

STATE OF CALIFORNIA



SECTION 811 PROJECT RENTAL ASSISTANCE

ROUND II

NOTICE OF FUNDING AVAILABILITY

FEBRUARY 16, 2016

Amended February 2018

February 2018

MEMORANDUM FOR: Interested Parties

FROM: Tia Boatman-Patterson, Executive Director
California Housing Finance Agency

SUBJECT: Notice of Funding Availability Section 811 Project Rental Assistance (PRA) Demonstration Program – Round II

The California Housing Finance Agency (CalHFA) in partnership with the California Department of Health Care Services (DHCS), the California Department of Developmental Services (DDS), the California Department of Housing and Community Development (HCD), and the California Tax Credit Allocation Committee (TCAC) is pleased to announce the availability of approximately \$11,000,000 for project-based rental assistance funds targeted to Medi-Cal members as set forth under the terms of this NOFA.

Applications from eligible Project Sponsors are currently being accepted on an over-the-counter basis. Amendments to this NOFA include:

- Increasing the contract rent on the Section 811 PRA rental assistance to Fair Market Rent with submission of a market study justifying rents at FMR or above that meets TCAC requirements or Section 8 requirements;
- Making Round II funds available statewide;
- Extending the deadline for initial occupancy of units funded under this NOFA to September 30, 2021, and requesting specific information relating to vacancy rates for existing properties requesting PRA funds.
- Eliminating the specific set-aside for homeless units, except for project-based vouchers provided through the Housing Authority of the City of Los Angeles and the Housing Authority of the County of Los Angeles;
- Changing the definition of Noninstitutionalized to be consistent with current practice under Round I of the program
- Streamlining the tenant referral process
- Other clarifications related to compliance with HUD federal overlay requirements

Housing questions should be directed to Christina DiFrancesco at Christina.DiFrancesco@hcd.ca.gov or Janet Louie at JLouie@CalHFA.ca.gov.

Supportive Services and Tenant Referral-related questions should be directed to Urshella Starr at Urshella.Starr@dhcs.ca.gov or Pa Lee at Pa.Lee@dhcs.ca.gov.

NOTICE OF FUNDING AVAILABILITY
SECTION 811 PROJECT RENTAL ASSISTANCE (PRA) PROGRAM – ROUND II
TIMETABLE FOR APPLICATIONS

NOFA Issued	February 16, 2016
Applications Accepted	PRA funds are currently available on an over-the-counter basis until all available funds have been awarded.
Initial Occupancy Deadline	All 811 PRA Units must be initially occupied on or before September 30, 2021

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I. INTRODUCTION

The California Housing Finance Agency (CalHFA) in cooperation with the California Department of Health Care Services (DHCS), the California Department of Developmental Services (DDS), the California Department of Housing and Community Development (HCD) and the California Tax Credit Allocation Committee (TCAC) (collectively the “State”) is pleased to announce the availability of approximately \$11,000,000 for project-based rental assistance funds targeted to Medi-Cal eligible Persons with Disabilities as set forth under the terms of this NOFA. Applications are currently being accepted on an over-the-counter basis.

II. APPLICATION SUBMISSION PROCEDURE

Applications for PRA funds shall be accepted from Eligible Applicants via electronic mail at: HUD811app@spmail.CalHFA.ca.gov. A complete application shall consist of a completed PRA Application Form and all required attachments. Application forms are available at <http://www.calhfa.ca.gov/multifamily/section811/index.htm>.

Please submit all documents associated with each application in one-email; however, if your own e-mail system does not permit this, clearly identify in all e-mails which application the attachments belong to. Do not submit separate applications in the same e-mail.

The maximum file size allowed by the email service is 10 MB. If you are having trouble sending an email with an attachment (i.e. the application) or receive a message telling you the file size is too large, please contact the California Housing Finance Agency Information Technology Help Desk at 916.326.8888 or ITHelp@CalHFA.ca.gov for instructions on an alternative process for sending larger files.

III. TECHNICAL ASSISTANCE

For housing-related NOFA and application questions, contact Janet Louie at JLouie@CalHFA.ca.gov or Christina DiFrancesco at Christina.DiFrancesco@hcd.ca.gov. For tenant-referral and supportive service-related NOFA and application questions, contact Urshella Starr at Urshella.Starr@dhcs.ca.gov or Pa Lee at Pa.Lee@dhcs.ca.gov.

IV. PROGRAM AUTHORITIES

The authority for the PRA Program is Section 811 of the Cranston-Gonzalez National Affordable Housing Act, as amended by the Frank Melville Supportive Housing Investment Act of 2010 (Pub. L. 111-374). The funding is made available by the Consolidated and Further Continuing Appropriations Act, 2013 (Public Law 113-6), March 26, 2013 and the Consolidated Appropriations Act, 2014 (Public Law 113-76), January 17, 2014.

V. DEFINITIONS

Definitions for terms used in this NOFA are in Appendix A located at the back of the NOFA.

VI. ELIGIBLE TENANTS

A. General Requirements:

Eligible Section 811 PRA tenants must meet all of the following criteria.

1. Medi-Cal eligible Persons with Disabilities whose income does not exceed 30% of the Area Median Income (AMI) as determined by the Project Sponsor;
2. Age 18-61 at the time of initial occupancy in a Section 811 unit;
3. Eligible for and require Long-term Services and Supports, including but not limited to, Medi-Cal Home and Community Based Waiver services (1915 (i) or 1915 (c)), other Medicaid waiver services, Rehabilitation Option Specialty Mental Health Services, or other State Plan services, including but not limited to, In-Home Supportive Services (IHSS) or new Health Home services;
4. Qualify under one or more of the target population groups discussed below.

B. Eligible Target Populations

Persons with Disabilities who are Institutionalized, or Persons with Disabilities who are Noninstitutionalized as set forth below.

1. Institutionalized: Individuals with disabilities, including individuals with developmental disabilities residing in an inpatient facility for at least 90 consecutive days, for which Medi-Cal has paid for at least one of those days, who are enrolled in the California Community Transitions (CCT) Program or a Medi-Cal waiver program and who are in need of housing upon exit.

A qualifying inpatient facility includes facilities directly billed to Medi-Cal, including but not limited to, Nursing Facilities, Developmental Centers, Hospitals, Institutions for Mental Disease (IMDs), ICF-DD habilitation facilities, and other types of Intermediate Care Facilities.

Priority for PRA unit occupancy for the funds available through this NOFA will be given to the Institutionalized population. For this population, it must have been determined by the individual's physician that without the provision of Long-term Services and Supports the individual would continue to require a level of care provided by an inpatient facility.

2. Noninstitutionalized: Individuals with disabilities including but not limited to the following: persons with Developmental Disabilities, persons experiencing homelessness, or persons at risk of moving into an inpatient facility or into a more restrictive living arrangement (e.g. residential facility, group home) due to loss of housing. The individuals must be receiving or eligible to receive Long-term Services and Supports paid for by Medi-Cal through a Home and Community-based Services Medi-Cal waiver program, other Medi-Cal waiver, a State Plan service, or through a Medi-Cal Managed Care Plan.

Note: Projects located in Los Angeles (LA) County may also apply for project-based vouchers (PBVs) allocated locally by the City of LA or County of LA Housing Authorities to serve Section 811-eligible tenant who are Homeless as defined under Section (1) of HUD's Homeless definition at 24 CFR [576.2](#). Separate notices will be sent when these PBVs are made available by the Housing Authority.

C. Support Services

Eligibility for the services discussed below will continue for as long as the tenant receives Medi-Cal benefits. Project Sponsors are not responsible to provide supportive services to PRA tenants in addition to what the project is already obligated to provide.

DHCS

For persons leaving nursing facilities or other Medi-Cal funded institutions, support services are provided through the DHCS California Community Transitions (CCT) Program or a Medi-Cal waiver. Typical support services include a whole person care plan, case management, habilitation, skilled nursing, personal care, medical equipment, medical assistive technology, home accessibility modifications, furnishings, 1st month rent and deposits. Other Medi-Cal-eligible 811 PRA tenants who are not leaving institutional settings will receive supportive services through Medi-Cal-funded service providers.

DDS/Regional Centers:

Services and supports provided for persons with developmental disabilities are provided by the DDS Regional Centers are intended to be life-long. A wide-range of services and supports may be available to assist the individual with the acquisition and retention of adaptive skills that will enable the individual to safely reside in their own home or apartment, as well as, socialize, recreate and fully integrate into their community. Services provided by the Regional Center may continue as long as the individual is eligible to receive Regional Center services, the needed services are specified in the individual's Individual Program Plan (IPP), and the services are not available through another community resource. Types of services and supports provided through the Regional Centers may include, but may not be limited to, Case Management; Supported Living or Independent Living; Health and Clinical Supports; Adaptive Equipment and Environmental Modifications; Day Activities and Vocational Services and Supports. Transition set-up supports for individuals leaving an institution may be available to assist someone to transition from an institution into the community. These services may include moving expenses, one-time set-up fees, i.e. utilities, or security deposits required to obtain a lease or an apartment.

VII. TENANT REFERRAL PROCESS

PRA-eligible tenants will be referred to DHCS by Tenant Referral Organizations, (TRO) including but not limited to, CCT Providers, Regional Centers or their contracted service providers, and Medi-Cal waiver agencies. Once the property manager is aware that a PRA unit will become available, the property manager, project owner or their agent must notify the affected TROs, DHCS, and DDS. Upon notification of an anticipated vacancy, DHCS will refer individuals to the project through use of a centralized waiting list maintained by DHCS. Institutionalized Persons will be prioritized on the waiting list over

other eligible persons; otherwise, all persons will be taken from the waiting list on a first-come first-served basis.

Tenant applications will be submitted to the project's property manager within 30-days of notification of an available PRA unit. Households referred to the project will receive assistance in submitting a completed application for tenancy and in ensuring that all needed Medi-Cal-funded Long-term Services and Supports are in place prior to move-in.

If a PRA-eligible tenant cannot be placed in a unit within 30 days of notification of unit availability, the owner can elect to fill that unit with a non-PRA-eligible tenant. In these instances, the PRA rental assistance will be applied to another unit once a PRA-eligible tenant is ready to move in.

VIII. ELIGIBLE TENANT REFERRAL ORGANIZATIONS

Eligible TROs will have responsibility for identifying PRA-eligible tenants and assisting with their transition and stabilization in PRA-assisted housing of the Eligible Applicant.

As of the date of application by the Eligible Applicant for PRA funds under this NOFA, Eligible TROs must be one of the following entities: (1) a current CCT Program provider, (2) a Medi-Cal waiver agency (3) a California Regional Center serving individuals with a developmental disability, or (4) an entity which contracts with a Regional Center to provide tenant referrals and housing placements (e.g., Supported Living or Independent Living Service Provider providing tenant referrals and housing placements).

Eligible Applicants must enter into a Memorandum of Understanding (MOU) with one or more Eligible Tenant Referral Organizations (TROs) as discussed above, including at least one California Community Transitions (CCT) TRO or Medi-Cal waiver agency, and one Regional Center or Regional Center subcontracted TRO, where interested and available in an area.

A list of CCT Providers can be found at:

<http://www.dhcs.ca.gov/services/ltc/Pages/CCT.aspx>.

A list of Regional Centers can be found at <http://www.dds.ca.gov/RC/RCLookup.cfm>.

A list of Medi-Cal Waiver agencies can be found at

[http://www.dhcs.ca.gov/services/ltc/Pages/Home-and-Community-Based-\(HCB\)-Alternatives-Waiver.aspx](http://www.dhcs.ca.gov/services/ltc/Pages/Home-and-Community-Based-(HCB)-Alternatives-Waiver.aspx)

An organization is prohibited from acting as both a TRO and an Applicant, or Property Manager in the same referral transaction (for example, a TRO cannot refer PRA tenants to properties it manages).

IX. ELIGIBLE APPLICANTS

The entity submitting the PRA application to the State pursuant to Section II of the NOFA must be the Project Sponsor. For the purpose of application submission and evaluation, the Project Sponsor is the developer of the project(s) proposed for PRA assistance. As the Eligible Applicant, the Project Sponsor must have the minimum experience set forth in Section XVI.A of the NOFA. The Project Sponsor must also have an ownership interest in the project.

Once a project is selected to receive PRA assistance, the project owner must enter into a Rental Assistance Contract (RAC) with CalHFA. The project owner can be either: (1) the single-asset ownership entity of the development or (2) the project owner if the project is not owned by a single-asset entity.

Prior to execution of a PRA RAC with CalHFA, funded projects must agree to take PRA-eligible tenant referrals as set forth in Section VII.

X. ELIGIBLE USES OF FUNDS

PRA funds are for rental assistance only within Eligible Projects as set forth below. PRA rental assistance will pay the difference between the monthly Total Tenant Payment of the assisted household required by HUD, and:

- 1) the 50% Area Median Income (AMI) rent for the particular unit as calculated under the rules of the Low Income Housing Tax Credit Program and published by TCAC. **OR**
- 2) the Fair Market Rent (FMR) applicable to a particular unit as published by HUD for the Section 8 program, or another rent level above FMR as approved by CalHFA. Rent levels at FMR or above may be permitted only if substantiated by a rent comparability study that has been prepared in accordance with the requirements of **Chapter 9** of HUD's Section 8 Renewal Guide, or a market study that has been prepared in accordance with current TCAC market study requirements.

Section 8 rent comparability study requirements can be found at:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhsec8.
(See Chapter 9 of this document)

Current TCAC market study requirements may be found at:
<http://www.treasurer.ca.gov/ctcac/tax.asp>, under “Application Information”.

XI. ELIGIBLE PROJECTS AND UNITS

Projects requesting PRA funds shall meet the following minimum requirements:

1. Eligible Projects must be multifamily rental properties of five or more units. These projects may be located in any county of the State as long as the other requirements of the program can be met.
2. At the time of application for PRA funds, individual projects may be either:
 - a. Existing projects for which construction or rehabilitation is complete.
 - b. Projects under development for which planned construction or rehabilitation has not yet begun or is not yet complete, except as noted below:
 - i. Davis-Bacon Compliance: (A) Projects under development may not propose 12 or more PRA units unless there is another source of federal funding triggering Davis-Bacon that can assume responsibility for Davis-Bacon compliance monitoring, (e.g. HOME Investment Partnerships Program funds), or unless the locality agrees to assume responsibility for Davis-Bacon compliance monitoring. (B) Projects proposing 12 or more PRA units for which construction or rehabilitation activity is underway at the time of PRA Application submission that have not already received their Davis-Bacon Wage Determination cannot apply for PRA funds until construction or rehabilitation is complete. See Section XV.F for more information regarding Davis-Bacon requirements.
 - ii. Environmental Compliance: Projects for which construction or rehabilitation activity is underway at the time of PRA Application submission that have not already received their federal environmental clearance through other HUD funding sources cannot apply for PRA

funds until construction or rehabilitation is complete. See Section XV.H. for more information regarding Environmental requirements.

iii. Floodplain: New construction projects in a mapped 500-year or 100-year floodplain cannot apply for PRA funds until the project is complete. See Section XV.H.6 for more information regarding floodplain requirements.

For new construction projects, evidence of construction completion shall be a recorded Notice of Completion. For rehabilitation projects, evidence of completion shall be a recorded Notice of Completion or other similar documentation from the local building or planning department that evidences completion of the rehabilitation.

3. Eligible Projects must have received or been awarded development funds from TCAC, HCD, or CalHFA.
4. No more than 25% of the total project units can: (a) be provided PRA payments; (b) be restricted to supportive housing for persons with disabilities; or (c) have any occupancy preference for persons with disabilities, regardless of the source of this restriction. This is hereinafter referred to as the “25% Rule”.
5. PRA funds must not assist units already restricted to Persons with Disabilities. Existing units receiving PRA funding must not have received any form of long-term operating subsidy within a six-month period prior to receiving PRA funds; however, in certain circumstances, if the operating subsidy on the unit has expired or is otherwise no longer available, PRA assistance may be available without a six-month waiting period. Contact CalHFA to discuss the specific circumstances related to your project.
6. Eligible Projects must be able to comply with the terms of this NOFA, and other federal and State requirements in the required timeframes.

XII. MINIMUM AND MAXIMUM AWARD AMOUNTS

An Eligible Applicant may submit more than one application for PRA funds. An Eligible Applicant may also request PRA assistance for one or more properties in a single application.

1. A PRA Application must request assistance for a minimum of five units.
2. The maximum number of units per project that an Eligible Applicant can request funds for will be determined by application of the 25% Rule.
3. No Eligible Applicant may receive more than 30% of the total funds available under this NOFA. The State may adjust this percentage as necessary to utilize available funds within the time periods required by HUD.

XIII. OCCUPANCY DEADLINES

All PRA units must be initially occupied by September 30, 2021.

To help ensure the State can meet this deadline, the State may disencumber any of the awarded funds for PRA units that remain unoccupied by PRA-eligible tenants if sufficient cause exists to believe that the occupancy deadline cannot be met.

Before the decision is made to disencumber awarded funds, the State will contact the Sponsor to discuss the progress made in PRA unit rent-up, and ways to try to avoid disencumbrance. The State reserves the right to make disencumbered funds available to supplement existing PRA awards, or to make additional new awards. The State may also take other actions as approved by HUD to ensure occupancy of the PRA units.

Existing projects must provide a copy of their current rent roll, along with information requested in the application regarding their anticipated annual vacancy rate so that the State can assess whether the proposed number of PRA units can be occupied by September 30, 2021.

XIV. USE OF SECTION 811 PRA FUNDS WITH OTHER LOCAL HOUSING SUBSIDY

Housing Authority Project-Based Vouchers

As discussed in Section VI above, the Housing Authorities of the City and County of Los Angeles have dedicated PBVs for PRA-eligible individuals who are Homeless. These PBVs will pay Fair Market Rent pursuant to the terms of the current Housing Authority or other local agency NOFA for these funds. Projects intending to use both Section 811 PRA funds under this NOFA and PBVs issued pursuant to the locally-issued NOFAs for these funds should indicate this in their Section 811 PRA application.

Note the following:

1. Section 811 PRA rental assistance and Housing Authority PBVs can be used in the same project. Housing Authority PBVs can only be used to serve Homeless Section 811-eligible households. PRA assistance can only be used to serve qualifying as Institutionalized or Noninstitutionalized under Section VI.
2. Section 811 PRA and Housing Authority PBV funds cannot be used to assist the same unit.
3. A project that uses both Section 811 PRA funds and Housing Authority PBVs is subject to the 25% Rule.
4. A project that uses only Housing Authority PBVs to serve Section 811-eligible tenants is not subject to the 25% Rule.

XV. FEDERAL OVERLAY REQUIREMENTS

A. Housing Standards

For each project for which Section 811 PRA funds are requested, PRA applications must include a signed certification from the project architect or other qualified third-party inspector which certifies that all PRA-funded units meet local and state housing codes, ordinances, zoning requirements, and minimum Uniform Physical Condition Standards.

B. Barrier Free/Accessibility Requirement for Units, Buildings, and Facilities, Including Public and Common Use Areas

Eligible Projects may consist of a mix of accessible and non-accessible units.

1. For each new construction or rehabilitation project for which PRA funds are requested, PRA applications must include a signed certification from the project architect or other qualified third-party inspector that certifies that the project meets the following federal and state accessibility requirements applicable to the project at the time of construction or rehabilitation. For existing properties this certification form must be signed by either the project architect, other qualified third-party inspector, or property owner: (a) HUD Uniform Physical Condition Standards at 24 CFR Section 5.703, (b) the Uniform Federal Accessibility Standards at 24 CFR Section 40.7, (c) Section 504 of the Rehabilitation Act of 1973 as implemented by 24 CFR Part 8 (Section 504), (d) the design and

construction requirements of the Fair Housing Act and HUD's implementing regulations at 24 CFR Part 100, and (e) State of California accessibility standards for publicly funded projects (Chapter 11A).

2. Project Sponsors must ensure that the Eligible Project(s) is readily accessible to and usable by individuals with disabilities and must grant reasonable accommodation requests in accordance with Section 504, the Fair Housing Act, and the Americans with Disabilities Act, and applicable program requirements. For "Frequently-Asked Questions" regarding reasonable accommodation, see, <http://www.hud.gov/offices/fheo/library/huddojstatement.pdf>
3. In addition, all tenant communications must be provided in a manner that is effective for persons with hearing, visual, and other communications-related disabilities consistent with Section 504 and, as applicable, the Americans with Disabilities Act.

C. Affirmatively Furthering Fair Housing Affirmative Marketing:

1. Affirmative Marketing: Pursuant to Section 808 (e) (5) of the Fair Housing Act, PRA TROs must take actions to provide information and otherwise attract eligible-PRA tenants regardless of race, color, national origin, religion, sex, disability, familial status, sexual orientation, or gender identity who are not likely to apply to the program without special outreach. TROs must follow the procedures set forth in **Appendix B of the application, (State of California PRA Marketing Requirements)** in order to market the PRA Program to the Eligible Tenant populations set forth in Section V of the NOFA.

TROs shall not begin accepting applications for PRA-assistance or otherwise making PRA Program referrals until after conducting outreach required pursuant to the Affirmative Marketing analysis and plan. DDS and DHCS will assist TROs in completing the required Affirmative Marketing analysis and Plan.

2. All methods of outreach and referral must be consistent with fair housing and civil rights laws and regulations, and affirmative marketing requirements. Except for Affirmative Marketing activities, Project Sponsors and their agents must conduct all other such activities in compliance with HUD Handbook 4350.3 REV-1 Chapters 2 (Civil Rights and Nondiscrimination) and 4 (Waiting List and Tenant Selection.) See below for more information on waiting lists.

3. Tenant Selection Plan: A PRA Tenant Selection Plan must be submitted to the State for approval. The Project's Tenant Selection Plan must comply with the terms of this NOFA. Sponsors of TCAC, HCD, or CalHFA-financed projects have permission to deviate from the Tenant Selection Plan approved in connection with this financing in order to meet PRA requirements.

In preparing the Tenant Selection Plan, note the following:

- a. PRA Set-Aside: Once a Project Sponsor receives an award of PRA funds, they must set-aside the projected number of units for PRA tenants, in one or more properties identified in their application. The units may be "floating" units, in that a specific unit does not need to be identified until an Eligible Tenant is ready to move in.
- b. DHCS will have primary responsibility in managing the waiting list of PRA-eligible tenants and referring PRA-eligible tenants to projects.
- c. When the project owner has a vacancy among the PRA-units, the Project Owner, or their designee, must inform DHCS in accordance with the requirements of Section VII and hold the unit open for a minimum of 30 days. If no Eligible Tenant is identified within that time period, the unit may be leased to tenant(s) not eligible for the PRA Program; however, this household is not entitled to the benefit of the PRA funds, and the next available suitable unit shall be made available for occupancy by an Eligible Tenant.
- d. An Eligible Tenant with a legitimate reason for rejecting a particular unit can do so. The unit can then be offered to the next Eligible Tenant referred by DHCS with the other Eligible Tenant retaining his/her same position on the applicable waiting list, subject to the prioritization of persons Institutionalized over persons Noninstitutionalized.
- e. Rejection of a particular unit for an Eligible Tenant due to lack of physical accessibility can only be done if a reasonable accommodation cannot be made. Some accessibility modifications on individual units may be paid for by DHCS for Institutionalized individuals or by the Regional Center for Regional Center consumers.
- f. To prevent over-or under-utilization of project units, Project Owners must develop and abide by occupancy standards which meet the requirements of Section 3-23 of HUD Handbook 4350.3 REV-1 as well as the minimum and

maximum occupancy standards required by code requirements and the project's other funding sources.

4. To the maximum extent feasible, PRA units must be dispersed and integrated within Eligible Projects.

D. Full Disclosure of Available Housing

Property Managers and TROs must ensure when selecting Eligible Tenants for placement in individual units within Eligible Projects that tenants can exercise housing choice among suitable projects within a community where they want to live.

To this end, projects must provide DHCS with property information, including basic information about available sites (e.g., location, number and size of accessible units, access to transportation and commercial facilities) and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types, (e.g., regular or accessible), at each site.

E. Limited-English Proficiency

Pursuant to Executive Order 13166, PRA-funded properties shall take reasonable steps to ensure meaningful access to their programs and activities by persons with Limited-English Proficiency (LEP). As requested in the application, information must be provided regarding the types of LEP assistance provided to persons residing or seeking to reside in the proposed PRA project(s). For additional LEP guidance, see: [Limited English Proficiency \(LEP\) - HUD](#).

F. Davis-Bacon Labor Standards

1. Projects proposing 12 or more PRA-assisted units where planned construction or rehabilitation activity has not started before an application is submitted to the State to receive PRA assistance are subject to Davis-Bacon and federal Contract Work Hours and Safety Standards Act (CWHSSA) requirements.
2. These projects may not propose 12 or more PRA units unless there is another source of federal funding triggering Davis-Bacon that can assume responsibility for Davis-Bacon compliance monitoring, (e.g. HOME Investment Partnerships Program funds), or unless the locality agrees to assume responsibility for Davis-Bacon compliance monitoring.

3. Projects proposing 12 or more PRA units for which construction or rehabilitation activity is underway at the time of PRA application submission that have not already received their Davis-Bacon Wage Determination cannot apply for PRA funds until construction or rehabilitation is complete. For new construction projects, evidence of construction completion shall be a recorded Notice of Completion. For rehabilitation projects, evidence of completion shall be a recorded Notice of Completion or other similar documentation from the local building or planning department which evidences completion of the rehabilitation.

In projects subject to Davis-Bacon Labor Standards, the State may ask for additional documentation to ensure that prevailing wage costs are included in the project budget, and that the requirements of Davis-Bacon and CWHSSA can be met. The State may require that the developer hire a third-party to act as a Labor Standards Coordinator.

For projects subject to Davis-Bacon, all laborers and mechanics, (other than volunteers under the conditions set out in 24 CFR Part 70), employed by contractors and subcontractors in the construction (including rehabilitation) of housing assisted under this NOFA shall be paid wages at rates not less than those prevailing in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

Contracts involving employment of laborers and mechanics shall be subject to the provisions of the CWHSSA. Project owners and owners' contractors and subcontractors must comply with all related rules, regulations, and requirements. In accordance with U.S. Department of Labor regulations at 29 CFR Section 1.6(g), if a project is approved to receive PRA funds after a contract for construction of the project has been awarded (or after the beginning of construction where there is no contract award), but before completion of construction, the State shall require that the wage determination effective on April 2, 2015 (the State's Round II PRA award), or the beginning of construction be incorporated into the construction contract retroactively to that date.

The State may request the HUD Office of Labor Relations to seek approval from the U.S. Department of Labor for the incorporation of a wage determination to be effective instead on the date of the State's approval of PRA assistance for the project. Such approval may be granted only where there is no evidence of intent to apply for the federal assistance for the project prior to contract award or start of construction.

G. Energy and Water Conservation

New Construction and Substantial (Gut) Rehabilitation Projects must document compliance with the following when such projects apply for PRA funding.

- (1) Energy Efficiency - Low-rise (up to three stories): PRA funded properties must meet the requirements of EPAs ENERGY STAR Qualified Homes. Mid-Rise & High-Rise developments (4 or more stories) must meet the requirements of the ENERGY STAR Qualified Multifamily High-Rise Buildings. Any State energy code requirements will take precedence over ENERGY STAR specifications when the State code approximates or exceeds that standard. For more information, see http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.pt_bldr or [ENERGY STAR Qualified Multifamily High Rise Buildings : ENERGY STAR](#) Specific questions can be emailed to energystarhomes@energystar.gov or leopkey.ted@epa.gov.
- (2) Water Conservation Fixtures - Installation of water-conserving fixtures is required (e.g. resource efficient plumbing and appliances such as low flow showerheads and faucet and high efficiency toilets). The materials used should be the most current WaterSense or a greater water efficiency product. See [WaterSense | US EPA](#) for more information.

H. Environmental Requirements and Assurances

PRA funds cannot be awarded until all necessary environmental clearances have been obtained; therefore, projects for which construction or rehabilitation activity is underway at the time of PRA application submission that have not already received their required federal environmental clearance through other federal funding sources cannot apply for PRA funds until construction is complete

Existing Eligible Projects that are currently HUD-assisted or HUD-insured that will not engage in activities with physical impacts or changes beyond routine maintenance activities or minimal repairs have no additional environmental review under PRA. These projects should submit evidence of their federal environmental clearance, and project completion, such as a copy of their Authority to Use Grant funds and Notice of Completion.

All Other Eligible Projects: PRA is subject to 24 CFR Part 50. To maintain the eligibility of a project to receive an award of PRA funds, an Eligible Applicant must receive the required environmental clearance pursuant to the requirements below.

Citations to authorities in the following paragraphs are for reference only; to the extent that property standards or restrictions on the use of properties stated in the following paragraphs are more stringent than provisions of the authorities cited, the requirements stated in the following paragraphs shall control:

1. Site Contamination (24 CFR 50.3(i)). It is HUD policy that all properties for use in HUD assisted housing be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property (24 CFR 50.3(i)(1)). Therefore, Eligible Projects subject to further environmental review shall:

- a. Site Contamination Letter - Assess whether the site: (i) is listed on an EPA Superfund National Priorities or CERCLA list or equivalent State list; (ii) is located within 3,000 feet of a toxic or solid waste landfill site; (iii) has an underground storage tank other than a residential fuel tank; or (iv) is known or suspected to be contaminated by toxic chemicals or radioactive materials. If none of these conditions exist, submit a letter of finding signed by the Project Owner or Phase I preparer certifying to the above must be submitted and maintained in the site's environmental record. Additional information may be requested, if HCD or CalHFA cannot substantiate this finding.
- b. Phase I - Submit an ASTM Phase I Environmental Site Assessment (ESA) for the project prepared in accordance with ASTM E 1527-13 or the most recent edition.

Note: An ASTM Phase I ESA that was prepared within the Phase I ESA continuing viability timeframe for the acquisition of the property or a real estate transaction (construction, rehabilitation, or refinancing) for the property and complies with ASTM E1527-05 or a more recent edition is also acceptable.

If a Phase I ESA identifies RECs, a Phase II ESA in accordance with ASTM E 1903-11, or the most recent edition, must be submitted. Any hazardous substances and/or petroleum products that are identified at levels that would require clean-up under State policy shall be so cleaned up in accordance with the State's clean-up policy.

If not already available, the Phase I/II Report, prepared according to the ASTM Standards and timing requirements discussed above, can be provided upon notification that a PRA award is pending.

2. Historic Preservation: (16 U.S.C.470 et seq.)

- a. All work on properties identified as historic by the State of California, must comply with all applicable state, territorial, tribal historic preservation law and requirements and, for properties affecting locally designated historic landmarks or districts, local historic preservation ordinance and permit conditions.

If archaeological resources and/or human remains are discovered on the activity or project sites during construction, the Eligible Applicant must comply with applicable State, tribal, or territory law, and/or local ordinance (e.g., State unmarked burial law).

- b. In addition, all work on properties listed on the National Register of Historic Places, or which the State knows are eligible for such listing, must comply with “The Secretary of the Interiors Standards for Rehabilitation.” Complete demolition of such properties would not meet the Standards and is prohibited.

3. Noise (24 CFR Part 51, subpart B - Noise Abatement and Control). All new construction projects shall be developed to ensure an interior noise level of 45 decibels (dB) or less. In this regard and using the day-night average sound level (Ldn), sites not exceeding 65 dB of environmental noise are deemed to be acceptable; sites above 65 dB require sound attenuation in the building shell to 45 dB; and sites above 75 dB shall not have noise sensitive outdoor uses (e.g. picnic areas, tot lots, balconies or patios) situated in areas exposed to such noise levels.
4. Airport Clear Zones (24 CFR Part 51, subpart D - Siting of HUD Assisted Projects in Runway Clear Zones at Civil Airports and Clear Zones and Accident Potential Zones at Military Airfields). No activities or projects shall be permitted within the “clear zones” or the “accident potential zones” of military airfields or the “runway protection zones” of civilian airports.

5. Coastal Zone Management Act (16 USC 1451 *et seq.*) Activities and projects shall be consistent with the appropriate State coastal zone management plan. Plans are available from the local coastal zone management agency

6. Floodplain

No new construction activities or projects shall be located in the 500-year floodplain or in the 100-year floodplain according to the most current available FEMA data (FIRM, P-FIRM, LOMA or ABFE)

Existing structures may be assisted in these areas, except for sites located in coastal high hazard areas (V Zones) or regulatory floodways, but must meet the following requirements:

- (a) The existing structures must be flood-proofed or must have the lowest habitable floor and utilities elevated above the 500-year floodplain;
 - (b) The project must have an early warning system and evacuation plan that includes evacuation routing to areas outside of the applicable floodplains;
 - (c) Project structures in the 100-year floodplain must obtain Flood Insurance under the National Flood Insurance Program. No activities or projects located within the 100-year floodplain may be assisted in a community that is not participating in or has been suspended from the National Flood Insurance Program.
7. Wetlands (Executive Order 11990). No new construction shall be performed in wetlands. No rehabilitation of existing properties shall be allowed that expands the footprint such that additional wetlands are destroyed. New construction includes draining, dredging, channelizing, filling, diking, impounding, and related grading activities. The term wetlands is intended to be consistent with the definition used by the U.S. Fish and Wildlife Service in Classification of Wetlands and Deep Water Habitats of the United States (Cowardin, et al., 1977). This definition includes those wetland areas separated from their natural supply of water as a result of activities such as the construction of structural flood protection methods or solid-fill road beds and activities such as mineral extraction and navigation improvements.
8. Siting of Project Activities Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature (24 CFR Part 51, Subpart C). Unshielded or unprotected new construction sites shall be allowed

only if they meet the standards of blast overpressure (0.5psi – buildings and outdoor unprotected facilities) and thermal radiation (450 BTU/ft² -hr – people, 10,000 BTU/ft²-hr – buildings) from facilities that store, handle, or process substances of explosive or fire prone nature in stationary, above ground tanks/containers.

9. Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.). New construction shall not be permitted that would result in a taking of endangered plant or animal species as listed under the Endangered Species Act of 1973. Taking includes not only direct harm and killing but also modification of habitat. Maps for listed species and geographic habitat by state can be found at http://ecos.fws.gov/tess_public/StateListing.do?state=all.
10. Farmland Protection (7 USC 4201 et seq.). New construction shall not result in the conversion of unique, prime, or otherwise productive agricultural properties to urban uses.
11. Sole Source Aquifers (Section 1424(e) of the Safe Drinking Water Act of 1974 (42 U.S.C. 201, 300 et seq., and 21 U.S.C. 349)). Any new construction activities and projects located in federally designated sole source aquifer areas (SSAs) shall require consultation and review with the U.S. Environmental Protection Agency (USEPA). Information regarding location and geographic coverage of the 73 federally designated SSAs can be found at: <http://water.epa.gov/infrastructure/drinkingwater/sourcewater/protection/solesourceaquifer.cfm>.

Choice-Limiting Actions: At the time of application for PRA funds, if a project has not yet received any required federal environmental clearance, all activity that constitutes a “Choice-Limiting Action” must cease, until the required clearance has been issued. If a Choice-Limiting Action has occurred, PRA funds cannot be used for that project.

“Choice-Limiting Actions” are actions on the project site, or on behalf of the project, taken by the PRA applicant or any participant in the development process. “Choice-Limiting Actions” include the execution of any agreements (such as loan documents) for ANY Project funds (not just PRA funds), the purchase of the site, any construction loan closing, any payment of local fees, or any site work (other than annual weed control) done by anyone.

Note however, certain activities are not considered Choice-Limiting Actions regardless of when they are carried out. These activities include, but are not limited to, such things as: environmental and other studies; resource identification and the development of plans and strategies; submitting funding applications; inspections and testing for hazards or defects; purchase of insurance; payment of principal and interest on loans made or obligations guaranteed by HUD; and assistance for improvements that do not alter environmental conditions and are necessary only to control the effects from disasters or imminent threats to public safety.

If there are any questions regarding Choice Limiting Actions, or the level of environmental clearance required of your project, contact Christina DiFrancesco at Christina.DiFrancesco@hcd.ca.gov prior to taking any action concerning your proposed PRA Project.

I. Lead-Based Paint

For Eligible Projects that do not trigger the requirements below, a self-certification will be required.

Federal Lead-Based Paint requirements apply to PRA funded units and common areas in properties: (1) constructed prior to January 1, 1978 (2) when a child of less than 6 years of age resides or is expected to reside, and (3) in which such units will receive an annual average of more than \$5,000 of project-based rental assistance per-unit in any year. For these projects, a copy of the project's lead risk assessment, and remediation report will be required before PRA funds will be awarded.

For properties meeting the requirements of (1) and (2) above in which such annual assistance per unit is less than or equal to \$5,000 per unit, documentation of the project's visual assessment for deteriorated paint and paint stabilization actions will be required before PRA funds will be awarded.

The Environmental Protection Agency's Renovation, Repair and Painting (RRP) Rule also applies when renovation, repair or painting work is conducted on properties subject to Lead-Based Paint Requirements. Among other requirements, the work, using lead-safe work practices, must be conducted or supervised by certified lead renovator working for a certified lead renovation firm when the amount of work exceeds the RRP Rule's minor repair and maintenance area threshold.

See the Lead Safe Housing Rule at 24 CFR 35, subparts B, H and R;

http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/lshr, and the RRP Rule at 40 CFR 745, <http://www.epa.gov/lead/pubs/renovation.htm>.

XVI. APPLICATION EVALUATION

Additional application evaluation factors are described below.

A. Applicant or Property Manager Experience and Capacity

Eligible Applicants or their proposed PRA Project property manager(s) must demonstrate that it has the following:

1. A minimum of one project that includes services to a special needs population. This project does not have to be a project that is requesting PRA funds, a project that currently serves a PRA Target Population, or a project that exclusively serves special needs tenants.
2. The PRA subsidy will be administered through a contract similar to project-based Section 8 contracts. Eligible Applicants or their management agent must have experience with project based Section 8 subsidy processing, including the use of the Tenant Rental Assistance Certification System (TRACS) and Enterprise Income Verification (EIV). HUD requires Eligible Applicants to have the capability to transmit tenant information using HUD 50059 (certification and recertification form) and HUD 52670 (voucher data). Eligible Applicants must also have experience calculating tenant rents in accordance with HUD occupancy guidelines (HUD Handbook 4350.3 REV-1).
3. Properties associated with the Eligible Applicant must have no significant findings of non-compliance with State agency requirements.

B. Project Suitability

Eligible Applicants must select projects for participation that offer access to appropriate services, accessible transportation and commercial facilities to ensure greater integration of persons with disabilities in the broader community. Eligible Applicants must describe how each proposed project for PRA funds meets these criteria. In addition, the projects being considered for PRA funds must be in compliance with all of their other financing requirements, including regulatory agreements and other loan documents.

C. Need/Calculating the Maximum Number of Units for which to Apply

The Need calculation is for determining the maximum number of units an application can request. It is not for assigning numbers of transitions available among particular TROs associated with an application. The State reserves the right to make adjustments to the number of units or amount of funds requested by an Applicant.

The TROs must provide the following information in the Application in order to determine the number of units in a project that would be realistic to make referrals to in the available time-period for renting-up PRA units:

1. Define TRO service area(s) in relationship to the Project Site.
2. CCT and Medi-Cal waiver agency TROs must list all of the Skilled Nursing Facilities (SNF) with MediCal Patients or other Inpatient MediCal Facilities, from which the agency will be referring and transitioning patients for PRA assistance. Regional Center TROs and TROs that subcontract with a Regional Center must list the number of individuals with developmental disabilities that will be referred to and transitioned into PRA assisted units.
3. Include past transitions made by the TRO. These do not have to be transitions made through the CCT Program or the Regional Center, but, if not through the CCT Program or the Regional Center, indicate what percentage of the individuals who benefited from these transitions are in an existing home arrangement, or into a new apartment.
4. If the calculation of Need includes facilities from which the TRO has not made transitions since 2007, please explain why the TRO has not had transitions from these facilities.
5. Determine the maximum amount of units that can be requested by the number of MediCal patients between the ages of 18 to 61 residing in the inpatient facilities from which the TRO is seeking to make PRA referrals/transitions, and the number of individuals who the TRO estimates meet the definition of Noninstitutionalized within the Project's service area. This consists of a Base Calculation plus any additional units as discussed below.

a) Base Calculation: go to the CCT Needs Data located at <http://www.calhfa.ca.gov/multifamily/section811/index.htm> with the PRA application documents. Using Worksheet #3 of this Excel file, (tabs in top right corner), add all of the MediCal beds in each facility that the TRO proposes to draw PRA Eligible Tenants from, and multiply by 10 percent. Note: All data provided in this file is for the eligible age group of 18-61.

Base Calculation Example: there are five facilities in the CCT Provider's service area from which they are proposing to draw PRA tenants, with an identified count of 200 MediCal Patients, between the ages of 18-61. The

base calculation of eligible patients would be $200 \times 10\% = 20$. In this example, the Eligible Applicant's base calculation for the service area is up to 20 units in a project or group of identified projects in the application.

b) Requesting Additional Units Applications may request additional units greater than the above calculation allows, based on either additional TRO placements; however, there must be an adequate explanation as to how/why this additional number of transitions can be made by the occupancy deadlines set forth in Section XIII.

The number of additional expected placements can be added to the Base Calculation to determine the total number of PRA units that may be requested. The State will contact the TRO to verify this number based on client information.

6. TROs must also describe how they currently provide or plan to provide outreach and education about the PRA program to inpatient facility staff, recruit eligible tenants into the program, and educate families about community living and home and community-based care options.

D. Application Tiebreaker

In any given month where the PRA Program is oversubscribed, priority for awards of funds will be given to Eligible Projects in the following order: (1) existing projects with current vacancies; (2) projects with all development funds committed at the time of PRA application submission, and (3) all other projects.

Subject to the order of priority set forth above, in the event that the total amount requested in eligible applications that are ready to be funded exceeds the total amount of PRA funds remaining to be allocated, the State may award the remaining funds to the application that best meets the Project Suitability requirements above, for an amount not to exceed the amount requested in the application, until all remaining funds have been allocated.

XVII. PROGRAM EVALUATION AND REPORTING

Recipients of PRA funds shall participate in program evaluation and reporting as required by HUD and/or the State.

APPENDIX A: DEFINITIONS

“25% Rule” means: No more than 25% of the total project units in a Section 811 PRA-assisted project can: (a) be provided PRA Rental Assistance Payments; (b) be restricted to supportive housing for persons with disabilities; or (c) have any occupancy preference for persons with disabilities, regardless of the source of that restriction

“CalHFA” means the California Housing Finance Agency.

“DDS” means the California Department of Developmental Services.

“DHCS” means the California Department of Health Care Services

“HCD” means the California Department of Housing and Community Development.

“TCAC” means the California Tax Credit Allocation Committee

“TRO” means “Tenant Referral Organization”, the organization referring PRA-eligible tenants to DHCS.

“Homeless” an individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

“Institutionalized” means Individuals with disabilities, including individuals with developmental disabilities residing in an inpatient facility for at least 90 consecutive days, for which Medi-Cal has paid for at least one of those days, who are enrolled in the California Community Transitions (CCT) Program or a Medi-Cal waiver and who are in need of housing upon exit.

A qualifying inpatient facility includes facilities directly billed to Medi-Cal, including but not limited to, Nursing Facilities, Developmental Centers, Hospitals, Institutes for Mental Disease (IMDs), ICF-DD habilitation facilities, and other types of Intermediate Care Facilities.

“Long-term Services and Supports” means Medi-Cal waiver services (1915 (i) or 1915 (c)), other Medicaid waiver services; Rehabilitation Option Specialty Mental Health services, or other State Plan services, including but not limited to, In-Home Supportive Services or new Health Home services. Eligibility for these services will continue for as long as the tenant remains on Medi-Cal. Project Sponsors will not be responsible for providing supportive services to PRA tenants in addition to what the project is already funded or obligated to provide.

“Noninstitutionalized” means individuals with disabilities including but not limited to the following: persons with Developmental Disabilities, persons experiencing homelessness, or persons at risk of moving into an inpatient facility or into a more restrictive living arrangement (e.g. residential facility, group home) due to loss of housing. The individuals must be receiving or eligible to receive Long-term Services and Supports paid for by Medi-Cal through a Home and Community-based Services Medi-Cal waiver program, other Medi-Cal waiver, a State Plan service, or through a Medi-Cal Managed Care Plan.

“Persons with Disabilities” means a household composed of one or more persons at least one of whom is an adult who has a disability. A person shall be considered to have a disability if such person is determined, pursuant to federal regulations to have a physical, mental, or emotional impairment which (A) is expected to be of long-continued and indefinite duration, (B) substantially impedes his or her ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions.

The term "Persons with Disabilities" shall also include persons with a Developmental Disability defined as follows:

Developmental disability” means a disability that originates before an individual attains 18 years of age; continues, or can be expected to continue, indefinitely; and constitutes a substantial disability for that individual. As defined by the Director of Developmental Services, in consultation with the Superintendent of Public Instruction, this term shall include intellectual disability, cerebral palsy, epilepsy, and autism. This term shall also include disabling conditions found to be closely related to intellectual disability or to require treatment similar to that required for individuals with an

intellectual disability, but shall not include other handicapping conditions that are solely physical in nature.

Notwithstanding the preceding provisions, the term "Person with Disabilities" includes two or more persons with disabilities living together, one or more such persons living with another person who is determined to be important to their care or well-being, and the surviving member or members of any household who were living, in a unit assisted under this section, with the deceased member of the household at the time of his or her death.

“Project Sponsor” means a developer with an ownership interest in any project for which it submits an application to receive assistance pursuant to this NOFA.

“Target Population” means the Persons with Disabilities who are eligible for Section 811 PRA-assistance based on the requirements set forth under Section VI of this NOFA.

“Tenant Referral Organization” means the organization referring PRA-eligible tenants to DHCS.