

Summary
U.S. Department of Housing and Urban Development's
Fiscal Year 2013 Notice of Funding Availability for
the Section 811 Project Rental Assistance Program

Prepared by the Technical Assistance Collaborative, Inc.
March 5, 2014

On March 4, 2014, the U.S. Department of Housing and Urban Development published a Notice of Funding Availability (NOFA) for HUD's Fiscal Year (FY) 2013 Section 811 Supportive Housing for Persons with Disabilities Project Rental Assistance (PRA) Program. The PRA NOFA announces the availability of \$120 million in Section 811 PRA 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 NOFA, HUD is seeking to support state housing and health and human services/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's PRA 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 13 Section 811 PRA Program. However, state housing and health and human services/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.

This NOFA follows HUD's FY12 PRA Demonstration NOFA. While the two NOFAs are very similar, they are not identical and TAC encourages states to review this NOFA carefully. In particular, the rating factors have been revised from the FY12 NOFA; differences include the point distribution across rating factors as well as the specific topic areas the respondent is asked to address. Some program requirements have been modified since the FY12 NOFA including an increase in the Administrative Fee from 5% to 8% and clarifications to important program requirements including the Interagency

Partnership Agreement, environmental review, affirmative fair housing, and other program requirements.

APPLICATION DEADLINE

The application deadline date is 11:59:59 p.m. on May 5, 2014. Applications must be submitted through Grants.gov.

OUTCOMES EXPECTED BY HUD

As stated in the NOFA, HUD expects that outcomes of the Section 811 PRA Program will include:

- a. Facilitating and sustaining effective and successful partnerships between state housing or other appropriate housing agencies and state health and human services/Medicaid agencies to provide permanent housing with the availability of supportive services for extremely low-income persons with disabilities.
- b. Discovering 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 Section 811 PRA funds.
- d. Substantially increasing integrated affordable rental housing units for persons with disabilities within existing, new, or rehabilitated multifamily 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 \$120 million in PRA funding available, HUD expects to provide between 12 and 18 awards. HUD anticipates individual grants will range from a minimum of \$2 million and a maximum of \$12 million.

ELIGIBLE APPLICANTS

According to the NOFA, "Only one Eligible Applicant per state is eligible to receive funding, and each State should determine which Eligible Applicant, in the event there may be more than one, is the most appropriate." Any housing agency currently allocating Low Income Housing Tax Credits (LIHTCs) under Section 42 of the Internal Revenue Service Code of 1986, or any state housing or state community development agency allocating and overseeing assistance under the HOME Investment Partnerships Act (HOME) or a similar federal or state program is eligible to apply for this 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.

To be eligible, the applicant must have a formal partnership with the state health and human services/Medicaid agency. The state health and human services/Medicaid agency can only be included in one application for Section 811 PRA funds per state. If the state health and human services/Medicaid agency is included in multiple applications from one state, none will be considered.

THRESHOLD REQUIREMENT – THE INTER-AGENCY PARTNERSHIP AGREEMENT

The Eligible Applicant, or in cases where there are Co-applicants, the Lead Applicant must have entered into an Inter-Agency Partnership Agreement between the Eligible Applicant and the state agency or agencies charged with administering state health and human services programs and policies, and the state 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.

If these agencies have an existing agreement to coordinate the provision of housing and services, an addendum may be added to that existing document that addresses the provisions for this 811 PRA Program and that document can then serve as the Inter-Agency Partnership Agreement.

The agreement must include: 1) detailed description of the target population(s) to be served; 2) methods for outreach and referral; and 3) a commitment to make appropriate services available for residents in Section 811 PRA-assisted units in multifamily properties.

The agreement shall have a term of not less than five (5) years and should be co-terminus with the term of the initial funding of units under this NOFA. HUD is seeking long-term commitments from states to make available services for the targeted populations. HUD understands these services are typically funded annually through state and federal entitlement programs and will accept commitments subject to contingencies based upon annual funding.

KEY PRA PROGRAM FEATURES

- PRA 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 services as provided through Medicaid waivers, Medicaid state plan options, state funded services or other appropriate services related to the target population under the Applicant's Inter-Agency Partnership Agreement.

- PRA funds can only be used for project-based rental assistance and administrative costs. Capital funding is not an eligible activity. The NOFA allows states to creatively combine or bundle PRA funds with existing state administered affordable housing finance and development programs.
- Housing agencies may either directly administer the long term PRA rental assistance contracts (RACs) with 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 property can have any occupancy preference for people with disabilities. (See Limitation on Units Assisted below.)
- Tenant’s rent contribution cannot exceed 30% of adjusted income.
- Although state health and human services/Medicaid agencies are required to make commitments of supportive services for the PRA program, tenant participation in supportive services is voluntary and cannot be required as a condition of tenancy.

ELIGIBLE TENANTS

Eligible tenants are extremely low-income households where at least one person is an individual with a disability, 18 years of age or older and less than 62 years of age at the time of admission into the property. The person with the disability must be eligible for community-based, long-term services as provided through Medicaid waivers, Medicaid state plan options, state funded services or other appropriate services related to the target population under the Inter-Agency Partnership Agreement. States are advised to carefully review the detailed definition of Person with a 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 unit.

ELIGIBLE MULTIFAMILY PROPERTIES AND USE RESTRICTIONS

An eligible multifamily property can be any new or existing property owned by a nonprofit or a private entity with at least five (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 units. Owners must adopt a 30 year use restriction for extremely low-income persons with disabilities for the PRA units. If Congress fails to appropriate funds adequate to meet future renewal needs pursuant to the Cooperative Agreement, HUD will not enforce any use agreements on properties that have been funded under such agreement.

SPECIFICS REGARDING THE 25 PERCENT LIMITATION ON UNITS ASSISTED

As noted above, to ensure community integration, the Section 811PRA Program requires a specific 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 used for supportive housing for persons with disabilities (either under the Section 811 PRA program or any other federal or state program); or 2) have any occupancy preference for persons with disabilities.” These units must be dispersed throughout the property and must not be segregated to one area of a building (such as on a particular floor or part of a floor in a building or in certain sections within a project). Owners may designate units types (e.g., accessible, 1-bedroom, etc.) rather than designating specific units (e.g., units 101, 201, etc.) to be set-aside for Section 811 PRA supportive housing units. Units may be both accessible and/or non-accessible.

ADMINISTRATIVE COSTS

Administrative costs are allowable at a rate of no more than 8% of the annual award amount. These funds may be used for planning and other costs associated with developing and operating the Section 811 PRA 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 programs. The Cooperative Agreement shall have a minimum of 20 years with initial funding provided through this NOFA 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 program.

HUD RATING FACTORS FOR AWARD

The PRA 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. Prospective applicants are urged to thoroughly review Section V of the NOFA, which explains HUD’s five Rating Factors. ***Agencies that applied in the previous round (FY12) are strongly encouraged to review the rating factors carefully because the requirements have changed.***

- **Rating Factor 1: Applicant’s and State Health and Human Service/Medicaid Agencies’ Relevant Experience, Capacity and Readiness (up to 23 points).** Rating Factor 1 includes Applicant Relevant Experience, Capacity and Readiness (up to 13 points); State Health and Human Services/Medicaid Agencies’ Relevant Experience and Capacity (up to 10 points).
- **Rating Factor 2: Need/Using Housing as a Platform for Improving of Life (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); Integration of Services (up to 20 points); and Program Implementation Schedule (up to 5 points).
- **Rating Factor 4: Leveraging (up to 20 points).** Rating Factor 4 includes Cost-Effective Use of PRA Funds (up to 10 points) and Commitments for Establishment of an Admission Preference (up to 10 points).
- **Rating Factor 5: Achieving Results, Program Innovation and Evaluation (up to 7 points).** Rating Factor 5 includes Systems Change (up to 5 points) and Expand Cross-Cutting Policy Knowledge (Policy Priority - up to 2 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 PRApplications@hud.gov . Questions regarding the FY 2013 General Section should be directed to the Grants Management Office at 202-708-0667 (this is not a toll-free number). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339.