



Disaster Recovery Multifamily Housing Program

Frequently Asked Questions

This document provides answers to frequently asked questions from units of general local government (Subrecipients) allocated Disaster Recovery Multifamily Housing Program (DR-MHP) funding.

1. Is acquisition an eligible project cost for DR-MHP funds?

No. DR-MHP is intended to provide gap funds for shovel-ready, or near shovel-ready projects due to the grant expenditure timeline.

In order for the Department to consider funding project acquisition, a Subrecipient must request a waiver in the form of a letter, submitted to the Department, summarizing the project and anticipated costs and justifying the need for DR-MHP funds to be used for acquisition costs. The summary of anticipated costs should list all costs by source and use, including the anticipated costs of acquisition, proposed to be paid with DR-MHP funds. Additionally, the letter must provide a project schedule and discuss how and when the property will provide permanent affordable housing units in the community.

2. Are emergency shelters and transitional housing eligible for DR-MHP funding?

No. Pursuant to the Disaster Recovery (DR) Action Plan, at page 105, "HCD has not allocated funding to address the rehabilitation, reconstruction, or replacement of emergency shelters and transitional housing."

3. Is there a minimum percentage of a project's total units that need to meet a special purpose (large family, senior, etc.) as defined in the DR-MHP Policies and Procedures?

The threshold percentage for each identified special purpose is specified in the Multifamily Housing Program Guidelines referenced and linked in the DR-MHP Policies and Procedures. <https://www.hcd.ca.gov/grants-funding/active-funding/mhp/docs/Round-1-MHP-Final-Guidelines.pdf>

4. What level of environmental review is required for projects and who is responsible for completing the environmental review for each project?

Expenditure of DR-MHP funds requires an appropriate level of environmental review under the National Environmental Policy Act (NEPA). Costs for projects



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that have the potential to alter physical conditions, generally, will be Categorically Excluded, Subject to Part 58.5 review (for rehabilitation), or require an Environmental Assessment (for demolition, reconstruction, or new construction).

Subrecipients are responsible for completing the environmental review and maintaining the environmental review record for each project submitted for funding with DR-MHP. Subrecipients are required to submit the environmental review documentation and Request for Release of Funds (RROF) with each project application to the Department. A project for rehabilitation that is documented as Categorically Excluded, Subject to Part 58.5 review, has the possibility of converting to Exempt. The conversion to Exempt must be documented. That documentation must be submitted to the Department. However, if that project does not convert to Exempt, an RROF must be submitted. If and when approved by the Department, the Department will provide the Authority to Use Grant Funds (AUTGF) to the Subrecipient. AUTGF is provided by HCD and does not require submission to HUD.

Costs associated with completing the environmental review, including staff time or consultant fees, are considered activity delivery costs and can be reimbursed to the Subrecipient for approved projects only.

5. When do other funds need to be documented as committed?

All sources of funding required to complete the project must be identified at the time of DR-MHP application for each individual project. The Department will clarify this timeline in version 2 of the FAQ.

6. If a Subrecipient is only aware of one viable project that could meet DR-MHP timelines, does the Subrecipient still have to implement a project solicitation process?

Yes, each Subrecipient is required to facilitate an open solicitation process as described in the DR-MHP Policies and Procedures. The local project solicitation process shall set forth the project selection schedule and local requirements, in addition to the requirements set forth in the DR-MHP Policies and Procedures Manual, and criteria for how Subrecipients will select projects for submission to HCD to receive DR-MHP funds.

In cases where there are very few applications expected, the Subrecipient may implement an initial notice of interest process to allow potential respondents an



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opportunity to identify potential projects before starting the local project solicitation process. If there is no interest expressed in response to the initial notice of interest process within a reasonable period of time (30 – 60 days), the Subrecipient may submit a request for waiver of the project solicitation process requirement in a letter to the Department, describing how the one project meets all DR-MHP requirements and documenting the published notice of interest process, described above.