

Section 202 Supportive Housing for the Elderly Program Guiding Principles and Discussion Questions April 25, 2012

U.S. Department of Housing and Urban Development





Introduction

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Presentation on Section 202 Budget Proposal and Related Issues Benjamin Metcalf, Senior Advisor for Multifamily Housing

Clarifying Questions

Group Discussion

Reconvening and Reporting





GUIDING PRINCIPLES FOR REFORM OF SECTION 202

Create and sustain more elderly affordable units at a lower initial cost

- President's FY 2013 Budget Request:
 - proposes to provide "operating assistance only" funding to support more units; and
 - takes advantage of state and local capital dollars for affordable housing such as the Low Income Housing Tax Credit program which historically has produced eight times as many elderly affordable units each year than Section 202.





GUIDING PRINCIPLES, CONTINUED

Streamline and modernize the program to reduce processing and increase success

- President's FY 2013 Budget Request proposes to:
 - increase reliance on state housing agencies (where the agencies have the capacity and the interest) to not only process and oversee Section 202 funding, but also to make initial awards concurrent with award of other state funds;
 - reduce HUD's regulatory oversight to rely increasingly on oversight from other funding agencies; and
 - ensure funded projects are ready to go and sponsors have housing experience





GUIDING PRINCIPLES, CONTINUED

Ensure that new Section 202 housing serves as a platform for frail and at-risk elderly as well as those aging in place

- President's FY 2013 Budget Request proposes to:
 - encourage state housing agencies to collaborate with state health care agencies to target Section 202 funding to elderly populations most in need of assistance (for example, where cost savings to state and federal Medicare/Medicaid budgets may be greatest);
 - encourage sponsors to develop partnerships with health care providers up-front, and not wait until existing residents have agedin-place; and
 - continue to recognize the need for every multifamily property
 assisted with Section 202 to serve a range of elderly not just frail
 or at-risk of frail elderly





DISCUSSION QUESTIONS: ALLOCATING FUNDS

1. Allocating Funds

- Given the limited amount of funds available, how should HUD compete the funds? Should HUD provide funds only to states, or directly to nonprofits or to both?
- If both, what is the right mix of funds to award in the first year between states and nonprofits? What kind of other state affordable housing investments does it make sense to layer Section 202 into (*E.g.*, LIHTCs, HOME, state affordable housing trust funds, etc.)?
- If a State receives an award through the state competition, can a nonprofit in that State also apply for an award through the nonprofit competition?





DISCUSSION QUESTIONS: OPERATING ASSISTANCE

2. Long-Term Operating Assistance

- Should HUD add debt service as an allowable expense for new projects in order to help sponsors leverage private capital?
- How important is it to continue to pre-fund the initial 3 years on a PRAC in this context?





DISCUSSION QUESTIONS: TARGETING

3. Targeting

- How does HUD best ensure that every property assisted with Section 202 support a mix of elderly residents, including some with health and service needs and others that are active and healthy?
- What kinds of preferences should HUD build into its NOFAs to prioritize projects that set-aside units for frail or at-risk of frail elderly? How should nonprofits evidence their relationships with service providers at application?
- What kinds of health care partnerships (e.g., with Medicaid or Aging agencies) should state housing agencies have in place in order to receive an allocation of funds?





WRITTEN COMMENTS

We welcome your comments.

Please provide your written comments to Ben Metcalf at benjamin.t.metcalf@hud.gov by June 1, 2012.

