

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5078-N-01]

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

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

ACTION: Notice of Funding Availability.

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 OMB approval number for this NOFA is 2502-0267. The **Federal Register** number is FR-5078-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 Wednesday, March 28, 2007. All applications must be received and validated by Grants.gov no later than 11:59:59 p.m. eastern time on the application deadline date. Refer to the General Section of the Fiscal Year (FY) 2006 SuperNOFA (71 FR 3382), published January 20, 2006; the NOFA for HUD's discretionary programs (71 FR 11712), published March 8, 2006; and Section IV of this program NOFA for further information about application, submission, and timely receipt requirements.

G. *Additional Overview Content Information:* Applicants must be registered to apply online at Grants.gov. In addition to reviewing this program section, private nonprofit organizations and nonprofit consumer cooperatives interested in applying for funding under this program should carefully review the General Section of the FY 2006 SuperNOFA (71 FR 3382), published January 20, 2006; the NOFA for HUD's discretionary programs (71 FR 11712), published March 8, 2006; the technical corrections to the FY 2006 SuperNOFA (71 FR 25208), published April 28, 2006; the notice entitled "Notice of HUD's Fiscal Year (FY) 2006 Notice of Funding Availability, Policy Requirements and General Section to SuperNOFA for HUD's Discretionary Grant Programs; Correction" (71 FR 44038), published August 3, 2006; the notice entitled "Notice of HUD's Fiscal

Year (FY) 2006, Notice of Funding Availability, Policy Requirements and General Section to SuperNOFA for HUD's Discretionary Grant Programs; Additional Information Regarding Applicant Registration" (71 FR 45063), published August 8, 2006; and the information detailed in this program NOFA, which covers the registration, submission, timely receipt, and additional requirements for this funding opportunity.

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 2006 SuperNOFA for the Section 202 Supportive Housing for the Elderly Program by providing predevelopment 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 predevelopment 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 predevelopment 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 predevelopment 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 Grant Program is authorized by the Transportation, Treasury, Housing and Urban Development, The Judiciary, The District of Columbia, and Independent Agencies Appropriations Act, 2006 (Pub. L. 109-115, approved November 30, 2005).

II. Award Information

A. Funding Available

The Transportation, Treasury, Housing and Urban Development, The Judiciary, The District of Columbia, and Independent Agencies Appropriations Act, 2006 (Pub. L. 109-115, approved November 30, 2005), authorized approximately \$20 million for predevelopment 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. The total dollar amount that is available under this Demonstration Pre-Development Grant Program is approximately \$19.8 million, due to a one percent rescission pursuant to the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Pub. L. 109-148, approved December 30, 2005).

B. Funding Process

HUD will only make offers to fully fund as many applications as possible from the \$19.8 million allocated for Sponsors that receive Section 202 Fund Reservations pursuant to the FY 2006 SuperNOFA. Applicants selected for funding under the FY 2006 Section 202 Supportive Housing for the Elderly NOFA are not guaranteed funding under this Demonstration Pre-Development Grant 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 predevelopment activities are ineligible for funding under the Section 202 Supportive Housing for the Elderly Program;

2. HUD determines that an eligible applicant has not been able to provide sufficient evidence to support the proposed cost of an eligible predevelopment item or activity;

3. HUD determines that a reduced grant would prevent duplicative federal funding; or

4. HUD determines that proposed costs for predevelopment 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 use past performance in making future funding decisions.

III. Eligibility Information

A. Eligible Applicants

All private nonprofit organizations and nonprofit consumer cooperatives that submitted an application for funding consideration under the FY 2006 SuperNOFA for the Section 202 Supportive Housing for the Elderly Program are eligible to apply for funding under this Demonstration Pre-Development Grant Program. (Please refer to the Section 202 program NOFA (71 FR 12009), published March 8, 2006, for a discussion on the eligibility criteria for the Section 202 program.) However, funding awards under this Demonstration Pre-Development Grant Program will be restricted to those applicants that are selected for Fund Reservation Awards under the FY 2006 SuperNOFA for the Section 202 Supportive Housing for the Elderly Program. Funding under this Demonstration Pre-Development Grant Program will not be "fair shared" to each HUD office. Ineligible applicants under this program include:

1. Applicants that failed to submit a request for Fund Reservation under the FY 2006 Section 202 program NOFA;
2. Applications from eligible applicants that do not receive a Fund Reservation Award under the FY 2006 SuperNOFA for the Section 202 program;
3. Applications from applicants that are ineligible under the Section 202

program, including public bodies and instrumentalities of public bodies; and

4. Applicants submitting proposals involving mixed-financing for additional units.

B. Cost Sharing or Matching

No match required.

C. Other

1. *Requirement and Procedures.* To receive and administer funding under this Demonstration Pre-Development Grant Program, applicants must fully satisfy the eligibility requirements for participation in the Section 202 Supportive Housing for the Elderly Program and comply with the following:

- a. *Statutory and Regulatory Requirements.* You must comply with all statutory, regulatory, threshold, and public policy requirements listed in the General Section of the FY 2006 SuperNOFA (71 FR 3382), published January 20, 2006.

- b. *Allowable Use of Funds.* Pre-Development Grant Program funds may be used to cover the cost of predevelopment 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 FY 2006 Section 202 NOFA. Applicants who receive funding awards under this Pre-Development Grant Program 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. See the FY 2006 Section 202 program NOFA (71 FR 12009), published March 8, 2006, for further discussion.

- 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 FY 2006 Section 202 program NOFA and the Notice entitled, "Notice of HUD's Fiscal Year (FY) 2006 Notice of Funding Availability, Policy Requirements and General Section to SuperNOFA for HUD's Discretionary Grant Programs; Correction" (71 FR 44038), published August 3, 2006.

- f. *False Statements.* See the General Section of the FY 2006 SuperNOFA.

2. *Program-Related Threshold Requirements.* In addition to the threshold requirements in the General Section of the FY 2006 SuperNOFA, applicants must adhere to all program-specific threshold requirements as detailed in this Pre-Development Grant Program 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) 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 Pre-Development Grant 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 Pre-Development Grant Program NOFA and the General Section of the FY 2006 SuperNOFA (71 FR 3382), published January 20, 2006. Copies of the General Section, this Pre-Development Grant Program NOFA, and needed forms are found in the instructions and application downloads, which is on the Grants.gov Web site at <http://www.Grants.gov>. 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 Help 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. See the 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, an original and four copies of the completed application package must be received by the appropriate local HUD office on or before the deadline date. See <http://www.hud.gov/offices/adm/grants/fundsavail.cfm> (select "Important Information Related to the SuperNOFA" and then select "Field Offices") 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 the following Web site: <http://www.grants.gov> and, in cases where a waiver of electronic submission requirement is granted, an original and four copies must be submitted to the appropriate HUD office. 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 Pre-Development Grant 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. All applicable documents must have an original signature. 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 obtained from <http://www.grants.gov>. Threshold items are identified by an asterisk (*). Failure to include threshold items in your initial application submission will render your application non-responsive and that application will not be considered for funding by HUD. Applications must contain the required exhibits listed below:

1. *Cover Letter*. A brief narrative detailing the project's name and 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*.

3. ** Narrative Demonstrating Need for Predevelopment Funding*. This exhibit requires applicants to submit form

HUD-2880, "Applicant/Recipient Disclosure/Update Report," a disclosure of assistance from other governmental sources received in connection with the project. Applicants must also submit a brief narrative describing the financial circumstances that resulted in the need to apply for funding assistance with predevelopment activities and how the lack of such assistance has impacted the organization's previous or current development efforts.

4. ** Proposed Predevelopment 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 predevelopment activity being proposed by the applicant.

Column 2—Identify the anticipated cost for each activity.

The spreadsheet must identify the total predevelopment funding assistance being proposed in the application.

5. ** Project Development Schedule*. This Exhibit should include a detailed development schedule that identifies the predevelopment activities being proposed, their projected start and completion dates, the projected completion date for all predevelopment planning activities, and a brief narrative describing the applicant's plan for monitoring this schedule of activities and addressing potential delays. All projected development schedules must clearly demonstrate the applicant's ability to move its approved FY 2006 Section 202 elderly housing project from Fund Reservation to Initial Closing within 18 months of grant approval and must provide a statement addressing how access to predevelopment funding will assist the applicant in moving its FY 2006 Section 202 elderly housing 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. *Logic Model (HUD-96010)*. The Logic Model is representative of this Section 202 Demonstration Pre-Development Grant Program proposal and 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. *Facsimile Transmittal Cover Page (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 of the SuperNOFA (if applicable).

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

9. *Client Comments and Suggestions (HUD-2994)*. Submitting this form is optional.

If changes have been made to any of the forms that were submitted under the FY 2006 Section 202 NOFA, HUD requires that the updated form(s) be resubmitted under this Demonstration Pre-Development Grant Program NOFA.

C. Submission Dates and Times

Your application must be received and validated electronically by [Grants.gov](http://www.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 General Section of the FY 2006 SuperNOFA for instructions on applying for a waiver. If a waiver is granted, HUD must receive an original and four copies of your application on or before the deadline date. You must comply with the mailing and timely receipt instructions in the General Section of the FY 2006 SuperNOFA.

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 on the Office of Management and Budget's home page at <http://www.whitehouse.gov/omb/grants/spoc.html>. If required by the state, the submission to the state needs to occur no later than the application deadline date. It is recommended 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 time frames 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 predevelopment activities for projects funded under the FY 2006 SuperNOFA for the 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 2006 Section 202 Supportive Housing for the Elderly Program. Grantees may not use funds for land acquisition, leasing, new construction, or for 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.

(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 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 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.* If the project involves displacement of site occupants who are eligible for relocation assistance, indicate the total estimated cost.

(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 Program 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; or to fund organizational overhead and/or operating expenses, staff salaries, or 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) Performance/Payment Bonds (dual obligee).

(4) Taxes and interest.

(5) 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 predevelopment funding under this NOFA.

F. Other Submission Requirements

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

1. *Electronic Submission.* Demonstration Pre-Development Grant Program applicants must submit their applications electronically through <http://www.grants.gov/Apply>, unless a waiver is granted.

a. The <http://www.grants.gov/Apply> 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 at the www.grants.gov Web site.

Applicants should carefully read HUD's **Federal Register** notice on early registration (70 FR 73332), published December 9, 2005, or page 3390 of the General Section, published January 20, 2006.

b. In addition, applicants should carefully read HUD's **Federal Register** notice entitled, "Notice of HUD's Fiscal Year (FY) 2006, Notice of Funding Availability, Policy Requirements and General Section to SuperNOFA for HUD's Discretionary Grant Programs; Additional Information Regarding Applicant Registration" (71 FR 45063), published August 8, 2006. The notice alerts applicants of a recent change in the registration process with the Central Contractor Registry (CCR). As of August 1, 2006, CCR registrants cannot enter or modify their name and address information, because it will be pre-populated using Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) record data. During a new registration or when updating a record, CCR registrants will have a choice to accept or reject the information provided from D&B. If the CCR registrant agrees with the D&B-supplied information, the D&B data will be accepted into the CCR registrant's record. If the CCR registrant disagrees with the D&B-supplied information, the registrant will need to go to the D&B Web site, <http://fedgov.dnb.com/webform>, to modify the information contained in the D&B record before proceeding with its CCR registration. See further details in the above-referenced **Federal Register** notice.

2. *Instructions.* Instructions on how to submit an electronic application to HUD via [grants.gov/Apply](http://www.grants.gov/Apply) are contained in section IV(F) of the General Section. Also, Grants.gov has a full set of instructions on how to apply for funds on its Web site at http://www.grants.gov/applicants/apply_for_grants.jsp. In addition, HUD has published a Desktop User Guide for Submitting Electronic Grant Applications, which is available on HUD's Web site at <http://www.hud.gov/offices/adm/grants/deskguide/deskguide.cfm>. The guide contains screen shots and detailed instructions. Applicants are encouraged to read all sources of instructions carefully.

3. *Waiver of Electronic Submission Requirement.* HUD will accept electronic applications only if submitted through www.grants.gov, unless the applicant has received a waiver. If you

apply for and receive a waiver from the electronic submission requirement, your application (original and four copies), must be received by the deadline by the Director of the appropriate local HUD Multifamily Hub office that has jurisdiction over the housing development identified in your application. If submitting a paper application, please note the office hours of the office where you are submitting your application. For your use in determining the appropriate HUD Multifamily Hub Office to which you must submit your application, see HUD's Web site at <http://www.hud.gov/offices/adm/grants/fundsavail.cfm> for a listing of local HUD offices (select "Important Information Related to the SuperNOFA" and then select "Field Offices"). The HUD Program Centers are under each Hub. If you send your application to the wrong Hub Office, or if it is received after hours on the deadline date, it will be rejected. Therefore, if you are uncertain which Hub Office to submit your application to, you are encouraged to contact the local HUD office that is closest to your project's location to ascertain the office's jurisdiction and hours and to ensure that you submit your application to the correct local HUD Multifamily Hub Office at a time when the office is open. Paper applications must be received in the appropriate Hub Office by 11:59:59 p.m. eastern time on the application deadline date. HUD will no longer allow a 15-day grace period for receipt of applications postmarked on or before the application deadline date.

4. Proof of Timely Submission. Applicants must submit their applications to www.grants.gov in time for receipt and validation at Grants.gov by 11:59:59 p.m. eastern time on the application deadline date. Validation can take 24 to 48 hours, so applicants should submit with ample time for the process to be completed. Applicants are also advised to submit 72 hours in advance of the deadline so that they have sufficient time to correct any deficiencies that would prevent the acceptance of the application by Grants.gov. (Refer to the General Section for specific procedures regarding proof of timely submission of applications.)

5. Address for Submitting Applications. Applications must be submitted electronically through the www.grants.gov Web site, unless the applicant receives a waiver from the electronic application submission requirement. See Section IV of the General Section, "Application Submission and Receipt Procedures," for information on applying online. The applications submitted electronically

via www.grants.gov will be electronically downloaded and forwarded to the appropriate local HUD office.

V. Application Review Information

A. Criteria

HUD Headquarters will use a rating process to select applications for the Section 202 Demonstration Pre-Development Grant Program. HUD will award funding under the following process until all available funding has been exhausted.

B. Review and Selection Process

1. Application Review Process. HUD's application review process will include, but is not limited to, an eligibility review of each predevelopment 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 time frame. All activities must be related to the development of the Section 202 housing project selected under the FY 2006 Section 202 Supportive Housing for the Elderly Program 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 eligibility of the applicant. The Exhibits identified by an asterisk (*) as threshold requirements must be dated on or before the application deadline date. Refer to the General Section of the SuperNOFA for additional information regarding procedures for corrections to deficient applications. HUD will screen all applications received by the application submission deadline for curable deficiencies. The relevant 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, and you will 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 General Section of the FY 2006 SuperNOFA 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 Section

III(C)(2) of the General Section of the FY 2006 SuperNOFA, 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 being nonresponsive to this NOFA and the application will be subject to no further review. See the General Section of the FY 2006 SuperNOFA for additional procedures for corrections to deficient applications.

4. Technical Review. After an application has passed threshold review, HUD Multifamily Field Office staff will review it for compliance with the eligibility criteria set forth in this NOFA. However, HUD will not reject an application based on technical review without notifying the applicant of that rejection, the reason(s) for the rejection, and providing the applicant with an opportunity to appeal. The applicant 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, met all eligibility criteria, proposed reasonable costs for eligible activities, and included all technical corrections by the designated deadline date.

5. Selection Process. HUD Headquarters will select Section 202 Demonstration Pre-Development Grant Program applications based on HUD Multifamily Program Centers' rating of the respective FY 2006 Section 202 program applications, 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 round 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 2006 Section 202 program application. If Rating Factor 1 is scored identically, the scores in Rating Factors 2, 3, and 4, of the FY 2006 Section 202 program 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 that 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 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, it authorizes the obligation and disbursement of funds.

1. As a condition of receiving a grant under this Section 202 Demonstration Pre-Development Grant Program, Grantees must open a separate, non-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 of the FY 2006 SuperNOFA. The request must be made to the Director of Multifamily Housing at the HUD field office to which you sent your application.

B. Administrative and National Policy Requirements

The Transportation, Treasury, Housing and Urban Development, The Judiciary, The District of Columbia, and Independent Agencies Appropriations Act, 2006 (Pub. L. 109-115, approved

November 30, 2005) requires HUD to obligate all Section 202 funds appropriated for FY 2006 by September 30, 2009. Under 31 U.S.C. 1551, no funds can be disbursed from this account after September 30, 2014. Under this Demonstration Pre-Development Grant Program, obligation of funds occurs upon execution of the Grant Agreement.

C. Reporting

Grantees must submit quarterly updates of the program outcome Logic Model (form HUD-96010) as well as quarterly SF-269, Financial Status Reports. In order for HUD to evaluate the effectiveness of this funding, each Logic Model must indicate the results achieved against the proposed output goal(s) and proposed outcome(s) that were stated in the FY 2006 Section 202 Demonstration Pre-Development Grant Program application and agreed upon by HUD. HUD requires that funded recipients collect racial and ethnic beneficiary data. HUD has adopted the Office of Management and Budget's Standards for Collection of Racial and Ethnic Data. In view of these requirements, you should use form HUD-27061, Racial and Ethnic Data Reporting form (and instructions for its use) found on <http://www.HUDclips.org>.

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. For programmatic information, you may contact the appropriate local HUD office; or Brenda M. Butler at HUD Headquarters at (202) 708-3000 or via e-mail at Brenda_Butler@hud.gov. Persons with hearing and speech impairments

may access the above number via TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

B. For technical assistance in downloading and submitting an application package through www.Grants.gov, contact the Grants.gov Help Desk at (800) 518-GRANTS or via e-mail at 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. On January 14, 1992, HUD published a notice that also provides information on the implementation of Section 102 (57 FR 1942). 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 in the **Federal Register** 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 limited by the regulations in 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 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 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: February 16, 2007.

Brian D. Montgomery,

Assistant Secretary for Housing—Federal Housing Commissioner.

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