

(a) You may request reasonable amounts to pay for the demolition of significant nondwelling structures related to the demolition of dwelling units. These costs must be included as part of an application for funding of demolition of public housing units; you may not apply for them separately. Examples of such costs include community centers and heating plants.

(b) Such costs must be justified and verified by an engineer or architect licensed by his or her state licensing board who is not an employee of the housing authority or the city. The engineer or architect must provide his or her license number and state of registration. A Nondwelling Structures Cost Certification is included in the HOPE VI Demolition Grant Application.

(B) HUD recognizes that the HOPE VI grant may not cover the total costs of relocation, abatement, and demolition in all cases and that you may have to provide additional funding from other sources.

(C) *You may not use HOPE VI Demolition Grant funds to pay for any demolition or related activities carried out before the date of the letter announcing the award of the HOPE VI Grant.*

VII. Site and Unit Requirements

(A) Demolition Site and Unit Application Guidelines.

(1) You may submit up to five HOPE VI Demolition grant applications that target a total of no more than 2,500 severely distressed public housing units.

(2) You may target units in only one public housing project (*i.e.* units that have the same project number) per application.

(3) You may submit more than one application targeting units in a single housing project.

(4) You may target as many or as few units per application as you wish.

(5) Unless otherwise indicated, the Executive Director of the applicant PHA, or his or her designate, must sign each form or certification, whether part of an attachment or a Standard Certification. Signatures need not be original.

(B) *Separability.* In accordance with section 24(j)(2)(A)(v) of the 1937 Act, if you propose to target only individual buildings of a project for demolition, you must:

(1) Demonstrate to HUD's satisfaction that the severely distressed public housing is sufficiently separated from the remainder of the project of which the building is part to make demolition of the building feasible, and

(2) Demonstrate that the plan for the demolished portion will provide defensible space for the occupants of the remaining building(s). Separations may include a road, berm, catch basin, or other recognized neighborhood distinction.

(C) *Appropriateness of Proposal.* In accordance with section 24(e)(1) of the 1937 Act, each application must demonstrate the appropriateness of the proposal in the context of the local housing market *relative to other alternatives*. You must briefly discuss other possible alternatives to your proposal, and explain why your plan is more appropriate. This is a statutory requirement as well as an application threshold.

Examples of alternative proposals may include:

(1) Rebuilding on the site and/or building off-site replacement public housing in isolated, non-residential, or otherwise inappropriate areas.

(2) Proposing a range of incomes, housing types (rental vs. homeownership, market rate vs. public housing, townhouse vs. detached house, etc.), or costs that cannot be supported by a market analysis.

(3) Targeting the land for something other than its highest and best use, given market conditions and the social goals of your agency.

VIII. Severe Distress

(A) Severe Distress.

(1) The targeted public housing project or building in a project must be severely distressed. In accordance with section 24(j)(2) of the 1937 Act, the term "severely distressed public housing" means a public housing project (or building in a project) that:

(a) Requires major redesign, reconstruction or redevelopment, or partial or total demolition, to correct serious deficiencies in the original design (including inappropriately high population density), deferred maintenance, physical deterioration or obsolescence of major systems, and other deficiencies in the physical plant of the project; and

(b) Is a significant contributing factor to the physical decline of, and disinvestment by, public and private entities in the surrounding neighborhood; and

(c)(i) Is occupied predominantly by families who are very low-income families with children, are unemployed, and dependent on various forms of public assistance; or

(ii) Has high rates of vandalism and criminal activity (including drug-related criminal activity) in comparison to other housing in the area; and

(d) Cannot be revitalized through assistance under other programs, such as the Capital and Operating Funds Programs for public housing under the Act, or the programs under sections 9 and 14 of the 1937 Act (as in effect before the effective date under section 503(a) of QHWR) because of cost constraints and inadequacy of available amounts.

(B) *Demonstration of Severe Distress.* Units will be considered severely distressed if:

(1) They are included in a HUD-approved Section 202 Mandatory Conversion Plan. The Section 202 Conversion Plan must be approved by HUD on or before the HOPE VI Demolition grant application due date;

(2)(a) They are included in a Section 202 Mandatory Conversion Plan that you have submitted to HUD on or before the HOPE VI Demolition grant application deadline date, or

(b) They are, in HUD's sole determination under section 537(c) of QHWR, subject to the removal requirements of 24 CFR part 971 and can be expected to be demolished in accordance with the time schedule required by Section IV(F)(1) of this NOFA;

(3) They are included in a HUD-approved application for demolition that was developed in accordance with section 18 of the 1937 Act, as amended ("section 18 demolition application"); or

(4) They are included in a HUD-approved Revitalization Plan as part of a HOPE VI Revitalization grant.

IX. Relocation

(A) *General.* You must provide suitable, decent, safe, and sanitary housing for each family required to relocate as a result of demolition activities. The relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4201–4655) (URA) and the implementing government-wide regulations at 49 CFR part 24 cover any person who moves permanently from real property or moves personal property from real property directly because of demolition for an activity undertaken with HUD assistance.

CPD Notice 02–08, entitled "Guidance on the Application of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as Amended, in HOPE VI Projects," outlines the URA requirements and describes the framework for operating its relocation assistance activities connected with HOPE VI revitalization and demolition activities. Applicants