

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4343-N-01]

## Request for Expressions of Interest: Self-Help Homeownership Opportunity Program; Fiscal Year 1998

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

**ACTION:** Notice for fiscal year 1998 request for expressions of interest (REI).

**SUMMARY:** This Notice announces the availability of \$6,262,500 in funding for the Self-Help Homeownership Opportunity Program (SHOP), and requests expressions of interest from eligible and capable nonprofit organizations. The Notice is issued under section 11 of the Housing Opportunity Program Extension Act of 1996. No special materials or forms are required other than as set out in this Notice.

**Purpose.** 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.

**Available Funding.** \$6,262,500.

**Eligible Respondents.** Respondents are nonprofit national or regional organizations or consortia that have the capacity and experience to provide or facilitate self-help housing homeownership opportunities. "Regional" is defined for the purpose of this Notice to be a "regional area" such as the Southwest or Northeast which must include at least two or more States (the States need not be contiguous and the operational boundaries of the organization need not precisely conform to State boundaries). Affiliates of Habitat for Humanity International are not eligible for funding under this NOFA/REI since SHOP funds are being made available to them separately under section 11 of the Extension Act.

**DUE DATE:** Expressions of interest for SHOP grants must be physically received by HUD by 4:30 p.m. Eastern Time on July 17, 1998. It is NOT sufficient for an expression of interest to bear a postmark within the deadline. *Expressions of interest sent by facsimile (FAX) or e-mail will not be accepted.* HUD will not waive this deadline for actual submission for any reason. The deadline is firm as to date and hour. The Department will treat as ineligible for consideration any expression of interest

that is received after the deadline. Respondents 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.

**ADDRESS FOR SUBMITTING EXPRESSIONS OF INTEREST:** One original and two copies of the expression of interest 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.

**FOR FURTHER INFORMATION CONTACT:** Joan Morgan, 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. 2213. (This is not a toll-free number). This number can be accessed via TTY by calling the Federal Information Relay Service Operator at 1-800-877-TDDY (1-800-877-8339).

### SUPPLEMENTARY INFORMATION:

#### Paperwork Reduction Act Statement

The information collection requirements contained in this Notice are not subject to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and 5 CFR 1320.13 since fewer than 10 responses are anticipated. Therefore, no OMB control number is required. In cases where 10 or more responses to an information collection are expected, 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.

#### I. Purpose and Substantive Description

##### (A) Authority

The funding made available under this Notice is authorized by section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) (the "Extension Act"). No separate implementing regulations will be issued.

##### (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.

The decent, safe, and sanitary non-luxury dwellings that are constructed under the Self-Help Homeownership Opportunity Program 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 Notice must involve community participation, by providing for the use of volunteers in the construction of dwellings or by other activities designed to involve the community in the project. The assistance under this Notice must be used to develop dwellings on a national geographically-diverse basis, which includes areas having high housing costs, rural areas, and areas underserved by other homeownership opportunities that are populated by low-income families unable to otherwise afford housing.

The only eligible expenses for program funds are land acquisition (including financing and closing costs), infrastructure improvement (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure, including removal of environmental hazards), and administration, planning and management development (as defined under the HOME Investment Partnerships Program (24 CFR Part 92) and not to exceed 20 percent of any SHOP grant). 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 respondent must be capable of are as follows:

- (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 Notice are subject to the following requirements: The administrative requirements of 24 CFR part 84, OMB Circular A-122 and the audit requirements as found in 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(c) of the Multifamily Housing Property Disposition Reform Act of 1994, Environmental Review, implemented 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.

All SHOP assistance is subject to the National Environmental Policy Act of 1969 and related federal environmental authorities. SHOP grant respondents are cautioned that no federal or non-federal funds or assistance which limits reasonable choices or could produce a significant adverse environmental impact may be committed to a project until all required environmental reviews and notifications have been completed by a unit of general local government, tribe or State and until HUD approves a recipient's request for release of funds under the environmental provisions contained in 24 CFR part 58.

#### (D) Allocation Amounts

This Notice makes available \$6,262,500 in SHOP grants, in accordance with sections 11(c)(2) of the Housing Opportunity Program Extension Act of 1996, and the HUD-VA Appropriations Act of 1998.

#### (E) Unused Funds

If funds remain after HUD has funded all approvable expressions of interest, 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 Respondents

Respondents are nonprofit national or regional organizations or consortia that have the capacity and experience to provide or facilitate self-help housing homeownership opportunities. *Regional* is defined for the purpose of this Notice to be a "regional area" such as the Southwest or Northeast which must include at least two or more States (the States need not be contiguous and the operational boundaries of the organization need not precisely conform to State boundaries).

Respondents receiving awards are required to have standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems" and have audits conducted in accordance with the provisions of OMB Circular A-133 or a program-specific financial audit, as appropriate. Where the respondent is a consortium, one organization must be chosen as the lead entity. The lead entity will execute and submit the expression of interest and, if 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 identified in the expression of interest. Affiliates of Habitat for Humanity International are not eligible for funding under this Notice since SHOP funds are being made available to them separately under section 11 of the Extension Act.

## II. Expressions of Interest—Requirements

#### (A) Submission Deadline

Only timely expressions of interest received at HUD Headquarters will be considered for funding (see ADDRESSES at the beginning of this Notice). Expressions of interest (original and two copies) must be physically received by HUD no later than 4:30 p.m. Eastern Time on the deadline (see DATES at the beginning of this Notice). It is NOT sufficient for an application to bear a postmark within the deadline. Applications sent by facsimile (FAX) or e-mail will NOT be accepted.

#### (B) Contents of an Expression of Interest

All respondents must submit Expressions of interest on 8½"×11" paper which is bound in loose leaf binders for easy copying. All pages and attachments must be numbered consecutively. Expressions of interest must contain the following items:

(1) OMB *Standard Form 424*, Request for Federal Assistance;

(2) *Standard Form 424B*, Non-Construction Assurances; if required,

(3) *Disclosure of Lobbying Activities*, Standard Form LLL, if required;

(4) *Certification for a Drug-Free Workplace*, HUD-50070, signed by a person legally authorized to enter into an agreement with HUD;

(5) Certification that the respondent will comply with the requirements of the Fair Housing Act, Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing;

(6) *Certification Regarding Debarment and Suspension*, HUD-2992.

Certification required by 24 CFR 24.510. (The provisions of 24 CFR part 24 apply to the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status, and a certification is required.); and

(7) A detailed narrative statement and program description which addresses each of the minimum and other requirements described in the following paragraphs, and specifies the amount of funding requested up to the maximum amount available under this Notice of \$6,262,500.

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: Mary Higgs, at (202) 708-1744. (This is not a toll-free number.) Please refer to the "Self-Help Program" in your request. The expression of interest will become part of the grant agreement to be entered into by successful respondents.

#### (C) Minimum Requirements

Respondents, including participating organizations, must meet the following minimum requirements to be considered for funding:

(1) Respondent is a national or regional organization or consortia ("regional" is defined in Section F). Respondent must provide a description of the geographic area in which it operates.

(2) Capacity of respondent and other participating organizations to

successfully undertake the program within a 24 month period. In addressing this requirement, the respondent must demonstrate:

(a) Experience in developing self-help housing within a national or regional area. In addressing this requirement, the respondent must clearly demonstrate the total number of self-help homeownership units that it has completed within the 24 month period preceding the publication of this Notice. At a minimum, the respondent must have completed at least 30 self-help homeownership units (where the homebuyers contributed a significant amount of sweat-equity toward the construction of the dwellings);

(b) Evidence of its nonprofit status, such as a copy of a current Internal Revenue Service ruling that the respondent 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, a respondent may submit a certified copy of its approved charter, articles of incorporation or bylaws, demonstrating that the respondent is established as a nonprofit organization under state law. Where the respondent is a consortium, each participant in the consortium must be a nonprofit organization, but only the lead entity should submit evidence of its nonprofit status. However, the lead entity must maintain a copy of the above-described documentation for each participant in the consortium;

(c) Evidence that existing financial control procedures meet 24 CFR 84.21, "Standards for Financial Management Systems". In addition, respondents must provide a copy of their most recent audit (only an audit of the lead entity must be provided with an application for a consortium); and

(d) An acquisition and construction schedule for the number of units proposed, with performance benchmarks for the initial 24 month period of the grant agreement. The schedule must include provision for the HUD environmental review process under 24 CFR part 58 which will be required prior to the purchase of any land.

(3) Evidence of the respondent's intent to leverage other sources of funding in developing the dwellings including financial 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). Respondents must provide letters or other documentation evidencing that these commitments (together with the grant funds requested) are sufficient to develop not less than 30 dwellings.

(4) All respondents must comply with all Fair Housing and civil rights laws, statutes, regulations and executive orders as enumerated in 24 CFR 5.105(a). If a respondent (1) has been charged with a violation of the Fair Housing Act by the Secretary; (2) is the defendant in a Fair Housing Act lawsuit filed by the Department of Justice; or (3) has received a letter of noncompliance findings under Title VI of the Civil Rights Act, or Section 504 of the Rehabilitation Act the respondent is not eligible to apply for funding under this Notice until the respondent resolves such charge, lawsuit, or letter of findings to the satisfaction of the Department.

(a) Respondents must comply with the Americans with Disabilities Act, and Title IX of the Education Amendments Act of 1972.

(b) Each successful respondent will have a duty to affirmatively further fair housing and promote fair housing rights and fair housing choice. Further, respondents have a duty to carry out the specific activities cited in their responses to the affirmatively furthering fair housing requirements as set forth in Section II(D) of this Notice.

(c) Recipients of HUD assistance to fund infrastructure improvements under this program are required to comply with section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u (Economic Opportunities for Low and Very Low-Income Persons) and the HUD regulations at 24 CFR part 135, including the reporting requirements subpart E. Section 3 provides that recipients shall ensure that training, employment and other economic opportunities, to the greatest extent feasible, be directed to (1) low and very low income persons, particularly those who are recipients of government assistance for housing and (2) business concerns which provide economic opportunities to low and very low income persons.

#### *(D) Other Requirements*

In addition to the minimum requirements set forth in II.(C) above, the expression of interest must indicate the amount of SHOP funds being requested, the number of units to be developed. Respondents must request funds to develop a minimum of 30 units. No more than \$10,000 in SHOP funds per unit on average may be used

to develop each unit (excluding any SHOP funds spent on administration). Respondents must provide a description of the program and how it will operate, including how the SHOP funds will be used and the number and geographic location of the proposed units.

The respondent must describe the steps which will be taken to affirmatively further fair housing. This should include, but is not limited to: Methods to remedy past discrimination in housing; promoting fair housing rights and fair housing choice; outreaching to members of classes protected by the Fair Housing Act who are least likely to benefit from this program including women, families with children, and individuals with disabilities; and developing tasks which persons with various disabilities could perform to meet the "sweat-equity" requirements.

The program description must be complete and clearly demonstrate that the respondent can substantially fulfill programmatic obligations within 24 months. The respondent 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 respondent's cash management system and proposed distribution of funds among participating organizations.

Other aspects of the program must be described including, but not limited to, the administrative structure and program monitoring; in the case of a consortium, identification of all the participating members listing the responsibilities and geographic scope of each; 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 accessible design, as needed in homes for occupants with disabilities; respondents are encouraged to incorporate "visitability" standards where feasible, 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 expression of interest should contain sufficient information for HUD to determine that the respondent understands and intends to comply with all requirements of the Extension Act and the Notice.

*(E) Selection Process*

HUD will conduct a review of the information provided by the applicant which addresses the minimum requirements concerning experience, capacity, financial commitments, and Fair Housing compliance. Expressions of interest meeting the minimum requirements, and providing feasible and complete program designs will be funded. (HUD may check to independently verify information contained in the expression of interest.) SHOP funds must be used in a manner that results in national geographic diversity. HUD reserves the right not to fund any of the expressions of interest received or to award an amount less than that which was requested. Funds remaining from the \$6,262,500 will be added to the funds being provided to Habitat for Humanity International.

Where HUD determines that an expression of interest does not include a required form or certification, it will notify the respondent in writing and give it an opportunity to correct the technical deficiency(ies). The notification will require the respondent to submit additional or corrected items so that they are received in HUD Headquarters by no later than 4:30 p.m. Eastern Time on the 14th calendar day after the date of the written notification to the respondent giving it an opportunity to correct the deficiency(ies). HUD will not extend this deadline for actual receipt of the material for any reason.

HUD will NOT notify the respondent of any deficiencies in material that is to be evaluated to determine whether the respondent meets the minimum requirements, other requirements, or has provided a feasible and complete program design.

Once these selections have been made (within 6 months of the publication of this Notice), HUD will provide excess funds remaining from the \$6,262,500 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 Notice are closely based on statutory requirements and impose no significant additional burdens on States or other public bodies. This Notice 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.

**Prohibition Against Lobbying Activities**

Applicants for funding under this Notice are subject to the provisions of

section 319 of the Department of Interior and Related Agencies Appropriation Act for Fiscal Year 1991, 31 U.S.C. 1352 (the Byrd Amendment), which prohibits 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. Applicants are required to certify, using the certification found at appendix A to 24 CFR part 87, that they will not, and have not, used appropriated funds for any prohibited lobbying activities. In addition, applicants must disclose, using Standard Form LLL, "Disclosure of Lobbying Activities," any funds, other than Federally appropriated funds, that will be or have been used to influence Federal employees, members of Congress, and congressional staff regarding specific grants or contracts. Tribes and tribally designated housing entities (TDHEs) established by an Indian tribe as a result of the exercise of the tribe's sovereign power are excluded from coverage of the Byrd Amendment, but tribes and TDHEs established under State law are not excluded from the statute's coverage.)

**Catalog of Federal Domestic Assistance Number**

The Catalog of Federal Domestic Assistance number for the SHOP Program is 14.247.

Dated: May 22, 1998.

**Saul Ramirez,**

*Assistant Secretary for Community Planning and Development.*

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