

not be used to offset costs for infrastructure.

(D) Types of Development Resources

HUD seeks to fund mixed-finance developments that use HOPE VI funds to leverage the maximum amount of other physical development funds, particularly from private sources, that will result in revitalized public housing, other types of assisted and market rate housing, and private retail and economic development. Types of resources that may be counted include:

(1) Private mortgage-secured loans and other debt. Note the term maturity expected and sources of repayment of all loans.

(a) Where there is both a construction loan and a permanent take-out loan, you must provide documentation of both, but only the value of the permanent loan will be counted as leverage.

(b) For privately financed homeownership construction loans, acceptable documentation of construction loans will be considered as leverage. Documentation of permanent financing is not required.

(c) If you have obtained a construction loan but not a permanent loan, the value of the acceptably documented construction loan will be counted as leverage.

(2) Insured loans.

(3) Donations and contributions.

(4) Housing trust funds.

(5) Net sales proceeds from a homeownership project. Downpayments from homebuyers may not be counted.

(6) Funds committed to build private sector housing in direct connection with the HOPE VI Revitalization Plan.

(7) Tax Increment Funding (TIF).

(8) Tax Exempt Bonds. Describe the use and term.

(9) Other Federal Funds. Other Federal sources may also include funds provided by HUD, except-public housing funds, such as HOPE VI Revitalization funds, HOPE VI Demolition funds, Capital Fund Program funds, and proposals to use operating subsidy for debt service. Though these HUD public housing funds may not be counted for points under this NOFA, they can be used as part of your revitalization plan.

(10) Sale of Land. The value of land may be included as a development resource only if this value is a sales proceed. Absent a sales transaction, the value of land may not be counted.

(11) Donations of Land. Donations of land may be counted as a development resource, only if the donating entity owns the land to be donated. Donating entities may include a city, county, church, community organization, *etc.*

The application must include documentation of this ownership, signed by the appropriate authorizing official.

(12) Low-Income Housing Tax Credits (LIHTC). Low-Income Tax Credits are authorized by section 42 of the IRS Code which allows investors to receive a credit against Federal tax owed in return for providing funds to developers to help build or renovate housing that will be rented only to lower-income households for a minimum period of years. There are two types of credits, both of which are available over a 10-year period: A 9 percent credit on construction/rehab costs, and a 4 percent credit on acquisition costs and all development costs financed partially with below-market Federal loans (*e.g.*, tax exempt bonds). Tax credits are generally reserved annually through State Housing Finance Agencies, a directory of which can be found at <http://www.ncsha.org/ncsha/public/statehfdirectory/index.htm>. Only tax credits that have been reserved for the project will be counted as development leveraging.

(a) If you propose to include LIHTC equity as a development resource for your first phase of development, your application must include a LIHTC reservation letter from your state or local Housing Finance Agency. This letter must constitute a firm commitment and can only be conditioned on the receipt of the HOPE VI grant.

(b) If you propose to include LIHTC equity as a development resource for phases of development other than your first phase, your application must include a reservation letter from your state or local Housing Finance Agency in order to have the tax credit amounts for future phases counted as development leveraging.

(c) Only LIHTC commitments that have been secured as of the application deadline will be considered for the scoring under section VI(H)(1).

(E) Sources of Development Resources

You must actively enlist other stakeholders who are vested in and can provide significant financial assistance to your revitalization effort. Sources of resources that can be used for leveraging may include:

(1) Public, private, and non-profit entities, including LIHTC purchasers;

(2) State and local Housing Finance Agencies;

(3) Local governments;

(4) The city's housing and/or redevelopment agency or other comparable agency. HUD will consider this to be a separate entity with which

you are partnering if your PHA is also a redevelopment agency or otherwise has citywide responsibilities.

(a) You are strongly urged to seek a pledge of Community Development Block Grant (CDBG) funds for improvements to public infrastructure such as streets, water mains, *etc.* related to the revitalization effort. CDBG funds are awarded by HUD by formula to units of general local government and to states, which may then award a grant or loan to a PHA, a partnership, a non-profit organization, or other entity for revitalization activities, including loans to a project's for-profit partnership. More information about the CDBG Program can be found at www.hud.gov/offices/cpd/index.cfm.

(b) The city, county, or State may provide HOME funds to be used in conjunction with HOPE VI funds. The Home Investment Partnership Program provides housing funds that are distributed from HUD to units of general local governments and states. Funds may be used for new construction, rehabilitation, acquisition of standard housing, assistance to homebuyers, and tenant-based rental assistance. Current legislation allows HOME funds to be used in conjunction with HOPE VI funds, but they may not be used in conjunction with Public Housing Capital Funds under section 9(d) of the 1937 Act. Information about the HOME Program can be found at: www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm.

(5) Foundations.

(6) Government Sponsored Enterprises such as the Federal Home Loan Bank, Fannie Mae, and Freddie Mac.

(7) HUD and other Federal agencies.

(8) Financial institutions, banks, or insurers.

(9) Other private funders.

(F) Types of CSS Resources

HUD seeks to fund mixed-finance developments that use HOPE VI funds to leverage the maximum amount of other resources to support CSS activities in order to ensure the successful transformation of the lives of residents and the sustainability of the revitalized public housing development. Leveraging scarce HOPE VI CSS funds with other funds and services is critical to the sustainability of CSS activities so that they will continue after the HOPE VI funds have been expended.

Commitments of funding or in-kind services related to the provision of CSS activities may be counted as CSS resources and towards the calculation of CSS leverage. Types of resources that