DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Community Planning and Development

[Docket No. N-95-3878; FR 3874-N-01]

Notice of Funding Availability (NOFA) and Program Guidelines for the Economic Development Initiative (EDI)

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

SUMMARY: This NOFA announces the availability of funds for grants under Section 108(q) of the Housing and Community Development Act of 1974, as amended. HUD reserves the right to award grants under this NOFA up to the maximum amount authorized by law. As of the date of this NOFA and subject to funding availability, HUD intends to award up to \$50 million in EDI funds.

Communities that are authorized to obtain Section 108 loan guarantee commitments to carry out qualifying projects may also be eligible under this NOFA to receive EDI grants. EDI grants are used to enhance the security of the Section 108 guaranteed loan or to improve the feasibility of proposed projects through techniques such as interest rate subsidies, loan loss reserves, etc. The NOFA sets out program guidelines that will govern the application, application review, and award process for this round of EDI grants.

DATES: Applications are due in HUD Headquarters at the address stated below under "Addresses," by April 28, 1995 (the "deadline date"). HUD will not accept applications that are submitted to HUD via facsimile (FAX) transmission. Applications that are mailed prior to the deadline date but not received within ten (10) days after that date will be deemed to have been received by that date if postmarked by the United States Postal Service by no later than April 25, 1995. Overnight delivery items received after the deadline date will be deemed to have been received by that date upon submission of documentary evidence that they were placed in transit with the overnight delivery service by no later than April 27, 1995.

ADDRESSES: On and prior to the deadline date, completed applications will be accepted at the following address: Processing and Control Unit, Room 7255, Office of Community Planning and Development, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, D.C. 20410, Attention: EDI Grant. At close of business on the deadline date, completed applications will also be received in the South lobby of the Department of Housing and Urban Development at the above address (inquire at the security guard desk). However, any application received by the Office of Community Planning and Development in Headquarters, Washington, DC, by the deadline date will be accepted.

FOR FURTHER INFORMATION CONTACT: Paul Webster, Director, Financial Management Division, Office of Block Grant Assistance, Department of Housing and Urban Development, Room 7178, Washington, DC 20410. Telephone (202) 708–1871. The TDD number is (202) 708–2565. (These are not toll-free numbers.)

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act Statement

The information collection requirements related to this program have been approved by the Office of Management and Budget (OMB) and assigned the approval number 2506– 0153.

I. Purpose and Substantive Description

(A) *Authority*. Title I, Housing and Community Development Act of 1974, as amended, (42 U.S.C. 5301–5320) (the "Act"); 24 CFR part 570.

(B) *Definitions*.

CDBG funds means, in addition to those funds specified at § 570.3(e), grant funds received pursuant to Section 108(q).

Economic Development Initiative (EDI) means the provision of economic development grant assistance under Section 108(q) of the Act, as authorized by Section 232 of the Multifamily Housing Property Disposition Reform Act of 1994 (P.L. 103–233) (the "1994 Act").

Economic development project means an activity or activities (including mixed use projects with housing components) that are eligible under the Act and under 24 CFR § 570.703, and that increase economic opportunity for persons of low- and moderate-income or that stimulate or retain businesses or jobs or that otherwise lead to economic revitalization.

Empowerment Zone or Enterprise Community means an urban area so designated by the Secretary pursuant to 24 CFR part 597 (see January 12, 1995 final rule, 60 FR 3034).

Qualifying Empowerment Zone or Enterprise Community area means an urban area designated as an Empowerment Zone or Enterprise Community pursuant to 24 CFR part 597 or nominated by one or more local governments and the State or States in which it is located for consideration of designation as an Empowerment Zone or Enterprise Community pursuant to 24 CFR part 597. The area need not have been designated an Empowerment Zone or Enterprise Community by the Secretary to be a qualifying empowerment zone or enterprise community area, but if it was not so designated it must meet the eligibility requirements for a nominated area pursuant to 24 CFR part 597, subpart B.

Strategic Plan means a strategy developed and agreed to by the nominating local government(s) and State(s) and submitted in partial fulfillment of the application requirements for designation as an Empowerment Zone or Enterprise Community pursuant to 24 CFR Part 597.

Unless otherwise defined herein, terms defined in 24 CFR part 570 and used in this NOFA shall have the respective meanings given thereto in that part.

(C) Background.

EDI is intended to complement and enhance the Section 108 Loan Guarantee program (see 24 CFR §§ 570.700-710 for regulations governing the Section 108 program). This provision of the Community **Development Block Grant (CDBG)** program provides communities with a source of financing for economic development, housing rehabilitation, and large scale physical development projects. HUD is authorized pursuant to Section 108 to guarantee notes issued by CDBG entitlement communities and non-entitlement units of general local government eligible to receive funds under the State CDBG program. **Regulations governing the Section 108** program are found at 24 CFR part 570, subpart M.

The Section 108 program is authorized at \$2.054 billion in loan guarantee authority in Fiscal Year 1995. Under this program communities (and States, if applicable) pledge future years' CDBG allocations as security for loans guaranteed by HUD. The full faith and credit of the United States is pledged to the payment of all guarantees made under Section 108. The Section 108 program, however, does not require CDBG funds to be escrowed for loan repayment. This means that a community can continue to spend its existing allocation for other CDBG purposes, unless needed for loan repayment. The purpose of EDI grant funds is to further minimize the