

contributions raised in the preceding quarter of the program year from individuals, businesses, neighborhood development funding organizations, and nonprofit and other organizations located within established neighborhood boundaries. Contributions attributable to organizations or persons not residing in or conducting business within the grantee's neighborhood, loans, in-kind services, contributions by owners of properties to be improved, fees for services, public funds, and any in-lieu-of-cash contributions cannot be used to match Federal funds. These contributions may, however, be used to carry out project activities. The neighborhood monetary contributions for matching purposes must be raised within the one-year grant period. However, grant activities may be programmed over a one- to three-year period.

A Federal matching ratio will be established for each participating applicant in accordance with the statutory requirement that the highest ratios be established for neighborhoods having the greatest degree of economic distress. Subject to the statutory maximum of \$75,000, the Federal match for this program year will range from one to six Federal dollars for each qualifying dollar raised by the grantee. Applications selected to receive Federal funds will be rank-ordered and the matching ratios will be determined in accordance with this criterion. The Department also reserves the right to fund applications, in other than rank order, on the basis of achieving geographic balance.

Any application selected for the award of Federal funds that proposed a matching funds ratio in excess of the ratio HUD determines for it will be offered an award of funds at the HUD determined ratio. However, any application selected for award that proposed a match below the maximum ratio HUD determines for it will be funded at the level proposed by the applicant.

Federal payments to participating neighborhood organizations will be made on a quarterly basis following receipt of quarterly performance and financial reports. The maximum Federal payment to an applicant will be governed by the amount of verified, qualifying monetary contributions received from local sources in the preceding quarter, multiplied by the matching funds ratio established for the neighborhood. Ten percent of the total grant award will be held pending receipt of the final report and close-out documentation.

C. Eligibility

1. Eligible Applicants—Definition

An eligible neighborhood development organization must be located in and serve the neighborhood for which assistance is to be provided. It cannot be a city-wide organization, a multi-neighborhood consortium, or, in general, an organization serving a large area of the city. The applicant must meet all of the following statutory requirements:

(a) The applicant must be incorporated as a private, voluntary, nonprofit corporation under the laws of the State in which it operates;

(b) The applicant must be responsible through a governing body to the residents of the neighborhood it serves. Not less than 51 percent of the members of the governing body must be residents of the neighborhood;

(c) The applicant must have conducted business for at least one year before the date of its application;

(d) The applicant must operate within an area that meets at least one of the following criteria:

(i) The area meets the requirements for Federal assistance under section 119 of the Housing and Community Development Act of 1974 (Urban Development Action Grants);

(ii) The area is designated as an empowerment zone or an enterprise community under Federal law;

(iii) The area is designated as an enterprise zone under State law, and is recognized by the Secretary as a State enterprise zone for purposes of this section; or

(iv) The area is a qualified distressed community within the meaning of section 233(b)(1) of the Bank Enterprise Act of 1991; and

(e) The applicant must have conducted one or more eligible neighborhood development activities that primarily benefit low-income persons, as defined in section 102(a)(20) of the Housing and Community Development Act of 1974. (In general, low-income residents means families and individuals whose incomes do not exceed 50 percent of the median income of the area involved.)

2. Eligible Applicants—Other Threshold Requirements

In addition, an applicant must:

(a) Specify a business/management plan for accomplishing one or more of the activities listed in Section I.C(3), Eligible Activities, of this NOFA;

(b) Specify a strategy for achieving greater long-term private sector support, especially in cooperation with a neighborhood development funding

organization. An applicant that is otherwise eligible will be deemed to have the full benefit of the cooperation of a neighborhood development funding organization if the eligible applicant:

(i) Is located in an area described in paragraph (d) of Section I.C(1) of this NOFA (Eligible Applicants—Definition) that does not contain a neighborhood development funding organization; or

(ii) Demonstrates that it has been unable to obtain the cooperation of any neighborhood development funding organization in the area despite having made a good faith effort to obtain such cooperation; and

(c) Specifies a strategy for increasing the capacity of the applicant.

3. Eligible Activities

Eligible activities include the following, but are not limited to the examples given:

(a) Developing economic development activities that include:

(i) Creating permanent jobs in the neighborhood; and

(ii) Establishing or expanding businesses within the neighborhood (such as a business incubator);

(b) Developing new housing, rehabilitating existing housing, or managing housing stock within the neighborhood;

(c) Developing delivery mechanisms for essential services that have lasting benefits to the neighborhood. Examples include fair housing counseling services, child care centers, youth training, and health services; or

(d) Planning, promoting, or financing voluntary neighborhood improvement efforts, such as, but not limited to:

(i) Establishing a neighborhood credit union, demolishing abandoned buildings, removing abandoned cars, and establishing an on-going street and alley cleanup program;

(ii) Strategic planning to integrate housing, economic development, essential services, the remediation of hazards (such as brownfields), and neighborhood urban design activities; and

(iii) Integrating neighborhood strategic planning or community-based projects into city- and metropolitan-wide planning or service delivery, as a means of establishing linkages with city and metropolitan planning, job markets, and service delivery mechanisms in other areas within the metropolitan region.

D. Selection Criteria/Ranking Factors

Applications will be evaluated on the basis of the following factors. In addition, two (2) bonus points will be added in determining the final score for an application submitted by an