



## MEMORANDUM

May 7, 2019

To: Housing Clients

From: HOBBS, STRAUS, DEAN & WALKER, LLP

Re: ***HUD Releases NOFA for IHBG Competitive Funding Grants***

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On May 7, 2019, HUD ONAP released the Notice of Funding Availability (NOFA) for both FY2018 and FY2019 IHBG Competitive funding grants, for a total of \$198 million (\$1 million from each year goes to HUD to administer the program). You can access the NOFA through this link: [https://www.hud.gov/sites/dfiles/SPM/documents/FR-6300-N-48-IHBG\\_NOFA\\_Final.pdf](https://www.hud.gov/sites/dfiles/SPM/documents/FR-6300-N-48-IHBG_NOFA_Final.pdf). Here is a summary of the main details of the NOFA:

### ***A. General Eligibility Issues***

- Deadline for electronically submitted applications: August 8, 2019, 11:59 PM EDT.
- Ceiling for proposals: \$5 million.
- Minimum amount of proposal: \$100,000.
- Applications can be submitted by a Tribe or TDHE, but if the application is submitted by a TDHE on behalf of an Indian tribe(s) *it must include a tribal resolution(s) authorizing the TDHE to submit an application on behalf of the tribe(s)*.
- An Indian tribe that authorizes a TDHE to apply on its behalf may not also submit its own application for funding. Such application will not be evaluated.
- No cost sharing, matching or leveraging is required.
- Applicants must document the requested Federal funding amount on line 18a of the Application for Federal Assistance (SF-424).
- Applicants subject to the audit reporting requirements of 2 CFR Part 200, Subpart F must not have any delinquent audit report submission or any delinquent open HUD-ONAP audit findings pertaining to financial management, accounting, and internal controls during the one-year period immediately preceding the date that the NOFA is published. Delinquent open audit findings are those in which the target date or revised target date has been exceeded.
- Additionally, if HUD discovers that an applicant has delinquent audit findings or significant and material audit findings with target dates or revised target dates that have been exceeded at the time that the application is reviewed and evaluated, the application will not be evaluated.

## B. Evaluation Criteria

The NOFA sets out the rating and preference criteria that HUD will apply in assessing applications. Two of the factors are “threshold factors,” and if an applicant does not obtain enough points under those factors, HUD will reject the application without any further analysis. The NOFA contains much more detail on each factor. Factor 3 gets a lot of weight, and it is important to demonstrate that your project meets the criteria of spurring construction or rehabilitation.

- Threshold Rating Factors:
  - Applicants must receive minimum scores of 15 points (out of a total of 20) for Rating Factor 1-Capacity of the Applicant, and 20 points (out of a maximum of 40) for Rating Factor 3-Soundness of Approach.
  - Applicants who do not meet the minimum score for each of these rating factors will be ineligible to receive a grant under this competition.
  
- Complete List of Rating Factors and Maximum Points:
  - *Factor 1. Capacity of Applicant:* *20 points*
    - Management and Technical staff 4 points
    - Procurement and Contract Mgt. 4 points
    - IHBG Expenditures 4 points
    - Findings 4 points
    - Timely reporting 4 points
  
  - *Factor 2. Need/Extent of the Problem:* *20 points*
    - Identified needs/other supporting data 8 points
    - Project beneficiaries 3 points
    - Past efforts to address need 3 points
    - Current funding assessment 3 points
    - Sustainability 3 points
  
  - *Factor 3. Soundness of Approach* *40 points*
    - IHBG competitive priorities 10 points
    - Project implementation plan 10 points
    - Project schedule and readiness 10 points
    - Budget 10 points
  
  - *Factor 4. Leveraging Resources* *5 points*
  
  - *Factor 5. Comprehensiveness and Coordination* *15 points*
    - Coordination 10 points
    - Outputs and outcomes 5 points
  
  - *Preference Points for Opportunity Zones* *2 points*
  
  - *Preference Points for Promise Zones* *2 points*

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. An applicant can receive Preference Points if it scores a minimum of 75 points for the five Rating Factors. HUD will award two Preference Points to applicants that meet the Opportunity Zones criteria. An applicant can receive a possible total of 104 points which includes Rating Factors 1 through 5 and Preference Points. HUD will review and rate each application that meets the acceptance criteria and threshold requirements. Once all applications are rated, HUD will conduct a review to ensure consistency in the application rating.

After adding any Preference Points, HUD will place eligible applications that meet the minimum rating score requirements in ranked order. Funds will be awarded in rank order based on the score received on the application submitted under this NOFA, starting with FY2018 and continuing with FY2019 funds. Applicants within the fundable range of 75 or more points will be considered for funding in ranked order up to the amount requested, or a lesser amount if sufficient funds are not available. Meeting the minimum score of 75 points does not guarantee a funding award will be made. HUD also reserves the right to adjust funding to meet urgent policy priorities. HUD reserves the right to issue a supplemental or independent NOFA if necessary (e.g., to ensure that all appropriated funds are awarded).

At its discretion, if HUD determines that there are not enough funds available to fully fund a project as proposed by a successful applicant, then HUD may contact the applicant to determine whether revisions can be made to the program budget and workplan to reflect the actual award offer. If it is not possible to agree on a revised program budget and workplan, then an award will not be made to that applicant. In such an instance, HUD may offer an award, in a rank order, to another applicant. HUD may also select additional projects for funding, in rank order, if additional funds become available.

Tiebreakers: When rating results in a tie among projects and there is not enough money to fund all tied projects, HUD will approve projects that can be fully funded over those that cannot be fully funded. When that does not resolve the tie, HUD will use the following factors in the order listed to resolve the tie:

- Projects that address IHBG Competitive Priorities: HUD will prioritize projects according to the rating criteria order of Subfactor 3.1.
- Applicants that score the highest cumulative points for Rating Factor 1 and Rating Factor 2.

IHBG Competitive Grant Progress and Performance: The NOFA also contains a provision requiring that funding recipients “make significant progress by September 30, 2021.” Failure to do so “may constitute substantial noncompliance under 24 CFR 1000.534.” HUD will review the circumstances of each grantee on a case by case basis to determine if the noncompliance is substantial.

The NOFA states that HUD anticipates taking four to six months to review the applications and make announcements on awards.

Please contact Ed Clay Goodman at (503) 242-1745 or by email at [egoodman@hobbsstrauss.com](mailto:egoodman@hobbsstrauss.com) if you have any questions.