

New Housing Opportunities through the Section 811 PRA Demonstration and CoC Program

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National Community Development Association

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Agenda

- Overview of Housing Affordability in New England
- New Opportunities under the Section 811 PRA Demonstration program
- CoC Program Interim Rule and NOFA Highlights

HOUSING AFFORDABILITY

Housing Affordability

- Nationally, on average, in 2010, people with disabilities receiving SSI had to pay **112%** of their monthly income to rent a one-bedroom unit and **99%** for a studio
- SSI payments equal to only **18%** of Median Income
- In 2010 there was not one single housing market in the US where a person with a disability receiving SSI could afford to rent a modest housing unit
- Priced Out 2010 www.tacinc.org

SSI Income



Where do People with Disabilities Live

- HUD “Worst Case” Housing Needs Report (2011)
 - 1.1 - 1.4 million non-elderly adult renters with disabilities with very low incomes have “worst case” housing needs
 - Paying more than 50% of income for rent and/or
 - Living in seriously substandard housing
- 193,935 non-senior adults in nursing homes (MFP, 2010)
- 856,425 people with disabilities (21%) in homeless shelters, group homes, and other non-institutional group quarters facilities (ACS, 2009, from HUD Worst Case)

Federal Policy Context

- Current Federal policy context is supportive
 - *Olmstead*
 - HUD-HHS Partnership
 - Affordable Care Act
 - Preventing and Ending Homelessness
- Funding available for services/supports (e.g., Money Follows the Person, Medicaid waiver and optional services, comparable state-funded long-term care services, etc.)
- Melville Act of 2010 reformed and revitalized the Section 811 Program
- HUD has created FY 2012 Section 811 PRA Demonstration Program targeted to States to address these needs and link to these services/supports

State Context

- States are increasingly challenged to:
 - Reduce reliance on expensive institutional care
 - Assure compliance with the U.S. Supreme Court's *Olmstead* decision
 - Prevent and end homelessness among people with disabilities
- Section 811 PRA Demo can help meet this challenge by:
 - Providing community living opportunities for people with disabilities
 - Expanding integrated permanent supportive housing options
 - Engaging the development community in providing units for people with disabilities in mainstream affordable housing
 - Initiating and supporting state-level cross system collaborations

SECTION 811 PRA DEMO

New HUD Opportunity

- HUD's revitalized Section 811 Program
 - Expands integrated community living opportunities linked with voluntary services and supports for people with disabilities
 - Initiates and supports state-level cross system housing collaborations between State Housing and State HHS/Medicaid agencies
 - Represents an extremely important new federal opportunity for the disability community

History of Section 811

- HUD supportive housing program authorized in 1992 (formerly the Section 202 Handicapped program)
- Created “single purpose” housing for people with disabilities, primarily:
 - Group homes (up to 8 people)
 - Independent Living apartments (up to 16 units)
 - 30,000 units nationally
- Non-profit sponsors received:
 - Capital to construct or purchase/rehabilitate housing
 - 5 year renewable Project Rental Assistance Contract (PRAC) to ensure affordability
- Between 2005-2010, fewer than 1,000 units produced nationally
- Reforms were essential to save the program

Frank Melville Supportive Housing Investment Act

- Bi-partisan legislation enacted in December of 2010
- Revitalizes Section 811 through new Project Rental Assistance option:
 - Project Rental Assistance (PRA) funds administered by State Housing Agencies
 - State Housing Agencies commit Section 811 PRA funds to units
 - New units being developed
 - Existing units
 - No more than 25% of the units in any property can be set-aside as supportive housing

FY 2012 PRA NOFA

- HUD published the first competitive Notice Of Funding Availability (NOFA) for the Section 811 PRA Demonstration (PRA Demo) on 5/15/12
- Provided \$85 million to fund 2,800 units 9-16 states
- Only State Housing Agencies in partnership with State HHS/Medicaid agencies were eligible to apply
- Application deadline: August 7, 2012
- 35 States plus DC submitted applications!
- Awards in November-December of 2012

FY 2012 PRA State Applicants

Alaska	Illinois	Minnesota	New York	South Dakota
California	Indiana	Mississippi	North Carolina	Texas
Colorado	Louisiana	Missouri	North Dakota	Utah
Connecticut	Maine	Montana	Ohio	Vermont
Delaware	Maryland	New Hampshire	Oregon	Washington
Florida	Massachusetts	Nevada	Pennsylvania	West Virginia
Georgia	Michigan	New Jersey	Rhode Island	Wisconsin
				District of Columbia

PRA Demo Basics

- New Project-Based Rental Assistance approach administered through State Housing Agencies
- PRA offers people with significant disabilities the opportunity to live in high quality rental housing alongside other tenants who do not have disabilities.
- Only non-elderly people with disabilities at or below 30% of Area Median Income are eligible (at initial occupancy) for PRA Demo units
- Permanent housing linked with voluntary supports and services
- Tenants pay 30% of income for rent + tenant paid utilities
- Tenants have a one year renewable lease

How PRA Demo Works

- Recognizes key role of States to create and finance integrated supportive housing
- PRA Demo application must include a formal written agreement between State Housing Agency and State HHS/Medicaid agency that specifies:
 - Target population(s) to be assisted with PRA funds
 - Methods of outreach and referral to PRA units
 - State commitments of supportive services for tenants of PRA units

How PRA Demo Works

- Selected State Housing Agencies will commit PRA funds to new or existing affordable housing properties
- Owners must accept 30 year use restriction
- Goal is to build on state affordable rental housing development pipeline (Examples: North Carolina, Louisiana, Pennsylvania, Maryland)
- Based on formal PRA agreement in the HUD application, States will jointly:
 - Implement methods of tenant outreach, referral, and tracking of PRA units
 - Ensure commitments of appropriate supportive services are available

Section 811 PRA Partnership

Critical Element	Source	Examples
Capital	<ul style="list-style-type: none">• State Housing Agency, HFA• State or local govt.• Private foundation	<ul style="list-style-type: none">• Low Income Housing Tax Credit• HOME• CDBG• Foundation funds
Operating Subsidy	<ul style="list-style-type: none">• HUD	<ul style="list-style-type: none">• Section 811 PRA
Support Services	<ul style="list-style-type: none">• State Medicaid Agency• State Human Services Agency	<ul style="list-style-type: none">• Home and Community Based Waiver Services• Money Follows Person• State services funds• Rehab Option

Other Relevant Information

- FY 2012 NOFA included:
 - Extra points for States prioritizing *Olmstead*
 - Extra points for States that leverage additional housing resources from PHAs (i.e., Housing Choice Vouchers, public housing units) in order to assist more households
 - Extra points for highly cost effective models of housing

Federal Support for PRA's Highly Cost Effective Approach

FY10 and FY11

- \$150 million
- 984 units
- \$147,000 per unit*

FY12

- \$85 million
- Est. 2,800 units
- \$6,000 per unit per year

**Based on 1 year PRAC cost*

FY 2013 and 2014

- For FY13, HUD expects to fund 2,000-2,500 PRA units through second competitive NOFA
- NOFA may be published in late winter or early spring of 2013
- Based on NOFA response, HUD now seeking to significantly increase Section 811 PRA Demo funding in FY14

COC PROGRAM INTERIM RULE

HEARTH Act Background

- **HEARTH Act** enacted into law on May 20, 2009, consolidates three of the separate McKinney-Vento homeless assistance programs administered by HUD (S+C, SHP and Section 8 Moderate Rehab SRO)
- The new single grant program is known as the **Continuum of Care (CoC) Program**
- The HEARTH Act also codifies into law the CoC planning process
- CoC Program interim regulations are located - ***24 CFR Part 578***

Timeline

- ***July 31, 2012:*** CoC Program interim rule was published in the Federal Register
 - The CoC Program interim rule impacts new and renewal projects funded through the FY12 CoC competition, at the time that their FY12 grant agreement is executed, which will be in calendar year 2013
- ***August 30, 2012:*** Interim rule goes into effect
 - *For example:* a project that has an operating term of 6/1-5/30 will need to comply with the CoC Program interim rule requirements beginning June 1, 2013
- ***October 1, 2012:*** FY12 CoC Registration Due

Timeline

- ***November 9, 2012:*** FY12 CoC Program NOFA released
- ***November 16, 2012:*** Comments on the CoC program interim rule due to HUD
- ***January 18, 2012:*** CoC Application DUE
- ***2013:*** After comments regarding the CoC program interim rule are submitted, HUD will then respond to the comments and may revise the interim rule

New Definitions and Terminology

- CoC Lead Agency/CoC Applicant = Collaborative Applicant (CA)
- Grantee = Recipient
- Sponsor = Subrecipient

Definitions and Terminology

- Permanent Housing (PH) = community-based housing without a designated length of stay, includes both permanent supportive (PSH) and rapid rehousing
- Permanent Supportive Housing (PSH) = PH in which supportive services are provided to assist homeless person with a disability to live independently

Definition of Homeless

- In addition to the new CoC Program interim rule, in January 2012, HUD issued a new definition of 'homeless' that is currently in effect
- The new Definition of Homeless applies to existing SHP and S+C grants differently depending on the type of grant and when the operating year begins

CoC Planning Process

- The CoC Program interim rule codifies into law the CoC and describes the required:
 - Structure
 - Responsibilities
 - Elements of the planning process
- Some of these CoC responsibilities have been encouraged in the past through NOFAs, but are now required by law

Transition For Existing Projects

- The biggest changes that existing projects are facing now is the transition from existing SHP and S+C grants to the new CoC Program
- These Legacy Programs will need to apply for renewal funds through the FY12 CoC competition

Transition For Existing Projects

- Recipient/subrecipient will work with the CoC to complete this transition through the FY12 CoC application followed by the grant agreement process
- More guidance about this transition is available on the [CoC Competition Training and Resources](#) page

CoC Program Components

- Five (5) primary program components:
 - Permanent Housing
 - Transitional Housing
 - Supportive Services Only
 - Homeless Management Information Systems
 - Homelessness Prevention (in High Performing Communities only)

Eligible Program Costs

- Nine (9) eligible costs within each component:
 - leasing
 - rental assistance
 - acquisition
 - rehabilitation
 - new construction
 - supportive services
 - operating
 - HMIS
 - project administration

Components and Eligible Costs

	Acq/ Rehab new const.	Leasing	Rental Asst.	Operating	Supportive Services	HMIS	Admin
PSH	X	X	X	X	X	X	X
RRH			X		X	X	X
TH	X	X	X	X	X	X	X
SSO	X	X			X	X	X
HMIS (Lead)		X		X		X	X
HP			X		X	X	X

CONTINUUM OF CARE PROGRAM REQUIREMENTS

Program Requirements

Match Requirements

- All eligible funding costs must be matched, **except leasing**, with at least a 25% cash or in-kind match contribution
- Interim rule also requires projects to now match project administrative funds, CoC planning costs, and UFA costs
- For some existing projects, especially S+C projects, the new match requirement is less than was previously required
- Match is on individual project basics (unless UFA)

Program Requirements

Eligible Applicant

The following types of organizations are eligible to apply for grants in the CoC Program*:

- Nonprofit organizations
- State governments
- Local governments
- Instrumentalities of state or local governments
- Local Public Housing Agencies

*An eligible applicant must have been designated by the CoC to submit an application for funds

Program Requirements

Administering Rental Assistance (per HUD guidance)

- Contracting for and making rental assistance payments to the landlord
- Conducting the Housing Quality Inspections
- Costs of administering the rental assistance are considered service delivery costs of rental assistance and are eligible in the CoC Program as rental assistance costs

Program Requirements

- **Rental Assistance must be administered by (per HUD guidance)**
 - Public Housing Authority
 - State or Local Government
 - Instrumentality of State or Local Government

Program Requirements

- Housing Quality Standards (HQS) requirements now apply to all projects that receive leasing or rental assistance funds
- Program fees will no longer be allowed in any CoC Programs
- Depending on component- leases, subleases, or occupancy agreements are required in permanent housing, rapid re-housing and transitional housing projects.
- No new Safe Havens nor Section 8 Mod. Rehabilitation SRO projects will be funded
 - Current projects will continue to be renewed and operate in their current manner

FY12 COC PROGRAM NOFA HIGHLIGHTS

FY12 CoC Program NOFA Highlights

- First year that the HEARTH Act is implemented through the CoC Program
- \$1.61 billion available- HUD has authority to add additional funds that have been carried over or recaptured from previous years
- NOFA is due January 18, 2013
- CoCs must have completed the registration process
- HUD has established local competition deadlines
- Applications will be made up of 3 parts

Local Competition Deadlines

- CoCs are encouraged to use the following local deadlines for project submission
- Compliance of established deadlines will be considered as part of the scoring criteria
 - Project application should be submitted to CoC by December 18, 2012 (30 days before application is due)
 - CoC should notify, in writing, projects that will not be included within the application by January 3, 2013
 - CoC must have in place a process to make the CoC application available to the community

CoC Application

- Application will be made up of three parts
 - Former “Exhibit 1” will require information on the CoC planning body, governance and structure, overall performance, and the strategic planning process
 - Former “Exhibit 2” will be completed by project applicants for new, renewal, and CoC Planning projects
 - Project priority list- will include Tier 1 and Tier 2 project ranking

Project Priority List

- CoC will “rank” projects within two tiers
 - Tier 1 is CoCs renewal demand less 3.5%
 - Tier 2 may be difference of Tier 1 and new PH Bonus project and CoC Planning funds application
- Tiers are financial thresholds only
 - CoCs must make decisions locally how projects are prioritized

FY12 CoC Project Renewal

- FY12 NOFA provided guidance on renewals and reallocation process
 - Renewals are limited to 1 year of funding
 - Funding for renewals will be announced before new projects
 - CoC may see an increase in their FPRN due to S+C projects now being included in calculation

FY12 PH Bonus Project

- If funding allows there will be an opportunity for CoC to apply for a PH Bonus project in FY12 competition
- Up to 10% of CoC's PPRN
- Amount will be determined through registration process
- PH Bonus project must serve chronically homeless families or individuals
- PPRN funds cannot be added to new projects created through PH bonus funds
- New projects can request 1 year funding (except projects requesting capital costs)

FY12 Reallocation

- CoC may reallocate funds from SHP and S+C renewal projects to create dedicated HMIS, PH or RRH project
- Note: the reallocation for S+C project is new and can help CoC who have a lot of grant savings
- CoC can reallocate **SSO project(s)** to create a new SSO project dedicated to the creation of a centralized or coordinated assessment system

Project Administrative Costs

- In the CoC Program rule, every project may be allowed to use up to 10 percent of grant funds for project administrative costs
- Per FY12 NOFA, projects that request no more than 7% for project administration will receive bonus points in their competitive application
 - To maximize CoC score projects should limit admin request to 7%
 - If a project moves money from another budget line item to admin, it will not receive the bonus points
- All project administrative costs now must be matched at least 25% with cash or in-kind contributions

Additional Resources

- <http://811resourcecenter.tacinc.org/>
- http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/grants/section_811ptl
- <http://www.hudhre.info/index.cfm?do=viewEsnapsIssuances>