



State of California

**SECTION 811 PROJECT RENTAL ASSISTANCE  
DEMONSTRATION PROGRAM**

**ROUND II - LOS ANGELES**

**NOTICE OF FUNDING AVAILABILITY**

**FEBRUARY 16, 2016**

February 16, 2016

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 Los Angeles

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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 MediCal members as set forth under the terms of this NOFA.

Applications from eligible Project Sponsors will be accepted on an over-the-counter basis beginning on March 16, 2016.

Housing-Related questions should be directed to Christina DiFrancesco at [Christina.DiFrancesco@hcd.ca.gov](mailto:Christina.DiFrancesco@hcd.ca.gov). Supportive Services and Tenant Referral-related questions should be directed to Urshella Starr at [Urshella.Starr@dhcs.ca.gov](mailto:Urshella.Starr@dhcs.ca.gov).

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

NOFA Issued	February 16, 2016
Webinars	March 1, 2016 10:00 AM - Noon Register at the website hyperlinked below: <a href="http://www.calhfa.ca.gov/multifamily/section811/training/index.htm">http://www.calhfa.ca.gov/multifamily/section811/training/index.htm</a>
Applications Accepted	PRA funds will be available on an over-the-counter basis beginning March 16, 2016, until all available funds have been awarded.

## TABLE OF CONTENTS

<b>I. INTRODUCTION</b>	<b>5</b>
<b>II. APPLICATION SUBMISSION PROCEDURE</b>	<b>5</b>
<b>III. TECHNICAL ASSISTANCE</b>	<b>5</b>
<b>IV. PROGRAM AUTHORITIES</b>	<b>6</b>
<b>V. DEFINITIONS</b>	<b>6</b>
<b>VI. ELIGIBLE TENANTS</b>	<b>6</b>
<b>VII. ALLOCATION OF ASSISTANCE AMONG TARGET TENANT POPULATIONS</b>	<b>9</b>
<b>VIII. TENANT REFERRAL PROCESS</b>	<b>10</b>
<b>IX. ELIGIBLE APPLICANTS</b>	<b>11</b>
<b>X. ELIGIBLE USES OF FUNDS</b>	<b>11</b>
<b>XI. ELIGIBLE PROJECTS AND UNITS</b>	<b>11</b>
<b>XII. MINIMUM AND MAXIMUM AWARD AMOUNTS</b>	<b>13</b>
<b>XIII. OCCUPANCY DEADLINES</b>	<b>13</b>
<b>XIV. USE OF SECTION 811 PRA FUNDS WITH OTHER LOCAL HOUSING SUBSIDY</b>	<b>14</b>
<b>XV. FEDERAL OVERLAY REQUIREMENTS</b>	<b>15</b>
<b>XVI. APPLICATION EVALUATION</b>	<b>27</b>
<b>XVII. PROGRAM EVALUATION AND REPORTING</b>	<b>28</b>
<b>APPENDIX A: DEFINITIONS</b>	<b>29</b>

## 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 MediCal eligible Persons with Disabilities as set forth under the terms of this NOFA. Applications will be accepted on an over-the-counter basis beginning March 16, 2016.

## II. APPLICATION SUBMISSION PROCEDURE

Beginning March 16, 2016, applications for PRA funds shall be accepted from Eligible Applicants via electronic mail at: [HUD811app@spsmail.CalHFA.ca.gov](mailto:HUD811app@spsmail.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](mailto: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 Christina DiFrancesco at [Christina.DiFrancesco@hcd.ca.gov](mailto: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](mailto:Urshella.Starr@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. MediCal 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, MediCal 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

### *Non-Homeless Population*

Individuals qualifying as Non-Homeless must be currently Institutionalized or At-Risk of Institutionalization as set forth below

- a. Institutionalized: Individuals residing in an inpatient facility for at least 90 consecutive days, for which MediCal has paid for at least one of those days, who are enrolled in the California Community Transitions (CCT) Program and who are in need of housing upon exit.

A qualifying inpatient facility includes facilities directly billed to MediCal, 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.

Among those qualifying as Non-Homeless, priority for PRA unit occupancy 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.

- b. At-Risk of Institutionalization: Individuals with Developmental Disabilities or Persons Living with a Serious Mental illness who are currently receiving or eligible to receive Long-term Services and Supports, and who are at risk of short-term or long-term placement in a county or other inpatient facility if they do not receive PRA assistance. This could include people currently institutionalized on an emergency basis.

### *Homeless Population*

Persons who are Homeless as defined under Section (1) of HUD's Homeless definition at 24 CFR [576.2](#). (See hyperlink or Appendix A for this definition.)

### C. Support Services

Eligibility for the services discussed below will continue for as long as the tenant receives MediCal 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*

Though the DHCS California Community Transitions (CCT) Program for persons leaving nursing facilities or other MediCal-funded institutions, typical supportive services include a whole person care plan, case management, habilitation, skilled nursing, personal care, medical equipment, medical assistive technology, home accessibility modifications, furnishings, 1<sup>st</sup> month rent and deposits.

#### DDS/Regional Centers:

Services and supports provided for persons with developmental disabilities 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 a consumer 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.

#### *LA County Department of Mental Health (DMH)*

Rehabilitation Option Specialty Mental Health services, provided through DMH, include but are not limited to the following: psychiatric assessment; case management; individual and group therapy; rehabilitative groups; crisis intervention; medication support, and psychiatric services

## VII. ALLOCATION OF ASSISTANCE AMONG TARGET TENANT POPULATIONS

An estimated 248 units of rental assistance will be funded with the PRA assistance available under this NOFA. The available funds will be preliminarily allocated as follows:

- 25% for households where the PRA-eligible individual(s) is institutionalized. (This portion is not disability-specific);
- 25% for households where the PRA-eligible individual(s) is a Person with Disabilities that has a Developmental Disability and is Institutionalized or At-Risk of Institutionalization;
- 25% for households where the PRA-eligible individual(s) is a Person Living with a Serious Mental Illness, that is Institutionalized, At-Risk of institutionalization, or Homeless;
- 25% for households where the PRA-eligible individual(s) is Homeless. (This portion is not disability-specific.)

An additional 150 Housing Choice project-based vouchers (PBVs) will be available for households where the PRA-eligible individual(s) is Homeless, as follows:

- 100 Housing Choice PBVs allocated to projects by the Housing Authority of the City of Los Angeles (HACLA)
- 50 Housing Choice PBVs allocated to projects by the Housing Authority of the County of Los Angeles (HACOLA).

Project Sponsors will indicate in their PRA application which subpopulations they wish to target. Projects cannot target their Section 811 PRA units to persons with developmental disabilities or serious mental illness alone, but must serve these subpopulations with another subpopulation so that a range of persons with disabilities can be served with the Section 811 PRA assistance.

The State may periodically evaluate whether available funds should be shifted to other subpopulations, different from the percentages set forth above, in order to ensure full utilization of available assistance. Any changes to the above allocations will be announced through the HCD listserv and on the PRA program website at:

<http://www.calhfa.ca.gov/multifamily/section811/index.htm>

## VIII. TENANT REFERRAL PROCESS

### *Non-Homeless Persons*

Referrals of Non-Homeless PRA-eligible individuals will be coordinated by the State DHCS. Once a PRA unit is available for a Non-Homeless household, the project owner or their agent must notify DHCS. Upon notification, DHCS will notify the PRA referral organizations (CCT providers, Regional Centers, and DMH) to identify PRA-eligible households who are either Institutionalized or At-Risk of Institutionalization. The referral organization(s) will maintain a current list of eligible households that will be provided to DHCS who will use this list to maintain a Tenant Registry. A monthly Tenant Registry Report that includes the availability of vacant units will be distributed to each referral organization by DHCS.

Subject to the availability of a Section 811 allocation for a particular Non-Homeless Target Population as discussed in Section VII above, Institutionalized individuals will receive priority over individuals At-Risk of Institutionalization. In all other instances, priority for available units will be on a first-come, first-served basis, subject to approved unit allocations among the specific Target Populations at the property.

### *Homeless Persons*

Referrals of PRA-eligible individuals who are Homeless will come from the Los Angeles (LA) Coordinated Entry System (CES). Once a PRA unit is available for a Homeless household, the project owner or their agent must notify CES. Upon notification, CES will identify PRA-eligible households for occupancy. Prioritization for housing will be based on the person's VI-SPDAT score or other assessment instrument currently in use by CES. Projects receiving Section 811 PRA assistance or Housing Authority PBVs for PRA-eligible persons who are Homeless must enter all information related to their PRA and Housing Authority units into the County's Homeless Management Information System (HMIS).

### *Both Categories*

For both Homeless and Non-Homeless referrals, 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 their application for tenancy and in ensuring that all needed MediCal-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 assistance will be applied to another unit once a PRA-eligible tenant is placed.

## 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 VIII.

## X. ELIGIBLE USES OF FUNDS

PRA funds are provided as rental assistance within Eligible Projects as set forth below. PRA assistance provided under this NOFA will pay the difference between the Total Tenant Payment of the assisted household required by HUD, and 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. PRA funds cannot be used for development, construction or rehabilitation financing.

## 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.
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. **Projects proposing 12 or more federally-assisted 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,** (because of difficulties in achieving full compliance with Davis-Bacon once construction or rehabilitation is underway).

ii. **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,** (because it would be necessary to stop construction or rehabilitation to complete the federal environmental review).

iii. **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 requirements for projects located in a floodplain.)

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. See also, Section XV for the Federal Overlay requirements.

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 HCD 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 occupied by November 1, 2020.** To help ensure the State can meet this deadline, the State may do any or all of the following:

1. Permit a project to adjust its allocation of 811 units among the different subpopulations permitted under this NOFA from what was previously committed to by the project.
2. Disencumber any of the awarded funds for units that remain unoccupied 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.
3. Take other actions as approved by HUD.

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

##### Housing Authority Project-Based Vouchers

As discussed in Section VII above, HACLA and HACOLA 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. (The first NOFA for the Section 811 PBVs is anticipated to be released in April or May of 2016 by HACLA.)

##### Note the following:

1. Section 811 PRA 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, but PRA assistance may be used to serve Non-Homeless and/or Homeless Section 811-eligible households.
2. 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.

##### Mental Health Services Act (MHSA) Funds

Projects with MHSA capital, operating or services (local or State-administered) funding may also use Section 811 PRA funds to serve PRA-eligible tenants. PRA-eligible tenants may also qualify for MHSA assistance; however, MHSA Capitalized Operating Subsidy Reserve (COSR) funds and Section 811 PRA funds cannot be used together on the same unit since under MHSA rules the COSR will always pay the difference between the tenant paid rent (30% of their income) and the operating costs for that unit. All MHSA-assisted units, whether they serve PRA-eligible tenants or not, and regardless of whether the MHSA funds provide capital, operating, or services funding, count toward the cap under the 25% Rule since all MHSA units are required to serve persons who are disabled.

## Flexible Housing Subsidy Pool Funds (FHSP)

Projects with FHSP funds may also use Section 811 PRA funds. FHSP funds are available primarily for Homeless Persons, but some FHSP may be available to serve persons who are not currently Homeless but have a history of homelessness and have been frequent users of the county hospital system.

FHSP and PRA funds may be used on the same units to bring the total contract rent on these units up to Fair Market Rent. The PRA portion of this assistance cannot exceed the applicable 50% AMI TCAC rent for that unit.

PRA and FHSP funds may also be used on different units. In instances where FHSP and PRA funds are used on different units, FHSP-assisted units will count toward the cap under the 25% Rule if these units are restricted to, or provide an occupancy preference for, Persons with Disabilities.

## 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 Eligible Project for which PRA funds are requested, PRA Applications must include a signed certification from the project architect or other qualified third-party inspector which certifies that the project meets the following federal and state accessibility requirements applicable to the project at the time of construction or rehabilitation: (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:

Pursuant to Section 808 (e) (5) of the Fair Housing Act, PRA Tenant Referral Organizations (TROs) and property owners 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.

**No PRA tenant applications or referrals shall be accepted until after conducting outreach required pursuant to the Affirmative Marketing analysis and plan required below. It is suggested that this outreach begin no later than 15-days prior to the start of your general marketing activities.**

1. For referrals of persons from institutions or Regional Centers, the **[“California Section 811 Project Rental Assistance Affirmative Marketing Analysis”](#)** Form must be used. The California Community Transitions (CCT) Program Provider or Regional Center shall be responsible for completion of this form and for carrying out all Affirmative Marketing activities. DHCS will work with them in completing this analysis.
2. For referrals of other Target Populations, the **[HUD Affirmative Marketing Form \(HUD Form 935.2A\)](#)** must be used. The property owner shall be responsible for completion of this form and for carrying out all Affirmative marketing activities in conjunction with the local Tenant Referral Organizations of CES and/or LA DMH.

**If a project will be using PRA funds to serve Homeless persons, all marketing materials shall include the contact information for CES and shall direct Project applicants to Service Planning Area (SPA) leads within the CES system in order to be considered for PRA units.**

3. All methods of outreach and referral and management of the waiting list 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.
4. Tenant Selection Plan: A PRA Tenant Selection Plan must be submitted to the State for approval. **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.**

**The Project's Tenant Selection Plan must contain the tenant referral processes for Non-Homeless and/or Homeless households set forth in this NOFA, or a modified process as approved by CalHFA. Tenant Selection Plans must also be implemented consistent with the other requirements of this NOFA.**

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, according to the population targeting approved by State, 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. For referrals of Non-Homeless Persons, DHCS will have primary responsibility in managing the waiting list/Tenant Registry of PRA-eligible households.
- c. For referrals of Homeless Persons, CES will have primary responsibility in making referrals of PRA eligible households. In the event that there are more tenant-referrals made from CES than PRA units for Homeless

available, a PRA waiting list for these units must be maintained by the project.

- d. When the project owner has a vacancy among the PRA-units, the Project Owner, or their designee, must inform DHCS for referrals of Non-Homeless Persons and CES for referrals of Homeless Persons, 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.
  - e. 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 or CES, as applicable, with the other Eligible Tenant retaining his/her same position on the applicable waiting list (i.e. the DHCS Tenant Registry, or the project's waiting list of PRA-eligible referrals from CES).
  - f. 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.
  - g. 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.
5. 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 receiving tenant referrals from DHCS and/or CES must provide these entities and their TROs, as well as and Eligible Tenants, 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 requesting 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 is complete.**
- 2. 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.**
- 3. Projects where construction is fully complete<sup>1</sup> before an application is submitted to receive PRA assistance are not subject to Davis-Bacon or CWHSSA requirements, except to the extent that the project is also**

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<sup>1</sup> 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

**assisted under another federal program that is subject to such requirements (e.g., the HOME program).**

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 February 19, 2013 (the State's 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 3 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](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](mailto:energystarhomes@energystar.gov). or [leopkey.ted@epa.gov](mailto: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. 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.
- b. none of these conditions exist, 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 this finding.
- c. If any of these conditions exist, the Eligible Applicant must provide 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.

**For purposes of complying with these requirements, upon submission of the PRA Application, the State will initiate any required consultation with Native American Tribal governments in the vicinity of the PRA-assisted project.**

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.

**Upon submission of the PRA Application, the State will initiate any required 30-day consultation with the State Office of Historic Preservation.**

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/ft<sup>2</sup> -hr – people, 10,000 BTU/ft<sup>2</sup>-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](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 which 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](mailto: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 a 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](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 which 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. Application Tie-Breaker

In any given month where the PRA Program is oversubscribed among either the Non-Homeless or Homeless funding allocations, priority for awards of funds will be given to Eligible Projects in the following order: (1) existing projects; (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

**“At-Risk of Institutionalization”** means Individuals with Developmental Disabilities or Persons Living with a Serious Mental illness who are currently receiving or eligible to receive Long-term Services and Supports, and who are at risk of short-term or long-term placement in a county or other inpatient facility if they do not receive PRA assistance. This could include people currently institutionalized on an emergency basis.

**“TRO”** see definition of “Tenant Referral Organization below.

**“VI-SPDAT”** means the Vulnerability Index-Service Prioritization and Decision Assistance Tool used by the Los Angeles Homelessness Coordinated Entry System to assess need for housing among individuals qualifying as Homeless.

**“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 residing in an inpatient facility for at least 90 consecutive days, for which MediCal has paid for at least one of those days, who are enrolled in the California Community Transitions (CCT) Program and who are in need of housing upon exit. A qualifying inpatient facility includes facilities directly billed to MediCal, 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 MediCal 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 or new Health Home services. Eligibility for these services will continue for as long as the tenant remains on MediCal. 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.

**“Non-Homeless”** means persons who do not currently qualify as Homeless who are Institutionalized or At-Risk of Institutionalization as defined above.

**“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. A person shall also be considered to have a disability if such person has a developmental disability as defined in section 15002 of this title. Notwithstanding the preceding provisions of this paragraph, 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 described in the first sentence of this paragraph 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.

The term "Persons with Disabilities" shall also include the following:

- a. A person who has a Developmental Disability, as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(5)), i.e., if he or she has a severe chronic disability which:
  - (i) Is attributable to a mental or physical impairment or combination of mental and physical impairments;
  - (ii) Is manifested before the person attains age twenty-two;
  - (iii) Is likely to continue indefinitely;
  - (iv) Results in substantial functional limitation in three or more of the following areas of major life activity: (a) Self-care; (b) Receptive and expressive language; (c) Learning;

(d) Mobility; (e) Self-direction; (f) Capacity for independent living; (g) Economic self-sufficiency; and (h) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated.

b. A Person Living with a Serious Mental illness, i.e., a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently, and which impairment could be improved by more suitable housing conditions.

c. A person infected with the human acquired immunodeficiency virus (HIV) and a person who suffers from alcoholism or drug addiction, provided they meet the definition of "person with disabilities" in Section 811 (42 U.S.C. 8013(k)(2)).

A person whose sole impairment is a diagnosis of HIV positive or alcoholism or drug addiction (i.e., does not meet any of the qualifying criteria above will not be eligible for occupancy in a Section 811 PRA project.

**“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.

**“Serious Mental Illness”** means a severe and persistent mental or emotional impairment that seriously limits a person’s ability to live independently, and which impairment could be improved by more suitable housing conditions.

**“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 Non-Homeless tenants to DHCS, or for referrals of Homeless persons for Section 811 PRA assistance, Tenant-Referral organization means the LA Coordinated Entry System or their agent.