

Developer Fact Sheet

Section 811 Project Rental Assistance

In 2015, MFA received a \$2.3 million award to participate in HUD's Section 811 Project Rental Assistance (PRA) program, which provides project-based rental assistance for extremely low-income persons with disabilities who are linked with long-term services. The rental assistance covers the difference between the tenant payment and the property's contract rent.

New Mexico's Section 811 PRA Program

- Serves extremely low-income, non-elderly persons with Serious Mental Illness (SMI), with a focus on persons who are homeless, at risk of institutionalization, or are young adults transitioning from foster care or the juvenile justice system.
- Targeted counties include Bernalillo, Santa Fe and Doña Ana. Other areas may be eligible if supportive services are available.
- An estimated 95 households will receive rental assistance under the grant, with the first units leasing up in 2016.
- Partners include MFA and state agencies that coordinate services for persons with SMI: New Mexico Human Services Department (HSD), New Mexico Department of Health (DOH) and Children, Youth and Families Department (CYFD).

The National Low Income Housing Coalition estimates a deficit of more than 40,000 affordable and available housing units for extremely low-income households in New Mexico. New Mexico's Section 811 PRA program addresses this need by providing rental assistance to house extremely low-income persons with Serious Mental Illness.

Property Eligibility

- New construction or rehabilitation projects applying for MFA multifamily financing, including Low Income Housing Tax Credits (LIHTCs), Risk Share HUD 542(c), New Mexico Housing Trust Fund, Primero and HOME/Rental.
- Existing multifamily properties, provided that Section 811 rental assistance is not used for:
 - 1) units with existing occupancy or use restrictions for persons with disabilities.
 - 2) units with existing occupancy or use restrictions for persons aged 62 or older.
 - 3) units that have received any form of long-term operating subsidy in the last six months.
- There must be a minimum of five Section 811 PRA units per property.
- No more than 25 percent of the total units in a property may be restricted to persons with disabilities, including Section 811 PRA units. Section 811 PRA units must be dispersed throughout the property.
- Rent generally cannot exceed the applicable Section 8 Fair Market Rent levels published by HUD.

Tenant Eligibility

- At least one person in the household must be non-elderly (18-62 years of age), have a disability that meets the criteria for Serious Mental Illness (SMI), and be eligible to receive Medicaid and services/supports. New Mexico's focus is on housing persons with SMI who are homeless or are at risk of institutionalization, as well as young adults (ages 18-21) who are emancipated from foster care or transitioning from the juvenile justice system.
- The household must be extremely low-income (earning 30 percent of AMI or below) as defined by HUD.

Owner Responsibilities

Required Agreements:

Owners sign the following agreements with MFA to participate in the Section 811 PRA program:

- *Agreement to Enter into a Section 811 Rental Assistance Contract* that commits the property to participate in the program. (for new construction projects only)
- *Rental Assistance Contract (RAC)* between MFA and the property for the operation of the Section 811 PRA program for a minimum of 20 years, with initial funding for a period of five years. MFA also has the ability to increase or decrease the number of Section 811 PRA units in the RAC as the needs of the property change over time.
- *Use Agreement* is a legally recorded document that restricts a specific number of units in a property for use within the Section 811 PRA program for a minimum of 30 years.
- MFA has the ability to terminate the RAC and Use Agreement if Congress does not provide funding beyond five years.

Davis Bacon Labor Standards: Davis Bacon Labor Standards apply to projects with 12 or more Section 811 PRA units where construction has not been completed.

Environmental Requirements: A Phase I Environmental Report must be prepared within one year and updated within six months, if required, from the date the property was constructed, rehabilitated, acquired or refinanced. This requirement does not apply to existing HUD-assisted or HUD-insured properties with no physical changes beyond routine maintenance and minimal repairs.

Referral Process: Local Lead Agencies (LLAs) will provide marketing and outreach for the program as well identify and refer prospective Section 811 PRA tenants to property owners and managers. Owners and managers are responsible for screening tenants for Section 811 PRA eligibility.

Fair Housing: Owners and property managers must comply with fair housing and civil rights requirements. Tenant referrals and screening must comply with MFA's Affirmative Fair Housing Marketing Plan.

UPCS: Owners must agree to periodic physical inspections consistent with Uniform Physical Construction Standards. MFA will perform these inspections with those required for other programs when possible.

HUD Systems: The owner or property manager must enter tenant data into HUD's Tenant Rental Assistance Certification System (TRACS) and verify income with HUD's Enterprise Income Verification (EIV).

Vacancy Payments: MFA will provide vacancy payments to properties that have signed RACs. Requested special claims for vacancy may not exceed 80 percent of the contract rent for up to 60 days of vacancy. Vacancy payments may be requested during initial lease-up and thereafter.



HUD Fair Market Rents, 2015

	County	Efficiency	1-BR	2-BR	3-BR
Albuquerque MSA	Bernalillo County	\$543	\$682	\$836	\$1,210
	Sandoval County	\$543	\$682	\$836	\$1,210
	Torrance County	\$543	\$682	\$836	\$1,210
	Valencia County	\$543	\$682	\$836	\$1,210
	Catron County	\$473	\$532	\$631	\$930
	Chaves County	\$425	\$466	\$631	\$891
	Cibola County	\$479	\$482	\$631	\$871
	Colfax County	\$474	\$477	\$645	\$803
	Curry County	\$466	\$469	\$631	\$922
	De Baca County	\$473	\$532	\$631	\$930
	Doña Ana County	\$445	\$534	\$634	\$907
	Eddy County	\$534	\$548	\$728	\$935
	San Juan County	\$499	\$536	\$725	\$903
	Grant County	\$473	\$532	\$631	\$930
	Guadalupe County	\$473	\$491	\$631	\$930
	Harding County	\$473	\$491	\$631	\$836
	Hidalgo County	\$473	\$491	\$631	\$930
	Lea County	\$525	\$528	\$715	\$909
	Lincoln County	\$488	\$606	\$820	\$1,021
	Los Alamos County	\$603	\$776	\$1,006	\$1,315
	Luna County	\$473	\$531	\$631	\$910
	McKinley County	\$577	\$632	\$749	\$933
	Mora County	\$473	\$532	\$631	\$831
	Otero County	\$389	\$532	\$631	\$921
	Quay County	\$463	\$466	\$631	\$811
	Rio Arriba County	\$375	\$466	\$631	\$786
	Roosevelt County	\$400	\$521	\$672	\$837
	San Miguel County	\$380	\$524	\$638	\$843
	Santa Fe County	\$739	\$804	\$953	\$1,278
	Sierra County	\$429	\$466	\$631	\$786
	Socorro County	\$444	\$466	\$631	\$786
	Taos County	\$563	\$677	\$810	\$1,009
	Union County	\$463	\$466	\$631	\$914

Section 811 PRA targeted counties in gray