

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT****24 CFR Part 572**

[Docket No. FR-3857-F-02]

RIN 2506-AB71

**Office of the Assistant Secretary for Community Planning and Development; Homeownership of Single Family Homes Program (HOPE 3); Streamlining Final Rule**

**AGENCY:** Office of the Assistant Secretary for Community Planning and Development, HUD.

**ACTION:** Final rule.

**SUMMARY:** This rule completes the rulemaking process for an interim rule on HUD's regulations for the HOPE for Homeownership of Single Family Homes Program (HOPE 3) Program and further amends the regulations to comply with the President's regulatory reform initiatives. The rule streamlines HOPE 3 program regulations by eliminating provisions that are redundant of statutes or are otherwise unnecessary, and will make the regulations clearer and more concise. Additional HOPE 3 streamlining proposals that require notice-and-comment rulemaking will be included in a separate proposed rule that HUD expects to publish soon in the Federal Register.

**EFFECTIVE DATE:** October 16, 1996.

**FOR FURTHER INFORMATION CONTACT:** Gordon McKay, Director, Office of Affordable Housing Programs, Room 7168, Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410, telephone number (202) 708-2685 (this is not a toll-free number). For hearing- and speech-impaired persons, this number may be accessed via TTY (text telephone) by calling the Federal Information Relay Service at 1-800-877-8339.

**SUPPLEMENTARY INFORMATION:** On March 4, 1995, President Clinton issued a memorandum to all Federal departments and agencies regarding regulatory reinvention. In response to this memorandum, the Department of Housing and Urban Development conducted a page-by-page review of its regulations to determine which can be eliminated, consolidated, or otherwise improved. HUD determined that the regulations for the HOPE for Homeownership of Single Family Homes Program (42 U.S.C. 12891-12898a) (HOPE 3) Program could be improved and streamlined.

On July 12, 1995 (60 FR 36016), HUD published an interim rule that streamlined program implementation, clarified inconsistencies in previous regulatory provisions, and facilitated grantees' performance of HOPE 3 programs. HUD received only one comment in response to the interim rule, from a Housing Authority. The commenter agreed with the changes made by the final rule, stating that the changes seem to remove operational burdens and streamline program implementation.

Today's rule makes additional streamlining changes and makes final changes that were implemented in the interim rule, including: correcting an inconsistency involving grantee performance in transferring HOPE 3 properties; lengthening the time grantees are allowed to use sale and resale proceeds; eliminating a prohibition against commingling grant or match funds with sale or resale proceeds; clarifying that the cost of required rehabilitation must be counted, whenever incurred, when determining whether a homebuyer can afford a HOPE 3 unit; modifying the definition of income in order to establish a consistent approach to determining a family's eligibility for the program and its required monthly payment; updating the references to the consolidated planning process under part 91 of this title; adding a paragraph authorizing program closeout procedures; and reducing the match requirement from 33 to 25 percent for grants awarded after April 11, 1994.

The additional amendments in this rule to §§ 572.115(a)(2) and 572.210(f) will give HUD Field Offices greater authority to extend deadlines for transferring homeownership interests and spending implementation grant funds. This will allow the Field Offices to provide greater flexibility to grantees when appropriate.

This final rule also removes several provisions in the regulations that repeat statutory language from title IV, subtitle C, of the National Affordable Housing Act, 42 U.S.C. 12891-12898) (NAHA), for example, see § 572.140, Third party rights, which is a grant of jurisdiction in lawsuits.

It is unnecessary to maintain in the Code of Federal Regulations (CFR) language that merely repeats statutory requirements, because those requirements are otherwise fully accessible and binding. Furthermore, if regulations contain statutory language, HUD must amend the regulations whenever Congress amends the statute. Therefore, this final rule removes repetitious statutory language.

In this rule HUD has also consolidated redundant provisions within part 572. For example, provisions in § 572.210(e) on matching requirements will now only appear in § 572.220, a separate section on matching requirements.

In the separate proposed rule, HUD will streamline the competitive funding provisions in part 572. In the exercise of its discretion with respect to funding awards, and in view of extremely limited funds that might become available through repayments, HUD also is clarifying in this preamble that a previously approved grant amount will not be amended to increase the grant amount.

Some provisions in the regulations do not have to be maintained in the Code of Federal Regulations, because of the status of the HOPE 3 program. At this time, HUD does not have significant unobligated HOPE 3 funds, and does not anticipate requesting a new appropriation for HOPE 3 funds. Therefore, HUD is removing provisions on the selection process and criteria applicable to planning grants. However, because authority for the program has not been repealed, receipt of resale proceeds will continue into the future, and the statute specifies a requirement for certain regulations applicable to planning grants, HUD will maintain current provisions on planning grants by means of savings clauses in this final rule (see §§ 572.200, 572.205, and 572.315). (Similar provisions on the selection process and criteria relating to implementation grants, which are not subject to a statutory requirement for regulations, are proposed for removal in the separate proposed rule)

HUD does not expect to make any planning grants under the program in the future, and any current planning grants are already beyond the original deadline for completion of activities. However, in the event that planning grants are made in the future, HUD will recodify the applicable provisions in full. Existing awards remain subject to grant agreements and the regulatory provisions applicable to those agreements.

Lastly, HUD is simplifying some language and removing some provisions in the regulations that do not contain regulatory requirements. For example, several sections in the regulations contain nonbinding guidance or explanations (see §§ 572.130(d) (3) and (4) and 572.220(b)(2)(ii)). While this information is very helpful to recipients, HUD will more appropriately provide this information through other sources, rather than maintaining it in the CFR. For immediate convenience, an

uncodified appendix to this rule includes such information that is being removed from the CFR.

**Justification for Final Rulemaking**

HUD generally publishes a rule for public comment before issuing a rule for effect, in accordance with its own regulations on rulemaking in 24 CFR part 10. However, part 10 provides for exceptions to the general rule if the agency finds good cause to omit advance notice and public participation. The good cause requirement is satisfied when prior public procedure is "impracticable, unnecessary, or contrary to the public interest" (24 CFR 10.1). A number of the provisions in this final rule were published for comment in an interim rule (60 FR 36016, July 12, 1995); the one comment received agreed with the changes in those provisions. HUD finds that good cause exists to publish other changes included in this rule for effect without first soliciting public comment. These additional changes merely remove unnecessary regulatory provisions. Therefore, prior public comment on the additional changes is unnecessary.

**Other Matters**

**Paperwork Reduction Act Statement**

The information collection requirements contained in §§ 572.225, 572.300, and 572.425 of the HOPE 3 regulations have been submitted to the Office of Management and Budget for an extension of the control number, in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), and assigned OMB control number 2506–0128. A notice requesting public comment on this extension will be published in the Federal Register. When assigned, the OMB control number will be published by a separate notice in the Federal Register. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

**Regulatory Flexibility Act**

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this final rule, and in so doing certifies that this rule will not have a significant economic impact on a substantial number of small entities. This rule merely makes final program changes that are already in effect and streamlines regulations by removing unnecessary provisions. The rule will have no adverse or disproportionate economic impact on small businesses.

**Environmental Impact**

This rulemaking does not have an environmental impact. This rulemaking simply makes final an existing regulation and consolidates and streamlines provisions; it does not alter the environmental effect of the regulations being amended. A Finding of No Significant Impact with respect to the environment was made in accordance with HUD regulations in 24 CFR part 50 that implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) at the time of the interim rule. That finding remains applicable to this rule, and is available for public inspection between 7:30 a.m. and 5:30 p.m. weekdays in the Office of the Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC.

**Executive Order 12612, Federalism**

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, *Federalism*, has determined that this rule will not have substantial direct effects on States or their political subdivisions, or the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government. No programmatic or policy changes will result from this rule that would affect the relationship between the Federal Government and State and local governments.

**Executive Order 12606, The Family**

The General Counsel, as the Designated Official under Executive Order 12606, *The Family*, has determined that this rule will not have the potential for significant impact on family formation, maintenance, or general well-being, and thus is not subject to review under the Order. No significant change in existing HUD policies or programs will result from promulgation of this rule.

The Catalog of Federal Domestic Assistance number for this program is 14.240.

**List of Subjects in 24 CFR Part 572**

Condominiums, Cooperatives, Fair housing, Government property, Grant programs—housing and community development, Low and moderate income housing, Nonprofit organizations, Reporting and recordkeeping requirements.

Accordingly, for the reasons set out in the preamble, the amendments included in the interim rule at 60 FR 36016 (July

12, 1995) are adopted as final and part 572 of title 24 of the Code of Federal Regulations is further amended as follows:

**PART 572—HOPE FOR HOMEOWNERSHIP OF SINGLE FAMILY HOMES PROGRAM (HOPE 3)**

1. The authority citation for part 572 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 12891.

**§ 572.1 [Amended]**

2. Section 572.1 is amended by removing paragraph (b) and by removing the paragraph designation and heading "*Purpose*" of paragraph (a).

3. Section 572.5 is amended by revising the definitions of "*Displaced homemaker*", "*First-time homebuyer*", and "*Single parent*", to read as follows:

**§ 572.5 Definitions.**

\* \* \* \* \*

*Displaced homemaker* means as the term is defined in 42 U.S.C. 12704. The individual must not have worked full-time, full-year in the labor force for at least 2 years.

\* \* \* \* \*

*First-time homebuyer* means as the term is defined in 42 U.S.C. 12704.

\* \* \* \* \*

*Single parent* means as the term is defined in 42 U.S.C. 12896.

4. Section 572.110 is amended by revising the first sentence of paragraph (b)(1), to read as follows:

**§ 572.110 Identifying and selecting eligible families for homeownership.**

\* \* \* \* \*

(b) \* \* \* (1) In making selections for the program, each recipient must give first preference to qualified residents who legally occupied units on the date the recipient's application for the implementation grant was submitted to HUD and to persons residing in the units at the time the properties are selected. \* \* \*

\* \* \* \* \*

5. Section 572.115 is amended by revising paragraph (a)(2) to read as follows:

**§ 572.115 Transfer of homeownership interests.**

(a) \* \* \*

(2) The HUD Field Office may approve a request for an extension of the deadline in paragraph (a)(1) of this section on a per-program or per-unit basis if the Field Office determines that all program activities will be completed in accordance with the timing requirements of § 572.210(f) (including

any extension granted under § 572.210(f).

\* \* \* \* \*

**§ 572.130 [Amended]**

6. Section 572.130 is amended by removing the examples at the end of paragraphs (d)(3) and (4).

7. Section 572.140 is revised to read as follows:

**§ 572.140 Third party rights.**

The rights of third parties are governed by 42 U.S.C. 12895(d) and apply to the requirements of this part.

8. Section 572.200 is revised to read as follows:

**§ 572.200 Planning grants.**

Any planning grants made by HUD under the HOPE 3 program will continue to be governed by the provisions in this section in effect immediately before October 16, 1996. When or before HUD announces the availability of funds for planning grants under this part, these provisions will be recodified.

9. Section 572.205 is revised to read as follows:

**§ 572.205 Planning grants—eligible activities.**

Any planning grants made by HUD under the HOPE 3 program will continue to be governed by the provisions in this section in effect immediately before October 16, 1996. When or before HUD announces the availability of funds for planning grants under this part, these provisions will be recodified.

10. Section 572.210 is amended by revising paragraphs (a) and (f) and by removing and reserving paragraph (e) to read as follows:

**§ 572.210 Implementation grants.**

(a) *General authority.* HUD will make implementation grants to HOPE 3 applicants for the purpose of carrying out homeownership programs approved under this part. Applications will be selected in accordance with selection criteria to be published in a NOFA.

\* \* \* \* \*

(e) [Reserved]

(f) *Deadline for completion.* A recipient must spend all implementation grant amounts within 4 years from the effective date of the grant agreement. The appropriate HUD Field Office may approve a request to extend the deadline when it determines that an extension is warranted.

\* \* \* \* \*

11. Section 572.220 is amended by:  
 a. Revising paragraph (a)(1);  
 b. Adding a new paragraph (a)(3);

c. Revising paragraph (b)(1)(ii)(C);

d. Revising the second sentence in paragraph (b)(2)(i); and

e. Removing the example at the end of paragraph (b)(2)(ii), to read as follows:

**§ 572.220 Implementation grants—matching requirements.**

(a) \* \* \*

(1) Except as provided in paragraph (a)(3) of this section, each recipient must assure that matching contributions equal to not less than 33 percent (or 25 percent for grants awarded after April 11, 1994) of the amount of the implementation grant shall be provided from non-Federal sources to carry out the homeownership program. Amounts contributed to the match must be used for eligible activities or in accordance with the requirements of this section.

(2) \* \* \*

(3) When the recipient is an IHA, and the IHA (acting in that capacity) has not received, and will not receive, amounts under title I of the Housing and Community Development Act of 1974 for the fiscal year in which HUD obligates HOPE grant funds, the match requirements under this section will not apply.

(b) \* \* \*

(1) \* \* \*

(ii) \* \* \*

(C) Income from a Federal grant earned after the end of the award period, if no Federal programmatic requirements govern the disposition of the program income.

(2) \* \* \*

(i) \* \* \* This limitation is in addition to the 15 percent limitation on administrative costs (see § 572.215(o)).

\* \* \* \* \*

12. Section 572.315 is revised to read as follows:

**§ 572.315 Rating criteria for planning grants.**

Any planning grants made by HUD under the HOPE 3 program will continue to be governed by the provisions in this section in effect immediately before October 16, 1996. When or before HUD announces the availability of funds for planning grants under this part, these provisions will be recodified.

13. Section 572.420 is amended by revising paragraphs (b) and (h) and by removing and reserving paragraphs (c) and (d), to read as follows:

**§ 572.420 Miscellaneous requirements.**

\* \* \* \* \*

(b) Requirements in 24 CFR part 5. The Disclosure requirements; provisions on Debarred, suspended or ineligible

contractors; and Drug-Free Workplace requirements, as identified in § 5.105 (b), (c), and (d) of this title, apply to this program.

(c) [Reserved]

(d) [Reserved]

\* \* \* \* \*

(h) *Lead-based paint.* Residential property assisted under this program constitutes HUD-associated housing for purposes of the requirements of part 35 of this title. Unless otherwise provided, recipients are responsible for testing and abatement activities.

Dated: September 3, 1996.

Andrew Cuomo,

*Assistant Secretary for Community Planning and Development.*

Note: The following Appendix will not be codified in the Code of Federal Regulation.

**Appendix**

The material contained in this appendix to the HOPE 3 final rule published on September 16, 1996 is provided for the convenience of users of the HOPE 3 regulations. The appendix contains material removed from codification in 24 CFR part 572 (title 24 of the Code of Federal Regulations, part 572).

**Examples**

Calculation under § 572.130(d)(3): The following example illustrates a calculation under paragraph (3) of § 572.130(d), which addresses the amount payable under a promissory note with respect to a sale by an initial homeowner after the first 6 years and through the 20th year after acquisition.

Example: If the family sells at the end of the 13th year of homeownership (at the halfway point between the end of the 6th year and the end of the 20th year of ownership), 84/168 (or one-half) of the note would be forgiven, and only half of the principal amount of the note would be payable from sales proceeds. The family could retain all remaining proceeds, including proceeds due to normal market value increases in the value of the property. If the initial homeowner retains ownership for 20 or more years, the entire amount of the note would be forgiven.

Calculation under § 572.130(d)(4): The following example illustrates a calculation under paragraph (4) of § 572.130(d), which addresses the amount payable on a promissory note that is required to be executed by a subsequent purchaser who purchases the property for less than the fair market value during the 20-year period, as measured by the term of the initial promissory note.

Example: If the subsequent homeowner acquires the property from an initial homeowner at the end of year 4, there are 192 months (16 years × 12 months/year) remaining in the 20-year period. The term of the promissory note is 16 years. If the subsequent homeowner sells at the end of year 10, having owned the property for 72 months (6 years × 12 months/year), 72/192 (37.5 percent) of the note would be forgiven,

and 62.5 percent of the principal amount of the note would be payable from sales proceeds. The family could retain all remaining proceeds, including proceeds due to normal market value increases in the value of the property. If the subsequent homeowner retains ownership until the end of the initial 20-year period (for 16 years, in the example), the entire amount of the note would be forgiven.

Examples of non-Federal resources that may apply toward matching requirements as cash contributions, under § 570.220(b)(1)(ii)(C) (income from a Federal grant earned after the end of the award period, if no programmatic requirements govern the disposition of the program income): Repayments from closed out grants under the Urban Development Action Grant Program (24 CFR part 570, subpart G), the Housing Development Grant Program (24 CFR part 850), and the Rental Rehabilitation Program (RRP) when all RRP grant years of participation by an RRP recipient have been closed out by HUD.

Calculation under § 572.220(b)(2)(ii): The following example illustrates a calculation under § 572.220(b)(2)(ii), which addresses the valuation of administrative services contributed toward the matching requirement applicable to implementation grants.

Example: If the grant amount is \$600,000, the recipient must assure the provision of at least \$198,000 (33 percent of grant) or \$150,000 (25 percent of the grant, if awarded after April 11, 1994) from non-Federal sources, as applicable. Contributions for administrative costs that may be counted toward the match may not exceed \$42,000 (7 percent of the grant amount of \$600,000). Although a recipient can spend more than this on administrative costs, it may not be counted towards the match. In addition, the recipient must provide contributions covering the remaining \$156,000 (\$198,000–\$42,000) or the remaining \$108,000 (\$150,000–\$42,000 for grants awarded after April 11, 1994) required for the match from non-Federal sources.

#### Planning Grants—Provisions in Effect Immediately Before September 16, 1996:

The following provisions relating to planning grants under the HOPE 3 program were moved from the CFR by the final rule published on September 16, 1996. In the event that planning grants are made in the future, HUD will recodify the applicable provisions in full. Existing projects remain subject to grant agreements and the regulatory provisions contained therein:

#### Former § 572.200—Planning Grants

(a) *General authority.* HUD will make HOPE 3 planning grants to applicants for the purpose of developing HOPE 3 homeownership programs under this part. Applications will be selected in a national competition in accordance with the selection and NOFA process described in subpart D of this part. The maximum amount of a planning grant will be specified in the NOFA.

(b) *Overall limitations.* (1) If two or more fundable applications for planning grants propose substantially the same general

locations, the highest ranking application will be selected. However, HUD may reduce the scope of an application if the size of the jurisdiction is sufficiently large to justify approval of more than one grantee. HUD may also approve a planning grant in an area where an implementation grant already exists or is being approved in the current funding round as long as the program that could result from the planning grant will not lead to substantial competition among grant recipients for eligible properties. However, if a determination is made that the approval of both a planning grant and implementation grant will lead to substantial competition for eligible properties, only the implementation grant will be approved.

(2) A single applicant may apply for more than one planning in response to any NOFA, but HUD will not approve more than one planning grant for any one applicant.

(3) An applicant who has previously received a HOPE 3 planning grant or implementation grant is not eligible for an additional HOPE 3 planning grant.

(4) No amendments to increase previously approved grant amounts are allowed.

(c) *Scope of program.* (1) Applications that identify a public body as the entity to execute the grant agreement may only propose a program to be carried out within the jurisdiction of that entity. Applications that identify a private nonprofit organization as the entity to execute the grant agreement may propose a program to be carried out within two or more jurisdictions. No application may propose a program to be carried out in more than one State, except for Indian tribes or IHAs whose jurisdiction covers more than one State.

(2) An applicant must demonstrate that at least 10 units in eligible properties will be available for use in the area proposed for the program through evidence of current availability or evidence of availability during the 12-month period prior to submission of the application.

#### (d) *Deadline for completion of activities.*

(1) Activities under a planning grant, including the requirements outlined in paragraph (d)(2) of this section, must be carried out within 12 months of the effective date of the planning grant agreement. HUD Field Offices may extend the period up to 60 days. HUD may deobligate amounts not drawn down by the approved completion date. HUD Headquarters may approve a request for an additional extension for costs related to the preparation of an implementation grant application where it determines an extension is necessary.

(2) Each recipient must submit either:

(i) An implementation grant application by the deadline date stated in a HOPE 3 NOFA issued within 12 months of the effective date of the planning grant agreement; or

(ii) A report on activities undertaken under the planning grant agreement, including the recipient's determination whether it is feasible for it to undertake a homeownership program and an assessment of the factors used to make the determination.

#### Former § 572.205 Planning Grants—Eligible Activities

Planning grants may be used for the reasonable costs of eligible activities

necessary to develop homeownership programs under this part. No additional activities may be approved. Applicants are not required to request funding for each type of eligible activity. Only costs incurred on or after the effective date of the grant agreement qualify for funding under this part. Activities eligible under a planning grant are:

(a) *Assessing stock of eligible properties.* Assessing the availability on an ongoing basis of eligible properties of the appropriate condition, type, and price in specific neighborhoods or areas to implement a homeownership program. For example, planning grants may be used to fund the costs of obtaining and analyzing lists of potentially eligible properties from appropriate Federal, State, and local agencies and inspecting representative properties, including inspection for the purpose of evaluating potential lead-based paint hazards. Technical studies to evaluate environmental problems and to determine whether mitigation is feasible are eligible.

(b) *Training and technical assistance for grant recipients.* Training of and technical assistance to grant recipients related to development of a specific homeownership program. This may include, for example, courses in real estate financing and examining alternative approaches for carrying out a homeownership program. Training and technical assistance may only be provided by qualified entities other than the recipient and may not be provided to any individual or group other than the grant recipient and any cooperating entity named in the approved application.

(c) *Feasibility studies.* Studies of the feasibility of a specific homeownership program, including whether the program can be designed to meet the affordability standards under § 572.120 and achieve financial feasibility.

(d) *Preliminary architectural and engineering work.* Preliminary architectural and engineering work, including developing estimates of the amount of work necessary to support rehabilitation of a typical unit that may be acquired by an eligible family under the program and other cost estimates to be included in a HOPE 3 implementation grant application.

(e) *Identification of counseling and training curricula and sources.* Identification of course curricula and sources that can provide homebuyer and homeowner counseling and training, including such subjects as personal financial management, home maintenance, home repair, construction skills (to the extent appropriate, especially where eligible families will do some of the rehabilitation ("sweat equity")), and general rights and responsibilities of a homeowner. Development of new curricula is not an eligible cost.

(f) *Economic development planning.* Planning for economic development activities that are eligible implementation grant activities under § 572.215. The aggregate amount of planning and implementation grants that may be used for economic development activities related to any one HOPE 3 program may not exceed \$250,000.

(g) *Security plans.* Development of security plans. This activity may cover, where

necessary, such costs as assessing the need for negotiating agreements with local law enforcement agencies and for planning security systems.

(h) *Application for an implementation grant.* Preparation of an application for an implementation grant to carry out a homeownership program under this part.

(i) *Administrative costs.* Administrative costs necessary to carry out the eligible activities specified in the approved application.

**Former § 572.315—Rating Criteria for Planning Grants**

HUD will review each application for a planning grant that qualifies for additional consideration under the screening procedures described in § 572.300(c), in accordance with the following rating criteria:

(a) *Capability.* The ability of the applicant to develop a HOPE 3 homeownership program in a reasonable time and in a successful manner. In assigning points for this criterion, HUD will consider evidence in the application that demonstrates:

(1) The capability of the applicant to develop a HOPE 3 homeownership program, demonstrated through previous experience of

the applicant or key staff in managing acquisition, rehabilitation, construction, real estate financing, counseling and training, or other relevant activities, or by an explanation of how such capability will be obtained.

(2) The ability of the applicant to handle financial resources, demonstrated through such evidence as previous experience of the applicant or key staff and existing financial control procedures, or an explanation of how such capability will be obtained.

(b) *Public/private support.* In assigning points for this criterion, HUD shall consider:

(1) The extent of interest of the unit of general local government (or Indian tribe, where applicable), or State or territorial government, and other public agencies, in support of a homeownership program, demonstrated through evidence of intent to provide assistance, such as supportive services (including counseling and training), rehabilitation loans or grants, interest rate subsidies, water and sewer improvements, street and sidewalk improvements, and tax abatements.

(2) The extent of interest of the private sector and nonprofit organizations (including places of worship, banks, neighborhood or

community organizations, the business community, or other community groups) in support of a home ownership program, demonstrated through evidence of intent to provide assistance such as the donation of labor or materials, interest rate reductions or other financing subsidies, and volunteer assistance in some aspect of the program (activities of the applicant will not be considered under this subcriterion).

(c) *Need for homeownership program.* In assigning points for this criterion, HUD will consider the relative percentage of the total number of rental households consisting of persons with incomes at or below the poverty level, as determined by the Bureau of Census, in the applicable jurisdiction or jurisdictions.

(d) *Planning approach.* HUD will consider the extent to which the proposal represents a sound approach to planning, demonstrates an understanding of the nature and scope of activities required to successfully implement a homeownership program, and is likely to result in a successful homeownership program.

[FR Doc. 96-23574 Filed 9-13-96; 8:45 am]

**BILLING CODE 4210-29-P**