

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5700-N-11]

Notice of Funding Availability for Fiscal Year 2013 Self-Help Homeownership Opportunity Program (SHOP)

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

ACTION: Notice of Funding Availability (NOFA) for Fiscal Year 2013 for the Self-Help Homeownership Opportunity Program (SHOP).

SUMMARY: This SHOP NOFA announces the availability of \$ XXXXX in FY2013 SHOP Grant funds to be awarded to national and regional non-profit organizations and consortia to facilitate and encourage innovative homeownership opportunities on a national, geographically diverse basis through the provision of self-help homeownership housing programs. Applicants must propose to use a significant amount of SHOP Grant funds in at least two states. Individuals and local non-profit organizations are not eligible to apply for SHOP Grant funds. **After the FY13 budget passes, HUD will issue a technical correction that will update and finalize the application deadline and total funds available. If the program is not funded, the Notice will be withdrawn.**

SHOP Grant funds must be used for land acquisition, infrastructure improvements, and for reasonable and necessary planning, administration and management costs (not to exceed 20 percent). The construction or rehabilitation costs of each SHOP unit must be funded with other leveraged public and private funds. The average SHOP Grant expenditure for the combined costs of land acquisition and infrastructure improvements must not exceed \$15,000 per SHOP unit. Eligible low-income homebuyers must contribute a significant amount of sweat equity towards the development of the SHOP units. Volunteer labor is also required. Assisted units must be decent, safe, and sanitary non-luxury dwellings that comply with state and local codes, ordinances, and zoning requirements, and with the SHOP requirements (including requirements for energy-efficiency and water conservation). The SHOP units must be sold to homebuyers at prices below the prevailing market price. A homebuyer's sweat equity contribution must not be mortgaged or otherwise restricted upon future sale of the SHOP unit. SHOP Grantees may award SHOP Grant funds to local non-profit affiliate organizations to carry out the Grantee's SHOP program. These affiliate organizations must be located within the Grantee's service area.

FOR FURTHER INFORMATION: Questions regarding the requirements of this SHOP NOFA should be directed to Ms. Ginger Macomber, SHOP Program Manager, Office of Affordable Housing Programs, at (202) 402-4605 (this is not a toll-free number). Questions regarding the FY2013 **General Section**, which also applies to this SHOP NOFA, should be directed to the Office of Strategic Planning and Management, Grants Management Division at (202) 708-0667 (this is not a toll-free number). Persons with hearing or speech impairments may access these numbers via TTY by calling the Federal Relay Service at 800-877-8339. Applicants having difficulty accessing the application and instructions

or having technical problems can receive customer support from Grants.gov by calling 800-518-GRANTS (this is a toll-free number) or by sending an email to support@grants.gov. The Customer Support Center is open 24 hours a day, seven days per week, except federal holidays.

OVERVIEW INFORMATION

A. Federal Agency Name. The federal agency is the Office of Community Planning and Development (CPD), U.S. Department of Housing and Urban Development (HUD).

B. Funding Opportunity Title. The funding opportunity title is the Self-Help Homeownership Opportunity Program (SHOP).

C. Announcement Type. This is the initial announcement.

D. Funding Opportunity Number. The funding opportunity number for this SHOP NOFA is FR-5700-N-11, OMB Approval Number 2506-0157.

E. Catalog of Federal Domestic Assistance (CFDA) Number. The CFDA number for the Self-Help Homeownership Opportunity Program is 14.247.

F. Dates. The SHOP application deadline date is **April 24, 2013**. Applications must be received by www.grants.gov (Grants.gov) no later than 11:59:59 p.m. Eastern Time on the application deadline date. Following receipt, applications go through a validation process through which an application will be accepted or rejected. Please allow time for this process to ensure that you meet the timely receipt requirements. Refer to the **General Section IV.C.** for additional guidance.

G. Additional Overview Content Information.

1. Available Funds. After the FY13 budget passes, HUD will issue a technical correction that will update and finalize the application deadline and total funds available. If the program is not funded, the Notice will be withdrawn.

2. Competitive Award. SHOP Grant funds are awarded competitively based on the response of applicants to the Threshold Requirements and the rating and ranking criteria set forth in this SHOP NOFA. HUD will also take into account an applicant's past performance. Refer to SHOP NOFA Section V.B.4. "Past Performance" for additional guidance.

3. NOFA General Section. The information and instructions found in the Fiscal Year (FY) 2013 Notice of Funding Availability "Policy Requirements and General Section to HUD's FY2013 NOFAs for Discretionary Programs" (the **General Section**) also apply to this SHOP NOFA. The **General Section** was posted to www.grants.gov (Grants.gov) on August 9, 2012. Applicants for SHOP assistance are directed to review the FY2013 **General Section** as well as this SHOP NOFA.

FULL TEXT OF ANNOUNCEMENT

I. FUNDING OPPORTUNITY DESCRIPTION

A. Program Description. SHOP Grant funds are awarded to national and regional non-profit organizations and consortia to facilitate and encourage innovative homeownership opportunities on a national, geographically diverse basis through the provision of self-help homeownership housing programs. SHOP Grantees must use a significant amount of SHOP Grant funds in at least two states. SHOP Grant funds must be used for land acquisition, infrastructure improvements, and for reasonable and necessary planning, administration and management costs (not to exceed 20 percent). The construction or rehabilitation costs of each SHOP unit must be funded with other leveraged public and private funds. The average SHOP Grant expenditure for the combined costs of land acquisition and infrastructure improvements must not exceed \$15,000 per SHOP unit. Eligible low-income homebuyers must contribute a significant amount of sweat equity towards the development of the SHOP units. Volunteer labor is also required. Assisted units must be decent, safe, and sanitary non-luxury dwellings that comply with state and local codes, ordinances, and zoning requirements, and with the SHOP requirements (including requirements for energy-efficiency and water conservation). The SHOP units must be sold to homebuyers at prices below the prevailing market price. A homebuyer's sweat equity contribution must not be mortgaged or otherwise restricted upon future sale of the SHOP unit. SHOP Grantees may award SHOP Grant funds to local non-profit affiliate organizations to carry out the Grantee's SHOP program. These affiliate organizations must be located within the Grantee's service area.

B. HUD's Strategic Plan Goals and Policy Priorities. HUD's Strategic Plan Goals for FY 2010-2015 and Policy Priorities set forth a road map of actions to help transform communities through the implementation of HUD's programs. HUD encourages SHOP applicants to propose programs and projects that align with HUD's Strategic Plan Goals and Policy Priorities.

1. Strategic Plan Goals. Refer to the **General Section I.B.** and Appendix A for information about HUD's "Strategic Plan Goals."

2. Policy Priorities. Refer to the **General Section I.B.** and Appendix B, and to SHOP NOFA Section V.A. Rating Factor 3 "Policy Priorities" for information about application criteria for addressing HUD's policy priorities.

C. Authority. SHOP is authorized by Section 11 of the Housing Opportunity Program Extension Act of 1996 (Public Law 104-120, as amended, 42 U.S.C. 12805 note) (the "SHOP statute"). SHOP Grant funds were appropriated for FY2013 on _____, by the Department of Housing and Urban Development Appropriations Act of 2013, Public Law _____.

II. AWARD INFORMATION

\$XXXXXX is available to fund SHOP Grant awards under the FY2013 SHOP NOFA competition. Any unobligated funds from previous SHOP NOFA competitions or additional funds that become available due to deobligation or recapture from previous awards may be added to the FY2013 funding amount. Awards will be made to successful applicants in the form of a grant. SHOP Grant funds must be

expended within 24 months of the date that the SHOP Grant funds are first made available for drawdown in the Grantee's line of credit established by HUD, except that SHOP Grant funds provided to an affiliate that develops five or more SHOP units must be expended within 36 months of the date that the SHOP Grant funds are first made available for drawdown in the Grantee's line of credit established by HUD.

III. ELIGIBILITY INFORMATION

A. SHOP Statute and Regulations. The FY2013 SHOP program is governed by the SHOP statute, the **General Section** and this SHOP NOFA. HUD has not issued SHOP Program regulations.

B. Eligible Applicants and Affiliate Organizations

You must be a national or regional non-profit organization or consortium in order to apply for SHOP Grant funds. Individuals and local non-profit organizations are not eligible to apply for SHOP Grant funds.

The term "you" as used in this SHOP NOFA refers to the SHOP applicant, including all consortium members. The term "consortium" refers to all consortium members. The term "Grantee" refers to a successful SHOP applicant, including all consortium members, who have been awarded SHOP Grant funds under this SHOP NOFA. The term "affiliate" refers to an eligible non-profit organization that is an affiliate of a SHOP Grantee.

1. Eligible Applicants. You must be a public or private non-profit organization, or a consortium of public or private non-profit organizations, that has the capacity and experience to provide or facilitate self-help homeownership housing opportunities on a national or regional basis. Refer to SHOP NOFA Section III.D.2. "SHOP Applicant Threshold Requirements." You must propose to undertake eligible SHOP activities directly and/or to enter into a written agreement with one or more affiliates to carry out your eligible SHOP activities.

a. National Organization. A national organization is a public or private non-profit organization that carries out self-help homeownership housing activities or funds affiliates that carry out self-help homeownership housing activities on a national scale.

b. Regional Organization. A regional organization is a public or private non-profit organization that carries out self-help homeownership housing activities or funds affiliates that carry out self-help homeownership housing activities on a regional scale. A regional area is a geographic area such as the Southwest or Northeast that includes at least two states. The states in the region need not be contiguous, and the service area of the organization need not precisely conform to state boundaries.

c. Consortium. A consortium is two or more public or private non-profit organizations located in at least two states that enter into an agreement to submit a single application for SHOP Grant funds to carry out self-help homeownership housing activities on a national or regional basis. Refer to SHOP NOFA Section III.D.2.c. "Consortium." Individual consortium members may carry out self-help homeownership housing activities or fund affiliates to carry out self-help homeownership housing activities.

2. Affiliate Organization. An affiliate organization (“affiliate”) must be located within your service area. If you are a consortium, each affiliate must be linked to an individual consortium member. An affiliate is:

a. Subordinate Organization. A local non-profit self-help homeownership housing organization that is a subordinate organization (i.e., chapter, local, post, or unit) of your central organization and covered by the group exemption issued to the central organization under section 501(c) (3) of the Internal Revenue Code; or

b. Organization with an Existing Relationship. A local non-profit self-help homeownership housing organization with which you have an existing relationship (e.g., you have provided technical assistance, mentoring or funding to the local self-help homeownership housing organization); or

c. Organization with a Future Relationship. A local non-profit self-help homeownership housing organization with which you do not have an existing relationship, but to which you will provide technical assistance, mentoring or funding in accordance with your SHOP application.

3. Written Agreements. You must have a written agreement with each affiliate that incorporates the requirements of this FY2013 SHOP NOFA. Your written agreement must describe the SHOP responsibilities of your affiliate. If you are a consortium, each of your affiliates must be linked to an individual consortium member by a written agreement. You must execute a new written agreement with each affiliate that is participating in your FY2013 SHOP program. You cannot amend a prior written agreement.

C. Cost Sharing or Matching. There is no cost sharing or matching requirement under this SHOP NOFA. However, Grantees are required to leverage resources for the construction and/or rehabilitation of self-help homeownership housing units that are assisted with SHOP Grant funds, and for any other program costs that are not funded with SHOP Grant funds. Refer to SHOP NOFA Section V.A. “Rating Factor 4: Leveraging Resources.”

D. SHOP Threshold Requirements. You must meet all of the Threshold Requirements listed in the **General Section III.C.2.** and the following SHOP NOFA Application, Applicant, and Program Threshold Requirements. HUD will review your SHOP application submissions for “Applicant Eligibility” and “SHOP Program Design and Scope of Work” to ensure that you have met all of these requirements. SHOP “Applicant Eligibility” submission requirements are described in SHOP NOFA Section IV.B.7.b. “SHOP Program Design and Scope of Work” submission requirements are described in SHOP NOFA Section IV.B.7.c. HUD will not consider an application from an ineligible applicant or an application that fails to meet all SHOP Threshold requirements.

1. SHOP Application Threshold Requirements

a. Timely Application Receipt. You must submit a timely FY2013 SHOP application. HUD will not consider an application that does not meet the timely application receipt requirements of this SHOP NOFA and the **General Section IV.C.** “Receipt Dates and Times.”

b. No Duplicate Submissions. You must not propose to fund any affiliate or consortium member under your FY2013 SHOP application that is also seeking FY2013 SHOP Grant funds from another SHOP applicant. If an affiliate or consortium member applies for SHOP Grant funds through more than one applicant, it will be disqualified for funding from any applicant that receives a FY2013 SHOP Grant.

c. Dun and Bradstreet Data Universal Numbering System (DUNS). You must have a DUNS number to receive an FY2013 SHOP Grant. Refer to the **General Section III.C.2.b.** and Appendix C for information regarding the DUNS requirement. Additional Information on obtaining a DUNS number is available at <http://www.hud.gov/offices/adm/grants/duns.cfm>.

d. System for Award Management (SAM). You must register or update your current registration in the System for Award Management database in order to receive an FY2013 SHOP Grant. The General Services Administration (GSA), which operated CCR, has transitioned CCR to an integrated database platform called the “System for Award Management” (SAM) at www.SAM.gov. Questions regarding SAM should be directed to the SAM Federal Service Desk (FSD) at <http://fsd.gov>, or by telephone at 866-606-8220 between the hours of 8:00 a.m. and 8:00 p.m. Eastern Time. Refer to the **General Section III.C.2.c.** and Appendix C for detailed information regarding CCR/SAM registration.

e. Certification of Consistency with the Consolidated Plan. This requirement does not apply to the SHOP Program.

2. SHOP Applicant Threshold Requirements

a. Eligible Applicant. The SHOP statute requires that SHOP Grants be made available to “national and regional organizations and consortia that have experience in providing or facilitating self-help housing homeownership opportunities.” You must be an eligible SHOP organization as defined in SHOP NOFA Section III.B. “Eligible Applicants and Affiliate Organizations.”

b. Non-profit Status. You and each of your affiliates must be an eligible public non-profit organization or private non-profit organization under federal or state law.

c. Consortium. If you are a consortium, each consortium member must enter into and sign a written consortium agreement for the purpose of applying for SHOP Grant funds and carrying out SHOP activities in compliance with this SHOP NOFA. The consortium agreement must designate a lead entity. Refer to SHOP NOFA Section IV.B.7.b.(2) “Consortium Participating Members and Agreement.”

d. Code of Conduct. Applicants must develop and maintain a written code of conduct as required by 24 CFR 84.42. Your code of conduct must prohibit real and apparent conflicts of interest that may arise among officers, employees, or agents; prohibit the solicitation and acceptance of gifts or gratuities by your officers, employees, or agents for their personal benefit in excess of minimal value; and outline administrative and disciplinary actions available to remedy violations of such standards. Your code of conduct must be dated and signed by your Executive Director, or the Chair of the governing body of your organization. Refer to the **General Section III.C.4.j.**

e. Experience. The SHOP statute requires that applicants “have experience in providing or facilitating self-help housing homeownership opportunities.” Your organization must have successfully completed at least 30 self-help homeownership housing units within the 24-month period preceding the submission of your FY2013 SHOP application. This may include self-help homeownership housing units completed by one or more of your affiliates during this time period, provided these units were undertaken in accordance with a written agreement between you and your affiliate organization(s). For a dwelling to qualify as a self-help homeownership housing unit, a homebuyer must have contributed a significant amount of sweat-equity toward the construction or rehabilitation of the unit as set forth in SHOP NOFA Section III.D.3.i. “Sweat Equity.”

f. Service Area. You must serve a national or regional area consisting of at least two states. You must have completed self-help homeownership housing units in at least two states within the 24-month period preceding the submission of your FY2013 SHOP application.

g. Additional Applicant Threshold Requirements. Refer to the **General Section III.C.2.** for additional Applicant Threshold requirements including but not limited to outstanding civil rights matters, debarment and/or suspension, and outstanding delinquent federal debts. As with all Threshold requirements, each member of a consortium must also satisfy these requirements, including the civil rights Threshold requirement set forth at **General Section III.C.2.d.**

3. SHOP Program Threshold Requirements

a. Number of SHOP Units. The SHOP statute requires the Grantee to “develop a specific and reasonable number of dwellings using the grant amounts, which number shall be established taking into consideration costs and economic conditions in the areas in which the dwellings will be developed, but in no case shall be less than 30.” You must propose to develop a minimum of 30 SHOP units. A “SHOP unit” means a self-help homeownership housing unit (e.g. a single-family dwelling or a condominium unit) on land acquired with SHOP Grant funds or for which infrastructure costs are paid with SHOP Grant funds. The average SHOP Grant expenditure for the combined costs of land acquisition and infrastructure improvements must not exceed \$15,000 per dwelling unit.

b. Service Area. You must propose to use a significant amount of SHOP Grant funds in a national or regional service area consisting of at least two states.

c. Eligible Activities. The SHOP statute requires that “amounts from grants..., including any recaptured amounts, shall be used only for eligible expenses in connection with developing new decent, safe, and sanitary, non-luxury dwellings.” There are three categories of eligible activities. You must propose to use SHOP Grant funds only for eligible activities. Eligible pre-agreement costs must be incurred on or after the publication date of this SHOP NOFA. You may carry out the eligible activities yourself or fund your affiliates to carry out your eligible activities. Refer to SHOP NOFA Section IV.E. “Funding Restrictions” for additional guidance on pre-agreement costs, ineligible costs and other restrictions.

(1) Land Acquisition. The acquisition of land (including financing and reasonable and customary closing costs) for the purpose of developing or rehabilitating SHOP units is an eligible activity.

(a) “Land” shall mean real property acquired by you or your affiliate pursuant to a deed or a lease with a term of 99 years or more; except that for Guam, the Northern Mariana Islands, the United States Virgin Islands, and American Samoa, the lease term shall be 40 years or more, and for Indian trust or restricted lands the lease term shall be 50 years or more. Upon request by the Grantee, HUD may approve other lease terms for good cause on a case by case basis.

(b) If you or your affiliate uses SHOP Grant funds to acquire land with a building or other improvement affixed to it, you or your affiliate shall allocate a portion of the acquisition cost to the land and a portion of the acquisition cost to the building or other improvements for the purpose of determining which costs are eligible costs.

(c) You or your affiliate must own the land that is acquired with SHOP Grant funds.

(d) On or after the date of this SHOP NOFA, you and your affiliates may expend non-grant funds to acquire land, including land acquired before completion of the environmental review process. You may use your SHOP Grant funds to reimburse these costs after your SHOP Grant Agreement has been executed and the required environmental review process has been successfully completed. However, these costs are reimbursable only when identified as pre-agreement costs in your SHOP application. Refer to SHOP NOFA Section IV.E. “Funding Restrictions.”

(2) Infrastructure Improvements. The installation, extension, construction, rehabilitation, or other improvement of utilities and other infrastructure (including the removal of environmental hazards) in support of the development or rehabilitation of SHOP units are eligible activities.

(a) You or your affiliates must own the land on which infrastructure improvements are undertaken.

(b) You or your affiliates must not incur infrastructure improvement costs before the required environmental review process has been successfully completed.

(3) Planning, Administration, and Management. The reasonable and necessary cost of the planning, administration and management of your SHOP Grant program and activities is an eligible activity. Eligible costs include staff and overhead costs of implementing your SHOP Grant program and activities; costs of providing information to the public about your SHOP Grant program and activities; costs of providing civil rights and fair housing training to your local affiliates; and any expenses involved in affirmatively furthering fair housing. The indirect costs (such as rent and utilities) of you and your affiliates in carrying out your SHOP Grant program and activities are also eligible. You must charge indirect costs in accordance with the methods described in 2 CFR part 230 “Cost Principles for Non-Profit Organizations” (OMB Circular A-122). You must not use SHOP Grant funds for planning, administration or management expenses that are not related to implementing your SHOP Grant program and activities. Eligible planning, administration and management costs must not exceed 20 percent of your SHOP Grant.

d. Property Standards. The SHOP statute requires that funds be used for quality “decent, safe and sanitary non-luxury dwellings” that “comply with local building safety codes and standards.” You must ensure that all SHOP units that are developed by you and your affiliates comply with state and local

codes, ordinances, and zoning requirements, and with the SHOP requirements (including requirements for accessibility, energy-efficiency and water conservation).

e. Energy-Efficiency. You must incorporate specific energy-efficiency measures in the construction and/or rehabilitation of the SHOP units that are developed by you and your affiliates.

All SHOP units in newly constructed buildings must be certified as meeting the guidelines for either ENERGY STAR New Homes or ENERGY STAR Multifamily High Rise (MFHR), as determined by the U.S. Environmental Protection Agency and the U.S. Department of Energy. All SHOP units in gut rehabilitated buildings that qualify for either ENERGY STAR New Homes or ENERGY STAR Multifamily High Rise (MFHR) must be certified as meeting these guidelines, as determined by the U.S. Environmental Protection Agency and the U.S. Department of Energy.

For all other SHOP units, all features, appliances and products that are installed or replaced must have an ENERGY STAR label (when such ENERGY STAR features, appliances and products exist) and be installed in accordance with the ENERGY STAR requirements. ENERGY STAR features, appliances and products must be used that are appropriate for achieving energy-efficiency for the Climate Zone in which the unit is located, in accordance with the ENERGY STAR requirements. For lighting, the Grantee must use ENERGY STAR labeled CFLs, LEDs, or pin-based lighting fixtures or light bulbs.

All SHOP homebuyers must be provided guidance on the proper use and maintenance of the energy-saving features, appliances and products that have been installed in their units.

ENERGY STAR is an energy-conservation program sponsored by the U.S. Environmental Protection Agency and the U.S. Department of Energy. Information about ENERGY STAR guidelines can be found at <http://www.energystar.gov>. At such time as the ENERGY STAR or HUD's energy-efficiency standards or requirements shall change, HUD shall require compliance with the updated standards or requirements after providing the Grantee with reasonable notice.

f. Water Conservation. You must incorporate specific water conservation measures in the construction and/or rehabilitation of the SHOP units that are developed by you and your affiliates. All water-usage products that are installed or replaced in SHOP units, including toilets, showers and faucets, must bear the "WaterSense" label when such WaterSense products exist.

WaterSense is a water conservation program sponsored by the U.S. Environmental Protection Agency (EPA). Information about WaterSense products can be found at <http://www.epa.gov/watersense/>.

All SHOP homebuyers must be provided guidance on the proper use and maintenance of the water conservation products that have been installed in their units.

g. Homebuyer and Homeownership Definition. "Homebuyer" means the individual or individuals who will own the completed SHOP unit. "Homeownership," "ownership," and "own" mean fee simple title or a 99-year renewable lease, or an equivalent form of ownership approved by HUD. In Guam, the Northern Mariana Islands, the United States Virgin Islands, and American Samoa, the definition includes renewable leases of 40 years or more. For Indian trust or restricted lands, the definition

includes renewable leases of 50 years or more. Ownership may be subject to mortgages, deeds of trust, or other liens or instruments securing the debt on the property as allowable under State law.

h. Homebuyer Income Eligibility. The SHOP statute requires that funds benefit “low-income families and individuals who otherwise would be unable to afford to purchase a dwelling.” Eligible homebuyer households must be low-income individuals and families whose incomes do not exceed 80 percent of the median income for the area, as established by HUD. You must use one of the following definitions of “annual income” to determine whether a homebuyer is income-eligible under SHOP. You must have procedures to clearly document that assisted homebuyers are income-eligible.

(1) Annual Income as defined at 24 CFR 5.609; or

(2) Adjusted Gross Income as defined for purposes of reporting under the IRS Form 1040 series for individual federal annual income tax purposes; or

(3) Grantee Definition. You may adopt your own definition of “annual income” to determine whether a homebuyer is income-eligible. This definition must be included in your SHOP Program Design and Scope of Work and approved by HUD. Refer to SHOP NOFA Section IV.B.7.c.(9) “Homebuyer Income Eligibility” for additional guidance.

i. Sweat Equity. The SHOP statute requires that self-help homeownership housing opportunities be provided “under which the homeowner contributes a significant amount of sweat equity toward the construction of the new dwelling.”

(1) Minimum Sweat Equity Contribution. You must require each SHOP homebuyer to contribute a minimum number of sweat equity hours toward the construction or rehabilitation of the homebuyer’s SHOP unit and/or the homes of other homebuyers participating in the self-help homeownership housing program administered by you or your affiliates. If the homebuyer is one individual, the homebuyer must contribute a minimum of 50 hours of sweat equity. If the homebuyer is more than one individual, the homebuyer must contribute a minimum of 100 hours of sweat equity. Sweat equity includes training on the construction of the dwelling units, but excludes homebuyer counseling and home maintenance training. You must permit reasonable accommodations for persons with disabilities in order for them to meet these hourly requirements. For example, homebuyers with disabilities may work on less physical tasks or administrative tasks, or use volunteers to provide the required sweat equity. If a homebuyer with disabilities uses volunteers, the homebuyer with disabilities must enter into a written three-party agreement with the affiliate or the Grantee (if the Grantee directly administers the program) and the volunteer working on behalf of the homebuyer. All homebuyers, including homebuyers with disabilities, must meet these minimum sweat equity requirements. You may not make exceptions to these requirements.

(2) Value of Sweat Equity Contribution. The homebuyer must receive the full value of the homebuyer’s sweat equity contribution as an equity contribution towards the purchase of the homebuyer’s SHOP unit. For example, the unit’s sale price may be reduced by the value of the sweat equity contribution, or the value of the sweat equity contribution may be treated as a credit towards the unit’s contract sale price. The homebuyer’s sweat equity contribution must not be mortgaged or

otherwise restricted upon future sale of the SHOP unit. Refer to SHOP NOFA Section III.D.3.1. “Mortgages and Other Loans” for additional guidance.

j. Homebuyer Financial Contribution. The SHOP statute requires that dwellings developed in connection with SHOP assistance be provided to “families and persons who are unable to afford to purchase a dwelling.” You and your affiliates must not require a homebuyer to make any financial contribution towards the purchase of a SHOP unit, other than cash contributed for a downpayment and reasonable and customary closing costs.

k. Sale Price. The SHOP statute requires that dwellings constructed in connection with SHOP assistance be made “available at prices below the prevailing market prices.” You must sell each SHOP unit below the appraised value of the property. Lenders may charge reasonable and customary closing costs for the area in which the unit is located. The amount of the SHOP unit mortgage or loan may include these closing costs, but the amount of closing costs must be separately identified and not included in the sale price. Refer to SHOP NOFA Section III. D.3.1. “Mortgages and Other Loans” for additional guidance.

l. Mortgages and Other Loans. The homebuyer’s sweat equity contribution must not be mortgaged or otherwise restricted upon the future sale of the SHOP unit. In order to make the cost of homeownership more transparent to individual homebuyers, at or before closing you must provide each homebuyer with unit-specific information on the cost and carrying charges for the homebuyer’s SHOP unit that is similar to information required on the HUD-1 “Settlement Charges.” The following examples demonstrate compliance with the SHOP restrictions on mortgages:

(1) Sale Price Reduction. The SHOP unit sale price is reduced by the value of the homebuyer’s sweat equity. On the date of sale, the total amount of all mortgages and other loans for the purchase of the SHOP unit does not exceed the SHOP unit’s reduced sale price plus reasonable and customary closing costs.

(2) Homebuyer Credit. The value of the homebuyer’s sweat equity is treated as a credit towards the SHOP unit sale price. On the date of sale, the total amount of all mortgages and other loans for the purchase of the SHOP unit does not exceed the SHOP unit’s sale price plus reasonable and customary closing costs minus the homebuyer’s sweat equity credit.

m. Volunteer Labor. The SHOP statute requires that activities to develop SHOP-assisted self-help homeownership housing “involve community participation in which volunteers assist in the construction or rehabilitation of dwellings.” Your SHOP Program Design must include volunteer labor. Volunteer labor is work performed by an individual without promise, expectation, or compensation for the work rendered. Volunteer labor may be professional or non-professional labor performed by community members, other volunteers, or household members who are not homebuyers.

n. Leveraged Resources. The SHOP statute requires that SHOP Grantees use their SHOP Grants to “leverage other sources of funding, including private or other public funds,” to complete construction or rehabilitation of their SHOP units. You and your affiliates must obtain commitments of resources (or have the capacity to obtain commitments) necessary to develop the number of SHOP units that you propose.

IV. APPLICATION SUBMISSION REQUIREMENTS

A. Address to Request Application Package. This SHOP NOFA and the **General Section** contain all the information you need to submit an application for SHOP Grant funds. You must submit your application electronically through Grants.gov in accordance with the instructions provided in the **General Section IV**. “Application and Submission Information.” This section provides specific procedures concerning electronic application submission and timely application receipt requirements. This section also describes how you may download the application and instructions from the Grants.gov website at http://www.grants.gov/applicants/apply_for_grants.jsp. If you need assistance downloading this material, you may contact the Grants.gov Customer Support Center toll-free at 800-518-GRANTS and a customer service representative will assist you. The Customer Support Center is open 24 hours a day, seven days a week, except federal holidays. You may also e-mail Support@grants.gov. If you do not have Internet access and you need to obtain a copy of this SHOP NOFA, you may contact HUD’s NOFA Information Center toll-free at 800-HUD-8929 or 800-HUD-2209 (TTY) between the hours of 10:00 a.m. and 6:30 p.m., Eastern Time, Monday through Friday, except federal holidays.

B. Content and Form of Application Submission. You must meet all the requirements for application submission and receipt that are described in the **General Section IV**. and this SHOP NOFA.

1. Application Kit. There is no application kit for this SHOP NOFA. All the information needed to apply is contained in this SHOP NOFA, and the application and instructions download found at http://www.grants.gov/applicants/apply_for_grants.jsp. You must follow the specific format, page limit, and submission content requirements to ensure that you have submitted an acceptable application. The published NOFA document posted on Grants.gov is the official document that HUD uses to solicit applications. Therefore, if there is a discrepancy between the information posted on Grants.gov and any materials published by HUD on its website or other information provided in paper copy, the information posted on Grants.gov prevails. Be sure to review your application against the requirements published for the SHOP competition and posted on Grants.gov.

2. Application. The application checklist that is found in SHOP NOFA Section IV.B.6. “Application Checklist” identifies the elements that are required for a complete SHOP application submission. The application consists of seven sections: 1) Standard Forms; 2) Applicant Eligibility; 3) SHOP Program Design and Scope of Work; 4) Narrative Statements for Rating Factors; 5) Certifications for Bonus Points Factor; 6) Forms, Certifications and Assurances; and 7) Appendices.

There are five SHOP NOFA Rating Factors and one Bonus Points Factor. The SHOP NOFA Rating Factors and Bonus Points Factor are identified in SHOP NOFA Section V.A. “Criteria: Rating Factors.” You must address the five Rating Factors in your Rating Factor Narrative Statements, and in the required Appendices in accordance with the SHOP NOFA instructions. HUD will not consider any supplemental information that is not required by this SHOP NOFA, or information that exceeds the page limits established by this SHOP NOFA.

3. Consortium Application. If you are applying as a consortium, you must submit a comprehensive, integrated application. All consortium members must be identified in your application and all members must receive SHOP Grant funds. You must briefly summarize the past experience of each of your

individual consortium members in your response to Rating Factor 1 “Capacity of the Applicant and Relevant Organizational Staff.” You must identify your lead entity. You must propose to use a significant amount of SHOP Grant funds in each state represented by your consortium. Your integrated application must demonstrate that the consortium is undertaking a single SHOP program with an overall program design. Individual program designs for separate consortium members or their affiliates will not be considered by HUD in scoring your application.

4. Page Format. You must submit your SHOP application in an 8.5 by 11 inch page size format, using a standard 12 point font. Text in tables must not be less than a 9 point font. HUD will not consider material shown in a smaller font size. Pages for each application section must be numbered sequentially starting with “1.” For sections with page limits, HUD will not consider information on pages that exceed the page limit.

5. Attachments. When naming attachment files to your electronic application, your file names must be less than 50 characters in length (no more than 32 characters in length is recommended). Do not use spaces or special characters (anything other than a number or a letter) in the file name. Valid file names must only include the following UTF-8 characters: A-Z, a-z, 0-9, underscore (_), hyphen (-), space (), and period (.). Failure to follow these instructions will result in your application being rejected with a “virus detect” error message. Refer to the **General Section IV.B.1.e.** and Appendix D, Subpart C for further details.

6. Application Checklist. In order to receive full consideration for funding, you should use the following checklist to ensure that all requirements are addressed and submitted with your electronic application. Any other information should not be submitted and will not be considered in scoring your application.

a. Standard Forms (no page limit).

- _____ SF424_Application_for_Federal_Assistance (Your organization’s nine-digit ZIP code (basic five-digit ZIP code plus four digits) must be included in Box 8d)
- _____ SF424_Supplement_Survey_on_Ensuring_Equal_Opportunity_for_Applicants ("Faith Based EEO Survey “SF-424-SUPP" on Grants.gov)

b. Applicant Eligibility (no page limit).

- _____ Non-profit Status
- _____ Consortium Participating Members and Agreement (if applicable)
- _____ Code of Conduct
- _____ Minimum Self-help Homeownership Housing Units
- _____ Service Area

c. SHOP Program Design and Scope of Work (25 page limit).

- _____ SHOP Program Summary (not included in the 25 page limit)
- _____ SHOP Budget, Grant Request and Proposed Use of Funds
- _____ Pre-agreement Costs

- _____ SHOP Grant Schedule (not included in the 25 page limit)
- _____ Affiliates (if applicable)
- _____ Service Area
- _____ SHOP Units
- _____ Property Standards
- _____ Homebuyer Income Eligibility
- _____ Sweat Equity
- _____ Volunteer Labor
- _____ Mutual Self-help Housing Programs (if applicable)
- _____ Homebuyer Financial Contribution
- _____ Sale Price
- _____ Mortgages and Other Loans
- _____ Typical SHOP Unit Table (not included in the 25 page limit)
- _____ Affirmatively Furthering Fair Housing
- _____ Financial Control Procedures
- _____ Monitoring Schedule

d. Narrative Statements for Rating Factors (30 page limit or 35 page limit for a consortium).

- _____ Factor 1 - Capacity of the Applicant and Relevant Organizational Staff
- _____ Factor 2 - Need/Extent of the Problem (four page limit)
- _____ Factor 3 - Soundness of Approach
- _____ Factor 4 - Leveraging Resources
- _____ Factor 5 - Achieving Results and Program Evaluation

e. Certification for Bonus Points Factor (no page limit)

- _____ HUD_2995_Certification_of_Consistency_and_Nexus_between_Activities_Proposed_by_the_Applicant_with_Livability_Principles_Advanced_in_Preferred_Sustainability_Status_Communities (if applicable)

f. Forms, Certifications and Assurances (no page limit).

- _____ HUD_424_CB_Grant_Application_Detailed_Budget ("HUD Detailed Budget Form" on Grants.gov)
- _____ HUD_424_CBW_Grant_Application_Detailed_Budget_Worksheet
- _____ Attachment to HUD_424_CBW ("Identification of Federal Program Sources and Amounts" e.g. HUD HOME, HUD CDBG, USDA Sec. 502)
- _____ SF_LLL_Disclosure_of_Lobbying_Activities (as applicable)
- _____ HUD_2880_Applicant/Recipient_Disclosure/Update_Report ("HUD Applicant Recipient Disclosure Report")
- _____ HUD_2993_Acknowledgement_of_Application_Receipt (for applicants submitting paper applications only)
- _____ HUD_96011_Third_Party_Documentation_Facsimile_Transmittal ("Facsimile Transmittal Form" on Grants.gov. HUD will not be able to match faxes to your

application if your application does not contain this form and each Fax does not use the HUD-96011 cover page)

g. Appendices (no page limit).

- _____ Evidence of Non-profit Status (for new applicants or consortium members; refer to SHOP NOFA Section IV.B.7.b.(1))
- _____ Consortium Participating Members, if applicable (refer to SHOP NOFA Section IV.B.7.b.(2))
- _____ Code of Conduct (refer to SHOP NOFA Section IV.B.7.b.(3)). and the **General Section III.C.5.**)
- _____ SHOP Grant Schedule (refer to SHOP NOFA Section IV.B.7.c.(4))
- _____ Affiliates, if applicable (refer to SHOP NOFA Section IV. B.7.c.(5))
- _____ Typical SHOP Unit Table (refer to SHOP NOFA Section IV.B.7.c.(16))
- _____ Monitoring Schedule (refer to SHOP NOFA Section IV.B.7.c.(19))
- _____ Performance Reports (for new applicants; refer to SHOP NOFA Section V.A. Rating Factor 1)
- _____ Applicant’s Organizational Chart (refer to SHOP NOFA Section V.A. Rating Factor 1)
- _____ Leveraged Resources Committed and Received Chart (refer to SHOP NOFA Section V.A. Rating Factor 4)
- _____ Leveraged Resources Proposed Chart (refer to SHOP NOFA Section V.A. Rating Factor 4)

7. Application Content. Your application must address each of the following sections.

a. Standard Forms (no page limit). You must submit an:

(1) SF424 “Application for Federal Assistance”

(2) SF424 “Supplement Survey on Ensuring Equal Opportunity for Applicants” (“Faith Based EEO Survey SF-424-SUPP” on Grants.gov)

These forms must be electronically signed by your Authorized Organization Representative (AOR) who is legally authorized to submit the application on your behalf. In Box 8a of the SF424 form, you must enter the DUNS number for your organization. The DUNS number must be registered in the Central Contractor Registration/System for Award Management (CCR/SAM). The Authorized Organization Representative submitting the application must be authorized by the eBusiness Point of Contact in the Grants.gov system to submit the application on behalf of you, the applicant. Refer to the **General Section III.C.2, IV.B.** and Appendix C for additional guidance.

b. Applicant Eligibility (no page limit).

(1) **Non-profit Status.** You must submit a narrative statement that clearly demonstrates how your organization or consortium qualifies as a national or regional public non-profit self-help homeownership housing organization or private non-profit self-help homeownership housing organization as defined in SHOP NOFA Section III.D.2.b. “Non-profit Status.” If you are not a current SHOP Grantee you must

submit evidence that you qualify as a national or regional public or private non-profit self-help homeownership housing organization under federal or state law (such as a current Internal Revenue Service (IRS) ruling that your organization is exempt from taxation under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986). If you are a consortium, you must submit evidence of the non-profit status of each consortium member that does not currently receive SHOP Grant funds. This evidence must be provided in an Appendix. This Appendix does not count towards your application page limits.

(2) Consortium Participating Members and Agreement (if applicable). If you are a consortium, you must provide a list of all consortium participating members including each member's full name, mailing address, service area (i.e., city, county or parish and state), proposed SHOP Grant funds, and the number of SHOP units each member anticipates constructing should you receive FY2013 SHOP Grant funds. You must identify your lead entity. This information must be provided in an Appendix.

You must also submit a Consortium Agreement for the purpose of applying for and using FY2013 SHOP Grant funds. Your Consortium Agreement must be executed and dated by all consortium members. Your Consortium Agreement must designate your lead entity and authorize your lead entity to submit your SHOP application and execute your SHOP Grant Agreement on behalf of all consortium members.

Upon being funded, the lead entity must enter into a separate written agreement with each individual consortium member. This agreement must include the requirements of the FY2013 SHOP Grant Agreement between HUD and the consortium, and set forth the individual consortium member's responsibilities as described in your approved SHOP application. The lead entity must be responsible and accountable for the overall performance and compliance of the consortium members. Each consortium member must be responsible and accountable for the performance and compliance of its affiliates. Consortium members may not change these responsibilities without prior HUD approval. HUD will not approve any changes that would affect the consortium's compliance with the Threshold Requirements or your application's rating score and ranking.

(3) Code of Conduct. You must submit a copy of your written Code of Conduct that meets the requirements of the **General Section III.C.4.j.** in an Appendix. This Appendix does not count towards your application page limits. Your Code of Conduct must be dated and signed by your Executive Director, or the Chair of the governing body of your organization. You must describe the methods you will use to ensure that all officers, employees, and agents of your organization are aware of your organization's Code of Conduct.

(4) Minimum Self-help Homeownership Housing Units. You must submit a narrative statement that clearly demonstrates that your organization has completed at least 30 self-help homeownership housing units within the past 24 months. You must identify the dates for your 24 month reporting period. Your 24 month reporting period should end as close as possible to the submission of your SHOP application. You must provide the specific number of units completed. You must also clearly demonstrate that the units developed during this 24 month period included a significant contribution of homebuyer sweat equity and volunteer labor toward the construction or rehabilitation of the units. You must include the average number of sweat equity hours contributed by each homebuyer, and the average number of

volunteer labor hours contributed for each unit during this 24 month period. Refer to SHOP NOFA Section III.D.3.g. for the definition of “homebuyer.”

(5) Service Area. You must submit a narrative statement that describes your service area and the general location where your completed self-help homeownership housing units are located (county, parish, state or region of the country). You must clearly demonstrate that you have completed self-help homeownership housing units in a national or regional area consisting of at least two states.

c. SHOP Program Design and Scope of Work (25 page limit). You must submit a summary and narrative description of your SHOP Program Design and Scope of Work. Your SHOP Program Design and Scope of Work is limited to 25 pages, not including your summary and Appendices. If you are awarded a SHOP Grant, HUD will hold you accountable for your proposed SHOP Program Design and Scope of Work. In order to ensure that your proposed SHOP Program Design and Scope of Work conform to the requirements of this SHOP NOFA, HUD may ask you to amend certain sections that do not affect your compliance with the Threshold Requirements or your application’s rating score and ranking. HUD will not award funds until all SHOP requirements are met and HUD approves your SHOP Program Design and Scope of Work. Failure to adequately meet any of the SHOP Threshold Requirements will result in HUD eliminating you from the competition. Refer to SHOP NOFA Section III.D. for a description of the Threshold requirements. If you are awarded a SHOP Grant, your approved SHOP Program Design and Scope of Work will be incorporated by reference into your SHOP Grant Agreement. Your SHOP Program Design and Scope of Work must address the following:

(1) SHOP Program Summary. You must provide a summary of the key elements of your SHOP Program Design and Scope of Work. This summary does not count towards your 25 page limit. At a minimum, your summary must include:

- (a) SHOP Grantee
- (b) Consortium: Yes _____ No _____
- (c) Lead consortium entity (if applicable): _____
- (d) Consortium members (if applicable): _____
- (e) SHOP Grant request: \$ _____
- (f) Total budget: \$ _____
- (g) Amount of leveraged resources: \$ _____; _____%
- (h) SHOP Grant funds for land acquisition: \$ _____; _____%
- (i) SHOP Grant funds for infrastructure improvements: \$ _____; _____%
- (j) SHOP Grant funds for planning, administration and management \$ _____; _____%
- (k) Indirect cost rate: _____%
- (l) Pre-agreement costs: Yes _____ No _____; if Yes, list type and SHOP Grant fund amount
- (m) Affiliates: Yes _____ No _____; if Yes, Estimated Number _____
- (n) Service area (specify, including states): _____
- (o) Total number of SHOP units: _____
- (p) Number of newly constructed units: _____ or _____%
- (q) Number of gut rehabilitated units: _____ or _____%
- (r) Number of other rehabilitated units: _____ or _____%
- (s) Accessible units: _____; _____%
- (t) Visitable units: _____; _____%

- (u) Universal design units: _____; _____%
- (v) Green units: _____; _____%
- (w) Definition of annual income: _____
- (x) Minimum sweat equity hours, one individual: _____hours
- (y) Minimum sweat equity hours, more than one individual: _____hours
- (z) Estimated volunteer labor hours per SHOP unit: _____hours
- (aa) Maximum monthly housing payment: _____% of income
- (bb) Pre-purchase counseling: _____% of homebuyers
- (cc) Post-purchase counseling: _____% of homebuyers in need of intervention
- (dd) Percent of affiliates monitored on site (if applicable): _____
- (ee) Percent of consortium members monitored on site (if applicable): _____
- (ff) Estimated date of conveyance of all SHOP units: _____
- (gg) Other (optional; specify): _____

(2) SHOP Budget, Grant Request and Proposed Use of Funds. You must submit a completed form HUD-424-CB “Grant Application Detailed Budget” and form HUD-424-CBW “Grant Application Detailed Budget Worksheet” that identify your total SHOP program budget and the sources and uses of your SHOP Grant and leveraged funds. The budget information on the HUD-424-CB and HUD-424-CBW must be consistent. Refer to SHOP NOFA Section V.A. “Rating Factor 3: SHOP Budget” for additional guidance.

(3) Pre-agreement Costs. You must identify any pre-agreement costs by type and amount that you propose to charge after the effective date of your SHOP Grant Agreement, including any pre-agreement costs you have authorized your affiliates to incur. Refer to SHOP NOFA Section IV.E.1. “Pre-agreement Costs” for additional guidance.

(4) SHOP Grant Schedule. You must submit a schedule, including milestones or benchmarks at reasonable intervals (monthly, quarterly, but no greater than every six months), for expending your proposed SHOP Grant funds, completing land acquisition, completing infrastructure improvements, constructing or rehabilitating your SHOP units, and conveying your SHOP units to eligible homebuyers. Your schedule must demonstrate that you will expend all of your SHOP Grant funds by the end of your proposed Grant Term (24 months for your organization including all consortium members, and 36 months for each affiliate that develops five or more SHOP units). Your schedule must also demonstrate that you will complete and convey most of your proposed SHOP units no later than one year thereafter. Refer to SHOP NOFA Section VI.D.1. “Grant Term” and SHOP NOFA Section V.A. “Rating Factor 3: Conveyance of SHOP Units” for additional guidance. This schedule must be provided in an Appendix. This Appendix does not count towards the 25 page limit.

(5) Affiliates (if applicable). You must indicate whether you propose to use affiliates to undertake your SHOP activities. If you propose to use affiliates, you must provide a list of all participating affiliates including each affiliate’s full name, service area, location (city, county or parish and state), proposed funding request, and the number of SHOP units the affiliate anticipates constructing or rehabilitating should you receive FY2013 SHOP Grant funds. If you are a consortium, you must also identify the consortium member to which each affiliate is linked. You must identify whether each affiliate has previously participated in your SHOP or self-help homeownership housing program, and whether the performance of these affiliates has been timely and in compliance with your requirements. If you

propose to fund an affiliate that has encountered performance or compliance issues, you must explain what has changed that makes you want to include this organization in your FY2013 SHOP program. This list must be provided in an Appendix. This Appendix does not count towards your 25 page limit.

If you will select your affiliates after your application submission, you must survey your potential affiliates and describe the specific criteria you will use to select your affiliates. You must provide the full name of the affiliates surveyed, service area, location (city, county or parish and state), proposed funding need, and the number of SHOP units each affiliate anticipates constructing or rehabilitating should you receive FY2013 SHOP Grant funds. This list must be provided in an Appendix. This Appendix does not count towards your 25 page limit.

(6) Service Area. You must describe your national or regional service area. You must describe how you will ensure that you will use a significant amount of SHOP Grant funds in at least two states. If you have selected your target areas or sites, you must identify the general location (county, parish, state or region of the country). You must also describe whether your target areas or sites serve areas with high housing costs, rural areas, or areas that are populated by low-income families who are underserved by homeownership opportunities. If you have not selected your target areas or sites, you must describe whether and how your selection criteria will ensure that your target areas or sites will serve areas with high housing costs, rural areas, or areas that are populated by low-income families who are underserved by homeownership opportunities.

(7) SHOP Units. You must specify the total number of SHOP units that you propose to assist with your SHOP Grant. You must describe the housing types (e.g. single family or condominium) and the form of ownership (e.g., fee simple or 99-year renewable lease). You must provide the estimated number of units or percentage of your total units for each housing type and form of ownership. You must describe whether you will undertake new construction, gut rehabilitation and/or other rehabilitation of your SHOP units, and provide the estimated number of units or percentage of your total units for each type of development.

(8) Property Standards. You must describe how you will ensure that you and your affiliates only use SHOP Grant funds for decent, safe and sanitary non-luxury dwellings that comply with state and local codes, ordinances, and zoning requirements, and with the requirements of this SHOP NOFA. Refer to SHOP NOFA Section III.D.3.d. "Property Standards" for additional guidance. You must describe how you will ensure that your completed SHOP units comply with the SHOP energy-efficiency requirements. Refer to SHOP NOFA Section III.D.3.e. "Energy-efficiency" for more guidance. You must describe how you will ensure that your completed SHOP units comply with water conservation requirements. Refer to SHOP NOFA Section III.D.3.f. "Water Conservation" for additional guidance. You must describe how you will meet the accessibility requirements of Section 504 of the Rehabilitation Act of 1973 and HUD's implementing regulations at 24 CFR Part 8 concerning accessibility for qualified individuals with disabilities. SHOP units must be made accessible upon request of the homebuyer in accordance with 24 CFR 8.29. You must provide the estimated number of units or percentage of your total units that will be accessible. You must provide the estimated number of units or percentage of your total units that will be visitable. Refer to the **General Section** Appendix B.2. for guidance on universal design and visitability standards. You must also describe any other property standards that will apply to your SHOP units.

You must describe your building inspection procedures for verifying compliance with your property standards; state and local codes, ordinances, and zoning requirements; and the requirements of this SHOP NOFA. If you will use affiliates, you must describe how you will ensure that your affiliates will comply with your building inspection procedures.

(9) Homebuyer Income Eligibility. You must state the definition(s) of annual income you will use in your program. Refer to SHOP NOFA Section III.D.3.h. “Homebuyer Income Eligibility” for annual income definitions.

(10) Sweat Equity. You must describe your program’s requirements for sweat equity contributions from homebuyers. You must describe the types of tasks and the minimum number of sweat equity hours required from each homebuyer. You must describe any construction training and supervision you will provide to each homebuyer to ensure that the homebuyer is able to complete the assigned tasks in accordance with your standards, including property standards. You must describe how you will value each homebuyer’s sweat equity contribution. You must indicate whether you have established a uniform or minimum hourly value. You must quantify the total estimated minimum or average value of each homebuyer’s sweat equity contribution. You must describe how you will provide reasonable accommodations for persons with disabilities. If you will use affiliates, you must describe how you will ensure that your affiliates will comply with your program’s sweat equity requirements, including your method for valuing each homebuyer’s sweat equity contribution. Refer to SHOP NOFA Section III.D.3.i. “Sweat Equity” for additional guidance.

(11) Volunteer Labor. You must describe your program’s approach for involving volunteer labor. You must identify the projected sources of volunteer labor contributions and the types of tasks. You must describe any training and supervision you will provide to each volunteer to ensure that the volunteer is able to complete the assigned tasks in accordance with your standards, including property standards. You must describe how you will value the volunteer labor contributions. You must indicate whether you have established a uniform or minimum hourly value. You must provide an estimate of the minimum or average number of volunteer labor hours per SHOP unit, by source. You must quantify the total estimated value of the volunteer labor contributions, by source. If you will use affiliates, you must describe how you will ensure that your affiliates will comply with your program’s approach for involving volunteer labor, including any uniform approach that you have established for valuing volunteer labor contributions.

(12) Mutual Self-help Housing Programs (if applicable). A mutual self-help housing program generally involves four to ten participating families organized in a group who complete construction work on their homeownership housing units by an exchange of labor with one another, such as the U.S. Department of Agriculture’s Rural Housing Services/Rural Development program under section 523 of the Housing Act of 1949 (7 CFR part 1944, subpart I). Homebuyers perform labor on their own units and on the units of other participating families. A homebuyer’s labor hours may count either towards sweat equity contributions or volunteer labor contributions, but each hour must only count once. You must identify whether your SHOP program will involve a mutual self-help housing program. You must identify the mutual self-help housing program(s) and provide the estimated number of units or percentage of your total units that will also be assisted by each mutual self-help housing program.

(13) Homebuyer Financial Contribution. You must describe how you will ensure that SHOP homebuyers are not required to make any financial contribution towards the purchase of their SHOP units, other than cash contributed for a downpayment, and reasonable and customary closing costs. You must define “reasonable and customary closing costs.” If you will use affiliates, you must describe how you will ensure that your affiliates will comply with this requirement.

(14) Sale Price. You must describe how you will determine the sale price for your SHOP units, in accordance with the requirements of this SHOP NOFA. You must describe how you will ensure that the homebuyer can afford the SHOP unit or otherwise sustain homeownership for the long term. You must describe how you will ensure that each SHOP unit is sold below the appraised value of the property. You must describe how you will account for the value of donated land, material and professional services when determining the sale price. You must describe whether you will account for the value of volunteer labor when determining the sale price. You must describe how you will ensure that each homebuyer receives the full value of the homebuyer’s sweat equity as an equity contribution or credit towards the purchase of the homebuyer’s SHOP unit. You must describe how you will ensure that the amount of any reasonable and customary closing costs is separately identified and not included in the sale price. If you will use affiliates, you must describe how you will ensure that your affiliates will comply with your program’s approach for establishing the sale price.

(15) Mortgages and Other Loans. You must demonstrate how you will ensure that the homebuyer’s sweat equity contribution will not be mortgaged or otherwise restricted upon future sale of the SHOP unit. You must describe how you will provide each homebuyer, at or before closing, unit-specific information on the cost and carrying charges of the homebuyer’s SHOP unit that is similar to the information required for the HUD-1 “Settlement Charges.” If you will use affiliates, you must describe how you will ensure that your affiliates will comply with these requirements.

(16) Typical SHOP Unit Table. You must use the following table (or a similar table) to demonstrate your approach and your affiliates’ approach to valuing sweat equity; valuing donated land, materials and professional services; valuing volunteer labor contributions; establishing your SHOP unit sale price; and determining the mortgage and/or other loan amount for a typical SHOP unit. You must enter your estimated or average cost, value or amount. If your SHOP Program Design involves other local, state or federal subsidies (such as HOME or USDA), you must specify the source and the estimated per-unit subsidy amount. You must indicate whether these estimates are based on the actual results of your prior SHOP or self-help homeownership housing program, or are based on your proposed SHOP Program Design. This table is not a budget form. HUD will use this table to evaluate your SHOP Program Design and determine that your proposed SHOP program is in compliance with the requirements of this SHOP NOFA. This Table must be provided in an Appendix. This Appendix does not count towards the 25 page limit.

TABLE: Typical SHOP Unit

Per Unit	Average Cost, Value or Amount	Value of Donations	Value of Volunteer Labor	Final Cost, Value or Amount*	Comments
Land					

Acquisition					
Infrastructure Improvements					
Construction or Rehabilitation					
Other (Specify)					
TOTAL COST					
SHOP Investment Subsidy					
Other Subsidy (Specify)					
TOTAL SUBSIDY					
SALE PRICE					
APPRAISED VALUE					
Homebuyer Sweat Equity					
Other Homebuyer Equity (Specify)					
TOTAL HOMEBUYER EQUITY					
Reduced Homebuyer Sale Price; and/or					
Homebuyer Credit towards Sale Price					
Closing Costs (Specify)					
Other Homebuyer Costs (Specify)					
Mortgage					
Other Loans					
Other Restrictions (Specify)					
Other Affordability					

Savings over the Life of the Mortgage (Specify)					
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* If you will reduce the final SHOP unit cost by the value of donations or volunteer labor, the Final Cost, Value or Amount should reflect this reduction.

(17) Affirmative Furthering Fair Housing. You must describe your affirmative marketing requirements and procedures. You must describe how you will encourage racial and ethnic diversity in the selection of your SHOP housing sites. If you will use a competitive process to select affiliates, you must describe how your selection criteria will consider an affiliate’s proposal to enhance racial and ethnic diversity. You must also describe the procedures and materials or services that you will use to reach potential homebuyers in your proposed housing market area, including persons least likely to apply without special outreach. You must describe the alternative formats to be used to effectively reach persons with disabilities in accordance with the requirements of 24 CFR 8.6. In addition, you must describe the reasonable steps you will take to ensure meaningful access to persons with limited English proficiency. Refer to HUD’s “Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Affecting Limited English Proficient Persons” (72 Fed. Reg. 2732, January 22, 2007) for assistance. You must also describe the methods you will use to encourage single heads of households to participate in your program. If you will use affiliates, you must describe how you will ensure that your affiliates will comply with your affirmative marketing requirements and procedures.

(18) Financial Control Procedures. You must describe your financial control procedures, including how you will disburse and control funds that are provided to your consortium members and affiliates. You must describe how your financial control procedures comply with 24 CFR 84.21, “Standards for Financial Management Systems.” You must address how your procedures will ensure:

(a) Accurate, current, and complete disclosure of financial results of your SHOP program;

(b) Adequate identification of the sources and application of your funds including information pertaining to federal awards, authorization, obligations, unobligated balances, assets, outlays, income and interest;

(c) Effective control over and accountability for all of your funds, property and other assets so that all such assets will be adequately safeguarded and used solely for authorized purposes under your SHOP Grant;

(d) Written procedures to minimize the time elapsing between the transfer of SHOP Grant funds to your organization from the U.S. Treasury and the issuance or redemption of checks, warrants, or payments by other means for program purposes (generally 3 days or as soon as possible thereafter) by your organization, and by your consortium members and affiliates;

(e) Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable federal cost principles at 2 CFR Part 230 “Cost

Principles for Non-Profit Organizations” (OMB Circular A-122) and the terms and conditions of your SHOP Grant award; and

(f) Accounting records including cost accounting records that are supported by source documentation.

If you will use affiliates, you must describe how you will ensure that your affiliates will comply with 24 CFR 84.21, “Standards for Financial Management Systems” and your financial control procedures.

(19) Monitoring Schedule. You must submit a schedule, including milestones or benchmarks at reasonable intervals (monthly, quarterly, but no greater than every six months), for monitoring your SHOP program for compliance with your SHOP Grant Schedule and the FY2013 SHOP NOFA requirements (including compliance with the cross-cutting federal requirements described in the **General Section** and this SHOP NOFA). Your schedule must include both your distance monitoring reviews and on-site monitoring reviews. If you have consortium members or affiliates, your schedule must also include monitoring each consortium member and affiliate at least once during your Grant Term. You must conduct more than 50 percent of these monitoring reviews on-site. Your schedule must show how many distance monitoring reviews and on-site monitoring reviews you will conduct each year during your Grant Term. Your schedule also must show any additional distance monitoring reviews and on-site monitoring reviews that you will conduct after your SHOP Grant Term has ended but before your SHOP Grant Final Close Out. This schedule must be provided in an Appendix. This Appendix does not count towards the 25 page limit.

d. Narrative Statements for Rating Factors (30 page limit or 35 page limit for a consortium). You must submit Narrative Statements that address the five SHOP NOFA Rating Factors. Refer to SHOP NOFA Section V. A. “Criteria: Rating Factors” for additional guidance.

e. Certifications for Bonus Points Factor (no page limit). You must submit executed Bonus Points certifications in order to receive bonus points. Refer to SHOP NOFA Section V.A.6. “Bonus Points Factor” for additional guidance.

f. Forms, Certifications and Assurances (no page limit). By electronically signing the SF-424 cover page, you are certifying that the statements in your application are true, complete and accurate to the best of your knowledge, and that you will comply with the requirements of the **General Section** and this SHOP NOFA. You are also certifying that should you receive a SHOP Grant award, you will administer your award in compliance with the requirements of the **General Section**, this SHOP NOFA, and your SHOP Grant Agreement. You are also certifying that you will implement your SHOP program in accordance with your approved application (including your budget, SHOP Grant schedule and monitoring schedule), as may be modified or amended and approved by HUD. Refer to the **General Section IV.B.1** and SHOP NOFA Section IV.B.6.f. “Forms, Certifications and Assurances” for a list of required forms, certifications and assurances.

g. Appendices (no page limit). You must submit the Appendices that are required by this SHOP NOFA. Refer to SHOP NOFA Section IV.B.6.g. “Appendices” for a list of Appendices.

C. Application Submission Dates and Times. Your completed application must be received by Grants.gov no later than 11:59:59 p.m. Eastern Time on **April 24, 2013**. Refer to the **General Section IV.C.** “Receipt Dates and Times.”

Following receipt, your application will go through a validation process. If the application fails the Grants.gov validation process, it will be rejected. You should carefully review the **General Section IV.** “Application and Submission Information” for instructions for timely receipt, including actions to take if your application is rejected. In particular, you should carefully read the section titled “Electronic Grant Application Forms and Instructions” in the **General Section IV.B.1.** and Appendix D “Downloading and Application Package and Instructions.” These sections contain information on using Adobe Reader, HUD’s timely receipt policies, and other application information.

D. Intergovernmental Review. Executive Order 12372 “Intergovernmental Review” does not apply to the SHOP program.

E. Funding Restrictions

1. Pre-agreement Costs. On or after the publication date of this SHOP NOFA, you may incur eligible pre-agreement costs for your SHOP activities. You incur an eligible pre-agreement cost on the date you incur the actual cost for the eligible activity, and not on the date of the financing for that activity (e.g., a loan). Costs are incurred when you execute a contract to purchase land or to undertake infrastructure improvements, or take other actions that require payment for an eligible activity. Eligible pre-agreement costs for land acquisition include the cost of the land acquisition, as well as eligible financing and closing costs provided these costs are incurred after the date of this SHOP NOFA. Eligible pre-agreement costs for infrastructure improvements are limited to the actual cost of the improvement and must not include financing or closing costs. You must identify your pre-agreement costs in your SHOP application. You may charge your pre-agreement costs to your SHOP Grant after the effective date of your SHOP Grant Agreement, provided these pre-agreement costs are eligible, in compliance with the requirements of this SHOP NOFA, (including relocation and environmental review requirements), and consistent with your approved SHOP application. You may also authorize your affiliates to incur eligible pre-agreement costs. Your authorization must be in writing. You and your affiliates incur pre-agreement costs at your own risk. If you do not receive a SHOP Grant, if your activities do not successfully complete the required environmental review process, or if your activities otherwise fail to meet the SHOP requirements, you and your affiliates must not use your SHOP Grant funds to reimburse your pre-agreement costs.

2. Ineligible Costs. Only costs associated with the eligible activities identified in SHOP NOFA Section III.D.3.c. may be funded with SHOP Grant funds. Examples of ineligible costs include:

a. Any activity or cost that is not eligible in accordance with this SHOP NOFA.

b. Pre-agreement costs that do not meet all of the SHOP requirements, including:

(1) The pre-agreement cost was not identified in the Grantee’s SHOP application.

(2) The pre-agreement cost was incurred prior to the publication date of this SHOP NOFA.

(3) The pre-agreement cost was incurred by the Grantee's affiliate and the pre-agreement cost was not approved in writing by the Grantee prior to the incurrence of this cost.

- c.** Land acquisition costs for land that is owned by the Grantee or the Grantee's affiliate before the date of the SHOP Grant Agreement (except when eligible as a pre-agreement cost).
- d.** Land acquisition costs for land banking purposes (i.e. holding land for an indefinite period).
- e.** Land acquisition costs for acquisition that does not comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).
- f.** Refinancing costs for land that the Grantee or the Grantee's affiliate acquired before the publication date of this SHOP NOFA.
- g.** Infrastructure improvement costs that the Grantee or the Grantee's affiliate incurred before the publication date of this SHOP NOFA or before the completion date of the required environmental review process.
- h.** Financing and closing costs for loans that the Grantee or the Grantee's affiliate used to finance infrastructure improvement costs.
- i.** Land acquisition costs for land that is not owned by the Grantee or the Grantee's affiliates.
- j.** Infrastructure improvement costs for land that is not owned by the Grantee or the Grantee's affiliate.
- k.** Development costs that are not land acquisition or infrastructure improvement costs, such as permitting fees, property taxes during the construction period, performance bonds, and landscaping.
- l.** Construction, rehabilitation, or improvement costs of any dwelling unit.
- m.** Planning, administration, and management costs that are not related to the Grantee's SHOP Grant.
- n.** Planning, administration and management costs that exceed the percent of the Grantee's SHOP Grant approved by HUD.
- o.** Unallowable costs in accordance with 2 CFR part 230 "Cost Principles for Non-Profit Organizations" (OMB Circular A-122), such as alcoholic beverages, bad debts, advertising (other than help-wanted advertisements), contributions, entertainment, fines, and penalties.
- p.** Indirect costs that are not incurred in accordance with 2 CFR part 230 "Cost Principles for Non-Profit Organizations" (OMB Circular A-122).
- q.** Lobbying activity costs.
- r.** Homebuyer pre-purchase counseling and post-purchase counseling costs.

3. Other Restrictions. The average SHOP expenditure for the combined costs of land acquisition and infrastructure improvements must not exceed \$15,000 per dwelling unit.

F. Other Submission Requirements. You must meet all submission requirements and instructions described in the **General Section**. Refer to **General Section IV**. “Application and Submission Information” for detailed submission instructions, including methods and deadlines for submission.

1. Waiver of the Electronic Submission Requirement. You must submit your application electronically via Grants.gov or request a waiver of the electronic application submission requirement from HUD. If HUD grants you a waiver, your paper application must be received at HUD Headquarters by the application deadline date. Refer to the **General Section IV**. B.3. “Waiver of Electronic Submission Requirements.” If HUD does not grant you a waiver, you must follow the instructions for electronic application submission. You must submit your waiver request, including your justification, in writing using e-mail or fax. You must submit your waiver request no later than 15 days prior to the application deadline date. Waiver requests must be submitted to: SHOP Program, Application Waiver Request, Office of Affordable Housing Programs by e-mail: ginger.macomber@hud.gov or fax: (202) 708-1744. If HUD grants you a waiver, you must submit your paper application in accordance with the requirements stated in HUD’s waiver approval.

2. Paper Applications. Paper applications will not be accepted from applicants that have not been granted a waiver of the electronic application submission requirement. All paper applications must be received by HUD on or before the application deadline date.

3. Facsimiles and Videos. HUD will not accept an entire application sent by facsimile (fax). However, third-party documents or other materials sent by facsimile in compliance with the requirements for facsimile transmission contained in the **General Section IV**. and Appendix D are permitted. All facsimile transmissions must be received by the deadline date and time. Videos cannot be submitted via the Grants.gov system and will not be accepted as a separate submission, or if you are granted a waiver to the electronic application, as part of an application submitted in paper format. Any video submitted as part of an application will not be viewed.

V. APPLICATION REVIEW INFORMATION

HUD will rate and score all SHOP applications that successfully complete technical processing and meet all of the completeness, applicant eligibility and Threshold requirements of this SHOP NOFA. HUD will reject incomplete applications, applications from ineligible applicants or applications that do not meet all of the Threshold requirements listed in SHOP NOFA Section III. “Eligibility Information.” The maximum rating score is 100 points plus 2 bonus points for applications that meet the Preferred Sustainable Communities Status criteria.

A. Criteria: Rating Factors (30 page limit or 35 page limit for a consortium)

There are five Rating Factors and one Bonus Points Factor. You must submit a Narrative Statement and supplemental information for each Rating Factor, as required by this SHOP NOFA. You are limited to a total of 30 pages, unless you are a consortium. A consortium may have an additional 5 pages, for a total limit of 35 pages. You are limited to 4 pages to address Rating Factor 2 “Need/Extent of Problem.” To

receive bonus points, you must submit the certifications that are required by this SHOP NOFA for the Bonus Points Factor. These certifications do not count towards your Rating Factors page limits.

You should carefully read each Rating Factor and respond clearly to each requested item. Failure to provide a complete response to each item will result in a reduced rating score for that Rating Factor.

Unless otherwise stated under the applicable Rating Factor, HUD will only review and rate the information that you submit in response to the five Rating Factors, the one Bonus Points Factor, the “SHOP Grant Schedule” required by SHOP NOFA Section IV.B.7.(c)(4), the “Typical SHOP Unit Table” required by SHOP NOFA Section IV.B.7.(c)(16), and the SHOP Monitoring Schedule required by SHOP NOFA Section IV.B.7.(c)(19). **HUD will not review and rate any information that is not required by this SHOP NOFA or any information that is contained in pages that exceed the applicable page limits.** If you are awarded a SHOP Grant, HUD will hold you accountable for your responses to the five Rating Factors and the Bonus Points Factor. After grant award, you must notify HUD of any changes that affect your original response to any of the five Rating Factors or Bonus Points Factor. HUD will reevaluate your score for those Factors. Any changes to your rating score could affect your SHOP Grant award.

1. Rating Factor 1: Capacity of the Applicant and Relevant Organizational Staff (up to 35 points)

This Rating Factor evaluates the extent to which you (including individual consortium members, if applicable) demonstrate the capacity to carry out your proposed SHOP activities in an effective and timely manner and in compliance with the requirements of this SHOP NOFA. HUD will consider your past performance, program management, and financial management. Any applicant that does not receive at least 20 points for this Rating Factor will not be eligible for funding.

Content Requirements for Rating Factor 1

a. Past Performance (up to 15 points). You must describe your success in carrying out your self-help homeownership housing activities. You must address whether you used all of your grant and leveraged funds in a timely manner, achieved your performance targets for units and beneficiaries, submitted timely and accurate performance reports, complied with the program requirements, and otherwise met the performance and compliance requirements that applied to your self-help homeownership housing activities.

(1) Applicants that have been awarded SHOP Grants during the previous five year period. You must summarize your past performance in carrying out the activities that were approved under the SHOP Grants that were awarded to you during the most recent five year period. You must identify the dates for your five year period. Your five year period should end as close as possible to the submission of your SHOP application. You must describe your success in meeting your benchmarks and timetables. You must indicate whether HUD has deobligated any of your SHOP Grant funds for failure to meet your drawdown and/or implementation schedules, and whether you returned any funds because of monitoring findings or other program deficiencies. You must indicate whether any other funding entity has deobligated any funds for failure to meet your drawdown and/or implementation schedules. You must indicate whether you returned any funds to any other funding entity because of monitoring findings or other program deficiencies. For each year, you must identify the number of SHOP units that you started,

completed and conveyed to eligible homebuyers. For each year, you must provide the average income and family size characteristics of the beneficiaries you served, and the average sweat equity value each homebuyer received at the time of sale. You must also provide the average number of volunteer labor hours per unit.

For each Fiscal Year SHOP Grant, you must specify the percent of units conveyed within 24 months from the end of your SHOP Grant Term. You must identify whether you missed any performance benchmarks or target dates, and the reasons. You must describe the actions you took or are taking to overcome these delays and obstacles. If you are a consortium, you must summarize the past performance of each individual consortium member. If you used affiliates, you must identify whether any affiliates failed to meet their benchmarks or timetables and whether any affiliates had compliance issues. You must describe the actions you took or are taking to address these performance and/or compliance issues. You must identify the date of your last audit and when the next audit is due. You must describe any SHOP related audit findings and the status of their resolution. In evaluating your past performance, HUD will also consider your SHOP performance reports and other data that are available to HUD, including monitoring reports, program vouchers, audit reports, and SHOP Grant Close Out reports.

(2) Applicants that have not been awarded SHOP Grants during the previous five year period.

You must summarize your performance in carrying out your self-help homeownership housing activities during the most recent five year period. You must identify the dates for your five year period. Your five year period should end as close as possible to the submission of your SHOP application. You must describe your success in meeting your benchmarks and timetables. You must indicate whether HUD or any other funding entity has deobligated any funds for failure to meet your drawdown and/or implementation schedules. You must indicate whether you returned any funds because of monitoring findings or other program deficiencies. For each year, you must identify the number of self-help homeownership units that you started, completed and conveyed to eligible homebuyers. For each year, you must provide the average income and family size characteristics of the beneficiaries you served, and the average sweat equity value each homebuyer received at the time of sale. You must also provide the average number of volunteer labor hours per unit.

You must identify whether you missed any performance benchmarks or target dates, and the reasons. You must describe the actions you took or are taking to overcome these delays and obstacles. If you are a consortium, you must summarize the past performance of each individual consortium member. If you used affiliates, you must identify whether any affiliate failed to meet their benchmarks or timetables and whether any affiliate had compliance issues. You must describe the actions you took or are taking to address these performance and/or compliance issues. You must identify the date of your last audit and when the next audit is due. You must describe any audit findings and the status of their resolution. Your narrative summary must be supported by existing internal or external performance reports, monitoring reports, audits or similar documents that demonstrate your performance and compliance. HUD will consider these documents in evaluating your past performance. These performance documents must be included in an Appendix. This Appendix does not count towards your application page limits.

b. Program Management (up to 10 points). You must describe how you will ensure that you and your affiliates will manage your SHOP program in a timely, effective, and compliant manner. You must

describe whether you have established uniform minimum property standards, affordability standards, sweat equity value standards, and other minimum standards for your SHOP program. You must provide a description of your organization's program management structure, including an organizational chart that identifies all key management positions and the names and positions of all staff who will manage your SHOP program. Your organizational chart must be included in an Appendix. This Appendix does not count towards your application page limits. Do not include individual Social Security Numbers in your application. You must describe the specific roles and responsibilities of your staff for the management and oversight of your proposed SHOP program from grant approval through to the completion and ownership conveyance of your proposed SHOP units. You must describe how you will enforce any uniform minimum standards that you have established. You must briefly describe the skills and capacity of your program management staff. You must identify whether you have any program management staffing or skills gaps. If you identify any gaps you must discuss how you plan to address these gaps. If you are a consortium, you must provide this information for both the lead entity and each consortium member. You must also describe your procedures for coordinating the program management activities of your consortium members.

If you propose to use affiliates, you must identify the staff that will manage and oversee the performance of your affiliates. If you are a consortium, you must describe how each affiliate will be linked to an individual consortium member that will have oversight responsibility for that affiliate. You must describe the standards or criteria you will use to ensure that each affiliate has the capacity to manage its SHOP program in a timely manner. You must also describe the standards or criteria you will use to ensure that each affiliate has the capacity to implement its SHOP activities in accordance with the requirements of this SHOP NOFA, and your SHOP program design and standards. You must describe how you will enforce these requirements. You must describe any technical assistance you will provide to your affiliates.

c. Financial Management (up to 10 points). You must describe how you will ensure that you will comply with the requirements of 24 CFR 84.21 "Standards for Financial Management Systems." If you are a consortium, you must describe how you will ensure that all consortium members comply with these requirements and how you will coordinate the financial management activities of your consortium members. You must describe the specific roles and responsibilities of your financial management staff. You must briefly describe the skills and capacity of your financial management staff. You must identify whether you have any financial management staffing or skills gaps. If you identify any gaps you must discuss how you plan to address these gaps. If you are a consortium, you must provide this information for both the lead entity and each consortium member. You must also describe your procedures for coordinating the financial management activities of your consortium members.

If you propose to use affiliates, you must identify the staff that will manage and oversee the financial compliance of your affiliates. You must describe the standards or criteria you will use to ensure that your affiliates comply with the financial management requirements of 24 CFR 84.21 "Standards for Financial Management Systems." You must describe the standards or criteria you will use to ensure that each affiliate has adequate financial management capacity. You must also describe the standards or criteria you will use to ensure that each affiliate has adequate financial controls that meet your standards and the requirements of 24 CFR 84.21. You must describe how you will enforce these standards or criteria. You must describe any technical assistance you will provide to your affiliates. Refer to SHOP NOFA Section VI.E. "Standards for Administrative and Financial Control" for additional information.

2. Rating Factor 2: Need/Extent of the Problem (up to 5 points)

This Rating Factor evaluates the extent to which you demonstrate a need for self-help homeownership housing in your proposed target areas. HUD will consider the housing problems in each of your target areas that will be addressed by your SHOP program and the extent to which you demonstrate the need for SHOP Grant funds.

Content Requirements for Rating Factor 2 (four page limit)

a. Extent of Need for Affordable Homeownership Housing (up to 4 points). You must demonstrate the need for affordable homeownership housing in your service area by providing reliable statistical data on the lack of affordable homeownership opportunities for low-income families (especially among minority families and families with children) such as low-homeownership rates; high foreclosure rates; housing cost burdens; and lack of standard housing including overcrowding, housing age, housing deterioration, inadequate housing infrastructure, inadequate utilities, or other severe physical problems. To the extent information is available, you must describe the need for physically accessible homes. You must also identify the need to address any evidence of housing discrimination and any need for housing shown in the local Analysis of Impediments to Fair Housing Choice (AI) for jurisdictions located within your service area. You must cite the sources for your data. Your data must be recent. “Recent” means the most recent updated U.S. Census data, and other information and data issued within the last five years prior to the issuance date of this SHOP NOFA, including data contained in State or local Consolidated Plans and Analysis of Impediments to Fair Housing Choice (AI) for jurisdictions located within your service area. National applicants must, at a minimum, use regional-level data to demonstrate the need for affordable homeownership housing. Regional applicants must, at a minimum, use state-level data to demonstrate the need for affordable homeownership housing. General, national-level data should not be used unless you also use regional-level or state-level data to supplement the national data. If you plan to select some or all of your affiliates after your application submission, you must survey your potential affiliates to gain an understanding of the regional-level or state-level housing problems in the individual affiliate areas and describe those housing problems in your application.

(1) Applicants that have been awarded SHOP Grants during the previous five year period. If your service area remains unchanged, you may resubmit documentation provided in your prior SHOP NOFA application that was based on U.S. Census data and other information issued within the last five years prior to the issuance date of this SHOP NOFA.

(2) Applicants that have not been awarded SHOP Grants during the previous five year period or applicants whose service areas have changed. You must submit the documentation required to address this Rating Factor.

b. Extent of Need for SHOP Grant Funds (1 point). You must describe your need for the amount of SHOP Grant funds you request. You must identify any program funding gap that you have. You must describe how your SHOP Grant funds will be used to fill this funding gap so that you can achieve your SHOP program goals and develop the number of SHOP units you propose.

3. Rating Factor 3: Soundness of Approach (up to 40 points)

This Rating Factor evaluates the quality and soundness of your approach to carrying out your proposed SHOP activities. HUD will consider the adequacy and effectiveness of your program design for addressing the need for affordable self-help homeownership housing; your schedules for selecting your local affiliates (if applicable) and conveying your SHOP units; your detailed budget; your procedures for overseeing the performance and compliance of your SHOP program; your activities to further HUD's policy priorities for "Sustainability" and "Capacity Building and Knowledge Sharing"; and your procedures for training and employing Section 3 residents and contracting with Section 3 business concerns.

Content Requirements for Rating Factor 3

a. SHOP Program Design (up to 15 points). You must describe how your proposed SHOP Program Design and Scope of Work will address the need for affordable homeownership housing in your service area that you identified in Rating Factor 2, including the need for physically accessible homes, the need to address any housing discrimination, and any need for housing shown in local Analyses of Impediments to Fair Housing Choice (AI). You must discuss to what extent your program will target various low-income groups, including households with less than 30 percent of adjusted median income (AMI), over 30 percent to 50 percent AMI, and over 50 percent to 80 percent AMI. You must also discuss to what extent your program will target other underserved low-income groups.

You must describe the standards or criteria you will use to ensure that each homebuyer can afford their SHOP unit at the time of purchase and how you will help each homebuyer sustain homeownership during the long term. You must describe any standards that you will use to limit the monthly housing cost burden of your homebuyers. If you propose to use affiliates, you must describe how you will ensure that each affiliate meets your affordability and sustainability standards or criteria.

You must describe whether you or your affiliates will provide pre-purchase homebuyer counseling. You must identify who will provide the pre-purchase counseling and what general topics or skills will be required. You must identify the percent of homebuyers who will receive each type of pre-purchase counseling. You must identify whether you have mechanisms in place to identify homebuyers who are in danger of defaulting on their loans. You must describe whether you will provide post-purchase homebuyer counseling or other types of post-purchase interventions or assistance to help these homebuyers maintain homeownership. You must identify who will provide this post-purchase counseling, interventions or assistance and the type of assistance provided. You must identify the percent of homebuyers who will have access to each type of post-purchase counseling, interventions or assistance.

You must describe how you will value each homebuyer's sweat equity contribution, including whether you will establish a uniform or minimum standard for valuing the homebuyer's sweat equity contribution. You must provide an estimate of the average value of each homebuyer's sweat equity contribution. You must discuss how the anticipated amount of sweat equity credit that each homebuyer will earn, will make the homebuyer's home more affordable. If you propose to use affiliates, you must describe how you will ensure that each affiliate meets your standards or criteria for valuing each homebuyer's sweat equity contribution.

You must describe how you will use volunteer labor to reduce the overall cost of the SHOP units. You must describe how you will establish the value for volunteer labor. You must also discuss whether you or your affiliates will reduce each SHOP unit's sale price by the value of any donated land, construction materials and/or professional services. You must describe how you will establish the value for each type of donation.

HUD will also consider your SHOP Grant Schedule and Typical SHOP Unit Table submitted as part of your SHOP Program Design and Scope of Work. Refer to SHOP NOFA Section IV.B.7.c. "Program Design and Scope of Work."

b. Schedules for Selection of Affiliates and Conveyance of SHOP units (up to 3 points). You must submit the following schedules. Each schedule must include interim milestones or benchmarks against which HUD can measure your progress.

(1) Selection of Affiliates (if applicable). You must identify your SHOP affiliates or provide a schedule that demonstrates the timely selection of your SHOP affiliates from those listed in your SHOP application Appendix. Inadequate submissions will result in the deduction of 1 point.

(2) Conveyance of SHOP units (up to 3 points). You must identify the percentage or number of SHOP units you propose to complete and to convey by the end of your proposed Grant Term (24 months for your organization and 36 months for each affiliate that develops five or more SHOP units). You must identify the percentage and number of SHOP units you propose to complete and to convey one year after the end of your Grant Term. HUD anticipates that you will convey most of your SHOP units no later than one year after the end of your Grant Term. You must identify the percentage and number of SHOP units you propose to complete and to convey more than one year after the end of your Grant Term. You must describe how you will ensure your targets are met.

c. SHOP Budget (up to 5 points). You must submit a detailed SHOP budget on the forms HUD-424-CB "Grant Application Detailed Budget." You must submit a separate HUD-424-CB for Year 1, Year 2, Year 3 and "All Years." You must submit a HUD-424-CBW "Grant Application Detailed Budget Worksheet" that supports your HUD-424-CB "All Years" budget total. Budget amounts on the HUD-424-CB and HUD-424-CBW must agree, and must be consistent with amounts stated elsewhere in your SHOP application. If you propose to leverage funds from other sources, you must identify the amounts in the appropriate budget columns. If your leveraged funds include other HUD or federal funds, you must identify the federal program source (e.g. HUD HOME, HUD CDBG, USDA Sec. 502). On the HUD-424-CBW, you must include a separate budget line item under the appropriate budget category for each proposed activity funded by both your SHOP funds and your leveraged funds (i.e. acquisition, infrastructure improvements, construction, rehabilitation, and planning, administration and management). Your budget estimates must include the costs of complying with the SHOP program and statutory requirements, including energy-efficiency, water conservation, lead safety, and accessibility. You must include separate budget line items for distance monitoring and for on-site monitoring of your SHOP activities (including monitoring of your consortium members and affiliates). If you or your affiliates propose pre-purchase homebuyer counseling and/or post-purchase homebuyer counseling, you must also include separate budget line items for providing each type of counseling. Note that pre-purchase and post-purchase counseling must be financed with leveraged funds. If the values of sweat

equity; donated land, materials and professional services; and/or volunteer labor contributions are included in your total budget, you must include a separate budget line item for each type of contribution under the appropriate budget category and enter the amount in the appropriate budget column. You must also identify the indirect cost rate you will use, if applicable. On the HUD-424-CBW “Grant Application Detailed Budget Worksheet” on the Summary “Analysis of Total Estimated Costs,” enter the total of all Leveraged Funds under “Match.”

d. SHOP Program Performance and Compliance Procedures (up to 10 points). You must demonstrate that you have adequate procedures to ensure that you and your affiliates are performing in a timely and effective manner and in compliance with the requirements of this SHOP NOFA.

(1) Program Performance Procedures (up to 5 points). You must describe your procedures for ensuring that your SHOP program performance and the performance of your affiliates (if applicable) are timely and effective. If you are a consortium, you must describe your procedures for ensuring that the SHOP program performance of each consortium member is timely and effective. You must describe your procedures for determining whether you or your affiliates are at risk of failing to meet your performance goals, schedules and deadlines. You must describe how and when you will shift funds among projects, your consortium members, and your affiliates in order to ensure timely and effective use of your SHOP Grant funds. You must describe any routine reports you will use to track and evaluate your SHOP program performance, including any reports that must be submitted by your consortium members and your affiliates. You must identify your performance measures and indicators. You must describe your procedures for addressing any performance issues and ensuring that corrective actions are taken.

(2) Program Compliance Procedures (up to 5 points). You must describe your procedures for ensuring that your SHOP program performance and the performance of your affiliates (if applicable) is in compliance with the requirements of this SHOP NOFA. If you are a consortium, you must describe your procedures for ensuring that the SHOP program performance of each consortium member is in compliance with the requirements of this SHOP NOFA. You must describe your procedures for determining whether you or your affiliates are at risk of failing to comply with any requirements, including your program compliance standards and criteria, the eligible use of SHOP Grant funds, other SHOP program requirements, and other applicable federal requirements. You must describe any routine reports you will use to track and evaluate your SHOP program compliance, including any reports that must be submitted by your consortium members and your affiliates. You must identify your compliance measures and indicators. You must describe your procedures for addressing any compliance issues and ensuring that corrective actions are taken.

(3) Technical Assistance (if applicable). If you propose to fund inexperienced affiliates, you must describe the technical assistance and other efforts you will employ to mentor these affiliates and develop their capacity to complete their SHOP Grant-assisted units in accordance with your SHOP program requirements, budget and timeframes. Inadequate submissions will result in the deduction of 1 point.

e. Policy Priorities (up to 5 points). You must describe how your proposed SHOP activities further HUD’s policy priorities “Sustainability” and “Capacity Building and Knowledge Sharing.” HUD’s policy priorities are described in detail in the **General Section** Appendix B.

(1) Sustainability (up to 3 points). Refer to the **General Section** Appendix.B.2. for guidance about HUD’s policy priority for “Sustainability.” You will receive up to 3 points based on how well your proposed SHOP activities address each of the following strategies:

(a) Promote Green Building Practices (1 point). You will receive 1 point if at least twenty percent of your SHOP units will be built or rehabilitated to a recognized Green building rating standard by utilizing one of several recognized Green rating programs for new construction or substantial rehabilitation, including such programs as the ENERGY STAR Advanced New Home Construction; Enterprise Green Communities Initiative; the NAHB Green Building Standards; LEED for Homes (for single family); LEED New Construction (for multifamily or commercial development); as well as regionally or locally recognized Green standards such as Earthcraft or Built Green.

(b) Promote Healthy Home Design (1 point). You will receive 1 point if at least twenty percent of your SHOP units will incorporate healthy home design features that meet or exceed the mandatory requirements identified in a Green building standard such as the Enterprise Green Communities - Healthy Living Environment criteria (Category 7), Environmental Protection Agency’s (EPA) Indoor airPLUS specifications or similar requirements in other nationally or locally recognized Green rating programs.

(c) Promote Universal Design (1 point). You will receive 1 point if at least twenty percent of your SHOP units will incorporate universal design principles and /or visitability standards. Refer to the **General Section** I.B.2.(e) for guidance on universal design and visitability standards.

(2) Capacity Building and Knowledge Sharing (up to 2 points). Refer to the **General Section** Appendix B.4. for guidance about HUD’s policy priority for “Capacity Building and Knowledge Sharing.” To receive points for this policy priority, you must describe how you will provide knowledge-sharing experiences that will increase staff capacity to design and implement an effective SHOP program. You will receive up to 2 points based on how well you address each of the following strategies:

(a) Increase Staff Capacity (1 point). You will receive 1 point if you will increase the capacity of your staff, and the staff of your consortium members and affiliates, to implement SHOP activities on time and on budget by delivering ongoing training, technical assistance and other support in program planning and management skills. Skills areas include project design (including developing energy-efficient, water-efficient, Green, healthy and/or universal design housing), financial management, construction management and organizational management (including managing sweat equity and volunteer labor).

(b) Promote Innovative Practices (1 point). You will receive 1 point if you will disseminate innovative and “best” practices, encourage peer learning, and share data among other SHOP Grantees, self-help homeownership housing organizations, and your affiliates and consortium members; and/or incubate and test new approaches to self-help homeownership housing development.

f. Section 3 Procedures (up to 2 points). You must describe the procedures you have in place to ensure compliance with the Section 3 requirements that apply to the activities that you will undertake and to the activities that your individual affiliates will undertake. You must describe how you will

inform affiliates of their responsibilities under Section 3 and how you will monitor their compliance. You must describe how you and your affiliates will outreach to Section 3 residents and businesses. You must describe whether you will provide new employment or job training opportunities for Section 3 residents that exceed the minimum Section 3 requirements (consistent with existing federal, State and local laws and regulations). You must describe whether you will award new contracts for housing rehabilitation, housing construction, or other public construction projects to Section 3 business concerns that exceed the minimum Section 3 requirements. You will receive 1 point for describing how you will provide job training and employment opportunities. You will receive 1 point for describing how you will provide business and contracting opportunities. Refer to SHOP NOFA Section VI.D.5. “Economic Opportunities for Low- and Very- Low-Income Persons” for additional guidance.

4. Rating Factor 4: Leveraging Resources (up to 10 points)

This Rating Factor evaluates your ability to secure firm commitments of leveraged resources to implement your proposed SHOP activities. HUD will consider your previous success in securing leveraged resources, and your strategy for securing the resources needed to develop the number of SHOP units you propose in your SHOP application. Grants, loans, in-kind contributions, donated land, donated construction materials, and donated professional services count as leveraged resources. Leveraged resources do not include the dollar value of homebuyer sweat equity and volunteer labor contributions. Leveraged resources do not include mortgage financing provided to homebuyers. However, financing provided through the U.S. Department of Agriculture’s Section 502 program for direct loans to homebuyers for the construction of their dwellings as part of a mutual self-help homeownership housing program counts as leveraged resources. Note that the following do not constitute “firm” commitments of leveraged resources: unsigned, undated, or outdated documents; documents only expressing general support of your organization or your SHOP application; documents that do not state the dollar value of the leveraged resources; or documents that do not link the leveraged resources to your FY2013 SHOP application or specific projects in your application.

Content Requirements for Rating Factor 4

a. Success in Obtaining Leveraged Resources (up to 6 points). You must describe your previous success in securing leveraged resources for your self-help homeownership housing program during the most recent five year period. You must identify the dates for your five year period which should be the same period as stated in response to Rating Factor 1. For each year, you must identify your total budget, the total dollar value of the leveraged resources required, the total dollar value of the leveraged resources firmly committed, and the total dollar value of the leveraged resources received. If you are a current SHOP Grantee, for each year you must also identify your ratio of SHOP Grant funds to the leveraged resources received. If all of your required leveraged resources have not been firmly committed, you must describe the steps you have taken or are taking to secure these funds.

You must submit a supplemental chart “Leveraged Resources Committed and Received Chart” that lists for each year, each leveraged resource that has been firmly committed and received. Leveraged resources of the same resource type that are from the same general funding source may be combined. This chart should be in an EXCEL format. This chart must be provided in an Appendix to your application. This Appendix does not count towards your application page limit. The first column must list the general funding source for each leveraged resource that has been firmly committed (applicant,

private for-profit, private non-profit, state government, local government, federal government, or other (specify)). For federal funding sources, you must separately list each federal program source by agency (e.g. HUD HOME, HUD CDBG, USDA Sec. 502 etc.). The second column must identify the type of leveraged resource as either cash (grants, loans, or cash gifts/contributions) or non-cash gifts in kind (donated land, donated construction tools, equipment or materials, donated products or appliances, donated professional services or other). The third column must provide the total dollar value of the leveraged resource. The fourth column must provide the date that the leveraged resource was firmly committed. The fifth column must provide the total dollar value of the leveraged resource actually received or drawdown. You may also add a column to provide a note or explanation.

b. Leveraged Resources Strategy (Up to 4 points).

You must describe your strategy for securing the amount of leveraged resources you need in order to develop the number of SHOP units you propose in your SHOP application. The total amount of the leveraged resources must be the same as the total amount shown on the HUD-424-CB and HUD-424-CBW that you submitted in response to Rating Factor 3. You must demonstrate that the leveraged resources you will secure will be sufficient to develop the number of units proposed in your SHOP application. Your leveraged resources must total at least 50 percent of your total SHOP budget.

You must submit a supplemental chart “Leveraged Resources Proposed Chart” that lists the leveraged resources which you have secured or propose to secure. Leveraged resources of the same resource type that are from the same general funding source may be combined. This chart should be in an EXCEL format. This chart must be provided in an Appendix to your application. This Appendix does not count towards your application page limit. The first column must list the general funding source for each leveraged resource that you have secured or propose to secure (applicant, private for-profit, private non-profit, state government, local government, federal government, or other (specify)). For federal funding sources, you must separately list each federal program source by agency (e.g. HUD HOME, HUD CDBG, USDA Sec. 502 etc.). The second column must identify the type of leveraged resource as either cash (grants, loans, or cash gifts/contributions) or non-cash gifts in kind (donated land, donated construction tools, equipment or materials, donated products or appliances, donated professional services or other). The third column must provide the total dollar value of the leveraged resource. The fourth column must provide the date that the leveraged resource was firmly committed (if applicable). The fifth column must provide the date that you estimate the leveraged resource will be firmly committed (if applicable). The sixth column must describe the steps you have taken or are taking to secure those leveraged resources that have not been firmly committed. The seventh column must indicate whether you have previously raised similar amounts of leveraged resources from the identified funding source, and the specific amount. You may also add a column to provide a note or explanation.

5. Rating Factor 5: Achieving Results and Program Evaluation (up to 10 points)

This Rating Factor evaluates whether you have an effective procedure for monitoring your SHOP program performance and compliance. This factor also evaluates whether you have an effective process for evaluating the impact and effectiveness of your SHOP program. HUD will consider the quality of your monitoring procedures, the frequency and type of your monitoring reviews, your process for corrective actions, the quality of your evaluation plan, the relationship of your goals to the needs that you identify, and how you will use your evaluation results. HUD will require SHOP Grantees to submit

periodic progress reports on their SHOP program achievements. HUD will also require Grantees to submit periodic reports on their monitoring results and program evaluation results.

Content Requirements for Rating Factor 5

a. Monitoring Procedures (up to 5 points). You must describe how your distance monitoring and on-site monitoring reviews and schedule (described in your SHOP Program Design and Scope of Work) will ensure that your SHOP program is undertaken in a timely manner and in compliance with the requirements of this SHOP NOFA. You must describe your review protocols for your distance monitoring reviews and for your on-site monitoring reviews, including the number and type of records you will examine (e.g., financial, beneficiary, eligibility, property standards and inspections, fair housing and affirmative marketing, Section 3 employment etc.), the number of visual unit inspections you will conduct, and the number and type of beneficiary satisfaction surveys or interviews you will undertake. You must also describe the corrective actions you will require should a monitoring review reveal a program deficiency or a violation of the requirements of the **General Section**, this SHOP NOFA or your SHOP Grant Agreement, including financial, statutory, civil rights or programmatic requirements.

You must describe how you will meet your obligation to monitor each consortium member and affiliate at least once during your SHOP Grant Term and to conduct more than 50 percent of these monitoring reviews on-site. You must identify the percentage of consortium members and affiliates that you will monitor on-site and describe your criteria for selecting these entities. You must identify the number of monitoring reviews you will conduct (including any on-site reviews) before your SHOP Grant Term has ended. You must identify the number of monitoring reviews you will conduct (including any on-site reviews) after your SHOP Grant Term has ended, but before your SHOP Grant Final Close Out (i.e. completion and conveyance of all of your SHOP units). You must describe your criteria for making this determination. Refer to SHOP NOFA Section IV.B.7.c.(19) “Monitoring Schedule” for additional guidance.

b. Evaluation Plan (up to 5 points). You must describe your process for evaluating the impact and effectiveness of your SHOP program design in achieving your SHOP goals. Goals are the results or outcomes you hope to accomplish. You must identify your quantifiable SHOP program goals. You must identify both your primary and secondary goals. For example, the primary goals of your SHOP program may be an increase in homeownership in your target areas by 10 percent, a reduction in the annual housing cost for SHOP homebuyers to no more than 30 percent of monthly income, and/or a decrease in the amount of time it takes to complete an average SHOP unit by three months. A secondary goal of your SHOP program may be to increase the number of Section 3 businesses receiving SHOP contracts by 10 percent. You must describe how your goals are related to the needs you identified in Rating Factor 2. You must identify the quantifiable output indicators or measures you will use to determine whether your SHOP program design is achieving your goals. You must describe how you will collect this data. You must describe how often you will collect this data. You must describe how you will use the results of your evaluation process to improve your SHOP program impact and effectiveness.

6. Bonus Points Factor: Preferred Sustainable Communities Status (2 points) (no page limit). You will receive 2 bonus points if you are working in the following ways with one or more communities that

have received Preferred Sustainability Status under HUD’s Sustainable Communities Regional Planning Grant Program and/or the HUD funded Challenge Grant Program for FY2010 and FY2011, or have been certified under HUD’s Notice of Preferred Sustainability Status Certification (hereafter referred to as the Preferred Sustainability Status Communities).

a. Livability Principles. Your proposed activities either directly reflect the Livability Principles cited and contained in the **General Section V.A.1.b** and Appendix B or will result in the delivery of services that are consistent with the goals of the Livability Principles; and

b. Ongoing Relationship. You have committed to maintaining an on-going relationship with one or more HUD Preferred Sustainability Status Communities for the purposes of being part of the planning and implementation processes in the designated area.

You must submit a completed “Certification of Consistency and Nexus between Activities Proposed by the Applicant with Livability Principles Advanced in Preferred Sustainability Status Communities” (HUD-2995 form) for one or more communities, in order for your application to be considered for Preferred Sustainable Communities Status bonus points. The HUD-2995 must be signed by the applicant’s authorized representative. You must include this certification(s) in an Appendix to your application. This Appendix does not count towards your application page limit. Each certification must be signed and dated any time from the date of the publication of the FY2013 SHOP NOFA on Grants.gov to the deadline date for submitting your FY2013 SHOP NOFA application. HUD will not accept any certification signed before or after these dates. More guidance can be found in **General Section V.A.1.b**.

B. Review and Selection Procedures

1. Technical Deficiencies. After the SHOP application deadline date and consistent with regulations in 24 CFR part 4, subpart B, HUD will not consider any unsolicited information you may provide. However, HUD may contact you to clarify an item in your application or to correct a curable technical deficiency. In order not to unreasonably exclude applications from being rated and ranked, HUD may also contact applicants to ensure proper completion of the application. HUD will do so on a uniform basis for all applicants. However, HUD will not seek clarification of items or responses that improve the substantive quality of your response to any Rating Factor.

Examples of curable (correctible) technical deficiencies include inconsistencies in the funding request or a failure to submit certifications. In each case, HUD will notify you in writing by describing the clarification or technical deficiency and provide instructions for submitting corrections. Applicants will have 14 calendar days in which to provide the missing information requested by HUD. You must submit your corrections by fax using the Facsimile Transmittal (form HUD-96011) from your application package as the cover sheet to your faxed material. You must indicate the name of the document transmitted and the technical deficiency you are correcting. If you have to submit multiple documents, you must submit each document separately using the Facsimile Transmittal form as the cover page for each document. HUD will match the faxes received to your application using the ID number on your Transmittal cover page. Refer to the **General Section V.B.(2)** for additional information on the process for correcting deficient applications and submitting faxes.

2. Rating. HUD will rate all eligible applications that meet the Threshold requirements against the criteria in Rating Factors 1 through 5 and assign a rating score. The maximum total rating score for the five Rating Factors is 100 points. HUD will award two bonus points to applicants that meet the Preferred Sustainable Communities Status criteria.

3. Minimum Rating Score. Applicants must receive at least 20 points under Rating Factor 1 “Capacity of the Applicant and Relevant Organizational Staff” and a total rating score of 75 points or more for Rating Factors 1 through 5 (without the Preferred Sustainable Communities Status bonus points) to be eligible for funding. HUD will reject any application that does not meet these minimum rating score requirements.

4. Past Performance. HUD will consider an applicant’s past performance when making funding decisions. HUD may consider information contained in your SHOP application as well as information available from HUD’s records, the name check review, public sources such as newspapers, Inspector General or Government Accountability Office reports or findings, or hotline or other complaints that have been proven to have merit. Inadequate management, accountability, performance, or compliance may result in a reduced grant award. Examples of indicators that HUD will consider include unresolved audit findings, unresolved monitoring findings, untimely or incomplete submissions, significant delays in meeting performance targets, and deobligation of SHOP Grant or other funds. In general, HUD will consider available information from the prior five federal fiscal years. Also refer to the **General Section V.A.1.d.**

5. Ranking and Selection Procedures. After adding any bonus points for Preferred Sustainable Communities Status, HUD will place eligible applications that meet the minimum rating score requirements in ranked order. HUD will consider ranked order, funds availability, past performance, and support for HUD’s policy priorities in the selection and funding of applications.

VI. AWARD INFORMATION

A. Grant Award

1. Award Amount. HUD will not fund any portion of an application that is ineligible for funding under the requirements of this SHOP NOFA. The minimum grant award shall be the amount necessary to fund eligible SHOP activities for at least 30 units at an average investment of not more than \$15,000 per unit for land acquisition and infrastructure improvements, or a lesser amount if lower per unit costs are reflected in your SHOP application. If any funds remain after all grant award selections have been made, these remaining funds may be available for subsequent SHOP competitions. HUD reserves the right to fund less than the amount requested by any applicant based on the application’s rank, the applicant’s past performance, and the amount of funds requested relative to the total amount of available funds; and/or fund less than the full amount requested by any applicant to ensure a fair distribution of the funds and the development of housing on a national, geographically diverse basis as required by the SHOP statute.

2. Debriefing. Beginning 30 days after the awards for SHOP assistance are publicly announced through a period of at least 120 days, upon the request of an applicant HUD will provide the applicant with a debriefing concerning HUD’s application review. The applicant’s authorized official whose signature

appears on the SF-424, (or his or her successor) must submit a debriefing request to HUD in writing or by e-mail. This request must be submitted to Ms. Ginger Macomber, SHOP Program Manager, Office of Affordable Housing Programs, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7162, Washington, DC 20410-7000 or ginger.macomber@hud.gov. Information that HUD will provide during the debriefing will include the final score the application received for each Rating Factor, HUD's final evaluation comments for each Rating Factor, and HUD's final determination concerning the basis upon which the requested amount of SHOP Grant funds was provided or denied.

B. Administrative and Financial Requirements. Grantees are required to comply with the administrative and financial requirements of the following federal regulations and OMB circulars. Copies of these OMB Circulars may be obtained from EOP Publications, New Executive Office Building, Room 2200, Washington, DC 20503, telephone 202-395-3080 (this is not a toll-free number) or 800-877-8339 (toll-free TTY Federal Relay Service) or from the website at www.whitehouse.gov/omb/circulars/index.html.

1. 2 CFR Part 230: "Cost Principles for Non-Profit Organizations" (OMB Circular A-122);

2. 24 CFR Part 84: "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations" except for the program income requirements found at 24 CFR 84.24 and those requirements that apply to the disposition of real property found at 24 CFR 84.30 through 24 CFR 84.37.

3. OMB Circular A-133: "Audits of States, Local Governments, and Non-Profit Organizations"

C. Reporting and HUD Evaluations

1. Quarterly and Annual SHOP Reports. In accordance with HUD's instructions, Grantees are required to submit quarterly and annual SHOP reports to HUD that provide data on: the status of the Grantee's SHOP program; SHOP unit characteristics; income, racial and ethnic composition of SHOP homebuyers; SHOP Earnings; and other performance indicators. Grantees must submit these reports until all SHOP properties are completed and conveyed (SHOP Grant Final Close Out). HUD may also require Grantees to submit reports on a Grantee's monitoring results, evaluation results, and responses to HUD management questions.

2. Section 3 Reporting. Grantees are required to submit annual Section 3 data using form HUD-60002 to HUD, Office of Fair Housing and Equal Opportunity, 451 Seventh Street, SW, Room 5232, Washington, DC 20410, Attn: Economic Opportunity Division, or HUD's online system at <http://www.hud.gov/offices/fheo/section3/section3.cfm>.

3. Recipient Reporting to Meet the Requirements of the Federal Funding Accountability and Transparency Act of 2006. Refer to **General Section III.C.4.v.** for guidance.

4. Recipient Reporting in Compliance with Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), hereafter referred to as "Section 872." Section 872 requires the establishment of a government-wide data system, the "Federal Awardee Performance and Integrity Information System (FAPIIS)." This data system contains information

related to the integrity and performance of entities awarded federal financial assistance. Federal officials also will use this data system in making awards. OMB is in the process of issuing regulations regarding federal agency implementation of the Section 872 requirements. HUD may issue a technical correction to the **General Section** when these regulations are promulgated.

5. HUD Evaluations. Grantees may be required to participate in HUD program evaluations and research studies.

D. SHOP Program Requirements. The Grantee and its affiliates must comply with all statutory and regulatory requirements applicable to SHOP cited in the **General Section III.C.**, including compliance with all civil rights, fair housing, non-discrimination, and other laws, and requirements cited in the **General Section III.C.4.** The Grantee and its affiliates must also comply with the other statutory and SHOP requirements cited in this SHOP NOFA, including but not limited to:

1. Grant Term. The SHOP statute requires the Secretary “to recapture any grant amounts provided to the organization that are not used within 24 months after the amounts are first disbursed to an organization or consortium except that such period shall be 36 months...in the case of grant amounts provided to a local affiliate...that is developing five or more dwellings.” The Grantee (including all consortium members) must expend all SHOP Grant funds within 24 months of the date that the SHOP Grant funds are first made available for drawdown in the Grantee’s line of credit established by HUD, except that SHOP Grant funds provided to an affiliate that develops five or more SHOP units (and SHOP Grant funds used by the Grantee for directly related administrative costs) must be expended within 36 months of the date that the SHOP Grant funds are first made available for drawdown in the Grantee’s line of credit established by HUD.

2. Timely Performance. The Grantee and its affiliates must develop and convey all proposed SHOP units in a timely manner in accordance with the schedule the Grantee submits in response to SHOP NOFA Rating Factor 3, or as subsequently may be amended with HUD approval. HUD anticipates that the Grantee and its affiliates will convey most SHOP units no later than one year after the end of the applicable Grant Term.

3. Affirmatively Furthering Fair Housing (AFFH). The Grantee must take steps to affirmatively further fair housing by promoting fair housing rights and fair housing choice in housing programs funded by the Grantee’s SHOP Grant. When the Grantee will carry out self-help homeownership housing activities under its SHOP Grant, the Grantee must adopt and follow affirmative marketing requirements and procedures. When the Grantee’s affiliates will carry out self-help homeownership housing activities under the Grantee’s SHOP Grant, the Grantee must require each affiliate to adopt and follow affirmative marketing requirements in accordance with the Grantee’s established procedures. The Grantee and its affiliates must also encourage racial and ethnic diversity in the selection of SHOP unit sites. If the Grantee will use a competitive process to select affiliates, the Grantee’s selection criteria must consider how an affiliate’s proposal will enhance racial and ethnic diversity. Refer to the **General Section III.C.4.b.** for more information on affirmatively furthering fair housing.

4. Accessibility for Qualified Individuals with Disabilities. The Grantee and its affiliates must comply with Section 504 of the Rehabilitation Act of 1973 and HUD’s implementing regulations at 24 CFR part 8 concerning accessibility for qualified individuals with disabilities. SHOP units must be

newly constructed or rehabilitated to be accessible upon request of the homebuyer in accordance with 24 CFR 8.29.

5. Economic Opportunities for Low- and Very Low-Income Persons (Section 3). The Grantee and its affiliates must comply with Section 3 of the Housing and Urban Development Act of 1968 (Section 3), 12 U.S.C. 1701u (Economic Opportunities for Low- and Very Low-Income Persons in Connection with Assisted Projects), and the HUD regulations at 24 CFR part 135, including the reporting requirement of Subpart E. Under Section 3 of the Housing and Urban Development Act of 1968, to the greatest extent feasible, new employment or job training opportunities created in connection with housing rehabilitation, housing construction, or other public construction projects must be given to Section 3 residents. In addition, to the greatest extent feasible, new contracts for housing rehabilitation, housing construction, or other public construction projects must be awarded to Section 3 business concerns. Refer to the regulations implementing Section 3 at 24 CFR part 135 and to the **General Section III.C.4.d.** for more information.

Because SHOP Grant funds can only be used for land acquisition and infrastructure improvements, Section 3 requirements apply only to SHOP projects for which the amount of SHOP Grant funds for the infrastructure improvements (together with any other covered Section 3 housing and community development assistance for infrastructure) meets the threshold amount of \$200,000. Since the maximum average SHOP investment for land acquisition and infrastructure is \$15,000 per unit, Section 3 would generally only apply to entities undertaking infrastructure improvements for 14 units or more under an individual SHOP contract, where the entire SHOP Grant amount together with any other Section 3 housing and community development assistance is \$200,000 or more for infrastructure. The number of units may vary if the amount of assistance per-unit decreases. Successful applicants will be required to submit annual Section 3 data using form HUD-60002 to HUD, Office of Fair Housing and Equal Opportunity, 451 Seventh Street, SW, Room 5232, Washington, DC 20410, Attn: Economic Opportunity Division, or HUD's online system at <http://www.hud.gov/offices/fheo/section3/section3.cfm>.

6. Real Property Acquisition and Relocation. SHOP projects are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) (42 U.S.C. 4601-4655), and the government-wide implementing regulations issued by the Federal Highway Administration at 49 CFR part 24. The URA is a federal law that prescribes requirements that must be satisfied when real property is acquired for a federally-funded project. The URA also prescribes relocation assistance and payments that must be provided to persons displaced as a result of acquisition, rehabilitation or demolition of real property for a federally-funded project. The Grantee and its affiliates must comply with all applicable URA requirements. As required by Section 504 of the Rehabilitation Act (29 U.S.C. 794) and 49 CFR part 24, replacement dwellings must also contain the accessibility features needed by displaced persons with disabilities. Refer to the **General Section III.C.4.i.** for more information on real property acquisition and relocation. Additional resources and guidance pertaining to real property acquisition and relocation for HUD-funded programs and projects are available on HUD's Real Estate Acquisition and Relocation website at <http://www.hud.gov/relocation>. You will find applicable laws and regulations, policy and guidance, publications, training resources, and a listing of HUD contacts if you have questions or need assistance.

7. Environmental Review. The Grantee and its affiliates must comply with the SHOP environmental review requirements. The SHOP environmental review requirements supersede the environmental review requirements in the **General Section**. All SHOP assistance is subject to the National Environmental Policy Act of 1969 and related federal environmental authorities and regulations at 24 CFR part 58. The Grantee and its affiliates must not undertake any project or activity or commit federal or non-federal funds or assistance to a project or activity that could limit reasonable choices or could produce an adverse environmental impact, until all required environmental reviews and notifications have been completed, and HUD approves the Grantee's request for release of funds under the environmental provisions contained in 24 CFR part 58 or 24 CFR part 50, as applicable. Notwithstanding the preceding sentence, in accordance with section 11(d)(2)(A) of the Housing Opportunity Program Extension Act of 1996 and HUD Notice CPD-01-09, you or your affiliate may advance non-grant funds to acquire land before completion of an environmental review and HUD's approval of a request for release of funds and environmental certification. Any advances to acquire land prior to such approval are made at the risk of you and/or your affiliate, and reimbursement from SHOP Grant funds for such advances will depend on the result of the environmental review and award of SHOP Grant funds under this SHOP NOFA. Refer to SHOP NOFA Section IV.E. "Funding Restrictions" for additional guidance.

8. Occupational Safety and Health. The Grantee and its affiliates must conduct work under this grant in accordance with the Occupational Safety and Health Administration regulations (29 CFR 1926.62) that apply to the employees of the Grantee and its affiliates.

9. Lead Safe Requirements. The Grantee and its affiliates must comply with the Lead-Based Paint Poisoning Prevention Act (42 USC 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 USC 4851-4856), and relevant subparts of the implementing regulations at 24 CFR part 35, including subparts A, B, J, K and R. The Grantee and its affiliates must also comply with the applicable lead safe work practices requirements of the Environmental Protection Agency's (EPA) Renovation, Repair and Painting Rule (40 CFR part 745, subpart E). Additional guidance is available at: <http://www.epa.gov/lead/pubs/renovation.htm>).

10. Indoor Air Quality. The Grantee and its affiliates are encouraged to comply with the Environmental Protection Agency's (EPA) Indoor airPLUS specifications so that the Grantee's SHOP units provide improved indoor air quality. Additional guidance is available at: http://www.epa.gov/indoorairplus/construction_specifications.html).

E. Standards for Administrative and Financial Control

1. Financial Management Systems. The Grantee and its affiliates must comply with the requirements of 24 CFR 84.21 "Standards for Financial Management Systems."

2. Cost Principles. The Grantee and its affiliates must comply with the requirements of 2 CFR Part 230 "Cost Principles for Non-Profit Organizations" (OMB Circular A-122).

3. Uniform Administrative Requirements. The Grantee and its affiliates must comply with the requirements of 24 CFR part 84 "Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations," except that the program income requirements found at

24 CFR 84.24 do not apply to the SHOP Grant. The disposition of real property requirements found at 24 CFR 84.32(c) shall apply when a SHOP property is not transferred to an eligible SHOP homebuyer in accordance with the terms of the SHOP Grant Agreement.

4. Audits. The Grantee and its affiliates must comply with the requirements of OMB Circular A-133 “Audits of States, Local Governments, and Non-Profit Organizations.” The Grantee must submit a copy of the required audit report to HUD when the Grantee submits the report to the federal audit clearinghouse.

5. Earnings. “Earnings” means any interest, fees, loan repayments or other income directly generated by the use of SHOP Grant funds that are received by the SHOP Grantee (including consortium members). Earnings also include affiliate repayments to the Grantee of principal and interest on a loan made to the affiliate with SHOP Grant funds. Such loan repayments are Earnings received by the Grantee, even when deposited into a revolving loan fund account. Any income directly generated by the use of Earnings is also Earnings. The Grantee must use all Earnings received as of the SHOP Grant Term expiration date for SHOP eligible activities, in accordance with the Grantee’s SHOP Grant Agreement. The Grantee must report to HUD on the use of these Earnings in accordance with HUD’s instructions. Any Earnings that are received by the Grantee after the SHOP Grant Term expiration date are not subject to the SHOP requirements. These Earnings must be used for affordable housing activity. The Grantee may define affordable housing activity.

VII. Agency Contact(s)

Before the FY2013 SHOP NOFA application deadline date, HUD staff may provide you with general guidance and technical support. However, HUD staff are not permitted to assist you in preparing your SHOP application. For general guidance about the requirements of this SHOP NOFA, you may contact Ms. Ginger Macomber, SHOP Program Manager, Office of Affordable Housing Programs, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7162, Washington, DC 20410-7000, telephone (202) 402-4605 (this is not a toll-free number). This number can be accessed via TTY by calling the toll-free Federal Relay Service Operator at 800-877-8339. For technical support for downloading an application or electronically submitting an application, please call the Grants.gov Customer Support Center at 800-518-GRANTS (this is a toll-free number) or send an e-mail to support@grants.gov.

VIII. Other Information


A. NOFA General Section. The **General Section** is incorporated by reference into this SHOP NOFA, except as expressly revised by this SHOP NOFA. For information concerning Executive Order 13132, “Federalism,” and Sections 102 and 103 of the HUD Reform Act, refer to **General Section VIII. “Other Information.”** You should carefully review the **General Section**, as well as this SHOP NOFA.

B. Paperwork Reduction Act. The information collection requirements contained in this document were 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 2506-0157. 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. The

public reporting burden for the collection of information is estimated to average 265.5 hours per annum per respondent for the preparation and submission of the SHOP application in response to this SHOP NOFA. The information will be used by HUD to select SHOP Grantees and award SHOP Grant funds. A response to this request for information is required in order to apply for the benefits to be derived.

C. Environmental Impact. A Finding of No Significant Impact (FONSI) with respect to the environment has been made for this NOFA in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI can be found on HUD's web page under "Funds Available; SHOP Program" at [http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail under FY2013](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail_under_FY2013)

Date: January 10, 2013



Mark Johnston

Deputy Assistant Secretary for Special Needs Programs

[FR-5700-N-11]