The requirements of Section 3 have been implemented in 24 CFR part 135 by an interim rule published on June 30, 1994 (59 FR 33866). For purposes of training and employment, the HA may offer opportunities to Section 3 residents in the following priority: (i) residents who reside within the service area as defined in 24 CFR 135.5 and who reside in developments managed by the HA that is expending the assistance; (ii) participants in Youthbuild programs; (iii) where the project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the service area or neighborhood; and (iv) other Section 3 residents. Therefore, at a minimum each HA and each of its contractors and subcontractors receiving funds under this program shall make best efforts to provide HA residents opportunities in connection with housing rehabilitation, housing construction, or other public construction projects.

- (b) For purposes of the requirements under Section 3, a best effort means that the HA shall:
- (1) Attempt to recruit HA residents from the appropriate areas through local advertising media, signs placed at the proposed FIC project site, and community organizations and public or private institutions operating within the development area. The HA shall include in its outreach and marketing efforts, procedures to attract the least likely to apply for this program because it includes construction/renovation/conversion/acquisition type of activities, i.e., low-income households headed by women and persons with disabilities; and
- (2) Determine the qualifications of HA residents when they apply, either on their own or on referral from any source, and employ HA residents if their qualifications are satisfactory and the contractor has openings. If the HA is unable to employ residents determined to be qualified, those residents shall be listed for the first available openings.
- (3) Attempt to contract for services with HA resident-owned businesses and other eligible businesses located in, or owned in substantial part by persons residing in, the area.
- (c) Indian housing authorities that receive funding under this NOFA shall comply with the procedures and requirements of part 135 to the maximum extent consistent with, but not in derogation of, compliance with section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e(b)). (See 24 CFR part 905.)

- (3) Davis-Bacon Requirements. All laborers and mechanics employed by contractors or the HA in renovation, construction, or conversion (including combining of units) on the premises of the HA development to accommodate the provision of supportive services under this program shall be paid not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-276a-5). All architects, technical engineers, draftsmen, and technicians employed with respect to such work shall be paid not less than the wages prevailing in the locality as determined by HUD. These requirements do not apply to volunteers under the conditions set out in 24 CFR part 70.
- (4) Resident Compensation. Residents employed to provide services funded under this program or described in the application shall be paid at a rate not less than the highest of:
- (a) The minimum wage that would be applicable to the employees under the Fair Labor Standards Act of 1938 (FLSA), if section 6(a)(1) of the FLSA applied to the resident and if the resident were not exempt under section 13 of the FLSA;
- (b) The State or local minimum wage for the most nearly comparable covered employment; or
- (c) The prevailing rate of pay for persons employed in similar public occupations by the same employer.
- (5) Treatment of Income. (a) 1937 Act. As provided in section 22(i) of the United States Housing Act of 1937 (1937 Act), no service provided to a HA resident under this program may be treated as income for the purpose of any other program or provision of State, Tribal, or Federal law. Program participation shall begin on the first day the resident enters training or begins to receive services. Furthermore, the earnings of and benefits to any HA resident resulting from participation in the FIC program shall not be considered as income in computing the tenant's total annual income that is used to determine the tenant rental payment during:
- (i) The period that the resident participates in the program; and
- (ii) The period that begins with the commencement of employment of the resident in the first job acquired by the resident after completion of the program that is not funded by assistance under the 1937 Act, and ends on the earlier of:
- (A) The date the resident ceases to continue employment without good cause; or
- (B) The expiration of the 18-month period beginning on the date of

commencement of employment in the first job not funded by assistance under this program.

(6) Reports. Each HA receiving a grant shall submit to HUD an annual progress report, participant evaluation and assessment data and other information, as needed, regarding the effectiveness of FIC in achieving self-sufficiency.

G. Ranking Factors

Each application for grant award will be evaluated if it is submitted as required under Section II.B of this NOFA and meets the eligibility requirements in Section I.E of this NOFA. Applications will be placed in funding categories as follows. Applications submitted for funds that include combination supportive services/renovation, conversion, new construction, or acquisition will be competitively selected based on the highest scores out of a possible 100 points. Applications submitted for funds solely to implement supportive services will be competitively selected based on the highest scores out of a possible 100 points.

Initially, HUD will distribute funds geographically in order to seek diversity through an appropriate mix of public and Indian housing authorities. Grants will be awarded to the two highest ranked eligible applicants in each funding category per HUD State Office. The actual number of awards granted per State Office will be determined based on funding available, and may be less than stated. In addition, grants will be awarded to the two highest ranked eligible IHA applications in each funding category on a nationwide basis. All of the remaining funds will be awarded based on project size and geographical diversity. HUD reserves the right to select lower rated applications, if necessary to achieve geographic diversity or to meet the need for services. (For example, the Department retains the authority to fund additional IHAs in rank order, even though they scored less than PHAs that have not been selected for funding.)

HUD will review and evaluate the application as follows, according to whether the application seeks funds for supportive services only or for combination renovation/conversion/construction/acquisition/supportive services activities.

(1) Combination Renovation/ Conversion/Construction/Acquisition/ Supportive Services Activities (Maximum 100 points).

Applications for funds for these activities will be scored on the following factors:

(a) Evidence of Need [35 Points]