

General Section of the SuperNOFA for the information on how to meet this requirement.

(C) *Local Resident Employment (Section 3 Requirements)*. For grants in excess of \$200,000, to the extent that grant funds are used for housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair, and replacement) or housing construction, then it is subject to Section 3 of the Housing and Urban Development Act of 1968 and the implementing regulations at 24 CFR part 135. Section 3 requires that economic opportunities shall, to the greatest extent feasible, be given to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons (also see Section V(E) of the General Section of the SuperNOFA).

IX. Authority

This program is authorized under the AIDS Housing Opportunity Act (42 U.S.C. 12901). The regulations for HOPWA are found at 24 CFR part 574.

Part B. Renewal Projects

HUD will consider applications under this part that are renewals of expiring HOPWA competitive grants whose primary purpose is the provision of permanent supportive housing.

I. General Policies on Renewal of Permanent Supportive Housing Grant—Purpose

Under the provisions of the FY 2003 Appropriations Act, the Secretary is required to renew qualifying expiring contracts for permanent supportive housing on a priority basis. Grants funded under prior HOPWA competitions that meet the stated eligibility requirements below and meet all program requirements will be given priority renewal by HUD. Applications will be reviewed on a pass/fail threshold review system and are not required to address the departmental policy priorities described in the General Section of the SuperNOFA. If you have an expiring grant, which is not for permanent supportive housing, you may apply for funding under Part D of this Program Section.

II. Eligibility of Applicants and Grants

To be eligible for priority renewal under this part, you must meet all of the following eligibility requirements:

(A) *Eligible Permanent Supportive Housing Grants*. To be eligible, your project must provide permanent

supportive housing to eligible persons. Permanent supportive housing is housing in which the eligible person has a continuous legal right to remain in the unit and which provides the eligible person on-going supportive services through qualified providers. HUD will consider a grant to be providing permanent supportive housing if 51% or more of HOPWA program activity funds are used: (1) To provide permanent housing where on-going supportive services are made available through other resources; or (2) to provide supportive services where permanent housing is provided through other resources. To establish eligibility, provide documentation of the following:

(1) *Certification of the Provision of Permanent Housing*. You must certify that at least 51% of the HOPWA program activity funds awarded to your grant were and are being used to provide permanent supportive housing to eligible persons. To determine whether your grant meets this test, use the Permanent Supportive Housing Worksheet found in Appendix A and submit it with your certification. The test is based on the HOPWA funded program activity costs approved in the original application or, as amended by HUD, excluding administrative costs and project outcome funding. To be counted, the grant funds must be used to provide the housing or to provide supportive services to eligible persons living in permanent housing.

(2) *Documentation of Other Resources*. If your project relies on other state, local, federal, or private resources to provide the permanent housing or supportive services portion of your project, you must demonstrate that the other resources will continue to be available for that purpose throughout the term of the renewal grant. The continuing assistance must have been documented within the original application to HUD and be used in conjunction with requested HOPWA funds. Evidence of continuing assistance must be provided, as follows:

(a) *Permanent Housing*. Permanent housing provided through other resources must be documented in the renewal application through a leveraging letter. The leveraging letter must outline the amount of funds for the housing to be provided, the term the funds will be made available, and be signed by the organization providing such housing or funding for the housing. See Part D, Section V, Rating Factor 4: Leveraging Resources, for acceptable leveraging letter examples.

(b) *Supportive Services*. Supportive services provided through other resources must be documented through

a commitment letter(s), which outline(s) the type of support that will be provided to eligible persons, the organizations providing such support, and the length of time such supportive services will be available. Supportive services must be available to eligible persons in permanent housing throughout the term of the renewal grant.

(3) *Evidence of Permanent Client Occupancy*. Except for funds used for short-term mortgage, rent and utility payments, you must show evidence that the client has a continuous legal right to remain in the unit or property and has access to on-going supportive services provided through qualified providers. You must include in your application a copy of the standard lease form used for residents of the project. It must be for a term of at least one year, be renewable by the tenant and may only be terminable by the landlord for cause.

(B) *Eligible Expiring Grant*. To be eligible, the HOPWA grant must be an expiring grant, which is defined as a grant that will not have sufficient funds to continue activities until September 30, 2004, if not awarded additional federal funds. The applicant must demonstrate to HUD that all funds awarded in the grant it seeks to renew will be expended within a three-year period (as measured by reimbursements filed with HUD under the financial system, PAS). HUD may deobligate any amount of HOPWA grants funds that have been renewed on this basis and have not been expended within three (3) years from the date of obligation.

(C) *Eligible Prior Grants*. To be eligible, prior grants must have been selected by HUD for funding under HUD's SuperNOFA process in 1999, 2000, or 2001 and must not have been renewed through a previous competition. Grants selected in 1998 were required to operate and complete activities before the end of fiscal year 2002. Grants funded in 1998 are not eligible for renewal, unless the grantee documents that HUD approved a grant extension of the project that would allow for its continued operations in the federal Fiscal Year 2003 or 2004.

(D) *Eligibility based on Achieving Measurable Progress*. To be eligible, prior grants must have operated with measurable progress, defined as not evidencing weak performance. Weak performance consists of sanctions or unresolved monitoring findings during the active competitive period, from the date of publication of this Program Section until the selection of applications, or other HUD knowledge of unresolved problems. Unresolved problems may include that planned activities remain delayed in their