

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4062-N-01]

Office of the Assistant Secretary for Community Planning and Development; Self-Help Homeownership Opportunity Program (SHOP) Notice of Funding Availability and Guidelines

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

ACTION: Notice of funding availability for fiscal year 1996.

SUMMARY: This NOFA announces the availability of \$15 million in funding for the Self-Help Homeownership Opportunity Program (SHOP), and contains information concerning basic program requirements, eligible applicants, funding available for grants, and application requirements and procedures. The NOFA is issued under section 11 of the Housing Opportunity Program Extension Act of 1996 (the "Extension Act"). The program is being implemented through this NOFA and no application materials or forms are required other than as set out in this NOFA. No separate implementing regulations will be issued. Applicants are advised to consult section 11 of the Extension Act in order to prepare an application that is consistent with its requirements, some of which may not be repeated in this NOFA. Failure to follow the instructions and procedures contained in this NOFA or lack of adherence to the program requirements found in section 11 of the Extension Act will result in an application being rejected by HUD.

DATES: Completed applications for SHOP grants must be physically

received by 4:30 p.m. Eastern Daylight Time on August 8, 1996. It is not sufficient for an application to bear a postmark within the deadline. *Applications sent by facsimile (FAX) will not be accepted.* HUD will not waive this deadline for actual submission for any reason. The application deadline is firm as to date and hour. In the interest of fairness to all competing applicants, the Department will treat as ineligible for consideration any application that is received after the deadline. Applicants should take this policy into account and consider early submission to avoid any risk of loss of eligibility brought about by any unanticipated or delivery-related problems.

ADDRESSES: An original and two copies of the completed application must be submitted to HUD Headquarters, Office of Community Planning and Development, Processing and Control Unit, Room 7251, 451 Seventh Street, SW, Washington, DC 20410, ATTN: Self-Help Program. (A 3.5" computer diskette containing the complete application may be substituted for one of the paper copies.)

FOR FURTHER INFORMATION CONTACT: Clifford Taffet, Office of Affordable Housing Programs, Department of Housing and Urban Development, room 7168, 451 Seventh Street, SW, Washington, DC 20410; telephone (202) 708-3226 EXT. 4589; (TTY) (202) 708-2565). (These are not toll-free numbers.)

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act Statement

The information collection requirements contained in this NOFA (FR-4062) have been submitted to the Office of Management and Budget (OMB) for emergency processing under

the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and 5 CFR 1320.13, and have been assigned OMB control number 2506-0157, expires September 30, 1996. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

This information collection is required in connection with the issuance of this NOFA, announcing the availability of \$15 million for grants to encourage innovative homeownership opportunities through the provision of self-help housing where the homeowner contributes a significant amount of sweat equity toward construction of the dwellings. The information collection is needed so that HUD staff may determine the eligibility, qualifications and capability of applicants to carry out self-help and volunteer labor homeownership programs. HUD will review the information provided by the applicants against the selection criteria contained in the NOFA in order to rate and rank the applications and select the best and most qualified individual applications for funding. The selection criteria are: (1) Operational capability and experience; (2) financial capability and experience; (3) quality of program design; (4) leveraging of public/private resources; and (5) Empowerment Zone/Enterprise Community support.

The information is public information and is not subject to any confidentiality requirements other than the prohibition against advance information on funding decisions (see section III of this NOFA).

The estimates of the total number of hours needed to prepare the information collection including number of respondents, frequency of response, and hours of response are as follows:

	Number of respondents	Frequency of responses	Hours per response	Burden hours
Application Development	10	1	80	800

Total Estimated Burden Hours: 800

The public is requested to send any comments concerning the accuracy of this burden estimate and any suggestions for reducing this burden to: Kay Weaver, Departmental Reports Liaison Officer, Office of Administration, Department of Housing & Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410.

I. Purpose and Substantive Description

A. Authority

The funding made available under this NOFA is authorized by Section 11 of the Housing Opportunity Program Extension Act of 1996 (Pub. L. 104-120, 110 Stat 834, approved March 28, 1996). No separate implementing regulations will be issued. HUD may issue additional guidance containing more detailed policy than provided in this NOFA with respect to various aspects of

the program, the management of funds, the environmental clearance process and similar matters, as necessary.

B. Purpose and Program Requirements

The Self-Help Homeownership Opportunity Program is intended to facilitate and encourage innovative homeownership opportunities through the provision of self-help housing where the homebuyer contributes a significant amount of sweat-equity toward the construction of the new dwelling. This

program will increase homeownership levels and is in furtherance of the National Homeownership Strategy. The strategy is a five-year blueprint for cooperative actions identified by 56 private and public organizations that is intended to achieve an all-time high level of homeownership by the year 2000. The National Homeownership Strategy, "Partners in the American Dream" was prepared by the Department and its Partners in response to a request from President Clinton in 1995. These decent, safe, and sanitary nonluxury dwellings must be made available to eligible homebuyers at prices below the prevailing market prices. Eligible homebuyers are low-income families (families whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD) who are unable to otherwise afford to purchase a dwelling. Activities to develop housing assisted under this NOFA must involve community participation, by providing for the utilization of volunteers in the construction of dwellings or by other activities designed to involve the community in the project. The only eligible expenses for program funds are land acquisition (including financing and closing costs) and infrastructure improvement (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure). Administrative expenses and costs associated with the rehabilitation, improvement, or construction of dwellings are not eligible uses of program funds. Among the program requirements contained in section 11 of the Extension Act that the applicant's proposed program design must meet in order to be considered as eligible are the following: (1) to provide for development, through significant amounts of sweat-equity and volunteer labor, of at least 30 dwellings at an average cost of no more than \$10,000 per unit in SHOP funds; (2) to use the grant in a manner that leverages other sources of funding, including private or other public funds; (3) to construct quality dwellings that comply with local building and safety codes and standards and are available at prices below the prevailing market price; and (4) to schedule activities so as to substantially fulfill the obligations under the grant agreement within 24 months after grant amounts are first made available to the organization or consortia. HUD will recapture undisbursed amounts from the grantees who fail to substantially fulfill these obligations within 24 months.

C. Other Federal Requirements

Grantees awarded funds under this NOFA are subject to the following requirements: The administrative requirements of 24 CFR part 84, OMB Circular A-122 and the audit requirements in 24 CFR part 45 (implementing OMB Circular A-133); the Equal Opportunity requirements referred to in 24 CFR 5.105(a) (61 FR 5198, 5202, published February 9, 1996); the provisions contained in Section 305 of the Multifamily Housing Property Disposition Reform Act of 1994, Environmental Review, codified in the Environmental Review regulations at 24 CFR part 58, are applicable to properties assisted with SHOP funds (see next paragraph); the requirements of the Uniform Relocation Act, as implemented by 49 CFR part 24; the lead-based paint requirements set out in 24 CFR part 35; the requirements of section 3 of the Housing and Urban Development Act of 1968 concerning infrastructure improvements funded with SHOP funds; restrictions on participation by ineligible, debarred or suspended persons or entities referred to in 24 CFR 5.105(c); and the Drug-Free Workplace authorities referred to in 24 CFR part 24.

Use of SHOP funds is subject to the environmental review requirements that apply to HUD Special Projects in accordance with Section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994, as implemented in 24 CFR part 58 (final rule published on April 30, 1996, 61 FR 19120, effective May 30, 1996). Recipients are cautioned that they may not commit either SHOP or non-HUD funds for most activities until a Federal environmental review is performed by a unit of general local government, tribe or State, and until HUD approves a recipient's request for release of funds under part 58.

D. Allocation Amounts

This NOFA makes available \$15 million in SHOP grants, in accordance with sections 11(c)(2) and 12(b)(1) of the Housing Opportunity Program Extension Act of 1996.

E. Unused Funds

If funds remain after HUD has approved all approvable grant applications, the excess will be provided to Habitat for Humanity International for use in accordance with the requirements of section 11 of the Extension Act.

F. Eligible Applicants

Except as noted below, eligible applicants are nonprofit national or

regional organizations or consortia that have experience in providing or facilitating self-help housing homeownership opportunities, and that have standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems". Applicants receiving awards are required to have audits conducted in accordance with the provisions of 24 CFR part 45 (OMB Circular A-133) or a program-specific financial audit, as appropriate. Where the applicant is a consortium, one organization must be chosen as the lead applicant. The lead applicant will execute the application documents and, if the application is selected for funding, will execute the grant agreement and assume primary responsibility for carrying out the grant activities in compliance with all program requirements. Other participants in the consortium should be listed in the narrative section of the application addressing rating criteria numbers (1) ("Operational Capability and Experience of the Applicant"); and (2) ("Financial Capability and Experience of the Applicant"). Affiliates of Habitat for Humanity International are not eligible for funding under this NOFA since SHOP funds are being made available to them separately under section 11 of the Extension Act.

II. Grant Applications

A. Application Submission

Only timely applications received at HUD Headquarters will be considered for funding (see "Addresses" at the beginning of this NOFA). Applications (original and two copies) must be physically received no later than 4:30 p.m. Eastern Daylight Time on the deadline (see "Dates" at the beginning of this NOFA). It is not sufficient for an application to bear a postmark within the deadline. Applications sent by facsimile (FAX) will not be accepted.

B. Application Requirements

All applicants must submit applications on 8½" by 11" paper which are bound in loose leaf binders for easy copying. All pages and attachments must be numbered consecutively. Applications must contain the following items: (1) OMB *Standard Form 424*, Request for Federal Assistance, *Standard Form 424B*, Non-Construction Assurances, *Certification Concerning Use of Federal Funds for Lobbying*, and *Certification Concerning Drug-Free Workplace* signed by a person legally authorized to enter into an agreement with HUD; and (2) a detailed narrative statement and program

description which addresses each of the five Rating Criteria in Section II.E of this NOFA. Requests for copies of the standard forms and certifications can be made by calling Community Connections at 1-800-998-9999 or by fax to HUD, ATTN: Cliff Taffet, at (202) 708-1744. (This is not a toll-free number.) Please refer to the "Self-Help Program" in your request. The application will become part of the grant agreement to be entered into by successful applicants.

C. Selection Process

The selection process for grants under SHOP consists of a screening review, and then, for those applications meeting all screening requirements, rating and ranking under substantive rating criteria. However, rating and ranking will only occur if there are more funds requested in applications that meet screening requirements than are available under this NOFA.

D. Screening Process/Corrections to Deficient Applications

(1) HUD will screen each application submitted on or before the deadline to determine if it is complete, is internally consistent, contains correct computations, and complies with all requirements of section 11 of the Extension Act and this NOFA.

(2) Where HUD determines that an application as initially submitted is fundamentally incomplete or would require substantial revisions, it will not consider the application further.

(3) Where HUD determines an application is deficient in one or more of the areas in paragraph D(1) of this section but is not fundamentally incomplete and does not require substantial revisions, it will notify the applicant in writing and give it an opportunity to correct the technical deficiencies that do not pertain to the merits of its submission. HUD will not notify the applicant of any deficiencies in material that is to be evaluated under the rating criteria.

(4) The notification will require the applicant to submit additional or corrected items so that they are received in HUD Headquarters by no later than 4:30 p.m. Eastern Daylight Time on the 14th calendar day after the date of the written notification to the applicant giving it an opportunity to correct the deficiency. HUD may not extend this deadline for actual receipt of the material for any reason. After review of all additional or corrected materials, HUD will not consider further any applications that do not comply with the requirements of the NOFA and section 11 of the Extension Act.

E. Rating Criteria

All applications meeting the screening requirements in section D will be rated and ranked, using the following substantive rating criteria:

(1) Operational Capability and Experience of the Applicant—(up to 30 points). The applicant will be rated on its ability to develop and carry out the proposed program in a reasonable time and successful manner. In assigning points for this criterion, HUD will consider evidence demonstrating previous experience of the applicant, the participating members of consortia, other co-applicants and the key staff of these organizations in managing self-help housing and volunteer labor projects involving acquisition, construction, real estate financing, counseling and training or other relevant activities. The applicant must identify in its application the key staff who will be responsible for implementing the program and describe their qualifications. In addition, the applicant must provide, as evidence of its nonprofit status, a copy of a current Internal Revenue Service ruling that the applicant is exempt from taxation under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986. Where an IRS ruling is unavailable, an applicant may submit a certified copy of its approved charter, articles of incorporation or bylaws, demonstrating that the applicant is established as a nonprofit organization under state law. Where the applicant is a consortium, each participant in the consortium must be a nonprofit organization, but only the lead applicant should submit evidence of its nonprofit status. However, the lead applicant must maintain a copy of the above-described documentation for each participant in the consortium.

(2) Financial Capability and Experience of the Applicant—(up to 20 points). The applicant will be rated on its capability to handle financial resources and follow procedures for effective control. In assigning points for this criterion, HUD will consider evidence demonstrating previous experience of the applicant, the participating members of consortia, other co-applicants, and the key staff of these organizations, and the adequacy of existing financial control procedures. Applicants must include in their narrative statement a description of the financial control system, and provide supporting documentation, including a copy of their most recent audit.

(3) Quality of Program Design—(up to 30 points). In assigning points for this criterion, HUD will consider the extent to which the proposed program is

complete, feasible, innovative, geographically diverse, and likely to substantially fulfill the obligations of the applicant under the program within 24 months. Applicants must include in their narrative a program schedule and performance benchmarks for the initial 24 month period of the grant agreement (including the number of units to be developed and occupied) that constitute substantial fulfillment of programmatic obligations. The applicant must also present a budget which includes the sources and uses of all funds, including program income and accrued interest, and provide a description of the applicant's cash management system and proposed distribution of funds among participating organizations. The program design narrative must be detailed and describe other aspects of the program including, but not limited to: the administrative structure and program monitoring; the procedures to be followed in selecting properties, meeting environmental review requirements, and choosing homebuyers; the sweat-equity and community participation volunteer requirements; the size and design of the new dwellings, including features to allow entrance and passage through the house by people who use wheelchairs and to promote energy efficiency; the use of cost reducing innovations in construction technologies and land planning; the counseling and training components; the terms of sale to homebuyers; and the identification of participating lenders. This section of the application should contain sufficient information to determine that the applicant understands and intends to comply with other requirements of the Extension Act and the NOFA, such as the requirements that the homes developed will be sold to eligible homebuyers at prices below prevailing market prices, and that all local building and safety codes and standards will be complied with.

(4) Leveraging of Public/Private Resources—(up to 20 points). In assigning points for this criterion, HUD will consider the extent and firmness of commitments by the public and private sector in support of the program, such as the donation of labor or materials, interest rate reductions or other financing subsidies, volunteer assistance, tax abatements, public works improvements, waivers of fees or taxes, expedited processing of permits and applications, removal of regulatory barriers to affordable housing, and supportive services (including counseling and training). Applicants should provide letters or other

documentation evidencing the extent and firmness of these commitments.

(5) Empowerment Zone/Enterprise Community Support—(up to 5 points). In assigning points for this criterion, HUD will consider the extent to which the applicant's program design provides for the selection of sites for development located in Federally designated urban or rural Empowerment Zones, Enterprise Communities or Supplemental Empowerment Zones, as selected by the Secretaries of HUD and USDA.

Rating of the "applicant" or the "applicant's organization and staff" will include any members of the national and regional organization or consortium participating in the application. Irrespective of final scores, HUD may make selections out of rank order to achieve a national geographic diversity. Additionally, HUD reserves the right to reduce the amount of funding for an application below that which was requested.

F. Ranking and Selection

After assigning points under the selection criteria, HUD shall examine the rankings and, where it determines that applications falling below a certain point total are not suitable or not feasible for funding, it may establish a minimum number of points for applications to qualify to be selected for funding. HUD shall select for funding in rank order all fundable applications, if any. Once these selections have been made (within 6 months of the publication of this NOFA), HUD will provide excess funds remaining from the \$15 million allocation to Habitat for Humanity International to be used as provided for under section 11 of the Extension Act.

III. Other Matters

Environmental Impact

A Finding of No Significant Impact with respect to the environment has been made for the program in accordance with HUD regulations at 24 CFR part 50, which implements section 102(2)(C) of the National Environmental Policy Act of 1969. The Finding is available for public inspection between 7:30 a.m. and 5:30 p.m. weekdays in the Office of the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, room 10276, 451 Seventh Street, SW, Washington, DC 20410.

Federalism Executive Order

The General Counsel, as the Designated Official for HUD under

section 6(a) of Executive Order 12612, Federalism, has determined that the provisions in this NOFA are closely based on statutory requirements and impose no significant additional burdens on States or other public bodies. This NOFA does not affect the relationship between the Federal Government and the States and other public bodies or the distribution of power and responsibilities among various levels of government. Therefore, the policy is not subject to review under Executive Order 12612.

Family Executive Order

The General Counsel, as the Designated Official under Executive Order 12606, The Family, has also determined that some of the policies in this NOFA will have a potential significant impact on the formation, maintenance, and general well-being of the family. Achievement of homeownership by low-income families in the program can be expected to support family values, by helping families achieve security and independence; by enabling them to live in decent, safe and sanitary housing; and by giving them the skills and means to live independently in mainstream American society. Since the impact on the family is beneficial, no further review is necessary.

Section 102 of the HUD Reform Act—Accountability in the Provision of HUD Assistance

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 five-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) in HUD's implementing regulations at 24 CFR part 15. In addition, HUD will publish a Federal Register notice of all recipients awarded assistance under this NOFA. (See 24 CFR part 4, subpart A (61 FR 14448, 14449 published April 1, 1996).)

Section 103 of the HUD Reform Act—Prohibition against Advance Information on Funding Decisions.

HUD's regulation implementing section 103 of the Department of Housing and Urban Development's Reform Act of 1989, codified as 24 CFR part 4, applies to the funding

competition announced today. The requirements of the rule 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 limited by part 4 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, subpart B (61 FR 14448, 14451, published April 1, 1996).

Applicants or employees who have ethics related questions should contact the HUD Office of Ethics (202) 708-3815. (This is not a toll-free number.) For HUD employees who have specific program questions, such as whether particular subject matter can be discussed with persons outside HUD, the employee should contact the appropriate Field Office Counsel or Headquarters Counsel for the program to which the question pertains.

Prohibition Against Lobbying Activities

The use of funds awarded under this NOFA is subject to the disclosure requirements and prohibitions of section 319 of the Department of Interior and Related Agencies Appropriations Act for Fiscal Year 1990 (31 U.S.C. 1352) ("Byrd Amendment") and the implementing regulations at 24 CFR part 87. These authorities prohibit recipients of federal contracts, grants, or loans from using appropriated funds for lobbying the Executive or Legislative branches of the federal government in connection with a specific contract, grant, or loan. The prohibition also covers the awarding of contracts, grants, cooperative agreements, or loans unless the recipient has made an acceptable certification regarding lobbying. Under 24 CFR part 87, applicants, recipients, and subrecipients of assistance exceeding \$100,000 must certify that no federal funds have been or will be spent on lobbying activities in connection with the assistance.

Dated: June 27, 1996.

Henry G. Cisneros,
Secretary.

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