

Technical Assistance Collaborative | FY 2023 811 Capital Advance PRAC NOFO Webinar - Housing Programs Rating Factors Transcript (November 29, 2023)

LARRY FERGISON: Greetings. I'm Larry Ferguson. I'm HUD's Capital Advance Program Coordinator for headquarter's Multifamily Production. Great to see everyone here at today's webinar. Thanks.

ELAINE CHAVEZ: Hi, everyone. My name is Elaine Chavez and I'm a senior underwriter in the Denver Multifamily Production Office. And I am also the 202-811 coordinator for the west region.

LARRY FERGISON: So this is Larry Ferguson again. And as I mentioned, I'm our coordinator for the section 811 Supportive Housing for Persons with Disabilities Capital Advance PRAC Program, and it's my privilege to be part of today's webinar on this NOFO. And we're going to emphasize housing programs issues that you would need to meet as an applicant.

And I want to thank you personally for your interest in this important program that makes a real and positive difference in the lives of residents who live in the communities we're going to be creating with you, our applicants, and hopefully you as our awardees. And so we're going to have a quick overview, and please advance the slide.

All right. So we're going to cover general application tips today, and next we're going to cover selected application requirements and rating factors. And you'll be able to find those in part A of section 5 of the fiscal year 2024, section 811, Capital Advance PRAC NOFO. I do want to point out a couple things here. There's a scoring reminder. Your application must earn a minimum of 75 points. If you do not achieve 75 points, you won't be funded.

So that's an important heads up for you to be thinking about when you're assessing whether or not you want to apply under the program and how likely it is that you might get funded. And we have a number of other HUD webinars associated with this section 811 Capital Advance PRAC NOFO, and I want to encourage you to attend those because they're going to cover parts of the NOFO that we're not covering here today. Next slide.

So I want to give just some general application tips before we really do a deeper dive in the specific requirements. One thing, it's really important to read all of the instructions in the NOFO. Read the NOFO itself from front to back. Make sure you understand it. Recognize that this HUD funding is highly competitive. This is a national competition. We have \$105 million. The maximum awards \$5 million. So there will be a lot of competition. Keep in mind applications are due February 12, 2024 so that you do not miss that deadline. Again, February 12. Next.

And I keep saying 75 points is your minimum score that you're going to be wanting to get, and we just reminded you about the NOFO, or I did. One thing I'm going to point out-- and this happens from time to time-- double check that you have addressed each and every one of the NOFO threshold items. You need to address those because if you miss the threshold items, your application may be rejected.

So you want to be competitive. You want to make sure-- double and triple check that you met all of the threshold items. There are page limits for a number of the responses, and those are identified beginning page 52 of the 811 Capital Advance PRAC NOFO. So again, take a look at the other webinars that we have.

For instance, the environmental webinar, which did have a suggestion that I'm going to bring to this webinar to hire a third party contractor that has prior HUD experience with the HEROS system. If you don't know what HEROS, is that's another indication that you should watch that section 811 NOFO webinar on environmental requirements. Next slide.

Again, I keep pointing out, 75 points. We really want to fund all the applications that receive 75 points or more, funds permitting. We would like to run out of money, but you have to help us out, too. We have some preference points this year that are listed on page 74 of the NOFO and please take a look at page 74, and see about addressing preference points because you don't want to leave points on the table.

You want to make sure you can get as many points as you can. Keep in mind that HUD, we're happy to help, but we can only provide generic information if you are writing to us and you have questions. We cannot provide proposal-specific advice that might give your application an advantage over another one or the appearance of giving one application an advantage over the other one, or other applicants. Allow plenty of time for all of the studies, reports, lining up a UEI number.

All those kinds of things. Because the applications, again, are due February 12, so we're really approaching that quickly. And if you do have questions as a result of the NOFO, you want to learn more, you write to us at 811capadvance@hud.com, and we have that address in multiple places in this webinar today. Next slide.

So we are going to talk about the rating factors. This is going to be how you're scored, and I want you to please note that HUD does reserve the right to award fewer points for each example in your application if it appears that you didn't give us much information, you didn't quite answer it all the way, didn't quite do what the question was asking in the NOFO. This is because we're trying to maintain a fair and level playing field with everyone. Next slide.

So this is just a quick summary of how the NOFO scoring is broken down. You can see the different rating factors here from one to six and what the associated points with each of the rating factors are. Remember, I did say there was an additional four bonus points, so you don't want to leave those on the table either. Next. OK. So we're going to start with rating factor 1, which is a maximum of 25, and I'd like to hand it over to my colleague, Elaine.

**ELAINE
CHAVEZ:**

Thank you, Larry. Rating factor 1 is the capacity of the applicant and relevant organizational experience. As Larry said, the maximum points is 25. This factor addresses the applicant's organizational experience and resources in owning and operating the type of project that you're proposing. If you are considering a co-sponsor, we will be looking at their experience as well. Rating factor 1A, development experience.

You will get three points if you address this correctly. In this rating factor, we are looking for your experience, and if you have a consultant, their experience in developing and operating the type of housing you are proposing. We are looking for your experience with LIHTEC, section 8 mixed finance deals, as well as your experience with HUD's section 811 accessibility requirements, as well as local governing body requirements.

Please provide the names of any projects and/or supportive service facilities that you have sponsored, owned, or operated. Please include the dates and the roles you played. You will receive points based on the number of projects placed in service in the last five years. Please refer to the NOFO for more information. I'm now going to turn this over to Larry, who will go over parts 1B through 1D.

**LARRY
FERGISON:**

Great. Thank you for that, Elaine. If we could maybe show the rest of this slide and advance to the next slide. OK, great. And can we please go next. OK. Right. Maybe there's a way that we can show more of the information on that slide because that's what I intend to cover in number B. Thank you.

B is we're going to allow up to four points if you, as the sponsor applicant, have developed either a section 202 capital advance or 811 capital advance project in the past and had a successful, timely delivery with HUD. You can get two points if you get to permission to occupy within three years of the funding award from HUD, or you could even get four points if you were super fast and got to permission to occupy.

That's a HUD, and HUD production issues this. This is for folks who've done capital advance deals. You would know you could get four points if you were within two years of the award. And what you would do to get that-- if we can go advance to the next one, please-- is that you would provide us with what properties that you've developed that fit into that.

And there's verbiage here that's now being typed across the screen that you can see that will tell you what it is you'll need to do to get points out of that. And so that really covered that one. Let's move on to the next category, C, which is four points. And this is the experience you have in providing support services similar to what you're going to be proposing in your application.

And that would include things when you're writing this up like the number of units, what services were being provided, and how you as an organization were working with others to incorporate those services into the project. We are going to want to see a specific example that describes what you did and what the outcomes were on that, and that should be pretty clear on that one. Now if we can move on to the next slide, please. Great. Thank you.

Now HUD's interested in your partnership experience. We often say it takes a village to develop these projects and really we want to see who you're working with and what your prior experience is in working with others to create different, new, innovative approaches to supporting this kind of integrated, affordable, supportive housing that we're going to be funding and working with you on.

We're going to be looking at the different kinds of partnerships that you have with well-established and active Medicaid and housing agencies. We're also interested in any activities you've been engaged in with regard to homeless housing and working with homeless assistance providers, health and human services agencies.

There is a range of those things like the money follows person demonstration program, or even section 811 project rental assistance program. That's different from the 811 Capital Advance PRAC program. And you can research that. Or there are other programs that might be out there in your community that are community based housing assistance programs and programs for supportive services for persons with disabilities.

So we're also going to want to see what experience you have in developing a system to track referrals, applicants, and folks that are participating in supportive housing programs that you're doing for persons with disabilities. So just make your best case in that. Be mindful of the space limitations on what the responses can be, but we're giving you the roadmap here in a lot of verbiage for you to follow or for you and your consultants to be following.

And so there's even more on this partnership experience, if you can also describe what kinds of resources that you've leveraged from partner organizations. And that could be for all kinds of things. Maybe assistance in further implementing Olmstead settlements or helping residents with rent deposits, moving costs, things like that. So really, again, this is all a lot about partnership experience, so please read this and make your best case. Then next slide, and I'd like to turn it back over to Elaine.

ELAINE

CHAVEZ:

OK. Thank you, Larry. In exhibit 1E, you're going to get one point for management of a property existing assisted through a PRAC. We are looking for your experience in managing a project that has a PRAC and your familiarity with PRAC requirements. Please identify at least one project, including the iREMS number, where the most current REAC score is higher than 80. 1F, partner agency capacity, four points.

We are looking for any partnerships you have developed with other agencies, specifically in health and human services and/or disability service agencies that have demonstrated a capacity to recruit and make outreach to potential tenants and to provide assistance to them in a variety of ways, such as securing accommodations, assisting with the transition from institutional housing to rental housing, helping with voluntary services and support after the transition, and providing any other necessary assistance as needed. Larry will now discuss rating factor 1G.

**LARRY
FERGISON:**

Thanks for that, Elaine. This is the last part of rating factor 1, so this is a pretty lengthy one. This has six points available to you. It says housing and service experience, which is true.

But if you read further down in this paragraph, it's really getting at your experience in providing housing and related services to racial and ethnic minority persons and minority families and your organization's ties to the community at large and to the minority and disability communities. And you can see in these romanette one, two, three there are different point breakdowns. Two points you can get by fully describing with lots of experience the scope extent and quality of your experience in providing housing to minority persons or minority families.

One point will get you another point for this romanette two, the scope extent and quality of experience in providing services to minority persons or minority families, and then three points to describe scope, extent, and quality of ties to the community at large and to the minority and disability communities. So just wanted to really make sure that what's being emphasized here is relations to the minority and disability communities. Next slide, please.

There's more verbiage here, and I know it's a pretty dense slide here, but you'll want to take this back to your office, your consultant when you're looking at this. But I do want to highlight what it's talking about, which is providing housing and support services to minorities generally and to minority persons with disabilities.

And there is going to be sort of a definition down here about when we're starting to get into what significant previous experience means when you're providing housing assistance or services to minorities. So I would encourage you to look at that closely and to answer this question, as all the others, to the very best of your ability. Thanks. Next slide.

We give further guidance to you on answering this rating factor 1G and talk about documents that you might be able to submit to get the maximum number of points, things like letters of support from community leaders, including minority and disability community leaders. Talk about your organization's relationship over time with the community, including minority and disability communities. You might want to include copies of your affirmative marketing plan.

Just things like that. Talk about the kind of advertising outreach materials you have. How are you circulating this information? How are you reaching out to people that might not speak English? All those kinds of things that we're going to look at. So to get the highest number of points, you would need to show a document, significant previous experience that you're doing with those and also partnering agencies. Thanks, and next slide, please. And this one I'll hand back to Elaine. Thank you.

**ELAINE
CHAVEZ:**

Thank you, Larry. Now we're going to discuss rating factor 3, commitment of sources. With this rating factor, you can get a maximum point-- maximum 10 points. In this exhibit, we're looking for non-capital advanced funding sources that you have secured that are committed for the proposed project.

The funding sources should be specifically identified and should have the ability to be extended since the development of the project may take some time. Some examples of secured financing are a 9% LIHTEC allocation with a pricing letter from an investor, a preliminary 42m letter and/or other allocation document from the Housing Finance Agency for 4% tax credits and an executed letter from an investor showing the intent to purchase the tax credits. Next screen.

Other examples grant award letters. Owner equity to include the minimum capital investment that is specified in section 3C of this NOFO. I would like to add that we really like to see-- we have these funding sources. The funding sources are from the person that-- person or entity that is granting you the sources. We don't want to see, should we get this? We anticipate applying for this. Our intention is if we get the capital advance, then we will seek out other funding.

We want to see that you've actually received the funding and that, should you get awarded the capital advance, that you are shovel ready. That it's only going to take a short period of time for you to-- once you get the capital advance, should you get awarded, that you come to HUD and we can start construction in a very short period of time. Another example, if you can go to the next screen, please. Are anticipated sources. And some anticipated sources, you get points for those as well.

Could be a pricing letter from an investor for an anticipated 4% LIHTEC approval. You must show that you are eligible to submit or have submitted an application to the Housing Finance Agency. The anticipated bond approval date must be within the project timeline and a loan offer with reasonable terms should be listed. I'm going to turn this over to Larry now, who will go over the points you are eligible to receive based on the outside funding sources that you've identified in your application.

**LARRY
FERGISON:**

Thanks for that, Elaine. And it really drives home the point, a bird in hand is worth two in the bush. Right? Because if you have a commitment in hand, we're going to count that fully, and if you have anticipated finance, we're only going to count 50% of that because it's not a commitment. It's still speculative. We hope you get it, but it's not in place. And one of the things that we really are doing with these NOFOs is emphasizing a bit of shovel readiness on the applicant's part, and we're going to score accordingly.

You can get up to 10 points if you've got 90% or more of the total dollar amount for the project and what your external sources are are committed. So part of your application is going to be to provide a sources and uses for your capital development budget. So we are going to be looking to see what the sources of secondary financing, gap financing, tax equity, all of that is, and we're going to be going to this table right here and scoring it accordingly.

So this is where you're going to want to put your best foot forward as an applicant and make sure you've got as many funding sources committed as possible so that you can get into the higher point total range. Ideally you get 10 points on this. Remember, you have to score a minimum of 75 points to get funded through this NOFO. Thanks. Next. I'd like to hand it back to Elaine now.

**ELAINE
CHAVEZ:**

Thank you, Larry. Now we're going to discuss rating factor 4, supportive services plan. In rating factor 4A, you can receive four points. We want you to identify how you have coordinated any services with organizations that are not directly involved with this application with which you as the applicant have worked with that shares your common goals and objectives to provide services that will meet the needs of the residents in a holistic and comprehensive manner.

In part B you can get two points, and here we're looking for how you will assist families and persons experiencing chronic homelessness. Please provide evidence that you have consulted with the relevant public housing authority and/or the continuum of care organization in the area in which the proposed project will be located to develop ways to assist families and persons with disabilities who have been experiencing chronic homelessness. I will now turn this over to Larry so he can discuss item 4C.

**LARRY
FERGISON:**

Thanks, Elaine. And with this 4C, I want to break this down a little bit for everyone because it's kind of a multiple part question. You can get four points here.

So follow along at the beginning here. The extent to which the proposed supportive services meet, one, the identified needs of the anticipated residents and, two, the extent to which the proposed project will remain viable as housing with the availability, making sure that those support services are available for who you're going to be serving for the 40 year affordability period. As you know, the 811 program it's a 40 year term that we have with our financing--

[DOG BARKING]

--commitment with you, and we're partners in this for 40 years. So first off, you want to show how the proposed services are going to meet the needs of the residents. And then on these romanettes we're basically asking what are you going to do if the funding for supportive services runs out. What's your plan B to take care of the service needs of those residents, should supportive services funding dry up?

Or if the state that might be funding services changes its policy and gets out of the business, say, 20 years into your deal, what would you do then? How are you going to maintain services, or what happens in-- this is, again, theoretical, and this last one, if the need for housing the population that you're planning disappears-- hard to believe, but you might have a specialized proposal where maybe you don't get enough residents or prospective residents and you have big vacancies in your project.

What would you do then? So this is all about contingency planning. What are your plans A, B, C? And I would read through that carefully. Think about your longer term plans for the property, your residents, your overall objectives, and do your best. You can get four points for that response. And you should provide or must provide additional information under tab N of your application, which references how these areas exceed program requirements.

So take a look there. Also, again, you want to make sure that you're reading this NOFO from front to back, making sure that you understand it. These are highly complex projects. You should know that by now, so you really want to have an experienced team working with all of the many challenges and issues that come up in putting together your application. Thank you so much, and I'd like to turn it back over to Elaine. Next slide.

**ELAINE
CHAVEZ:**

Hi. Thank you, Larry. Next we're going to discuss rating factor 5, soundness of approach. The maximum amount of points that you can get for this exhibit is 30, and this entire exhibit addresses the equality and effectiveness of your proposal and how close it is to transit, to amenities. Does it have opportunities for the residents to get supportive services? Does it improve their living? Is it designed correctly? Is it close to libraries? Those kinds of things.

The portion that I'm going to discuss specifically is part A. You'll get five points for site approvability. For this portion we are looking at how the proposed project's location will allow the proposed tenant to integrate into the surrounding community to live as independently as possible. We are looking at the ease in which the tenants can access critical amenities such as hospitals, service facilities, such as a licensed adult or senior care centers. Next slide, please.

Grocery stores, churches, parks, recreational facilities, such as senior centers, gyms, libraries. You get the gist. We don't want your residents living where they cannot access any kind of amenities, any kind of thing that a non-disabled person would be able to access with ease. Next slide.

You must describe how the residents can reasonably and readily access these amenities. HUD considers readily accessible if they are within the one half mile walking distance or if they can be accessed by public transportation within one quarter walking mile, including accessible public transportation or affordable, accessible door-to-door shuttle or van services.

One of the things that you must submit is a map of the project showing its relative location to the amenities as supporting evidence that your site is well suited and will attract potential residents. So basically, provide us a map, show us where your project is, and show us where all of these other amenities are. Is there a grocery store? Is there a church? Is there a library? Point those out to us so that we see that your project will be offering amenities such as these to the residents that you are going to serve. Thank you. Now I'm turning it back over to Larry.

**LARRY
FERGISON:**

Thank you, Elaine, and you raised some really good points there about what constitutes a really great site and what the neighborhood context we'd like to-- what we'd like to see. We have additional information on this for you all as prospective applicants to consider in our environmental webinar.

So again, I strongly suggest that you check that out because it will give you advice consistent with what Elaine just said. So we do really want to help you out with this. Again, a general help. We are, again, listing out our application tips, and I just want to keep in mind-- next slide-- is that we really do want to fund as many applications as we can, but you've got to get 75 or more points.

That's what we want to make sure. Don't forget about the preference points on page 74. Check out all the webinars. Just give yourself as much time as you can. Get going on those UEI numbers. Get those all approved. Things take time, and more time than you might imagine. So we encourage you to get rolling with it now. And again, applications are going to be due February 12, 2024. And next slide

If you have questions, please write us at 811capadvance, all one word, at hud.gov. Good luck with those applications, and we really appreciate your interest in this program that really does make a positive difference in the lives of residents served. And those of you who have done 811 work with us in the past know that this is true. So thanks once again, and this concludes our presentation this webinar today. Good luck. Be well. Thank you.

ELAINE

Good luck. Thank you.

CHAVEZ: