

**FY 2019 Section 811 Supportive Housing for Persons with Disabilities (Capital Advance)
Notice of Funding Availability (NOFA) Frequently Asked Questions (FAQs)**

General Application Questions

1. Does the \$2,500,000 award maximum include the 1-year PRAC and the total development cost?

Yes, the \$2,500,000 award maximum does include 1-year PRAC and total development cost unless the project proposed is assisted with low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986 (26 USCS § 42) or with any tax-exempt housing bonds; in that case, the PRAC will provide funding for five years.

2. When will the decisions be made on the awards?

The decisions for the awards will be made late summer/early fall.

3. How will the award be calculated? Is it tied to the number units of permanent support housing reserved?

Applicants should request the amount of Capital Advance needed to support the project. The amount of the Capital Advance funds requested may not exceed the Total Development Cost as published by HUD, please visit https://www.hud.gov/sites/dfiles/PIH/documents/TDCs_2019_Final.pdf. The development cost limit is determined by identifying the appropriate building type (elevator, non-elevator) and unit size(s) in the development proposal. Funds must not exceed the total development cost limits for no more than 25% of units in Integrated Housing.

4. Does the Project Rental Assistance Contract (PRAC) provide operational funds for five years and does it represent the gap between actual operating costs and rental income from the residents?

Yes, the PRAC covers the difference between tenant contribution towards rent and the HUD-approved operating cost. The PRAC provides operation funds for 1-year unless the project is developed with low-income housing credits or tax-exempt housing bonds, in which case the funds will be for five years.

5. How does the previous/existing State Agency controlled 811 PRA fit with the Section 811 NOFA?

The Project Rental Assistance (PRA) Section 811 Supportive Housing for Persons with Disabilities provides a separate type of rental assistance to state housing agencies to provide housing for extremely low-income persons with disabilities. The Section 811 (Capital Advance) may not be used in the finance of properties that will use 811 PRA funds.

6. What is the average size of the grant awarded?

HUD is unable to provide the average size of the grant awarded as the FY 2019 Section 811 (Capital Advance) NOFA provides a different approach to prior years NOFAs. However, The amount of the Capital Advance funds requested may not exceed the Total Development Cost as published by HUD at this https://www.hud.gov/sites/dfiles/PIH/documents/TDCs_2019_Final.pdf.

7. What is typical amount of PRAC given to a project?

HUD is unable to provide the typical amount of PRAC given to a project as the 2019 Section 811 (Capital Advance) NOFA provides a different approach to prior years NOFAs. The PRAC under this NOFA will provide for 1-year or 5 years (for projects develop with low-income housing tax credits or tax-exempt housing bonds).

25 Percent Restriction

Is the NOFA that funding is available for the entire project, or is funding only available for the funding available only to be used for the persons with disabilities (25% of the total project)?

The funding is only available for up to 25% of the total project costs that will used to support persons with disabilities, unless the funds are being used to develop a group home.

Applicant Eligibility

1. May counties apply for the NOFA or is the NOFA restricted to non-profit organizations?

The 2019 Section 811 (Capital Advance) NOFA opportunity is restricted to non-profit organizations. Counties are not an eligible applicant under this program.

2. Would a 501 (c)(3) organization that currently has 25 group homes be a viable candidate to apply for this grant directly through HUD?

Yes, as a nonprofit organization with a section 501(c)(3), you are eligible to apply if you meet the threshold requirements of the NOFA. Please read Section III.D. Threshold Eligibility Requirements in the NOFA.

3. My organization is a 501(c)3 builder of single-family housing for low-income individuals and families, including the disabled. Am I eligible to apply?

Yes, as a nonprofit organization with a section 501(c)(3), you are eligible to apply if you meet the threshold requirements of the NOFA. However, single-family housing is not an

eligible project type under the NOFA. Please read Section III.D. Threshold Eligibility Requirements and 5. Project Type in the NOFA.

4. Are Federally recognized Tribes eligible applicants for this funding?

No. Eligible applicants are Sponsors or Co-Sponsors that are nonprofit organizations with a section 501(c)(3) tax exemption from the Internal Revenue Service, other than institutions of higher education, and who meet the threshold requirements in the NOFA. Please read Section III.D. Threshold Eligibility Requirements.

5. Can a non-profit with extensive development experience (we have developed over 14 HUD Section 811 projects and almost 1,000 units of affordable housing through mixed financing) partner with a for-profit entity who has a low-income housing tax credit deal funded but not yet under construction?

In accordance with 24 CFR 891.800, capital advance funds may be used in combination with other non-Section 811 funding sources leveraged by a single-purpose and single-asset for-profit limited partnership to develop a mixed-finance project, which may or may not include additional unassisted housing units for persons with disabilities over and above the Section 811 units.

Development Costs

On page 12 of the HUD 811 NOFA, there is a reference to Total Development Costs. The link appears to be missing. Can you please provide the link, as we'd like to make sure that we are using the correct figures? "3. Development Cost Limitations. The amount of the Capital Advance funds requested may not exceed the Total Development Cost as published by HUD at this location.

Here is the link to the 2019 Total Development Cost Limits,
https://www.hud.gov/sites/dfiles/PIH/documents/TDCs_2019_Final.pdf.

Disability Types

1. Define what types of disabilities meet the eligibility requirement? Specifically, are individuals with severe and persistent mental illness eligible for housing under this program.

Persons with Disabilities shall have the meaning provided in Section 811 of the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 8013(k)(2)) and 24 C.F.R 891.305. Persons with Disabilities.

- 2. Persons exiting or in current treatment for Substance Use Disorder (SUD): would such persons be considered to be a person with a disability for the purposes of the projects funded under this opportunity?**

Persons exiting or in current treatment for Substance Use Disorder (SUD) must meet the definition of Persons with Disabilities provided in Section 811 of Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 8013 (k)(2)) and 24 C.F.R. 891.305. A person whose sole impairment is alcoholism or drug addiction does not meet the qualifying criteria in section 811 (42 U.S.C. 8013(k)(2)) and will not be eligible for occupancy in a Section 811 project.

Eligible Project

- 1. We have been awarded 9% under the Low-Income Housing Tax Credit program which has a set-aside of 50% or more for Individuals with intellectual and Developmental Disabilities. Would this development be able to apply for the Section 811 Capital Funds and be awarded a Project Rental Assistance Contract (PRAC) for up to 25% of the units?**

The number of units set aside for persons with disabilities within a condominium or multifamily property including supportive housing for persons with disabilities or to which any occupancy preference for persons with disabilities applies, may not exceed 25 percent of the total number of dwelling units. Therefore, a project that has a set-aside of 50% more for Individuals with intellectual and Development Disabilities would not be an eligible project under the NOFA.

- 2. Does the NOFA allow for the remodeling of an existing home to become more accessible? If yes, does NOFA require the grantee to match funds.**

No, the NOFA does not allow for funds to be use remodel an existing home to become more accessible.

- 3. Are funds allowed to cover the full cost of the purchase of three to four residential homes in different locations throughout the city to use as group homes for very low income mentally ill disabled adults, with each home serving four adults in their own rooms?**

Yes, funds under this NOFA can be used to purchase group homes for very-low income persons with disabilities. However, the NOFA encourages applicants to leverage funds from other sources of funds to support the purchase of the Section 811 units. Please read Section III.F.3. Site Control and Zoning of the NOFA for acceptable documentation. In addition, please read Section I.A.4.a. Group Home of the NOFA for more information.

- 4. The project we are contemplating is for the demolition and new construction of an existing, occupied, group home that is functionally obsolete. The structure, however, is currently occupied by individuals with disabilities. On page 46 of the capital advance application RFP, under funding restrictions, item b, it reads “Housing that you currently own or lease that has been occupied by people with disabilities for longer than one year prior to the application deadline date” are not eligible for a capital advance. This language appears to contradict a proposed renovation project and really limits the use of funds, such that in case, a vacant building that has been sitting for years would be more eligible than our proposed project. Could you kindly advise in our interpretation that we would, under this definition, not be eligible, or is this an oversight?**

The demolition and the new construction of an existing occupied group home is ineligible for funding. The NOFA restricts funding for housing that you currently own or lease that has been occupied by people with disabilities for longer than one year prior to the application deadline date.

- 5. Does HUD expect a project requesting these funds to set-aside 5, 10, 15% or more units for permanent supportive housing?**

HUD does not have an expectation for project requesting funds to set-aside 5, 10, 15% or more units for permanent supportive housing this set-aside is up to the applicant. However, the number of units set aside for persons with disabilities within a condominium or multifamily property including supportive housing for persons with disabilities or to which any occupancy preference for persons with disabilities applies, may not exceed 25 percent of the total number of dwelling units.

- 6. I have a proposal to mass produce energy efficient single-family homes that can be customized for persons with disabilities. Would my project be eligible for funding?**

No, this project would not be eligible for funding. For more information on eligible project types, please read Section III.D.5. Project Type.

- 7. If a building/development is limited to 25% of its units designated as Section 811 units. With that in mind, is a mix of units allowed such as a combination of Section 202 units and/or LIHTC senior (over age 55) units in one building/development? LIHTC developments consider seniors as age 55, could Section 811 units in a LIHTC building be limited to that “window” between the age of 55 and 62?**

Previously awarded Capital Advance/Project Rental Assistance Contract (PRAC) funds must not be combined with funding under this NOFA. Statutorily, a property is prohibited from having multiple Capital Advance instruments. Units supported by 811 shall be made available to all eligible tenants. A project shall not set further age restrictions or targets on any 811 PRAC units. See Question #10 below.

8. Is a license assisted living facility in compliance with HCBS Setting Rule an eligible project type under this funding?

No, a licensed assisted living facility is not an eligible project type under this funding.

9. Does 100% of the units in a group home MUST be made available for persons with disabilities? Is it permissible for half the units to be used for people with disabilities and half for people without disabilities?

Yes, 100% of the units in a group home must be made available for persons with disabilities. The minimum and maximum number of persons with disabilities that can reside in a group home must be in accordance with your State Transition Plan and the requirements under the Section 811 program. Applicants should ensure that any proposed Group Home meets the Home and Community Based Settings (HCBS) and size requirements allowed within the state Transition Plan where the housing is to be developed. Additional information can be found at <https://www.medicaid.gov/medicaid/hcbs/transition-plan/index.html> and <https://www.medicaid.gov/medicaid/home-community-based-services/guidance/home-community-based-services-final-regulation/index.html>. An additional one-bedroom unit can be provided for a resident manager.

An eligible project must either be integrated, with no more than 25% of the unit for people with disabilities OR the project may be a group home, a small project with 100% of the units for people with disabilities. A project with 50% of the units for people with disabilities is not an eligible project.

10. Can the Section 811 units be located in a senior designated building (age 55+)?

The NOFA does not prohibit the 811 units to be located in a senior designated building (age 55+). However, the 811 units must be available to all residents with disabilities that are between the ages of 18-61.

Site Control

Can an applicant pursue this opportunity without have site control?

All proposals must provide evidence of site control. Site-identified proposals are ineligible. Acceptable documentation of site control may be a deed, or lease, or a purchase agreement, or an option to purchase the site and is contingent only upon receipt of the grant from this NOFA, or an agreement to enter into a lease, or a letter stating the terms of the sale or lease. Please read Section III.F.3, Site Control and Zoning of the NOFA for more information.

Supportive Services

The sponsor would like to restrict occupancy of all units to persons with disabilities and is preparing its supportive services plan for State/local agency review accordingly. The NOFA (in section 9 e) indicates that applicants may restrict occupancy with the Secretary's approval. The question is: do we need to obtain this approval before we submit the application or is the request a part of the application?

No, you do not need to obtain approval of your occupancy restriction from HUD prior to submission of your application. HUD will determine if your occupancy restriction is feasible during the application review.