

## Section 811 PRA Demo Questions and Answers

### Set #1 (June 5, 2012)

1. **Question:** *Does the page limitation for the narrative portion of the application only include pages necessary to address the rating factors?*

**Answer** – Yes, the 40 page requirement is only for responses to the rating factors.

2. **Question:** *Is there a text limitation within the application required HUD forms?*

**Answer** – No, there are no text limitations for the required HUD forms.

3. **Question:** *For portions of the NOFA that do not apply does HUD still want a written response? (example-cases of Past Non Compliance ref: Rating Factor 1 (2) page 27).*

**Answer** - There is only one section that does not require a written response and that is Past Non-Compliance. If there are no past non-compliances, please indicate “Not-Applicable”.

4. **Question:** *Will it be the local HUD staff or the Washington staff that will have ‘substantial involvement’ with selected grantees developing and implementing this program?*

**Answer** – Headquarters will manage the application review, as well as the initial implementation of the state programs, with assistance from the Field.

5. **Question:** *How long does HUD plan to fund the demonstration?*

**Answer** – The demonstration provides 5 years of initial funding on 20 year contracts. Subsequent years of funding will be contingent on appropriations. In addition, the President’s request for Fiscal Year 2013 seeks funding to provide another round of new PRA funding for 20 year contracts next year.

6. **Question:** *Will application/proposals that can generate more units be favored over those that request a lower funding amount?*

**Answer** – Per Rating Factor 4, HUD is seeking applications that leverage additional resources to more efficiently fund PRA Demo demonstration units. In addition, applications must be able to justify that the number of units they are requesting of PRA funding can be supported by projected demand.

7. **Question:** *Does a tenant have to maintain the Extremely Low Income designation for the term of the tenant lease?*

**Answer** – No, income eligibility is determined upon admission.

8. **Question:** *Do the energy efficiency and water conservation requirements apply only to recently capitalized developments (“new construction and substantial rehabilitation”)? (NOFA pg. 16)*

**Answer-** As stated on page 17 of the NOFA, energy efficiency, and water conservation requirements only apply in new construction and substantially rehabilitated developments.

9. **Question:** *What does “new” mean in following: “Since one of the goals of this program is the production of new integrated supportive housing units...”? Does this mean PSH units that are newly constructed, or simply newly designated to serve the target population? If this means newly constructed, what is HUD looking for in terms of newly constructed units vs. existing units? (NOFA pg.3)*

**Answer** – On page 32, the meaning of “new” is defined as newly designated to serve the target population.

10. **Question:** *The NOFA awards points for applicants that include a commitment from PHAs to set aside vouchers (50%/30%). I assume this means of the total PRA Demo vouchers requested and not by development? In other words, if the applicant requests 100 vouchers, then the 4 points would be given if PHAs set aside 50 vouchers? What if the PHA made this commitment last year; how retrospective can a set-aside be and still count as leverage? (NOFA pg. 32)*

**Answer** – In Rating Factor 4, the commitment from PHAs to set-aside vouchers is based on the total number of PRA Demo units requested. For example, if an eligible applicant requests funding for 100 units, 4 points could be earned if there was a commitment by the PHA to set-aside 50 vouchers to directly support the population being targeted under the State Inter-Agency Partnership Agreement.

11. **Question:** *The NOFA encourages leveraging funds to reduce the per unit PRA amount, “but not sources used to finance capital development costs.” So would generating additional tax credit basis, i.e. tax credit equity, through an enhanced developer fee, for example, in order to underwrite a portion of the rents, be considered an eligible source of leveraged funding? (NOFA pg. 30)*

**Answer** – In order to earn points in Rating Factor 4, states must commit to maintain the rents at the specified lower rent level for the term of the contract and provide a justification of how these lower rents levels will be feasible for the life of the contract. A capitalized operating reserve funded out of tax credit equity for each property that covered the difference between the subsidized rent level and the actual unit's operating costs could satisfy this requirement.

**12. Question:** *Will there be any type of rent reasonableness tests for contract rents under the PRA demo?*

**Answer** – Per Section V.B, Rating Factor 3 of the NOFA, eligible Applicants must clearly outline how rents will initially be established. In no circumstance may the initial RAC rent level exceed the applicable Section 8 Small Area Fair Market Rent or 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 as approved by HUD. Rents can only be adjusted annually based upon 1) HUD's Operating Cost Adjustment Factor (OCAF), 2) such other operating cost index as has been adopted by the applicant for purposes of subsidizing affordable housing, or 3) as may be approved by HUD.

**13. Question:** *How many applications are you expecting to fund?*

**Answer** – HUD expects to fund between 9 and 16 applications.

**14. Question:** *Why aren't group homes included as a housing type?*

**Answer** – The goal of the Section 811 PRA Demo program is to integrate PRA Demo assisted housing units for persons with disabilities into multifamily properties with non-restricted units with access to appropriate community-based services. Additionally, there can be no more than 25% of the total units in any multifamily property restricted to persons with disabilities.

**15. Question:** *Please expand on the eligibility of "existing units" and describe how PRA can be used with existing housing that is already occupied and fully funded.*

**Answer** - Existing properties may have vacant units or may be able to take advantage of currently occupied units upon turn over.

**16. Question:** *What would cause HUD to determine “that direct administration of the RAC” is the most viable option?*

**Answer** - If issues surface in the area of rent administration due to over payment, fraud issues, or the like, HUD reserves the right under its agreement with the State to directly assume administration. Additionally, HUD will be initiating a formal rulemaking process later in the year. If, as a consequence of that rulemaking process, it is determined that direct administration of the RAC is the best policy, HUD reserves the right to take back direct administration of the RAC after the initial five-year funding term.

**17. Question:** *Will HUD allow the commitments to convey in order to facilitate a sale?*

**Answer** – Yes. Properties with PRA Demo assisted units will have a recorded use restriction on the property for 30 years. Similar to other use agreements or regulatory agreements, these are intended to survive foreclosure or sale of the property but can be assumed by a purchaser of the property at sale.

**18. Question:** *Who are the expected applicants under the NOFA? State HFAs or the nonprofit sponsors wanting to do a project? My assumption is that it is the state HFAs as the funds have to be allocated to the states first, who will then likely issue their own funding rounds.*

**Answer** – Eligible applicants for this Section 811 Project Rental Assistance Demonstration NOFA are state housing or local housing agencies such as HFAs, state Department of Housing and Community Development agencies, state housing development authorities, or regional or local housing agencies, or consortia of multiple eligible agencies. The state needs to decide which housing agency is the most appropriate applicant. Nonprofit sponsors are not eligible applicants under this NOFA though they may be sub-recipients of funding awarded to states.

**19. Question:** *Can eligible persons transfer from a project-based program to a tenant-based program under the 811 PRA funding?*

**Answer** – No. The PRA Demo program is only a project-based rental assistance program.

**20. Question:** *Page 3 of slide presentation: Award amounts- states between \$2 million and \$12 million per state will be awarded. How is that spread out? Is it over a 5 year award period or per year?*

**Answer** – This funding is intended to cover the initial five (5) years of States’ RAC contracts.

**21. Question:** *Does HUD have any expectation or comments on local housing agencies issuing their own NOFAs where private nonprofits may participate?*

**Answer** – The issuance of one or more Notices of Funding Availability (NOFAs) would be permissible in order to solicit applications for funding from potential owners/developers such as nonprofits or private entities.

**22. Question:** *Rating factor 4 on page 31: Leveraging. HUD is encouraging the applicant to leverage operating assistance to lower the amount of PRA assistance. However, in other parts of the NOFA it looks like projects with operating assistance cannot receive PRA assistance.*

**Answer** – Under rating Factor 4, States can earn points by committing to match PRA funds with vouchers or other local operating assistance to increase the number of persons with disabilities served under their State Inter-Agency Partnership Agreement. In the Program Requirements – Limitation on Units Assisted (Section III.C.3.b), the NOFA states merely that existing units with long-term operating subsidies are ineligible to receive PRA Demo assistance because doing so would provide a duplicative subsidy source to the same unit.

**23. Question:** *The 811 NOFA says that Eligible Multifamily Properties must meet the design and construction requirements of the Fair Housing Act. Does this mean that the entire complex must meet the requirements or just the building in which the designated 811 units are located? For instance, an apartment complex may have 12 buildings, 10 of which meet the requirements but 2 do not.*

**Answer** - The design and construction requirements of the Fair Housing Act apply to all “covered multifamily dwellings” built for first occupancy after March 13, 1991. This is true whether or not the unit is a PRA Demo 811 unit or the building that it is in contains PRA Demo 811 units. It is true whether or not the building has any federal financial assistance. “Covered multifamily dwellings” are elevator buildings with four or more units and ground-floor units in non-elevator buildings having four or more units. Therefore, if the covered multifamily dwelling was first occupied after March 13, 1991, it must meet the design and construction requirements of the Fair Housing Act. If, however, the building was first occupied on or before March 13, 1991, neither the complex nor the individual buildings would be subject to the Fair Housing Act’s design and construction requirements.

**Set #2 (June 13, 2012)**

**24. Question:** *Is a partnership between a nonprofit organization and a government entity or entities eligible for funding?*

**Answer** – Eligible Applicants are only state and local housing agencies as defined on page 4 on the NOFA. If an Eligible Applicant wanted to enter into a contract or an agreement with a nonprofit to perform specific tasks under the NOFA, that is allowable, but that nonprofit cannot be a partner in the application.

**25. Question:** *Regarding use restriction: would accessible units, i.e. Section 504 and/or FHA compliant, in a LIHTC development which have income restrictions of 30% of AMI or below be considered units with existing use restrictions for persons with disabilities if the only written use restriction relates to income of tenant? (NOFA pg. 6)*

**Answer** – No, if the restriction is only related to income, the units are not considered restricted to persons with disabilities. Section 504 or Fair Housing Act (FHA) compliant units that are not otherwise restricted in their use to only persons with disabilities can be included PRA Demo program regardless of any income-based use restriction.

**26. Question:** *Regarding the commitment of housing vouchers, please explain what statute or regulation allows PHAs to make those commitments.*

**Answer** – Under 24 CFR 982.207(b)(3), PHAs are authorized to create locally determined preferences, including preferences for persons with disabilities, for their Housing Choice Voucher program. Under 24 CFR 982.207(a)(3), the PHA may limit the number of applicants that may qualify for any such preference.

**27. Question:** *Can HUD Section 811 PRA be approved in Senior developments for those disabled seniors less than 62 years old at their time of admission as long as use is limited to less than 25% of the building population?*

**Answer** - Section 811 PRA Demo assistance can be provided for units in senior developments for persons with disabilities less than 62 years old at the time of admission as long as no more than 25% of the total units have Section 811 PRA Demo funds, or are used for supportive housing for persons with disabilities or have any occupancy preference for persons with disabilities.

**Clarification to Question #27 (July 17, 2012)**

**Answer** - Section 811 PRA Demo assistance can be provided for units in senior developments for persons with disabilities less than 62 years old at the time of admission as long as no more than 25% of the total units have Section 811 PRA

Demo funds, or are used for supportive housing for persons with disabilities or have any occupancy preference for persons with disabilities. However, units supported by Section 811 PRA shall be made available to all eligible tenants in accordance with the Section 811 PRA NOFA. A project shall not set further age restrictions or targets on any Section 811 PRA supported units and PRA Demo assistance cannot be provided on units with other project-based rental assistance.

**28. Question:** *Can a grantee attach a RAC to existing developments in any stage of the development process?*

**Answer** – A grantee may award a RAC at any stage of the development process, however funding under a RAC can only initiate as units are occupied.

**29. Question:** *Who should letters of intent be directed to? Addressed to the applicant; i.e. the Department of Housing and Community Development or to HUD? If HUD, who should they be addressed to?*

**Answer** – Letters of Intent should be addressed to the PRA Demo Applicant.

**30. Question:** *If the HUD PRA contribution per unit is set at 20% of AMI, may the applicant use state funds to augment the rents up to the FMR to incentivize participation by developers?*

**Answer** – Yes

**31. Question:** *In accessing affordable housing programs such as HOME and the low income tax credit program over the past ten years, the competition for these dollars always exceeds the availability. How is rolling another program into an already maximized program going to ensure affordable housing for this population that is very low income and has significant needs?*

**Answer** – Section 811 PRA can be layered into other existing housing investments so that units that would otherwise target households at 60% of AMI, for example, can now serve extremely low income persons with disabilities in a supportive housing context. However, state and local housing agencies should carefully assess their priorities before submitting an application under this program.

**32. Question:** *Page 1 of the NOFA provides instructions for submitting questions on either the NOFA or the FY2012 General Section. What will be the deadline for submitting questions, how long will HUD be providing answers to questions, and will a Q&A be posted?*

**Answer** – HUD will receive and respond to questions submitted until the application deadline date. A list of Questions and Answers (Q&A) will be posted on the HUD Section 811 Website and periodically updated. However, we encourage you to submit questions at least two weeks prior to the deadline to ensure that they can be answered in time for the responses to be helpful in the submission of your application.

**33. Question:** *Does HUD have an example of an Inter-Agency Partnership Agreement that it can provide?*

**Answer** – No, HUD does not have an example of an Inter-Agency Partnership Agreement.

**34. Question:** *For the items listed on page 23, paragraph d. Part IV. General Application Requirements and Certifications, can you verify which documents will be signed electronically and which will require an original or “wet” signature?*

**Answer** – The only signature required is on the SF 424 which is an electronic signature.

**35. Question:** *Page 24, paragraph 5 of the NOFA refers to an Outline of Application Content. Can you verify whether this outline is to be submitted as part of the application?*

**Answer** – The outline is intended for informational purposes and may be used as a checklist of the submission requirements to ensure a complete application. It is not required to be submitted as part of the application.

**36. Question:** *When does HUD anticipate the awards to be announced?*

**Answer** – HUD anticipates that awards will be announced before November 15, 2012.

**37. Question:** *Can HUD provide a list of programs that are ineligible?*

**Answer** – Properties with existing use restrictions for persons with disabilities are not eligible, unless such PRA Demo funds are being used to support other units in the building without such restrictions. Existing units receiving any form of long-term operating housing subsidy within a six-month period prior to receiving PRA Demo funds, such as assistance under Section 8, are ineligible to receive this assistance. In addition, units with use agreements requiring housing for persons 62 or older would not be eligible to receive PRA Demo funds.

**38. Question:** *Does HUD have a copy of the 811 Cooperative Agreement that will be used under this demonstration?*

**Answer** – No, the Cooperative Agreement is not available at this time.

**39. Question:** *Can the Section 811 PRA units in a housing development be targeted or set-aside for persons with a specific disability?*

**Answer** – If the target population is a specific disability group as outlined in the State’s Inter-Agency Partnership Agreement, then yes a housing development can target a specific disability.

**40. Question:** *What steps must a state that receives Section 811 funds take to address the need for supportive housing for individuals with developmental/intellectual disabilities and/or people with serious mental illness?*

**Answer** – States that receive Section 811 PRA Demo funding will have already specified the target population(s) in their Inter-Agency Partnership Agreement which must be submitted to HUD with the application for funding. The PRA Demo Program is designed to give States flexibility to decide the target population(s) that will be assisted. For example, a State may include individuals with developmental/intellectual disabilities and/or people with serious mental illness as part of the target population, or may specify that the target population is anyone who is eligible for the specific community-based, long-term services as provided through Medicaid waivers, Medicaid state plan options, state funded services or other appropriate services that are specified in the Inter-Agency Partnership Agreement. In accordance with the authorizing statutory language, the agreement will specify the “target population(s).”

**41. Question:** *Please clarify the file types for the documents that are part of the application requirements, specifically the Abstract, the Inter-Agency Partnership Agreement, and the Narrative Response to the Rating Factors. Will these be submitted in Word or PDF formats?*

**Answer** – Please refer to the instructions provided in the Section IV.B.5.b Electronic Grant Application Forms in the General Section on page 45 for guidance on the application package and application instructions -

<http://portal.hud.gov/hudportal/documents/huddoc?id=2012gensecNOFA.pdf>.

**42. Question:** *What is HUD’s expectation regarding the process states will use to select sub-grantees?*

**Answer** - All state agencies receiving funds under this NOFA are subject to the requirements of 24 CFR part 85 (page 21 in the NOFA).

**43. Question:** *Page 14, paragraph k of the NOFA states that Grantees “...will be required to certify that they will comply with the requirements...” Fair Housing and Civil Rights laws. At what time will these certifications be submitted? Are they part of the application, or are they satisfied at the time the 424 Form is signed and submitted, or will be the signed after awarding, when the contract is signed and executed?*

**Answer** – Yes, by signing and submitting the application, specifically SF424 Application for Federal Assistance, the applicant certifies to, among other things, comply with Fair Housing and Civil Rights laws as outlined in the NOFA.

**44. Question:** *Page 15, paragraph l of the NOFA states that Grantees “...will be required to certify that they will affirmatively further fair housing...” At what time will these certifications be submitted? Are they part of the application, or are they satisfied at the time the 424 Form is signed and submitted, or will be the signed after awarding, when the contract is signed and executed?*

**Answer** – Yes, by signing and submitting the application, specifically the SF424 Application for Federal Assistance, the applicant certifies to, among other things, comply with the Affirmatively Furthering Fair Housing provisions outlined in the NOFA.

**Set #3 (June 20, 2012)**

- 45. Question:** *If a State accepts Section 811 PRA Demo funding for an initial term of 5 years, and, at the end of the 5 year period, Congress does not appropriate sufficient Section 811 funding to permit HUD to renew the PRA assistance, is the State still required to enforce the remaining 25 years of the use restriction?"*

**Answer:** If Congress fails to appropriate funds adequate to meet future renewal needs pursuant to the Cooperative Agreement, HUD will not enforce any use agreements on properties that have been funded under such agreement. However, under such a circumstance, and in accordance with policies, requirements and terms of the Cooperative Agreement, as will be established by HUD, HUD will allow grantees to continue to enforce or terminate such use agreements at the grantees' discretion.

- 46. Question:** *Environmental Requirements and Environmental Assurance. Are the States assuming HUD's environmental responsibilities? If so, what kind of authorization is necessary for the Eligible Applicant, such as a housing finance agency, to take on this role?*

**Answer** – HUD is not responsible for conducting the environmental review because HUD does not approve the projects. Therefore, States are not “assuming HUD's environmental responsibilities pursuant to 24 CFR Part 50. Grantees under the PRA Demo NOFA do not perform environmental reviews per se, but must perform analyses on applicable environmental parameters as noted in Section III.C.3.s of the PRA Demo NOFA. **Please note – the twelve parameters in the NOFA in Section III.C.3.s are numbered incorrectly. The twelve parameters are (1) Site Contamination; (2) Historic Preservation; (3) Noise; (4) Airport Clear Zones; (5) Coastal Barrier Resource Act; (6) Coastal Zone Management Act; (7) Floodplains; (8) Wetlands; (9) Siting of Project Activities Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (10) Endangered Species Act of 1973; (11) Farmland Protection; and (12) Sole Source Aquifers.**

- 47. Question:** *Are the environmental requirements under the PRA Demo NOFA the same as the environmental review requirements placed on units of general local governments or States for programs such as HOME and CDBG?*

**Answer** – No, the environmental requirements under the PRA Demo NOFA are not the same as the environmental review requirements, pursuant to 24 CFR Part 58 (equivalent to those at 24 CFR Part 50), that are placed on units of general local government or States (collectively called Responsible Entities) for programs such as HOME and CDBG which are equivalent to those at 24 CFR Part 50. Therefore, **PRA Demo NOFA grantees must not relate the applicability of their environmental requirement with the terms “exempt” and “categorical exclusion” as used in 24 CFR Part 58 programs.** However, grantees under the PRA Demo NOFA may adapt any available environmental

analyses performed by any source such as those performed by Responsible Entities under these 24 CFR Part 58 programs, to the degree that they meet the requirements of the applicable twelve environmental parameters of the PRA Demo NOFA and to the degree that the grantees find such analyses to be acceptable. **Please note – the twelve parameters in the NOFA in Section III.C.3.s are numbered incorrectly. The twelve parameters are (1) Site Contamination; (2) Historic Preservation; (3) Noise; (4) Airport Clear Zones; (5) Coastal Barrier Resource Act; (6) Coastal Zone Management Act; (7) Floodplains; (8) Wetlands; (9) Siting of Project Activities Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (10) Endangered Species Act of 1973; (11) Farmland Protection; and (12) Sole Source Aquifers.**

**48. Question:** *Which of the twelve environmental parameters applies to new construction projects and which to existing projects?*

**Answer –** All twelve of the environmental parameters at III.C.3.s of the PRA Demo NOFA apply to projects involving new construction including demolition followed by new construction. **Please note – the twelve parameters in the NOFA in Section III.C.3.s are numbered incorrectly. The twelve parameters are (1) Site Contamination; (2) Historic Preservation; (3) Noise; (4) Airport Clear Zones; (5) Coastal Barrier Resource Act; (6) Coastal Zone Management Act; (7) Floodplains; (8) Wetlands; (9) Siting of Project Activities Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (10) Endangered Species Act of 1973; (11) Farmland Protection; and (12) Sole Source Aquifers.**

The following environmental parameters apply to projects involving just existing construction including rehabilitation: (s)(1) -- site contamination; (s)(2) -- historic preservation; (s)(4) -- airport clear zones, runway clear zones, and accident potential zones; (s)(5) – Coastal Barrier Resources Act; (s)(6) – Coastal Zone Management Act; (s)(7) – Floodplains; and, (s)(8) – wetlands.

**49. Question:** *How old can the Environmental Review and the Phase I ESA (environmental site assessment) be for existing units? Would existing units be expected to do a new environmental review or would they be exempt? What will HUD accept regarding the Phase I?*

**Answer –** Grantees under the PRA Demo NOFA do not perform environmental reviews per se, but must perform analyses on applicable environmental parameters as noted in III.C.s of the PRA Demo NOFA. **Please note – the twelve parameters in the NOFA in Section III.C.3.s are numbered incorrectly. The twelve parameters are (1) Site Contamination; (2) Historic Preservation; (3) Noise; (4) Airport Clear Zones; (5) Coastal Barrier Resource Act; (6) Coastal Zone Management Act; (7) Floodplains; (8) Wetlands; (9) Siting of Project Activities Near Hazardous Operations Handling**

**Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (10) Endangered Species Act of 1973; (11) Farmland Protection; and (12) Sole Source Aquifers.**

**PRA Demo NOFA grantees must not relate the applicability of their environmental requirement with the terms “exempt” and “categorical exclusion” as used in 24 CFR Part 58 programs.**

For the Phase I ESA it is the responsibility of the grantee to determine the shelf life of the Phase I ESA, utilizing the criteria embedded in ASTM E 1527-05.

For the eleven other environmental parameters, the grantees should use the most current commonly available data. For example if a structure was deemed to be listed on the National Register of Historic Places ten years ago, it almost always can be assumed to be listed at the current time. But conversely, a property that that was determined not to be eligible for listing ten years ago might have been listed in the past few months.

**50. Question:** *If we have an acceptable existing Environmental Review and Phase I ESA, can we clear the additional funds as categorically excluded not subject to 58.5?*

**Answer –** While the phrase “categorically excluded not subject to 58.5” does not apply to this program, the grantees’ analyses of the applicable twelve parameters must be for the entire existing or new construction project. All twelve of the environmental parameters at III.C.3.s of the PRA Demo NOFA apply to projects involving new construction including demolition followed by new construction. **Please note – the twelve parameters in the NOFA in Section III.C.3.s are numbered incorrectly. The twelve parameters are (1) Site Contamination; (2) Historic Preservation; (3) Noise; (4) Airport Clear Zones; (5) Coastal Barrier Resource Act; (6) Coastal Zone Management Act; (7) Floodplains; (8) Wetlands; (9) Siting of Project Activities Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (10) Endangered Species Act of 1973; (11) Farmland Protection; and (12) Sole Source Aquifers.**

The following environmental parameters apply to projects involving just existing construction including rehabilitation: (s)(1) -- site contamination; (s)(2) -- historic preservation; (s)(4) -- airport clear zones, runway clear zones, and accident potential zones; (s)(5) – Coastal Barrier Resources Act; (s)(6) – Coastal Zone Management Act; (s)(7) – Floodplains; and, (s)(8) – wetlands. Grantees may use environmental data obtained from any other source including environmental reviews performed under a 24 CFR Part 58 review, but are responsible for their accuracy and their being current.

**51. Question:** *Is HUD willing to agree that compliance with the program requirements under which the housing is being developed is sufficient?*

**Answer** – No. However, the grantee may use current information from any source toward meeting any of the applicable environmental parameters in the PRA. **Please note – the twelve parameters in the NOFA in Section III.C.3.s are numbered incorrectly. The twelve parameters are (1) Site Contamination; (2) Historic Preservation; (3) Noise; (4) Airport Clear Zones; (5) Coastal Barrier Resource Act; (6) Coastal Zone Management Act; (7) Floodplains; (8) Wetlands; (9) Siting of Project Activities Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (10) Endangered Species Act of 1973; (11) Farmland Protection; and (12) Sole Source Aquifers.**

**52. Question:** *On page 14, the NOFA states that Grantees must enter tenant data through TRACS. On page 38, the NOFA states that Grantees will request funds through the eLOCCS system. Please clarify/confirm that TRACS will only be used for tenant data and not requesting funds, and that eLOCCS will be the system used for requesting funds.*

**Answer** – Grantees will be required to submit tenant data and electronic voucher requests for subsidy payments to the Tenant Rental Assistance Certification System (TRACS) for administration of rental assistance payments for the 811 PRA Demo program. HUD’s Electronic Line of Credit Control System (eLOCCS) will be used to request payment for 811 PRA Demo administrative costs for the grantee.

**53. Question:** *How will tenant data be submitted to TRACS?*

**Answer** – In designing the state’s 811 PRA Demo program, the applicant is responsible for review/approval of tenant certifications and payment of rental assistance as mandated under the HUD’s “Automation Rule” which will be used for this program. Consequently, owners and/or their representatives will submit the tenant certifications and electronic voucher payment requests to the state agency administering the 811 PRA Demo contracts and said agency/grantee will submit the reviewed/approved tenant certifications and electronic vouchers requests directly to TRACS for payment.

The Automation Rule requires owners of subsidized multifamily projects to submit accurate data for housing assistance payments through the Tenant Rental Assistance Certification System (TRACS). Data for certification, recertification, and subsidy billing for multifamily subsidized housing projects must be correct and transmitted electronically in order for HUD payments to be made. These requirements are mandated by *24 CFR 208.108*, the text of which can be found on HUDCLIPS at [www.hudclips.org](http://www.hudclips.org) under Title 24 -Code of Federal Regulations–2002.

As with Multifamily Housing’s Performance-Based Section 8 Contract Administration program for example, all requests from owners for subsidy payment will be made to the grantee with the grantee ensuring final payment to the owner and/or their representative.

**54. Question:** *Does the current 50059 include designation as a Section 811 unit? Or is HUD creating a new data collection mechanism?*

**Answer** – Yes. HUD is creating a new data collection mechanism for the Section 811 PRA Demo units under TRACS 202(d) specifications; however, Multifamily Housing will initially use the designation subsidy type 8: 811 PRAC currently utilized for Section 811 PRAC rental assistance program for the Section 811 PRA Demo program.

**55. Question:** *The NOFA mentions PRA as the labeling for the 811 demo, and then mentions RAC (rental assistance contracts). Is HUD keeping the RAC separate and creating something new or using the existing capability in TRACS for receiving tenant data which will be reported under PRA?*

**Answer** – TRACS is able to accept electronic submissions of tenant certifications and voucher requests for subsidy payment for the 811 PRA Demo units now under the existing subsidy type 8: 811 PRAC. HUD is developing a new subsidy designation for the 811 PRA Demo under TRACS 202(d) specifications.

**56. Question:** *On page 38 it indicates under 2a(2) that grantees will have to maintain copies of all section 811 tenant files including rent analysis, inspection, rental assistance, disability status and income certifications. Is source documentation for income, assets and expenses kept by the owner/agent on site?*

**Answer** – The applicant (state housing agency) will determine where the source documentation for income, assets, and expenses will be maintained.

**57. Question:** *2a(4) on page 38 states that the grantee will report on “additional tenant and project data not reported in TRACS”. Can HUD specify what the additional tenant data will include, how it will be reported on, and how often reports will be requested?*

**Answer** – For the annual report and/or the program evaluation, HUD reserves the right to request additional information on the 811 PRA Demo multifamily properties and tenants. However, at this time, HUD has not identified any additional data which must be reported on.

**Set #4 (June 29, 2012)**

**58. Question:** *With regard to applications that will be filled out by persons with disabilities, are they to be created by the state or is there a standard 811 application that HUD will be issuing for states to use?*

**Answer -** No. There is no standard 811 rental application. States can create PRA Demo applications or can allow owners to use existing rental applications.

**59. Question:** *Does HUD have written guidance or guidebooks on the PRA Demonstration? If not, can HUD provide a list of guidebooks to use to administer the PRA Demonstration?*

**Answer –** No, but additional guidance will be provided in the Cooperative Agreements. HUD anticipates adopting Section 8 program guidelines for occupancy for the PRA Demo.

**60. Question:** *Does HUD consider a HAP contract the same as a RAC contract?*

**Answer -** No. A Housing Assistance Payment (HAP) contract is used to provide Section 8 assistance and is a contract between HUD and multifamily property owners. The Rental Assistance Contract (RAC) is used to provide Section 811 project rental assistance and is a contract between the PRA Demo grantees (state housing agencies) and multifamily owners with units assisted with PRA Demo funds. A form RAC will be provided by HUD to PRA Demo grantees.

**61. Question:** *Will the guidance for renewal of the contract be the same? (Ref: the Section 8 Renewal Guide is listed throughout the NOFA)*

**Answer –** While renewal provisions for the Rental Assistance Contract will be similar to those found in the Section 8 Renewal Guide, that guide should not be relied on for RAC renewals.

**62. Question:** *What will be the requirements for the rental program? Will there be annual recertifications and annual inspections? Will there be special recertifications and complaint inspections? How detailed will the verification process be for applicant/tenant income? Will there be deductions for medical expenses? Will there be asset verification? Will there be a utility allowance and will it figure in the rent calculation? The extent of the requirements for the rental program will determine the expense level of the program.*

**Answer** – The PRA Demo requires ongoing income recertifications and physical inspections using the UPCS standards. As noted on page 17 in the NOFA, income certifications are required annually; however, states can specify the frequency of physical inspections. To the extent other federal funds are invested in the property, the PRA Demo program’s requirements can generally be achieved together in tandem with those other programs’ protocols. Rent administration will generally follow Section 8 requirements including income verification protocols, deduction for medical expenses and asset verification. Utility allowances should be included in the calculation of rent, but should be identified separately and should generally follow Section 8 protocols, as well.

**63. Question:** *Is a “use” restriction for an agency financed development, that requires the owner to service a certain number of targeted household, result in the project being ineligible to receive PRA Demo funds?*

**Answer** – If the use restriction includes a target population of persons with disabilities for more than 25% of the units in a project then that project is ineligible for PRA Demo assistance.

**64. Question:** *The State currently conducts on-site physical inspections on its portfolio every three years. Are the Annual Report requirements (page 38) saying that States will need to make those inspections every year?*

**Answer** – The NOFA requires periodic physical inspections consistent with UPCS; however annual inspections are not necessary if other compliance requirements do not mandate it. States need to specify in their application the criteria used to assure UPCS compliance.

**65. Question:** *Would the PRA Demo renewals be reduced if the PRA expenditure in the previous year is reduced?*

**Answer** – No, grantee PRA Demo renewals are not reduced if expenditures in the previous year are reduced. PRA Demo renewal funding will be sized based on initial funding level inflated by OCAF.

**66. Question:** *Will the Period of Performance and Use restrictions be recorded in a new declaration of restrictive covenants on the project?*

**Answer** – Most likely, yes. However, grantees may propose combining PRA Demo use restriction documents into other documents that the grantee is also imposing as a condition of other financing.

**67. Question:** *If no eligible tenant is identified immediately to occupy a unit set-aside for 811 PRA Demo assistance, may the property owner rent the unit to a non-PRA Demo qualified tenant and place the prospective 811 eligible tenant at the top of its waiting list. This will be particularly helpful in rural communities where the number of Section 811 eligible households may be lower than the number of properties that have agreed to set-aside units for this population*

**Answer** – Maintaining waiting lists of eligible tenants is fundamental to the success of this demonstration program, and applicants will be rated on their ability to manage and maintain adequate waiting lists so that PRA units are promptly filled. As to the length of time that units must be held open while an eligible tenant is identified, owners will not be permitted to immediately lease to a non-PRA Demo eligible tenant if no eligible tenant can otherwise be found. However, after a period of time (as will be specified in the Cooperative Agreement) during which no qualified 811 PRA tenant has been identified, owners will be allowed to lease to non-PRA Demo eligible tenants but the next available unit will have to be held for an eligible tenant. Note that States will generally be required to follow the Section 8 occupancy requirements; those requirements include specific provisions on payment of subsidy during vacancies.

**68. Question:** *Do state housing agencies need to approve the tenant RAC voucher similar to Section 8 vouchers or can that be subcontracted to approved management agents?*

**Answer** – States need to approve tenant's contribution to rent, as well as the PRA Demo RAC payments in a manner similar to Section 8, however, state housing agencies can subcontract these rent administration responsibilities. The rent administration experience as outlined in Rating Factor 1 is critical in HUD's evaluation of the application. The experience of the subcontractor must be identified in the state's application.

**Set #5 (July 17, 2012)****69. Clarification to Question #27**

**Question:** *Can HUD Section 811 PRA be approved in senior developments for those disabled seniors less than 62 years old at their time of admission as long as use is limited to less than 25% of the building population?*

**Answer** – Section 811 PRA Demo assistance can be provided for units in senior developments for persons with disabilities less than 62 years old at the time of admission as long as no more than 25% of the total units have Section 811 PRA Demo funds, or are used for supportive housing for persons with disabilities or have any occupancy preference for persons with disabilities. However, units supported by Section 811 PRA shall be made available to all eligible tenants in accordance with the Section 811 PRA NOFA. A project shall not set further age restrictions or targets on any Section 811 PRA supported units and PRA Demo assistance cannot be provided on units with other project-based rental assistance.

**70. Question:** *If state housing agencies lower the rents under the leveraging component (rating factor #4), would property owners then only be able to receive that lowered amount of project rental assistance?*

**Answer** – Yes.

**71. Question:** *Will states be reimbursed PRA monthly based on the information generated in TRACS files or will it be a fixed monthly draw with reconciliation on annual basis?*

**Answer** – Owners will be required to submit an electronic voucher monthly in TRACS approved by the state housing agency for active tenants based upon actual executed HUD Form 50059s that determines the amount the owner should be paid for each tenant monthly. However, since owners typically submit electronic voucher in TRACS the month preceding actual payment, any adjustments, if needed, are made on the following month's electronic voucher. There is no year-end adjustment and/or reconciliation.

**72. Question:** *Will HUD require use of the eLogic Model for this program?*

**Answer** – Logic model or a comparable reporting system will be required as further detailed in the Cooperative Agreement.

**73. Question:** *We believe that units must meet UPCS standards but that they are not subject to REAC. Can other inspection standards be used by HFAs, such as that used for LIHTC properties, satisfy the inspection requirements for 811 PRA-assisted units?*

**Answer** – No, all PRA Demo assisted units must meet UPCS. However, inspections need not be performed by REAC certified inspectors or using REAC software. HFAs must be able to certify that their LIHTC inspection standards use UPCS.

**74. Question:** *Can the number of units (project-based subsidy) be moved from one project to another based upon need after a Rental Assistance Contract is signed by the state housing agency and the project owner? This would enable the state to move units from a project or community that had less need than anticipated to a project or community that had more, for example.*

**Answer** – Yes, states will have the ability to move the project-based subsidy from one project to another subject to the requirements in the Cooperative Agreement.

**75. Question:** *The use restriction is broad—“extremely low income persons with disabilities.” If in future years no tenants are identified to match our target population described in our application, can the use restriction be held to the broader population of “extremely low-income persons with disabilities” than may be included within our application?*

**Answer** – Yes, with HUD approval.

**76. Question:** *On Page 12 b: the NOFA states “Eligible MF Properties may only receive Section 811 PRA Demo funds if the housing assisted does not currently have an existing use restriction or a contractual obligation to serve persons with disabilities.” Is a “use” restriction for an agency-financed development, that requires the owner to serve a certain number of targeted households, result in the project being ineligible to receive PRA Demonstration funds?*

**Answer** – The PRA Demo Program works in conjunction with other use restrictions. For example, an agency-financed use restriction that may require the owner to serve persons at or below 50% of AMI would be permissible under the PRA Demo NOFA. However, housing units in multifamily properties with an existing use restriction for persons with disabilities or housing units in multifamily properties with a contractual obligation to serve persons with disabilities are not eligible for PRA Demo assistance.

**77. Question:** *Are tribally-designated housing entities eligible for the Section 811 Project Rental Assistance Demonstration Program?*

**Answer** – Tribally-designated housing entities may be eligible applicants if those entities allocate LIHTCs or provide HOME or a similar federal or state program, or if it meets the definition of a state, regional, or local housing agency. Additionally, to be eligible, the

agency must have a formal partnership with the State Health and Human Services/Medicaid agencies.

**78. Question:** *Are there any requirements for amending the State's Consolidated Plan or PHA Plan?*

**Answer** – No.

**79. Question:** *If we use existing LIHTC/HOME developments, will HUD have a say in their locations (e.g., designated high opportunity areas)?*

**Answer** – No.

**80. Question:** *We have been successful in being able to set aside units through the LIHTC program by providing additional points. By doing so, does that make those units already restricted and ineligible for PRA funds?*

**Answer** – If a property owner already has a requirement in place to set-aside a specific number of units for person with disabilities, than those units would be ineligible for PRA funding and must be included in the 25% cap for the PRA Demo program. However, properties that have not yet been awarded an allocation of credits with such a required set-aside would still be eligible to layer in PRA.

**81. Question:** *With respect to the maximum of 25% of the total units in eligible properties targeted for 811 Demo funds, does that preclude the other 75% of the property from being made available for persons with disabilities that are not either very low income, or which simply do not receive the Demo funds?*

**Answer** – The 25% cap applies to all units and does not take into consideration the household's income level. In order to offer integrated housing opportunities for persons with disabilities, the maximum number of units receiving PRA assistance, used as supportive housing for persons with disabilities, or with any occupancy preference for persons with disabilities is limited to 25%. However, grantees cannot prohibit persons with disabilities from applying for residency in other non-restricted units.

**82. Question:** *Can persons with disabilities who have a portable voucher exceed the 25% maximum if they move into a project that is currently at the 25% RAC? If not how will this comply with Fair Housing?*

**Answer** – Yes, persons with disabilities that have tenant-based vouchers (sometimes called “portable” vouchers), are not included in the 25% limitation so long as the units

they occupy are not designated for supportive housing or are use-restricted for persons with disabilities.

**83. Question:** *SF-424 question #19 “Is Application Subject to review by Order 12372?” Does Executive Order 12372 apply to the 811 PRA Demo Program?*

**Answer** – Executive Order 12372 – Intergovernmental Approval of Federal Programs does not apply to the Section 811 PRA Demo.

**84. Question:** *Is the 40 page narrative single- or double-spaced?*

**Answer** – Line spacing can be single-spaced, however, the statement cannot exceed the equivalent of 40 single-sided standard 8 ½ x 11 inch pages. Refer to Section C: “Content and Form of Application Submission” for a detailed description of the necessary requirements.

**85. Question:** *HUD-2880 Part 1 Threshold Determination Question 2 in regards to assistance received in excess of \$200,000 during this fiscal year. Is the “fiscal year” referring to FY 10/1/11 - 9/30/12 or 10/1/12 – 9/30/13?*

**Answer** – In completing HUD Form 2880, applicants should use Fiscal Year 2012 which is October 1, 2011 to September 30, 2012.

**86. Question:** *Can you clarify the page count requirements for applications?*

**Answer** – The page count requirements are, as follows:

Part I – Abstract: 3-5 pages

Part II – Formalized Agreement: no page limits

Part III – Narrative Response to Rating Factors: 40 pages

Part IV – General Application Requirements and Certifications listed in the NOFA (page 23): no page limits

Part V – Attachments: 60 pages

**87. Question:** *Are additional attachments or supporting documents required to be in 12 point font? (i.e. a report on Pipeline of Eligible Projects)?*

**Answer** – When creating new documents as an attachment to the application, applicants should use 12 point font. However, when using existing documents, 12 point font is not required; however the documents must be legible and cannot exceed the equivalent of 60 single-sided pages in total. Refer to Section C: “Content and Form of Application Submission” for a detailed description of the necessary requirements.

**88. Question:** *Full utilization of our state’s PRA Demo assistance will take place over a 24-month period. Some units will come online in Year 1 and others in Year 2. In calculating the amount of the grant, should we assume HUD funding for a defined 5-year period that begins with the signing of the Cooperative Agreement, even though not all the units would in that case receive 5 years worth of 811 PRA assistance from HUD or should we start the 5-year clock with each set of units, starting when the RAC is signed? In the latter case, units that come on line in Year 2 would receive HUD assistance into year 6.*

**Answer** – The start of PRA Demo assistance should be assumed to start with the date specified in each project’s RAC, not the date associated with execution of the State’s Cooperative Agreement. HUD acknowledges that PRA Demo assisted units in eligible properties will be occupied at various times depending on the state’s proposed schedule for occupancy. In calculating the amount of the grant, applicants should assume 5 years of funding starting from the date projected for initial occupancy in each project.

**89. Question:** *How will the administrative funding be dispersed? Will it be calculated and available for draw only as funds are drawn from eLOCCS (5% of draws, as funds are drawn), available as an annual amount each year (5% of 1/5 of the total award?), or using some other rule?*

**Answer** – Administrative costs must specifically relate to the costs for planning, developing and operating the PRA Demo program, as described in the NOFA. Up to five (5) percent of the grant can be drawn for eligible administrative costs; funds will only be released upon incurred costs and subject to an approved schedule submitted by the applicants. There is no required annual distribution of administrative costs.

**90. This question was revised on 7/24/12. Please see question #94 for revised answer.**

~~**Question:** *Is the HUD-424-CB Grant Application Detailed Budget required? Should it include only the administrative costs or the administrative costs and the PRA Demo funds requested? If the applicant expects to incur additional administrative costs beyond those covered by the 5% administrative allowance in the grant, should these costs be included? If the initial HUD funding is for five years, how do we account for Years 4, 5 and 6, if needed?*~~

~~**Answer** – As is described in the Application Requirements section of the NOFA, submission of the HUD-424CB Detailed Budget is required. Line items should only~~

~~reflect eligible items under the 811 PRA Demo Program which are administrative costs and proposed PRA Demo rental assistance (line item h. Other (Direct Costs)). Attached to these Questions and Answers on the HUD website is a copy of the HUD-424CB form as an Excel document. Applicants should use separate sheets for each proposed program year and submit all sheets in a ZIP file as attachments. The summary sheet ("All Years") should include all years and be included on the downloaded form. Check the applicable program year or 'All Years' box at the top of each page to indicate which applies. Since the form specifies only 3 years, you will have to manually notate "Year 4", "Year 5", "Year 6", etc., as appropriate.~~

~~If applicants are projecting properties with PRA Demo units with occupancy commencing in Year 2 or Year 3, separate sheets for "Year 6" and "Year 7" should be used to designate the requested funds for the entire 5 year period. If funding is being provided by the state, include those funds in Column 5 or Column 7. Do not use Column 2 since there are no match requirements in this NOFA.~~

~~Please note in addition to the HUD-424 CB, your narrative statement must contain a 20-year budget, to include the initial 5 year period, detailing the number of units, expected average subsidy amount, and how the rent level and/or operating subsidy is expected to vary over time.~~

**91. Question:** *The assisted units must be dispersed throughout the property and must not be segregated to one area of a building (such as on a particular floor or part of a floor in a building or in certain sections within a project). Could the requirement be met if the **accessible units** in a building are set-aside for PRA Demo supportive housing units and these units are located only on a particular floor of a building (e.g., only the first floor)?*

**Answer** – Accessible dwelling units must, to the maximum extent feasible, be distributed throughout a building or site so persons with disabilities are not segregated within a particular section of a building or site receiving Section 811 PRA assistance. Where Section 811 PRA is proposed to be used in an existing project where accessible units are located in a single building or on a single floor, grantees should consider whether it is feasible to redistribute such units in a manner that provides greater integration of persons with disabilities. If it is determined that redistribution is not feasible in an existing project, those units are acceptable in cases where the target population requires accessible units.

**Set #6 (July 23, 2012)**

**92. Question:** *The NOFA directs us to Exhibit B for the average tenant payment in the 811 PRAC program in calculating the amount of the PRA Demo request. However, we expect some portion of the population may initially have no income. Can we adjust the tenant share amount to accommodate the population we expect to serve?*

**Answer** – No. For the purposes of having standardized assumptions across applications, HUD has provided applicants with (1) the Average Tenant Payment by State in the Section 811 PRAC program, (2) the average state median income or Fair Market Rent levels, and (3) HUD’s Operating Cost Adjustment Factor (OCAF) calculation (*note*: applicants are also permitted to use an alternate operating cost index as described in the NOFA). Taking into account the leveraging level committed to under Rating Factor 4, Applicants should use these assumptions to calculate the number of units targeted and the amount of PRA Demo funds requested. Once applications are rated and ranked, and applicants are selected for funding, selected applicants will be required to prepare and commit to a more detailed budget.

**93. Question:** *Since there is a requirement to have an active valid registration in Central Contractor Registration (CCR), is there a deadline for the request to CCR?*

**Answer** – Although there is no deadline, the General Section states that the registration should be done in sufficient time before your application is submitted in case you run into problems. However, since the deadline for submission of applications is July 31, keep in mind that your request to CCR should be submitted prior to July 25 since no new registration requests or updates will be accepted by CCR from July 25 to July 30.

**Set #7 (July 25, 2012)****Correction to Question #90**

**94. Question:** *Is the HUD-424-CB Grant Application Detailed Budget required? Should it include only the administrative costs or the administrative costs and the PRA Demo funds requested? If the applicant expects to incur additional administrative costs beyond those covered by the 5% administrative allowance in the grant, should these costs be included? If the initial HUD funding is for five years, how do we account for Years 4, 5 and 6, if needed?*

As described in the Application Requirements section of the NOFA, submission of the HUD-424CB Detailed Budget is required. Line items should only reflect the two eligible items under the 811 PRA Demo Program, which are administrative costs and the proposed PRA Demo rental assistance. Applicants should use line item “f. Contractual” to enter PRA Demo funds to be used for rental assistance and line item “h. Other” to enter administrative costs which should includes any **direct and indirect** administrative costs. No other line items should be used.

Attached to these Questions and Answers on the HUD website is a copy of the HUD-424-CB form as an Excel document. Applicants should use separate sheets for each proposed program year and submit all sheets in a ZIP file as an attachment. The summary sheet (“All Years”) should include all years and be included on the downloaded form. Check the applicable program year or “All Years” box at the top of each page to indicate which applies. Since the form specifies only 3 years, you will have to manually notate “Year 4”, “Year 5”, “Year 6”, etc., as appropriate.

If applicants are projecting properties with PRA Demo units with occupancy commencing in Year 2 or Year 3, separate sheets for “Year 6” and “Year 7” should be used to designate the requested funds for the entire 5 year period. If funding is being provided by the state, include those funds in Column 5 or Column 7. Do not use Column 2 since there are no match requirements in this NOFA.

*Please note* - in addition to the HUD-424-CB, your narrative statement must contain a 20-year budget, to include the initial 5-year period, detailing the number of units, expected average subsidy amount, and how the rent level and/or operating subsidy is expected to vary over time.

**This replaces the answer to Question 90 regarding how to complete the HUD-424-CB.**