

REPORT OF THE PRESIDENT AND CEO

January 26, 2022

RESOLUTION AUTHORIZING THE ACCEPTANCE AND EXECUTION OF A FY 2022 CNI SUPPLEMENTAL GRANT CONTRACT AND ALL NECESSARY RELATED DOCUMENTS INCLUDING HUD FORMS AND AGREEMENTS WITH IMPLEMENTING PARTNERS TO BE USED TOWARD THE REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY



Douglas Guthrie
President & Chief Executive Officer



Geoffrey Moen
Director of Development

Purpose: To authorize the President & CEO to accept and execute a fiscal year ("FY") 2022 Choice Neighborhoods Implementation Supplemental ("CNI Supplemental") grant contract for the redevelopment of the Jordan Downs public housing community, if the grant is awarded by the U.S. Department of Housing and Urban Development ("HUD"). The resolution would also authorize the execution of all necessary related documents, certifications and verifications, including but not limited to required HUD forms and agreements with implementing partners on roles and responsibilities for the CNI Supplemental grant implementation. The \$10 million CNI Supplemental grant would be used to support the continued redevelopment of the Jordan Downs public housing community and the greater Watts neighborhood in response to the HUD NOFO FR-6300-N-34, which was issued on September 30, 2022, and has a due date for responses of February 6, 2023. The CNI Supplemental grant funds will supplement the existing previously awarded \$35 million CNI Implementation grant that was awarded in 2019. HUD requires the lead applicants (HACLA and the City of Los Angeles) to each adopt a resolution authorizing the execution of the applicable documents if the CNI Supplemental grant is awarded.

Regarding: HACLA applied in FY2013, FY2015, FY2016 and FY 2019 for CNI grant funding for the Jordan Downs Public Housing redevelopment and finally received an award in FY 2019.

HACLA's last CNI application for FY2016 was approved by the Board of Commissioners and included a contingent obligation of up to one million dollars (\$1,000,000) to provide sustainability funding for services at Jordan Downs (Resolution 9264). Prior actions of the Board of Commissioners to submit similar applications include Resolution 9187 from FY2015 and Resolution 9080 from FY2013.

On October 31, 2019, HACLA's Board of Commissioners adopted Resolution 9535 allowing HACLA to apply for the CNI Implementation Grant, obligating matching funds for administration of the grant, and allowing the President & CEO or their designee to enter into agreements with various lead agencies and project sponsors as necessary to satisfy the requirements of the grant guidelines.

After full panel review of the Watts Rising CNI grant application and conducting a site visit, HUD announced the awards for the FY2019 CNI Implementation grants to four recipients nationwide. The HACLA and City of Los Angeles' Watts Rising application

received the highest score of all grant recipients and was advised of its award on April 23, 2020.

On June 25, 2020 HACLA's Board of commissioners adopted a resolution authorizing the acceptance of a \$35M FY 2019 CNI Implementation grant award from HUD (Resolution #9605)

Issues:

Background: HACLA initiated a long-range plan to redevelop Jordan Downs in 2008. These efforts included acquiring an adjacent 21-acre site in 2008, establishing the Jordan Downs Community Advisory Committee in 2008, preparing a Community-Based Master Plan in 2010, initiating a Request for Proposals in 2011 and competitively selecting Jordan Downs Community Partners, LLC ("JDGP" or "Master Developer"), a joint venture of BRIDGE Housing and The Michaels Organization to be HACLA's private development partner to assist with the financing, construction and management of the redeveloped Jordan Downs in 2012. HACLA and JDGP worked with the Los Angeles Department of City Planning to adopt the Jordan Downs Urban Village Specific Plan and Environmental Impact Report (EIR) in 2013 and added Primestor Incorporated as the developer of commercial space in 2018 and a community center and central park in 2020.

HACLA desires to continue to transform the Jordan Downs public housing community into an environmentally friendly, vibrant, urban village, conducive to healthy living and economically progressive conditions (the "JD Redevelopment"). Since 2012, HACLA and the Master Developer have been working closely to implement the vision of a redeveloped Jordan Downs and have seen the beginning of success in the completion of key projects. To date, 330 units (Phases 1A, 1B & H) have been completed and occupied; 92 units (S3) are completed and are in the process of lease up; 157 units (Phases S2 and H2A) are under construction; and 284 units are in the pre-development stage of which 209 (Phase S4 & H2B) have obtained all funding necessary and will close construction financing in May 2023. In addition, Primestor's Freedom Plaza (formerly known as Phase 1C), a 118,000 square foot commercial retail shopping center, was completed in November 2019. Most of the stores are now open, including anchor tenants, and other retail commercial tenants are currently undertaking tenant improvements. As of today, the first phase of construction alone has brought close to \$422 million in new investment to Jordan Downs and the Watts community. However, with the total cost of redevelopment still expected to cost over \$1 billion, HACLA and JDGP are compelled to aggressively pursue all available funding opportunities.

The following table indicates the status of each active and completed phase of the JD Redevelopment.

Phase	Development Partner	Name	Project Type	Construction Schedule	Status Update (as of Q4 2022)
1A	BRIDGE Housing	Cedar Grove	115 residential units	May 2017 to Oct 2019	Complete & Occupied
1B	The Michaels Organization	New Harvest	135 residential units	July 2017 to Dec 2020	Complete & Occupied
1C Commercial	Primestor Inc.	Freedom Plaza	115,000 sq. ft. Retail	June 2018 to Jan 2020	Completed/ 96% leased up
H	Bridge Housing	Park Place	80 residential units	July 2020 to August 2022	Complete & Occupied
S3	The Michaels Organization	Oak Terrace	92 residential units	Aug 2020 to Nov 2022	Complete & starting lease up
S2	The Michaels Organization	TBD	81 residential units	July 2021 to January 2023	In Construction
H2A	BRIDGE Housing	TBD	76 residential units	May 2022 to Dec 2023	In Construction
H2B	BRIDGE Housing	TBD	119 residential units	Projected start mid 2023	Pre-development
S4	The Michaels Organization	TBD	90 residential units	Projected start mid 2023	Pre-development
S5	The Michaels Organization	TBD	75 residential units	Projected start early 2024	Pre-development
S6	The Michaels Organization	TBD	100 residential units	Projected start mid 2024	Pre-development

*Choice
Neighborhoods
Opportunity*

The Choice Neighborhoods program leverages significant public and private dollars to support locally driven strategies that address struggling neighborhoods with severely distressed public housing and/or HUD-assisted housing through a comprehensive approach to neighborhood transformation. Local leaders, residents, and other stakeholders, such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers, come together to create and implement a plan that revitalizes distressed HUD housing and addresses the challenges in the surrounding neighborhood. The program helps communities transform neighborhoods by redeveloping severely distressed public and/or HUD-assisted housing and catalyzing critical improvements in the neighborhood. To this end, Choice Neighborhoods is focused on three core goals:

1. **Housing:** Replace severely distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood.
2. **People:** Improve outcomes of households living in the target housing related to income and employment, health, and education.
3. **Neighborhood:** Create the conditions necessary for public and private investment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community.

To achieve these core goals, successful applicants under this Notice of Funding Opportunity ("NOFO") must have in place a comprehensive neighborhood revitalization strategy, or "Transformation Plan." This Transformation Plan is the guiding document for the revitalization of the public and/or assisted housing units, while simultaneously directing the transformation of the surrounding neighborhood and creating positive outcomes for families.

Choice Neighborhoods Implementation Grants support those communities that have undergone a comprehensive local planning process and are ready to implement their plan to redevelop the distressed public and/or assisted housing and neighborhood. HUD posted the FY 2022 NOFO on September 30, 2022. The NOFO announced approximately \$379 million available for awards of up to \$50 million each. Of this amount, HUD will allocate approximately \$100 million for Supplemental Grants to FY16-FY20 CN Implementation Grantees. The Lead Applicant must be a Public Housing Agency (PHA), a local government, or a tribal entity. Watts Rising will be submitting an application for the CNI Supplemental funds for \$10M due by February 6, 2023.

All additional supplemental funding requested per the published HUD grant guidelines will be applied towards construction costs for the future phases and none of the funds can be applied to administrative costs. HUD recognizes that the previously awarded CNI grantees have experienced significant increases in development costs, especially with respect to construction and financing related costs due to increased interest rates, which therefore results in the need to bolster awarded projects with supplemental funding to assist in the financial feasibility of the remaining future projects. The requested \$10M will be used to fund the construction costs for the future remaining phases of Jordan Downs. The specific projects that the funds will be applied to will be determined based on their need for additional gap funding.

HACLA will serve as the Lead Applicant with the City of Los Angeles as Co-Applicant per the requirements outlined in the CNI NOFO, and will be responsible for the overall administration, execution and metrics associated with implementation of the grant. This structure is consistent with the previous \$35M CNI NOFA application and subsequently awarded funds.

Vision Plan: PEOPLE Strategy #7: Enhance resident access to education opportunities, workforce readiness training, and skills development

The CNI grant will provide HACLA and its partners the opportunity to meet the gaps in service in the community required to support improved health, education, community cohesion and economic stability.

PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.

Redeveloping public housing requires the strong commitment of a variety of funding sources and the ability to layer subsidies flexibly into projects. CNI provides a key gap financing source to allow HACLA and JDCP to fulfill on the complex redevelopment of Jordan Downs and ensure all projects comply with the community-adopted master plan and City's Specific Plan.

PLACE Strategy #5: Expand HACLA's role in the broader communities it serves to improve neighborhood-wide health and well-being.

CNI grant funded programs are consistent with this strategy and call to action to pursue resources to build and invest in neighborhood-wide improvements and support the larger community's interest in improvements to safety, health, education and economic equity.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: Not Applicable

Budget and Program Impact: Of the \$10 million, if awarded, HACLA will be the direct beneficiary of 100% of the total funds received, which will go directly into the physical redevelopment of Jordan Downs. All funds will be applied towards anticipated construction costs for future phases.

Environmental

Review: All individual projects referenced and included in the CNI supplemental application will undergo individual CEQA and NEPA review prior to any fund expenditure and implementation in accordance with respective State and Federal regulations. Responding to the NOFO does not trigger the need for CEQA or NEPA review.

Housing Project

CEQA: The City of Los Angeles is the lead agency for the Jordan Downs Redevelopment for purposes of the California Environmental Quality Act (CEQA). The City of Los Angeles, acting through its Planning Department, approved a larger project under the Jordan Downs Urban Village Specific Plan (1,800 residential units; up to 250,000 square feet of commercial/retail/office plus up to 20,000 square feet of community-service retail and services in mixed use buildings; a network of parks totaling 8.9 acres; and new community

facilities), and its associated Environmental Impact Report (“EIR”) and required findings on April 17, 2013 (ENV-2010-32-EIR). Two addendums to the EIR were prepared on January 11, 2016 and April 4, 2016 respectively to address any additional impacts not considered in the EIR as the result of a proposed Specific Plan Amendment. On April 14, 2016, the City Planning Commission found based on the whole of the administrative record that no subsequent or supplemental EIR or negative declaration was required. The future phased development of up to 1,569 housing units as contemplated in HACLA’s CNI grant application is consistent with the Specific Plan and its Amendment (CPC-2015-3990-GPA-ZC-SP) and will be subject to the imposition of various measures contained in the Specific Plan’s conditions of approval, including Mitigation Monitoring. On November 29, 2016, the Department of City Planning, through the authority of its Planning Director, issued a Specific Plan Project Permit Adjustment, to allow for minor changes to setbacks, common open space and parking area shading for the Phase 1B development. This Specific Plan Project Permit Adjustment was approved in compliance with CEQA and did not find any additional environmental evaluation or mitigations required.

No further environmental review is required for HACLA’s recommended actions because based on the project record there has been no change to the Jordan Downs Redevelopment or substantial changes in circumstances or new information that would warrant subsequent environmental analysis in accordance with CEQA, including but not limited to Public Resources Code section 21166 and State CEQA Guidelines sections 15162, 15163 and 15164. Based on this, HACLA will file a Notice of Determination after the Board of Commissioners has acted on this item. The mitigation measures and related conditions of approval applicable to the JD Redevelopment have been reviewed and will be monitored for compliance.

Housing

NEPA:

Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department (HCID/LA) serves as the environmentally responsible entity in preparation of the Environmental Assessment and Finding of No Significant Impact (EA/FONSI) for the Jordan Downs Public Housing Community Project. The EA/FONSI was circulated for public review on June 13, 2014 through July 2, 2014. On December 22, 2015 a technical memorandum was prepared to review any changes to the project description. Based on this memorandum HCID/LA found that changes to the project description did not result in changes to the conclusion of the EA/FONSI. On February 11, 2016 the U.S. Department of Housing and Urban Development’s Office of the Field Office Director issued approval of HACLA’s Request for Release of Funds and Environmental Certification. In response to the completion of the soil remediation to meet site-specific clean-up goals on the 21-acre site purchased to build out the first phase of Jordan Downs, in June 2017, HCID/LA provided a Categorically Excluded Not Subject to §58.5 per 24 CFR 58.35(b).

Section 3:

HACLA and the Jordan Downs Community Partnership are committed to the application of Section 3 for all projects developed within Jordan Downs, including construction and post-construction jobs and business opportunities. The specific Section 3 requirements were adopted in the Second Amendment to the Master Development Agreement (Resolution 9327).

Although not required by HUD, HACLA will apply its Section 3 Guide and Compliance Plan to promote local hire and local contracting opportunities with the implementation of

the People Plan and CNI Critical Community Investments in the Watts neighborhood. The Section 3 priority tiers will follow HUD's guidelines for mixed finance projects, focusing on the primacy of public housing residents and residents and businesses in Watts for new jobs and contracting opportunities.

Attachments:

1. Resolution
2. Phasing Map for Jordan Downs
3. Summary of CNI Supplemental Grant Opportunity – Appendix to NOFA

ATTACHMENT 1

RESOLUTION

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE ACCEPTANCE AND EXECUTION OF A FY 2022 CNI SUPPLEMENTAL GRANT CONTRACT AND ALL NECESSARY RELATED DOCUMENTS INCLUDING HUD FORMS AND AGREEMENTS WITH IMPLEMENTING PARTNERS TO BE USED TOWARD THE REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) is a public body, corporate and politic, organized and existing under the Housing Authorities Law (commencing at Section 34200 of the California Health and Safety Code and, specifically, Section 34311), and authorized to transact business and exercise the powers of a housing authority pursuant to action of HACLA’s Board of Commissioners (the “Board”);

WHEREAS, the HACLA intends to transform the Jordan Downs public housing community into a mixed-income, mixed use, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions (“JD Redevelopment”);

WHEREAS, on September 30, 2022, the U.S. Department of Housing and Urban Development (“HUD”) released a Notice of Funding Opportunity (NOFO) for up to \$10 million per project for its FY 2022 Choice Neighborhoods Implementation Supplemental (“CNI”) Grant, which has been developed by HUD to assist in transforming neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation;

WHEREAS, on October 31, 2019, by Resolution No. 9535, the Board authorized the President and CEO to execute and submit all necessary documents and certifications required and authorized the Board Chairperson to approve and certify the submission of a grant application to HUD, for a \$35 million CNI Grant to be used toward the JD Redevelopment and critical community investments in the greater Watts community, as well as approved other actions related to the submission of the grant application;

WHEREAS, on June 25, 2020 the Board adopted a resolution authorizing the acceptance of a \$35M FY 2019 CNI Implementation grant award from the US Department of Housing and Urban Development and execution of all related grant documents (Resolution No.9605);

WHEREAS, HUD requires a Board Resolution from the co-applicants (HACLA and City of LA) to authorize the acceptance and execution of all HUD-required documents upon a successful award under the FY 2022 NOFO; and

WHEREAS, HACLA is required to execute a number of certifications verifying information and documentation in order to accept a CNI Grant Award and enter into the CNI Supplemental Grant Agreement, to commit to meet federal standards and regulations as grantee, to demonstrate commitment to leveraging federal resources by contributing matching funds, and to implement the housing redevelopment in a manner that meets or exceeds design and sustainability standards.

NOW THEREFORE BE IT RESOLVED that the Board authorizes the President and CEO, or his designee: (i) to execute any agreements, forms, verifications as required by HUD, and any amendments thereto, as approved by legal counsel; and (ii) to undertake various actions reasonably necessary to effectuate the terms of the CNI Grant Agreement and this Resolution, including but not limited to, negotiating, executing, approving, and delivering any related and ancillary documents and agreements, all with the advice and/or approval of legal counsel.

BE IT FURTHER RESOLVED that the foregoing recitals are incorporated into this Resolution by this reference and constitute a material part of this Resolution.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
Chairperson Cielo Castro

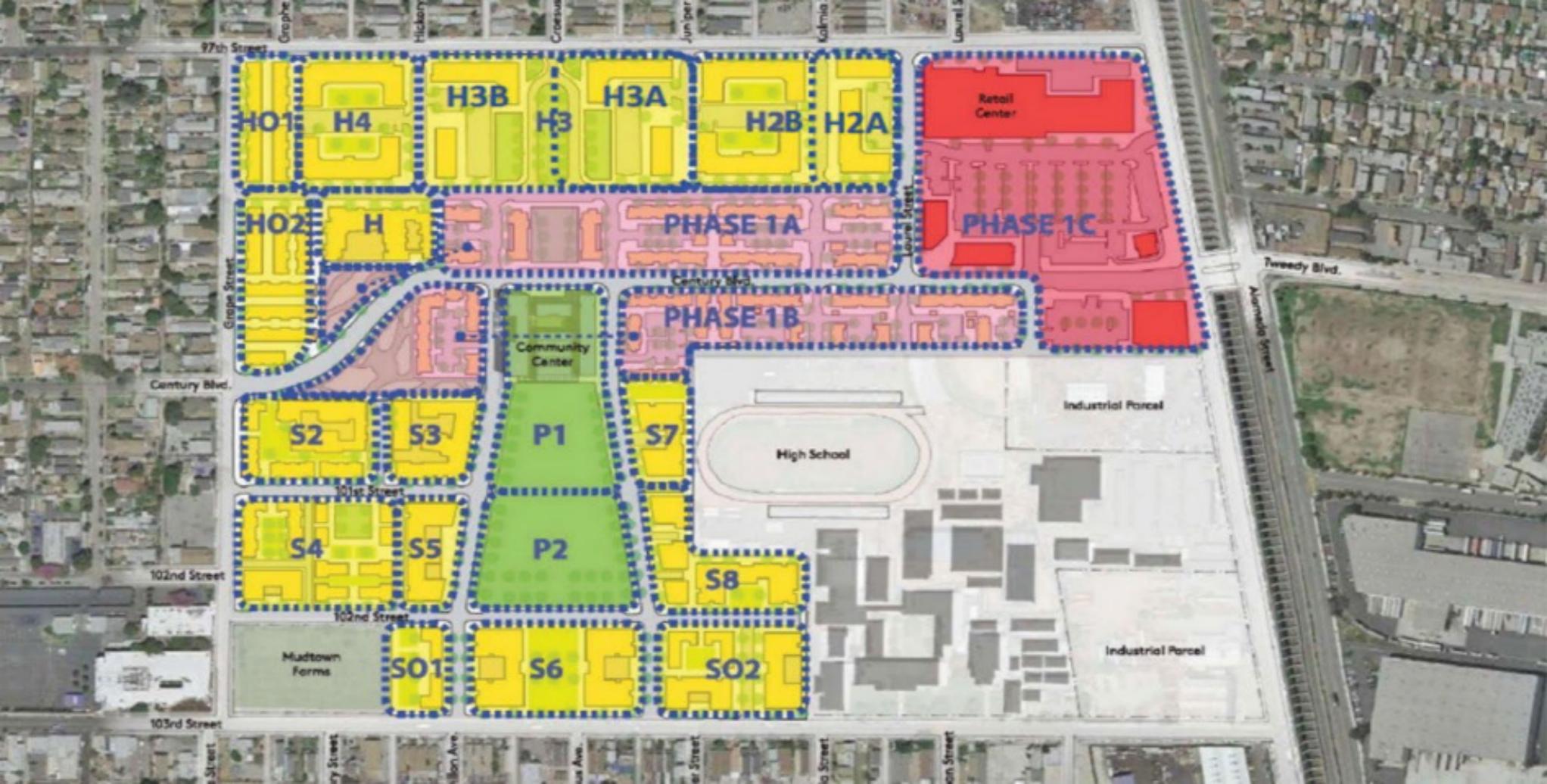
APPROVED AS TO FORM:

BY: _____
General Counsel James Johnson

DATE ADOPTED: _____

ATTACHMENT 2

Phasing Map for Jordan Downs



97th Street

Grape Street

Hickory

Cross

Juniper

Kalmia

Laurel

HO1 H4

H3B H3

H3A

H2B H2A

Retail Center

HO2 H

PHASE 1A PHASE 1B

PHASE 1C

S2 S3

Community Center P1 P2

S7

High School Industrial Parcel

S4 S5

P1 P2

S8

Industrial Parcel

Mudtown Forms SO1

S6

SO2

101st Street

102nd Street

102nd Street

103rd Street

Tweedy Blvd.

Aurora Street

Century Blvd.

103rd Street

ATTACHMENT 3

**SUMMARY OF CNI SUPPLEMENTAL GRANT OPPORTUNITY –
APPENDIX TO NOFA**

APPENDIX

Supplemental Grants to Previously Awarded Choice Neighborhoods Implementation Grantees

HUD recognizes that many of the current CN Implementation Grantees are struggling to absorb significant cost increases resulting from the COVID-19 pandemic and related supply chain disruptions, without making significant changes to their Housing Plan, while still meeting the one-for-one replacement requirement. This NOFO provides the opportunity for previously awarded Implementation Grantees to apply for competitive supplemental grants to help address such financing gaps, provided they meet the eligibility criteria below. This NOFO makes approximately \$100 million available for such Supplemental Grants. HUD views these grants as atypical and nonroutine. The Department is opening this funding opportunity only to address contemporaneous challenges. While HUD anticipates awarding approximately \$100 million through these grants, the actual amount awarded will be determined after applications are received.

I. ELIGIBILITY CRITERIA

1. Implementation Grant was awarded under the **FY 2016 - FY 2020 NOFA/NOFO**.
2. Grantee did not receive a Choice Neighborhoods Supplemental Grant awarded through the FY 2019 NOFA.
3. Grantee has at least one more phase with replacement housing currently scheduled to begin after May 1, 2023.
4. Grantee is making adequate progress in implementing the Housing Plan.
5. The Lead Applicant and Co-Applicant must be the same for the Supplemental Grant application as for the previously funded Implementation Grant.

II. GRANT AWARD AMOUNT

The maximum amount for this grant award is either up to \$5 million for grants targeting a housing project with fewer than 450 units or up to \$10 million for grants targeting a housing project with 450 or more units. HUD reserves the right to award less than the maximum amount. Submit the Grant Sizing Worksheet (HUD-53235) as described in section IV.F.3 with the following modifications:

1. In Step 6, only include replacement units for the phases that HUD's approval of the development proposal is expected after May 1, 2023. Example: the Housing Plan includes 250 replacement units and you have already received approval for phases that contain 70 replacement units and another phase with 30 replacement units is scheduled to close in December 2022. You would enter the remaining 150 replacement units, broken out by building type, number of bedrooms, and new construction or rehabilitation, on the worksheet.
2. Enter zero for Supportive Services in Step 7 and Critical Community Improvements in

Step 8.

3. In Step 10, in addition to other PH capital assistance, include the amount of the prior CN Implementation Grant, excluding the amount that is currently budgeted (as of the Supplemental Grant application due date) for Supportive Services and CCI, as well as any funds that have already been included in the TDC for a closed phase. Example: the original CN Implementation Grant is \$30 million, \$4.5 million is budgeted for Supportive Services, \$4 million is budgeted for CCI, \$6 million of CN funding was included in the TDC for the first housing phase, and no additional HUD Public Housing funding is budgeted for the Housing Plan. You would enter \$15.5 million on the form.

4. In Step 11, enter the lesser of the calculation in Step 10(c) or the maximum award established in this Appendix (i.e., up to \$5 million or up to \$10 million).

III. ELIGIBLE USE OF FUNDS

These Supplemental Grant funds may only be used for the construction of replacement housing in mixed-income developments. All funding will be put in the Dwelling Structures Budget Line Item (BLI 1460) in LOCCS. These grant funds may not be used for any other activity that is typically eligible with Choice Neighborhoods funding. In addition, this Supplemental Grant must not supplant the planned uses of the original Implementation Grant funding. Accordingly, recipients of a Supplemental Grant will not be able to revise the budget of the original Implementation Grant to reduce the amount of funding budgeted for unit development (BLI 1460) nor increase the budget for other activities such as Administration (BLI 1410) and Fees & Costs (BLI 1430).

IV. GRANT TERM

The grant term for a Supplemental Grant will be either three years from the date of the Grant Agreement execution (approximately May 1, 2026) or one year after the expiration date of the current Implementation Grant, whichever is later. For example, the expiration date of the FY 2019 funding is September 30, 2026. Thus if a FY19 Implementation Grantee receives a Supplemental Grant, these funds must be expended by September 30, 2027.

V. THRESHOLD REQUIREMENTS

Applications for a Supplemental Grant must demonstrate that they meet the following Threshold Eligibility Requirements from section III.D:

1. Resolution of Civil Rights Matters,
2. Affirmatively Furthering Fair Housing, and
3. Timely Submission of Applications.

VI. RATING FACTORS (50 points total)

1. Original size of Target Housing Project (10 points). An application will earn full points if the target housing site contained 300 or more project units at the time the initial Implementation

Grant application was submitted. For sites where the target housing contained 175-299 units, the application will earn five points. If the target housing contained less than 175 units, the application will earn zero points. Applicants do not need to submit any documentation for this rating factor as HUD will review its records to assign points.

2. Financial Need (20 points). An application will earn up to 20 points based on financial need. Provide an explanation of how the current financial projections changed from what was included in the original Implementation Grant application. Applicants should demonstrate that they have been adversely affected by changes/fluctuations in the market. What has the grantee and Housing Implementation Entity done to try and fill the financing gap? What would this Supplemental Grant funding enable the grantee/housing developer to accomplish? What funds has the locality committed to help fund the financing gap (e.g., CDBG funds, ARPA funds, etc.)? Applicants must demonstrate that they have or are able to secure substantial funds from local sources, including sources funded by the federal grants noted above, to reduce their financing gap. In conjunction the budgets provided below, HUD will award points based on the demonstrated financial need and the applicant’s efforts to close the financing gap.

3. Financing Plan for Remaining Phases (7 points). Provide a development budget, including all sources and uses, for each remaining housing phase (including those without replacement units and/or those without Choice Neighborhoods funding). Also, indicate the anticipated date for financial closing, construction start and construction completion. Clearly identify which funding sources are already secured, presumed available (as may be the case of sources like 4% Low-Income Housing Tax Credits), or not yet secured. The application does not require the submission of commitment letters. How will this Supplemental Grant enable the financing plan for remaining phases? HUD will also evaluate based on the extent to which the application demonstrates the Housing Plan is sound and financially feasible.

4. Mixed-Income Housing Plan (5 points). Grantees must develop mixed-income housing that serves families with a broad range of incomes within each building, to the maximum extent possible. In this application, include an updated description of the overall Housing Plan by phase and discuss how it has changed since the original grant award. The description should address all phases of the Housing Plan, even if they do not have any CN funds currently budgeted to them. This includes replacement units that will be provided through PBV units developed by an entity other than the Housing Implementation Entity. HUD will award points based on the extent to which the current plan Housing Plan is consistent with the original plan and achieves the program’s goal of developing mixed-income housing.

5. Leverage in Prior Phases (7 points). HUD will review phases using CN grant funds that have closed as of the application deadline for this grant and award points based on how much leverage the phase included relative to CN and other public housing funding sources. HUD will use the Permanent Sources & Uses budget included with the development proposal approval letter at closing to evaluate grantees on this rating factor.

Leverage ratio of total public housing funds (CN Implementation Grant, Capital Fund, MTW, etc.) to non-public housing funds	Points Awarded
1:6.00 or higher	5
1:5:00 to 1:5.99	4
1:4:00 to 1:4.99	3

1:3:00 to 1:3.99	2
1:2:00 to 1:2.99	1
Less than 1:2.00	0

6. Section 3 Plan (1 point). Application should demonstrate ongoing plan to comply with HUD's Section 3 regulations. The application will receive one point based the following:

- types and amounts of employment, training, and contracting opportunities to be generated as a result of proposed grant activities;
- specific actions to be taken to give Section 3 workers and Section 3 business concerns priority consideration for employment, training, contracting, and other economic opportunities in accordance with HUD’s Section 3 regulations;
- written procedures to be used for notifying Section 3 workers and business concerns about the availability of training, employment, and contracting opportunities;
- methodology to be used for monitoring developers, contractors and subcontractors that are awarded covered contracts to ensure compliance with Section 3 requirements; and
- strategies for meeting the Section 3 benchmarks for employment and contracting opportunities

VII. APPLICATION CONTENT, FORMAT, AND SUBMISSION

1. The Supplemental Grant application must be submitted through Grants.gov in the same announcement portal as applications for new FY22 Implementation Grants. The due date for a Supplemental Grant application is 11:59:59 PM Eastern Standard time on February 6, 2023. HUD will sort the submissions accordingly upon receipt.
2. Applicants must fill out the standard forms that are embedded within the Grants.gov system (e.g., the SF-424) and the Grant Sizing Worksheet, but not the other forms included in the application package download as those only pertain to an application for a new Implementation Grant.
3. There is no page limit. Applicants should only submit the information requested by the NOFO in this Appendix. This application is streamlined given HUD's familiarity with the project through the existing Implementation Grant. Applicants do not need to provide a response for the Original Size of the Target Housing Project or Leverage in Prior Phases rating factors since the CN office will rely on its records.
4. There is no Table of Contents form. Please label the sections of your submission as follows:
 - A. Threshold requirements
 - B. Financial Need
 - C. Financing Plan for Remaining Phases
 - D. Mixed-Income Housing Plan
 - E. Section 3 Plan
 - F. Grant Sizing Worksheet

VIII. REVIEW AND SELECTION

HUD will rate each application based solely on the rating factors listed above. Once a final score has been assigned to each application, they will be ranked in score order. HUD will recommend for selection the most highly rated applications. If two or more applications have the same score and there are insufficient funds to select all of them, HUD will select the application with the most public housing/assisted units to replace. HUD anticipates announcing Supplemental Grant awards in April 2023. HUD will send a new grant agreement specific to this Supplemental Grant to each selected applicant, which constitutes the agreement between you and HUD to carry out and fund Choice Neighborhoods Implementation Grant activities.