



Section 811 Project Based Rental Assistance (811PRA)

Owner Solicitation

Multifamily Rental Financing

July 2015



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Louisiana Housing Corporation/Louisiana Housing Authority
Section 811 Project Based Rental Assistance Program (811 PRA)

June, 2015

SOLICITATION FOR APPLICATIONS

The Louisiana Housing Corporation through the Louisiana Housing Authority (LHA) requests applications from owners of properties (Owners) in north and central Louisiana to participate in its 811 PRA program, by providing rental housing for LHC's 811 PRA initiative. A list of eligible parishes where the rental properties may be located is found in Section II Property Requirements.

For participation in this program, Owners may propose existing housing units or units being renovated or constructed, or to be renovated, that can be brought on line within the next twelve months. Proposed contract terms may be for at least twenty years. Owners must also enter into a thirty year Use Agreement. Owners may submit applications in response to this Solicitation at any time prior to the maximum units available having been placed under contract. LHA will review and evaluate applications as they are received and will notify the applicant within a reasonable time of acceptance of rejection of applicant's application.

Applications should be emailed to Linda Jarrell, who is working for LHC under a state contract for the 811 PRA program. Ms. Jarrell's email address is lvjarrell@aol.com. Ms. Jarrell can be reached by phone at 318-464-7531.

OVERVIEW

This Solicitation is issued as part of LHA's efforts to successfully implement a program that includes units of 811 PRA for permanent supportive housing for individuals with long-term disabilities age 18 to 62 or families with at least one person with a disability between the ages of 18-62, who may need access to supportive service to assist them in maintaining a successful tenancy. The program was authorized and funded by the U.S. Department of Housing & Urban Development Notice of Funding Availability FR 5600-N-28 FY 2012 Section 811 PRA Demonstration Program.

In February 2013, the U. S. Department of Housing and Urban Development (HUD) announced the award of Section 811 Project Rental Assistance Demonstration (811 PRA) funding to 13 states, including Louisiana. The Louisiana Housing Corporation (LHC) in partnership with the Louisiana Department of Health and Hospitals (DHH) applied under HUD's Notice of Funding Availability (HUD NOFA) for Section 811 PRA funding to serve approximately 200 persons with disabilities. LHC's application was fully funded and in November 2014 HUD and LHC executed a Cooperative Agreement for funding totaling \$8,250,000.

811 PRA funds may be used to provide project-based rental assistance for LHC–financed rental units, including Low-Income Housing Tax Credits (LIHTC) units. These funds may also be used to provide project-based rental assistance to projects funded by private entities. The units must be restricted for occupancy to households that include a non-elderly person with a disability referred by DHH. The household referred by DHH must have:

- A non-elderly adult with a disability, age 18 and over and less than 62 years of age at the time of admission, who is a Medicaid recipient and 1915i eligible;
- The disabled household member must be eligible for community-based, long-term services provided in the community; and
- Income at or below 30% of area median income (AMI).

Within this target population, eligible tenants will be prioritized by DHH in the following order:

1. Persons inappropriately institutionalized, who may be living in a nursing home or an Intermediate Care Facility for persons with Developmental Disabilities (ICF-DD), is being treated in a psychiatric facility or other residential treatment facility, or is incarcerated in a jail or correctional setting.
2. Households at risk of institutionalization due to current housing situation;
3. Persons who are homeless or at risk of homelessness, who are Medicaid recipients, prioritized in the order set forth in the HEARTH Act definition (HEARTH Act of 2009).

The 811 PRA funding will be administered by LHA in accordance with HUD requirements, which model the project-based Section 8 program in many ways. Properties that are selected to receive 811 PRA funding will be required to sign a 30-year use agreement and 20-year Rental Assistance Contract (RAC) for the units. LHA will operate the program and provide the rental assistance to the unit owner in accordance with each RAC. Each RAC will provide for an initial award to cover 5 years of assistance for each PRA Demo unit. Both LHA and HUD anticipate that future funding will continue for the PRA Demo units. If it does not, there are provisions to transition the existing households and terminate the PRA Demo obligations. If funding is no longer available the use agreement goes away as well.

Through this Solicitation, LHA will select the properties and units to participate in the Section 811 PRA. The goal for this Solicitation is to provide integrated living opportunities for persons with disabilities and extremely low incomes in various types of developments from high rises to garden-style apartment complexes in communities ranging from urban to suburban neighborhoods. Integrated living opportunities means that persons with disabilities will live and interact with other people of mixed-income levels and backgrounds, magnifying the opportunity to engage with a broad segment of society inclusive and representative of all persons in Louisiana. No more than 25% of the total units in properties may be set-aside for Permanent Supportive Housing (PSH).

Louisiana’s 811 PRA will strive to locate the selected units in the northern and central parts of the state, areas not impacted by GO Zone funds. The need for one-bedroom units is likely to be stronger than for larger units so LHA anticipates about 70% of the units to be one-bedrooms and

30% to be two-bedrooms or more. These percentages are estimates and may change as the 811 PRA moves forward.

DHH, working with the private sector, will refer eligible tenants to the available units. At the time of the referral, potential tenants must be eligible for Medicaid funded long-term voluntary services.

The following services are currently available through DHH:

- Community Choices Waiver,
- Adult Day Health Care Waiver,
- NOW Waiver,
- The Traumatic Head and Spinal Cord Injury Trust Fund,
- Long Term Personal Care Services,
- Residential Options Waiver,
- Services under 1915i, including Assertive Community Treatment, Community Psychiatric Support and Treatment (CPST), Psychiatric Rehabilitation, and Crisis Intervention.

811 PRA PROGRAM REQUIREMENTS

This Solicitation is seeking applications from owners of projects with existing financing that will accept 811 PRA funding for at least three (3) units and rent these units to non-elderly households which include at least one (1) person with a disability. The households will be referred by DHH. Units must be ready for occupancy within twelve months from date of award, though greater consideration will be given to units that are ready for immediate occupancy. Applicants will be expected to meet requirements of the Section 811 PRA Program and the HUD Cooperative Agreement.

Applications will be processed as they are received and units will come on line as contracts are executed. Rent levels for units selected under this Solicitation shall not exceed the applicable Section 8 Small Area Fair Market Rent or Fair Market Rent levels as published by HUD. Rents can only be adjusted annually based upon HUD's Operating Cost Adjustment Factor (OCAF). Tenants will be required by regulation to pay no more than 30% of their income towards rent.

LHA and the successful applicant owner will enter in to a 30-year Use Agreement and a 20- year Rental Assistance Contract (RAC) for the funding awarded to the project. The initial term of the RAC between LHA and the Eligible Multifamily Property owner shall have a minimum term of 20 years. At the time a RAC is executed, LHC will commit PRA funding sufficient to cover the estimated subsidy for the unit for five (5) years. Financial support from HUD following initial funding is subject to available appropriations. **If Congress fails to appropriate funds adequate to meet the future financial needs of the Cooperative Agreement and the Cooperative Agreement is terminated, HUD will not require LHA to enforce any Use Agreement on Eligible Multifamily Properties covered under a RAC.**

I. Eligible Applicants

Non-profit and for-profit property owners of non-age restricted properties located within the parishes listed in Section II Property Requirements are encouraged to apply:

In addition, an applicant will not be eligible if any of the following exist or have occurred with respect to such Applicant's owner, sponsor or management agent:

- Consistent failure to provide documentation required by LHC in connection with loan applications or management and operation of other existing projects;
 - A current limited denial of participation from the U.S. Department of Housing and Urban Development (HUD);
 - A debarment, suspension, or voluntarily exclusion from participation in any federal or state program;
 - Have demonstrated a history or pattern of non-corrected serious health and safety issues as documented by IRS form(s) 8823;
 - Have unpaid fees, loan arrearages, or other obligations due to LHC on any other projects;
- or
- Have been found by any state or federal agency or court of competent jurisdiction to have acted in violation of the Fair Housing Act, the Civil Rights Act or any other state or federal law prohibiting discrimination with the previous five years.

II. Property Requirements

Eligible parishes: The applicant's non-age restricted project must be located within the following parishes: Caddo, Bossier, De Soto, Claiborne, Bienville, Red River, Sabine, Caldwell, Catahoula, E. Carroll, Franklin, Grant, Jackson, La Salle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Avoyelles, Richland, Tensas, Union, Vernon, W. Carroll, Winn.

Other limitations: 811 PRA funding may not be used for **any** unit with an existing occupancy or use restriction for persons with disabilities. No more than 25% of the total units in a project, including the 811 PRA units, in a property can be (1) provided rental assistance payments; (2) restricted to supportive housing for persons with disabilities; (3) or have any occupancy preference for persons with disabilities.

III. Compliance with Fair Housing and Civil Rights Laws

Owners of eligible multifamily properties must comply with fair housing and civil rights requirements in 24 CFR 5.105(a), including but not limited to, the Fair Housing Act; Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Title II of the

American Disabilities Act; Section 109 of the Housing and Community Development Act of 1974.

A. *Integrated Housing*

Eligible multifamily property owners must adopt actions and procedures to ensure that 811 PRA assisted units are dispersed and integrated within the property. The units 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). In addition, all communication to residents of the assisted property is provided in a manner that is effective for persons with hearing, visual and other communications-related disabilities consistent with Section 504 of the Rehabilitation Act of 1973 and, as applicable, the Americans with Disabilities Act including providing information in languages other than English.

B. *Barrier Free/Accessibility Requirement for Units, Buildings, and Facilities, Including Public and Common Use Areas*

Eligible multifamily properties must meet accessibility requirements of Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act. In addition, 811 PRA units must meet the design and construction requirements of the Fair Housing Act and 24 CFR part 100. Assisted units can consist of a mix of accessible units for those persons with physical disabilities and non-accessible units for those persons without physical disabilities.

IV. Uniform Physical Construction Standards (UPCS)

Property owners must agree to periodic physical inspections consistent with UPCS. These inspections will be performed in conjunction with inspections already performed by LHA and its agents to the extent feasible and practical.

V. Environmental requirements

A. *Phase I Report*

All properties that will have 811 PRA assisted units must have had a Phase I Environmental Report, complying with ASTM E 1527-05 and ASTM E 2600-10 requirements, prepared within a year and updated within six (6) months, if required, of the date the property was acquired or the date of the last real estate transaction (construction, rehabilitation, or refinancing). If the Phase I report complies with ASTM E 1527-05 but did not include a vapor screen in accordance with ASTM E 2600-10, a vapor screen must be performed. Please note: Existing properties that are currently HUD-assisted (HOME funds/CDBG) or HUD-insured (FHA Insurance) and that will not engage in activities with physical impacts or changes beyond routine maintenance activities or

minimal repairs are not required to comply with the environmental tenets. LHA staff are available to work with owners to identify the specific environmental requirements for the identified property and work through to accomplish these requirements.

B. *Lead-Based Paint*

The Lead Safe Housing Rule (specifically 24 CFR 35, subparts B, H, and R) see:

http://portal.hug.gov/HUD?src=/program_offices/healthy_homes/enforcement/lshr applies to project-based rental assistance of pre-1978 housing for persons with disabilities when a child of less than 6 years of age resides or is expected to reside in such housing.

All projects originally constructed before 1950 must be certified by the Louisiana Department of the Environmental Quality (DEQ) as lead-safe and meet HUD/EPA clearance standards.

VI. Owner Responsibilities

A. *Affirmative Fair Housing Marketing Plan*

The owner is responsible for all management functions including screening of Eligible Applicants referred by DHH. All referrals as well as owner screening must comply with the Grantee's (LHC) Affirmative Fair Housing Marketing Plan (HUD-92243-PRA) and all HUD Fair Housing and Equal Opportunity requirements. The purpose of the plan and requirements is to assure that eligible families in the same housing market areas have an equal opportunity to apply and be selected for an assisted unit regardless of their race, color, national origin, religion, sex, disability, or familial status.

B. *Tenant Selection*

The owner must accept referrals of eligible applicants from DHH if the owner determines the tenant to be eligible pursuant to the owner's LHA-approved tenant selection plan. Upon request of LHA or HUD, the owner must furnish copies of all applications to LHA and/or HUD. The owner is responsible for:

- obtaining and verifying information related to Social Security Numbers for eligible family members
- obtaining and verifying income through the use of the Enterprise Income Verification (EIV),
- obtaining and verifying information related to household income eligibility of prospective tenants
- preventing crime in assisted units, including the denial of admission to persons engaged in criminal activity or with certain criminal histories
- complying with protections for victims of domestic violence, dating violence, sexual assault, or stalking

- complying with all other applicable requirements, including but not limited to the RAC, Project Rental Assistance Program Guidelines, and any other HUD administrative requirements

If the owner determines that an applicant tenant is ineligible on the basis of income or family composition, or because of failure to meet the disclosure and verification requirements for Social Security numbers, or because of failure by an applicant to sign and submit consent forms for the obtaining of wage and claim information from the various agencies, or for any other reasons, the owner must promptly notify the applicant in writing of the determination and its reasons, and that the applicant has the right to meet with the Owner (or Owner's designee) and has the right to request a reasonable accommodation. The applicant may also exercise other rights if the applicant believes that he or she is being discriminated against on the basis of race, color, national origin, religion, sex, disability or familial status. Records on applicants and approved eligible families, which provide racial, ethnic, gender and place of previous residency data required by HUD, must be maintained and retained for three (3) years.

VII. TRACS

HUD's Tenant Rental Assistance Certification System (TRACS) is the HUD system that will be used to process voucher payments to Property owners. Property owners will be required to ensure that tenant data is entered into TRACS. TRACS is a HUD computer system developed to help improve financial controls over assisted housing programs by automating manual procedures and incorporating automated controls.

Owners are required to follow all applicable requirements found in HUD Handbook 4350.3 REV-4, Hosting Notices, regulations, and statutes. LHA staff will work with the owner and their property management staff to build their staff capacity in order to accomplish these tasks related to TRACS.

VIII. Lease Requirements

Owners must use the HUD Model 811 PRA Lease and required addenda. Addendum to Lease, including: Extended Absence due to Medical Concerns. See enclosure.

IX. Selection Criteria

All Applications submitted for consideration will be ranked and scored, based on the criteria below.

Threshold Criteria	
Property is a <u>non-age restricted property</u> and located within the following parishes: Caddo, Bossier, De Soto, Claiborne, Bienville, Red River, Sabine, Caldwell, Catahoula, E. Carroll, Franklin, Grant, Jackson, La Salle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Avoyelles, Richland, Tensas, Union, Vernon, W. Carroll, Winn.	
Owner/Management company has experience with assisted housing programs such as Project-based rental assistance with HUD or other such assistance; TRACS or similar reporting program.	
Application identifies 1 and/or 2 bedroom units for participation and the total number of units does not exceed the 25% limit on units with occupancy restrictions for PWDs	
Property meets all 811 PRA requirements.	
Selection Criteria	
Accessibility: Property is located in area with close proximity to public facilities, sources of employment and services, including health, education and recreational facilities.	
DHH wait list indicates an anticipated strong need for the units over time.	

Submission Deadline

Applications will be accepted until all available units are under contract. Applications should be sent via email to: lvjarrell@aol.com.

If you have any questions concerning the scope of services, contact Linda Jarrell, 318-464-7531.

Attachments:

1. Owner Solicitation Application for 811 PRA
2. Rental Assistance Contract Part I and II (including Exhibits 1-7)
3. Agreement to Enter into Rental Assistance Contract (rehabilitation)
4. Tenant Application for 811 PRA Assistance