

# STATE OF CALIFORNIA

## SECTION 811 PROJECT RENTAL ASSISTANCE DEMONSTRATION PROGRAM

### OVERVIEW



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# Round II: Critical Dates

- ▶ HUD Award: **April 2015**
- ▶ HUD Grant Agreement: **November 2015**
- ▶ Release Section 811 Round II design document for additional stakeholder feedback: **December 2015**
- ▶ Tentative NOFA release: **January 2016**
- ▶ Initial Occupancy Deadline: **November 2020**



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# Proposed Changes from Round I

- ▶ Expand Section 811 target population to include homeless persons, and persons at risk of institutionalization whose primary diagnosis is mental illness.
- ▶ Expands types of waiver services utilized
- ▶ Use of CES for homeless (and possibly other) referrals
- ▶ Use of DHCS Housing Coordinator for non-homeless referrals



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# Proposed Changes from Round I (cont.)

- ▶ Eliminates State restrictions on maximum number of units requested (federal restrictions still apply)
- ▶ Possible local incentives for use of Section 811 assistance
- ▶ Clarifies Phase I environmental and affirmative marketing requirements



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# Project-Based Rental Assistance

- ▶ HUD Contract Rent: TCAC 50% AMI Rent
- ▶ Section 811 assistance pays difference between 30% tenant income and 50% AMI Rent
  - ✓ Can combine Section 811 assistance with local or State subsidy to bring contract rent up to FMR
- ▶ 5-year initial assistance term, subject to annual renewals
- ▶ 20-year RAC w/30 year use restriction
- ▶ Agreements with CalHFA



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# All Eligible Tenants

- ▶ 30% AMI or below
- ▶ Disabled (SSI definition)
- ▶ Eligible for supportive services funded through MediCal
  - ✓ Home and Community-Based Waiver services (1915 (i) or 1915 (c))
  - ✓ Specialty mental health services, (Rehabilitation Option)
  - ✓ other State Plan services (for example, IHSS)
- ▶ 18-61 at time of initial assistance



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# Homeless PRA Tenants

- ▶ Must be homeless
- ▶ Most capital financing sources will use HUD's definition ([See 24 CFR 576.2](#))
- ▶ This excludes persons who have resided in institutions more for than 90 days



# Non-Homeless PRA Tenants

- ▶ Has resided in an institution for more than 90 days with MediCal paying for at least one of those bed nights
  - e.g. hospitals, nursing facilities, developmental centers, ICF-DD habilitation facilities, Institutes for Mental Disease (IMDs), other types of Intermediate Care Facilities
- ▶ Are at risk of entering these types of institutions due to current housing instability



# Subpopulation Allocations (Approximate)

## Homeless

- ▶ 62 units of 811 PRA
- ▶ 150 PBVs for 811-eligible tenants
  - 100 from HACLA
  - 50 from HACOLA

\*MI institutionalized/at-risk allocation may also be used for homeless mentally ill

## Non-Homeless

- ▶ 62 units for institutionalized
- ▶ 62 units for DD institutionalized or at-risk of institutionalization
- ▶ 62 units for MI institutionalized or at-risk of institutionalization\*



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# Tenant Referral Process

## Homeless

- ▶ Through CES
- ▶ Prioritization based on VI SPDAT Score
- ▶ Tenant referrals within 30 business days of notification of available unit
- ▶ Unit and tenant info entered into HMIS

## Non-Homeless

- ▶ DHCS Housing Coordinator working with CCT Providers, Regional Centers, and LA County DMH
- ▶ Institutionalized get priority
- ▶ Tenant referrals within 30 business days of notification of available unit
- ▶ Must serve a mix of disabilities (fair housing considerations)
- ▶ Possible future use of CES with appropriate instrument



# Comment and Questions

- ▶ Use of CES for homeless referrals
- ▶ 30-day turnaround
- ▶ Coordinated Non-Homeless Referrals
- ▶ Other issues?



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# Eligible NOFA Applicants

## ▶ Multifamily Project Sponsor

- ✓ parent company / controlling entity of a single-asset owner or
- ✓ the project owner if the project not owned by a single-asset entity



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# Eligible Projects

- ▶ Multifamily Rental: 5+ units
- ▶ Completed projects (Existing) or
- ▶ Planned new construction (RNC) or Rehab
- ▶ Construction activity has begun with no other federal funds -- must wait until completion to apply
  - ✓ Federal environmental clearance
  - ✓ Possible Davis-Bacon compliance



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# Eligible Projects

- ▶ No more than 25% of units:
  - ✓ Can receive PRA funds
  - ✓ Be restricted to supportive housing for disabled
  - ✓ Have occupancy preference or restriction to disabled
- ▶ Existing units to receive PRA: no long-term Section 8 operating subsidy in last 6 mo.
- ▶ MHSA units can't currently be receiving operating subsidy
- ▶ Initial occupancy of PRA units by November 2020 (anticipated)



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# Unit Minimum and Maximum

- ▶ Minimum of 5 PRA units per application
- ▶ Maximum unit number is subject to the 25% rule



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# Marrying 811 Assistance With Other Local Sources

- ▶ Capital incentives from local or State sources
- ▶ Using 811 on units restricted below 50% AMI
- ▶ Layering local subsidy (e.g. flexible subsidy pool funds) on top of 811 assistance
- ▶ Putting 811 non-homeless units and housing authority PBVs (for homeless) in same project, or in different projects by same developer
  - ✓ 25% rule implications
  - ✓ PBV minimum unit # for administrative efficiencies



# Marrying 811 Assistance With Other Sources

- ▶ Thoughts?
- ▶ Other possible incentives?



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# Application Evaluation

- ▶ Applicant or Property Manager Experience
  - ✓ At least 1 project with services to special needs populations
  - ✓ Sec 8 TRACS, EIV, and rent calculation experience
  - ✓ Section 8- assisted projects have no significant State monitoring findings or program compliance issues



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# Application Evaluation

## ► Project Suitability

- ✓ Projects must have access to appropriate services, accessible transportation, and commercial facilities to ensure greater integration of persons with disabilities in the broader community
- ✓ Describe how each proposed project meets these criteria



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# Federal Overlay Requirements

- ▶ Housing Standards
- ▶ Accessibility
- ▶ Affirmative Marketing and Tenant Selection
- ▶ Full Disclosure of Available Housing
- ▶ Limited English Proficiency
- ▶ Davis-Bacon Labor Standards
- ▶ Energy and Water Conservation
- ▶ Environmental Review
- ▶ Lead-Based Paint



# Housing Standards

- ▶ Section 811 assisted units must meet applicable housing codes, ordinances, zoning requirements and minimum Uniform Physical Condition Standards (UPCS)
- ▶ Signed certification from project architect, or qualified 3rd-party inspector



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# Accessibility

- ▶ Section 811 Projects must meet:
  - ✓ Uniform Federal Accessibility Standards (UFAS)
  - ✓ Section 504
  - ✓ Fair Housing Act Design and Construction Standards
  - ✓ CA Accessibility Requirements (Chapter 11A)
- ▶ Standards at time of project construction or rehabilitation
- ▶ Signed certification from project architect, or qualified 3rd-party inspector



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# Affirmative Marketing

- ▶ Marketing PRA assistance to those least likely to apply due to their underrepresentation by race, sex, ethnicity/national origin
- ▶ Affirmative Marketing begins prior to start of general program outreach and referral
- ▶ Affirmative Marketing analysis done annually
- ▶ Homeless Units: Done by Developer/Owner county-wide, using standard HUD Affirmative Marketing form. Includes other demographic categories, such as familial status
- ▶ Non-Homeless Units: Done by TROs throughout their identified service area, using PRA Affirmative Marketing form or other HUD form and applicable dataset



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# Tenant Selection

- ▶ Project Sponsors must submit PRA Tenant Selection Plan to State for approval
- ▶ (See Sample PRA Tenant Selection Plan (September 2015) at <http://www.calhfa.ca.gov/multifamily/section811/nofa/index.htm>)
- ▶ Projects have permission to deviate from the tenant selection plan approved in connection with State financing in order to meet Section 811 requirements



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# Tenant Selection

- ▶ Section 811 Set-aside:
  - ✓ Vacant units must be made available to PRA tenants for a reasonable period of time before leasing to a non-PRA tenant
  - ✓ Section 8 Tenant-Screening requirements;
  - ✓ Reasonable Accommodation rules, and
  - ✓ Fund source minimum occupancy requirements apply



# Full Disclosure of Available Housing

- ▶ Section 811 units must be disbursed and integrated throughout the property
- ▶ Full disclosure to PRA tenants
  - ✓ basic information about location, number and size of accessible units, access to transportation and commercial facilities
  - ✓ estimate of wait time to be admitted to units of different sizes and types at each site



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# Limited English Proficiency (LEP)

Application must describe types of LEP assistance provided to persons residing or seeking to reside in the proposed project(s)



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# Davis-Bacon

- ▶ 12 or more Section 811 units
- ▶ Triggered if Section 811 application is submitted before new construction or rehabilitation activity is fully complete
  - ✓ e.g. Notice of Completion filed
- ▶ RNC and rehab projects with no other federal funds requesting more than 11 Section 811 units must wait until project completion to apply



# Energy and Water Conservation

## New Construction and Gut Rehab Projects

- ▶ ENERGY STAR Requirements
- ▶ Installation of water conservation fixtures
  - ✓ e.g. low-flow showerheads and faucets, high efficiency toilets
- ▶ Application narrative explaining how the project will meet these requirements



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# Environmental Requirements

- ▶ Existing Projects currently HUD-assisted or HUD insured:
  - ✓ No planned construction activity, or the activity is complete at the time of Section 811 application

No additional environmental review needed for Section 811



# Environmental Requirements

- ▶ All other Projects - must obtain federal environmental clearance before Section 811 funds can be awarded
  - ✓ Existing projects with no other federal funds,
  - ✓ RNC or rehab projects
- ▶ Projects underway that have not already received their required federal environmental clearance through other federal sources cannot apply for Section 811 funds until construction is complete



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# Environmental Requirements

- ▶ Current Phase I (ASTM1527-13)

OR

- ▶ Older Phase I can be submitted with the application if, by execution of the RAC, the project can certify that it is not:
  - ✓ Superfund, CERCLA, or on other equivalent State list;
  - ✓ Located within 3,000 ft of a toxic or solid waste landfill
  - ✓ No USTs other than for residential fuel
  - ✓ No known or suspected contamination by toxic or radioactive materials
- ▶ Phase II (ASTM 1903-11 or later) must be submitted if Phase I identifies RECs



# Environmental Requirements

- ▶ Part 50 Analysis/Documentation
- ▶ Similar to Part 58 Statutory Worksheet
  - ✓ Historic Preservation (SHPO and Tribal consultation)
  - ✓ Noise
  - ✓ Airport Clear Zone
  - ✓ Coastal Zone
  - ✓ Floodplain
  - ✓ Wetlands
  - ✓ Siting near Hazardous Operations
  - ✓ Endangered Species Act
  - ✓ Farmland Protection
  - ✓ Sole Source Aquifer
  - ✓ Lead-Based Paint (projects built prior to Jan. 1978)



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# Floodplain

## Existing Structures (RNC or rehab complete)

- ▶ Cannot be in Coastal high hazard areas (V Zones) or regulatory floodways
- ▶ Can be in 100 or 500 yr. floodplain if:
  - ✓ flood-proofed or elevated above floodplain
  - ✓ project has early warning system and evacuation plan to areas outside the floodplain
  - ✓ Projects in 100 yr. floodplain must obtain flood insurance



# Floodplain

- ▶ No new construction activities or projects can be located in a floodplain



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# Questions

▶ Housing:

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