

Section 811 Project Rental Assistances (PRA) Frequently Asked Questions (FAQs)

(Questions #1-16 are from March 2014 FAQs)

1. Question: Grantees requested clarification regarding the A-133 audit requirements.

Answer: All non-Federal entities that expend \$500,000 or more of Federal awards in a year are required to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-133, the OMB Circular Compliance Supplement and Government Auditing Standards. Additional information can be found at

http://www.whitehouse.gov/omb/financial_fin_single_audit.

A single organization-wide audit is intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted in lieu of multiple audits of individual programs. HUD expects that the Grantees will include the PRA Demo in their A-133 audit and does not require a separate audit. HUD understands that in states with multiple federal programs, the A-133 audit may not select the PRA Demo for review each year.

2. Question: Grantees expressed concern complying with the Fidelity Bond Coverage requirements outlined in the Cooperative Agreement Section XXI. Specifically, the coverage may conflict with some state procedures or laws.

Answer: HUD will add the following statement in the Cooperative Agreement Section XXI, *“HUD will allow Grantee to utilize the Grantee’s state self-insurance/fidelity bond program upon evidence that under the state program the Grantee and HUD shall also be compensated for any theft, fraud, or other loss of program property resulting from the misconduct of Grantee’s employees. Evidence may come in the form of an opinion letter from the Grantee’s legal counsel*

or director indicating the state law authorizing the coverage and that the coverage includes the Grantee and any contracts entered into by the Grantee.”

3. Question: Grantees requested confirmation that every 6 months recertification is required for the Line of Credit Control System (LOCCS).

Answer: The LOCCS is used across HUD programs. The LOCCS requirements outlined in the Cooperative Agreement Section XIII are standardized system requirements. For example, the requirement that form HUD-27054 must be recertified every 6 months by each LOCCS User’s Approving Official is a system requirement that cannot be modified for the PRA Demo.

Question: Some Grantees identified specific language in the Cooperative Agreement or related documents that conflicts with their state law, for example security deposit requirements.

Answer: Grantees may use Exhibit 12 to identify any language in the Cooperative Agreement and/or other documents that specifically conflicts with state law. HUD will work with Grantees on a case by case basis to whether alternative language or an exemption is appropriate and include such in Exhibit 12.

4. Question: Grantees requested clarification of the requirement to keep records for 23 years. Specifically, Grantees requested clarification of the following section in the Cooperative Agreement Section XIII, F:

“Documentation of Expenses...This information must be made available to HUD upon request and maintained for a period of at least three (3) years after the expiration of the Performance Period, or the date of last payment, whichever occurs last.”

Answer: HUD will revise the language in the Cooperative Agreement. Retention of all records should be three (3) years after the initial funding cycle. For example, records from year

1 to year 5 can be purged at year 8. HUD will provide the following clarifications in the Cooperative Agreement:

“Documentation of Expenses...This information must be made available to HUD upon request and maintained for a period of at least three (3) years after the *initial funding cycle*, or the date of the last payment in the *initial funding cycle*, whichever occurs last.

5. Question: Grantees request clarification that flood Insurance is not required for existing developments that are not in the flood plain.

Answer: Flood insurance is required in areas designated by FEMA’s Flood Insurance Rate Maps as in the 100-year floodplain. HUD will revise the Rental Assistance Contract (RAC) to accurately reflect this requirement.

6. Question: Grantees request clarification as to whether existing units that are not “HUD-Assisted” are required to comply with PRA.215 (Environmental Requirements and Environmental Assurance).

Answer: The requirements of PRA.215 apply to all applications / projects, unless one of the exceptions specifically articulated within PRA.215 applies. There is no exception that would apply to all existing units that are not HUD-assisted.

7. Question: Grantees request that a Part 58 review be considered compliant with PRA.215 (Environmental Requirements and Environmental Assurance).

Answer: A Part 58 review is not the same as the Part 50 review required for the PRA program. The requirements of PRA.215 must be met, and a Part 58 review will not meet those requirements in all circumstances. The Grantee must determine whether all or part of a Part 58 review is sufficient to comply with the requirements of PRA.215. Applicable documentation and

analysis from a Part 58 review may be utilized to demonstrate that PRA.215 requirements have been met as appropriate. The information used to meet the requirements of PRA.215 must be maintained with the project's documentation.

8. Question: Grantees request that HUD allow Grantees to use alternatives to the TRACS system.

Answer: HUD is not able to allow an alternative to the TRACS system.

9. Question: Grantees were concerned that the language in the Cooperative Agreement XII D required them to take on responsibilities that should be the responsibility of the owners or service providers.

Answer: HUD will revise the language in the Cooperative Agreement to state, *"The Grantee must ensure that a process is in place to resolve an appeal of a resident dispute with the owner. The Grantee must ensure that the owner operates the property in accordance with health and safety standards, and maintains positive relations with the Eligible Tenants."*

10. Question: Grantees requested clarification of the eligibility of properties/units with existing use restrictions. Specifically, Grantees requested clarification of the following sections in PRA.305 (Limitations on Assisted Units):

"(a) Eligible Multifamily Properties may only receive Rental Assistance Payments if the housing assisted does not currently have an existing use restriction."

"(c) No more than twenty five percent of the total units in Eligible Multifamily Properties can: (1) be provided Rental Assistance Payments; (2) be used for supportive housing for persons with disabilities; or (3) have any occupancy preference for Persons with Disabilities."

Answer: HUD will provide the following clarifications in the PRA Guidelines:

“(a) Eligible Multifamily Properties may only receive Rental Assistance Payments if the housing assisted does not currently have an existing use restriction *for persons with disabilities.*”

“(c) No more than twenty five percent of the total units in Eligible Multifamily Properties can: (1) be provided Rental Assistance Payments; (2) *be restricted to* supportive housing for persons with disabilities; or (3) have any occupancy preference for Persons with Disabilities.”

11. Question: Grantees asked when a RAC is executed with an Owner, do the total number of units listed on the Exhibit 1 of the RAC need to be vacant and ready to be leased to persons with disabilities?

Answer: No. For example, a Grantee can enter into a RAC with an Owner for 10 units, of which only 3 units are available and ready to be leased when the RAC is executed. While units can be placed under a RAC in anticipation of their availability (turnover / completed construction), the PRA units need to become available in a reasonable period of time, generally 6-9 months. If the total number of PRA units identified in the RAC are not occupied in a timely manner, the Grantee must reevaluate the program and amend the number of PRA units on the appropriate RAC(s) to make certain that PRA funds are appropriately utilized to address the pressing housing needs of extremely low-income persons with disabilities.

12. Question: Grantees requested clarification if unit numbers can float at a property and if the RAC was going to define specific unit locations.

Answer: Unit numbers may float at a property. Owners are not required to identify unit numbers or specific locations of units when signing Part I or Part II of the RAC.

13. Question: The NOFA provided Grantees with a required tenant assistance payment (based on state-by-state average 811 tenant contributions). Can the Grantee use a different tenant payment in calculating its revised budget to be included in the Cooperative Agreement?

Answer: If a Grantee feels that their program will have a different tenant contribution towards rent, the Grantee may submit documentation of why the tenant contribution will vary and propose an amended budget reflecting the new tenant contribution amount.

14. Question: Must the Grantee be notified when an Owner has over-crowded or under-utilized units?

Answer: Except at initial occupancy when overcrowding or under-utilization cannot occur, Grantees may determine their own requirements on notification from owners when units are over-crowded or underutilized. For example, if a Grantee is managing the transfer waiting list, it will be critical that the Grantee is notified when over/under housing occurs, so the transfer waiting list can be managed appropriately.

At initial occupancy, Owners and Grantees may not place a lower number of residents in a unit than allowed for occupancy by HUD Handbook 4350.3 Chapter 3-23 or another reasonable standard developed by the Grantee. For example, a single resident may not occupy a two-bedroom unit unless the second bedroom is required as a reasonable accommodation, e.g. for a live-in aide or medical equipment.

15. Question: Grantees requested clarification of vacancy payments.

Answer: Grantees may choose whether or not to offer vacancy payments in their program. If Grantees choose to offer vacancy payments, a Rental Assistance Payment may be made to the Owner for a vacant Assisted Unit of up to 80 percent of the Contract Rent for up to 60 days of vacancy. Grantees may choose to offer the Owner less than 80% of the Contract Rent.

16. Question: After the initial five years of funding, Grantees will receive a single years' worth of funding each year as long as Congress appropriates the funding. Grantees requested HUD renew funding for more than one year at a time after the first five years.

Answer: The length of the Rental Assistance Contract (RAC) and the annual appropriation of subsidy are different. The RAC will be for 20 years. After 5 years the contract will continue but funding will be subject to annual appropriations. Most other HUD programs including the Housing Choice Voucher program, HEARTH rental assistance and others are also subject to annual appropriation by Congress.

17. Question: Once a Grantee's program is implemented, the annual budget, number of units, target population and other program variables might change. Will the Cooperative Agreement limit the flexibility of the program to readily accommodate these types of changes?

Answer: HUD understands that program modifications are highly likely. HUD needs to be informed in a timely manner of substantial program modifications. The Grantee's quarterly reports will provide an opportunity to inform HUD of changes.

Generally, Grantee shall notify HUD in the quarterly report of significant changes to program variables covered in the Grantee Program Description (Exhibit 4), the Grantee's Interagency Partnership Agreement (Exhibit 3), the Budget or the Schedule (Exhibit 6). However, Grantees are encouraged to notify HUD prior to the quarterly report and to contact HUD or its Technical Assistance (TA) provider to discuss significant proposed changes and their impact on the program. Grantees should be advised in no event may the changes made to the Cooperative Agreement be in conflict with HUD's statutory, regulatory or administrative requirements. If HUD determines the changes are in conflict with HUD's requirements, HUD shall advise the Grantee to modify or strike out the offending terms.

18. Question: Can PRA inspection, utility allowance and rent adjustment effective dates be aligned with other programs such as LIHTC and HOME?

Answer: HUD agrees with the principle of realignment and agrees to do so where possible.

- Inspections: The PRA Guidelines PRA.406 provides that *“a physical inspection pursuant to Uniform Physical Condition Standards (UPCS) must also be performed of the Assisted Units and related facilities at a frequency that conforms to the property’s other existing federal or state housing programs, but at least every 3 years, and at such other times as may be necessary. If multiple federal or state housing programs are layered at the property, the frequency of the physical inspection shall be determined by the most stringent UPCS standard, with a minimum of every 3 years.”*
- Utility Allowances: The RAC, Part II, Section 2.7 (f) allows an owner to align utility allowances with other underlying programs.
- Rent Adjustment Effective Date: Rent adjustments will be adjusted on the anniversary date of the Rental Assistance Contract (RAC). The RAC, Part II, Section 2.7 (b)(2) indicates that *“Within the first year of the Contract and with approval from HUD, the Owner may request to align their Contract anniversary date with existing federal or state housing programs layered at the property.”*

19. Question: In regard to UPCS inspections, can other inspection standards, such as HQS, be allowed in order to align PRA with other existing programs?

Answer: No. Grantees must use UPCS as required in the NOFA. Please note that HUD is engaged in an intergovernmental initiative with the Internal Revenue Service and the Department of Agriculture to align regulations and requirements among federal housing assistance programs and this may result in some changes at a later date.

20. Question: Grantees requested clarification regarding the data collection and reporting requirements for the PRA Demo.

Answer: HUD is in the final stages of completing the quarterly reporting form that Grantees will be required to use. HUD plans to review the draft requirements with Grantees.

21. Question: Grantees requested clarification on the Davis Bacon requirements for the 811 PRA program. Specifically, if a project has HOME units that are below the HOME threshold for Davis Bacon, will the 811 PRA program require Davis Bacon independently or is there another requirement that combines the federal assistance?

Answer: An Owner should analyze the applicable programs and go with the higher Davis Bacon threshold of the two (if there is a difference). For example, if a project has ten 811 PRA units and ten HOME-assisted units, Davis Bacon would not be triggered by the PRA assistance. However, if a project has thirteen 811 PRA units and ten HOME-assisted units, Davis Bacon would apply.

22. Question: Grantees asked whether the required Energy and Water Conservation requirements PRA.214 apply to projects that have not begun construction.

Answer: HUD is interested in ensuring long-term operating cost efficiency for the project and the low income tenants who will pay utility bills. HUD will not require major changes to systems if the PRA is awarded post construction start, but will require energy and water conservation standards to be followed in any part of the construction not complete or fully designed and built out. For existing projects HUD encourages future purchases of appliances to meet Energy Star standards.

23. Question: Does Lead Based Paint requirements PRA.217 (Lead Based Paint) apply to any project that receives an annual average of more than \$5,000 in rental assistance per year?

Answer: Yes, Lead Based Paint requirements will apply.

24. Question: When establishing the initial rents, do Grantees have the ability to use tax credit ceiling rent if they are above FMRs?

Answer: If the tax credit ceiling rents are above FMRs, then the tax credit rents must be substantiated by a market study prepared in accordance with the requirements of a Grantee, the Section 8 Renewal Guide, or as approved by HUD based upon market survey data.

Reference: Fiscal Year 12 NOFA and RAC, Part II, Section 2.7 (a), *“Grantee and Owner agrees that in no circumstance may the initial RAC rent level exceed the applicable Section 8 Fair Market Rent (FMR) level as determined by HUD, 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 or as approved by HUD.”*

25. Question: Grantees asked why the RAC and Use Restriction are not co-terminus.

Answer: The statute requires a use requirement of 30 years. The maximum length of a RAC is 20 years. The expectation is that the RAC will be renewed at the end of the first 20 years.

26. Question: Can a Grantee attach a RAC to existing developments in any stage of the development process?

Answer: Yes. A Grantee may attach a RAC at any stage of the development process; however, funding under a RAC can only initiate as units are occupied.

27. Question: If PRA units are not leased in a timely manner due to the lack of demand for PRA units or the location of a property is not as desirable as originally intended, can some of the units in a RAC be moved from one property to another?

Answer: Yes. If units on a RAC are not occupied in a reasonable period of time, generally 6-9 months, due to the location of a property/lack of demand for PRA units, then the Grantee is encouraged to move the units from one property to another to make certain that PRA funds are appropriately utilized. Exhibit 1, Part I, of the RAC must be amended to actually reflect the amount of PRA units the Grantee intends to lease at a property.

28. Question: Grantees asked to be allowed to terminate a RAC.

Answer: HUD acknowledges that a Grantee may need to terminate a RAC due to lack of interest from a PRA eligible applicant in a particular location, insufficient unit sizes, or persistent lack of Owner compliance with UPCS/occupancy related issues. Therefore, a Grantee may initiate the request to terminate the RAC and “zero out” an active RAC. If the termination of a RAC is due to unforeseen circumstances, other than lack of Owner compliance, then the Grantee and the Owner must mutually agree to end the RAC. The Grantee may then move the units to a new development and issue a new RAC to the owner of this new development.

29. Question: Can an owner request to opt-out of an active RAC because they no longer want to participate in the 811 PRA program?

Answer: The RAC is a 20-year commitment on the owner’s behalf. Although a Grantee has discretion to terminate a RAC due to the unique circumstances described in Question 28 (above), an Owner cannot be approved to opt-out of a RAC in the middle of their 20-year term.

30. Question: Grantees requested clarification as to whether Owners can evict tenants if the RAC is no longer funded.

Answer: If the RAC ceases to be funded and the tenant is unable to pay the full contract rent, the Owner is allowed to implement the lease's eviction clause. The Owner will be required to secure a summary eviction from the state or local Court system.

If this occurs, it would be HUD's intention to protect the tenants. HUD, for example, would seek vouchers such as tenant protection vouchers, to prevent homelessness. Note also that in their application for PRA Demo funding, each Grantee outlined the steps they would take should PRA funds become unavailable.

31. Question: Is a duplex an Eligible Multifamily Property to participate in the 811 PRA program?

Answer: No. An Eligible Multifamily Property can be any new or existing property owned by a nonprofit or a private entity with at least 5 housing units.

32. Question: Grantees requested clarification regarding who is responsible for implementing the Affirmative Fair Housing Marketing Plan (AFHMP).

Answer: In the Interagency Partnership Agreement and application for PRA funds, each Grantee outlined the specific methods they planned to use for outreach and referral. Generally, outreach will be conducted by the Grantee and/or one of its partners at the state and/or local level. In some instances it is possible that the Owner will be involved in marketing the PRA units but that is generally not the case for the applications approved in the FY12 funding round.

Each Grantee is expected to develop an AFHMP which affirmatively furthers fair housing. For example, if the Grantee plans to serve persons transitioning from nursing facilities, the

Grantee, with the assistance of its partners, would identify any subpopulations of persons living in nursing facilities who might be harder to reach such as persons whose primary language is Spanish or Russian. The AFHMP would include methods of effectively reaching out to these individuals.

HUD will provide additional guidance. Regardless of how outreach is conducted, the Grantee is responsible to ensure compliance with HUD affirmative outreach requirements.

33. Question: Grantee requested guidance on how to register and access HUD systems.

Answer: See below for instructions to access the following HUD systems:

1. TRACS: Users may refer to the following:

- Industry User Guide for TRACS Internet Applications
<http://www.hud.gov/offices/hsg/mfh/trx/trxngde.cfm>
- MF Helpdesk
Telephone: 1-800-767-7588
Email: tracs_hotline@hud.gov

2. eLOCCS: Users may refer to the following:

- eLOCCS Getting Started Guide for Section 8 Contract Administrators
<http://www.hud.gov/offices/cfo/loccsguide.pdf>
- eLOCCS Helpdesk
Telephone: 571-766-2916
Email: eLOCCS@hud.gov

3. iREMS: Users may refer to the following:

- iREMS User Guide
<http://www.hud.gov/offices/hsg/mfh/rem/ug/rem sug.cfm>
- MF Helpdesk
Telephone: 1-800-767-7588
Email: realestatemgmt@hud.gov

4. **EIV:** Users may refer to the following:
- Instructions posted on the Multifamily EIV website at:
<http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivapps.cfm>
 - MF Helpdesk
Telephone: 1-800-767-7588
Email: Mf_Eiv@hud.gov
 - Several other resources are available to EIV users in **HUD Handbook 4350.3 Chapter 9-22**. Owners should visit the Multifamily EIV website often for updated documents and/or announcements.
5. **General Updates:** Owners/Grantees may sign up for HUD's Multifamily Housing RHIP (Rental Housing Integrity Improvement Program) ListServ. General Multifamily updates are emailed on this ListServ:
- <http://www.hud.gov/subscribe/signup.cfm?listname=Multifamily%20Housing%20RHIP%20%28Rental%20Housing%20Integrity%20Improvement%20Program%29%20Tips&list=MFH-RHIP-TIPS-L>

34. Question: What is the owner's deadline to submit TRACS submissions to the Grantee?

Answer: The deadline for transmission of vouchers (form HUD-52670) and all related TRACS files supporting the voucher is the 10th day of the month directly preceding the voucher payment month. For example, the February voucher TRACS transmission would be due to the Grantee on January 10.

35. Question: How do the Section 504 requirements impact a development which is not otherwise subject to the regulation such as developments whose sole public source of funds is the Low Income Housing Tax Credit?

Answer: Section 504 of the Rehabilitation Act and HUD's implementing regulations at 24 CFR part 8 are triggered by the receipt of Federal financial assistance. Grantees and owners

participating in the Section 811 PRA program are subject to Section 504; therefore the entire development is covered by Section 504 because of this receipt of Federal funding. This includes, for example, reasonable accommodation requirements, effective communication obligations, and ensuring program accessibility for individuals with disabilities. Covered multifamily dwellings as defined in 24 CFR part 100 must also meet the design and construction requirements of the Fair Housing Act.

Note: Grantees may impose their own requirements as needed. For example, if a Grantee determines that most of the units for the program must be wheelchair accessible, the Grantee may decide to require Owners to provide a higher level of accessibility in the common or outdoor areas that would not necessarily be required under Section 504 or the Fair Housing Act.

36. *Question:* Grantees requested clarification as to what is considered effective communication as per PRA.211.

Answer: HUD Handbook 4350.3 Chapter 2-29 provides information with how to communicate effectively with people with disabilities. For example, a Grantee/owner may provide auxiliary aids to ensure effective communication with hearing- and speech-impaired individuals.

37. *Question:* Grantees requested to use the Owner's lease, rather than the Section 811 Project Rental Assistance Model Lease.

Answer: Owners participating in the PRA program must use the Section 811 Project Rental Assistance Model Lease (Form HUD-92236-PRA) for the PRA tenants.

38. Question: Grantees indicated that the Section 811 Project Rental Assistance Model Lease may be difficult for many persons with disabilities including those with cognitive disabilities to fully comprehend.

Answer: HUD agrees that the Model Lease may be difficult for some persons with disabilities to fully comprehend. However, almost any lease that complies with state and local tenant-landlord law is likely to be similarly difficult. HUD believes that this lease offers PRA tenants important protections and requires its use by Grantees.

If Grantees identify specific language in the Model Lease that contradicts with state law, the Grantee should provide documentation of the state law and HUD will make accommodations for the Grantee's program. Note that H2013-24 Section 811 Project Rental Assistance (PRA) Occupancy Interim Notice states that "Any modifications to the lease must be submitted to the Grantee for approval and implemented according to the requirements in HUD Handbook 4350.3 REV-1, Paragraph 6-12."

39. Question: Is there a model form for a live-in aide lease addendum, beyond just the required clause? How long is a live-in aide permitted to stay in the unit after the tenant passes away, goes to a nursing home, or otherwise departs?

Answer: There is no model form for a live-in aide addendum. See the "NOTE" after HUD Handbook 4350.3 Chapter 6-5 (A)(4)(g) for requirements for the live-in aide lease addendum. The live-in aide must not be included on the lease and does not qualify as a remaining family member. See 4350.3 Chapter 3-6 (E)(3)(a) or the Glossary for a definition of a live-in aide. The live-in aide must vacate the unit when the qualifying person vacates the unit or upon the death of the person for whom they were providing care. HUD will pay subsidy for up to 14 days when the qualifying member dies. No subsidy is available if the qualifying member vacates the unit for any reason other than death.

Rather than an Owner creating their own individual live-in aide addendums, the Grantee is encouraged to create a live-in aide addendum to the HUD Model Lease that is consistent with

the guidance set forth in this FAQ and HUD Handbook 4350; this addendum can be used systematically throughout the state if there is a live-in aide in a household.

40. Question: What income limits are used at move-in to determine an applicant's eligibility for rental assistance and occupancy to the 811 PRA Program?

Answer: Upon admission to the PRA program the applicant family's annual income must not exceed the extremely low income limit published annually at www.huduser.org. Extremely low income family means a household whose annual income does not exceed 30 percent of the median income for the area.

41. Question: How is the Total Tenant Payment (TTP) and Tenant Rent calculated for the 811 PRA Program?

Answer: Calculating the TTP and Tenant Rent for rental assisted units shall be in accordance with the requirements in HUD Handbook 4350.3 Chapters 5-25, 5-26, 5-27, and 5-30.

TTP is the amount a tenant is expected to contribute for rent and utilities. TTP for PRA is based on family's income. Calculation of TTP is the greater of the following:

1. 30% of monthly adjusted income;
2. 10% of monthly gross income;
3. Welfare rent (welfare recipients in as-paid localities only); or
4. \$25 minimum rent

Tenant rent is calculated by subtracting the Grantee approved utility allowance (if any) from the TTP. Tenant rent is the portion of the TTP the tenant pays each month to the Owner for rent. If a property has a utility allowance, it is possible for the Tenant Rent to be \$0 if the utility allowance is greater than the TTP. A utility reimbursement to the tenant must be provided if the utility allowance is greater than the TTP.

42. Question: Is employment income or other income of a live-in aide counted as income on the HUD-50059?

Answer: No. Income from a live-in aide is not counted as household income on the HUD-50059. See HUD Handbook 4350.3 Chapter 5-6, Figure 5-2.

43. Question: Can a live-in aide have one of his/her family members reside in the unit (such as children, etc.); or, is only the live-in aide allowed to reside in the unit with whom he/she is providing care?

Answer: Only the live-in aide can live in the unit. No other member of the live-in aide's family can live in the unit. As described in HUD Handbook, Paragraph 3-6 (E)(3)(a), a live-in aide is "a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities." Also, refer to the definition for live-in aide in the Glossary of the 4350.3.

44. Question: Can a tenant have two live-in aides, if requested, and it can be properly documented by a physician and verified by the owner?

Answer: Yes. HUD Handbook 4350.3 and the regulation (Figure 3-6, Definition D-Disability Definitions) define a disabled family as one or more persons with disabilities living with one or more live-in aides.

45. Question: Will HUD pay rental assistance if the head of household (HOH) is hospitalized?

Answer: Yes, Grantees can continue to make rental assistance payments when the HOH is hospitalized as long as the household continues to pay their portion of the rent and the tenant is expected to return to live in the unit. This would include but is not limited to hospitalization in a medical facility, a psychiatric facility, or nursing facility. Note that it is possible that a household's income / tenant rent may change when an individual is in the hospital or

institution. In the event the tenant's absence from the unit may be for an extended period of time the tenant may request a reasonable accommodation to retain the unit. The approval of the reasonable accommodation will be up to the Owner, possibly in consultation with the Grantee.

46. Question: If the household member that made the PRA tenant household eligible for the program leaves the unit, are the remaining members of the household eligible to remain in the unit and receive PRA rental assistance?

Answer: The 811 PRA program will follow guidance in HUD Handbook 4350.3 Chapter 3-16. If the eligible household member passes away, the remaining family members are eligible to remain in the unit and continue receiving rental assistance based on income. However, if the eligible household member leaves the unit for any other reason other than death, the remaining members are eligible to continue receiving rental assistance if at least one remaining family member meets the definition of "persons with disabilities". If, however, at least one family member does not meet the definition of a "person with disabilities" the remaining family members can still remain in the unit, but the household will not receive PRA rental assistance and must pay market rent.

47. Question: Grantees requested clarification regarding the 25% cap for providing supportive housing for persons with disabilities. Specifically, when calculating the 25% cap for the Section 811 PRA program, do Grantees include any other federal or state program at a project to determine the threshold? Does the 25% cap include occupancy preference for persons with disabilities?

Answer: The general formula to calculate the 25% cap at a project is as follows:

- **Total # of tenants admitted under the project's occupancy preference for persons with disabilities, if any, PLUS Total # of 811 PRA units slotted for the project MAY NOT EXCEED 25% of the Total Units in the Building.**

Please review Scenarios 1 through 5 below for further clarification.

1. **Scenario 1:** Project has 100 units. Project has no other occupancy preference for persons with disabilities and has no use restrictions limiting the project to persons with disabilities. As a result, project owner may devote 25 units (25% of 100) to purely 811 PRA units.

2. **Scenario 2:** Project has 100 units with no use restriction limiting the project to persons with disabilities. Owner happens to have an occupancy preference for persons with disabilities (with no cap). Project has no use restrictions limiting the project to persons with disabilities. As a result, the project owner can still, under certain circumstances**, maintain its occupancy preference and still operate 811 PRA units in its building simultaneously, but it will be subject to a 25% to be compliant with the terms of the 811 PRA program.

** The term “under certain circumstances” is used because if the owner received from the grantee 25 units of PRA, it functionally can no longer maintain its preference for persons with disabilities for its non-811 PRA units since the 25% cap is reached. However, if the owner received 10 units of 811 PRA, and the 25% cap is 25, then the owner would still be allowed to maintain its preference to fill at a maximum 15 non-811 PRA units.

3. **Scenario 3:** Project has 100 units with no use restriction limiting the project to persons with disabilities. Owner has an occupancy preference for persons with disabilities, for up to 50% of the units in its building. Owner wants to participate in the 811 PRA program. The owner must modify its preference policy to 25% because those admitted under the owner’s occupancy preference for persons with disabilities plus those admitted under the 811 PRA program may not exceed 25% of the total units in the building.

4. **Scenario 4:** Project has 100 units with no use restriction limiting the project to persons with disabilities. Owner has an occupancy preference for persons with disabilities for up to 10% of the units in its building. Owner wants to participate in the 811 PRA program. The owner's threshold is within 811 PRA limits. However, with a 10% preference for persons with disabilities in place, the owner would only be allowed a maximum of 15 additional 811 PRA units in the building (10 occupancy preference units plus 15 811 PRA units would equal 25 units, which is 25% of a 100 unit project).