

FY 2021 Choice Neighborhoods Implementation Grants NOFO Questions and Answers

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

- 1. Our PHA went through an extensive community engagement process with residents, local government, and other stakeholders and developed a master plan for a public housing site and the surrounding community. To apply for a Choice Neighborhoods Implementation Grant, would we be required to do another ‘Transformation Plan’ or can we continue with the one that we have already?**

You may continue with the community-driven plan that you have developed. Having received a CN Planning Grant is not one of the eligibility requirements for a CN Implementation Grant.

- 2. My organization would like to apply for grant funding to redevelop distressed and blighted properties in my neighborhood. Can we apply for a Choice Neighborhoods grant if our application meets the other eligibility criteria, but does not have “severely distressed public or HUD-assisted housing”?**

No, the “Eligible Target Housing” threshold requires that there be a severely distressed public or HUD-assisted housing project at the center of the planning process. Please see the Eligible Target Housing threshold on page 19 of the NOFO. The terms “assisted housing,” “public housing,” and “severely distressed housing” are defined in the Program Definitions section starting on page 9.

- 3. If we have a signed Certification of Severe Distress dated September 2020 for the target site, can we use that to satisfy the Eligible Target Housing Documentation or does the Certification have to be signed after the FY21 NOFO release date?**

HUD will accept a Certification of Severe Distress form (form HUD-53232) signed in September 2020. As stated on page 19 in the NOFO, “If the HUD-53232 form was signed more than 12 months prior to the NOFO publication date, the property’s owner must submit a certification that it has not undertaken rehabilitation activities that would make the certification invalid.”

- 4. To receive the preferences provided to previous Choice Neighborhoods Planning Grantees, do we have to use the same target neighborhood boundary and same target housing sites in our Implementation Grant application?**

HUD recognizes that a community may slightly alter the boundary of their neighborhood during the planning process. The target neighborhood for a FY21 Implementation Grant

application will be considered the same neighborhood previously funded through a CN Planning Grant if the neighborhood boundary changes were included in the final Transformation Plan that has been accepted by HUD as reflected in our internal records. With regard to the target housing site, if there were multiple sites in the Planning Grant, at least one needs to be target housing in the Implementation Grant application. If you are now proposing to add a new target housing project that was not identified as a target housing site in the Planning Grant, the preferences given to prior planning grantees would not be provided, as there is no assurance that the residents of the proposed new target housing have been engaged. However, you may still apply for an Implementation Grant with the additional target housing project by meeting the NOFO requirements.

- 5. Our target housing is a public housing project in the same PIC AMP with other public housing projects. Some of the units in both our specific project and the broader AMP have already received a RAD Conversion Commitment (RCC). Can we still apply for a Choice Neighborhoods grant for other units in the project?**

As stated in the “Relation to the Rental Assistance Demonstration (RAD) Applicants” threshold, units included in an RCC are not eligible to be the target housing of a CN grant application. If the units included in the RCC are sufficiently separate from the remaining public housing units in the project, then those public housing units may still be eligible for a Choice Neighborhoods grant.

Regarding there being multiple public housing projects in the same AMP, Choice Neighborhoods does not require that all projects within an AMP be included as the ‘target housing’ in a grant application. If multiple projects are assigned to the same AMP, it can be appropriate for a Choice Neighborhoods application to only target one of the projects. An explanatory statement in the grant application (e.g., in Exhibit B – Threshold requirements) will help us understand the context.

- 6. Our target neighborhood is located in a metropolitan area with a population under 500,000 people. What documentation do we need to submit so HUD knows to score our application on the leverage rating factors accordingly?**

You do not need to submit anything. One of the data points in the pdf report generated by the CN Mapping Tool indicates if the target area is in an area with population below 500,000 people.

- 7. While our target public housing site is not designated for elderly and/or disabled residents, such households make up a large majority of our current target population, with only a handful of families with children. Would this qualify as an eligible target housing site if it met the other requirements such as severe distress?**

As stated in the NOFO, HUD will rely on PIC to see if a public housing property is designated for elderly and/or disabled residents. If there is no such designation in PIC, then a site could be the target housing for the Choice Neighborhoods application.

- 8. Would an Option to Purchase be acceptable evidence of site control?**

An option to purchase could evidence site control if it meets all the NOFO criteria. Please note that the NOFO requires the Lead Applicant to submit a certification regarding site control rather than submitting the evidentiary document itself. The second element of the certification is that the appropriate entity will maintain site control through the end of the grant or until all replacement housing is built/rehabbed. Thus, the terms of the option to purchase would need to ensure the Lead Applicant's ability to make that claim as well.

- 9. Regarding the 'separability' requirement in the NOFO, would a highway or wide road be an acceptable basis for delineating separate sites?**

As stated in the NOFO, HUD expects a Choice Neighborhoods grant application to include all units in a housing project as the 'target housing project.' If the highway or wide road is also the neighborhood boundary and thus some units are outside the target neighborhood, that could be a situation in which it may be appropriate to apply the 'separability' clause from the program's statute.

Update with additional information regarding separability: As stated in the NOFO, having a project timeline that is longer than the term of the CN grant is not a reason to invoke separability. The CN program allows for a project timeline that extends beyond the term of the CN grant. In such cases, HUD recognizes that some of the housing units (including replacement units) will be developed after the grant term and without CN grant funds. However, all units are still included in the Transformation Plan.

- 10. If a PHA acquires a property for replacement housing prior to being awarded a CN Implementation Grant, would it be able to use CN funds to reimburse itself for that acquisition if awarded the CN Implementation Grant?**

No. As stated in the NOFO, "Choice Neighborhoods funds cannot be used to pay for any activities carried out on or before the date of the letter announcing the award of the Choice Neighborhoods grant."

11. We noted the new language regarding “mixed-income projects” in the Replacement Housing Development Activities under section III.F.2 Program Requirements and Housing strategy rating factors in section V. Can you clarify what is meant by this new requirement?

Building replacement units in mixed-income projects is not a new requirement for Choice Neighborhoods grantees. It has always been part of program’s appropriations law and a core objective of the program. The new language affirms it as a required component and, as with other activities proposed in a grant application, the final Housing Plan is subject to HUD’s review and approval post-grant award. As stated in the Housing Objectives section of the NOFO (on page 4), mixed-income housing includes “housing affordable to families and individuals with a broad range of incomes including low-income, moderate-income, and market rate or unrestricted.” At a minimum, each phase with replacement units (which are for low-income households) must include some units available for households with higher incomes. HUD recognizes the market dynamics of each neighborhood are unique and this NOFO does not establish a minimum number of such units as a threshold requirement for grant applications.

12. In the HUD-53235 Grant Sizing Worksheet, the second tab (“TDC Limit Calculation”) does not have a field for entering studios/0-bedroom units for either New or Rehabilitation units. How should we add studio units in the TDC Limit Calculation tab if they are part of our replacement unit mix?

Newly constructed Choice Neighborhoods replacement units should not be studios. Each replacement unit should have at least one bedroom. If you propose to rehabilitate studios, they can be entered in the space for one-bedroom units on the grant sizing worksheet.

13. For the rating factor on Section 3 plans, the NOFO does not detail how an application should demonstrate the quality of its Section 3 plan. What should the narrative in our application address for this rating factor?

The narrative should address how the proposed plan will meet the Section 3 regulations at 24 CFR 75.7, especially with regard to identifying the types and amounts of employment, training, and contracting opportunities to be generated as a result of the proposed grant activities; specific actions to be taken to give Section 3 workers and Section 3 business concerns priority consideration for such opportunities; and monitoring to ensure developers, contractors and subcontractors that are awarded covered contracts are compliance with Section 3 requirements.

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

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

15. What is the limit on how much of a CN Implementation Grant can be spent on administration?

Administrative costs are an eligible use of CN grant funds and can be charged to a few different Budget Line Items (BLIs) within the grant [e.g., in addition to overall grant administration (BLI 1410), administrative costs can be a subset of Supportive Services (BLI 1405)]. Please refer to the CN Implementation Grant budget guidance posted to the Implementation Grants page of the CN website for details about the limits on paying administration expenses with grant funds:
https://www.hud.gov/program_offices/public_indian_housing/programs/ph/cn/grants.

16. Is it permissible to have PBVs as replacement housing be placed outside the target area, in an existing mixed-income property if is located in a minority concentrated census tract?

No. The location requirements (as stated on page 29 of the NOFO) apply to all replacement housing. One of the requirements is that replacement housing outside of the target housing cannot be in an area of minority concentration. Please note that for PBVs as replacement housing not developed by the Housing Implementation Entity, the NOFO does not require potential sites to be identified in the grant application. If the application is funded, then after grant award the grantee will need to provide information about the project(s) as they are identified for the CN office to determine if they can be counted as replacement units.

17. We see there is a match requirement of five percent for the Choice Neighborhoods program. Can the sources of leverage provided for the rating factors also be sources in meeting the match requirement?

Yes, funds that are counted as leverage in scoring this grant application can also help satisfy the match requirement. However, as stated on page 20 of the NOFO, please note that matching funds do not have to be secured at the time of grant application.

18. The NOFO states that the Supportive Services Endowment Trust must be matched dollar for dollar. Does the Endowment Trust match have to be in place at the time of application submission?

No, the match for a Supportive Services Endowment Trust must be in place when Endowment Trust proposal is submitted to HUD near the end of the CN grant term.

19. We have replacement housing sites controlled by the Lead Applicant and replacement housing sites controlled by the Housing Implementation Entity (HIE). Do we need a separate site control certification from the Executive Officer of the HIE in addition to the Lead Applicant site control certification or does the Lead Applicant certify to the site control for both entities?

Your application must include a letter signed by each entity certifying they have site control that meets the NOFO requirements. As stated on page 22, the certification must “be signed by the Executive Officer of the entity that has site control.”

20. We are planning to locate replacement housing off-site on property owned by the County that will be developed by our Housing Implementation Entity (HIE). Is an executed ground lease between our HIE and the County an acceptable form of site control for purposes of the application?

No, an executed ground lease does not constitute ownership of the property as required by the NOFO.

21. The Neighborhood Investment rating factor “only includes committed public and private investments for future projects that are not yet underway.” What is the cutoff date for being “underway”?

Generally, HUD would consider a project to ‘underway’ if it has started construction as of the date of the Implementation Grant application submission.

22. Do plans and studies count as investment for the Neighborhood Investment rating factor?

No, this rating factor focuses on physical development resources.

23. If we have an 'Option to Purchase' agreement to satisfy the site control threshold requirement for a replacement housing site, could we use the CN grant funds for the acquisition?

Yes, subject to HUD's approval of an acquisition proposal, acquisition is an eligible use of CN Implementation Grant funds for transactions that occur after the grant award.

24. If we have an 'Option to Purchase' agreement to satisfy the site control threshold requirement for a replacement housing site, can the funds our city has allocated for the acquisition be counted as leverage?

Generally, yes, such funds could be considered a contribution of funds.

25. We see that most of the HUD forms to be submitted with this grant application have 11/30/2021 as the expiration date. Could you please advise what we should do?

Applicants should use the versions that were provided in the grants.gov application even though they have the November 30, 2021, expiration date.

26. Do the instructions on page 51 formatting (Double spaced 12-point (minimum) Times Roman font on letter sized paper (8 1/2 x 11 inches) with at least 1-inch margins on all sides) apply to the attachments - particularly for leverage letters and partnership certifications?

No, those instructions apply to the narrative exhibits.