



Section 811 Program Frequently Asked Questions (FAQs)

Part Two: Questions on the New Section 811 PRA approach

Question #8: What is the new Section 811 PRA approach?

The Melville Act authorizes a new and separate competitive Section 811 Project Rental Assistance (PRA) option to promote the creation of integrated permanent supportive housing units. The PRA approach is a 'stand alone' project-based rental assistance approach to help governments systematically and efficiently create integrated and highly cost-effective supportive housing units in affordable rental housing developments. Under the PRA approach, Section 811 project-based rental assistance funds are competitively awarded by HUD directly to State Housing Agencies working in partnership with State Human Services/Medicaid agencies to create integrated supportive housing. Under the PRA approach, no more than 25% of the units in the Section 811 assisted property can be set aside for people with disabilities.

Question #9: What entities are eligible to apply for competitive PRA funding?

According to the statute, eligible applicants for PRA funds are State Housing Agencies and other appropriate entities¹ working in partnership with State Health and Human Services/Medicaid agencies.

Question #10: What are the requirements of the partnership between State Housing Agencies & State Health & Human Services (HHS)/Medicaid agencies?

In order to apply for Section 811 PRA funds, a joint state agency partnership is required between the state Housing Finance Agency (or other appropriate entity as determined by the HUD Secretary) and the state health and human services agency as well as (if different) the state agency responsible for the administration of the State Medicaid Plan. The state Housing Finance Agency (HFA) must have a **formal written agreement** with the state health and human services agency/Medicaid agencies. This agreement must address:

- The target population to be served.
- Outreach and referral methods for reaching the target population.
- Supportive service commitments for tenants.

More information on the specifics of the Section 811 PRA agreement will be forthcoming in the Section 811 Proposed Rule to be published by HUD in the Federal Register.

¹ The final rule published by HUD will most likely clarify "other appropriate entities".

Question #11: What activities are eligible under the PRA approach?

PRA funds can only be used as project rental assistance funding. Section 811 Capital Advances are not an eligible activity in the PRA program. All Section 811 PRA units are required to accept a 30 year use restriction as a condition of receiving Section 811 PRA funds.

Question #12: What projects are eligible to receive PRA funds?

Eligible projects will be selected by the State Housing Agency (or other eligible applicant as determined by the HUD Secretary) and can be either new or existing multifamily developments in which the development costs are paid for with other public or private sources, including projects that have a commitment of federal Low Income Housing Tax Credits, HOME funds, or other commitments of funding from federal, state, or local government or any other source. Project owners can be nonprofit or for-profit developers and must agree to a 30 year use Section 811 use restriction. The Section 811 use restriction is conditioned on the continued appropriation of Section 811 renewal funding.

Question #13: How are PRA units selected by the HFA & when can they be selected?

The Melville Act clearly states that the HFA is not required to identify projects that will include PRA units in its PRA application to HUD. Instead, HUD must allow HFAs to "subsequently identify eligible projects pursuant to making commitments" for allocations of federal Low Income Housing Tax Credits, HOME assistance, or other HFA capital sources. HUD will be providing guidance on the specifics of this approach in the forthcoming Section 811 Proposed Rule.

Question #14: How will Section 811 PRA funding actually work?

PRA assistance will be provided by HUD through a 15 year renewable contract that provides initial PRA funding for a term of 5 years. PRA funding will then be renewed annually – as is the current Section 811 PRAC funding and all Section 8 contract funds – subject to annual Congressional appropriations.

Question #15: Who is eligible to live in a PRA-funded unit?

A household composed of one or more persons with a disability who is at least 18 years of age and less than 62 years of age, is extremely low-income (30% AMI), and who can benefit from the supportive services offered in connection with the housing.

Question #16: Are there examples of State HFAs that have successfully implemented strategies similar to the new Section 811 PRA approach?

See <http://811resourcecenter.tacinc.org> and click on 'Toolkit' for examples of successful state approaches to implementing strategies similar to the new Section 811 PRA approach.