

# **FY20 Indian Housing Block Grant (IHBG) Competitive NOFA Training**

Rating Factor 3:  
Soundness of Approach





# Rating Factor 3

## Soundness of Approach

2

Maximum total 40 points

Rating Factor	Factor Title	Points
<b>3</b>	<b>SOUNDNESS OF APPROACH</b> (Minimum of 20 points needed to meet threshold requirement)	<b>40</b>
3.1	IHBG Competitive Priorities	10
3.2	Project Implementation Plan	10
3.3	Project Implementation Schedule and Project Readiness	10
3.4	Budget	10

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## Subfactor 3.1- IHBG Competitive Priorities

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- 3.1.a. New Housing Construction Projects
- 3.1.b. Housing Rehabilitation Projects
- 3.1.c. Acquisition of Units
- 3.1.d. Affordable Housing-Related Infrastructure Projects
- Maximum 10 points possible for this Subfactor

## Subfactor 3.1- IHBG Competitive Priorities

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Scoring methodology:

- Step #1: HUD will calculate the percentage of funding proposed towards the eligible activity.
- Note: HUD will not include any administration and planning costs in this calculation.

## Subfactor 3.1- IHBG Competitive Priorities

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Scoring methodology:

- Step #2: Multiple activities -> HUD will take the percentage of funding from Step #1 and will determine which Subfactor category (3.1a-3.1e) to apply.
- HUD will use the category that would provide the applicant with highest points.

## Subfactor 3.1- IHBG Competitive Priorities

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Scoring methodology (cont.):

- Acquisition projects with construction, rehab, or infrastructure costs -> rate under Subfactor depending on nature of the project proposed
- Example: Acquisition of manufactured housing would be rated under “construction” since such housing is constructed before acquisition
- Acquisition projects without construction, rehab, or infrastructure costs -> rate under 3.1.c. Acquisition of Units

## Subfactor 3.1- IHBG Competitive Priorities

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Scoring methodology (cont.):

- HUD will apply standard rounding rules. Therefore 74.5% would be rounded to 75% while 74.4% would be rounded to 74%.



## Subfactor 3.1- IHBG Competitive Priorities

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### ➤ 3.1.a. New Housing Construction Projects

#### ➤ **Point distribution:**

- |                       |           |
|-----------------------|-----------|
| ➤ 100% of funds       | 10 points |
| ➤ 80-99% of funds     | 8 points  |
| ➤ 60-79% of funds     | 6 points  |
| ➤ 40-59% of funds     | 4 points  |
| ➤ Less than 39%       | 2 points  |
| ➤ Ineligible activity | 0 points  |



## Subfactor 3.1- IHBG Competitive Priorities

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### ➤ 3.1.b. Housing Rehabilitation Projects

#### ➤ **Point distribution:**

- 75-100% of funds 7 points
- 50- 74% of funds 5 points
- Less than 49% 3 points
- Ineligible activity 0 points

## Subfactor 3.1- IHBG Competitive Priorities

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- 3.1.c. Acquisition of Units
- **Point distribution:**
  - 75-100% of funds 7 points
  - 50-74% of funds 5 points
  - Less than 49% 3 points
  - Ineligible activity 0 points

## Subfactor 3.1- IHBG Competitive Priorities

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- 3.1.d. Affordable Housing Related Infrastructure Projects
- **Point distribution:**
  - 75-100% of funds 7 points
  - 50-74% of funds 5 points
  - Less than 49% of funds 3 points
  - Ineligible activity 0 points

## Subfactor 3.1- IHBG Competitive Priorities

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- 3.1.e. Other NAHASDA-eligible activities
- **Point distribution:**
  - 100% of funds      2 points
  - Ineligible activity 0 points
- **Reminder:** Model activities under Section 202(6) of NAHASDA are ineligible under this NOFA.

## Subfactor 3.1- IHBG Competitive Priorities

### Example #1: Tribe A's Budget

Eligible Activity	Budgeted Amount	% of Funds Towards Project	Subfactor Options
New Housing Construction	\$4 million	80%	<u>Option #1:</u> 3.1 a. = 8 points
Housing Rehab	\$1 million	20%	<u>Option #2:</u> 3.1.b = 3 points
	Total Request: \$5 million	100%	<b><u>FINAL Score:</u></b> Use 3.1a and award <b>8 points</b>

## Subfactor 3.1- IHBG Competitive Priorities

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### Example #2: Tribe B's Budget

Eligible Activity	Budgeted Amount	% of Funds Towards Project	Subfactor Options
New Housing Construction	\$2.5 million	50%	<u>Option #1:</u> 3.1 a. = 4 points
Housing Rehab	\$2.5 million	50%	<u>Option #2:</u> 3.1.b = 5 points
	Total Request: \$5 million	100%	<b><u>FINAL Score:</u></b> Use 3.1b and award <b>5 points</b>

## Subfactor 3.1- IHBG Competitive Priorities

### ➤ Example #3: Tribe C's Budget

Eligible Activity	Budgeted Amount	% of Funds Towards Project	Subfactor Options
New Housing Construction	\$1 million	22.2% -> 22%	<u>Option #1:</u> 3.1a. = 2 points
Housing Rehab	\$3.5 million	77.7% -> 78%	<u>Option #2:</u> 3.1.b = 7 points
Admin and Planning	\$500,000	----- (not counted)	----- (not counted)
	Total: \$5 million	% based on \$4.5 million only	<b><u>FINAL Score:</u></b> Use 3.1b and award <b>7 points</b>



# Subfactor 3.1- IHBG Competitive Priorities

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## Example #4: Tribe D's Budget

Eligible Activity	Budgeted Amount	% of Funds Towards Project	Subfactor Options
New Housing Construction	\$2 million	40%	<u>Option #1:</u> 3.1 a. = 4 points
Rehab	\$2 million	40%	<u>Option #2:</u> 3.1.b = 3 points
Acquisition	\$500,000	10%	<u>Option #3:</u> 3.1.c = 3 points
Crime Prevention Activity	\$500,000	10%	<u>N/A:</u> No_option for 10% under Subfactor 3.1.e
	Total: \$5 million	100%	<b><u>FINAL Score:</u></b> Use 3.1a and award <b>4 points</b>



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## **Subfactor 3.2- Project Implementation Plan (up to 10 points)**

## Components:

1. Description of how the project is feasible and cost-effective
2. Rational behind the project design
3. Location of the project (e.g. include a map, address and/or aerial photo), site control of location, and whether units are on fee-simple or trust land

## Components:

### 4. Section 3 of the Housing and Development Act of 1968 requirements

a. Description of how applicant will train and/or employ residents under Section 3

or

b. Contract with Section 3 businesses to provide other economic opportunities

## Components:

5. Describe how applicant will comply with Indian Preference requirements

Conflicts between Indian Preference and Section 3:

- Describe nature of the conflict
- How applicant will address the conflict

## Components:

6. Infrastructure projects supporting development of affordable housing in the near future:
  - a. Describe plans for the housing development project(s)
  - b. Anticipated completion date



## Subfactor 3.2- Project Implementation Plan

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Additional criteria to address:

1. Affordability period (NAHASDA Sec. 205):
  - a. Must establish minimum period for IHBG-eligible families
  - b. Max points for minimum period of at least 20 years
2. Estimated cost savings due to building design, construction methods, or energy efficient measures that will be realized in future years

## Additional criteria to address:

3. Size and number of units
4. Type of units (e.g. number of bedrooms proposed, single-family vs. multi-family units)

Reminder: If applicable, include page references to any specific Workplan Narrative Supporting Attachments!



	Scoring Criteria	Points
25	<ul style="list-style-type: none"> <li>• Viable and cost-effective +</li> <li>• All components addressed in detail +</li> <li>• Affordability period of <u>at least</u> 20 years</li> </ul>	10 points
	<ul style="list-style-type: none"> <li>• Viable and cost effective +</li> <li>• All components addressed in detail +</li> <li>• Affordability period <u>less than</u> 20 years</li> </ul>	7 points
	<ul style="list-style-type: none"> <li>• Viable and cost effective +</li> <li>• Missing description for <b>one</b> component (regardless of proposed affordability period)</li> </ul>	6 points
	<ul style="list-style-type: none"> <li>• Viable and cost effective +</li> <li>• Missing description for <b>2-3</b> components (regardless of proposed affordability period)</li> </ul>	4 points
	<ul style="list-style-type: none"> <li>• Not viable and cost-effective or</li> <li>• Missing description for <b>4 or more</b> components (regardless of proposed affordability period)</li> </ul>	0 points

**Subfactor 3.3-  
Project Implementation Schedule and  
Project Readiness  
(up to 10 points)**

## Subfactor 3.3- Project Implementation Schedule and Project Readiness

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Implementation Schedule (HUD-53247) and Narrative Components:

1. Identify specific tasks and timelines for completing project on time and within budget.
  - Include work of both applicant and any contractors, consultants, subgrantees, etc.
2. Identify each significant activity and milestones
  - Include start and completion dates! These should all fall within the Period of Performance the dates identified on the SF-424

## Subfactor 3.3- Project Implementation Schedule and Project Readiness

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Project Readiness = Applicant has already completed or will quickly implement key milestones. Examples include:

1. Developing proposed plans or specifications
2. Proposed site for new development
3. Initiating bid process for procurement
4. Securing leveraged financing
5. Beginning coordination efforts

## Subfactor 3.3- Project Implementation Schedule and Project

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Environmental review process:

Applicant must ensure that no choice limiting actions will occur prior to completion of environmental review and approval of Request for Release of Funds

Note: This is different than the “Environmental Review-Expression of Intent” application submission requirement listed on p. 24 of the NOFA.

## Subfactor 3.3- Project Implementation Schedule and Project Readiness

Choice limiting actions examples:

- Real property acquisition; demolition
- Disposition
- Rehabilitation
- New construction
- Site preparation or clearance
- Ground disturbance
- Leasing

## Subfactor 3.3- Project Implementation Schedule and Project Readiness

Scoring Criteria	Points
<ul style="list-style-type: none"><li>Fully addressed all of the components +</li><li>Applicant <u>has already completed major steps</u></li></ul>	<b>10 points</b>
<ul style="list-style-type: none"><li>Missing <b>one</b> of the components +</li><li>Applicant <u>has already completed major steps</u></li></ul>	<b>8 points</b>
<ul style="list-style-type: none"><li>Fully addressed all of the components +</li><li>Applicant has detailed <u>immediate next steps</u> +</li></ul>	<b>7 points</b>
<ul style="list-style-type: none"><li>Missing <b>2</b> components regardless of whether applicant has already completed major steps</li></ul>	<b>4 points</b>
<ul style="list-style-type: none"><li>Missing <b>3 or more</b> components regardless of whether applicant has already completed major steps</li></ul>	<b>0 points</b>

## **Subfactor 3.4-Budget (up to 10 points)**



## HUD evaluation criteria:

1. Thoroughness of the Cost Summary (HUD-53246) and budget narrative
2. Costs are eligible under NAHASDA
3. Costs are allowable, allocable, reasonable, and necessary for implementing the project and activities, in accordance with the 2 CFR Part 200 Subpart E-Cost Principles

## HUD evaluation criteria:

4. Housing and Non-Dwelling Structures
  - Applies if the applicant proposes to develop, acquire, or assist using IHBG competitive funds
  - Must meet the standards of 24 CFR 1000.156-1000.162 on moderate cost or design

# HUD evaluation criteria: Definitions overview

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1. Eligible = costs are in keeping with NAHASDA Sec. 202.
2. Allowable = costs meet the Cost Principles criteria in 2 CFR 200 Subpart E.
  - ▶ Example of unallowable cost: alcohol and entertainment!
3. Allocable = all costs must be tied to the workplan activities and incurred within the Period of Performance, including leveraging
  - ▶ Exception: Pre-award proposal costs or land acquisition
4. Reasonable = “prudent person” test
5. Necessary = Costs crucial for implementing activities

## Budget components:

1. Breakdown of cost estimates by line item for each proposed activity, including administration and planning costs
2. Budget calculations must be mathematically correct!
3. The SF-424, Cost Summary (HUD-53246), Budget Narrative, and supporting documentation must be consistent

## Budget components:

4. Include information showing moderate cost, design, and maximum Total Development Cost (TDC) requirements are met
  - If applicable, submit copy of approved TDC limit waiver!
5. Cost estimate preparation
  - Describe qualification and experience of individual(s) that prepared the cost estimate
  - Explanation of how the experience is recent and relevant to the proposed project

## Budget components:

6. Indirect costs: If applicable, include how this is calculated in accordance with the IDC rate or use of de minimus rate.

- ▶ IDC costs will count as part of the admin and planning cap

7. Breakdown of how leveraged resources would be used towards project (if applicable)

Scoring Criteria	Points
<ul style="list-style-type: none"><li>• Thoroughly prepared budget +</li><li>• <u>All</u> eligible costs are allowable, allocable, reasonable, necessary +</li><li>• Per-unit TDCs are within established by Notice PIH-2019-19 +</li><li>• Applicant addressed <u>all</u> budget components in detail</li></ul>	10 points
<ul style="list-style-type: none"><li>• Adequately prepared budget +</li><li>• All eligible costs are allowable, allocable, reasonable, necessary +</li><li>• <b>Either</b> per-unit TDCs are not within the limits with no approved waiver <b>or</b> applicant addressed some budget components but some lacked detail</li></ul>	7 points
<ul style="list-style-type: none"><li>• Adequately prepared budget +</li><li>• All eligible costs are allowable, allocable, reasonable, necessary +</li><li>• Per-unit TDCs are not within the limits with no approved waiver <b>and</b> applicant addressed some budget components but some lacked detail</li></ul>	4 points
<ul style="list-style-type: none"><li>• Application did not include all of the information</li></ul>	0 points

# End of Rating Factor 3 Module

Soundness of Approach

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