

FY2019 Choice Neighborhoods Implementation Grants NOFA Questions and Answers

Note: In accordance with the HUD Reform Act, HUD cannot answer questions that ask about a specific situation (e.g. whether something would be eligible or how it would be rated) outside of reviewing a submitted grant application during its formal review process. This Q&A is meant to provide general clarification to the NOFA language.

- 1. Our neighborhood has a lot of distressed housing, but it is neither “public housing” or “assisted housing.” Can we still apply for a Choice Neighborhoods grant if our application meets the other eligibility criteria, but does not have “severely distressed public or HUD-assisted housing”?**

No, the “Eligible Target Housing” threshold requires that there be a severely distressed public or HUD-assisted housing project at the center of the planning process. Please see the Eligible Target Housing threshold on page 16 of the NOFA. The terms “assisted housing,” “public housing,” and “severely distressed housing” are defined in the Program Definitions section starting on page 7.

- 2. With the changes to the definition of Eligible Target Housing, is a public housing site that has already been demolished, but not yet fully redeveloped, still eligible?**

Yes, as provided in the statutory definition of “severely distressed housing,” in Section 24(j)(2) of the U.S. Housing Act of 1937, as amended, a severely distressed project that has been legally vacated or demolished can be eligible if HUD has not yet provided replacement housing assistance (other than tenant-based assistance) and it met the definition of physical distress prior to demolition.

- 3. We have completed a Rental Assistance Demonstration (RAD) conversion and the property now has a PBRA contract, which meets the NOFA’s definition of “assisted housing” for eligible target housing. However, the “Relation to RAD Applicants” threshold states that after the receipt of a RAD Conversion Commitment (RCC), units are ineligible to apply. Does this prohibition continue to apply to our RAD converted property that is now under a PBRA contract?**

Yes, units that have received the RAD RCC are not eligible to be included in an application for a Choice Neighborhoods grant. In addition, given the requirements of the RAD program to ensure stability of a project post-conversion, a unit that has undergone a RAD conversion would not meet the statutory definition of “severely distressed.”

- 4. At our target public housing site, a portion of the units have received a RAD RCC. The RAD replacement units are currently under construction on a different site. The original public housing units will be demolished, and we will be proposing to develop some of the CN replacement units on that land. We understand that the units included in the RAD RCC cannot be included in the CN grant application as target housing, but**

how should we treat them with regard to rating factors in the application such as Immediate Capital Needs and Structural Deficiencies?

First, we urge you to review the “Separability” threshold requirement in the NOFA if you will propose to only target a portion of the public housing site. For the Need rating factors, only information regarding the target housing is required.

- 5. We noticed the language regarding Outstanding Civil Rights matters moved from the statutory and regulatory requirements section to the thresholds section this year. This particular requirement in this section is not numbered like the other threshold requirements. Should we address this requirement in our narrative response submitted in Exhibit B?**

Applicants do not need to provide any specific statements about this threshold requirement. In reviewing the grant applications, the Choice Neighborhoods office will review the list of agencies with outstanding civil rights matters and work with the Office of Fair Housing and Equal Opportunity and/or Office of General Counsel to make any necessary determination about the grant application. An agency that has outstanding civil rights matters will not be eligible for a Choice Neighborhoods grant award. If your agency is currently on that list, we strongly suggest you work with the appropriate HUD offices to resolve such issues if you are interested in receiving a Choice Neighborhoods grant.

- 6. Regarding Opportunity Zones, does the entire target neighborhood need to be located within the designated area?**

No, the application may earn points if the target housing site is located in a Census Tract that has been designated as an Opportunity Zone. Further, the boundaries of the neighborhood and Opportunity Zone do not need to be identical, nor does the entire neighborhood need to fit within the designated area.

- 7. If we are a prior CN Planning Grantee, does the neighborhood lead from that process still have to meet the Implementation NOFA requirements if we’re now applying for an Implementation Grant for the same neighborhood?**

Yes, all applications under this NOFA must meet the requirements contained within it. The competition for an Implementation Grant is independent of the planning process. The capacity of Principal Team Members, and whether they meet the Implementation NOFA requirements, is not assessed at that stage.

- 8. Is there a maximum allowable percentage of CN Implementation grant funds that can be used for Housing Plan activities?**

No, the maximum allowable funding that can be used for the Housing Plan is governed by the grant sizing methodology described in section IV of the NOFA and is not restricted to a certain percentage of grant funds. Only supportive services funding and critical community

improvements funding have the 15 percent caps and applicants may choose to allocate less than the maximum to those components of the grant.

9. We are contemplating Project-based vouchers (PBVs) contracted through an RFP to be part of our replacement housing. Do we need to have issued the RFP, have projects identified, etc. when we submit this grant application?

No, the NOFA does not require that your plans are that far along at this point. It is sufficient for the PHA to submit a letter certifying its commitment to provide PBVs in accordance with the 24 CFR part 983 and in eligible locations as described in the NOFA.

10. In Grants.gov, there are not enough slots for us to upload all the exhibits and attachments listed in the Choice Neighborhoods NOFA. How am I supposed to submit the application?

Grants.gov is a system used by the entire Federal government and its structure does not necessarily reflect the Choice Neighborhoods NOFA. Its attachment 1 does not explicitly mean the Choice Neighborhoods Attachment 1. Applicants should zip together the multiple attachment files (in one or more zip files, depending on the size) they have prepared in accordance with the Choice Neighborhoods NOFA and plug them into the slots provided by Grants.gov. Please be reminded that, as instructed in the NOFA, each narrative exhibit and attachment must be its own file. Do not simply create files that include multiple exhibits or attachments.

11. The grant sizing file included in the FY2019 Choice Neighborhoods NOFA application package is protected on every sheet – including the tab to select the city and state. What should we do for our application submission?

We have fixed the error in the grant sizing workbook and the grants.gov application package was updated on October 9, 2019. Applicants should download the application package again and then use the corrected form.

12. In the capacity of the Housing Implementation Entity rating factor, the NOFA states, “If the project described in an example is still underway, zero points will be awarded.” Can you please clarify the what constitutes “still underway”? If the project in the example was funded with a HOPE VI or Choice Neighborhoods Implementation grant and all of the housing is occupied, but the grant is not closed out would it still qualify?

We consider a project “still underway” if there are still housing units to be completed. If the example project received a HOPE VI or Choice Neighborhoods grant, the grant closeout process does not have to be completed.

- 13. In the capacity of the Neighborhood Implementation Entity rating factor, please clarify the statement “the project must be substantially complete.” Are there specific criteria that define ‘substantially complete’?**

As each neighborhood transformation plan is unique and it is difficult to objectively measure completion, HUD will rely on the applicant’s description of the project example to understand if it is substantially complete. A key component of the narrative should be to explain the measurable outcomes that have been realized thus far. Also, please note that unlike with the capacity of the Housing Implementation Entity rating factor, an ‘incomplete’ project example does not automatically result in zero points for this rating factor.

- 14. We have a Section 18 demolition approval letter for our target housing site. Since HUD will use this letter for two of the Need rating factors, do we need to include it twice in our grant application: both in Attachment 28 – Need-Immediate Project Capital Needs and in Attachment 29 – Need-Structural Deficiencies Documentation?**

No, HUD’s Section 18 demolition approval letter only needs to be provided once in the application.

- 15. Would a manager’s unit (the manager will live on-site) count as a market rate unit in the Housing Plan? It will not receive any subsidy, the manager will not pay any rent, and the unit will never be available for rent to the general market rate populace.**

Yes, it would be considered a market rate unit in the Housing plan.

- 16. In the Choice Neighborhoods Implementation Grants budget guidance, we see that only 5 percent of the grant can be put in the Administration budget line item (BLI 1410) and that within the Supportive Services BLI, there is a 10 percent cap on administration for those specific activities. In our plan, the Neighborhood Implementation Entity is neither the Lead Applicant nor the Co-Applicant. Are there limits on administrative costs for the Critical Community Improvements (CCI) component of the grant?**

Generally, the CCI funds should be used for physical improvement projects. If administrative costs are funded by Choice Neighborhoods CCI funds, it may not exceed 6 percent of the CCI budget. Also, remember to ensure that the selected Neighborhood Implementation Entity is one of the three types of qualified organizations listed in the definition provided in section I.A.4.15 of the NOFA.

- 17. Can we use CCI funds to pay for rehabilitation of vacant homes as a CCI activity in our neighborhood plan? Can we use CCI funds to pay for the rehab of vacant units for non-replacement units?**

Rehabilitation is generally considered a housing development activity rather than a neighborhood/CCI activity. As such, it must be done in compliance with the NOFA requirements (e.g. through a development proposal and with income restrictions for at least 20 years). In the case of non-replacement units, they would be considered “affordable housing” as defined in the NOFA and thus must be in the same building with replacement units. With regard to privately-owned housing in the neighborhood, the use of CCI funds is typically limited to external repairs such as façade improvements and front porch repair programs to help improve the look of the neighborhood. As stated in the NOFA, grantees will submit a detailed CCI plan within 12 months of grant award for HUD’s review and approval.