

FY 2020 Choice Neighborhoods Implementation Grants NOFA 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 NOFA language.

1. Are we required to have first received a Choice Neighborhoods Planning Grant in order to be eligible to apply for a Choice Neighborhoods Implementation Grant?

No, a prior CN Planning Grant is not one of the eligibility requirements for a CN Implementation Grant.

2. 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 it is not uncommon for the community to slightly alter the boundary of their neighborhood during the planning process. The target neighborhood for a FY20 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.

3. Our neighborhood has a lot of distressed housing, but it is neither “public housing” or “assisted housing.” Can we still 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 16 of the NOFA. The terms “assisted housing,” “public housing,” and “severely distressed housing” are defined in the Program Definitions section starting on page 7.

4. Our proposed neighborhood and target housing are located in a municipality that does not receive its own CDBG allocation. Instead CDBG and other HUD programs are administered through the County's Community Development Department, which solicits project and programs from the various municipalities through an annual application process. Under this circumstance could the County Community Development qualify and serve as the Neighborhood Implementation Entity?

The requirements about what type of organization can be the Neighborhood Implementation Entity (definition on page 11 of the NOFA) are not tied to being an entitlement community

that receives CDBG funding. If the County's community development department meets one of the requirements listed, then it could be the Neighborhood Implementation Entity.

- 5. Under Attachment 30 (page 46), it says that the crime documentation may also be used to assess compliance with threshold requirements. Should this statement have been removed since crime rates are no longer a neighborhood eligibility criterion?**

Yes, because crime data is only evaluated for the Part I violent crime rating factor.

- 6. In the capacity of the Housing Implementation Entity rating factor, the NOFA states, "If the project described in an example is still underway, zero points will be awarded." Can you please clarify what constitutes "still underway"? If the project in the example was funded with a HOPE VI or Choice Neighborhoods Implementation grant and all of the housing is occupied, but the grant is not closed out would it still qualify?**

We consider a project "still underway" if there are still housing units to be completed. If the example project received a HOPE VI or Choice Neighborhoods grant and all the housing units are completed, the grant closeout process does not have to be completed to earn points.

- 7. For Attachment 32, the NOFA says, "If applicable, provide the letter required in Section V.A.1.D and the proposed Housing plan". I just want to make sure I understand what you are asking for in this attachment, i.e. that you just need the letter committing PBVs from the relevant PHA in the amount as indicated in the proposed housing plan. Not that you want the proposed housing plan in this attachment.**

Correct. The Housing plan itself is described in the narrative exhibit and other attachments.

- 8. We are hoping to have some replacement units be PBVs attached to 20% of the units in a 100% LIHTC development being constructed by another entity that is not part of the Housing Implementation Entity. Would this be acceptable? We are confused by the language on page 26 and page 31 regarding "should be in mixed-income developments" compared the scoring section on page 68 which states that replacement PBVs developed by another entity are included in the calculation, but not other units potentially in such developments.**

Replacement units that are PBVs in projects developed by another entity should be in a mixed-income development. HUD does not consider a project that is 100% LIHTC to be "mixed-income" because all units are restricted to low-income households. The Mixed-Income Development by Total Rental Units rating factor only includes the replacement units because HUD does not expect the specific projects to be identified at this time as they must be selected in accordance with the applicable regulations. Thus, the number of other units in such projects is not known at this time. If your application is selected for funding, you 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.

9. Regarding Opportunity Zones, does the entire target neighborhood need to be located within the designated area?

No, the boundaries of the neighborhood and Opportunity Zone do not need to be identical, nor does the entire neighborhood need to fit within the designated area.

10. 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.

11. We are an entitlement jurisdiction, but our city receives only a small amount of CDBG funding each year. However, the county in which our municipality is located, receives much more. Can we use CDBG commitments from both the City and the County toward the CDBG leverage rating factor?

No, for the CDBG leverage factor, HUD will only evaluate the amount committed by the City as a percentage of the City's allocation. The County may commit its CDBG funding as leverage for the other leverage rating factors.

12. In prior year NOFAs, the Neighborhood Investment leverage factor allowed applicants to include investment commitments for projects going back 36 months. This year's NOFA says this rating factor "only includes committed public and private investments for future projects." Can you please clarify how HUD will handle leverage for projects that are currently under construction? How about those that were just recently completed?

If a project is currently under construction, this may be acceptable leverage as there will still be funding spent in the future. However, for a project that is now complete, this would not be counted for this rating factor.

13. In the scoring table for the Neighborhood Investment leverage factor, the options do not appear to account for leverage totaling exactly \$20,000,000 (or \$10,000,000 for an MSA less than 500,000). How many points would be awarded in this case?

An application with total a leverage commitment of exactly \$20 million, or \$10 million in an MSA less than 500,000) would earn one point.

14. In Grants.gov, there are not enough slots for us to upload all the exhibits and attachments listed in the Choice Neighborhoods NOFA. 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 NOFA. 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 NOFA and plug them into the slots provided by Grants.gov. Please be reminded that, as instructed in the NOFA, each narrative exhibit and attachment must be its own file. Do not simply create a single file that includes multiple exhibits or attachments.

15. If the Housing Implementation Entity is to be a joint venture, will a joint venture agreement between two existing entities that outlines the rights and responsibilities of each party per the NOFA requirements suffice, or are they required to form a new legal entity and provide the operating agreement?

A joint venture consists of a business undertaking by two or more persons engaged in a single defined project. While the Implementation Grants NOFA does not require the parties to create a separate legal entity, we encourage you to consult the applicable state law creation requirements. For an Implementation Grant application, you must certify a joint venture agreement has been executed and submit a document that identifies the rights and responsibilities of each partner. This document does not have to be the joint venture operating agreement.

16. Related to question 2 above about qualifying for the preferences given to prior CN Planning Grantees, we are contemplating adding a new target housing project to our Implementation Grant application that was not identified as a target housing site in our Planning Grant. Are we still eligible for the preferences?

No, 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 NOFA requirements.

17. Our target housing site is assisted through a Project-based section 8 HAP contract and neither the Lead nor Co-Applicant is a PHA. How we will receive tenant protection vouchers for relocation?

You will need to coordinate with a local public housing agency that administers the section 8 tenant-based voucher program.

18. Can the number of replacement units provided exceed the number of existing assisted units at the target housing? If so, should we include those additional units in the Grant Sizing Worksheet?

An application may provide more replacement housing units than the current totals as long as you have the ability to develop and/or operate such units. For example, if the additional replacement units will be public housing, the PHA's Faircloth limit still applies. If the target housing is currently through a Project-based section 8 HAP contract, the Choice Neighborhoods program does not have the authority to increase the number of units included in that contract. Regarding the Grant Sizing Worksheet, all replacement units to be constructed or rehabilitated by the Housing Implementation Entity should be included. Please note that the determination of whether the grant maximum is \$30 million or \$35 million is based on the current number of units in the target housing project.

19. If we are allowed to propose more replacement units than currently exist, how does this affect the People component of our plan? Are we required to serve all new residents in replacement housing who were not original residents via case management and supportive services? Will HUD count People leverage that serves this larger number of households in our grant application?

Independent of the number of replacement units developed, the Choice Neighborhoods program requires that all residents of replacement units be offered supportive services. As stated in section III.F.2.t (page 37): "Case Management should be available throughout the grant period to all original residents of the target housing as well as residents who occupy the revitalized public and/or HUD-assisted housing units." However, regarding People leverage in the grant application for the purposes of the NOFA, this only focuses on the original residents of the target housing.

20. To demonstrate the capacity for each of Lead Applicant, Neighborhood Implementation Entity and People Implementation Entity, the NOFA requires that each entity provide information on a "recent example" of a comparable project that must be substantially complete. Can HUD clarify what constitutes "recent" and "substantially complete"?

As each neighborhood transformation plan is unique and it is difficult to objectively measure completion, HUD will rely on the applicant's description of the project example to understand if it is substantially complete. A key component of the narrative should be to explain the measurable outcomes that have been realized thus far. Also, please note that unlike with the capacity of the Housing Implementation Entity rating factor, an 'incomplete' project example does not automatically result in zero points for this rating factor. Similarly, these types of projects usually do not have a specific start and end date. Typically, a project that was completed within the past 5-10 years would be considered 'recent.'

- 21. 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 NOFA, 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.

- 22. While the current population of our target housing site are elderly and/or disabled, we plan to rebuild a new, multigenerational community. Since the CN program requires grantees to also provide case management and supportive services to new residents of replacement units (in addition to the original residents), should we include plans for improving the outcomes of these new residents in the grant application? For purposes of scoring on the People Strategy rating factors, is HUD concerned only with the outcomes for Baseline Residents?**

The People plan presented in the grant application should be based on the results of the household needs assessment, which is focused on current residents of the target housing. Please also remember that the residents of the target housing at the time of grant award have the right to return to replacement units. Furthermore, only leverage supporting current residents of the target housing should be included as People leverage in the grant application. We realize strategies may evolve throughout the grant term as grantees are expected to assess the needs of any new residents who move into replacement units and to provide case management and supportive services to meet their needs

- 23. In addition to an apartment complex that we have identified as our primary target housing site, our PHA has units in a number of scattered sites throughout our target neighborhood and we are interested in replacing them with a new development. Could these units be eligible as a target housing site in combination with the large apartment complex?**

Yes. There is no limit to the number of public and/or assisted housing projects per application, so long as all are within in the target neighborhood.

- 24. Do we need a wet signature for any of the documents or can we use digital signatures?**

HUD will accept digitally signed application documents.

25. Would an Option to Purchase be acceptable evidence of site control?

An option to purchase could evidence site control if it meets all the NOFA criteria. Please note that the NOFA 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. Thus, the terms of the option to purchase would need ensure the Lead Applicant's ability to make that claim as well.

26. I see that the 2020 Total Development Cost (TDC) limits were posted at the end of September. Should we use those for the grant sizing workbook and the Immediate Project Capital Needs rating factor?

No. The NOFA states HUD will use the TDC limits in effect at the time of NOFA publication. Thus, we are still using the 2019 limits for these grant applications. Applicants should use the Grant Sizing Workbook (HUD-53235) provided in the application package downloaded from www.grants.gov. For the Immediate Capital Needs rating factor, the application should only include the PNA documentation. HUD will use that information to do the calculation of the cost of immediate needs as a percentage of the TDC limit.

27. 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.

28. Could you clarify the cap on the amount of the grant that can be used for Critical Community Improvements? On page 53 of the NOFA it states that up to 15 percent of the grant, or \$4.5 million, whichever is less, may pay for the costs of CCI.

For grant applications that request up to \$30 million, the maximum for CCI would be 15 percent of the grant amount. For grant applications that can request more than \$30 million, up to \$35 million, the maximum allowed for CCI is \$4.5 million.

29. Is it permissible to have PBVs as replacement housing be placed outside the target area, in an existing mixed-income property, without any existing subsidy, not in need of rehab or redevelopment, located in a minority concentrated census tract?

No. The location requirements (as stated on page 26 of the NOFA) 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 NOFA 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.