



## Summary

### U.S. Department of Housing and Urban Development Notice of Funding Availability for the New Section 811 Project Rental Assistance Demonstration

Prepared by the Technical Assistance Collaborative

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On May 15, 2012, the U.S. Department of Housing and Urban Development published the highly anticipated Notice of Funding Availability (NOFA) for HUD's Fiscal Year (FY) 2012 Section 811 Supportive Housing for Persons with Disabilities Project Rental Assistance Demonstration (PRA Demo) Program. The [PRA Demo NOFA](#) announces the availability – for the first time – of \$85 million in Section 811 PRA Demo funding to identify, stimulate, and support innovative state-level partnerships and strategies that will transform and increase affordable and permanent supportive housing for extremely low income people with disabilities. The PRA option within Section 811 was authorized by Congress through the Frank Melville Supportive Housing Investment Act of 2010, which modernized and reinvigorated this important HUD supportive housing program.

Through this supportive housing demonstration, HUD is seeking to support State Housing and Health and Human Service/Medicaid agency collaborations that have or will result in increased access to affordable permanent supportive housing units combined with access to appropriate and voluntary supports and services. As stated in the NOFA, many states have already developed partnerships to address this need, and HUD is seeking to support these efforts and incentivize additional states to develop similar collaborative efforts. HUD also intends the Section 811 PRA Demonstration to inform future supportive housing policy making and is encouraging states to use Section 811 PRA funding to “incubate and test” replicable, systems-level supportive housing innovations that go beyond the basic requirements of the NOFA.

HUD's PRA Demo NOFA is extremely comprehensive and gives States the opportunity and the flexibility to design and implement innovative systems-level improvements in the delivery of community-based integrated permanent supportive housing. TAC has prepared this NOFA Summary to assist states, other permanent supportive housing stakeholders and the disability community to acquire a basic understanding of the FY 2012 Section 811 PRA Demonstration. However, State Housing, Health and Human Services and Medicaid agencies are strongly advised to thoroughly review all of the technical and policy-related provisions of the NOFA; this summary is not a substitute for HUD's comprehensive NOFA.

#### **APPLICATION DEADLINE**

The application deadline date is 11:59:59 p.m. on July 31, 2012. Applications must be submitted through [Grants.gov](#).

#### **OUTCOMES EXPECTED BY HUD**

HUD expects that outcomes of the Section 811 PRA Demo will include:

- a. Creating effective, successful, and sustaining partnerships between state housing or other appropriate housing agencies and State Health and Human Service/Medicaid agencies to provide permanent housing with the availability of supportive services for extremely low-income persons with disabilities.
- b. Discovering innovative systemic approaches to providing housing for persons with disabilities with access to appropriate services that can be replicated.

- c. Identifying innovative and replicable ways of using and leveraging PRA Demo funds. State housing agencies will have the flexibility to structure the operating assistance creatively.
- d. Substantially increasing rental housing units for persons with disabilities by integrating Section 811 PRA Demo assisted units within existing, new or rehabilitated multi-family properties with a mix of incomes and disability status.
- e. Creating more efficient and effective uses of housing and health care resources.

## **AWARD INFORMATION**

Through the \$85 million in PRA Demo funding available, HUD expects to provide between 9-16 awards. A minimum of \$2 million and a maximum of \$12 million will be awarded to any Eligible Applicant.

## **ELIGIBLE APPLICANTS**

According to the NOFA, “Only one Eligible Applicant per state is eligible to receive [PRA Demo] funding, and each state should determine which Eligible Applicant, in the event there may be more than one, is the most appropriate.” Eligible Applicants include any housing agency currently allocating Low Income Housing Tax Credits (LIHTC) under Section 42 of the IRS Code of 1986, or any state housing or community development agency allocating and overseeing assistance under the HOME Investment Partnership (HOME) or a similar federal or state program. An Eligible Applicant may also be a state, regional, or local housing agency or agencies; or a partnership or collaboration of state housing agencies and/or state and local/regional housing agencies. The NOFA permits two Eligible Applicants (e.g. a State Housing Finance Agency and a State Department of Communities and Development, etc.) to work together to submit a unified application as Co-Applicants.

The Eligible Applicant or Co-Applicants must have a formal partnership with the State Health and Human Services agency and the state agency designated to administer or supervise the administration of the State plan for medical assistance under Title XIX of the Social Security Act (Medicaid). In many states, this is the same agency, so the NOFA refers to the “State Health and Human Services/Medicaid Agency”. Further, the NOFA stipulates that “The State Health and Human Services/Medicaid agency can only be included in one application for Section 811 PRA Demo funds. If the State Health and Human Services/Medicaid agency is included in multiple applications, none will be considered.”

## **THRESHOLD REQUIREMENT – THE INTER-AGENCY PARTNERSHIP AGREEMENT**

The NOFA includes as a threshold, the requirement that the Eligible Applicant “must provide an Inter-Agency Partnership Agreement that provides evidence [of] a formal structure for collaboration to participate in the state’s Project Rental Assistance Demonstration Program to develop permanent supportive housing for extremely low-income persons with disabilities. The Partnership Agreement must include the Eligible Applicant and the state agency that is charged with administering State Health and Human Services programs and policies and the State’s Medicaid programs. In states where the State Health and Human Services Agency is not also the State Medicaid Agency, both agencies’ participation must be evidenced.”

The Agreement must include:

1. A detailed description of the target population(s) to be served;
2. Methods of outreach and referral to PRA Demo units; and
3. A commitment to make appropriate services available for PRA Demo residents.

In the Agreement, States must not only describe the voluntary services and supports that will be offered but also how these services and supports will be made available to individuals with disabilities participating in the program.

## **KEY PRA DEMO PROGRAM FEATURES**

- Section 811 PRA Demo funds are only available to be used as project-based assistance for housing units integrated in multi-family properties that are set-aside for extremely low-income (i.e. 30% of Area Median Income and below) non-elderly persons with disabilities who are eligible for community-based long-term care services and supports provided under a State Medicaid Program or other comparable services program.
- No Section 811 Capital Advance funding is permitted under the statute authorizing the Section 811 PRA approach. Instead, the NOFA allows states to creatively combine or bundle PRA Demo funds with existing state administered affordable rental housing finance and development programs.
- Housing agencies may either directly administer the rental assistance contracts to eligible multi-family properties or contract with other qualified parties to administer the long-term rental assistance contracts.
- To ensure community integration, no more than 25% of the units in a PRA Demo property can have any occupancy preference for people with disabilities. (See Limitation on Units Assisted below.)
- Eligible tenants can be selected in accordance with state approved tenant selection policies, criteria and federal non-discrimination laws.
- Tenant's rent contribution cannot exceed 30% of adjusted income and the initial lease between the tenant and the owner must be not less than one year.
- Although State Health and Human Services/Medicaid agencies are required to make commitments of supportive services for the PRA Demo, tenant participation in supportive services is voluntary and cannot be required as a condition of tenancy.

## **ELIGIBLE TENANTS**

In addition to the extremely low-income requirement noted above, the disabled household to be assisted with PRA Demo funds must include at least one individual with a disability who is 18 years of age or older and less than 62 years of age at the time of admission into the property. This person must also be eligible for community-based, long-term care services as provided through Medicaid waivers, Medicaid state plan options, state funded services or other appropriate services related to their disability. States are advised to carefully review the detailed definition of Person with Disability included in the NOFA. Unlike some other HUD programs, a person whose sole impairment is a diagnosis of HIV positive or alcoholism or drug addiction is not eligible for occupancy in a PRA Demo unit.

## **ELIGIBLE MULTIFAMILY PROPERTIES AND USE RESTRICTIONS**

An eligible multifamily property can be any new or existing property owned by a nonprofit or private entity with at least 5 housing units. Applicants are not required to identify eligible properties in their NOFA response but are required to specify what housing development and/or financing programs will be used to secure PRA Demo units. Housing assisted with Section 811 PRA Demo funds must have a minimum 30 year use restriction for extremely low-income persons with disabilities.

## **SPECIFICS REGARDING THE 25 PERCENT LIMITATION ON UNITS ASSISTED**

As noted above, to ensure community integration, the PRA Demo has adopted a 25% limit on the number of units which can be assisted. According to the NOFA, "no more than 25 percent of the total units in Eligible Multifamily Properties can: (1) be provided Section 811 PRA Demo funds; (2) be used for supportive housing for persons with disabilities; or (3) have any occupancy preference for persons with disabilities." These units must be dispersed throughout the property and cannot be segregated on one floor or in one area of a building. For maximum flexibility, owners may designate certain unit types (e.g. accessible unit, 1 bedroom units, etc.) rather than designating specific units (e.g. units 101, 102, etc.) to be set aside for Section 811 PRA Demo units. Units may be both accessible and/or non-accessible. The NOFA further clarifies that Eligible Applicants may not prohibit disabled persons from applying for residency in non-PRA Demo units.

## **ADMINISTRATIVE COSTS**

Administrative costs are allowable at a rate of no more than 5% of the annual award amount. These funds may be used for planning and other costs associated with developing and operating the Section 811 PRA Demo program, including infrastructure and technology needed to operate the program.

## **COOPERATIVE AGREEMENT AND FUNDING INCREMENTS**

The grant award will be in the form of a Cooperative Agreement. The Cooperative Agreement award structure allows HUD to have substantial and ongoing involvement in the review, development, and operation of state PRA Demo programs. The Cooperative Agreement shall have a minimum of 20 years with initial funding for the first five years. Subsequent renewals of funding are subject to available appropriations. The Cooperative Agreement may be renewed if all parties agree to such renewal, which is also subject to appropriations.

## **PROGRAM EVALUATION**

Grantees will be required to cooperate with HUD, the U.S. Department of Health and Human Services and the Centers for Medicare and Medicaid Services in the evaluation of the PRA Demo program.

## **HUD RATING FACTORS FOR AWARD**

The PRA Demo NOFA includes five Rating Factors worth a total of 100 points. Within each Factor, HUD provides additional guidance to applicants on issues or approaches that can affect the number of points awarded. For example, in Factor 2 which addresses Need, the NOFA states that “HUD is particularly interested in how this funding will address a specific issue or issues or fill a gap in a state’s existing continuum of services for persons with disabilities....Programs designed in response to *Olmstead*-related litigation or enforcement, e.g. settlement agreement, court order, or consent decree, or designed to complement a State’s voluntary affirmative *Olmstead* planning and implementation efforts, may earn maximum points.” Prospective applicants are urged to thoroughly review Section V of the NOFA, which explains HUD’s five Rating Factors.

- **Rating Factor 1: Applicant’s and State Health and Human Service/Medicaid Agencies’ Relevant Experience and Capacity (up to 30 points).** Rating Factor 1 includes Management Team and Key Staff (up to 10 points), Capacity and Readiness (up to 20 points), and Past Noncompliance (up to -10 points).
- **Rating Factor 2: Need/Extent of the Program (up to 5 points).**
- **Rating Factor 3: Soundness of Approach (up to 45 points).** Rating Factor 2 includes Implementation Plan – Program Description (up to 20 points), Management and Oversight (up to 10 points), Integration of Services (up to 10 points), and Program Implementation Schedule (up to 5 points).
- **Rating Factor 4: Leveraging (up to 10 points).** Rating Factor 4 includes Cost-Effective Use of PRA Demo Funds (up to 6 points) and Commitments of Set-Asides (up to 4 points).
- **Rating Factor 5: Achieving Results, Program Innovation and Evaluation (up to 10 points).** Rating Factor 5 includes Innovation and Replicability (up to 5 points), Capacity Building and Knowledge Sharing (Policy Priority - up to 2 Points) and Expand Cross-Cutting Policy Knowledge (Policy Priority - up to 3 points).

## **HUD CONTACT FOR FURTHER INFORMATION**

Questions regarding specific program requirements should be directed to Lessie Powell Evans, Office of Housing Assistance and Grant Administration, Department of Housing and Urban Development, 451 Seventh Street SW, Room 6234, Washington DC, 20410 or to [PRADemoapplications@hud.gov](mailto:PRADemoapplications@hud.gov).