



Rural Development

August 2, 2019

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Administrator

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TO: State Directors
Rural Development

ATTN: Program Directors and Coordinators
Multi-Family Housing

FROM: Bruce W. Lammers /s/ **Bruce W. Lammers**
Administrator
Rural Housing Service

SUBJECT: Processing Section 514/516
New Construction Loan and/or Grant Requests
Fiscal Year 2019

The purpose of this Unnumbered Letter (UL) is to provide information and guidance on processing Section 514/516 Farm Labor Housing (FLH) new construction loan and grant requests. This UL is in accordance with 7 CFR 3560 and the fiscal year 2019 Notice of Solicitation Applications (NOSA) for the Section 514 Farm Labor Housing Loans, Section 516 Farm Labor Housing Grants for Farm Housing published in the Federal Register **July 8, 2019**, Volume 84, Number 130, Pages 32404 - 32413.

States Offices that need assistance with the review or the processing of FLH pre-applications should contact Mirna Reyes-Bible of the Multi-Family Housing Preservation and Direct Loan Division, at 202-720-1753 or e-mail mirna.reyesbible@usda.gov.

PROCESSING TIMEFRAMES:

August 30, 2019 5:00 P.M. local time: Pre-application closing deadline. Pre-applications received by this deadline will be reviewed for completeness and scored against the factors listed in the NOSA. State Offices will need to order the Credit Report, check the Do Not Pay system, conduct site visits and begin the environmental review, appraisal, market studies, and civil rights impact analysis. (The Process of Reviewing, Documenting and Publishing Environmental Reviews is attached.)

EXPIRATION DATE:
August 31, 2020

FILING INSTRUCTIONS:
Housing Programs

September 16, 2019: State Offices will e-mail a final list of their scored and ranked pre-applications based on the preliminary eligibility, feasibility review, and pre-application scoring to the National Office, attention: Mirna Reyes-Bible. They will include a letter from the borrower indicating that he/she is responsible for all cost overruns including Attachments 1, 2, 3, 4, 5 and a copy of the preliminary market study submitted by the borrower. This list will include every pre-application determined incomplete or ineligible with the reason for that determination prior to notifying the applicant. The National Office will rank all pre-applications received from the States.

September 20, 2019: The National Office notifies State Offices which pre-applications were selected for further processing. Upon this notification, State Offices will immediately notify the selected applicants to submit a formal application with a cost overrun statement. Applicants will be advised to submit organizational documents immediately after receiving notification to allow time for review by the Office of General Counsel.

State Offices will also notify the applicants who were not selected. Pre-applications that are determined eligible but did not rank due to insufficient funding, will also be notified and provided with Informal Review Rights as this determination is not appealable (Adverse Action Letter is attached). Pre-applications found ineligible will be notified of their ineligibility and given appeal rights under 7 CFR, Part 11 (Adverse Letter is Attached).

September 27, 2019: This is the deadline for obligation of all funds, 5:00 P.M. local time. The State Office will submit Form RD 1940-1 “*Request for Obligation of Funds*”, using assistance code “322” for loans and “323” for grants to the National Office. **Funds will not be obligated if the environmental review is not done.**

When obligating funds, the estimated development costs must be entered into the Automated Multi-Family Housing Accounting System (AMAS) using the M5V screen. Once construction is completed, the actual development costs must be entered into AMAS using the M5VA screen. Guidance can be found in Chapter 2 of the AMAS manual.

Direct questions regarding this UL to Mirna Reyes-Bible of the Multi-Family Housing Preservation and Direct Loan Division, at (202) 720-1753.

Attachment The Process of Reviewing, Documenting and Publishing Environmental Reviews
Attachment 1 – Farm Labor Housing Pre-Application Review Checklist and Point Score Sheet -
FY 2019

Attachment 2 – Farm Labor Housing Leveraged Assistance Calculation of Construction Cost
Savings Worksheet FY 2019

Attachment 3 – Farm Labor Housing Leverage Assistance Calculation of Construction Cost
Savings Worksheet FY 2019

Attachment 4 – Farm Labor Housing Leverage Assistance Calculation of Operation Cost Savings
Non-Rural Development Tenant Subsidy

Attachment 5 – Leverage Calculation 2019

The Process of Reviewing, Documenting and Publishing Environmental Reviews

Internal Guide
Revised February 22, 2019

7 CFR 1970, Environmental Policies and Procedures:

The applicant, or their consultant, reviews the CFR 1970 National Environmental Policy Act (NEPA) regulations to determine the level of documentation required based on the scope of the project.

Subpart B: NEPA Categorical Exclusion:

1) Section 1970.53 Categorical Exclusion without a Report

- i) Actions listed in §1970.53 do not normally require applicants to submit environmental documentation with their applications. However, these applicants may be required to provide environmental information at the Agency's request.
- ii) Processing official provides documentation in the Environmental File on the CE being applied and no further NEPA analysis is required.
 - The processing official completes the 1970-B Exhibit D with supporting documentation and signs, then the approving Official signs. **Environmental review is complete.**

Documents needed for *Categorical Exclusion without a Report*

- RD Instruction 1970-B, Exhibit D

2) Section 1970.54 Categorical Exclusion with an Environmental Report

- i) Agency processing official determines if the applicant's proposed action is categorical exclusion with an environmental report. Actions listed in §1970.54 normally require the submission of an environmental report (ER) by an applicant to allow the Agency to determine whether extraordinary circumstances (as defined in §1970.52(a)) exist.
- ii) Applicant completes environmental report, consistent with RD Instruction 1970-B, Exhibit C, and Agency processing official/SEC/NES reviews.
- iii) Once the Agency approves the ER, the SEC/NES completes and signs RD Instruction 1970-B, Exhibit D and forwards to processing official. The processing official completes and signs the and submits to SEC/NES for signature.
- iv) SEC/NES signs and submits to Approval Official
- v) Approval Official concurs and approves the CE designation
- vi) Approval Official signs and is made a part of the Environmental File. **Environmental review is complete.**

Documents needed for *Categorical Exclusion with a Report*

- RD Instruction 1970-B, Exhibit D
- Environmental Report by applicant consistent with RD Instruction 1970-B, Exhibit C
- RD Instruction 1970-B, Exhibit B (completed by SEC/NES)

7 CFR 1970, Subpart C: Environmental Assessment:

3) Section 1970.101 Environmental Assessment (EA)

- i) Applicant consults early with processing official on proposal; provides Agency with detailed project description.
- ii) When an EA is required, the applicant must prepare an EA that meets the requirements in subpart C, including, but not limited to, information and data collection and public involvement activities. When the applicant prepares the EA, the Agency will make its own independent evaluation of the environmental issues.
- iii) Processing official, in consultation with Agency's environmental staff, determines the appropriate level of review.
- iv) Processing official provides Applicant with RD Instruction 1970-C, Exhibit B (Guide to Applicants for Preparing Environmental Assessments), Applicant prepares EA.
- v) Applicant, with assistance from Agency's environmental staff, consults with agencies with jurisdiction by law or special expertise, tribes, and interested parties to gather environmental information and conducts informal consultation.
- vi) Applicant prepares and submits EA and supporting documentation to processing official. Processing official reviews for completeness.
- vii) Processing official assembles the Environmental File, along with EA, and submits to Agency environmental staff for review.
- viii) Agency environmental staff reviews the EA and supporting documentation.
- ix) Based on templates (RD Instruction 1970-C, Exhibit F, attachment F-1), Agency environmental staff with assistance from processing official authorizes Applicant to prepare a Notice of Availability (NOA) of the EA. Applicant submits draft notice to Agency environmental staff or processing official for approval.
- x) Once approved, Applicant is authorized to publish the Notice of Availability of EA in local newspapers. (RD Instruction 1970-C, Exhibit F, Attachment F-1)
- xi) Public review/comment period on EA (between 14 to 30 days depending on public comments).
- xii) Agency environmental staff and Applicant considers all comments received. Agency environmental staff evaluates public comments and determines if public comments are significant to impact proposal.
- xiii) Once the public review/comment period ends, Agency's environmental staff, with assistance from applicant, prepares FONSI and public notice announcing the availability of the FONSI. Processing official sends completed Environmental File to approval official for review and signature of FONSI.
 - (1) FONSI (RD Instruction 1970-C, Exhibit F, Attachment F-3, Template Findings of No Significant Impact)
 - (2) Public notice announcing the availability of the FONSI (RD Instruction 1970-C, Exhibit F, Attachment F-4, Public Notice Announcing the Availability of a Finding No Significant Impact)
- xiv) Approval official reviews complete Environmental File (EA, FONSI and public notice of FONSI).
- xv) Approval official approves the EA and signs FONSI (RD Instruction 1970-C, Exhibit F, Attachment F-3).
- xvi) Approval official forwards Environmental File to processing official for publication of the FONSI.

- xvii) Processing official authorizes Applicant to publish the public notice announcing the FONSI.
- (1) RD Instruction 1970-C, Exhibit F, Attachment F-5 letter to the applicant to publish FONSI
 - (2) RD Instruction 1970-C, Exhibit F, Exhibit F-4 Public notice announcing the availability of a FONSI
- xviii) Once the FONSI has been published the Processing official includes publication affidavit(s) in the Environmental File and project file/records... **Environmental review is complete.**

Documents needed for *Categorical Exclusion with a Report*

- Environmental Assessment by applicant consistent with RD Instruction 1970- C, Exhibit B
- Letter of acceptance of the environmental assessment from SEC/NEC to processing official, RD Instruction 1970-C, Exhibit C
- Letter of recommendation of the FONSI from SEC/NEC to the approval official, RD Instruction 1970-C, Exhibit D
- Public notice announcing the availability of the EA, RD Instruction 1970-C, Exhibit F, attachment F-1
- Public notification of a FONSI, RD Instruction 1970-C, Exhibit F, Attachment F-4

List of Exhibits Documenting an EA

- RD Instruction 1970-C, Exhibit F, **Attachment F-1:** Template Public Notice Announcing the Availability of an Environmental Assessment
 - This Template is the actual document to be published in the paper.
- RD Instruction 1970-C, Exhibit F, **Attachment F-2:** Template Letter to Applicant to Publish the NOA of an Environmental Assessment
 - This Template letter is from the SEC to the Applicant authorizing the publication of the NOS
- RD Instruction 1970-C, Exhibit F, **Attachment F-3:** Template letter Finding of no significant Impact (FONSI)
 - This Template letter is from the SEC documenting the FONSI and is signed by the approving official
- RD Instruction 1970-C, Exhibit F, **Attachment F-4:** Template Public Notice Announcing the Availability of a Finding of no Significant Impact (FONSI)
 - This Template (FONSI) is the actual document to be published in the paper
- RD Instruction 1970-C, Exhibit F, **Attachment F-5:** Sample Letter to Applicant to Publish Notice of Finding of no Significant Impact.
 - The letter Template is from the SEC to the applicant authorizing the publication of the FONSI (RD Instruction 1970-C, Exhibit F, Attachment F-4)

Note: If the Applicant makes substantial changes to the proposal or if new information becomes available after the issuance of the EA or FONSI, it may be necessary to supplement the EA, as appropriate (see §1970.103).

Section 1970.52 Extraordinary Circumstances

- (a) Extraordinary circumstances are unique situations presented by specific proposals, such as characteristics of the geographic area affected by the proposal, scientific controversy about the environmental effects of the proposal, uncertain effects or effects involving unique or unknown risks, and unresolved conflicts concerning alternate uses of available resources within the meaning of section 102(2)(E) of NEPA. In the event of extraordinary circumstances, a normally excluded action will be the subject of an additional environmental review by the Agency to determine the potential of the Agency action to cause any significant adverse environmental effect, and could, at the Agency's sole discretion, require an EA or an EIS, prepared in accordance with subparts C or D of this part, respectively.
- (b) Significant adverse environmental effects that the Agency considers to be extraordinary circumstances include, but are not limited to:
- Any violation of applicable Federal, State, or local statutory
 - Siting, construction, or major expansion of Resource Conservation and Recovery Act permitted waste storage, disposal, recovery, or treatment facilities (including incinerators), even if the proposal includes categorically excluded waste storage, disposal, recovery, or treatment actions.
 - Cause adverse effects on historic properties, Federal listed threatened or endangered species, critical habitat, wetlands, floodplains, wilderness areas, coastal areas.
 - The existence of controversy based on effects to the human environment brought to the Agency's attention by a Federal, tribal, State, or local Government Agency.

Definitions:

- **Processing Official** - For Water and Waste Disposal, Business, Community Facilities (CF), and Housing Programs this would typically be the State or Area Office loan specialist.
- **Environmental Staff** - State Environmental Coordinator (SEC) for programs administered from the Agency's State Offices. National Office Environmental Staff (NES) for Agency programs administered from the Agency's National Office.
- **Approving Official** - For Water and Waste Disposal, Business, CF, and Housing Programs this would be the designated State Office program official (Program Director)
- **APE** - The area of potential effects means the geographic area or areas within which an undertaking may directly or indirectly cause alterations in the character or use of historic properties, if any such properties exist. The APE is influenced by the scale and nature of an undertaking and may be different for different kinds of effects caused by the undertaking." 36 CFR 800.16(d). In defining the APE, Rural Development will consider potential direct, indirect, and cumulative effects to historic properties and all aspects of integrity, including their associated settings as applicable.
- **Agency** – USDA Rural Development

- **CE** - Categorical Exclusion (§1970.53)
- **CE W/Report** - Categorical Exclusion with an Environmental Report (§1970.54)
- **EA** – Environmental Assessment (§1970.101)
- **EIS** – Environmental Impact Statement (§1970.151)
- **NES** – National Environmental Staff
- **NOA** – Notice of Availability (publication of the EA in local paper)
- **Public Review Period** – All EA are required to be published, known as an NOA, for a period of 14 to 30 days beginning the first day of publication.
- **FONSI** – Finding of No Significant Impact

FARM LABOR HOUSING PRE-APPLICATION REVIEW CHECKLIST AND POINT SCORE SHEET - FY 2019

Applicant information:

Applicant Name: _____ Date and time received _____
 Applicant Type: NP NPLP PB IT AF AFW
 Project Name: _____ # Units ____ # RA Units ____ # Migrant Units
 City: _____ County: _____ Project Congressional District: _____
 If Mixed Use:
 Designated FLH Units _____ % Designated Non-FLH Units _____ %

NP=Non-Profit NPLP=Non-Profit Limited Partnership PB=Public Body IT=Indian Tribe AF=Assoc. of Farmers AFW=Assoc. of Farmworkers

Application threshold requirements: Application meets preliminary threshold requirements (received by closing date established in NOSA, contains all of the items listed in the NOSA, an estimate of development cost (1924-13), and a proposed operating budget (3560-7), is an eligible applicant, and is for an eligible purpose).

(Yes/No): _____ Comments: _____

Pre-Application Scoring: (Please refer to NOSA for details)

- (1) Construction Cost Leveraged Assistance (maximum 20 points) _____
- (2) Operational Cost Saving Leverage Assistance (maximum 50 points) _____
- (3) Additional 10 points for projects in persistent poverty areas _____
- (4) (I) National office initiative will be based on the presence of and extent to which tenant services plan exists that clearly outlines services that will be provided to the residents of the proposed projects (25 points)
 - (ii) Two points will be awarded for each resident service included in the tenant Services plan up to a maximum of 10 points
 - (ii) Two points will be awarded for each resident service included in the tenant services plan up to a maximum of 10 points.
- (5) (i) Energy Conservation for New Construction or Substantial Rehab existing Non-FLH property (maximum 20 points) _____
 - (ii) Energy Conservation (maximum points) _____
 - (iii) Energy Generation (maximum points) _____
 - (iv) Water Conservation in irrigation (maximum points) _____
 - (v) Property Management (green) Credentials (maximum points). _____

Total point score _____

Estimated Funding:

RHS loan amount _____ + grant amount _____ : \$ _____
 Leveraged funds (brought forward from attachment 2) \$ _____
 Total Development Cost \$ _____

Review Comments:

Reviewer: _____ Date of Review: _____

National ranking results: Selected for further processing based on National ranking

(Yes/No): _____ Date: _____

FARM LABOR HOUSING LEVERAGED ASSISTANCE
CALCULATION OF CONSTRUCTION COST SAVINGS WORKSHEET FY 2019

Percentage	Points
75 or more	20
60-74	18
50-59	16
40-49	12
30-39	10
20-29	8
10-19	5
0-9	0

FARM LABOR HOUSING LEVERAGE ASSISTANCE
CALCULATION OF OPERATING COST SAVINGS
NON-RURAL DEVELOPMENT TENANT SUBSIDY

The presence of operational cost leveraging, such as non-rural development tenant subsidies, are also calculated on a per unit cost savings. According to HB-1-3560 Section 4.13.A.2, such saving must be available for five years. If the non-Rural Development subsidy value changes during the five-year calculation the applicant must use the lowest of the non-rural development tenant subsidy to calculate per unit cost savings. For example, a 10 unit property with 100 percent designated farm labor housing units receives \$20,000 for two and \$30,000 for the remaining three years, the \$20,000 should be used to calculate the cost savings. Thus the \$20,000 per year non-Rural Development subsidy yields a cost savings of \$100,000 ($\$20,000 \times 5$ years); resulting to a \$10,000 per-unit cost savings ($\$100,000/10$ units).

Use the following table to apply points.

Per-Unit Cost Savings	Points
Above \$15,000	50
\$10,001- \$15,000	35
\$7,501- \$10,000	20
\$5,001-\$7,500	15
\$3,501-\$5,000	10
\$2,001-\$3,500	5
\$1,000-\$2,000	2

Leverage Calculation 2019

Attachment 5

ST	SCORE	RANK	ELI SPONSORING ORGANIZATION	APPLICANT NAME	TOTAL DEVELOPMENT COST	LOAN REQUEST	GRANT REQUEST	TOTAL LOAN AND GRANT REQUEST	DONATED LAND	LEVERAGED FUNDS	3RD PARTY FUNDING	DONATED % OF TOTAL	FUNDS	RA FUNDS	CD	FAITH BASE	PPA
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CD= CONGRESSIONAL District
 PPA= PERSISTENT POVERTY AREA
 FB= FAITH ASE