

Section 811

Project Rental Assistance



In 2020, Housing New Mexico | New Mexico Mortgage Finance Authority (MFA) received a \$3.5 million award to participate in the U.S. Department of Housing and Urban Development's (HUD) 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. Housing New Mexico has HUD approval to accept Fair Market Rents.

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 Project Rental Assistance program addresses this need by providing rental assistance to house extremely low-income persons with special needs.

Target Population

- Households in which a household member has one or more of the substantial, long-term disabilities listed below, provided that a Local Lead Agency determines appropriate services related to the type of disability can be provided:
 - Serious mental illness
 - Addictive disorder (e.g., individuals in treatment and demonstrated recovery from substance abuse disorder)
 - Developmental disability (e.g., intellectual disability, autism or other development disability acquired before the age of 22)
 - Physical, sensory, or cognitive disability occurring after the age of 22
 - Disability caused by effects of chronic illness (e.g., people with HIV/AIDS who are no longer able to work)
 - Age-related disability (e.g., frail elderly less than 62 years of age or young adults with other special needs who have been in the foster care or juvenile justice system)
- Households/individuals who are homeless
- Targeted counties include Bernalillo, Santa Fe, and Doña Ana. Other areas may be eligible if supportive services are available.
- Partners include Housing New Mexico, New Mexico Health Care Authority's Behavioral Health Services Division, and New Mexico Aging and Long-Term Services Department.

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Property Eligibility

- New construction or rehabilitation projects that applied for Housing New Mexico multifamily financing, including Low-Income Housing Tax Credits (LIHTC), 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:
 - units with existing occupancy or use restrictions for persons with disabilities;
 - units with existing occupancy or use restrictions for persons aged 62 or older; or
 - units that have received any form of long-term operating subsidy in the last six months.
- Housing New Mexico recommends 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.

Tenant Eligibility

- At least one person in the household must be non-elderly (18-61 years of age), have a disability that meets the criteria for special needs, and be eligible to receive Medicaid and services/supports.
- The household must be extremely low-income (earning 30 percent of Area Medium Income or below) as defined by HUD.

Owner Responsibilities

Required Agreements

Owners sign the following agreements with Housing New Mexico 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.
- *Rental Assistance Contract (RAC)* between Housing New Mexico 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. Housing New Mexico 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.
- Housing New Mexico 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 as 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 Housing New Mexico Affirmative Fair Housing Marketing Plan.

NSPIRE

Owners must agree to periodic physical inspections consistent with National Standards for the Physical Inspection of Real Estate. Housing New Mexico 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

Housing New Mexico 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 30 days of vacancy. Vacancy payments may be requested during initial lease-up and thereafter.



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