

**DEPARTMENT OF AGRICULTURE****Rural Housing Service****Housing Demonstration Program**

**AGENCY:** Rural Housing Service, United States Department of Agriculture (USDA)

**ACTION:** Notice of funding for the rural housing demonstration program.

**SUMMARY:** The Rural Housing Service (RHS) announces the availability of housing loan funds for Fiscal Year (FY) 2003 for the Rural Housing Demonstration Program. For FY 2003, RHS has set aside \$1 million for the Innovative Demonstration Initiatives. The Agency is soliciting proposals for a Housing Demonstration program under section 506(b) of title V of the Housing Act of 1949. Under section 506(b), RHS may provide loans to low income borrowers to purchase innovative housing units and systems that do not meet existing published standards, rules, regulations, or policies. The intended effect is to increase the availability of affordable Rural Housing (RH) for low-income families through innovative designs and systems.

**EFFECTIVE DATE:** June 24, 2003.

**FOR FURTHER INFORMATION CONTACT:**

Gloria L. Denson, Senior Loan Specialist, Single Family Housing Direct Loan Division, RHS, U.S. Department of Agriculture, STOP 0783, 1400 Independence Ave. SW., Washington, DC 20250-0783, Telephone: (202) 720-1474. (This is not a toll free number.)

**SUPPLEMENTARY INFORMATION:** Under current standards, regulations, and policies, some low-income rural families lack sufficient income to qualify for loans to obtain adequate housing. Section 506(b) of title V of the Housing Act of 1949, 42 U.S.C. 1476, authorizes a housing demonstration program that could result in housing that these families can afford. Section 506(b) imposes two conditions: (1) That the health and safety of the population of the areas in which the demonstrations are carried out will not be adversely affected, and (2) that the aggregate expenditures for the demonstration may not exceed \$10 million in any fiscal year. Grant funds for these proposals are not authorized.

Rural Development State Directors are authorized in FY 2003 to accept demonstration concept proposals from individuals.

The objective of the demonstration programs is to test new approaches to constructing housing under the statutory authority granted to the Secretary of Agriculture. Rural

Development will review each application for completeness and accuracy. Some demonstration proposals may not be completely consistent with 7 CFR part 3550—Direct Single Family Housing Loans and Grants regulation. Under section 506(b) of the Housing Act of 1949, the Agency may provide loans for innovative housing design units and systems which do not meet existing published standards, rules, regulations, or policies. The innovative housing units and systems should be creative, affordable, durable, energy efficient, and include a diversity of housing types. Examples of eligible proposals include, but are not limited to: new or improved energy-savings houses, roofing that cools, building techniques that cut costs and improve the quality of rural housing.

The Equal Credit Opportunity Act and Title VIII of the Civil Rights Act of 1968 provide that a program such as this be administered affirmatively so that individuals of similar low-income levels in the housing market area have housing choices available to them regardless of their race, color, religion, sex, national origin, familial status and disability. Under Section 504 of the Rehabilitation Act of 1973 Rural Development makes reasonable accommodations to permit persons with disabilities to apply for agency programs. Executive Order 12898 requires the Agency to conduct a Civil Rights Impact Analysis on each project prior to loan approval. Also, the requirements of Executive Order 11246 are applicable regarding equal employment opportunity when the proposed contract exceeds \$10,000.

Completed applications that have been determined to carry out the objectives of the program will be considered on a first come, first served basis based on the date a completed application was submitted. An application is considered complete only if the "Application for Approval of Housing Innovation" is complete in content, contains information related to the criteria and all applicable additional information required by the application form has been provided. All application packages must be in accordance with the technical management requirements and address the criteria in the Proposal Content. The application, technical management requirements, Proposal Content and Criteria and further information may be obtained from the Rural Development State office in each state. (See the State Office address list at the end of this notice or access the Web site at [http://www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html).) Applicants submitting an incomplete application will be advised in writing of additional

information needed for continued processing.

The following evaluation factors will not be weighted and are non-competitive. RHS, in its analysis of the proposals received, will consider whether the proposals will carry out the objectives of this demonstration effort in accordance with the following criteria:

**A. Housing Unit Concept**

1. A proposal must be well beyond the "idea" state. Sufficient testing must have been completed to demonstrate its feasibility. The proposal must be judged ready for full scale field testing in a rural setting.

2. Ability of the housing unit to provide for the protection of life, property, and for the safety and welfare of the consumer, general public and occupants through the design, construction, quality of materials, use, and maintenance of the housing unit.

3. Flexibility of the housing units in relation to varying types of housing and varying site considerations.

1. Flexibility of the housing unit concept, insofar as it provides the ability to adjust or modify unit size and arrangements, either during design or after construction.

1. Efficiency in the use of materials and labor, with respect to cost in place, conservation of materials, and the effective use of labor skills. Potential for use in the Mutual Self-Help Housing program will be considered.

6. Selection of materials for durability and ease of maintenance.

7. Concepts for the effective use of land and development.

**B. Organization Capabilities**

1. The experience and "know-how" of the proposed organization or individual to implement construction of the housing unit concept in relation to the requirements of RHS's housing programs.

2. The management structure and organization of the proposer.

3. The quality and diversity of management and professional talent proposed as "key individuals."

4. The management plan of how this effort will be conducted.

**C. Cost and Price Analysis**

1. The level of costs which are proposed, as they may compare with other proposals and be considered realistic for the efforts planned. Also, the quantity and level of detail in the information supplied.

2. Projected cost of "housing in place," with particular reference to housing for very low and low-income families.