

(1) Is a private nonprofit organization, consumer cooperative, or Indian Tribe; (2) whose principle purposes include the planning, development, and management of low-income housing; (3) is exempt from Federal income taxes under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code; (4) is not wholly or partially owned or controlled with or by a "for profit" entity; (5) is not a public body, housing authority, limited partnership, limited partnership with a nonprofit general partner; (6) is not coventuring with a "for profit" entity eligible for Section 515 assistance; and (7) is not requesting Low-Income Housing Tax Credits (LIHTC) pursuant to section 42 of the Internal Revenue Code. In order to maximize the number of loans from this reserve, each State may develop one proposal which may not exceed the State's average size (number of units) new construction loan. Funds will be made available on a first-come-first-served basis.

(D) *Targeting Reserve*: An amount of \$12 million has been set aside for loan requests which are located in target areas selected by the State Director, in accordance with Strategic Plan Goals established by the Under Secretary. By December 15, 1995, each State Director will ensure that such target areas are selected. No state may request or receive more than \$1 million from this reserve. A state or jurisdiction may utilize up to \$500,000 of their own allocation in addition to the \$1 million they can receive from the National Office provided they have addressed all repair and rehabilitation needs in their state. No requests received after January 3, 1996, will be considered.

5. Pooling of Funds.

a. *State Office Pooling*. The States which allocate funds by/to Districts are not authorized to pool unobligated funds prior to May 6, 1996.

b. *National Office Pooling*. Unused RRH funds will be placed in the National Office reserve and will be made available administratively. Year-end pooling of all Section 515 RRH loan funds is scheduled for close of business (COB), August 19, 1996.

B. Rental Assistance (RA)

1. *Valuation of New Construction RA*. A total of \$32,200,000 will be available for RRH new construction RA and \$4,600,000 is available for LH new construction RA. These equate to an estimated 3,200 units for the RRH and LH loan programs. All RA units held in the reserves are estimated based on the national weighted average.

2. *Estimated Units Available for Allocation*. The allocation formula

contained in 7 CFR 1940.576 will not provide a proportionate amount of new construction RA in each State to match loan funds available for new unit development and is therefore not utilized in FY 1996. New construction RA allocations, based upon State's requests, are included in this Notice.

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| Estimated total units available | 3,200 |
| Less LH Reserve | 400 |
| Subtotal RRH | 2,800 |
| Less RRH reserve | 1,550 |
| Less RRH base allocation | 0 |
| Less RRH administrative allocation | 0 |

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| Total State Requested RA Units | 1,250 |
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3. *Base Allocation*. No base allocation is provided.

4. *Administrative Allocation*. No administrative allocation is provided.

5. Reserves:

a. *State Office Reserve*. In States which allocate funds and RA, 7 CFR 1940.552(j) authorizes the State Director to hold a reserve. Such reserves, if established, will be limited only to patchouts and loans under the nonprofit or targeted area reserves, and hardships and emergency situations.

b. *National Office Reserve*. 925 units will be held in the National Office reserve. The National Office reserve is available to States for the nonprofit and targeting reserves.

c. *Participation loans and RA*: 625 units of new construction RA have been set aside to provide tenant subsidy on units that may be developed through participation loans, if such loans are authorized. This set aside will be redistributed if participation loans are not authorized.

d. *LH*. The 400 RA units for LH new construction are being retained in a separate LH reserve.

6. Pooling of RA.

a. *State Office Pooling*. The States which allocate RA by or to Districts are not authorized to pool unobligated RA prior to May 6, 1996.

b. *National Office Pooling*. Year-end National Office pooling of RA for RRH is scheduled for COB, August 19, 1996.

7. Availability of the Allocation.

States are authorized to approve up to 100 percent of their RA allocation indicated in this Notice.

8. *Suballocation by the State Director*. RA units may be suballocated to Servicing Offices, at the discretion of the State Director, in accordance with 7 CFR 1940.552(j).

9. *Approval and Obligation of RA*. Loans will only be obligated when sufficient RA to ensure market feasibility can be obligated at the same

time. RA for loans obligated in a prior FY is not authorized.

III. Farm Labor Housing Loan and Grant Funds (Not Allocated to States)

A. Section 514 Farm LH Loans

Loans are funded in accordance with 7 CFR 1940.579(a).

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| FY 1996 Appropriation | \$15,000,000 |
| Available for Off-Farm Loans | 10,500,000 |
| Available for On-Farm Loans | 1,500,000 |
| National Office Reserve | 3,000,000 |

B. *Section 516 LH Grants*. These grants are funded in accordance with 7 CFR 1940.579(b).

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| FY 1996 Appropriation | \$10,000,000 |
| Available for LH Grants | 7,000,000 |
| Available for Technical Assistance Contracts | 1,000,000 |
| National Office Reserve | 2,000,000 |

C. *National Office Loan and Grant Reserve*. \$5 million National Office loan and grant reserve that will be available until June 30, 1996, or until expended. The reserve will be used for the following purposes on a first-come-first-served basis.

1. *Repair and rehabilitation of LH projects in the portfolio*. Loans and grants are available for the repair and rehabilitation of existing projects that have health and safety violations.

2. *Migrant and migrant/homeless projects*. Funds are available for obligation for proposals under existing regulations that include at least fifty percent of the units to serve migrant farmworkers or the dual populations of migrant farmworkers and the homeless.

3. *Leveraged LH projects*. While some leverage funds should be used in all LH projects to the degree possible and feasible, reserve funds are available for projects that have commitments of non-LH loan and grant funds in excess of 25 percent of total development cost.

D. *RA for LH—New Construction*. This RA is held in a National Office reserve for use with LH loan and grant applications in accordance with paragraph II B of this Notice.

E. Processing Preapplications:

1. In light of the current number of preapplications authorized to be developed into full applications, new Forms AD-622 will be authorized on a limited basis. Those preapplications that fall within the following categories will be accepted for National Office review:

a. Preapplications that are on-hand in the National Office and those that have been reviewed by the State Office and