



Section 202  
Supportive Housing for the Elderly  
FY 2023 Notice of Funding Opportunity (NOFO)

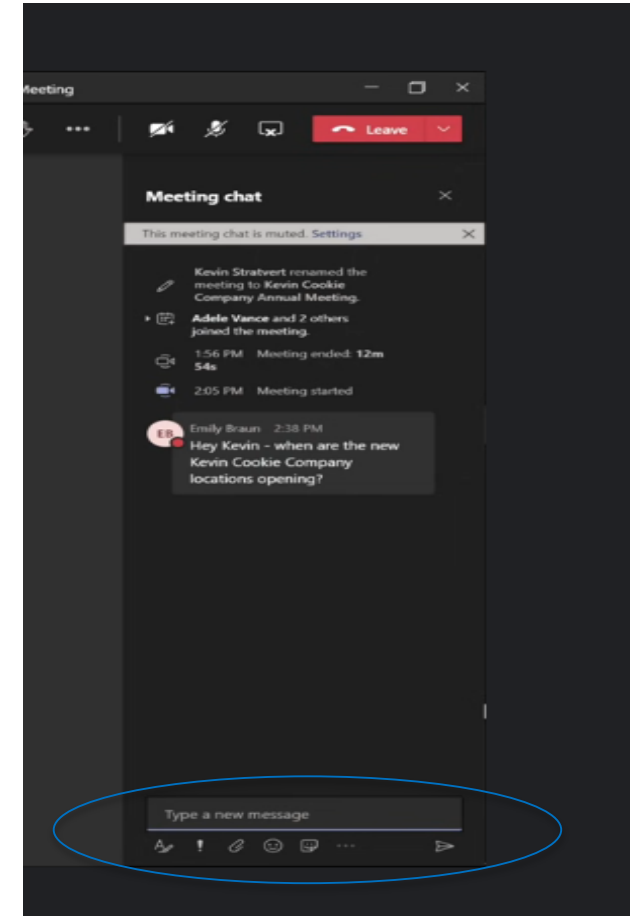
April 17, 2024

Office of Multifamily Housing Programs

# Administrative Information

- This webinar is being recorded.
- The recording and slides will be available at [https://www.hud.gov/program\\_offices/cfo/gmomgmt/grantsinfo/fundingopps/fy2023\\_section202](https://www.hud.gov/program_offices/cfo/gmomgmt/grantsinfo/fundingopps/fy2023_section202) within 7 business days of the recording.
- All attendees will be muted for the duration of this webinar.
- Questions: Please use the chat feature of TEAMS. An FAQ will be compiled using the questions asked. If time permits, some questions may be answered live.

\*This presentation provides a summary of information presented in the NOFO. Please refer to the NOFO document on HUD's funding opportunities website for specific information:  
[https://www.hud.gov/program\\_offices/cfo/gmomgmt/grantsinfo/fundingopps/fy2023\\_section202](https://www.hud.gov/program_offices/cfo/gmomgmt/grantsinfo/fundingopps/fy2023_section202) for complete information, including requirements for eligibility and submission.

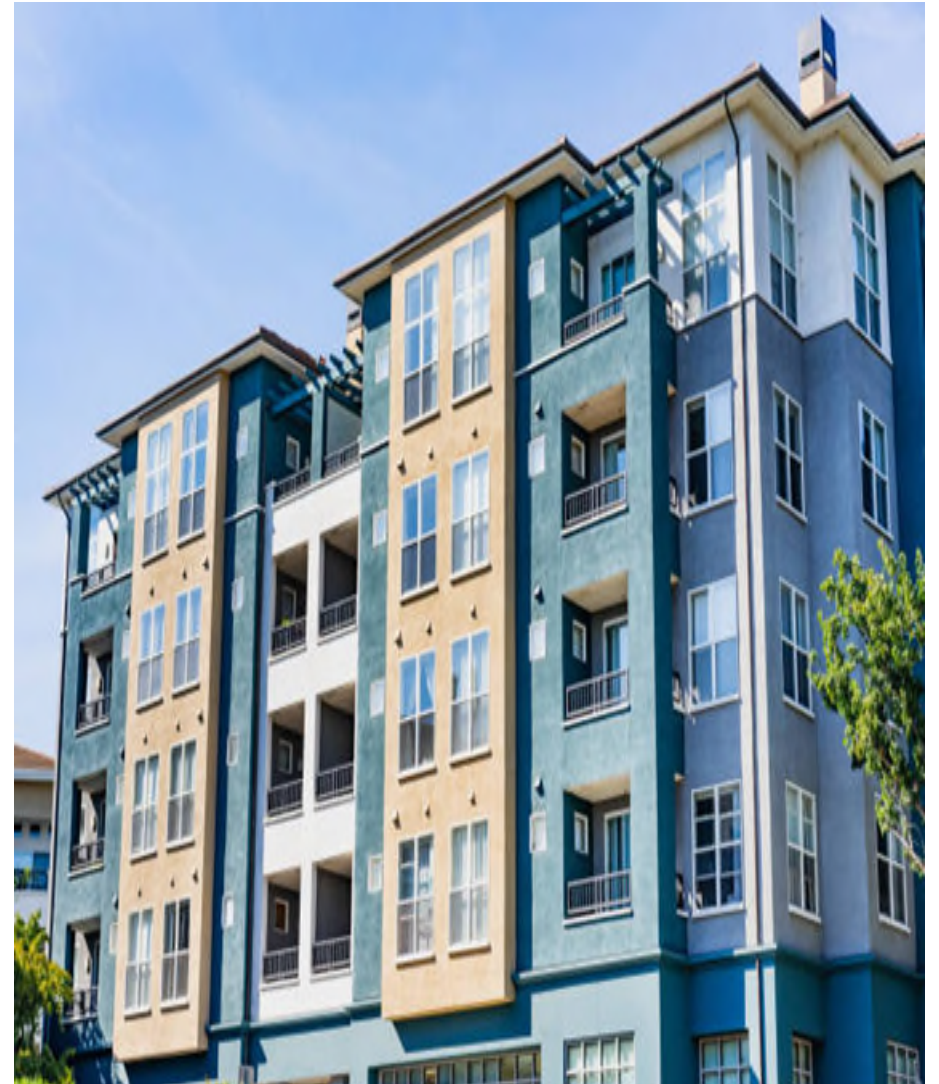




# Agenda

- **Description of NOFO**
  - Overview
  - FY23 Expectations and Changes from FY22 NOFO
  - Goals
  - Eligibility
  - Intergenerational Component
- **Preparing your Application (Requirements)**
  - Threshold
  - Program Specific
- **Rating Factors**
- **Application Review Process**
- **Q & A**

# DESCRIPTION OF FUNDING OPPORTUNITY





## Description of Funding Opportunity

- **NOFO Title:** FY 2023 Section 202 Supportive Housing for the Elderly Notice of Funding Opportunity
- **NOFO Reference:** FR-6700-N-52
- **Application Due Date:** Thursday, June 20, 2024, no later than 11:59:59 PM ET
- **Available Funding:**
  - Up to \$115 million in total funding for the development of supportive rental housing for very low-income senior households
  - Includes up to \$35 million for intergenerational units



## Description of Funding Opportunity

### Changes from FY 2022 Section 202 NOFO:

- Clarification of HEROS submission requirements.
- HEROS generated confirmation as evidence of submission
- Build America Buy America Act (BABA) described
- Applicant's must provide an Advancing Racial Equity Narrative
- Applicants must provide an Affirmative Marketing Narrative
- Preference Points added for Environmental Justice and Climate Change
- Rating Factors renamed and reorganized
- The Section 202 Toolkit has been eliminated





## Description of Funding Opportunity

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## Goals

- Expand the supply of affordable housing for elderly households resulting in residents achieving independent living.
- Allow elderly households to age in place while having access to supportive services.
- Fund innovative permanent supportive housing models for elderly households that are sustainable for no less than 40 years.



## Description of Funding Opportunity

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## Eligible Uses

- **Capital Advance:**
  - Funds to finance *construction, reconstruction*, moderate or substantial rehabilitation, or acquisition of a structure with or without rehabilitation.
  - Funds *cannot* be used to construct or operate assisted living facilities
  - Capital Advance funds requested may not exceed the [Total Development Cost Limits](#)(TDC) as published by HUD.
  - Maximum Award Amount: \$20,000,000
- **Project Rental Assistance Contract (PRAC):**
  - PRAC funds are used to cover the difference between tenants' contributions toward rent and HUD-approved operating costs.
  - PRAC funds provide ongoing operating assistance and maintain affordability of covered units. PRAC funds may be used to provided supportive services and service coordinator salary





## **Eligible Applicants:**

Private non-profit organizations that have tax-exempt status under Section 501(c)(3) or Section 501(c)(4) if the Internal Revenue Code of 1986, and non-profit consumer cooperatives

**Description of  
Funding  
Opportunity**

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**Eligible Applicants**



## Description of Funding Opportunity

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## Intergenerational Housing

### For Sponsors interested in developing intergenerational units:

- Intergenerational housing and Intergenerational dwelling units are interchangeable for the purposes of this NOFO
- Defined by LEGACY Act of 2003 (Pub. L. 108- 186, sec. 202; 12 U.S.C. 1701q note:
  - Qualified dwelling unit that is reserved for occupancy only by an intergenerational family
  - An intergenerational family is a family that:
    - (a) includes a child and
    - (b) has a head of household who is either a grandparent of the child who is raising the child or other relative of the child who is raising the child.
    - The head of household must be an elderly person.
- Up to \$35 million available



## Eligible Uses of Funds

- Capital Advance
- PRAC

**NOTE:** Intergenerational dwelling units can constitute the entirety of a project (i.e., 100% of units) or can be integrated as a portion of a larger project, including a project with both intergenerational dwelling units and other 202 Capital Advance / PRAC units requested under this NOFO.

Description of  
Funding  
Opportunity

—

Intergenerational  
Housing



## Description of Funding Opportunity

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## Intergenerational Housing

## Requirements

- **Intergenerational Specific**
  - Section III.F.2 of NOFO
  - Must have at least two bedrooms
  - Must be equipped with design features to meet physical needs of elderly persons
  - Must be equipped with design features to meet the physical needs of children
- **Must meet *all* other NOFO requirements**
  - Threshold
  - Eligibility
  - Rating Factors



## **Description of Funding Opportunity**

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## **Intergenerational Housing**

- Will be evaluated against other Intergenerational applications
- Applicants may not submit two NOFO applications for the same project – i.e. one design with Intergenerational units and one design without

# Preparing Your Application







# Application Requirements

Threshold

Program Specific Requirements

Rating Factors

Complete Application



# Application Requirements - Threshold

Threshold requirement deficiencies **are not curable**, except for documentation of applicant eligibility.

**Outstanding Civil Rights Matters** - must be resolved to HUD's satisfaction prior to grant award, provided that all applicable legal processes have been satisfied.

**Timely Submission** - Applications submitted after **11:59:59 PM ET on June 20, 2024** that do not meet the requirements of the grace period policy will be marked late. Late applications are ineligible and will not be considered for funding.



# Application Requirements - Threshold

**Eligibility/Non-Profit Status** - Applicants must document their status as a private non-profit organization or as a mixed-finance limited partnership with one or more private non-profit organizations serving as the general partner (see 24 CFR 891.805)

**Need** - HUD will assess the unmet housing needs in the proposed development area relative to the number of proposed assisted units. Applicants must provide an absorption ratio by dividing the number of units in the proposed project by the number of income eligible households aged 62 years old or older with severe housing needs. To be eligible sites must have an absorption ratio of 30% or less.



# Application Requirements - Threshold

**Complete Application** - HUD reserves the right to determine whether an application is substantially deficient and non-responsive to the NOFO application requirements. Section IV.B., “Content and Form of Application Submission” identifies the required documentation for submission for a complete application.

Applications missing six or more items are considered nonresponsive to the NOFO and will be rejected.



**Application  
Requirements  
-  
Program  
Specific**

**Project Development Plan**

- Description of Property
  - Building type
  - Address
  - Total units
  - #PRAC units
  - Other identifying information



**Application  
Requirements  
-  
Program  
Specific**

## **Project Development Plan**

- **Project Development Timeline**
  - Major Development Stages
    - Site Acquisition
    - Application for uncommitted financing
    - Initial closing
    - Start of construction/rehab
    - Full completion
    - Final closing





# Application Requirements - Program Specific

## Development Budget and Pro Forma

- Proposed uses, including acquisition, construction costs, soft costs, reserves, and developer fees.
- For mixed-finance projects, the operating reserve functions as an operating deficit escrow for the development in accordance with 24 CFR 891.860 and 891.835(c).
- All sources must equal the projected uses. HUD reviewers will be looking to ensure that the amount of Capital Advance requested does not exceed the per unit Total Development Cost described at [https://www.hud.gov/sites/dfiles/PIH/documents/2023\\_Units\\_TDC\\_Limits.pdf](https://www.hud.gov/sites/dfiles/PIH/documents/2023_Units_TDC_Limits.pdf) multiplied by the number of PRAC units.

# Additional Programmatic Requirements

## Eligibility & Site Control

- Eligibility documentation III.A
  - Organizational documents
    - Corporate purpose sufficiently broad to sponsor a Section 202 project
    - Must contain required language
  - IRS tax exemption
- Site Control
  - Deed or long-term lease, sale contract, or option to purchase or option for long-term leasehold
- Other legal concerns

## Site and Neighborhood Standards

- Minority Concentration
- Narratives Advancing Racial Equity
  - Affirmative Marketing
  - Experience Promoting Racial Equity (5 points)
  - Affirmatively Furthering Fair Housing (5 points)

## Environmental Review

- Preliminary HEROS Submission III.F.7
  - Phase I ESA
  - HEROS submission – Submit under Part 50
  - Phase II ESA (if required)
  - Phase III Clean up plan or equivalent)

**The information provided here is a guide may not represent programmatic requirements in their entirety. Stand alone pre-recorded webinars by topic will be available as a resource with this webinar.**



# Application Requirements

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## Program Specific

### Evidence of Site Control

- **Required Documentation**
  - A deed or long-term leasehold which evidences current title to, or a leasehold interest in, the site.
  - Contract of Sale for the site that is free of any limitations affecting the ability of the seller to deliver ownership to the applicant after the applicant receives and accepts the financing for the project.
  - Option to purchase or option for a long-term leasehold, which must state a firm price, remain in effect for a minimum of six months from the date on which the applications are due and must be renewable for a minimum of an additional six-month term
- **Sites acquired from public body**
  - Evidence is needed that the public body possesses clear title to the site and has entered into a legally binding Agreement to lease or convey the site to the applicant after receipt and acceptance of development funds.
  - Same requirements for site control are applicable to sites to be acquired from public bodies as are applicable to sites to be acquired from other entities.



# Application Requirements

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## Program Specific

### Site and Neighborhood Standards

- Must comply with all applicable site selection requirements in 24 CFR 891.125
- Must also comply with all applicable civil rights authorities, including Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act, and the Fair Housing Act.
- Documentation must show that the site is:
  - not located in an area of minority elderly concentration, or
  - if the site is in an area of minority elderly concentration, that the site qualifies for an exception permitting new construction in an area of minority elderly concentration under 24 CFR 891.125(c)(2)(i) or (ii).

### Minority Concentration Tool

- Analyzes demographics by census tract
- [www.huduser.gov/portal/maps/section202/home.html](http://www.huduser.gov/portal/maps/section202/home.html)



# Application Requirements

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## Program Specific

## Environmental Review

- **HEROS Submission**
  - Must be submitted in HEROS by the application deadline.
  - Part of a Complete Application
  - Must Submit Confirmation generated by HEROS as evidence of submission
  - Phase I ESA Report (ASTM Standard E1527-13 or E1527-21), including a vapor encroachment screen performed in accordance with ASTM E2600-15 and indication that HUD is an authorized user of the report.
  - Phase II ESA, if required by the Phase I (ASTM Standard E1903-19).
  - Phase III Clean-up Plan or equivalent (if required by the Phase II\*).

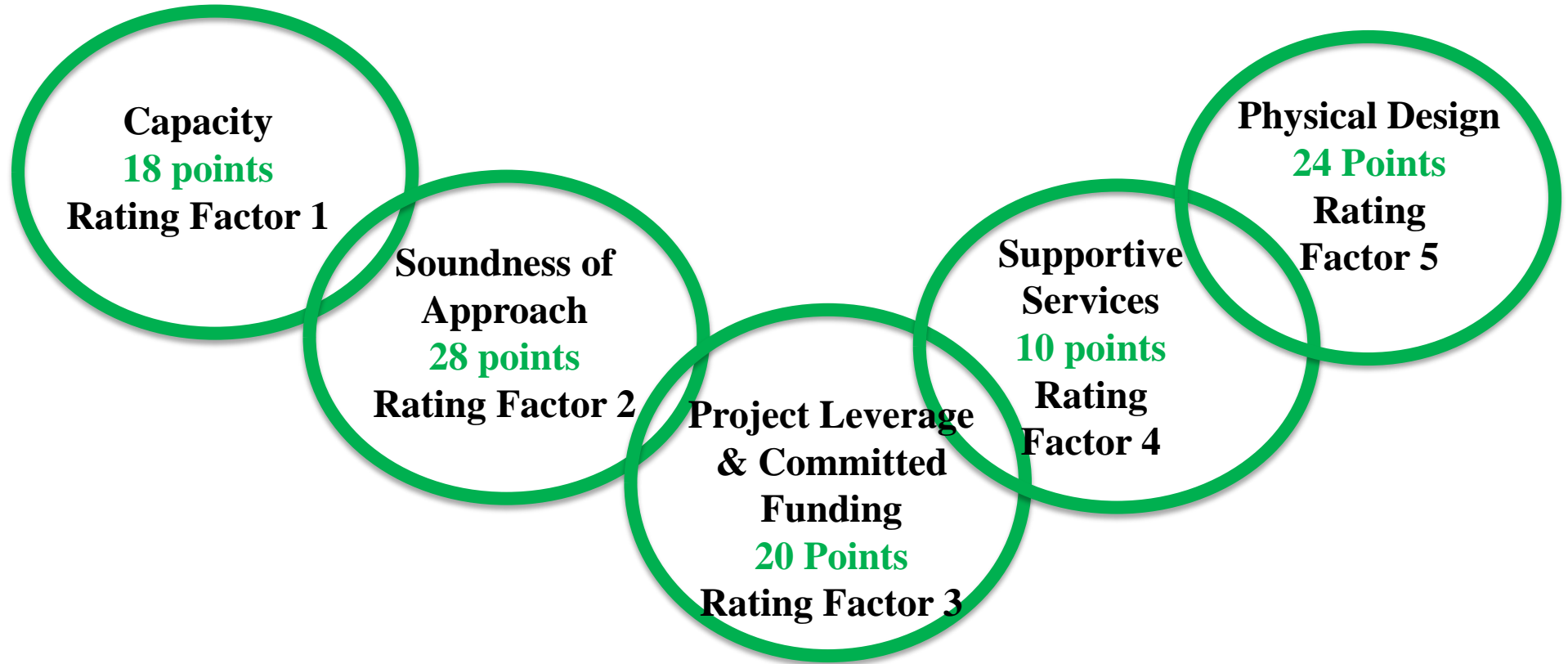


# Rating Factors





# Rating Factors





**Rating  
Factor I:  
Capacity  
(18 points)**

- **Development and Management Experience (max. 13 points)**
  - Evidence of recent experience developing affordable housing for the elderly (or intergenerational if applicable)
  - If proposing to use LIHTC, evidence of successful experience using LIHTC
  - Provide list of properties recently placed in service with identifying information
- **Management and Operating Experience (max. 5 points)**
  - How many years experience owning/managing/operating elderly affordable housing
  - Provide a list of properties with name, location and number of years managed/operated
- **Management of PRAC Assisted property (1 point)**
- **Experience Promoting Racial Equity (5 points)**



**Rating  
Factor 2:  
Soundness of  
Approach  
(28 points)**

- **Neighborhood Context (max 19 points)**

- **Amenities (up to 10 points)**

- Applicants must submit a map of the project relative to the described amenities as supporting evidence that the site is well-suited for and likely to attract elderly residents
- Grocery stores
- Parks or green space
- Recreational facilities
- Healthcare and social services
- Other neighborhood amenities
- Overall availability
- Readily available
  - Within ¼ mile walking distance or within 15 minutes by *public transportation or shuttle*
- Moderately available
  - Within ½ mile walking distance or within 30 minutes by *public transportation or shuttle*



**Rating  
Factor 2:  
Soundness of  
Approach  
(28 points)**

- **Poverty Rate (max. 4 points)**
  - Based on the 2016-2020 5-year ACS poverty rate in the census tract of the proposed project
  - Follow instructions carefully
  - Submit results in “Excel” format
  - HUD will verify the calculation
- **Affirmatively Furthering Fair Housing Narrative (5 points)**
- **Evidence of Compliance with Local Land-Use and Zoning Regulations (max 9 points)**



**Rating  
Factor 3:  
  
Project  
Leverage and  
Committed  
Funds  
(20 points)**

**Project Leverage (10 points)**

- Rated on the amount of financing brought to the project in relation to Capital Advance funds being requested
- **Appraisal of Donated or Seller-Financed Land**  
Applicants claiming leverage from donated or seller-financed land must attach a third-party appraisal of the land prepared in accordance with the MAP Guide sections 7.3.1, Appraiser Qualifications, and 7.6, Appraisal Requirements.



## Project Leverage – Calculation Example

**Rating  
Factor 3:**

**Project  
Leverage and  
Committed  
Funds  
(20 points)**

Your budget indicates that your project will cost \$11.2 million for an 80-unit project that would be fully assisted under a PRAC. You have requested Capital Advance funds in the amount of \$1.2 million (\$15,000 per PRAC unit) and you are bringing a total of \$10 million (\$125,000 per unit for the total project) to the project primarily through a combination of a 9% tax credit allocation and soft secondary financing.

Your ratio of funds from all other sources than the Capital Advance (\$125,000 per unit) to the Capital Advance requested (\$15,000 per PRAC unit) is  $(\$125,000/\$15,000) = 8.33$ . For each \$1 in Capital Advance funds, \$8.33 is leveraged (\$1: \$8.33).

**Therefore, your score is 10 points.**





## Project Leverage – Calculation Example

Your budget indicates that your project will cost \$12.2 million for an 80-unit project that will have 40 units assisted under a PRAC. You have requested Capital Advance funds in the amount of \$2 million (\$50,000 per PRAC unit) and the balance of \$10.2 million (\$127,500 per unit for the total project) will be provided by 4% tax credit equity, mortgage financing, and other sources.

Your ratio of funds from all other sources than the capital advance (\$127,500 per unit) to the Capital Advance requested (\$50,000 per PRAC unit) is  $(\$127,500/\$50,000) = 2.55$ . For each \$1 in Capital Advance funds, \$2.55 is leveraged (\$1: \$2.55).

**Therefore, your score is 4 points.**

**Rating  
Factor 3:  
  
Project  
Leverage and  
Committed  
Funds  
(20 points)**



**Rating  
Factor 3:**

**Project  
Leverage and  
Committed  
Funds  
(20 points)**

**Commitment of Sources (10 points)**

- Applicants claiming points for commitment of sources of funding must attach evidence of such commitments in the application under
- Committed sources must be tied to the specific Section 202 application and have the ability to be extended reasonably to accommodate the development process.



**Rating  
Factor 3:  
  
Project  
Leverage and  
Committed  
Funds  
(20 points)**

**Commitment of Sources – Secured Funding Examples**

- A 9% LIHTC allocation with a pricing letter from an investor;
- A preliminary 42(m) letter or other allocation documentation from the housing finance agency for 4% tax credits and an executed letter of intent with an investor for purchase of the 4% tax credits;
- A loan commitment letter
- Governmental resolutions, commitments, or other documentation of final award of grant or subordinate loan funds
- Grant award letters
- Owner equity, including the minimum required commitment specified in Section III.C;
- Binding commitment to donate land;
- Binding commitment to defer developer fee;
- Reasonable income from operations (in the context of an occupied rehabilitation project); and
- Other evidence of commitment acceptable to HUD.



## Rating Factor 3:

## Project Leverage and Committed Funds (20 points)

### Commitment of Sources – Anticipated Funding Examples

- A pricing letter from an investor for an anticipated 4% LIHTC approval.
- A loan offer with reasonable terms

#### Scoring Formula:

$$\text{Committed Funding} = \text{Secured Funding} + (0.5 * \text{Anticipated Funding})$$



## **Supportive Services (max 10 points)**

- Proposed Supportive Services and how they will be delivered
- Public and/or private funds that are expected to fund the supportive services over the life of the project
- Capacity of the sponsor and partner organization to coordinate, deliver, and finance supportive services.

**Rating  
Factor 4:  
Supportive  
Services  
(10 points)**



**Rating  
Factor 4:  
Supportive  
Services  
(10 points)**

A total of up to 10 points will be awarded based on the extent to which the applicant's supportive services plan substantively addresses resident support for the following criteria:

Criteria	Points
ADLs	1
IADLs	1
Social Isolation	1
Physical Health	1
Reliable , sustainable source of funding for proposed services	1
The years of experience applicants have implementing a comparable plan	Up to 6
Ability of the applicant to demonstrate evidence of improved resident outcomes from the provision of services (such as reducing hospitalization visits, reducing moves to assisted living or hospice-care facilities, increased tenant satisfaction, etc.)	1
Inclusion of other partners in service delivery	0.5 point for non-state or local government partner 1 point for state or local government partner





**Rating  
Factor 5:  
Physical  
Design  
(24 points)**

**- Physical Design (max 24 points)**

- Fall Prevention
- Visitability/Universal Design
- Electronic Communication Availability/Accessibility
- Health and Wellness
- Resource Efficiency and Climate Resilience

**NOTE: Appendix B features building design components that *must* be incorporated into every proposed project.**





**Rating  
Factor 5:  
Physical  
Design  
(24 points)**

**- Optional Design Features**

- 20 of the 24 points can be achieved by incorporating optional design features (Appendix B of the NOFO)
- 4 points based on narrative describing additional impactful building features designed to extent the period residents can live independently and age in place

**NOTE: Appendix B features building design components that *must* be incorporated into every proposed project.**



# Application Submission

## Tips for a complete application

Be sure to include:

All required HUD Forms (signed where applicable)

Organizational documents, including resumes

Evidence of Committed Funds

HEROS Submission confirmation

Site Control documentation

Minority Concentration pdf

Poverty Rate in Excel format

Schematics

Supportive Services Plan

**Applications will be rejected if the missing documentation is not curable.**

**Applications missing six or more items are considered nonresponsive to the NOFO and will be rejected.**

**Rejected applications that cannot be cured or are cured outside of the allowed period will not be scored.**

**Debriefs for unscored applications may not be available.**



# HUD Systems Requirements



- Register with SAM.gov and Grants.gov. This is multistep and can take up to 4 weeks. **START NOW!**

## HEROS

- Verify your Environmental Professional has access to the HUD Environmental Online System (HEROS)
- For HEROS Access:

<https://files.hudexchange.info/resources/documents/Completing-a-HEROS-Access-Form-Request-Quick-Guide.pdf>



# Preparing your Application for Submission

## Organization of Application

- ✓ Submit each “Tab” of the application as a separate, clearly labeled PDF file
- ✓ Be sure to submit all of the required items
  - ❖ Not all omissions are curable – See Appendix C of the NOFO
- ✓ Optional: Submit a table of contents listing the items included in each Tab



Table of Contents	
<b>A. Eligibility and Articles of Incorporation Attachments</b>	Sample TOC
A.1: By-Laws	
A.2: Articles of Incorporation	
A.3: IRS Tax Exemption	
A.4: Evidence of Structure	
<b>B. Need Attachments</b>	
B.1: PDF of Table Used to Calculate Absorption ratio (with conditions)	
<b>C. Development Plan</b>	
<b>D. Development Budget Attachments</b>	
D.1: Sources and Uses	
D.2: Construction Cost Estimate from KBS	
D.3: LOI from Red Stone Equity Partners (4% LIHTC syndicator)	
D.4: LOI from SunTrust Bank (4% bond/construction lender and FHLB Atlanta application member)	
D.5: FHLB Atlanta application submitted 7/1/2019	
D.6 PBV Commitment from RRHA	
D.7 Seller Note from RRHA	
<b>E. Operating Pro Forma Attachments</b>	
E.1: Cash Flow Pro Forma	
<b>F. Capital Needs Assessment</b>	

OtherNarrativeAttachments_1_2-Attachments-1234-2. 2530 Previous Participation Certification
OtherNarrativeAttachments_1_2-Attachments-1235-1. Table of Contents
OtherNarrativeAttachments_1_2-Attachments-1236-2. 2880
OtherNarrativeAttachments_1_2-Attachments-1237-3. Lobbying Form V1.1 Letter
OtherNarrativeAttachments_1_2-Attachments-1238-4. 92013 - Capital Advance
OtherNarrativeAttachments_1_2-Attachments-1239-Tab A
OtherNarrativeAttachments_1_2-Attachments-1240-Tab B
OtherNarrativeAttachments_1_2-Attachments-1241-Tab C
OtherNarrativeAttachments_1_2-Attachments-1242-Tab D
OtherNarrativeAttachments_1_2-Attachments-1243-Tab E
OtherNarrativeAttachments_1_2-Attachments-1244-Tab F
OtherNarrativeAttachments_1_2-Attachments-1245-Tab J
OtherNarrativeAttachments_1_2-Attachments-1246-Tab K
OtherNarrativeAttachments_1_2-Attachments-1247-Tab L
OtherNarrativeAttachments_1_2-Attachments-1248-Tab N
OtherNarrativeAttachments_1_2-Attachments-1249-Tab O
OtherNarrativeAttachments_1_2-Attachments-1250-Tab P
OtherNarrativeAttachments_1_2-Attachments-1251-Tab G
OtherNarrativeAttachments_1_2-Attachments-1252-Tab H
OtherNarrativeAttachments_1_2-Attachments-1253-Tab I
OtherNarrativeAttachments_1_2-Attachments-1254-Tab M

Example of what Grants.gov submission may look like



## FY23 Section 202 NOFO Resources:

**Contact:** [202CapitalAdvanceNOFO@hud.gov](mailto:202CapitalAdvanceNOFO@hud.gov)

### To find:

Forthcoming FY23 Section 202 NOFO FAQs

Forthcoming Recording of this webinar

Environmental Prerecorded Webinar

Site and Neighborhood Standards Prerecorded Webinar

Intergenerational FAQs

Eligibility Prerecorded Webinar

FY22 Section 202 NOFO FAQs

Please visit: [https://www.hud.gov/program\\_offices/cfo/gmomgmt/grantsinfo/fundingopps/fy2023\\_section202](https://www.hud.gov/program_offices/cfo/gmomgmt/grantsinfo/fundingopps/fy2023_section202)



# Q & A