

C. Fund Assignments

Section 213(d) of the Housing and Community Development Act of 1974 (HCD Act of 1974) requires that funds be allocated on a fair share basis, except for (a) amounts identified as Headquarters Reserve and (b) amounts determined incapable of geographic allocation.

1. Headquarters Reserve

Threshold-approvable applications for housing resulting from unforeseen housing needs resulting from natural and other disasters; housing needs resulting from emergencies, as certified by the Secretary, other than such disasters; housing needs resulting from the settlement of litigation; and housing in support of desegregation efforts shall be assigned Headquarters Reserve funding if available. (Headquarters Reserve amounts are limited in accordance with section 104 of the Department of Housing and Urban Development Reform Act of 1989 (Pub.L. 101-235, approved December 15, 1989), to five percent of the financial assistance that becomes available under the USHA and section 101 of the HUD Act of 1965. Thus, Headquarters Reserve funding decisions will be made by Headquarters and may affect the distribution of grant authority shown above.)

2. Fair Share

Subject to changes which may result from enactment of a rescission law, which could affect the requirement to fair share funds, at least \$100 million will be fair shared to approve category 4 ("other") applications. These fair share funds will be distributed to Areas (formerly Regions) on the basis of the following fair share factors, which reflect the most recent decennial census data as to population, poverty, housing overcrowding, housing vacancies, amount of substandard housing, and other measurable conditions. Any unused assignments will be redistributed, proportional to need, among remaining Areas with approvable unfunded "other" applications. The Department may fair share additional funds later in the fiscal year to fund additional approvable "other" applications submitted in response to this NOFA if the Department determines that such funds will not be required for replacement housing and Headquarters Reserve needs.

Fair share and Headquarters Reserve funds are also subject to the requirement of section 213 of the HCD Act of 1974 that not less than 20 percent nor more than 25 percent of the HUD aggregate program funds covered by the statute be

allocated for use in nonmetropolitan areas. Therefore, public housing development fund allocations to select "other" applications may be modified before assignment in order to ensure Departmental compliance with this statutory and regulatory requirement (see 24 CFR 791.403(a)).

Area	Fair-share factors (%)
New England	6.5
New York/New Jersey	18.1
Mid-Atlantic	8.8
Southeast	13.8
Midwest	15.7
Southwest	8.3
Great Plains	3.8
Rocky Mountain	2.6
Pacific/Hawaii	18.5
Northwest/Alaska	3.9
Total	100.0

3. Non-Fair Share

The Department expects that there will be a substantial demand during the fiscal year for Category 1, replacements for demolition/disposition subject to section 18 of the USHA, and category 2, replacements for homeownership transfers under the Hope I program and homeownership sales under section 5(h) of the USHA. This is projected to occur based on applications for demolition/disposition and homeownership replacement already received, because the Department and a number of PHAs are placing additional emphasis on the demolition and replacement of obsolete family housing which cannot provide a suitable living environment (e.g., obsolete family highrise developments or partial demolition of excessively dense, large and isolated lowrise developments), and because the future availability of a separate allocation of public housing development funding for replacement housing is uncertain. The Department will make all remaining public housing development funds, after subtracting funding for the Headquarters Reserve, \$100 million for "other" applications if these applications are still to be funded (see above) and \$4,066,600 for technical assistance, available as needed for categories 1 and 2. Various conditions regarding commitment of funding for replacement housing are listed in Section III of this NOFA below.

4. Remaining Balances

Any residual funds not reserved under categories 1, 2, 3, and 4 as described above will be added to the funds to be fair shared for any priority "other" approvable applications as determined by the Department.

D. Conformity to Regulations and NOFA Requirements

While conformity with 24 CFR part 941 is required, this funding effort is also subject to the additional specific requirements, consistent with the regulations, that are set forth in this NOFA. Applicants also should consult Handbook 7417.1 REV-1, and the FSS regulations codified at 24 CFR part 962. The selection criteria specified in this NOFA may not be added to or modified.

II. Application Process Overview

A. General

All applications shall be submitted to the appropriate Field Office by the application deadline date. The Field Office shall screen each application for completeness and will provide the PHA a 14-day opportunity to furnish missing technical information or exhibits, or to correct technical mistakes. Each application will then be subjected to a "pass/fail" threshold examination. Approvable category 1, 2, and 3 applications will be reported to Headquarters for further action.

Category 4 passing applications will be forwarded for rating to Rating Panel(s). One or more Rating Panels, comprised of HUD Field representatives appointed by Headquarters, shall be convened for the purpose. Category 4 applications will be rated by the Rating Panel(s) based on Field Office analyses. Headquarters will determine the funds required to approve category 1, 2, and 3 applications and select category 4 applications based on Rating Panel ratings and recommendations.

B. Categories of Applications

Each application must be for one of the following categories:

1. Replacement units for demolition/disposition approvals, subject to section 18 of the USHA (Category 1);
2. Replacement units for HOPE I or section 5(h) homeownership transfers or sales (Category 2);
3. Public housing to be funded from Headquarters Reserve (Category 3); or
4. "Other" development applications intended to increase the public housing stock (Category 4). Category 4 applicants are limited to no more than one application per locality, which may cover multiple sites.

C. Application Approval

1. All category 3 approvable applications will be funded, to the extent the required funds do not exceed statutorily set limits.

2. If there are insufficient funds to fund all category 1 and category 2 approvable applications, the