grant funding, no other projects from that organization will be eligible for selection from the succeeding rounds.

If there is a tie score between two or more applications, HUD will select the applicant with the highest score in Rating Factor 1 of the FY 2010 Section 202 application. If Rating Factor 1 is scored identically, the score in Rating Factor 2, 3, and 4, of the FY 2010 Section 202 application, will be compared in that order, until one of the applications received a higher score. If both applications still score the same, then the application which requests the least funding will be selected.

6. Adjustments to Funding/Reduction of Requested Grant Amount. See Section II.D. of this Program NOFA.

VI. AWARD ADMINISTRATION INFORMATION

A. Award Notices. Following the congressional notification process, HUD will issue a press release announcing the selection of awards. Once such an announcement has been made, successful applicants will receive their selection letters and grant agreement, including an approved Logic Model, via regular or overnight mail. The grant agreement is the legally binding document that establishes a relationship between HUD and the award recipient organization. Once properly executed, funds are obligated, and the disbursement of funds is generally authorized after meeting certain requirements.

1. As a condition of receiving a grant under this Section 202 Demonstration Pre-Development program, Grantees must open a separate, interest-bearing account for the receipt and handling of these funds.
2. All applicants that were not selected for funding will receive a non-selection letter.
3. You may request a debriefing on your application in accordance with section VI.A. of the General Section. The request must be made to the Director of Multifamily Housing, in the HUD field office that has jurisdiction over the housing development identified in your application, to which you sent your application.

B. Administrative and National Policy Requirements. The Consolidated Appropriations Act, 2010 requires HUD to obligate all FY2010 Section 202 funds by September 30, 2013. Under 31 USC Section 1552(a), no funds can be disbursed from for FY2010 Pre-Development Grants after September 30, 2018. HUD reserves the right, however, to require an earlier expenditure deadline under a grant agreement. Under this demonstration program, obligation of funds occurs upon execution of the Grant Agreement.

C. Reporting.

1. Logic Model Reporting. Grantees must submit quarterly updates of the Program Outcome Logic Model (form HUD-96010) as well as quarterly Federal Financial Report (FFR) forms. In order for HUD to evaluate the effectiveness of the Demonstration Pre-Development Grant program (DPG) funding, each Logic Model must indicate the results achieved against the proposed output goal(s) and proposed outcome(s) which were stated in the FY 2010 Section 202 DPG program application and agreed upon by HUD.

2. Racial and Ethnic Data. HUD requires that funded recipients collect racial and ethnic beneficiary data. It has adopted OMB's for Collection of Racial and Ethnic Data. In view of these requirements, you should use form HUD-27061-H, Racial and Ethnic Data Reporting Form (and instructions for its use) found on <http://www.hud.gov/offices/adm/hudclips/index.cfm>.

3. Recipient Reporting to Meet the Requirements of the Federal Financial Assistance Accountability and Transparency Act of 2006 as amended.

a. Prime Awardee Reporting. Prime recipients of HUD financial assistance are required to report subawards made either as pass-through awards, subrecipient awards, or vendor awards in the federal government-wide website www.fsr.gov or its successor system. Starting with awards made October 1, 2010 and after, prime financial assistance awardees receiving funds directly from HUD are required to report subawards and executive compensation information both for the prime award and subawards, including awards made as pass-through awards or awards to vendors, where both the initial award is \$25,000 or greater or the cumulative award will be \$25,000 or greater if funding incrementally as directed by HUD in accordance with OMB guidance. The reporting of award and subaward information is in accordance with the requirements of Federal Financial Assistance Accountability and Transparency Act of 2006, as amended by section 6202 of Public Law 110-252, hereafter referred to as the “Transparency Act” and OMB Guidance issued to the Federal agencies on September 14, 2010 (75 FR 55669) and in OMB Policy guidance. The prime awardee will have until the end of the month plus one additional month after a subaward or pass-through award is obligated to fulfill the reporting requirement. The Transparency Act requires the creation of a public government-wide website in which the following subaward data will be displayed:

- (1) Name of entity receiving award;
- (2) Amount of award;
- (3) Funding agency;
- (4) North American Industry Classification System (NAICS) code for contracts/CFDA program for financial assistance awards;
- (5) Program source;
- (6) Award title descriptive of the purpose of the funding action;
- (7) Location of the entity (including Congressional district);
- (8) Place of Performance (including Congressional district);
- (9) Unique identifier of the entity and its parent; and
- (10) Total compensation and names of top five executives.

For the purposes of reporting into the FSRS reporting site, the unique identifier is the DUN and Bradstreet Universal Numbering System (DUNS) number the entity has obtained from Dun and Bradstreet, and for Prime awardees the DUNS number registered in the Central Contractor Registration as required by HUD regulation 24 CFR 5.1004.

b. Prime Awardee Executive Compensation Reporting. Prime awardees must also report in the government wide website the total compensation and names of the top five executives in the prime awardee organization if:

- (1) More than 80% of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and

(2) Compensation information is not readily available through reporting to the Securities Exchange Commission (SEC.) 67

c. Subaward Executive Compensation Reporting. Prime awardees must also report in the government-wide website the total compensation and names of the top five executives in the subawardees, pass-through or vendor organization if:

(1) More than 80% of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and

(2) Compensation information is not readily available through reporting to the Securities Exchange Commission (SEC.)

d. Transparency Act Reporting Exemptions. The Transparency Act exempts any sub-awards less than \$25,000 made to individuals or to an entity whose annual expenditures are less than \$300,000. Subawards with a cumulative total of \$25,000 or greater are subject to subaward reporting beginning the date the subaward total award amount reaches \$25,000. Any other exemptions to the requirements must be approved by the Office of Management and Budget.

4. Compliance with Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), hereafter referred to as “Section 872.”

Section 872 requires the establishment of a government wide data system – the Federal Awardee Performance and Integrity Information System (FAPIIS) - to contain information related to the integrity and performance of entities awarded federal financial assistance and making use of the information by federal officials in making awards. OMB is in the process of issuing regulations regarding federal agency implementation of section 872 requirements. A technical correction to this General section may be issued when such regulations are promulgated.

HUD anticipates that the terms and conditions to its FY2012 awards will contain requirements related to meeting FFATA and Section 872 requirements.

D. Environmental Requirements. The provision of assistance under this NOFA is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321) and not subject to compliance action for related environmental authorities under 24 CFR 50.19 (b) (1), (3), (5), (8) and (16).

E. Environmental Impact. This NOFA does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19 (c) (1), this NOFA is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

VII. AGENCY CONTACTS

A. HUD Contact Information. For programmatic information you may contact the appropriate local HUD office or Denise L. Taylor-Parker at HUD Headquarters at 202-402-2892, or via the

Internet at Denise.L.Taylor-Parker@hud.gov. Persons with hearing and speech impairments may access the above number via TTY by calling the toll-free Federal Relay Service at 800-877-8339.

B. Grants.gov Help. For technical assistance in downloading and submitting an application package through http://www.grants.gov/applicants/apply_for_grants.jsp, contact the Grants.gov Help Desk at 1-800-518-GRANTS, or by sending an email to support@grants.gov.

VIII. OTHER INFORMATION

A. Section 102 of the HUD Reform Act, Documentation and Public Access Requirements.

Section 102 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545) (HUD Reform Act) and the regulations codified at 24 CFR part 4, subpart A, contain a number of provisions that are designed to ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD. The documentation, public access, and disclosure requirements of Section 102 apply to assistance awarded under this NOFA as follows:

1. Documentation. HUD will ensure that documentation and other information regarding each application submitted pursuant to this NOFA are sufficient to indicate the basis upon which assistance was provided or denied. This material, including any letters of support, will be made available for public inspection for a 5-year period beginning not less than 30 days after the award of the assistance. Material will be made available in accordance with the Freedom of Information Act (5 U.S.C. 552) and HUD's implementing regulations (24 CFR part 15).

2. Disclosures. HUD will make available to the public for 5 years all applicant disclosure reports (form HUD-2880) submitted in connection with this NOFA. Update reports (also reported on form HUD-2880) will be made available along with the applicant disclosure reports, but in no case for a period of less than 3 years. All reports, both applicant disclosures and updates, will be made available in accordance with the Freedom of Information Act (5 U.S.C. 552) and HUD's implementing regulations (24 CFR part 15).

3. Publication of Recipients of HUD Funding. HUD will publish a notice on its website to notify the public of all decisions made by HUD to provide:

- a. Assistance subject to Section 102(a) of the HUD Reform Act; and
- b. Assistance provided through grants or cooperative agreements on a discretionary (non-formula, non-demand) basis, but that is not provided on the basis of a competition.

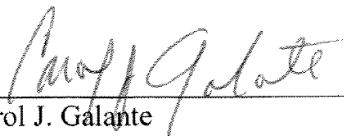
B. Section 103 of the HUD Reform Act. HUD's regulations implementing Section 103 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3537a), codified at 24 CFR part 4, subpart B, apply to this funding competition. The regulations continue to apply until the announcement of the selection of successful applicants. HUD employees involved in the review of applications and in the making of funding decisions are prevented by the regulations from providing advance information to any person (other than an

authorized employee of HUD) concerning funding decisions or from otherwise giving any applicant an unfair competitive advantage. Persons who apply for assistance in this competition should confine their inquiries to the subject areas permitted under 24 CFR part 4.

Applicants or employees who have ethics-related questions should contact the HUD Ethics Law Division at (202) 708-3815. (This is not a toll-free number.) HUD employees who have specific program questions should contact the appropriate field office counsel or Headquarters counsel for the program to which the question pertains.

C. Paperwork Reduction Act Statement. The information collection requirements contained in this document are currently approved by OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0267. 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 4 hours per annum per respondent for the application and grant administration. This includes the time for collecting, reviewing, and reporting the data for the application, semi-annual reports and final report. The information will be used for grantee selection and monitoring the administration of funds. Response to this request for information is required in order to receive the benefits to be derived.

Dated: **December 1, 2011**



Carol J. Galante
Acting Assistant Secretary for Housing –
Federal Housing Commissioner

[FR-5564-N-01]