



BILLING CODE (3410-XV-U)

DEPARTMENT OF AGRICULTURE

Rural Housing Service

Notice of Funding Availability (NOFA) of Applications for Section 514 Farm Labor Housing Loans and Section 516 Farm Labor Housing Grants for Off-Farm Housing for Fiscal Year (FY) 2012

AGENCY: Rural Housing Service, USDA.

ACTION: Notice.

SUMMARY: This Notice announces the timeframe to submit pre-applications for Section 514 Farm Labor Housing (FLH) loans and Section 516 FLH grants for the construction of new off-farm FLH units and related facilities for domestic farm laborers and for the purchase and substantial rehabilitation of an existing non-farm labor housing (FLH) property. The intended purpose of these loans and grants is to increase the number of available housing units for domestic farm laborers. This Notice describes the method used to distribute funds, the application process, and submission requirements.

DATES: The deadline for receipt of all applications in response to this Notice is 5:00 p.m., local time to the appropriate Rural Development State Office on [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]. The application closing deadline is firm as to date and hour. Rural Development will not consider any application that is received after the closing deadline unless date and time is extended by another Notice published in the Federal Register. Applicants intending to mail applications must provide sufficient time to permit delivery on or before the closing deadline. Acceptance by a post office or private mailer does not constitute delivery. Facsimile (FAX) and postage due applications will not be accepted.

Applicants wishing to apply for assistance must contact the Rural Development State Office serving the State of the proposed off-farm labor housing project in order to receive further information and copies of the application package. Rural Development will date and time stamp incoming applications to evidence timely receipt and, upon request, will provide the applicant with a written acknowledgment of receipt. A listing of Rural Development State Offices, their addresses, telephone numbers, and person to contact is under Section VII of this Notice.

FOR FURTHER INFORMATION CONTACT: Mirna Reyes-Bible, Finance and Loan Analyst, Multi-Family Housing Preservation and Direct Loan Division, STOP 0781 (Room 1243-S), USDA, Rural Development, 1400 Independence Avenue, SW, Washington, D.C. 20250-0781, *telephone:* (202) 720-1753 (This is not a toll free number.), or via e-mail: Mirna.ReyesBible@wdc.usda.gov. If you have questions

regarding Net Zero Energy Consumption and Energy Generation please contact Carlton Jarratt, Finance and Loan Analyst, Multi-Family Housing Preservation and Direct Loan Division at (804) 287-1524 or via e-mail: carlton.jarrat@wdc.usda.gov.

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The reporting requirements contained in this Notice have been approved by the Office of Management and Budget under Control Number 0575-0189.

Overview Information

Federal Agency Name: Rural Development.

Funding Opportunity Title: NOFA for Section 514 Farm Labor Housing Loans and Section 516 Farm Labor Housing Grants for Off-Farm Housing for Fiscal Year 2012.

Announcement Type: Initial Notice inviting applications from qualified applicants for Fiscal Year 2012.

Catalog of Federal Domestic Assistance Numbers (CFDA): 10.405 and 10.427.

Dates: The deadline for receipt of all applications in response to this is 5 p.m., local time to the appropriate Rural Development State Office on [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]. The application closing deadline is firm as to date and hour. Rural Development will not consider any application that is received after the closing deadline unless the date and time is extended by another Notice published in the Federal Register. Applicants intending to mail applications must provide sufficient time to permit delivery on or before the closing deadline. Acceptance by a post office or private mailer does not constitute delivery. Facsimile (FAX) and postage due applications will not be accepted.

I. Funding Opportunities Description:

The funds available for FY 2012 Off-Farm Labor Housing are \$20,790,629.57 for Section 514 loans, up to \$7,100,000 for Section 516 grants, and \$2,500,000 for FLH Rental Assistance.

II. Award Information:

Applications for FY 2012 will only be accepted through the date and time listed in this Notice. Depending on the feasibility of the loan underwriting, final loan and grant levels may fluctuate from the initial amount considered with the pre-application, and all awards are subject to availability of funding. Once the Agency has committed 70 percent of the available FY 2012 program funds to new construction applications, no further funding will be available for new construction applications until after August 31, 2012.

If funding is available After August 31, 2012, then new constructions applications will be considered and compete for funding using this NOFA's scoring criteria without regard to the aforementioned funding limitations. Individual requests may not exceed \$3 million (total loan and grant). No State may receive more than 30 percent of available FLH funding distributed in FY 2012. If there are insufficient applications from around the country to exhaust Sections 514 and 516 funds available, the Agency may then exceed the 30 percent cap per State. Section 516 off-farm FLH grants may not exceed 90 percent of the total development cost (TDC) of the housing as defined in 7 CFR part 3560.11. Applicants that will use leveraged funding must include in the pre-application written evidence from the third-party funder that an application for those funds has been submitted and accepted. If leveraged funds are in the form of tax credits, the applicant must include in its pre-application written evidence that a tax credit application has been submitted and accepted by the Housing Finance Agency (HFA). Applications that will receive leveraged funding must have firm commitments in place for all of the leveraged funding within 12 months of the issuance of a "Notice of Preapplication Review Action," Handbook Letter 103 (3060).

Rental Assistance and operating assistance will be available for new construction in FY 2012. Operating assistance is explained at 7 CFR part 3560.574 and may be used in lieu of tenant-specific rental assistance (RA) in off-farm labor housing projects that serve migrant farm workers as defined in 7 CFR part 3560.11 that are financed under section 514 or section 516 (h) of the Housing Act of 1949, as amended (42 U.S.C. 1484 and 1486(h)) respectively, and otherwise meet the requirements of 7 CFR part 3560.574.

Owners of eligible projects may choose tenant-specific RA or operating assistance, or a combination of both; however, any tenant or unit assisted with operating assistance may not also receive RA.

III. Eligibility Information

A. Housing Eligibility

Housing that is constructed with FLH loans and/or grants must meet Rural Development's design and construction standards contained in 7 CFR part 1924, subparts A and C. Once constructed, off-farm FLH must be managed in accordance with 7 CFR part 3560. In addition, off-farm FLH must be operated on a non-profit basis and tenancy must be open to all qualified domestic farm laborers, regardless at which farm they work. Section 514(f) (3) of the Housing Act of 1949, as amended (42 U.S.C. 1484(f)(3)) defines domestic farm laborers to include any person regardless of the person's source of employment, who receives a substantial portion of his or her income from the primary production of agricultural or aquacultural commodities in the unprocessed or processed stage, and also includes the person's family.

B. Tenant Eligibility

Tenant eligibility is limited to persons who meet the definition of a "disabled domestic farm laborer," or "a domestic farm laborer," or "retired domestic farm laborer," as defined in 7 CFR Section 3560.11. Farm workers who are admitted to this country on a temporary basis under the Temporary Agricultural Workers (H-2A Visa) program are not eligible to occupy Section 514/516 off-farm FLH.

C. Applicant Eligibility

1. To be eligible to receive a Section 516 grant for off-farm FLH, the applicant must be a broad-based nonprofit organization, including community and faith-based organizations,, a nonprofit organization of farm workers, a federally recognized Indian tribe, an agency or political subdivision of a State or local government, or a public agency (such as a housing authority). The applicant must be able to contribute at least one-tenth of the TDC from non-Rural Development resources which can include leveraged funds.

2. To be eligible to receive a Section 514 loan for off-farm FLH, the applicant must be a broad-based nonprofit organization, including community and faith-based organizations, a nonprofit organization of farm workers, a federally recognized Indian tribe, an agency or political subdivision of a State or local government, a public agency (such as a housing authority), or a limited partnership which has a nonprofit entity as its general partner, and

- i. Be unable to provide the necessary housing from its own resources; and
- ii. Except for State or local public agencies and Indian tribes, be unable to obtain similar credit elsewhere at rates that would allow for rents within the payment ability of eligible residents.
- iii. Broad-based nonprofit organizations must have a membership that reflects a variety of interests in the area where the housing will be located.

IV. Administrative Requirements

A. Cost Sharing or Matching

Section 516 grants for off-farm FLH may not exceed the lesser of 90 percent of the TDC as provided in 7 CFR 3560.562(c)(1).

B. Other Requirements

The following requirements apply to loans and grants made in response to this Notice:

1. 7 CFR part 1901, subpart E, regarding equal opportunity requirements;
2. For grants only, 7 CFR part 3015, 3016 or 3019 (as applicable) and 7 CFR 3052, which establishes the uniform administrative and audit requirements for grants and cooperative agreements to State and local governments and to nonprofit organizations;
3. 7 CFR part 1901, subpart F, regarding historical and archaeological properties;
4. 7 CFR part 1940, subpart G, regarding environmental assessments;
5. 7 CFR part 3560, subpart L, regarding the loan and grant authorities of the off-farm FLH program;
6. 7 CFR part 1924, subpart A, regarding planning and performing construction and other development;
7. 7 CFR part 1924, subpart C, regarding the planning and performing of site development work;
8. For construction financed with a Section 516 grant, the provisions of the Davis-Bacon Act (40 U.S.C. 276(a)-276(a)-5) and implementing regulations published at 29 CFR parts 1, 3, and 5;

9. All other requirements contained in 7 CFR part 3560, regarding the section 514/516 off-farm FLH program; and

10. Please note that grant applicants must obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and maintain registration in the Central Contractor Registration (CCR) prior to submitting a pre-application pursuant to 2 CFR part 25.200(b). In addition, an entity applicant must maintain registration in the CCR database at all times during which it has an active Federal award or an application or plan under construction by the Agency. Similarly, all recipients of Federal financial assistance are required to report information about first-tier sub-awards and executive compensation in accordance with 2 CFR part 170. So long as an entity applicant does not have an exception under 2 CFR part 170.110(b), the applicant must have the necessary processes and systems in place to comply with the reporting requirements should the applicant receive funding. See 2 CFR part 170.200(b).

V. Application and Submission Information

A. Pre-Application Submission

The application process will be in two phases: the initial pre-application (or proposal) and the submission of a final application. Only those pre-applications or proposals that are selected for further processing will be invited to submit final applications. In the event that a proposal is selected for further processing and the applicant declines, the next highest ranked unfunded pre-application may be selected for further processing. All pre-applications for Sections 514 and 516 funds must be filed

with the appropriate Rural Development State Office and must meet the requirements of this Notice. Incomplete pre-applications will not be reviewed and will be returned to the applicant. No pre-application will be accepted after 5:00 p.m., local to the appropriate Rural Development State Office on [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN FEDERAL REGISTER] unless date and time are extended by another Notice published in the Federal Register.

Pre-applications can be submitted either electronically using the FLH Pre-application form found at: [http://www.rurdev.usda.gov/HAD-Farm_Labor_Grants.html] or in hard copy obtained from and submitted to the appropriate Rural Development Office where the project will be located. Applicants are strongly encouraged, but not required, to submit the pre-application electronically. The electronic form contains a button labeled “Send Form.” By clicking on the button, the applicant will receive an e-mail with an attachment that includes the electronic form the applicant filled out as a data file with a .PDF extension. In addition, an auto-reply acknowledgement will be sent to the applicant when the electronic Loan Proposal form is received by the Agency unless the sender has software that will block the receipt of the auto-reply e-mail. The State Office will record pre-applications received electronically by the actual date and time when all attachment are received at the State Office.

Submission of the electronic section 514 Loan Proposal form does not constitute submission of the entire proposal package which requires additional forms and supporting documentation as listed within this Notice. You may use one of the following

three options for submitting the entire proposal package comprising of all required forms and documents. On the Loan Proposal form you can indicate the option you will be using to submit each required form and document.

(1) Electronic Media Option. Submit all forms and documents as read-only Adobe Acrobat files on electronic media such as CDs, DVDs, or USB drives. For each electronic device submitted, the applicant should include a Table of Contents of all documents and forms on that device. The electronic media should be submitted to the Rural Development State Office listed in this Notice where the property is located. Any forms and documents that are not sent electronically, including the check for credit reports, must be mailed to the Rural Development State Office.

(2) E-mail Option. On the Loan Proposal form you will be asked for a Submission E-mail Address. This e-mail address will be used to establish a folder on the USDA server with your unique e-mail address. Once the Loan Proposal form is processed, you will receive an additional e-mail notifying you of the e-mail address that you can use to e-mail your forms and documents. **Please Note:** All forms and documents must be e-mailed from the same Submission E-mail Address. This will ensure that all forms and documents that you send will be stored in the folder assigned to that e-mail address. Any forms and documents that are not sent in via the e-mail option must be submitted on an electronic media or in hard copy form to the Rural Development State Office.

(3) Hard Copy Submission to the Rural Development State Office. If you are unable to send the proposal package electronically using either of the options listed above, you may send a hard-copy of all forms and documents to the USDA Rural

Development State Office where the property is located. Hard copy pre-applications received on or before the deadline date will receive the close of business time of the day received as the receipt time. Hard copy pre-applications must be received by the submission deadline and no later than 5:00 p.m., local time, [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN FEDERAL REGISTER]. Assistance for filling electronic and hard copy pre-applications can be obtained from any Rural Development State Office.

For electronic submissions, there is a time delay between the time it is sent and the time it is received depending on network traffic. As a result, last-minute submissions sent before the deadline date and time could well be received after the deadline date and time because of the increased network traffic. Applicants are reminded that all submissions received after the deadline date and time will be rejected, regardless of when they were sent.

If you receive a loan or grant award under this NOFA, USDA reserves the right to post all information not protected under the Privacy Act and submitted as part of the pre-application/application package on a public website with free and open access to any member of the public.

If a pre-application is accepted for further processing, the applicant must submit a complete, final application, acceptable to Rural Development prior to the obligation of

Rural Development funds. If the pre-application is not accepted for further processing the applicant will be notified of appeal rights under 7 CFR part 11.

B. Pre-Application Requirements

1. The pre-application must contain the following:

i. A summary page listing the following items. This information should be double-spaced between items and not be in narrative form.

(a) Applicant's name.

(b) Applicant's Taxpayer Identification Number.

(c) Applicant's address.

(d) Applicant's telephone number.

(e) Name of applicant's contact person, telephone number, and address.

(f) Amount of loan and grant requested.

(g) For grants of federal financial assistance (including loans and grants, cooperative agreements, etc.), the applicant's Dun and Bradstreet Data Universal Numbering System (DUNS) number and registration in the Central Contractor Registration (CCR) database in accordance with 2 CFR part 25. As required by the Office of Management and Budget (OMB), all grant applicants must provide a DUNS number when applying for Federal grants, on or after October 1, 2003. Organizations can receive a DUNS number at no cost by calling the dedicated toll-free number at 1-866-705-5711 or via Internet at <http://www.dnb.com/us/>. Additional information concerning this requirement can be obtained on the Grants.gov Web Site at <http://www.grants.gov>.

Similarly, applicants may register for the CCR at: <https://uscontractorregistration.com> or by calling 1-877-252-2700.

ii. Awards made under this Notice are subject to the provisions contained in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, O.L. No. 112-55 Division A section 735 and 739 regarding corporate felony convictions and corporate federal tax delinquencies. To comply with these provisions, all applicants must complete and include in the pre-application paragraph (a) of this representation, and all corporate applicants also must complete paragraph (b) and (c) of this representation:

(a) Applicant _____ [insert applicant name] is ___ is not ___ (check one) an entity that has filed articles of incorporation in one of the fifty states, the District of Columbia, or the various territories of the United States including American Samoa. Federated States of Micronesia, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, Republic of Palau, Republic of the Marshall Islands, U.S. Virgin Islands.

(b) Applicant _____ [insert applicant name] has ___ has not ___ (check one) has been convicted of a felony criminal violation under Federal or state law in the 24 months preceding the date of application Applicant has ___ has not ___ (check one) had any officer or agent of the Applicant convicted of a felony criminal violation for actions taken on behalf of the Applicant under Federal or state law in the 24 months preceding the date of the signature on the pre-application.

(c) Applicant _____ [insert applicant name] has ____ has not ____ (check one) any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting tax liability.

iii. A narrative verifying the applicant's ability to meet the eligibility requirements stated earlier in this notice. If an applicant is selected for further processing, Rural Development will require additional documentation as set forth in a Conditional Commitment in order to verify the entity has the legal and financial capability to carry out the obligation of the loan.

iv. Standard Form 424, "Application for Federal Assistance," can be obtained at: <https://www.grants.gov> or from any Rural Development State Office listed in Section VII of this Notice.

v. For loan pre-applications, current (within 6 months of pre-application date) financial statements with the following paragraph certified by the applicant's designated and legally authorized signer:

"I/we certify the above is a true and accurate reflection of our financial condition as of the date stated herein. This statement is given for the purpose of inducing the United States of America to make a loan or to enable the United States of America to make a determination of continued eligibility of the applicant for a loan as requested in the loan application of which this statement is a part."

vi. For loan pre-applications, a check for \$40 from applicants made out to United States Department of Agriculture. This will be used to pay for credit reports obtained by Rural Development.

vi. Evidence that the applicant is unable to obtain credit from other sources. Letters from credit institutions which normally provide real estate loans in the area should be obtained and these letters should indicate the rates and terms upon which a loan might be provided. (**Note:** Not required from State or local public agencies or Indian tribes.)

vii. If a FLH grant is desired, a statement concerning the need for a FLH grant. The statement should include preliminary estimates of the rents required with and without a grant.

viii. A statement of the applicant's experience in operating labor housing or other rental housing. If the applicant's experience is limited, additional information should be provided to indicate how the applicant plans to compensate for this limited experience (*i.e.*, obtaining assistance and advice of a management firm, non-profit group, public agency, or other organization which is experienced in rental management and will be available on a continuous basis).

ix. A brief statement explaining the applicant's proposed method of operation and management (*i.e.*, on-site manager, contract for management services, etc.). As stated earlier in this Notice, the housing must be managed in accordance with the program's management regulation, 7 CFR part 3560 and tenancy is limited to "disabled

domestic farm laborers,” “domestic farm laborers,” and “retired domestic farm laborers,” as defined in 7 CFR part 3560.11.

xi. Applicants must also provide:

(a) A copy of, or an accurate citation to, the special provisions of State law under which they are organized, a copy of the applicant’s charter, Articles of Incorporation, and By-laws;

(b) The names, occupations, and addresses of the applicant’s members, directors, and officers; and

(c) If a member or subsidiary of another organization, the organization’s name, address, and nature of business.

xii. A preliminary market survey or market study to identify the supply and demand for labor housing in the market area. The market area must be clearly identified and may include only the area from which tenants can reasonably be drawn for the proposed project. Documentation must be provided to justify a need within the intended market area for the housing of “domestic farm laborers,” as defined in 7 CFR Section 3560.11. The documentation must take into account disabled and retired farm workers. The preliminary survey should address or include the following items:

(a) The annual income level of farmworker families in the area and the probable income of the farm workers who will likely occupy the proposed housing;

(b) A realistic estimate of the number of farm workers who remain in the area where they harvest and the number of farm workers who normally migrate into the area. Information on migratory workers should indicate the average number of months the

migrants reside in the area and an indication of what type of family groups are represented by the migrants (*i.e.*, single individuals as opposed to families);

(c) General information concerning the type of labor intensive crops grown in the area and prospects for continued demand for farm laborers;

(d) The overall occupancy rate for comparable rental units in the area and the rents charged and customary rental practices for these units (*i.e.*, will they rent to large families, do they require annual leases, *etc.*);

(e) The number, condition, adequacy, rental rates and ownership of units currently used or available to farm workers;

(f) A description of the units proposed, including the number, type, size, rental rates, amenities such as carpets and drapes, related facilities such as a laundry room or community room and other facilities providing supportive services in connection with the housing and the needs of the prospective tenants such as a health clinic or day care facility, estimated development timeline, estimated total development cost, and applicant contribution; and

(g) The applicant must also identify all other sources of funds, including the dollar amount, source, and commitment status. (**Note:** A Section 516 grant may not exceed 90 percent of the total development cost of the housing.) The applicant must submit a checklist, certification, and signed affidavit by the project architect or engineer, as applicable, for any energy programs listed in Section IV the applicant intends to participate in.

xiii. The following forms are required:

(a) A completed Form RD 1940–20, “*Request for Environmental Information*,” and a description of anticipated environmental issues or concerns. The form can be found at <http://www.rurdev.usda.gov/regs/forms/1940-20.pdf>.

(b) A prepared HUD Form 935.2A, “Affirmative Fair Housing Marketing Plan (AFHM) Multi-family Housing,” in accordance with 7 CFR 1901.203(c). The plan will reflect that occupancy is open to all qualified “domestic farm laborers,” regardless of which farming operation they work and that they will not discriminate on the basis of race, color, sex, age, disability, marital or familial status or National origin in regard to the occupancy or use of the units. The form can be found at <http://www.hud.gov/offices/adm/hudclips/forms/files/935-2a.pdf>.

(c) A proposed operating budget utilizing Form RD 3560-7, “*Multiple Family Housing Project Budget/Utility Allowance*,” can be found at <http://www.rurdev.gov/regs/forms/3560-07.pdf>.

(d) An estimate of development cost utilizing Form RD 1924-13, “*Estimate and Certificate of Actual Cost*,” can be found at <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1924-13.PDF>.

(e) Form RD 3560–30, “*Certification of no Identity of Interest (IOI)*,” can be found at <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD3560-30.PDF> and Form RD 3560-31, “*Identity of Interest Disclosure/ Qualification Certification*,” can be found at <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD3560-31.PDF>.

(f) Form HUD 2530, “*Previous Participation Certification*,” can be found at <http://www.hud.gov/offices/adm/hudclips/forms/files/2530.pdf>.

(g) If requesting RA or Operating Assistance, Form RD 3560-25, “Initial Request for Rental Assistance or Operating Assistance.” can be found at

<http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD3560-25.PDF>.

(h) Form RD 400-4, “Assurance Agreement,” can be found at

<http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD400-4.PDF>.

Applicants for revitalization, repair, and rehabilitation funding are to apply through the Multi-Family Housing Revitalization Demonstration Program (MPR).

(i) Evidence of compliance with Executive Order 12372. The applicant must send a copy of Form SF-424 to the applicant’s state clearinghouse for intergovernmental review. If the applicant is located in a state that does not have a clearinghouse, the applicant is not required to submit the form.

xiiv. Evidence of site control, such as an option contract or sales contract. In addition, a map and description of the proposed site, including the availability of water, sewer, and utilities and the proximity to community facilities and services such as shopping, schools, transportation, doctors, dentists, and hospitals.

xv. Preliminary plans and specifications, including plot plans, building layouts, and type of construction and materials. The housing must meet Rural Development’s design and construction standards contained in 7 CFR part 1924, subparts A and C and must also meet all applicable Federal, State, and local accessibility standards.

xvi. A supportive services plan, which describes services that will be provided on-site or made available to tenants through cooperative agreements with service providers in the community, such as a health clinic or day care facility. Off-site services

must be accessible and affordable to farm workers and their families. Letters of intent from service providers are acceptable documentation at the pre-application stage.

xvii. A sources and uses statement which shows all sources of funding included in the proposed project. The terms and schedules of all sources included in the project should be included in the sources and uses statement.

xviii. A separate one-page information sheet listing each of the “Pre-Application Scoring Criteria,” contained in this Notice, followed by a reference to the page numbers of all relevant material and documentation that is contained in the proposal that supports the criteria.

xix. Applicants are encouraged, but not required, to include a checklist of all of the pre-application requirements and to have their pre-application indexed and tabbed to facilitate the review process;

xx. Evidence of compliance with the requirements of the applicable State Housing Preservation Office (SHPO), and/or Tribal Historic Preservation Officer (THPO). A letter from the SHPO and/or THPO where the off-farm labor housing project is located, signed by their designee will serve as evidence of compliance.

VI. Pre-Application Review Information

All applications for Sections 514 and 516 funds must be filed electronically or with the appropriate Rural Development State Office and meet the requirements of this Notice. The Rural Development State Office will base its determination of completeness of the application and the eligibility of each applicant on the information provided in the pre-application.

A. *Selection Criteria.* Section 514 loan funds and section 516 grant funds will be distributed to States based on a national competition, as follows:

1. Rural Development State Office will accept, review, and score pre-applications in accordance with this Notice. The scoring factors are:

i. The presence of construction cost savings, including donated land and construction leverage assistance, for the units that will serve program-eligible tenants. The savings will be calculated as a percentage of the Rural Development TDC. The percentage calculation excludes any costs prohibited by Rural Development as loan expenses, such as a developer's fee. Construction cost savings includes, but is not limited to, funds for hard construction costs, and State or Federal funds which are applicable to construction costs. A minimum of ten percent cost savings is required to earn points; however, if the total percentage of cost savings is less than ten percent and the proposal includes donated land, two points will be awarded for the donated land. To count as cost savings for purposes of the selection criteria, the applicant must submit written evidence from the third-party funder that an application for those funds has been submitted and accepted points will be awarded in accordance with the following table using rounding to the nearest whole number.

| Percentage | Points |
|------------------|--------|
| 75 or more _____ | 20 |
| 60-74 _____ | 18 |
| 50-59 _____ | 16 |
| 40-49 _____ | 12 |
| 30-39 _____ | 10 |

| | | |
|-------|-------|---|
| 20-29 | _____ | 8 |
| 10-19 | _____ | 5 |
| 0-9 | _____ | 0 |

ii. The presence of operational cost savings, such as tax abatements, non-Rural Development tenant subsidies or donated services are calculated on a per-unit cost savings for the sum of the savings. Savings must be available for at least 5 years and documentation must be provided with the application demonstrating the availability of savings for 5 years. To calculate the savings, take the total amount of savings and divide it by the number of units in the project that will benefit from the savings to obtain the per unit cost savings. For non-Rural Development tenant subsidy, if the value changes during the five year calculation, the applicant must use the lower of the non-rural development tenant subsidy to calculate per unit cost savings. For example, a 10 unit property with 100 percent designated farm labor housing units receiving \$20,000 per year non-rural development subsidy yields a cost savings of \$100,000 (\$20,000*5 years); resulting to a \$10,000 per-unit cost savings (\$100,000/10 units).

To determine cost savings in a mixed income complex that will serve other income levels than farm labor housing income-eligible tenants, use only the number of units that will serve farm labor housing income-eligible tenants. Round percentages to the nearest whole number, rounding up at 0.50 and above and down at 0.49 and below.

Use the following table to apply points.

| Per-Unit Cost Savings | Points |
|-----------------------|--------|
| Above \$15,000 | 20 |
| \$10,001 - \$15,000 | 18 |
| \$7,501 - \$10,000 | 16 |
| \$5,001 - 7,500 | 12 |
| \$3501 - \$5,000 | 10 |
| \$2,001 - \$3,500 | 8 |
| \$1,000 - \$2,000 | 5 |

iii. Percent of units for seasonal, temporary, migrant housing. (5 points for up to and including 50 percent of the units; 10 points for 51 percent or more units used for seasonal, temporary, or migrant housing.)

iv. Presence of tenant services.

(a) Up to 10 points will be awarded based on the presence of and extent to which a tenant services plan exists that clearly outlines services that will be provided to the residents of the proposed project. These services may include, but are not limited to, transportation related services, on-site English as a Second Language (ESL) classes, move-in funds, emergency assistance funds, homeownership counseling, food pantries, after school tutoring, and computer learning centers.

(b) Two points will be awarded for each resident service included in the tenant services plan up to a maximum of 10 points. Plans must detail how the services are to be administered, who will administer them, and where they will be administered. All tenant service plans must include letters of intent that clearly state the service that will be

provided at the project for the benefit of the residents from any party administering each service, including the applicant.

V. Energy Initiative Properties.

(a) *Energy Initiatives* Properties may receive a maximum of 65 points for energy initiatives. Projects may either be New Construction or Purchase and Rehabilitation of Existing Non-Farm Labor Housing Property. Depending on the scope of work, properties may earn “energy initiative” points in one or two categories: 1) New Construction or Gut Rehabilitation, or 2) General Rehabilitation. Projects will be eligible for one category or the two, but not both. The project architect’s affidavit should specify which category is applicable.

Properties in any category also may receive points for Energy Generation and Green Property Management.

Energy programs including LEED for Homes, Green Communities, etc., will each have an initial checklist indicating prerequisites for participation in its energy program. The applicable energy program checklist will establish whether prerequisites for the energy program’s participation will be met. All checklists must be accompanied by a signed affidavit by the project architect or engineer stating that the goals are achievable. The checklist and affidavit must be submitted together with the loan application.

1. *Energy Conservation for New Construction or Gut Rehabilitation of an Existing Building (maximum 55 points)*. Projects may be eligible for up to 55 points when the pre-application includes a written certification by the applicant to participate in the following energy efficiency programs.

The points will be allocated as follows:

- Participation in the EPA's Energy Star for Homes V3 program (20 points).

http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.pt_bldr

OR

- Participation in the Green Communities program by the Enterprise Community Partners. (30 points) <http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities>

<http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities>

OR

- Participation in one of the following two programs will be awarded points for certification.

Note: Each program has four levels of certification. State the level of certification that the applicant plans will achieve in their certification:

- LEED for Homes program by the United States Green Building Council (USGBC): <http://www.usgbc.org/homes>.

- Certified Level (30 points), OR

- Silver Level (35 points), OR

- Gold Level (40 points), OR

- Platinum Level (45 points),

OR

- The National Association of Home Builders (NAHB) ICC 700-2008 National Green Building Standard TM: [http:// www.nahb.org](http://www.nahb.org).

- Bronze Level (30 points), OR

- Silver Level (35 points), OR

- Gold Level (40 points), OR

- Emerald Level (45 points).

AND

- Participation in the Department of Energy's Builder's Challenge program.
(8 points) <http://www1.eere.energy.gov/builders/challenge/>

AND

- Participation in local green/energy efficient building standards; Applicants who participate in a city, county or municipality program, will receive an additional 2 points. The applicant should be aware of and look for additional requirements that are sometimes embedded in the third-party program's rating and verification

systems. (2 points)

2. *Energy Conservation for General Rehabilitation (maximum 32 points)*. Pre-applications for the purchase and substantial rehabilitation of non-program MFH and related facilities in rural areas may be eligible to receive 32 points for the following initiatives.

- Participation in the EPA's Energy Star for Homes V3 program will be awarded 30 points for any project that qualifies for the program. (30 points)

<http://www.enterprisecommunity.com/colutions-and-innovation/enterprise-green-communities>.

AND

Participation in local green/energy efficient building standards; Applicants who participate in a city, county or municipality program, will receive an additional 2 points. The applicant should be aware of and look for additional requirements that are sometimes embedded in the third-party programs' rating and verification system. (2 points)

3. *Energy Generation (maximum 5 points)*. Pre-applications for new construction or purchase and rehabilitation of non-program multi-family projects which participate in the Energy Star for Homes V3 program, Green Communities, LEED for Homes or NAHB's National Green Building Standard (ICC-700) 2008, receive at least 8 points for energy generation will compliment a weatherlight, well insulated building envelope with highly efficient mechanical systems. Possible renewable energy generation technologies include, but are not limited to: wind turbines and micro-turbines, micro-hydro power,

and photovoltaics (capable of producing a voltage when exposed to radiant energy, especially light), solar hot water systems and biomass/biofuel systems that do not use fossil fuels in production. Geo-exchange systems are highly encouraged as they lessen the total demand for energy and, if supplemented with other renewable energy sources, can achieve zero energy consumption more easily. Points under this section will be awarded as follows. Projects with preliminary or rehabilitation building plans and energy analysis propose a 10 percent to 100 percent energy generation commitment (where generation is considered by the total amount of energy needed to be generated on-site to make the building a net-zero consumer of energy) may be awarded points corresponding to their percent of commitment as follows:

- (a) 0 to 9 percent commitment to energy generation receives 0 points;
- (b) 10 to 29 percent commitment to energy generation receives 1 point;
- (c) 30 to 49 percent commitment to energy generation receives 2 points;
- (d) 50 to 69 percent commitment to energy generation receives 3 points;
- (e) 70 to 89 percent commitment to energy generation receives 4 points;
- (f) 90 percent or more commitment to energy generation receives 5 points. In order to receive more than 1 point for this energy generation section, an accurate energy analysis prepared by an engineer will need to be submitted with the pre-application. Energy analysis of preliminary building plans using industry-recognized simulation software must document the projected total energy consumption of the building, the portion of building consumption which will be satisfied through on-site generation, and the

builder's Home Energy Rating System (HERS) score.

4. Property Management Credentials (5 points). Projects may be awarded an additional 5 points if the designated property management company or individuals that will assume maintenance and operations responsibilities upon completion of construction work have a Credential for Green Property Management. Credentialing can be obtained from the National Apartment Association (NAA), National Affordable housing Management Association, the Institute for Real Estate Management, U.S. Green Building Council's Leadership in Energy and Environmental Design for Operations and Maintenance (LEED OM), or another source with a certifiable credentialing program. Credentialing must be illustrated in the resume(s) of the property management team and included with the pre-application.

The National Office will rank all pre-applications nationwide and distribute funds to States in rank order, within funding and RA limits. A lottery in accordance with 7 CFR 3560.56(c) (2) will be used for applications with tied point scores when the all cannot be funded. If insufficient funds or RA remain for the next ranked proposal, that applicant will be given a chance to modify their pre-application to bring it within remaining funding levels. This will be repeated for each next ranked eligible proposal until an award can be made or the list is exhausted. Rural Development will notify all applicants whether their applications have been selected or rejected and provide appeal rights under 7 CFR part 11, as appropriate.

VII. Award Administration Information

A. Award Notices.

Loan applicants must submit their initial applications by the due date specified in this Notice. Once the applications have been scored and ranked by the National Office the National Office will advise States Offices of the proposals selected for further processing, State Offices will respond to applicants by letter.

If the application is not accepted for further processing, the applicant will be notified of appeal rights under 7 CFR part 11.

B. Administrative and National Policy

All Farm Labor Housing loans and grants are subject to the restrictive-use provisions contained in 7 CFR part 3560.72(a) (2).

C. Reporting

Borrowers must maintain separate financial records for the operation and maintenance of the project and for tenant services. Tenant services will not be funded by Rural Development. Funds allocated to the operation and maintenance of the project may not be used to supplement the cost of tenant services, nor may tenant service funds be used to supplement the project operation and maintenance. Detailed financial reports regarding tenant services will not be required unless specifically requested by Rural Development, and then only to the extent necessary for Rural Development and the

borrower to discuss the affordability (and competitiveness) of the service provided to the tenant. The project audit, or verification of accounts on Form RD 3560-10, “Borrower Balance Sheet,” together with an accompanying Form RD 3560-7, “Multiple Family Housing Project Budget Utility Allowance,” showing actual, must allocate revenue and expense between project operations and the service component.

IX. USDA Rural Development MFH State Office Contacts

(Note: Telephone numbers listed are not toll-free.)

Alabama State Office
Suite 601, Sterling Centre
4121 Carmichael Road
Montgomery, AL 36106-3683
(334) 279-3455
Anne Chavers

Alaska State Office
800 West Evergreen, Suite 201
Palmer, AK 99645
(907) 761-7723
Cindy Jackson

Arizona State Office
Phoenix Courthouse and Federal Building
230 North First Ave., Suite 206
Phoenix, AZ 85003-1706
(602) 280-8764
Ernie Wetherbee

Arkansas State Office
700 W. Capitol Ave., Room 3416
Little Rock, AR 72201-3225
(501) 301-3254
Jackie Young

California State Office
430 G Street, #4169

Davis, CA 95616-4169
(530) 792-5821
Debra Moretton

Colorado State Office
USDA Rural Development
Denver Federal Center
Building 56, Room 2300
P.O. Box 25426
Denver, CO 80225-0426
(720) 544-2923
Mary Summerfield

Connecticut
Served by Massachusetts State Office

Delaware and Maryland State Office
1221 College Park Drive, Suite 200
Dover, DE 19904
(302) 857-3615
Debra Eason

Florida & Virgin Islands State Office
4440 N.W. 25th Place
Gainesville, FL 32606-6563
(352) 338-3465
Tresca Clemmons

Georgia State Office
Stephens Federal Building
355 E. Hancock Avenue
Athens, GA 30601-2768
(706) 546-2164
Jack Stanek

Hawaii State Office
(Services all Hawaii, American Samoa Guam, and Western Pacific)
Room 311, Federal Building
154 Waianuenue Avenue
Hilo, HI 96720
(808) 933-8305
Nate Reidel

Idaho State Office
Suite A1
9173 West Barnes Dr.

Boise, ID 83709
(208) 378-5628
Joyce Weinzetl

Illinois State Office
2118 West Park Court, Suite A
Champaign, IL 61821-2986
(217) 403-6222
Barry L. Ramsey

Indiana State Office
5975 Lakeside Boulevard
Indianapolis, IN 46278
(317) 290-3100 (ext. 425)
Douglas Wright

Iowa State Office
210 Walnut Street Room 873
Des Moines, IA 50309
(515) 284-4493
Shannon Chase

Kansas State Office
1303 SW First American Place, Suite 100
Topeka, KS 66604-4040
(785) 271-2721
Mike Resnik

Kentucky State Office
771 Corporate Drive, Suite 200
Lexington, KY 40503
(859) 224-7325
Paul Higgins

Louisiana State Office
3727 Government Street
Alexandria, LA 71302
(318) 473-7962
Yvonne R. Emerson

Maine State Office
967 Illinois Ave., Suite 4
PO Box 405
Bangor, ME 04402-0405
(207) 990-9110
Bob Nadeau

Maryland

Served by Delaware State Office

Massachusetts, Connecticut, & Rhode Island State Office

451 West Street

Amherst, MA 01002

(413) 253-4310

Richard Lavoie

Michigan State Office

3001 Coolidge Road, Suite 200

East Lansing, MI 48823

(517) 324-5192

Julie Putnam

Minnesota State Office

375 Jackson Street Building, Suite 410

St. Paul, MN 55101-1853

(651) 602-7820

Linda Swanson

Mississippi State Office

Federal Building, Suite 831

100 W. Capitol Street

Jackson, MS 39269

(601) 965-4325

Darnella Smith-Murray

Missouri State Office

601 Business Loop 70 West

Parkade Center, Suite 235

Columbia, MO 65203

(573) 876-0987

Rachelle Long

Montana State Office

2229 Boot Hill Court

Bozeman, MT 59715

(406) 585-2515

Deborah Chorlton

Nebraska State Office

Federal Building, Room 152

100 Centennial Mall N

Lincoln, NE 68508

(402) 437-5734
Linda Anders

Nevada State Office
1390 South Curry Street
Carson City, NV 89703-5146
(775) 887-1222 (ext. 105)
William Brewer

New Hampshire State Office
Concord Center
Suite 218, Box 317
10 Ferry Street
Concord, NH 03301-5004
(603) 223-6050
Heidi Setien

New Jersey State Office
5th Floor North Suite 500
8000 Midlantic Dr.
Mt. Laurel, NJ 08054
(856) 787-7732
Neil Hayes

New Mexico State Office
6200 Jefferson St., NE, Room 255
Albuquerque, NM 87109
(505) 761-4945
Yvette Wilson

New York State Office
The Galleries of Syracuse
441 S. Salina Street, Suite 357 5th Floor
Syracuse, NY 13202
(315) 477-6421
Michael Bosak

North Carolina State Office
4405 Bland Road, Suite 260
Raleigh, NC 27609
(919) 873-2055
Beverly Casey

North Dakota State Office
Federal Building, Room 208
220 East Rosser

PO Box 1737
Bismarck, ND 58502
(701) 530-2049
Kathy Lake

Ohio State Office
Federal Building, Room 507
200 North High Street
Columbus, OH 43215-2477
(614) 255-2409
Cathy Simmons

Oklahoma State Office
100 USDA, Suite 108
Stillwater, OK 74074-2654
(405) 742-1070
Laurie Ledford

Oregon State Office
1201 NE Lloyd Blvd., Suite 801
Portland, OR 97232
(503) 414-3353
Rod Hansen

Pennsylvania State Office
One Credit Union Place, Suite 330
Harrisburg, PA 17110-2996
(717) 237-2281
Martha Hanson

Puerto Rico State Office
654 Munoz Rivera Avenue
IBM Plaza, Suite 601
Hato Rey, PR 00918
(787) 766-5095 (ext. 249)
Lourdes Colon

Rhode Island
Served by Massachusetts State Office

South Carolina State Office
Strom Thurmond Federal Building
1835 Assembly Street, Room 1007
Columbia, SC 29201
(803) 765-5122
Tim Chandler

South Dakota State Office
Federal Building, Room 210
200 Fourth Street, SW
Huron, SD 57350
(605) 352-1136
Linda Weber

Tennessee State Office
Suite 300
3322 West End Avenue
Nashville, TN 37203-1084
(615) 783-1380
Kathy Connelly

Texas State Office
Federal Building, Suite 102
101 South Main
Temple, TX 76501
(254) 742-9711
John Kirchhoff

Utah State Office
Wallace F. Bennett Federal Building
125 S. State Street, Room 4311
Salt Lake City, UT 84147-0350
(801) 524-4325
Janice Kocher

Vermont State Office
City Center, 3rd Floor
89 Main Street
Montpelier, VT 05602
(802) 828-6015
Robert McDonald

Virgin Islands
Served by Florida State Office

Virginia State Office
Culpeper Building, Suite 238
1606 Santa Rosa Road
Richmond, VA 23229
(804) 287-1596
CJ Michels

Washington State Office
1835 Black Lake Blvd., Suite B
Olympia, WA 98512
(360) 704-7706
Bill Kirkwood

Western Pacific Territories
Served by Hawaii State Office

West Virginia State Office
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 372-3441 ext 105
Penny Thaxton

Wisconsin State Office
4949 Kirschling Court
Stevens Point, WI 54481
(715) 345-7620 ext 157
Debbie Biga

Wyoming State Office
PO Box 11005
Casper, WY 82602
(307) 233-6716
Timothy Brooks

July 12, 2012

Tammye Treviño
Administrator
Rural Housing Service

Date

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