**HUD’s Lean 232 Program**

**Office of Residential Care Facilities (ORCF)**

**Update as of April 3, 2018**

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[Revised Guidance for Processing Reserve for Replacement (R4R) Requests Related to Florida’s Emergency Generator Rules](#_Toc510447007)

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**Revised Guidance for Processing Reserve for Replacement (R4R) Requests Related to Florida’s Emergency Generator Rules**

The Florida state legislature has passed emergency generator rules for assisted living facilities ([here](https://www.flsenate.gov/Session/Bill/2018/07028)) and skilled nursing facilities ([here](https://www.flsenate.gov/Session/Bill/2018/07099)). Governor Rick Scott signed them into law on March 26, 2018. We understand that the compliance deadline is July 1, 2018, but providers may file for an extension out to January 1, 2019, under certain circumstances and with approved documentation. Further, we understand that the approved state budget includes funding to help defer the costs to comply with the rules imposed on skilled nursing facilities (no such funding has been proposed for assisted living facilities).

Section 232 project borrowers are encouraged to contact their servicing lender to develop a plan for achieving compliance with these rules.

The following guidance amends that given in the October 13, 2017, Email Blast concerning the eligibility of generators and related components as reserve for replacement items. It applies specifically to R4R requests for a Section 232-insured facility in Florida coming into compliance with the emergency generator rules:

* All R4R release requests for generators, storage tanks and other related components pursuant to complying with these requirements are to be sent to [232R4RRequest@hud.gov](mailto:232R4RRequest@hud.gov), rather than the Portal (emails should include in the Subject Line: “Florida Generator Requirement”). This applies to lenders following the established delegated approval process.
* All pertinent R4R release requests should include a copy of the emergency plan submitted to the state to demonstrate full or partial compliance, and must include copies of any documents supporting an extension request beyond the July 1, 2018 deadline.
* **For Skilled Nursing Facilities only:** the R4R release request must include a plan for replenishment of the R4R account within a six-year period (the approximate amount of time Medicaid is expected to reimburse providers via Florida’s Prospective Payment System). The total amount to be replenished should be supported by documentation reflecting the percentage of Medicaid beds at the facility.
* If the request will bring the balance of the R4R account below the $1,000 per unit recommended minimum threshold, a waiver may be considered.
* The existence or non-existence of a generator on the PCNA will not be a reason on its own to deny a request.
* Pursuant to 3.2.2 H.3 of the handbook, advances may be considered for this type of work.
* Pursuant to 3.2.2.H.4 of the handbook, requests shall be made no more than one year after the expenditure occurred; complying with the Florida requirement will not be a rationale for waiving this requirement.
* Section 3.2.2.H.5 of the handbook has guidance on delegated approval (by lenders). Generators/tanks/component improvements (as long as they meet the requirements of this section) may be processed using the delegated approval process; in these cases, the details of the approved transaction are to be sent to the [232R4RRequest@hud.gov](mailto:232R4RRequest@hud.gov) mailbox rather than through the Portal, per above.

The Environmental Guidance provided in the November 13, 2017 Email Blast is applicable to the above requests.

***Keywords:*** *Florida Emergency Generator Rules*

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**Document Links Included In This Blast**

1. [Emergency Environmental Control for Assisted Living Facilities](https://www.flsenate.gov/Session/Bill/2018/07028)
2. [Emergency Environmental Control for Nursing Homes](https://www.flsenate.gov/Session/Bill/2018/07099)

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Past Lean 232 Updates are [available online](http://portal.hud.gov/hudportal/HUD?src=/federal_housing_administration/healthcare_facilities/residential_care/mail_blast_index).

Have questions about the Lean 232 Program? Please contact [LeanThinking@hud.gov](mailto:LeanThinking@hud.gov).

For more information on the Lean 232 Program, check out: <http://www.hud.gov/healthcare>.

Have your loan servicing colleagues joined our email list? The Email Blasts contain information relevant to them as well. You might suggest they [Join here](http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=Lean%20232%20Updates&list=LEAN-232-UPDATES-L).

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