

## FY13 NOFA FAQ for Section 811 Project Rental Assistance (PRA)

1. **Question: The Technical Correction mentions but does not include an Appendix C.**

**Answer:** The updated Budget Worksheet (form HUD-92239-PRA) is Appendix C.

2. **Question: Are we required to use the new revised budget worksheet (form HUD-92239-PRA) Appendix C?**

**Answer:** Yes this is a required worksheet. An updated budget worksheet was uploaded on grants.gov on Monday, April 28, 2014. The changes made to Appendix C were the following:

- a. Budget spreadsheets were added to worksheet tabs: Year 3, Year 4, Year 5, Year 6, Year 7, Year 8.
- b. HUD Forms Numbers were corrected to worksheet tabs: Year 3, Year 4, Year 5, Year 6, Year 7, Year 8.
- c. The formulas for Direct Costs were corrected to the "All Years" worksheet tab.

**Note:** Applicants will need to make the following updates to the budget worksheet:

- a. The "Annual Escalator" on the "Assumptions" worksheet should be modified based on an anticipated escalator for the applicant. Applicants can adjust the 3% figure listed on the "Assumptions" worksheet.
- b. There is not a formula for the "Annual Escalator" on the "Assumptions" worksheet for Years 2 - 8. The applicant should include an "Annual Escalator" formula in the final budget in Years 2 through 8.
- c. There is not a formula for the "Rental Assistance" in the "All Years" worksheet for Years 1 - 8. The applicant should add the cumulative "Rental Assistance"

amounts for Years 1 - 8 for “HUD Share”, “State Share”, and “Local/Tribal Share” in the “All Years” worksheet in Line Item F, Contractual.

- d. There is not a formula for the “Administrative Costs” in the “All Years” worksheet for Years 1 - 8. . The applicant should add the cumulative “Administrative Cost” amounts for Years 1 - 8 in the “All Years” worksheet in Line Item H, Other (Direct Costs).

**3. Question: Page 32, Section V.B.3.a.(4). The first sentence in the second paragraph is confusing. Can you please clarify?**

**Answer:** Delete the first sentence in the second paragraph and replace with the following:

“Average tenant payment in the Section 811 PRA program should be very similar if not the same tenant payment characteristics as tenants in the 811 PRAC program.”

**4. Question: We don’t feel the form HUD-92239-PRA allows us to adequately describe to HUD the complex budget and underlying assumptions as required in Rating Factor 3.a.4. – Calculation of PRA funds. In addition to form HUD-92239-PRA, may we submit a more detailed budget?**

**Answer:** Yes, applicants are required to provide an additional detailed budget that illustrates the critical dimensions of the proposed program as required in Rating Factor 3.a.4. Such a budget will assist an applicant to demonstrate to HUD that the Grantee has addressed all of the HUD requirements including:

- Eligible Applicants must identify what will be used for establishing initial rents as well as annual rent adjustments and any other assumptions used in projecting the amount of PRA funds required. In no circumstance may the initial RAC rent level exceed the applicable Section 8 Fair Market Rent, unless such rent level is substantiated by a market study that has been prepared in accordance with the

requirements of a state housing agency or of Chapter 9 of HUD's Section 8 Renewal Guide (see

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/mfhsec8](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhsec8))

as approved by HUD – see Section III.C.3 Program Requirements.

- The budget should include and explain any variables that impact rent calculation such as differing FMRs across regions and numbers of different size units.
- If the applicant proposes under Rating Factor 4 to leverage units below 50% of AMI, these lower rent levels should be illustrated in the calculations. Applicant should explain the calculation.
- Rents can only be adjusted annually based upon 1) HUD's Operating Cost Adjustment Factor (OCAF), or 2) other operating cost index proposed by the applicant and approved by HUD.
- Eligible Applicants should use one of the following data sets to determine the expected average tenant payment: a) the average tenant payment in the Section 811 PRAC program, available as Appendix B, or b) the average state median income also available on HUD's website at [http://www.huduser.org/portal/datasets/il/il12/IncomeLimitsBriefingMaterial\\_FY12\\_v2.pdf](http://www.huduser.org/portal/datasets/il/il12/IncomeLimitsBriefingMaterial_FY12_v2.pdf). Average tenant payment in the Section 811 PRA program should have very similar if not the same tenant payment characteristics as tenants in the 811 PRAC program. In addition to the budget above, applicants can propose to use a different average tenant payment and include a second budget, however, a justification with appropriate documentation must be included, and HUD will determine which budget is acceptable.
- The initial award of PRA funds is for a five year period. If an applicant requests PRA for 100 units, for example, the request to HUD must be for five years of funding for each of the 100 units. If five years of funding for each requested unit results in a request to HUD that is greater than \$12 million, the applicant must lower the number of units requested. It is likely that not all 100 units will be in place on Day 1

of the program. Applicants with units that are leased up in Year 3 will have funds expended out into Year 8 (Year 3 plus five years equals Year 8).

- Administrative costs are allowable at a rate of up eight (8) percent of the rental assistance requested, not of the total award. The maximum PRA award is \$12 million. This means the maximum Rental Assistance request allowed is \$11,111,111 and the Maximum Administrative request allowed is \$888,888.

**5. Question: How should the Total Administrative Costs be calculated?**

**Answer:** Administrative Costs are calculated at a rate of up to eight (8) percent of the rental assistance Grant amount requested on the Grant application.

**6. Question: Page 15, Section III.C.3.j. The regulations specific to the Americans with Disabilities Act references “28 CFR parts 36 and 36, as applicable”. Is 28 CFR part 36 the only regulation to follow, or is there a second regulation?**

**Answer:** The correct regulations to follow for the Americans with Disabilities Act is the following:

“28 CFR parts 35 and 36, as applicable”.

**7. Question: The homepage of grants.gov has the following message: “GRANTS.GOV System Enhancement: System Outage May 10-12, 2014 Release 12.3.4-SAM Integration & Minor Enhancements”. Will this affect application submissions?**

**Answer:** Applications will not be accepted on grants.gov during May 10-12, 2014. The application deadline is May 14, 2014. Please make certain that your application is submitted through grants.gov before or after the system outage.