

HUD SECTION 811 PRA

Project Rental Assistance Program



Process Evaluation



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H U D S E C T I O N 8 1 1 P R A

Project Rental Assistance Program

Process Evaluation

Prepared for
U.S. Department of Housing and Urban Development

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Disclaimer

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Executive Summary

This report presents the results of a process evaluation of 12 states' experiences implementing the Section 811 Project Rental Assistance (811 PRA) program, a new approach to providing affordable rental housing for extremely low-income nonelderly people with disabilities.

Background on HUD's Section 811 PRA Program

Since 1991, the U.S. Department of Housing and Urban Development (HUD) has administered the Section 811 Supportive Housing for Persons with Disabilities program, providing interest-free capital advances and Project Rental Assistance Contract (PRAC) funds to nonprofit sponsors to develop and operate group homes, independent living projects, and condominiums for very low-income people with disabilities. Some 35,000 households receive rental assistance under the Section 811 PRAC program.

The Frank Melville Supportive Housing Investment Act of 2010, or Melville Act, introduced several reforms to the Section 811 program, including the PRA option. The 811 PRA option connects services and expands affordable housing options for nonelderly people with disabilities who have extremely low-income. The 811 PRA option provides subsidies for scattered site units in affordable housing developments financed by other funding sources and occupied by people with and without disabilities. It creates or builds on incentives for owners and developers to create additional supportive housing by tapping available Medicaid funding streams. It also forms service partnerships and develops referral networks to identify eligible households that need service-enriched housing.

Households eligible for the 811 PRA must be extremely low-income, nonelderly persons with disabilities between the ages of 18 and 61 at the time of admission and who are eligible for Medicaid or a similar program offering community-based, long-term services and supports. PRA assistance may be targeted to people who are living in institutions, homeless, or at risk of institutionalization or homelessness. States had flexibility to further target or prioritize groups within this target population, based on the local needs of persons with disabilities.

One goal of the Section 811 PRA option is to bring affordable rental housing for persons with disabilities to

occupancy more quickly than was possible under the Section 811 PRAC program. The new option also gives states opportunities to respond to incentives from the Affordable Care Act that encourage community-based housing and care. The 811 PRA program could also contribute to state efforts to end homelessness and to respond to the goals of the U.S. Supreme Court's 1999 *Olmstead* decision that established the right of people with disabilities to live in the least restrictive settings possible that meet their needs and preferences.¹

In February 2013, HUD awarded a demonstration round of PRA grants totaling \$98 million to 13 states to assist an estimated 3,350 units. By early 2015, 12 grantees had executed cooperative agreements with HUD to implement the 811 PRA program under its inaugural funding round. In March 2015, HUD awarded a second round of PRA funding to 25 state housing agencies for approximately \$150 million.

Goals of the Section 811 PRA Process Evaluation

The Melville Act mandates an evaluation of the Section 811 PRA program. In 2015, HUD's Office of Policy Development and Research issued a contract to a research team to carry out the Phase I evaluation. The Phase I evaluation focused on the 2012 demonstration round of funding. This process evaluation report is the third report produced by the Phase I evaluation and provides an aggregate summary of 811 PRA implementation in the 12 states funded in the initial round of grants.

The primary goal of the Section 811 PRA process evaluation is to describe the implementation of the PRA program and the partnerships in the 12 initial states. The report draws on grantee funding applications and program documents, HUD administrative data, and in-person interviews with staff from state housing agencies, state Medicaid agencies, and other program partners. The evaluation captures the early implementation successes and challenges of the PRA demonstration funding round between October 2014, when HUD and grantees signed the first cooperative agreements to begin administering the PRA grant, and June 2016, the end of data collection for the evaluation. This report covers approximately the first 18 months of program implementation, as HUD and grantees signed cooperative agreements between October 2014 and May 2015.

The process evaluation describes the state agency partnerships, procedures developed to implement the

¹ The Supreme Court's 1999 decision in *Olmstead v. L.C.* established that segregating people with disabilities in institutional settings constitutes discrimination under the Americans with Disabilities Act. The court held that public entities must provide community-based services in the least restrictive setting that meets the person's needs and preferences.

811 PRA, and progress toward the goals of securing units under contract for PRA subsidies, matching eligible households to available units, and ensuring households access to appropriate services and supports. In addition, the process evaluation identifies the successes and challenges encountered by the early grantees, the strategies they developed to adapt programs to address arising challenges, and the early lessons from grantees' experiences for programs and policies.

Lessons From the Process Evaluation

The 811 PRA option represented an entirely new approach to providing rental assistance to people with disabilities. During the initial 18 months after grant awards, the grantees and their partners (with assistance from HUD) devoted much of their effort to startup activities and to putting systems and procedures in place to support this new subsidy program. Key activities in the first 1 1/2 years of the 2012 PRA grant included solidifying the roles and responsibilities between housing and Medicaid partner agencies, conducting outreach to owners to identify candidate properties for PRA units, and establishing outreach and referral procedures to identify individuals and match them with PRA-subsidized units.

The following are lessons learned from the process evaluation about grantee and Medicaid agencies' early experiences with the Section 811 PRA program.

PRA Program Target Populations

All 12 states are targeting people who are institutionalized, a priority target population in 6 states (California, Delaware, Illinois, Louisiana, Massachusetts, and Pennsylvania). All but 2 grantees (Illinois and Texas) targeted people who are at risk of institutionalization. All 12 states participate in the Centers for Medicare and Medicaid Services' Money Follows the Person (MFP) program, and several states prioritize the availability of PRA assistance to individuals participating in MFP.

All but 3 grantees (California, Illinois, and Texas) target people who are experiencing homelessness or at risk of homelessness, but only a few states conduct targeted outreach to people experiencing homelessness or at risk for homelessness. Several states (Delaware, Georgia, Illinois, and Maryland) target PRA resources to members of groups covered by legal settlements under Olmstead or other laws. Most of the 12 grantees targeted multiple disability groups—that is, a combination of people with physical, developmental, or mental health disabilities.

The target population has implications for the way state housing and Medicaid agencies conduct outreach and referral procedures. Outreach procedures and transition services may also vary depending on whether PRA applicants are participants in the state's MFP program.

Partnerships and Organizational Structure

Housing and Medicaid partners with previous experience working together had an advantage in launching the program more quickly. State agencies that had previously worked together to administer supportive housing programs typically had established mechanisms for communication between agencies, had a greater understanding of target populations, and had existing outreach procedures, systems, applicant pools, and waiting lists adaptable for the PRA program.

In several states, housing and Medicaid agencies undertake 811 PRA program tasks together, necessitating learning a common language and training the other agency on areas of expertise. PRA program activities that staff from state housing and Medicaid agencies jointly conduct are outreach to property owners to encourage interest in the PRA program, review of owner applications for 811 PRA assistance, training to service providers who work PRA applicants and residents, and monitoring and reporting for grant compliance.

Grantees commonly reported that the program required more time and resources than expected, and most reported that administrative tasks still took longer than expected a year after the start of PRA programs.

Sustaining program staffing is a concern for Medicaid agencies with the expiration of MFP grants that fund staff and services in many states that help individuals who are transitioning out of institutions into community-based housing. To continue funding these activities, states may need to consider changing their Medicaid waiver programs to make housing-related activities and services eligible.

Identifying PRA Units

As of June 2016, all 2012 grantees had units under contract with property owners for PRA subsidies. Combined, the grantees had 604 PRA units under Rental Assistance Contracts (RACs), about one-fourth (28 percent) of the total number of estimated PRA units funded in this demonstration round. When adding the number of units identified under other formal agreements or affordable housing competitions, grantees identified 43 percent of the total estimated 2,193 PRA units

expected to be funded through the 2012 awards. The total number of PRA units to eventually be funded under the demonstration grants will not be known until all units are under lease. The number could be less than 2,193. Most grantees underestimated the amount of average rental subsidies for PRA residents, and thus, will not be able to assist as many units as projected in their notice of funding availability responses.

The overall average number of units under executed RACs is 8.6 units per property. The number of units for each RAC varies widely from 2 to 21 units per property, based on the size of the property and the incentives for PRA subsidies. Some states developed a minimum number or percent of PRA units that owners must accept to receive funding through, or receive priority for, housing assistance programs.

Creating incentives in state Qualified Allocation Plans (QAPs) for low-income housing tax credits, or LIHTCs, was a primary tool for grantees to secure units under contract for PRA. Some states were able to target QAP special population priorities to PRA subsidies or otherwise provide incentives for developers to set aside a percentage of a property's units specifically for PRA.

Challenges with owner recruitment included owner concerns about the 30-year use agreement, the 20-year contract period, and the lower PRA rents that grantees established in the grant applications, a particular concern in costlier urban areas. Some owners also had to learn to use HUD's subsidy administration and reporting systems, which they may not have previously used.

At least three grantees report the lack of one-bedroom units in the state's affordable housing portfolio is a challenge in identifying units for the program, although the percentage of units leased is generally proportional to the breakdown of units under RAC. Some states address this concern by encouraging the production of one-bedroom units in future affordable housing developments. For example, the Louisiana tax credit agency will increase the points in the state's 2017 QAP for projects that agree to set-aside 25 percent of units for PRA and give preference to the development of one-bedroom units.

Of the 12 grantees, 9 committed to set aside housing choice vouchers, project-based vouchers, and public housing units to extremely low-income households with disabilities to supplement the 811 PRA units. Through June 2016, 5 grantees reported that 432 vouchers were issued as part of this commitment, representing 30 percent of the total leverage commitment.

Outreach and Referral to PRA Target Populations

Grantees report many advantages of centralizing the acceptance and review of applications at state, regional, or county levels and maintaining a single program waiting list, especially when using software to automate and facilitate the process. PRA program staff also reported challenges when the centralized process relies on an individual staff person however.

All grantees developed some type of 811 PRA program waiting list that is maintained by the housing agency or their partners, but each PRA program uses waiting lists differently. Grantees and their partners maintain waiting lists at various levels, including by state, region, outreach or referral agency (contracted service provider), and property. Two grantee programs combined the PRA waiting list with waiting lists for other established programs.

Some grantees noted mismatches between locations of available vacancies, available and accessible services, and where eligible applicants want to live.

PRA Applicants and Residents

Through June 2016, grantees reported a combined 3,270 applicants for the 12 PRA programs. More than one-third of applicants were either homeless (26 percent) or at risk for homelessness (10 percent). More than one-fourth of applicants were either residing in institutions (18 percent) or were at risk for institutionalization (9 percent). People living in group homes, adult care homes, or other residential settings constitute 11 percent of applicants.

Grantees vary in the distribution of applicants by place of prior residence, largely reflecting the states' priorities and eligible populations. Most homeless applicants are from three states (Louisiana, Maryland, and Minnesota) that are specifically targeting people experiencing homelessness or at risk for homelessness.

Through June 2016, the 12 demonstration PRA programs assisted 133 households with rental assistance, and 124 residents were living in PRA-funded units at the end of the month (8 households had exited the program since January 2015). The 124 households represent just 6 percent of the estimated 2,193 units that grantees expect to fund with the 2012 PRA demonstration grant.

Approximately one-half of PRA residents came from institutions (35 percent) or were at risk for institutionalization (15 percent) as defined by each PRA

program. An additional one-fourth of residents had previously experienced homelessness or was at risk for homelessness.

PRA residents range in age from 19 to 60 but skew toward the higher age limit of the 811 PRA program. The average head of household is age 47, and the median age is 50.

PRA residents have extremely low household incomes and report few assets. After taking deductions into account, average adjusted annual income of PRA residents was \$8,886. On average, adjusted PRA household income was about 16 percent of the Area Median Income in the locations where PRA residents live. Most PRA households receive only Social Security (42 percent), only Supplemental Security Income (34 percent), or both Social Security and Supplemental Security Income (13 percent).

The average rental assistance amount for PRA residents was \$599, ranging from a low of \$317 to a high of \$1160. For data available on PRA residents as of June 2016, actual assistance payments were about \$141 a month higher than estimated by grantees in the grant cooperative agreements. The average resident payment for residents moving into PRA units by June 2016 was \$223 a month, ranging from \$5 to \$443.

Provision and Coordination of Services and Supports

- Most grantees were still in the early stages of implementing 811 PRA programs during the data collection period, few PRA residents were housed, and grantees had little experience with service delivery for individuals living in PRA units.
- Different Medicaid waiver and state plan services serve different target populations, and the types and availability of healthcare and supportive services will vary. In a number of states, 811 PRA activities were closely coordinated with the states' MFP programs. MFP staff and systems were critical resources in identifying potential applicants for the 811 PRA program, determining eligibility, and (for those found eligible for an available unit) assisting with transitions.
- Although states may have appropriate waiver programs for the 811 PRA target populations, grantees noted that a key factor in identifying suitable properties for the program is confirming the proximity of appropriate services. Some grantees noted concerns about the availability of services in rural or suburban areas, although the program was still early in implementation.

As a new program, state housing agencies and their partners faced some challenges in the first 18 months of implementation in identifying eligible properties and securing units, matching individuals with disabilities to PRA-subsidized units, and navigating new reporting and data systems required to administer the rental subsidies. Although this report addresses those challenges, this report also identifies several ways state agencies successfully developed or expanded existing state-level partnerships to meet the goals of state PRA programs.

More recent data from March 2017 show that the 2012 grantees identified most (81 percent) of the estimated units to be funded by the PRA grant and had significantly increased resident leasing efforts since conducting research for this process evaluation. Housing agencies that received fiscal year 2012 grant funds have until September 2025 to disburse grant funds. All PRA units must be under lease by September 2020 in order for the grantee to fund all the PRA units for the full 5 years of available rental assistance.

Research conducted and lessons learned in this Section 811 PRA process evaluation report are informing subsequent phases of the evaluation of the program. The Phase II evaluation is currently under way to address ongoing program implementation, begin to examine participant-level outcomes and access to services, and estimate PRA program costs.

Background of the Section 811 Project Rental Assistance Program and Report Overview

This chapter provides a brief history of the Section 811 Project Rental Assistance Contract (PRAC) and Project Rental Assistance (PRA) programs. The chapter then describes the objectives and data sources for the process evaluation and provides an overview of this process evaluation report.

Section 811 and PRA Programs

HUD has administered the Section 811 Supportive Housing for Persons with Disabilities program since 1991. The Section 811 program goal is to expand the supply of supportive housing for very low-income nonelderly people with disabilities. The program traditionally awarded interest-free capital advances and contracts for project-based rental assistance to nonprofit organizations to develop supportive housing (such as group homes and small rental housing developments) occupied by very low-income households headed by nonelderly people with disabilities aged 18 to 61.²

The Section 811 supportive housing model provides residents affordable housing and access to appropriate, voluntary supportive services. Organizations that receive capital advances must develop a supportive services plan that meets tenant's health, mental health, and other needs. Grantees must either provide services directly or partner and coordinate with community service providers to provide services. Grantees must also ensure that services are available for the duration of the 40-year capital advance period. Capital advances continue to be permitted for the development of group homes and other projects specifically for people with disabilities, but no funds were appropriated for new projects since fiscal year 2012.

The Frank Melville Supportive Housing Investment Act of 2010 (Melville Act) introduced significant reforms to the Section 811 program, including creating the Section 811 PRA (811 PRA) program. The 811 PRA program provides project-based rental assistance for integrated supportive housing in affordable housing developments. For the 811 PRA program, integrated housing means that no more than 25 percent of units in a building are set aside for people with disabilities or supportive housing in general, and units must be scattered throughout the property.

The 811 PRA program provides rental assistance funding to state housing agencies that work in partnership with state health and human services and Medicaid agencies to create community-based supportive housing. This approach responds to several recent policy priorities related to housing and support for people with disabilities.

First, it responds to renewed emphasis on achieving the goals of the U.S. Supreme Court's 1999 decision in *Olmstead v. L.C.* to enable people with disabilities to live in the least restrictive settings possible that meet their needs and preferences. In their decision, the Supreme Court ruled that, under title II of the Americans with Disabilities Act, people with disabilities must be afforded opportunities to live in settings appropriate to their abilities, with freedom to choose daily life activities and to interact with people without disabilities. As states and communities worked to implement the decision (sometimes in response to litigation), the limited supply of affordable and appropriate housing and supports in community-based settings became a significant challenge.

Second, the *Olmstead* decision encouraged federal and state efforts to rebalance Medicaid systems to provide long-term services and supports away from institutional settings, such as nursing homes, and toward housing that is integrated within communities. Medicaid programs offer community-based services to beneficiaries through home- and community-based services waiver programs and optional state plan services. Community-based services provided by Medicaid and other programs help ensure that people with disabilities have the supports needed to live successfully in the community.

In particular, the Money Follows the Person (MFP) demonstration, administered by the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS), is a major initiative that provides funding to many states to support transitions

² Under the Section 811 statute, a person with disabilities is defined as an individual having a physical, mental, or emotional impairment that (1) is expected to be of long-continued and indefinite duration, (2) substantially impedes his or her ability to live independently, and (3) is of such a nature that the ability to live independently could be improved by more suitable housing conditions. In addition, under the Section 811 statute, persons with developmental disabilities as defined under the Developmental Disabilities Assistance and Bill of Rights Act (P.L. 106-402) qualify for Section 811 housing.

from institutions to community-based settings. However, the lack of affordable housing often constrained the demonstration's ability to transition large numbers of Medicaid beneficiaries to community settings.

The Affordable Care Act also created or strengthened programs to expand community-based care, but again, the lack of available affordable housing is a barrier to these efforts. HUD designed and implemented the 811 PRA program in collaboration with CMS to help address the lack of affordable housing resources for people with disabilities to live in the least restrictive setting possible.

Section 811 PRA Program Requirements

HUD designed the 811 PRA program to accomplish several objectives (HUD, 2013a).³ First, HUD envisioned the 811 PRA option would increase the supply of affordable housing linked with community-based supportive services that would serve as an alternative to more costly and restrictive institutional care. Second, the 811 PRA program would encourage state-level collaboration between health and human services and housing agencies, resulting in long-term, permanent supportive housing strategies. Finally, the program would increase production of affordable housing units for people with disabilities and leverage funds by integrating the 811 PRA units in multifamily properties where other federal and state programs fund the capital costs for construction. This section describes the 811 PRA program requirements aimed at achieving these objectives.

Interagency Partnership Agreements

To apply for 811 PRA funds, state housing agencies must partner with the state agency responsible for the administration of the state's Medicaid program, as well as the state's health and human services agency (if different). An interagency partnership agreement—a memorandum of agreement between the agencies that is required as part of the grant application—outlines the state Medicaid agency's commitment to identifying and conducting outreach to the target population(s) the state's 811 PRA program serves. The agreement also describes the funding streams that will provide access to appropriate services and supports.

Property Selection and Contracting

State housing agencies select properties to award 811 PRA subsidies. Eligible properties can be newly built or existing multifamily developments in which the development costs are subsidized by federal sources,

such as low-income housing tax credits (LIHTCs), HOME Investment Partnerships Program funds, the Community Development Block Grant program, or other federal, state, or private sources.

The 811 PRA program funds only rental assistance. It does not provide any funding for capital costs. Grantees establish Rental Assistance Contracts (RACs) with owners of eligible properties. The agreement sets forth the rights and duties of the parties with respect to the assisted unit(s) and identifies the number and sizes of units that the owner agrees to commit to the program, as well as the contract rent of these units. The 811 PRA units are *floating*; that is, the RAC does not identify specific units allocated to the program, simply the number and sizes of units. Owners may commit to RACs even if the property does not have vacant units available for immediate occupancy. This program feature means that 811 PRA-eligible households may have to wait until current non-811 PRA residents move to occupy units.

As a precursor to a RAC, grantees and property owners can also enter into a signed Agreement to Enter into a RAC, or ARAC. ARACs are formal agreements between the grantee and the owner of an eligible multifamily property that is either existing or under construction. *New* developments are under construction, or substantial rehabilitation, at the time the ARACs are signed or that state housing agencies plan to develop through state-controlled financing. *Existing* developments are already constructed and placed into service as affordable rental housing.

Property owners must agree to a 30-year use restriction for providing a specified number of units as supportive housing for people with disabilities and a contract with HUD for at least 20 years. The initial RAC provides funding for 5 years of rental assistance. The use restriction and renewal funding are contingent on continued Section 811 appropriations.

To ensure achievement of community integration goals under the 811 PRA program, the Section 811 statute specifies that no more than 25 percent of the units in the affordable housing development can be set aside for supportive housing or have an occupancy preference for people with disabilities. Moreover, the units need to be scattered throughout the building and not concentrated in one section or floor.

Section 811 PRA Contract Rents

Grantees determine the 811 PRA contract rents, the maximum rents that property owners can charge for 811 PRA units, which may or may not reflect current rental

³ Summarized in 2013 HUD budget summary <https://portal.hud.gov/hudportal/documents/huddoc?id=housing-disabilities-2013.pdf>.

market conditions. The Section 811 PRA Notice of Funding Availability (NOFA) required that the PRA rent not exceed the applicable Fair Market Rent (FMR) or Small Area FMR level for the property location, as determined annually by HUD (with some exceptions). The NOFA provided incentives for state housing agencies to target units that would produce the lowest possible per-unit rental subsidy costs by targeting properties that have existing rent restrictions, such as those funded with LIHTC or HOME funds.

Resident Eligibility

Section 811 PRA funds may be provided only for housing units set aside for extremely low-income households, including at least one nonelderly person with disabilities who is 18 to 61 years old at the time of occupying the 811 PRA unit. Participants in the 811 PRA program must also be eligible for community-based long-term care services provided under the state's Medicaid program. Long-term care services may be provided under Medicaid 1915(c) waivers, Medicaid state plan options, or other comparable long-term services programs. Services paid for under these Medicaid programs include services and supports that are not traditional medical services, but those that people need during long periods of time to maintain health and independence such as personal care assistance, adult day health or habilitation services, or home modifications. The community-based nature of the services means that services are provided in people's homes or in other residential settings such as group homes. Hospitals and institutions are not considered community-based settings.

Grantees can choose to further specify the target population(s) to serve with their state 811 PRA programs and, in partnership with Medicaid agencies, have further specific target populations who are currently in institutions, homeless, or at risk of institutionalization or homelessness. Chapter 2 describes the target populations of the 2012 811 PRA grantees.

Funding Awards Under the 811 PRA Program Demonstration

In fiscal years 2012, 2013, and 2014, congressional appropriations language for the Section 811 program required that any new Section 811 units be created under the 811 PRA option. An initial NOFA for 811 PRA grants was issued in 2012 with language that identified the funding round as a demonstration round. In February 2013, HUD selected 13 states to receive 811 PRA

demonstration grants totaling \$98 million to provide subsidies for an estimated 3,530 units.⁴ HUD awarded a second round of funding in March 2015 under a combined NOFA for fiscal years 2013 and 2014. In the second round, HUD awarded 811 PRA funding to 25 state housing agencies for approximately \$150 million to provide subsidies for some estimated 4,584 units.⁵ Between the two funding rounds, selected states proposed to fund an estimated 7,900 units of affordable housing set aside for nonelderly persons with disabilities.

Evaluation of the Section 811 PRA Program

The Melville Act, which created the 811 PRA option, mandates an evaluation of the program. In 2015, HUD's Office of Policy Development and Research issued a contract to a research team to carry out the Phase I evaluation of the demonstration round of 811 PRA grants. This process evaluation report focuses only on the 2012 grants.

The Phase I evaluation's overarching research questions are—

- How are successful state and local partnerships structured to carry out the 811 PRA program?
- How are outreach and marketing efforts designed to support compliance, provide tenant choice, and ensure efficient occupancy policies for housing owners or managers?
- How is the 811 PRA integrated with and adapted to state housing and service delivery systems operating in varied political, fiscal, and housing market contexts?
- What are the preliminary outcomes of the initial funding round?

The Phase I evaluation produced two major reports. This process evaluation report is the second and final report. A separate case study report presents detailed descriptions of the early implementation experiences of six states funded in the initial funding round, with a focus on (1) the housing and services context in each state, (2) the partnerships developed to implement the 811 PRA program, and (3) the way in which the new program fits within these contexts.

A second phase of the evaluation, under way between October 2016 and April 2019, will build and expand on work conducted under Phase I. This evaluation focuses on a subset of six states selected from grantees in the

⁴ HUD selected North Carolina in the fiscal year 2012 grant competition to fund an estimated 562 units, but North Carolina Housing Finance Agency decided not to sign the cooperative agreement and participate in the program.

⁵ HUD selected the District of Columbia Housing Authority in the fiscal year 2013 grant competition to fund an estimated 60 units, but the District of Columbia Department of Housing and Community Development did not to sign the cooperative agreement and is not participating in the program.

first and second rounds of funding: California, Delaware, Louisiana, Maryland, Minnesota, and Washington. The Phase II evaluation has four core components.

1. An implementation analysis to continue documenting the implementation of the 811 PRA program from Phase I.
2. A descriptive analysis of all 29 Section 811 grantees funded in fiscal years 2012 and 2013–2014.
3. An impact analysis to examine the differences between the 811 PRA program, the PRAC program, and two additional matched comparison groups on number of outcomes.
4. An economic analysis to measure the costs of housing and supportive services provided to 811 PRA participants and to compare costs to benefits.

The goal of this Phase I process evaluation is to provide an overall picture of the demonstration implementation in the 12 states and analyze differences in 811 PRA program designs, target population, and housing and service strategies. This process evaluation report supports the overall Phase I evaluation by describing the process by which the 811 PRA partnership between the state housing and Medicaid agencies implements the 811 PRA grants and the extent to which grantees identify and occupy units for 811 PRA subsidies, as expected in the 12 states awarded grants.

The Phase I process evaluation addresses the following research questions.

- What are the characteristics of the partnerships between state housing and health and human services or Medicaid agencies?
- What are grantees procedures in selecting properties to be assisted with 811 PRA funding?
- How many units did grantees propose to assist and occupy? What were the proposed characteristics of these units? How many units did grantees actually assist and occupy? What are the main characteristics of these units?
- What are 811 PRA program procedures to reach target populations, refer applicants to PRA units, and place them in 811 PRA units? Where do delays occur?
- How many people did grantees propose to reach, refer, and place in housing by target population? How many people did grantees actually reach, refer, and place in housing by target population?
- What services are offered to program participants? How are services managed and coordinated? Do the services meet the service target population's needs? What are the accountability measures?

- What are the program implementation's challenges and successes? What approaches achieved the expected goals and outcomes of the Section 811 PRA program?

Process Evaluation Data Sources and Limitations

The research team used a combination of quantitative and qualitative data sources to address the process evaluation's research questions. These data sources are—

- **Grantee funding applications.** Grantee responses to the 2012 Section 811 PRA Demonstration NOFA provide information on the proposed 811 PRA program models, including target population, rent and subsidy assumptions for PRA units, and types of eligible properties.
- **Cooperative agreements and budgets.** The cooperative agreements executed between grantees and HUD specify total grant amounts, rental assistance amounts, original 811 PRA unit and rental subsidy assumptions, planned implementation schedule, and expected administrative costs.
- **Quarterly reports.** Grantees submit quarterly reports to HUD on the number and characteristics of PRA properties and units under contract, applicants and referrals to the 811 PRA program and to specific PRA units, households that have moved into PRA units, and households ineligible for the PRA program or for specific properties.
- **Administrative data.** Administrative data for this study came from two HUD data systems. Data from HUD's Tenant Rental Assistance Certification System (TRACS) include demographic characteristics of PRA households such as household composition, race, ethnicity, age of head of household, household income and income sources, unit size, and total tenant payment. TRACS data also include dates of admission into the 811 PRA program and, where applicable, exits from the 811 PRA program and reasons for exiting. We obtained additional limited data on the characteristics of 811 PRA-assisted properties and units from HUD's Integrated Real Estate Management System (IREMS). These data includes the contract rent and utility allowances by bedroom size.
- **Interviews with grantees and key partners.** Two-person research teams conducted field visits between October 2015 and June 2016 to each of the 12 states to interview grantee representatives and their partners. The teams spent an average of 4 days in each state. Teams conducted in-person interviews (with telephone followup as needed) using standardized, semi-

structured interview guides that were tailored to each state's 811 PRA program design and partners. In states with occupied 811 PRA units, teams had informal conversations with PRA-assisted residents when convenient.

Data collected for the process evaluation report have some limitations. The process evaluation focuses on a 15- to 22-month implementation period between the signing of the first (August 15, 2014) and the most recent (March 15, 2015) cooperative agreements and June 2016, the date of the most recent data extract, acquisition of quarterly reports, and state interview updates. This data collection period was early in the implementation of the 5-year grants. As of June 30, 2016, the 12 states had a combined 604 units under contract with owners for PRA subsidies, 124 residents currently living in PRA-funded units, and 9 households that had moved into PRA units but subsequently moved out.

During the initial 18 months after grant awards, grantees and their partners (with assistance from HUD) devoted much of their effort to startup activities and putting in place systems and procedures to support the new subsidy program. Key activities included solidifying agreements between housing and Medicaid partner agencies, conducting outreach to owners to identify candidate properties for PRA units, and establishing outreach and referral procedures to identify eligible individuals and connect them to PRA-subsidized units.

During the field visits between October 2015 and May 2016, few of the 811 PRA units had been occupied. As a result, grantees and their partners had little experience recruiting PRA-eligible households, transitioning them into units, and providing services. This report, therefore, provides information on plans for tenancy supports and service delivery but limited information on the implementation of these plans.

Also some inconsistencies exist across the administrative data sources because of lags in data entry and inaccuracies or grantees reporting incomplete data. As of June 2016, contract rent and rental assistance payments were only available in TRACS for 94 of the 133 current and former PRA participants at the time of data extraction. Owners have 120 days after a lease starts to submit data to HUD.

PRA subsidies are not tied to properties or to specific units within a property. As such, information about some features of units under executed RACs, including bedroom size and accessibility, may not be known for units that are occupied by non-PRA residents until the units turn over. This information is unavailable for 24 percent of units under RAC.

Quarterly report data are available for all participants with some exceptions. For a small percentage of applicants, some information on PRA applicants is missing, either because this information was unknown or PRA program partners did not report it to grantees. Grantees reported 3,270 applicants to the PRA program. Information on type of applicant referral source was unknown for 241 applicants. Information on disability type was provided only for 2,780 applicants, because grantees are required only to report the type of disability on an annual basis. Grantees and referring partners may also not know the disabling condition(s) of applicants. Grantees also did not report the housing status at time of application for 217 applicants.

Finally, data reported to HUD via grantee progress reports, TRACS, and iREMS are self-reported by grantees and their partners and may include inaccuracies.

Organization of This Report

This report contains nine chapters, organized as follows.

1. This chapter outlines the history of the Section 811 program leading up to the PRA demonstration and summarizes the PRA evaluation efforts.
2. Chapter 2 provides an overview of the 12 PRA demonstration programs, including target populations and implementation status.
3. Chapter 3 describes the grantee partnership organization and structure, describes PRA program partners' collaboration to administer the PRA program, and identifies challenges that program partners experienced in administering the program, as well as systems and procedures that appeared to work well.
4. Chapter 4 examines methods states used to identify units for PRA subsidies and recruit owners into the program, challenges experienced by grantees, and strategies states employ to overcome those challenges.
5. Chapter 5 describes the property contracting requirements, presents a profile of the properties and units identified for the PRA program, and the characteristics (number of bedrooms, accessibility, contract rent) of units.
6. Chapter 6 describes the outreach and referral processes, including the PRA program application and PRA-subsidized unit move-in procedures. The chapter also describes the challenges that Medicaid agencies and grantees identified as they implemented their PRA program outreach procedures and referred eligible households to available units.

Chapter 1. Background of the Section 811 Project Rental Assistance Program and Report Overview

7. Chapter 7 presents profiles of applicants and residents of the PRA program as of June 2016. Applicants are described by referral source and the housing status that made them a target population. Demographic information on residents includes household composition, age, income, and income sources.
8. Chapter 8 reviews the services available to PRA residents as they transition to PRA units and through ongoing tenancy.
9. Chapter 9 offers conclusions of the report and implications for future research.

Overview of Project Rental Assistance Demonstration Programs

This chapter provides an overview of the 12 Section 811 Project Rental Assistance grant programs that comprise this report. This chapter provides a summary of the goals of each state’s PRA program, describes the target populations of the 12 programs, and gives an update of the implementation status of the grant programs as of June 2016.

Overview of Section 811 PRA Grants

The initial 12 demonstration round PRA grantees executed cooperative agreements with HUD to implement the program under its first funding round. The \$88,300,377 in grant funds provided subsidies for an estimated 2,625 units for nonelderly people with disabilities and extremely low-income people during the 5-year grant term. The grants range in size from approximately \$2 million for Montana to more than \$12 million for California, Illinois, and Texas. The projected number of units to be assisted with 811 PRA funding ranges from 81 for Montana to 732 for Illinois. The average proposed per-unit monthly 811 PRA subsidy is \$458 and ranges widely, from \$226 in Illinois to \$1,055 in Maryland (table 2.1). The average expected tenant rent contribution is \$242 a month.

Table 2.1: Overview of 2012 Section 811 PRA Grant Awards

| Grantee | Partner Agencies | Total Section 811 PRA Funds Awarded (\$) | Section 811 PRA Units | Average Estimated per-Unit Monthly Rental Subsidy (\$) | Average Estimated per-Unit Monthly Tenant Contribution (\$) |
|--|---|--|-----------------------|--|---|
| California Housing Finance Agency | California Health and Human Services Agency, California Department of Health Care Services, Department of Housing and Community Development, California Tax Credit Allocation Committee, Department of Developmental Services | 12,208,558 | 229 | 705 | 288 |
| Delaware State Housing Authority | Department of Health and Social Services | 5,246,276 | 148 | 502 | 217 |
| Georgia Housing Finance Authority | Department of Behavioral Health and Developmental Disabilities, Georgia Department of Community Health, Georgia Department of Community Affairs | 4,279,650 | 134 | 441 | 209 |
| Illinois Housing Authority | Illinois Department of Healthcare and Family Services, Illinois Department of Human Services, Illinois Department on Aging, Office of the Governor | 12,324,352 | 732 | 226 | 249 |
| Louisiana Housing Corporation | Louisiana Department of Health and Hospitals | 8,489,928 | 199 | 597 | 216 |
| Maryland Department of Housing and Community Development | Maryland Department of Health and Mental Hygiene, Maryland Department of Disabilities | 11,229,308 | 150 | 1,055 | 180 |

(cont)

Chapter 2. Overview of Project Rental Assistance Demonstration Programs

Table 2.1: Overview of 2012 Section 811 PRA Grant Awards (cont)

| Grantee | Partner Agencies | Total Section 811 PRA Funds Awarded (\$) | Section 811 PRA Units | Average Estimated per-Unit Monthly Rental Subsidy (\$) | Average Estimated per-Unit Monthly Tenant Contribution (\$) |
|---|--|--|-----------------------|--|---|
| Massachusetts Department of Housing and Community Development | Massachusetts Executive Office of Health and Human Services | 5,427,208 | 90 | 781 | 255 |
| Minnesota Housing Finance Agency | Minnesota Department of Human Services | 3,085,500 | 85 | 503 | 240 |
| Montana Department of Commerce | Montana Health and Human Services Department | 2,057,000 | 81 | 351 | 245 |
| Pennsylvania Housing Finance Agency | Pennsylvania Department of Public Welfare | 5,870,880 | 200 | 378 | 300 |
| Texas Department of Housing and Community Affairs | Texas Health and Human Services Commission | 12,342,000 | 362 | 478 | 232 |
| Washington Department of Commerce | Washington State Department of Social and Health Services, Washington State Housing Financing Commission, Washington State Health Care Authority | 5,739,717 | 215 | 354 | 235 |
| Total | | 88,300,377 | 2,625 | 458 | 242 |

PRA = Project Rental Assistance.

Source: Fiscal year 2012 cooperative agreements as of March 2015

HUD selected 13 states for the 2012 funding round, but only 12 state housing agencies signed cooperative agreements with HUD to administer the Section 811 PRA grant. The North Carolina Housing Finance Agency decided not to participate in the program or sign a cooperative agreement with HUD. In their 2012 grant applications, the 12 states proposed to support 2,968 PRA units with the awarded grant funds. The total estimated number of PRA units the 2012 grant could support was revised to 2,625 units in the cooperative agreements. Estimated units were revised in response to additional guidance from HUD about how to estimate rental subsidy amounts and new information about property locations and contract rent levels. Based on information that average rental subsidies were higher than expected for the first 18 months of the PRA grant, HUD can expect the program to fund fewer than the 2,625 estimated to be funded in grantee's cooperative agreement budgets. Chapter 5 describes changes some grantees made to the estimated number of PRA units that states expect to fund with their 2012 grants.

Section 811 PRA Program Summaries

The following paragraphs provide overviews of the 12 PRA programs that comprise this report.

California. California's PRA program is a partnership among five state agency partners—the California Housing Finance Agency, California Tax Credit Allocation Committee, the California Department of Housing and Community Development, the Department of Health Care Services, and the Department of Developmental Services. The state received a grant of \$12,208,558 to fund an estimated 229 PRA units. The PRA program targets people in California Community Transitions, the state's Money Follows the Person program since 2007, and others eligible for Medicaid services. Two service agencies that are under California's 13-agency Medicaid agency are PRA partners—the Department of Developmental Disabilities and the Department of Health Care Services that administers the state's Medicaid program and its MFP.

Delaware. The Delaware State Housing Authority, partnering with the Delaware Department of Health and Social Services, administers Delaware's Section 811 PRA program. The state received a fiscal year 2012 grant of \$5,246,276 to fund an estimated 148 PRA units.

Chapter 2. Overview of Project Rental Assistance Demonstration Programs

Delaware's Section 811 PRA program was built off the success of its State Rental Assistance Program, which launched in 2011. The target populations for the PRA program are people with serious and persistent mental illness covered under a 2011 Department of Justice settlement agreement, people exiting institutions, and other individuals identified as at risk of being admitted to long-term care facilities.

Georgia. Olmstead litigation mandates and a U.S. Department of Justice settlement agreement drive the Georgia 811 PRA program. Partners are the Georgia Housing Finance Agency and the Departments of Community Affairs, Behavioral Health, Disabilities, and Community Health. Target populations are those covered by settlement agreements and who have severe and persistent mental illness and those eligible for the state's MFP program. The Georgia Housing Finance Agency received \$4,279,650 in fiscal year 2012 grant funds for an estimated 134 units.

Illinois. Illinois designed its 811 PRA program to address three Olmstead consent decrees and serve the MFP-eligible population. The PRA partners are the Illinois Housing Authority, the Departments of Healthcare and Family Services, Human Services, and Aging, and the Office of the Governor. The Illinois Housing Authority received \$12,324,352 for 732 units. Target populations are people eligible for the MFP program and those covered by settlement agreements. For the PRA program, five Lead Referral Agents track and process referrals and manage their own regional waiting lists under the supervision of the statewide housing coordinator housed in the state's Department of Human Services.

Louisiana. Louisiana's PRA program builds on the state's permanent supportive housing (PSH) program developed in response to the 2005 hurricanes in the Gulf Coast region. The state received a fiscal year 2012 grant of \$8,489,928 for 200 units. The PSH program targets people with disabilities, who are either homeless or living in institutions, and have supportive service needs. PRA partners are the Louisiana Housing Corporation and the Department of Health and Hospitals. An executive management council, made up of representatives from a number of state agencies, oversees the program. With the PRA grant, Louisiana hoped to expand the PSH program from the Gulf region to other parts of state and to address priorities in its *Ten-Year Plan to End Homelessness* and the terms of a class action lawsuit settlement under *Olmstead (Barthelemy v. Louisiana Department of Health and Hospitals)*.

Maryland. In Maryland, the PRA program partners are the Departments of Housing and Community Development,

Developmental Disabilities, and Department of Health and Mental Hygiene. The state received a fiscal year 2012 grant of \$11,229,308 to fund an estimated 150 PRA units. Maryland built its PRA program approach on two previous programs that provided rental- and project-based subsidies for people with disabilities and low-income. The Bridge Program that provided temporary tenant-based rental subsidies to assist people until they could obtain a housing choice voucher (HCV) and the Weinberg Apartments program that provided rental housing in tax credit properties.

Massachusetts. The Massachusetts 811 PRA program partners are the Department of Housing and Community Development and the Executive Office of Health and Human Services. Target populations are MFP participants, people living in institutions who are not MFP participants but are waiver eligible, people living in institutions who are not in MFP and are *not* waiver eligible, and people living in the community and waiver eligible. The state received \$5,427,208 in the fiscal year 2012 to fund an estimated 90 PRA units. The Medicaid agency coordinates four offices, statewide housing coordinators, and five regional housing coordinators to conduct outreach and referral to PRA applicants.

Minnesota. The Minnesota Housing Finance Agency and the Department of Human Services, the state Medicaid Agency, administers Minnesota's PRA program. The state received a fiscal year 2012 grant of \$3,085,500 to fund an estimated 85 units. The PRA program built on the state's MFP and Bridges Rental Assistance subsidy programs and other supportive housing initiatives for people experiencing homelessness and serious mental illness. In addition, the state views the PRA program as an important source of community-integrated housing to support goals an Olmstead class action lawsuit settlement.

Montana. Partners for Montana's 811 PRA program are the Montana Department of Commerce and the Health and Human Services Department. The grantee also works closely with the Missoula Housing Authority, which oversees a large portfolio of tax credit properties in the Missoula area and was an early partner with the state housing agency to apply for the PRA grant. The state received \$2,000,057 in fiscal year 2012 grant funds for an estimated 81 units. Montana's target populations are people with physical disabilities or severe mental illness who are served by Medicaid waivers or on waiting lists for Medicaid waiver services.

Pennsylvania. The Pennsylvania State Housing Finance Agency received \$5,870,880 to fund an estimated 200 PRA units statewide using a decentralized, county-based approach. Pennsylvania's PRA program builds on the

state's Rental Subsidy Fund, an existing state program that provides incentives to developers to build housing for extremely low-income people with disabilities. PRA target populations are people living in institutions or at risk for institutionalization and those in congregate settings who want to live in the community. The state began the 811 PRA program as a pilot in a single county and plans to expand.

Texas. Texas designed its Section 811 PRA program to build on the success of its Project Access program that uses Section 8 HCVs to assist low-income people with disabilities transition from institutions into the community by providing access to affordable housing. The state PRA Program partners are the Texas Department of Housing and Community Affairs and the Health and Human Services Commission. Target populations are people with disabilities living in institutions who wish to transition to the community, people with serious mental illness who are engaged in services but facing challenges due to housing instability, and youth exiting foster care. The state received \$12,342,000 in fiscal year 2012 to fund an estimated 362 PRA units.

Washington. In Washington, the Department of Commerce and Department of Social and Health Services are the key PRA program partners. The Department of Commerce received a fiscal year 2012 grant of \$5,739,717 for 215 units. The PRA program has regional housing program managers who market to owners and coordinate housing referrals in three regions. The Bremerton Housing Authority administers the PRA rental assistance. The Washington Housing Finance Agency and the State Health Care Authority (the state Medicaid agency) coordinate with the key partners but do not play active roles in PRA program management. The 811 PRA fills gaps in Washington's existing housing programs for people with disabilities.

Target Populations of the 2012 PRA Grants

The target population for the 811 PRA program is extremely low-income (household income is less than 30 percent of a local area's median income), nonelderly persons with disabilities who are at least 18 but less than 62 years of age at time of admission. Applicants must meet HUD's definition of disability for the 811 program (HUD, 2013b).⁶ PRA residents must also be eligible for

a Medicaid home and community-based services or a similar plan for community-based long-term services and supports. Beyond these basic criteria, grantees may establish more specific target populations as long as they are in accordance with grantee-approved tenant selection policies and federal nondiscrimination laws PRA may be used for people who are living in institutions, homeless, at risk of institutionalization, or at risk of homelessness. Grantees may determine whether and how to prioritize outreach and recruitment within these groups.

Grantees took varied approaches to targeting 811 PRA resources. Grantees identified PRA target populations based on the unmet needs for supportive housing of people with disabilities in their states and on the opportunities provided by existing state-administered supportive housing programs serving people with disabilities. Most of the 12 grantees targeted multiple disability groups—that is, a combination of people with physical, developmental, or mental health disabilities. Some grantees prioritized populations covered by court-ordered settlement agreements or in required or voluntary Olmstead plans.

All 12 states participate in the Centers for Medicare and Medicaid Services' MFP program. Several states—California, Delaware, Massachusetts, Minnesota, and Washington—prioritize the availability of PRA assistance to individuals participating in MFP more than others. Most see PRA subsidies as a housing resource for MFP participants moving out of institutional care, including those covered by legal settlements.

The target population has implications for the way in which state housing and Medicaid agencies administer the PRA program in their state. Grantees may have different outreach procedures and referral procedures for different target populations. For example, identifying individuals eligible for the PRA program is vastly different if a person lives in an institutional setting versus someone experiencing homelessness. Different target populations are served under different Medicaid waiver and state plan services, and the types and availability of healthcare and supportive services vary. Outreach procedures and transition services may also vary depending on whether PRA applicants are participants in the state's MFP program.

Table 2.2 presents an overview of the target populations for the 12 demonstration programs and priority levels for

⁶ In the Section 811 PRA program, a person with disabilities includes (1) any adult having a physical, mental, or emotional impairment that is expected to be of a continued and indefinite duration, substantially impedes his or her ability to live independently, and is of a nature that such ability could be improved by more suitable housing conditions; (2) a person with a developmental disability, as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(8)); (3) a person with a chronic mental illness; and (4) a person infected with the human acquired immunodeficiency virus (HIV) who are disabled as a result of HIV infection. For more information, see the definition of disability in Figure 3-6 of HUD's Occupancy Handbook 4350.3 Rev-1. <https://portal.hud.gov/hudportal/documents/huddoc?id=43503c3HSGH.pdf>.

Chapter 2. Overview of Project Rental Assistance Demonstration Programs

those states with priorities. All 12 states target people who are institutionalized, and this population is a priority in 6 states (California, Delaware, Illinois, Louisiana, Massachusetts, and Pennsylvania). All but two grantees (Illinois and Texas) target people who are at risk of

institutionalization. All but three grantees (California, Illinois, and Texas) target people who are homeless or at risk of homelessness.⁷ The PRA program in Texas also targets people exiting foster care.

Table 2.2: Target Populations of 2012 PRA Demonstration Programs

| Grantee | Target Population in Order of Priority (if Applicable) |
|---------------|--|
| California | <ol style="list-style-type: none"> 1. Individuals residing in inpatient facilities for at least 90 consecutive days, for which Medi-Cal has paid for at least 1 of those days, and who are enrolled in the California Community Transitions Money Follows the Person program. 2. Individuals receiving Medi-Cal long-term home- and community-based services waiver or state plan services who are at risk for placement in inpatient facilities. |
| Delaware | <ol style="list-style-type: none"> 1. Individuals exiting the Delaware Psychiatric Center, with serious and persistent mental illness, or both. 2. Individuals exiting institutions, with emphasis on Money Follows the Person participants. 3. Identified as at risk of being admitted to long-term care facilities. |
| Georgia | <ul style="list-style-type: none"> • Eligible under the settlement agreement and who have serious and persistent mental illness. • Eligible under the State of Georgia's Money Follows the Person program. |
| Illinois | <ul style="list-style-type: none"> • Williams class action lawsuit members. • Colbert class action lawsuit members. • Ligas class action lawsuit members. • Money Follows the Person participants. • Persons moving from state-operated developmental centers to the community. |
| Louisiana | <ol style="list-style-type: none"> 1. Persons who are inappropriately institutionalized. 2. Homeless persons. 3. Persons who are at risk of homelessness (including those living in transitional housing for persons who are homeless) and persons at risk of institutionalization. |
| Maryland | <ol style="list-style-type: none"> 1. Institutionalized Medicaid recipients. 2. Households at risk of institutionalization due to current housing situation. 3. Developmental Disabilities Administration Community Pathways Waiver participants moving from group home and alternative living units to independent renting and Mental Hygiene Administration Residential Rehabilitation Programs participants moving to independent renting. 4. Homeless persons who are Medicaid recipients, prioritized in HEARTH Act of 2009 definition order. |
| Massachusetts | <ul style="list-style-type: none"> • Money Follows the Person participants. • Persons in institutions, not Money Follows the Person, waiver eligible. • Persons in institutions, not Money Follows the Person, not waiver eligible. • Persons in the community, waiver eligible. |
| Minnesota | <ul style="list-style-type: none"> • Individuals experiencing long-term homelessness who have a serious mental illness. • Individuals with physical or mental disabilities exiting institutional settings after long-term stays (90 days or more) and are assisted by Minnesota's Money Follows the Person program. |
| Montana | <ul style="list-style-type: none"> • People with physical disabilities served by Medicaid waivers or on waiting list for Medicaid waivers. • People with severe mental illnesses served by Medicaid waivers or on waiting list for Medicaid waivers. |
| Pennsylvania | <ul style="list-style-type: none"> • Persons institutionalized but able to live in the community with permanent supportive housing. • Persons at risk of institutionalization without permanent supportive housing. • Persons living in congregate settings, who desire to move to the community. |
| Texas | <ul style="list-style-type: none"> • People with disabilities living in institutions who wish to transition to the community. • People with serious mental illnesses who are engaged in services but facing challenges due to housing instability. • Youth exiting foster care. |
| Washington | <ul style="list-style-type: none"> • Individuals served through the Roads to Community Living (Money Follows the Person) Project. • Individuals with developmental disabilities served through the Developmental Disabilities Division. • Individuals with functional disabilities served through the Home and Community Services Division. • Individuals with mental illnesses served through the Division of Behavioral Health and Recovery. |

HEARTH = Homeless Emergency Assistance and Rapid Transition to Housing. PRA = Project Rental Assistance.

⁷ California targets people experiencing homelessness with the 2013 811 PRA grant.

Chapter 2. Overview of Project Rental Assistance Demonstration Programs

The following examples illustrate the manner in which grantees identified targeting priorities to address programmatic or policy priorities in their states.

Expanding existing supportive housing initiatives.

Louisiana planned to expand its PSH program, which had originally been established to respond to the critical housing needs of vulnerable people that arose after Hurricane Katrina devastated the Gulf Coast region in 2005. The PSH program serves populations similar to those targeted in the 811 PRA program. Louisiana saw the 811 PRA grant as a way to expand the PSH program to the central and northern parts of the state.

In Texas, the grantee wanted to build on the success of its Project Access program and provide more housing choice for persons with disabilities. The Project Access program uses Section 8 HCVs administered by the state housing agency to assist low-income persons with disabilities transition from institutions to the community by providing access to affordable housing. At the time of the evaluation site visit, Project Access had 175 persons on its waiting list. The 811 PRA grant will help the state address this unmet housing need.

Addressing homelessness. In Minnesota, the grantee integrated PRA resources with programs for people experiencing homelessness, including the state's MFP program and their Projects for Assistance in Transition From Homelessness (PATH) grants to counties. PATH and MFP staff coordinate with the 811 PRA program's housing coordinator to engage people experiencing long-term homelessness. The housing coordinator serves as an intermediary between homeless clients, MFP or PATH caseworkers, and properties with 811 PRA units to facilitate housing placements.

Meeting the housing needs of members of groups covered by legal settlements. Several states (Delaware, Georgia, Illinois, and Maryland) target PRA resources to members of groups covered by legal settlements under Olmstead or other laws. For example, in Georgia, the target population includes people with serious and persistent mental illness who are currently being served in state hospitals, who are frequently seen in emergency rooms, who are chronically homeless, who are being released from jails or prisons, or who are experiencing some combination of these factors. Illinois has three Olmstead consent decrees, creating a substantial need for community-based housing options for people living in institutions. The state committed to conduct outreach, evaluate, and offer community placement to approximately 33,000 persons currently residing in institutions.

In Delaware, a settlement agreement created a need for more housing units in the community for people with

severe mental illness. This target population became the first priority for Delaware's PRA program. In Maryland, the city of Baltimore is under a consent decree as a result of a settlement agreement in the 2004 housing discrimination lawsuit. The agreement requires the city of Baltimore to provide housing vouchers and other accommodations to persons with disabilities. To address this need, Maryland directs part of 811 PRA program resources to Baltimore.

Project Rental Assistance Partnerships

The goal of the Section 811 Project Rental Assistance program is to create effective, successful, and sustaining partnerships between state housing or other appropriate housing agencies and state health and human service or Medicaid agencies. In some of the 12 states involved in this evaluation, housing and Medicaid agencies had some history of working together, but in others, the partnership was newly created for the 811 PRA program or another recent initiative. In either case, the 811 PRA program required partners to work together to establish and implement a new and complex approach to delivering affordable rental housing to nonelderly persons with disabilities.

This chapter describes the partnerships established for the program and early lessons from the partners’

implementation efforts. The key research questions on partnership are—

- What were the planned roles and responsibilities across partner agencies as described in grantees’ applications?
- Did the roles change during implementation? If so, what changes occurred and why?
- How are partner agencies held accountable?

This chapter describes the partnership structures across the 12 811 PRA grants, reviews the partners’ previous experiences working together, examines partnership practices that support collaboration, and reviews grantee experiences with the level of effort required to implement the 811 PRA program.

Overview of PRA Partnership Organization and Structure

The 811 PRA program requires a partnership between a state housing agency and the state Medicaid agency. The distribution of program responsibilities across the two agencies was generally similar among the 12 states and is summarized in table 3.1.

Table 3.1: Standard Division of PRA Program Responsibilities Between State Housing and Medicaid Agencies

| State Housing Agency | State Medicaid Agency |
|--|---|
| <ul style="list-style-type: none"> • Identify or finance eligible units for Section 811 PRA program. • Execute Rental Agreement Contracts with property owners. • Perform outreach to developers and property owners. • Monitor Section 811 PRA program unit occupancy and compliance with eligibility requirements. • Make rental payments to property owners. • Collect and report required occupancy and financial information. • Conduct ongoing communication with state health and human services or Medicaid agency and housing providers. | <ul style="list-style-type: none"> • Recruit and collaborate with direct service providers responsible for implementing the program. • Oversee referral process in collaboration with direct service providers. • Provide outreach, training, and technical assistance to direct service providers. • Monitor processes on prioritizing individuals for housing placement. • Monitor processes for ensuring residents have necessary access to housing and support services. • Collect and report data on service delivery, costs, and outcomes. • Conduct ongoing communication with state housing agency, direct service providers, and housing providers. |

PRA = Project Rental Assistance.

Sources: Interagency Partnership Agreements; field interviews with staff from grantees and state Medicaid agencies

Table 3.2 shows the partner agencies in each state, and where pertinent, examples of their previous experience working together on similar initiatives. In most states, one state housing agency partnered with the state’s lead Medicaid agency. In a few states, multiple partners existed for one or both areas, as shown in the middle column. For example, in California, housing functions are distributed across several agencies. The California Housing Finance

Agency is the 811 PRA grantee, but the California Tax Credit Allocation Committee and the California Department of Housing and Community Development both play roles as well. As discussed in more detail in chapter 4, the grantee as the tax credit allocation agency can play an important role in a state’s ability to secure units for the 811 PRA program.

Chapter 3. Project Rental Assistance Partnerships

Table 3.2: Grantee and Partnering Agencies and Their Previous Experience

| Grantee | Partner Agencies | Previous Experience With Housing or Services for People With Disabilities |
|---|---|--|
| California Housing Finance Agency | California Health and Human Services Agency, California Department of Health Care Services, Department of Housing and Community Development, California Tax Credit Allocation Committee, Department of Developmental Services | No previous experience working together. Each had previous experience with housing and providing services. |
| Delaware State Housing Authority | Department of Health and Social Services | Previous experience administering the State Rental Assistance Program, a program for low-income people with disabilities. |
| Georgia Housing Finance Authority | Department of Behavioral Health and Developmental Disabilities, Georgia Department of Community Health, Georgia Department of Community Affairs | General experience with community-based supports. |
| Illinois Housing Authority | Illinois Department of Healthcare and Family Services, Illinois Department of Human Services, Illinois Department on Aging, Office of the Governor | Previous experience with Money Follows the Person and Olmstead Consent Decrees. |
| Louisiana Housing Corporation | Louisiana Department of Health and Hospitals | Previous experience administering the state's Permanent Supportive Housing program developed in 2007. |
| Maryland Department of Housing and Community Development | Maryland Department of Health and Mental Hygiene, Maryland Department of Disabilities | Previous experience with two programs that provide rental subsidies to low-income people with disabilities. |
| Massachusetts Department of Housing and Community Development | Massachusetts Executive Office of Health and Human Services | Previous experience transitioning people with disabilities from institutional settings into the community. |
| Minnesota Housing Finance Agency | Minnesota Department of Human Services | Previous experience with Bridges rental subsidy program, as well as Olmstead plan, Money Follows the Person, and Plan to End Homelessness, and targeting people who are homeless with severe mental illness. |
| Montana Department of Commerce | Montana Health and Human Services Department | Agencies previously partnered with each other on Shelter Plus Care program developed in 2007. |
| Pennsylvania Housing Finance Agency | Pennsylvania Department of Public Welfare | Previous experience through a program that used developers' fees to produce affordable housing for low-income people with disabilities. |
| Texas Department of Housing and Community Affairs | Texas Health and Human Services Commission | Previous experience on the Project Access Program, which partners the State's Money Follows the Person program and housing choice vouchers for people with disabilities. |
| Washington Department of Commerce | Washington State Department of Social and Health Services, Washington State Housing Financing Commission, Washington State Health Care Authority | Previous experience working with housing authorities on Non Elderly Disabled vouchers. Additional experience with outreach or referral mechanisms for institution-to-community transitions. |

Sources: Grantee applications; field interviews with grantees and Medicaid agencies

On the Medicaid side, each state has a lead Medicaid agency, known as the *single-state agency*, but other agencies may administer Medicaid-funded activities, often based on beneficiary type (for example, elderly, people with developmental disabilities, people with mental health issues). In California, the Department of Health Care Services is the official Medicaid partner, although the Department of Developmental Services is also a key partner, because one of the 811 PRA program's target populations is people with developmental disabilities. The primary housing and Medicaid partners in Georgia, Illinois, Maryland, and Washington similarly worked with other services agencies on the health side, as shown in the table.

As the final column of table 3.2 shows, partner agencies often have some experience working on similar initiatives serving similar populations. In some cases, key staff had previously collaborated on other supportive housing initiatives and programs for people with disabilities, including developing and administering supportive housing rental subsidy programs or housing development programs for people with disabilities or other vulnerable populations. Previous collaboration often meant the partners had mechanisms to identify eligible applicants that could be adapted to the 811 PRA program, as well as knowledge of where people live, where the need for housing is, and the extent of need by type of disability among the state's 811 PRA target populations.

Many state Medicaid agencies had already developed outreach and referral mechanisms for transitioning people out of institutional care as part of their participation in the Money Follows the Person program. Grantees in Illinois, Minnesota, and Washington developed their PRA program based on procedures that were already in place for the MFP program and often relied on MFP-funded staff to play key roles in outreach, referrals, and transition services. Some grantees identify MFP participants as their priority or only target population for the 811 PRA program.

Delaware and Washington had established previous outreach and referral systems for other state programs targeted specifically to people with disabilities or people experiencing homelessness. In addition, the Washington state Medicaid agency had experience working with local public housing agencies to issue HUD's nonelderly disabled vouchers, a program serving a target population very similar to those served in the PRA program. The Montana Department of Commerce's Housing Assistance Bureau and the Mental Health Services Bureau within the Medicaid agency had previously worked together on HUD's Shelter Plus Care program, providing housing subsidies for people with disabilities who were chronically homeless.

Previous experience with supportive housing programs was the most applicable to the new 811 PRA program. Some states were already administering programs very similar to the 811 PRA. For example—

- Minnesota's Section 811 PRA partnership is built on several existing programs targeting people who are homeless and have severe mental illness. Beginning in the 1990s, Minnesota's housing finance and Medicaid agencies collaborated on the Bridges Rental Assistance Program, a state-funded program that provides interim supportive housing subsidies for people with severe mental illness who are waiting for other long-term rental subsidies. Louisiana modeled its Section 811 PRA program on its permanent supportive housing program, which was implemented through a partnership between the state's housing finance and Medicaid agencies. The state agencies established the PSH program in 2007 to provide stable housing for people with disabilities and supportive service needs in response to the devastation of Hurricanes Katrina and Rita in the Gulf Coast region. The Louisiana partners saw the Section 811 PRA program as a way to serve similar households in the northern and central regions of the state.
- In Pennsylvania, the state housing finance and Medicaid agencies developed partnerships around supportive housing programs for both elderly and nonelderly people with disabilities, most notably

through the Rental Subsidy Fund initiated in 2005.

Pennsylvania's Section 811 PRA program is modeled after this program, through which the housing finance agency uses developer fees to create units affordable to households with incomes at or less than 20 percent of Area Median Income (AMI).

How 811 PRA Partners Collaborate

Given the complexity of the 811 PRA program and its novel structure compared with most affordable rental housing programs, partner agencies had to make a lot of decisions, solve problems as they arose, and adapt the program over time. The grantees tried to accomplish these goals by establishing clear roles and responsibilities, setting up mechanisms for communication, cross-training staff, and undertaking tasks collaboratively.

Structures To Support Collaboration

Each state developed structures and procedures for collaboration (or adapted existing ones) that worked for them. It was too early in the implementation period to determine which practices were most successful in accomplishing the 811 PRA's ultimate goals of securing units and housing eligible residents, but here, we offer some examples of practices that these early grantees found promising.

Pennsylvania envisions a statewide 811 PRA program but began with a pilot program in one county. The housing finance and Medicaid agencies worked together on the application approach and program design and structure, and they collaborated on decisions related to Section 811 PRA program implementation. In addition, both agencies conducted outreach and marketing to encourage participation in the Section 811 PRA program. As a result, both agencies feel a shared responsibility for the role of grantee, meeting weekly to review issues and track progress on the Section 811 PRA program.

In Washington, the housing and Medicaid agencies work together as a team, making most major decisions together on both the health and housing issues. In addition, Washington conducts cross training between departments to bring together housing and health staff in dialogue around key issues and necessary training.

In several states, housing and Medicaid agencies undertake 811 PRA program tasks together. Staff from state housing and Medicaid agencies jointly conduct outreach to property owners to encourage interest in the PRA program and to educate owners about the program's target populations. Other tasks shared by cross-agency teams are reviewing owner applications for 811 PRA assistance, training service providers, and monitoring and reporting.

Communication

Grantees reported that effective communication between partner agencies is critical to share information and resolve problems. The states used a variety of means to coordinate activities, resolve issues, and communicate progress among the partners. Nine grantees report using in-person meetings, 10 use email, and 7 use systems for document sharing.

In most states, partners meet monthly or every 2 weeks, in person or by telephone. In California, partner agencies initiated regular meetings after the grant was awarded but before the cooperative agreement had been signed and continued them thereafter. California partner staff report that this preplanning contributed to California moving the country's first residents into 811 PRA funded units. Pennsylvania meets weekly to address problems and monitor progress, and Illinois partners meet every 2 weeks to review progress and discuss program adjustments.

In addition to meetings, staff reported that document-sharing platforms such as SharePoint are an effective communication tool, along with other software programs that facilitate sharing documents and data. For example, California noted the state has a system that enables multiple agencies to concurrently review property owner applications for 811 PRA assistance. Some grantees developed data sharing systems to share applicant and participant data between partners. In Delaware, both housing and health agencies use the same systems (SocialServe and PAIR) to determine eligibility for 811 PRA assistance.

Cross-Agency Entities for Program Coordination

Some of the grantees have cross-agency committees that provide oversight and coordination. For example, Louisiana developed an executive management council that meets monthly to make program and property selection decisions, resolve disputes, and monitor the program. In Illinois, an interagency panel chaired by the statewide housing coordinator (housed in the governor's office) convenes several housing and Medicaid-related agencies to make sure the referral process and service delivery systems are working effectively.

Financial and Staffing Resources

Section 811 PRA program responsibilities were distributed across staff in the housing and health agencies, as well as staff from other program partners. The 2012 notice of funding availability allowed for up to 5 percent of the grant to be used for administrative costs. HUD increased the allowable administrative fee to 8 percent in cooperative agreements with grantees.

Grantees commonly reported that the program required more time and resources than expected. In NOFA responses, grantees estimated the expected level of effort for the program in full-time equivalents. The estimates ranged from 1.1 full-time equivalent in Delaware to 7.65 full-time equivalents in Illinois. During field visits, the evaluation team asked partner staff to estimate the level of effort actually required in the first year of the program. Most reported the level of effort was higher than expected but were unable to quantify the difference. Four grantees did provide an estimate, and the estimates were much higher than the estimates in the NOFA responses. Maryland originally estimated staff investment at 4.25 full-time equivalents but reported an estimate of 6.75 full-time equivalents after implementation, noting that the Section 811 PRA program will cost the agencies a combined \$2 million to operate (versus the approximate \$900,000 in administrative funds available through the 2012 grant).

Grantees were asked if, after more than a year of program implementation, they still felt the Section 811 PRA program required a higher level of effort than originally expected. This question was to determine if the increased effort was only for startup or continued throughout program implementation. Of the 12 states, 7 states reported that staff investment still exceeded their expectations, 3 states reported they were unsure, 1 state reported that the level of effort was no longer higher than expected, and 1 state did not report.

This study did not collect detailed data on program costs, but it is clear that 811 PRA grantees must identify other resources beyond the PRA grant to cover some costs of the program. In at least five states, Medicaid agencies are not receiving any of the Section 811 administration fee. The MFP grant may pay for staff time working on the Section 811 program. In many states, MFP grants funded housing coordinator positions to help facilitate the transition of individuals from institutions to community-based settings. In some states, MFP-funded housing coordinators play an essential role in the PRA program by helping to market the program to owners, to identify where housing is needed, and in matching eligible applicants to available PRA units (chapter 6 describes the role of housing coordinators in the PRA program.). MFP funding is time-limited, however, and states have only until 2020 to expend MFP grant funds. Some states are particularly concerned about ways to fund housing coordinator positions after MFP ends. One option is for states to incorporate housing-related activities and services into state Medicaid waivers to support community integration for individuals needing long-term services and supports (CMS, 2015).

Conclusion

In general, the 12 states funded in the inaugural round of 811 PRA grants established or strengthened partnerships between housing and Medicaid agencies and developed policies and procedures to launch the program. Other chapters in this report address in more detail the ways in which the 811 PRA partners in each state carry out their roles. The complexity and novelty of the program proved challenging, requiring substantially more staff and financial resources than the grantees expected, especially in the first year. Lessons from the early implementation include—

- The 811 PRA program necessitates ongoing communication and collaboration between partners. In addition to meetings, staff reported that document-sharing platforms such as SharePoint are an effective communication tool, along with other software programs that facilitate sharing documents and data.
- In several states, housing and Medicaid agencies undertake 811 PRA program tasks together, necessitating learning a common language and training the other agency on their areas of expertise. Jointly conducted PRA program activities by staff from state housing and Medicaid agencies are outreach to property owners to encourage interest in the PRA program, reviewing owner applications for 811 PRA assistance, training service providers, and monitoring and reporting for grant compliance.
- Housing and Medicaid partners with previous experience working together had an advantage in launching the program more quickly. State agencies that had previously worked together to administer supportive housing programs typically had established mechanisms for communication between agencies, had a greater understanding of their target populations, and had existing outreach procedures, systems, applicant pools, and waiting lists that could be adapted for the PRA program.
- Grantees commonly reported that the program required more time and resources than expected, and most (7 out of 12) reported that administrative tasks continued to take longer than expected a year after PRA programs started.
- Sustaining program staffing is a concern in Medicaid agencies given the expiration of MFP grants that fund staff and services in many states to help individuals who are transitioning out of institutions into community-based housing. To keep funding these

activities, states may need to consider changes to their Medicaid waiver programs to incorporate housing-related activities and services and supports as eligible Medicaid waiver expenses.

The Phase II evaluation will continue to follow the progress of a subset of these grantees and will assess more in-depth the nature of the partnerships and the outcomes of the partners' efforts. Partnerships will be evaluated under a core set of categories—leadership, financial and nonfinancial resources, collaboration, decisionmaking, and sustainability. The second phase will also include a more detailed cost analysis to explore 811 PRA program costs compared with other programs that serve similar populations.

Property Selection

The goal of the Section 811 Project Rental Assistance program is to provide appropriate, affordable housing for persons with disabilities that is integrated in multifamily developments serving people with and without disabilities. This chapter examines how state housing agencies identify units for 811 PRA and enter into long-term rental agreements with property owners.

The chapter describes grantee strategies to secure units in both new and existing housing and in specific geographic areas. The chapter describes strategies that grantees perceive as most effective for identifying units for PRA subsidies, as well as challenges in identifying eligible owners and properties and in obtaining owner participation. This chapter reviews the financing incentives and marketing tools grantees used to attract owners, the challenges encountered, and the strategies and tools used to address the challenges.

Property Targeting Approaches: New Versus Existing Properties

Grantees were required to recruit owners of existing or new (to be constructed), affordable multifamily developments who were willing to allocate units to

the 811 PRA population. According to the 811 PRA grantees' notice of funding availability responses, most expected to contract with owners of a mix of new and existing properties. Each strategy has both benefits and disadvantages. The rationale for recruiting owners of new properties is that the units are newly coming on line, and thus, many could be available for occupancy at one time. The downside is that the properties need to be built first, a process that takes time (sometimes years). Existing properties do not present the problem of construction delays, but units are likely occupied and not available to 811 PRA residents until resident turnover.

In their 811 PRA NOFA responses, grantees described the ways in which they expected to recruit property owners for the program. Some revised their strategies over time to address the challenges in recruiting interested owners with suitable properties. Table 4.1 shows grantees' original plans as presented in their NOFA responses and their strategies as of June 2016, when researchers completed data collection for this study. All but three grantees (Delaware, Minnesota, and Montana) initially planned to recruit owners of both new and existing properties. Delaware added new properties through the state's tax credit awards because of concerns of limited turnover in existing properties that would slow the ability to place eligible 811 PRA applicants in housing. Over time, Georgia and Maryland chose not to recruit existing properties for the same reason.

Table 4.1: Targeted Versus Actual Property Recruitment Strategies

| State | Targeted (Grant Application) | | Actual (June 2016) | | Comments |
|---------------|------------------------------|----------|--------------------|----------|------------------|
| | New | Existing | New | Existing | |
| California | X | X | X | X | Unchanged |
| Delaware | | X | X | X | Added new |
| Georgia | X | X | X ^a | | Removed existing |
| Illinois | X | X | X | X | Unchanged |
| Louisiana | X | X | X | X | Unchanged |
| Maryland | X | X | X ^a | | Removed existing |
| Massachusetts | X | X | X | X | Unchanged |
| Minnesota | | X | | X | Unchanged |
| Montana | | X | | X | Unchanged |
| Pennsylvania | X | X | X | X | Unchanged |
| Texas | X | X | X | X | Unchanged |
| Washington | X | X | X | X | Unchanged |

^a Includes rehabilitated.

Sources: 2012 Section 811 Project Rental Assistance Notice of Funding Availability responses; field interviews with grantee staff

In the remainder of this chapter, we review the specific strategies grantees used to recruit owners, the challenges encountered, and the ways grantees adapted their strategies to secure units for the program.

Strategies To Recruit Owners of New Properties

Grantees recruited owners of new properties primarily through incentives in the state’s affordable housing financing programs. Approaches include creating incentives in awards for low-income housing tax credits and other housing financing programs for owners to allocate PRA subsidies to a portion of units in their properties and making subsidies available through a NOFA, either as a one-time competitive allocation or on a rolling basis.

Incentives for Tax Credits and Other Housing Funding Awards

The LIHTC is the nation’s largest financing source for the development of affordable housing, funding approximately 2.8 million housing units since 1997. Many states already include incentives to property developers to build

affordable supportive housing or housing for persons with disabilities through the state’s Qualified Allocations Plans (QAPs), which outline the state’s selection criteria for distributing tax credits.

As discussed in chapter 5, all properties with units under Rental Assistance Contract as of June 2016, were funded at least in part by tax credits. Some states could target their QAP special population priorities to PRA subsidies or otherwise provide incentives for developers to set aside a percentage of the units in a property specifically for PRA. Creating incentives in state QAPs for PRA units was a primary tool for grantees to secure units under contract for PRA.

Table 4.2 summarizes the extent to which each state’s QAP includes any incentives for the Section 811 PRA program specifically or incentives for housing to assist special needs populations in general. One-half of the 2012 grantees had QAPs that gave preference, points, priority, or required an applicant for tax credit funds to participate in the 2012 811 PRA program. Five states gave a preference, priority, or required a tax credit applicant to participate or serve persons with disabilities in programs in general.

Table 4.2: QAP Preferences and Strategies To Improve Unit Production

| QAP Incentives (Points, Priorities, or Preferences) | | |
|---|---|---|
| State | For Section 811 PRA | For Housing for Persons With Disabilities in General |
| California | No | A 4-percent set-aside for projects where at least 50 percent of the units serve special needs populations, including persons with disabilities. A 10-percent set-aside for projects serving homeless persons. |
| Delaware | Points for projects that set aside at least five units for the Section 811 PRA program. | No |
| Georgia | Not at the time of the field visit but will going forward. | Points for projects offering units for persons with disabilities. |
| Illinois | Not specifically for PRA but PRA is eligible for general QAP priorities. | Developers can earn up to 10 points for allocating units to underserved populations for six underserved populations, including low-income persons with disabilities. |
| Louisiana | PRA is eligible for PSH priority points. In 2017, points for participating in PSH were increased for projects that agree to a 25-percent set-aside. | Points to developers who set aside 5 to 10 percent of the project units for the state’s PSH program. |
| Maryland | Yes—compatible with PRA. | Requires that developers temporarily restrict 5 percent of units for persons with disabilities. Additional points for restricting 25 percent of the units for persons with disabilities. |
| Massachusetts | None specified. | Points for offering units for people who are homeless and persons with disabilities. |
| Minnesota | None specified. | Extra points for agreeing to incorporate PSH units into the development and for projects that provide units for people with certain disabilities. |
| Montana | No | 10 points awarded for each 5 percent of the units targeted for person with disabilities. |

(cont)

Table 4.2: QAP Preferences and Strategies To Improve Unit Production (cont)

| QAP Incentives (Points, Priorities, or Preferences) | | |
|---|---|--|
| State | For Section 811 PRA | For Housing for Persons With Disabilities in General |
| Pennsylvania | All else being equal, a developer who expresses interest in the Section 811 PRA program is given preference in receiving low-income housing tax credits, or LIHTCs. | Yes |
| Texas | Requires developers to allocate 10 units per project for PRA or no more than 18 percent of the total units in property. | No |
| Washington | No | Points for a project that sets aside 20 percent of the units for persons with disabilities. Developments can earn maximum points by setting aside 75 percent of the units for supportive housing for people experiencing homelessness. |

LIHTC = low-income housing tax credit. PRA = Project Rental Assistance. PSH = permanent supportive housing. QAP = Qualified Allocation Plan. Sources: 2015–2016 grantee interviews; states' Qualified Allocation Plans

Adding New QAP Incentives for PRA

Three states were able to specifically add incentives for participating in the 811 PRA program. In all these states, the grantee is also the tax-credit allocating agency and has the authority to develop priorities in the state QAP.

Delaware State Housing Authority (DSHA) had intended to locate PRA units in existing developments, but did not receive many eligible responses from their open owner application process. Before 2014, all properties had to allocate 5 percent of their units for special populations, which were broadly defined and could include veterans, people experiencing homelessness, and people with disabilities. Due to the low response to the intent-to-participate form, DSHA established points in the 2014, 2015, and 2016 QAPs for Section 811 units in new and rehabilitated properties. Applicants received up to 3 points for accepting an allocation of PRA subsidies. As a result, as of June 2016, DSHA had identified 97 of its 148 PRA units in 17 properties. Maryland's housing finance agency modified its QAP to encourage property developers to participate in the 811 PRA program. Property developers may earn bonus points in their applications if they agree to restrict up to 25 percent of the units in the property for persons with disabilities who have incomes at or less than 50 percent of Area Median Income.

Originally, Pennsylvania's 811 PRA program application stated that it intended to obtain units for its 811 PRA program from units newly developed using LIHTC allocations from the 2011 through 2013 allocation rounds. The housing agency discovered that far fewer developers were interested in participating in the program than expected and, as a result, implemented preferences in its subsequent QAP for tax credit awards. Although the housing agency is not technically awarding points, if two developers submit applications that score exactly the same and one expressed an interest in the 811 PRA

program, that developer would be given preference in receiving tax credits and would be required to provide units for 811 PRA program residents.

Using Existing QAP and Other Incentives To Encourage PRA Units

Several grantees' QAPs already had incentives that encouraged new developments for special needs populations and were able to use these incentives to identify units for the PRA program. In two states, grantees were able to identify PRA units through existing incentives in the state QAP. In Louisiana, PRA is part of the state's permanent supportive housing program focusing on the northern part of the state. Louisiana's QAP, beginning in 2007, provides points to LIHTC applications when those responsible for operating the tax-accredited projects agree to participate in the PSH program by allocating 5 to 10 percent of the project's units to PSH-eligible applicants. In 2017, the Louisiana tax credit agency will increase the points for projects that agree to a 25 percent set-aside and give preference to the development of one-bedroom units, a particular need in Louisiana's PRA program.

In Illinois, a statewide comprehensive housing initiative, created under the Illinois Comprehensive Housing Planning Act, sets aside approximately 16 percent of tax credit funds to encourage development of housing for six underserved populations, including low-income persons with disabilities and persons who are homeless or at-risk of homelessness. Developers can earn up to 10 points for allocating units to the Statewide Referral Network, a housing resource set up to link vulnerable populations who are already connected to services to affordable and available housing.

Even if state QAP plans do not include a preference specifically for the PRA program, all state QAPs include some general preference for people with disabilities or

include people with disabilities as an eligible population under more general special population incentives. State QAPs in Massachusetts, Minnesota, and Montana all include general priorities for property development for people with disabilities but do not include any incentives directly for owners to accept PRA subsidies.

In addition to the LIHTC program, some states have additional funding mechanisms for affordable housing and for supportive housing or housing for people with disabilities specifically. Although California was unable to allocate tax credit points for the 811 PRA program, California was able to incorporate points into a state bond-funded Multifamily Housing Program (MHP), which provides financing for the construction, rehabilitation, or preservation of rental housing for low-income households. In 2015, the California Department of Housing and Community Development made available \$47.5 million in MHP funds and included priority points for properties that include at least five PRA units in the funding application. As a result, six applications for the MHP requested funding for 811 PRA units, and MHP funds were awarded to three properties for 15 PRA units.

Challenges to Recruiting Owners Through QAP Incentives

Grantees encountered a number of challenges to recruiting owners of new properties, including disincentives to participating inherent in the program's statutory regulations or grant requirements and the availability of affordable housing not always matching locations where needs exist or where services and supports are available and accessible. In some states, the grantee is not the same agency that allocates tax credits and does not have the authority to establish priorities for the PRA program in tax credit competitions. In some states, the grantee does not have authority for state-funded housing programs.

QAP incentives misaligned with the PRA program. In some states, the state's general housing priorities were not aligned with the integration goals for the Section 811 PRA program. For example, PSH developed under the LIHTC program is often specifically for people who experience homelessness. This group may include people with disabilities, but the units are not specifically set aside for that population. In addition, supportive housing priority points are often awarded only when owners set aside a minimum percentage of units in a property for supportive housing. The threshold typically exceeds the 811 PRA program regulation that limits the number of supportive housing units for people with disabilities to 25 percent for one property.

In Washington, the QAP includes points for projects that set aside at least 20 percent of units for people with disabilities, but developers can earn maximum points by setting aside 75 percent of the units for supportive housing for people who experience homelessness. The California state QAP includes a 10 percent set-aside for projects exclusively serving people who experience homelessness and a 4 percent set-aside for projects that allocate at least 50 percent of units to special needs populations, including people with disabilities. Because both set-asides for maximum points exceed the 811 PRA program's 25-percent maximum of units for people with disabilities or supportive housing, generally only those projects that do not apply for tax credits under the special needs or homeless set-asides can qualify for the 811 PRA program.

Tax credit properties do not align with location of PRA need. Even in states where QAP incentives align with the goals of the PRA program, locations of tax credit-funded properties may not always match the locations where the programs' target populations want to live or where necessary services and housing supports are available and accessible.

In Georgia, the state's QAP includes points for projects that would accept very low-income disabled persons but not for 811 PRA program specifically. The QAP's integration requirement matches well to the PRA program however. To receive points for serving people with disabilities, the property must have between 15 and 20 percent of its units set aside for this population, the upper limit due to one of the state's Olmstead settlement agreements as described in chapter 2. Even with these preference points, Georgia's housing agency reports challenges with identifying units for the PRA program. Georgia's QAP gives preferences to properties in rural areas. Conversely, housing agency staff report that most of the individuals who would benefit from 811 PRA subsidies reside in and around the urban Atlanta area. Although the grantee has been able to fill some of its rural units, an overall mismatch exists in the state between eligible PRA properties and the areas with access to the services and supports that PRA residents need to be able to live independently.

Texas's QAP also provides incentives for developers to develop tax credit properties outside of urban areas, which is not the location of most of the demand for supportive housing nor where residents are more likely to have access to services and supports. Although the Texas PRA program had no units under contract as of June 2016, the state's 2015 and 2016 QAP included incentives for PRA participation, and the 2017 QAP

requires participation in the 811 PRA program. The 2017 QAP requires applicants to allocate 10 units for the PRA program or the maximum set-aside allowed for under the QAP for people with disabilities, which is 18 percent of the units in each property and less than the PRA program maximum of 25 percent. The Texas QAP also gives owners a choice about whether they will place the PRA units in new tax credit-financed development or in another existing development. To receive approval for an existing development, a property's vacancy rate must be less than 15 percent, and the property must be in an area with transportation and access to services.

Grantees that are not tax credit allocating agencies.

Some grantees are not the state agency that awards tax credits and therefore do not have the authority to create priorities for the 811 PRA program in state QAPs. In California, the California Housing Finance Agency is the grantee, although the California Tax Credit Allocation Committee is responsible for issuing tax credits and develops the priorities for the state's QAP. Other states where the grantee is not the tax credit-allocating agency are Louisiana and Washington.

Outreach and Marketing Strategies for Existing Properties

For states that do not have specific priorities for the 811 PRA program in their QAP, grantees point to the importance of extensive outreach and marketing to property owners and developers to educate them on and gain interest in the 811 PRA program. Grantees conducted targeted outreach to owners by identifying funded properties that met PRA requirements and broad outreach through presenting at owner or developer conferences or events or through email or mass mailings.

The Minnesota PRA program initially targeted PRA units only to existing affordable housing properties. Both the housing and Medicaid agencies conducted extensive research to identify eligible properties and educate property owners about the PRA program. The Medicaid agency determined residential locations of its institutionalized participants, using data on residents of nursing home and other institutional settings. The housing agency identified specific properties within its portfolio that may contain housing units eligible for 811 PRA program. For the 2016 811 PRA Request for Proposals, Minnesota's housing agency modified its Request for Proposals process to encourage developers seeking financing for new construction projects to participate in the 811 PRA program.

In Washington, both the housing and Medicaid agency staff extensively marketed the availability of 811 PRA units to developers and owners of state-funded units. Staff analyzed properties funded through the state's housing trust fund and owners that would be good candidates for the 811 PRA program, including properties with 40 or more units or high numbers of accessible units. The 811 PRA program staff attended local housing conferences and met with regional support network providers and homeless assistance providers. Through November 2015, housing agency staff estimated they had spoken to approximately 50 owners.

To gain interest in the 811 PRA program, key staff from California's housing and Medicaid agencies extensively marketed the 811 PRA program to owners of state-funded multifamily properties. Staff from the two agencies held webinars, conducted in-person local meetings throughout the state, and responded to questions from developers. Contact information for housing and Medicaid staff was also provided in all marketing and application materials and on the 811 PRA program website. Program staff conducted limited targeted outreach to owners of particular existing projects in their housing agency portfolios, because agency data systems do not enable staff to easily determine which properties may be eligible for 811 PRA subsidies.

In Pennsylvania, staff at the state housing finance agency conducted both targeted and broad outreach to potential property owners. Before engaging property developers directly, staff researched their inventory of affordable housing projects and screened out all ineligible properties, such as buildings for people aged 62 and older and properties constructed before 2011 because of the environmental requirements of the grant. The housing agency held two regional meetings to explain and market the program to property owners and landlords. In addition, the agency issued press releases on the program and sent mass emails to eligible property owners to inform them of the available subsidies.

Staff at the Illinois housing agency conducted extensive research on both existing properties and planned new construction to identify eligible properties. Illinois awards two rounds of tax credits each year, and staff are constantly reviewing property information to look for properties coming available for lease.

Although the Montana housing agency maintains an open application process for PRA subsidies, the agency was able to secure most of its planned units under contract by June 2016 through its relationship with the Missoula Housing Authority. Most units under RAC (40 of 48) in Montana are in Missoula and under contract with the

housing authority, which oversees a large portfolio of tax credit properties in the Missoula area and partners with the state housing agency to apply for the PRA grant.

Procedures for Applying for 811 PRA

Six 2012 grantees issue PRA units to owners through an open or closed NOFA or other formal application procedures. Grantees in four states (California, Minnesota, Montana, and Washington) use an application process exclusively, in addition to outreach to eligible property owners and developers as described in the previous section. PRA programs in Delaware and Maryland use a separate 811 PRA application process in addition to the tax credit allocation of PRA units. All but Maryland accept applications on an ongoing basis.

In Washington, housing and Medicaid agency staff developed a streamlined application process. Owners can download the funding application on the housing agency's website and submit the application by email. The application is designed to help owners determine if their properties are eligible for the 811 PRA program and the number of 811 PRA units a property could support. Staff from both agencies review applications for eligibility based on the number of units a property contains, the 811 PRA units requested, and the types of subsidies already attached to units at the property. Both agencies also review the owner for organizational capacity and the property's proximity to transportation and services. The agencies review applications as they are received and keep the application process open until the housing agency achieves its goal for units under contract. Housing agency staff provide technical assistance to owners throughout the application process. Applications are usually submitted after several conversations between owners and housing agency staff.

In California, staff from the housing finance's partnering agency, the Department of Housing and Community Development, developed the 811 PRA NOFA for property owners and the funding application review process. As the housing agency provides funding for the development and rehabilitation of affordable housing through multiple state and federal funding programs (including HOME Investment Partnerships Program, Community Development Block Grant, and Emergency Solutions Grants program), agency staff lent their expertise to develop the funding application for the PRA subsidies. The 811 PRA application period began August 1, 2014 and is open until all 811 PRA funds are awarded. Housing staff streamlined the application process to make it as easy as possible for owners interested in the program to apply

for funding. They created an application form and sample tools, such as memorandums of agreement between owners and referral organizations, tenant selection plans, board resolutions, and affirmative marketing plans. Housing and Medicaid agency staff also provide technical assistance to owners throughout the application process. The five partnering agencies review and approve 811 PRA funding applications according to their respective expertise. Partner staff described the process as time-consuming but necessary, and ultimately, successful.

Although most of Delaware's units have been identified through the QAP process, the state's housing agency initially established a formal application process for existing properties. The agency developed an incentive to participate form based on a similar form Washington developed for their 811 PRA program. The Delaware housing agency emailed the form to large developers and management companies in Delaware to ask about interest in participating and property information. Although the agency received about 25 responses from interested owners, most properties were not eligible for PRA subsidies, because the proportion of units set aside for residents with special needs already exceeded the 25 percent cap or because the owner was unable or unwilling to meet environmental review or other 811 PRA program requirements.

Challenges in Identifying Properties for the PRA Program

Across the 12 states, owner interest in the 811 PRA program was less than expected. Through June 2016, 2012 grantees had 23 percent of the estimated PRA rental subsidies under contract with property owners. Grantees experienced difficulty attracting sufficient new and existing properties or units to meet their goals for several reasons. Although the most commonly cited reason (mentioned by 7 of the 12 grantees) was that the recruitment process simply took more time and effort than anticipated, several of the remaining grantee responses provide deeper insight into the reasons for the difficulty, as discussed in the following paragraphs.

Properties exceed the 25-percent cap on housing for special needs populations. In six states, the grantees reported that they found owners who were interested in the 811 PRA program, but the owners proposed properties already exceeded the 25-percent limit on supportive housing units. California and Washington encountered this issue, because existing affordable housing programs for people with disabilities gave incentives for higher concentrations of special needs units (as high as 75 percent).

The 811 PRA program is a new and unfamiliar program. The fact that the 811 PRA program was new and operated differently from other affordable housing programs meant that grantees and their partners had to educate owners about the new approach. In some states, available alternative programs were more familiar to owners and, in some cases, potentially more profitable. In five states, the grantee said owners were more interested in other affordable housing programs that had the potential for higher rental income. Grantees in California, Maryland, Minnesota, Pennsylvania, and Washington reported that robust rental markets, high development costs, and modest 811 PRA program rents raised owners concerns about the financial feasibility of the program.

Grantees in Massachusetts, Minnesota, and Washington reported that owners also expressed concern over the 30-year use restriction and 20-year RAC with only a 5-year PRA funding commitment, and three grantees said that the environmental review requirements deterred owners. Maryland, for example, reported that these requirements eliminated potential properties. To address this challenge, Minnesota set aside \$50,000 from its operating budget to help fund environmental reviews.

Four grantees mentioned that owners were unfamiliar with HUD systems and requirements for the 811 PRA program, which operates differently from other tax credit or multifamily programs. According to grantees, owners in Louisiana, Minnesota, Pennsylvania, and Washington all expressed unease about program requirements. Payment systems are different for the 811 PRA program as well, with payments routed from HUD to the state grantee, and then, to the property owner, instead of going directly from HUD to the owner.

Owners were also unfamiliar with entering tenant data into the Tenant Rental Assistance Certification System and using HUD's Model Lease forms, which may include additional provisions that owners do not have to meet under existing leases. For example, Washington reported that one large property management group came close to signing a contract for PRA-subsidized units but backed out, because they did not want to have to use TRACS. The group said they could find renters on the open market and avoid the PRA administrative requirements.

Grantees encountered challenges matching appropriate housing supply, eligible and interested applicants, and locations with access to services.

Grantees also mentioned various mismatches in the locations of interested owners with suitable properties relative to the desired locations of eligible applicants and the availability of accessible services. Grantees in Louisiana, Pennsylvania, and Texas all mentioned difficulty

finding appropriate properties with one-bedroom units, and three grantees mentioned challenges finding units with good access to services. As noted previously in this chapter, Georgia has suitable properties in rural areas, but most of the eligible and interested households are in urban areas in or near Atlanta. As expected, of the 76 persons on Georgia's waiting list, 36 are in the Atlanta area, where the grantee has no 811 PRA units under RAC.

In the next chapter, we review the characteristics of the properties and units thus far secured for the 811 PRA program.

Project Rental Assistance Properties and Units

This chapter provides a snapshot of properties and units under contract for Section 811 Project Rental Assistance subsidies. The chapter addresses the number of units grantees proposed to assist and occupy compared with how many units had been committed and occupied as of June 2016. In their funding applications, grantees established annual and targets for the total number of 811 PRA units to be assisted during the initial PRA 5-year grant period based on assumptions about locations of PRA units and the amount of rent residents would pay based on expected incomes. The chapter also presents characteristics of units that are under agreement for PRA subsidies as of June 30, 2016, such as bedroom size, unit accessibility, unit rent, and subsidy levels. For unit rent and subsidy levels, this chapter also compares the actual rent and subsidy amounts to date with the assumptions that grantees used to develop estimated PRA grant and unit amounts.

Rental Assistance Contract Requirements

Property owners must agree to a 30-year use restriction to provide a specified number of units as supportive housing for people with disabilities and must execute a RAC with the state housing agency for at least 20 years. The initial RAC provides funding for 5 years. The use restriction and renewal funding are contingent on continued Section 811 appropriations made by Congress.

RACs are formal agreements between the grantee and the owner of the eligible multifamily property. The agreements set forth the rights and duties of the parties with respect to assisted units and identifies the number and size of units that owners agree to commit to the program. The units covered by a RAC might be vacant and available immediately, but, in many cases, other residents occupied some or even all the units at the time of the

RAC execution. In these cases, owners committed the availability of occupied units to eligible 811 PRA residents on tenant turnover.

Prior to executing a RAC, grantees and property owners can also enter into signed Agreement to Enter into a Rental Assistance Contract or other formal agreements that indicate a commitment to eventually enter into a RAC for an assisted unit. HUD requests that grantees execute only RACs for properties that are expected to be leased within 6 months. Grantees can execute ARACs with owners if properties are expected to be leased beyond this timeframe. ARACs can be effective tools for securing units that are still under construction. Grantees may secure other formal agreements to eventually enter into a RAC, such as a memorandum of understanding signed by the state and an owner, a letter of agreement signed by an owner, or a funding award (for example, low-income housing tax credits, HOME, state funds) letter that includes the commitment of PRA units.

The RAC lays out the agreed-on maximum rent, the estimated amount of monthly PRA funding that owners receive (based on an estimated resident contribution of \$0), and the number of units set aside for PRA subsidies at a property. To ensure that community integration goals are achieved under the 811 PRA program, the Section 811 statute specifies that no more than 25 percent of the units in the affordable housing development can be set aside for supportive housing or have an occupancy preference for people with disabilities. The PRA program statute requires that PRA subsidies be added to multifamily properties with at least five units. The units under contract are floating, which means that the PRA subsidy is not tied to any specific unit and can move from unit to unit within a building based on vacancies. To maintain integrated housing, PRA residential units cannot be grouped in proximity to one another.

Progress in Achieving PRA Unit Goals

Table 5.1 shows the PRA program implementation for the 2012 grantees as of June 30, 2016, based on grantee quarterly reports. The table shows the grantees' 5-year unit goal, the number of units under RAC, the number of units under ARACs and other formal agreements, and the number of 811 PRA units leased.

Table 5.1: Status of Section 811 PRA Program Implementation, June 2016

| State | PRA Units Total 5-Year Goal ^a | PRA Units Under RAC | Percent of 5-Year Goal Under RAC | Units Under ARAC or Other Agreements | Percent of 5-Year Unit Goal Under RAC or Identified | PRA Units Under Lease | Percent of 5-Year Unit Goal Under Lease |
|---------------|--|---------------------|----------------------------------|--------------------------------------|---|-----------------------|---|
| California | 233 | 88 | 38 | 20 | 46 | 38 | 16 |
| Delaware | 148 | 97 | 66 | 26 | 83 | 9 | 6 |
| Georgia | 143 | 67 | 47 | 156 | 156 | 0 | 0 |
| Illinois | 369 | 4 | 1 | 34 | 10 | 4 | 1 |
| Louisiana | 199 | 103 | 52 | 28 | 66 | 19 | 10 |
| Maryland | 150 | 21 | 14 | 0 | 14 | 13 | 9 |
| Massachusetts | 90 | 6 | 7 | 0 | 7 | 0 | 0 |
| Minnesota | 85 | 72 | 85 | 0 | 85 | 15 | 18 |
| Montana | 81 | 48 | 59 | 0 | 59 | 5 | 6 |
| Pennsylvania | 200 | 52 | 26 | 10 | 31 | 2 | 1 |
| Texas | 362 | 10 | 3 | 32 | 12 | 0 | 0 |
| Washington | 133 | 36 | 27 | 28 | 48 | 19 | 14 |
| Total | 2,193 | 604 | 28 | 334 | 43 | 124 | 6 |

ARAC = Agreement to Enter into a Rental Assistance Contract. PRA = Project Rental Assistance. RAC = Rental Assistance Contract.

^a As of March 2017.

Sources: 2012 cooperative agreements; 2014, 2015, and 2016 811 PRA quarterly reports

The PRA unit goals in table 5.1 reflect some changes grantees made to their PRA unit goals, because they signed cooperative agreements with HUD. The number of units that grantees expect to fund decreased from 2,625 to 2,193, between March 2015 and March 2017. Four 2012 grantees modified the number of PRA units they expect to fund based on updated information on actual contract rent levels and tenant rent contributions. The largest change in unit goals was in Illinois. The Illinois Housing Authority determined its PRA unit goal based on rents that were affordable to households with incomes 30 percent of Area Median Income and committed to funding an estimated 732 units with an average monthly rental subsidy of \$226, the lowest of any of the 2012 grantees. The state had difficulty attracting owners at these rent levels and was authorized a waiver by HUD to increase allowable contract rent up to the Fair Market Rent.

Two states, California and Georgia, increased the number of PRA units they expect to fund. California increased its 5-year unit goal from 229 to 233, and Georgia increased the number of PRA units the state expects to fund from 134 to 143.

As of June 2016, all 2012 grantees had units under contract with property owners for PRA subsidies. Combined, the grantees had 604 PRA units under RAC,

more than one-fourth (28 percent) of the total number of estimated PRA units funded in this demonstration round. When adding the number of units identified under ARACs or other formal agreements, grantees identified 43 percent of the total estimated PRA units expected to be funded through the 2012 awards.

The number of PRA units under contract varies by state. Reasons for variations include the promptness in which the grantee began implementing the program or started recruiting property owners, which may be related to state schedules for awarding tax credits or other affordable housing program awards, as well as challenges with obtaining owner interest in PRA subsidies. The housing agencies with the most units under RAC relative to their goals as of June 2016 are Minnesota (85 percent of planned units under RAC), Delaware (66 percent), Montana (59 percent), and Louisiana (52 percent).

Financing Sources of Properties

A key goal of the PRA program is to offer a more cost-effective method of providing supportive housing to extremely low-income people with disabilities and to leverage additional resources. Eligible properties can be new or existing multifamily developments in which the development costs are subsidized by other public

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or private sources, such as the LIHTC, HOME funds, the Community Development Block Grant program, or other federal, state, or private sources. The 811 PRA program funds only project-based rental assistance. It does not provide any funding for capital costs to the properties where PRA subsidies will be used.

The state housing agency grantees select the properties to receive the PRA subsidies and define the eligible sources of funding for properties that will receive PRA subsidies. Table 5.2 shows the primary financing mechanism for 72 of the 78 properties under RAC through June 2016. Grantees report only the primary source of funding for

properties with PRA units under RAC in quarterly reports. Most properties have more than one funding source and may have multiple sources of funding. Through June 2016, LIHTC was the primary financing mechanism for 79 percent of all properties with units under RAC. In addition to LIHTC and state funds, California, Delaware, Louisiana, and Washington entered RACs for properties financed with HOME funds. Delaware and Pennsylvania executed RACs for properties financed with U.S. Department of Agriculture Rural Development funds, and Minnesota used other HUD assistance to develop a property targeted for PRA assistance.

Table 5.2: RACs by Property's Primary Financing Mechanism, as of June 2016

| Primary Financing Mechanism | Number of RACs | Percent of RACs |
|--|----------------|-----------------|
| Low-income housing tax credits | 57 | 79 |
| HOME Investment Partnerships Program funds | 4 | 6 |
| Community Development Block Grant | 0 | 0 |
| Rural development | 2 | 3 |
| State capital funds | 5 | 7 |
| Other HUD assisted | 1 | 1 |
| National Housing Trust Fund | 0 | 0 |
| Other | 3 | 4 |
| Total | 72 | 100 |

HUD = U.S. Department of Housing and Urban Development. RAC = Rental Assistance Contract.
Sources: 2014, 2015, and 2016 Section 811 Project Rental Assistance quarterly reports

Characteristics of Units Under RAC

This section presents characteristics of the 604 units under RAC as of June 30, 2016. The data on bedroom size, unit accessibility, unit rent and subsidy levels, contract rent, and rental assistance payment were available only in HUD's TRACS for 94 of the 133 PRA units currently or formerly leased as of June 2016. Owners have 120 days from the time of a new admission until they must report tenant data to HUD. Although grantees report unit size and accessibility of properties under RAC in quarterly reports to HUD, they are not required to report this information for leased units.

Vacancy Status

Through June 2016, 604 units were under RAC, and 124 residents were living in PRA-funded units (see table 5.3). Of the remaining 480 units under contract, 57 units were vacant and 423 were not available, because other tenants

occupied them.⁸ These units will be available for PRA residents on tenant turnover. In some cases, the number of units reported as unavailable are in properties that are newly constructed or renovated, and the units are not yet available for leasing.

⁸ Most of the vacant units were in Delaware and, based on a vacancy reporting system, may overstate the actual number vacant units as of June 2016.

Table 5.3: Occupancy and Vacancy Status of Section 811 PRA Units by Grantee, June 2016

| State | Number of Occupied Units | Number of Vacant Units | Number of Unavailable Units | Total Number of Units Under RAC |
|-----------------------------------|--------------------------|------------------------|-----------------------------|---------------------------------|
| California | 38 | 1 | 49 | 88 |
| Delaware | 9 | 46 | 42 | 97 |
| Georgia | 0 | 7 | 60 | 67 |
| Illinois | 4 | 0 | 0 | 4 |
| Louisiana | 19 | 0 | 84 | 103 |
| Maryland | 13 | 0 | 8 | 21 |
| Massachusetts | 0 | 0 | 6 | 6 |
| Minnesota | 15 | 0 | 57 | 72 |
| Montana | 5 | 0 | 43 | 48 |
| Pennsylvania | 2 | 3 | 47 | 52 |
| Texas | 0 | 0 | 10 | 10 |
| Washington | 19 | 0 | 17 | 36 |
| Total | 124 | 57 | 423 | 604 |
| Percent of Units Under RAC | 21 | 9 | 70 | 100 |

RAC = Rental Assistance Contract.

Note: Ten units in Texas have unknown occupancy status.

Sources: 2014, 2015, and 2016 Section 811 Project Rental Assistance quarterly reports

Number of Units per RAC

The number of units under RAC may reflect owners' willingness to commit to PRA subsidies, incentives or limits in awarding PRA units or tax credits, the size of the properties, or a combination of the three. Properties must be multifamily properties with at least five units, and no more than 25 percent of the units can be set aside for PRA. The overall average number of units under RAC is 8.6 units per property. The number of units for each RAC varies widely from 21 units per property in Louisiana and 18 in California (where PRA units are in larger developments) to an average of 3 PRA-subsidized units in properties in Massachusetts and 4 in Pennsylvania and Illinois. In Delaware, the grantee required property owners applying for LIHTCs to agree to accept PRA subsidies for at least 5 percent of the property's units. As a result, the agency reports 97 units under RAC in 17 properties, for an average of about 5.7 units per property. The Pennsylvania Housing Finance Agency has RACs in place for 14 properties to fund an expected 52 units, an average of 3.7 per property.

Unit Bedroom Size

Most grantees (10 out of 12) report that they based their PRA rental subsidy estimates on the expectation that most PRA residents will be one-person households, based on previous experience serving similar populations. Although grantees expect that one-person households will make up most of PRA residents, residents may have a range of household arrangements, including married couples and families with children or other dependents. Some residents may need an additional bedroom for visiting staff or medical equipment. HUD has also issued guidance to PRA grantees that provides greater flexibility for PRA residents to have roommates. Chapter 7 presents early information on household composition of the first PRA residents.

Table 5.4 provides details on units under agreement and leased by bedroom size. The percentage of units leased is generally proportional to the breakdown of units under RAC. Approximately 20 percent of units under RAC are two-bedroom units, and 4 percent of units under RAC are three-bedroom units compared with 23 percent of units under lease that are two-bedroom units and less than 2 percent that are three-bedroom units. A larger percentage of units are available for single-person households under RAC (69 percent of units under RAC are efficiencies or one-bedroom units) than under lease by PRA residents (51 percent combined).

Table 5.4: Section 811 PRA Units Under RAC and Under Lease by Bedroom Size, June 2016

| | Number of PRA Units Under RAC | Percent of PRA Units Under RAC | Number of PRA Units Leased | Percent of PRA Units Leased |
|----------------------|-------------------------------|--------------------------------|----------------------------|-----------------------------|
| SROs or efficiencies | 121 | 20 | 20 | 16 |
| One-bedroom units | 296 | 49 | 44 | 35 |
| Two-bedroom units | 123 | 20 | 28 | 23 |
| Three-bedroom units | 24 | 4 | 2 | < 2 |
| Unit size unknown | 40 | 7 | 30 | 24 |
| Total | 604 | 100 | 124 | 100 |

PRA = Project Rental Assistance. RAC = Rental Assistance Contract. SRO = single room occupancy

Sources: 2014, 2015, and 2016 Section 811 PRA quarterly reports; Tenant Rental Assistance Certification System data

Although these data suggest that a significant mismatch does not exist between bedroom size, needs, and availability, at least three grantees (Louisiana, Montana, and Pennsylvania) report that the lack of one-bedroom units in the state's affordable housing portfolio was a challenge in identifying units for the program.

Unit Accessibility

PRA subsidies are *floating*, not tied to specific units in the property, and are assigned based on unit availability. As such, grantees do not yet know the accessibility status of nearly one-third of the program's units under RAC (33 percent). These units are under RAC but currently occupied by other residents. Accessibility features will become known at the time of tenant turnover. As current tenants vacate units and units become occupied by PRA residents, additional units may be modified to meet residents' needs in response to reasonable

accommodation requests. Most affordable housing properties typically have only a small number of units that are accessible for people with mobility, hearing, or vision impairments, depending on federal and state regulations.

As table 5.5 shows, through June 2016, 58 units under RAC (10 percent) were designated as accessible for people with mobility impairments (52 units), hearing impairments (5 units), and vision impairments (1 unit). Because units are floating and accessibility will not be known until future turnover, the reported percentage of accessible units under RAC may be underestimated. Of the 124 PRA units occupied as of June 2016, 11 (9 percent) are accessible for people with mobility impairments, and none are accessible for people with vision or hearing impairments. The actual accessibility of the remaining units cannot be determined until current residents vacate PRA-designated units.

Table 5.5: Accessibility of Section 811 PRA Units Under RAC, as of June 2016

| Type of Accessibility | Number of PRA Units Under RAC | Percent of PRA Units Under RAC | Number of PRA Units Leased | Percent of PRA Units Leased |
|-------------------------------|-------------------------------|--------------------------------|----------------------------|-----------------------------|
| Hearing impaired | 5 | < 1 | 0 | 0 |
| Visually impaired | 1 | < 1 | 0 | 0 |
| Mobility impaired | 52 | 9 | 11 | 9 |
| Units that are not accessible | 136 | 23 | 83 | 67 |
| Accessibility unknown | 410 | 68 | 30 | 24 |
| Total | 604 | 100 | 124 | 100 |

PRA = Project Rental Assistance. RAC = Rental Assistance Contract.

Sources: 2014, 2015, and 2016 Section 811 PRA quarterly reports; Tenant Rental Assistance Certification System data

Unit Rent and Subsidy Levels

Grantees determine the maximum rent amounts that property owners can charge for PRA units, which may or may not reflect current rental-market conditions. The Section 811 PRA Notice of Funding Availability required that the PRA rent not exceed the applicable FMR or Small Area FMR level for the property location, as determined annually by HUD. Grantees can set target rent levels higher than FMR if substantiated by market studies that meet HUD’s guidelines or approval.

The NOFA provided incentives for state housing agencies to target units that produce the lowest possible per-unit rental subsidy costs by targeting properties that have existing rent restrictions, such as those funded with LIHTC or HOME funds. The 2012 NOFA awarded points to grantees that proposed to attract units with lower rents relative to their market area. Rents under contract for the 811 PRA program are set to be affordable to persons with up to 50 percent of Area Median Income.

Targeted Rent Levels

Within the grant parameters, state housing agencies determined the maximum rent levels that owners can charge for units leased under the PRA program. Although the 811 PRA program enables grantees to set their rents up to FMR, several grantees chose to limit PRA units to those with rents less than FMR to receive additional points in the grant competition. Most states established contract rents that are affordable to households with incomes up to 50 percent of AMI. Exceptions to this rent level are California and Montana, two states that set contract rents to be affordable to households with incomes at 40 percent of AMI, and three states (Illinois, Massachusetts, and Texas) that proposed a combination of different contract rent levels. In California, the estimated monthly contract

rent was an average of \$993. In Montana, the estimated monthly rent was \$596. Massachusetts set the maximum contract at FMR for 80 percent of its estimated PRA units, with the remaining units set to be affordable to households with incomes between 20 and 50 percent of AMI.

Grantees in four states (California, Georgia, Illinois, and Washington) that had committed to lower subsidy amounts in their 811 PRA applications experienced difficulty securing units from property owners at these rent levels. These grantees subsequently received a waiver from HUD to increase the rents they can charge, up to the maximum allowable local FMR, to make it easier for these grantees to compete with other housing assistance programs and attract property owners and lease units. Rent increases were allowable for the four aforementioned 2012 grantees, because their cohort was considered a demonstration round of funding. As of the time of this report, HUD was also considering issuing waivers to 2013 grantees on a case-by-case basis.

Contract Rent and Rental Assistance Payments by Bedroom Size

Table 5.6 shows rents owners charged for units, plus cost estimates of any utilities paid by tenants (contract rent), and rental assistance payments by bedroom size for 94 of the 124 PRA households that lived in PRA units as of June 2016. The average contract rent across all bedroom sizes was \$821 per month, ranging from \$565 to \$1,118. Rents generally increase by bedroom size and vary widely based on local housing markets. The rental assistance payment is the difference between the approved contract rent and tenants’ contributions to rent, which is based on household income. The average rental assistance amount for these 94 PRA residents was \$599, ranging from a low of \$317 to a high of \$1,160.

Table 5.6: Contract Rent and Rental Assistance Payment by Bedroom Size, June 2016

| Contract Rent (\$) | | | | | |
|-----------------------------------|----------------------|-------------|--------------|----------------|--------------|
| | Studio or no Bedroom | One Bedroom | Two Bedrooms | Three Bedrooms | All Bedrooms |
| Minimum contract rent | 669 | 565 | 827 | 1,049 | 565 |
| Average contract rent | 778 | 707 | 1,011 | 1,119 | 821 |
| Maximum contract rent | 838 | 892 | 1,185 | 1,188 | 1,188 |
| Rental Assistance Payment (\$) | | | | | |
| | Studio or no Bedroom | One Bedroom | Two Bedrooms | Three Bedrooms | All Bedrooms |
| Minimum rental assistance payment | 407 | 317 | 426 | 899 | 317 |
| Average rental assistance payment | 528 | 497 | 784 | 964 | 599 |
| Maximum rental assistance payment | 833 | 887 | 1,160 | 1,029 | 1,160 |

Note: Contract rents and rental assistance payments were available in Tenant Rental Assistance Certification System (TRACS) for only 94 of 133 Project Rental Assistance participants.
Source: TRACS data

Differences in Estimated and Actual Rental Assistance Payments

Grantees determined requests for 811 PRA funds by calculating an expected average per-unit PRA rental assistance payment based on either the incomes of households living in PRA units or local FMRs for expected PRA unit locations. Grantees based estimates of tenant rents and rental assistance payments on experiences from administering other similar programs or in response to NOFA incentives for the 2012 grant that provided points for targeting lower rent units. Similar to other HUD rental subsidy programs, PRA residents pay rent based on income. Total resident payment (rent and utilities) is calculated as the greatest of 30 percent of adjusted monthly income, 10 percent of monthly gross income, welfare rent (for some localities), or a \$25 minimum rent.⁹ In executing RACs with owners, HUD instructs grantees to estimate the number based on a presumed household

income of \$0 so that the RAC reflects the maximum annual amount of HUD's commitment for rental assistance payments under the contract.

Grantees' estimates of tenant rent and rental assistance payments did not always align with actual rents and payments for PRA residents as of June 2016. Table 5.7 shows the difference between average estimated 811 PRA rental assistance payments and actual average payments. For data available on PRA residents as of June 2016, actual assistance payments were about \$141 a month higher than the grantees' estimates in their grant cooperative agreements. Three grantees overestimated average rental assistance payments (differences ranging from \$9 in Louisiana to \$181 in California), and five grantees underestimated average rental assistance payments (average rental assistance payments ranged from \$59 to \$266 higher than the grantees' estimated monthly payments in their cooperative agreements.)

Table 5.7: Difference Between Average Section 811 PRA Rental Assistance From Cooperative Agreements and Actual Rental Assistance, as of June 2016

| | | | |
|----------------|------------|------------|--------------|
| California | 705 | 524 | 181 |
| Delaware | 502 | 647 | - 145 |
| Georgia | 441 | NA | NA |
| Illinois | 226 | NA | NA |
| Louisiana | 597 | 589 | 9 |
| Maryland | 1,055 | 927 | 128 |
| Massachusetts | 781 | NA | NA |
| Minnesota | 503 | 708 | - 205 |
| Montana | 351 | 617 | - 266 |
| Pennsylvania | 378 | 437 | - 59 |
| Texas | 478 | NA | NA |
| Washington | 354 | 517 | - 163 |
| Average | 458 | 599 | - 141 |

NA = Not applicable, because grantees do not have leased units. PRA = Project Rental Assistance.

Note: Contract rents and rental assistance payments were available in Tenant Rental Assistance Certification System (TRACS) for only 94 of 124 PRA residents.

Sources: 811 PRA Cooperative Agreements, Exhibit 6; TRACS data

Differences in estimated and actual assistance amounts can be attributed to several factors, including needing a larger or smaller number of bedrooms than assumed, higher or lower actual household incomes of PRA

residents, or locations of PRA units in higher or lower cost areas than planned. As the data represent a small percentage of expected units to be assisted under the 2012 grant program, it is too soon to determine whether

⁹ Welfare rent is the portion of a welfare benefit explicitly designated for rent payments.

initial trends in rents and tenant payments will continue. Initial data suggest that the PRA program will have higher contract rents than grantees initially estimate in cooperative agreements.

Leveraging Set-Asides of Housing Choice Vouchers

Of the 12 grantees, 9 committed to set aside HCVs, project-based vouchers, and public housing units to

extremely low-income households with disabilities to supplement—or *leverage* as per NOFA language—the 811 PRA units. Through June 2016, five grantees reported that 432 vouchers were issued as part of this commitment, representing 30 percent of the total leverage commitment (table 5.8).

Table 5.8: Level of Commitment to Leveraging HCVs by State, as of June 2016

| State | HCVs Committed to Leveraging | HCVs Issued | Percent of Committed HCVs Issued |
|---------------|------------------------------|-------------|----------------------------------|
| California | 0 | 0 | NA |
| Delaware | 74 | 0 | 0 |
| Georgia | 175 | 117 | 67 |
| Illinois | 695 | 171 | 25 |
| Louisiana | 125 | 0 | 0 |
| Maryland | 97 | 34 | 35 |
| Massachusetts | 50 | 26 | 52 |
| Minnesota | 60 | 84 | 140 |
| Montana | 0 | 0 | NA |
| Pennsylvania | 152 | 0 | 0 |
| Texas | 0 | 0 | NA |
| Washington | 9 | 0 | 0 |
| Total | 1,437 | 432 | 30 |

HCV = housing choice voucher. NA = Not applicable.

Sources: 2014, 2015, and 2016 Section 811 Project Rental Assistance quarterly reports

In several states, grantees are also public housing agencies tasked with administering the HCV program in all or part of their states. These agencies were able to commit to setting aside additional housing resources for the PRA program from their own inventories. For example, the Delaware State Housing Authority is the public housing agency for two out of four counties in Delaware and committed to issuing 74 HCVs to the PRA target population. In Georgia, the Department of Community Affairs is the state public housing agency for the HCV program in 149 out of Georgia’s 159 counties and committed to leveraging 175 HCVs for the Section 811 PRA grant. Through June 2016, the agency had leased 117 HCVs to people with disabilities in the state. The Massachusetts Department of Housing and Community Development also committed to leveraging its own housing resources for the 811 PRA grant. The agency committed to issuing 50 vouchers to extremely low-income households; 25 were from the agency’s HCV

allocation, and 25 were new tenant-based vouchers that will be issued through the state’s Alternative Housing Voucher Program that serves individuals up to age 60 with long-term or chronic disabilities.

Aside from points in the Section 811 PRA NOFA, no direct relationship exists between the Section 811 PRA program and the use of vouchers PHAs set aside, or leveraged, by the Section 811 program. The commitment of leveraged units does not expand the total number of affordable units to low-income households, but it does increase the number of units available specifically for low-income, nonelderly households with a person with disabilities.

Conclusion

This chapter provided a snapshot of properties and units under contract for 811 PRA subsidies and compared grantee goals for the number of units grants will fund with the number of units committed and occupied as

Chapter 5. Project Rental Assistance Properties and Units

of June 2016. Through June 2016, 124 residents were living in PRA-funded units. Of the remaining 480 units under contract, 70 percent were not available because of occupancy by other, non-PRA, tenants and, therefore, unavailable until tenant turnover.

The number of PRA units under contract varies by state. Reasons for variations include the promptness in which grantees began implementing the program or started recruiting property owners, which may be related to state schedules for awarding tax credits or other affordable housing program awards. Eligible properties can be new or existing multifamily developments in which development costs are subsidized by other public or private sources. Although most properties will have more than one funding source, through June 2016, the LIHTC program was the primary financing mechanism for 79 percent of all properties with units under RAC. The overall average number of units under RAC is 8.6 units per property. The number of units for each RAC varies widely from 2 to 21 units per property, based on property size and state-developed incentives for property owners to administer PRA subsidies. Some states developed a minimum number or percentage of PRA units that owners must agree to lease to program recipients in order to receive funding or priority through housing assistance programs.

This chapter presented the characteristics—such as bedroom size, unit accessibility, unit rent, and subsidy level—of units under agreement, as of June 30, 2016. Most grantees (10 out of 12) report that they based PRA rental subsidy estimates on expectations that most PRA residents will be one-person households and, as presented in the next chapter, these households make up most of the existing PRA applicants. Although the percentage of units leased is generally proportional to the breakdown of units under RAC, at least three grantees report that the lack of one-bedroom units in the state's affordable housing portfolio was a challenge in identifying units suitable for the program. As PRA subsidies are floating and not tied to specific units in the property, grantees do not yet know the accessibility status of nearly one-third of the program's units under RAC. For leased units, 11 percent are accessible.

This chapter also compared actual rent and subsidy amounts to date with the assumptions grantees used to develop estimated PRA grant amounts and number of units. For data available on PRA residents as of June 2016, actual assistance payments were about \$141 higher per month than grantees had estimated in their grant cooperative agreements.

As of June 2016, grantees that committed to leveraging additional HCVs for the program's target populations issued 432 HCVs, or 30 percent of their leverage commitment. Although no direct relationship exists between the Section 811 PRA program and vouchers set aside by PHAs for the Section 811 program, the commitment increased the number of housing subsidies set aside specifically for nonelderly people with disabilities in the study states.

Identifying Project Rental Assistance Residents and Matching Them to PRA Units

This chapter describes the processes by which people with disabilities learn about and apply to live in Project Rental Assistance units, as well as determining eligible applicants for the PRA program and the specific properties where they would like to live. Although each PRA partnership established its own procedure to refer a potential applicant to the PRA program, at a minimum grantees and their partners must:

- Conduct outreach to PRA program's target populations.
- Determine a method for selecting residents, including developing program application requirements and waiting lists.
- Determine applicant eligibility for the PRA program.
- Determine applicant eligibility for specific properties.
- Match program-eligible applicants with available PRA units.

This chapter describes how grantees and their partners conducted outreach to target populations and referred target populations to available units. This chapter identifies early challenges partners reported in reaching, referring, and placing participants, as well as some promising outreach and referral practices that PRA programs use to successfully reach target populations and match interested and eligible applicants with available PRA-subsidized units. This chapter also describes the number and characteristics of applicants ineligible to live in PRA-funded units due to 811 PRA program requirements or property occupancy criteria.

Outreach to PRA's Program Target Population

Medicaid agency staff (or their contractors) are typically responsible for identifying eligible applicants and referring them to available PRA units. Most grantees developed centralized or regional application and referral methods (usually using a combination of software systems and staff) to identify PRA applicants and match them to units, but others developed decentralized or targeted approaches that matched service provider organizations with specific properties. Several states adapted outreach and referral methods already in place for Money Follows the Person programs or other programs that target people with disabilities.

Potentially eligible individuals typically learn about available PRA subsidies through providers of services they are in contact with or serve their area. In contrast to other affordable housing programs like public housing or housing choice vouchers, the process of applying to PRA-subsidized units or being placed on waiting lists is generally not open to the public. An exception to this practice is in Louisiana, where the PRA application is available to the public on the state housing agency's website. Individuals eligible to live in PRA units must also be eligible for Medicaid services. Individuals served by Medicaid waivers or other state plan services generally learn about the PRA program and application procedures through case managers as part of the overall receipt of services and supports. Individuals not currently served by Medicaid waivers, such as some people experiencing homelessness, may learn about the PRA program when seeking services from shelters or service providers.

Overview of PRA Program Outreach and Referral Methods

PRA grantees and their partners developed procedures to recruit applicants, determine PRA program eligibility, and identify and refer applicants to available PRA units. Table 6.1 provides an overview of the outreach and referral procedures for the 12 demonstration grantees.

Table 6.1: Outreach and Referral Model by State

| Grantee | Outreach and Referral Waiting List | Outreach and Referral Procedures |
|---------------|---|---|
| California | Decentralized by referral organization and property | Contracted regional referral organizations (one for Money Follows the Person; one for developmental disabilities population) administer waiting lists. Property owners partner with referral organizations for referrals. |
| Delaware | Centralized by area or region | Contracted case managers from four Medicaid divisions use SocialServe to determine eligibility and refer applicants. Housing agency manages the waiting list on SocialServe and works with the housing agency's housing coordinator to match applicants to available units. |
| Georgia | Centralized by area or region | Housing agency's housing coordinator works with contracted service providers under the Medicaid agencies who conduct outreach and eligibility screenings. Housing agency manages the waiting list, which is organized by region, and notifies applicants in the region of available units. |
| Illinois | Decentralized by lead referral agents | Five lead referral agents track and process referrals and manage their own regional waiting lists under the supervision of the statewide housing coordinator housed in the Illinois Department of Human Services. |
| Louisiana | Centralized by parish | Medicaid agency coordinates a permanent supportive housing outreach implementation team, including staff from four offices, Medicaid, Money Follows the Person Program coordinator, homeless services, and healthcare providers. Waiting lists by parish; referrals to Section 811 Project Rental Assistance units tracked by parish. |
| Maryland | Centralized | Case managers screen applicants and enter information into a central Project Rental Assistance system that also tracks available units. Medicaid agency manages waiting list, which includes applicants for Weinberg and Bridge programs. |
| Massachusetts | Centralized by outreach or referral agency | Medicaid agency coordinates four offices, statewide housing coordinators, and five regional housing coordinators to conduct outreach and referral and place applicants on consolidated statewide waiting list. A housing locator system is used to match applicants with appropriate units. |
| Minnesota | Centralized by area or region | Medicaid agency housing coordinator works with Projects for Assistance in Transition From Homelessness, or PATH, and Money Follows the Person staff to perform outreach. Coordinator manages waiting list, matches referrals to available units, and ensures service coordination. |
| Montana | Decentralized by outreach or referral agency | Medicaid agency coordinates case managers of three divisions to conduct outreach, determine eligibility, make referrals, and manage individual waiting lists. Housing coordinator notifies case managers of unit availability. |
| Pennsylvania | Centralized by county | Three Medicaid offices oversee 34 local lead agencies as single point of contact for service providers, landlords, and applicant intake. |
| Texas | Centralized by area or region | Medicaid agency oversees 50 or more qualified referral agencies (trained by Texas Department of Housing and Community Affairs) that conduct outreach, including prescreening checklists and applications, matching referrals, and identifying appropriate service coordinators. |
| Washington | Centralized by area or region | Medicaid agency oversees contracted service providers who conduct outreach and screen applicants using online assessment tools for eligibility and service needs. Money Follows the Person program managers keep waiting lists and make referrals of eligible applicants to available units within the three regions of the state. |

Oversight and Coordination of Outreach and Referrals

In all 811 PRA programs, state Medicaid agency partners have the primary responsibility for conducting and overseeing outreach to eligible target populations. Housing and Medicaid agencies developed outreach policies and procedures as part of their PRA grant funding applications. As discussed in chapter 3, interagency partnership agreements lay out the specific tasks that each agency will perform. According to interviews conducted with staff from grantees and Medicaid agencies, no major changes were made to the processes by which states conduct outreach since agencies began implementing the program.

Most grantees have some version of a *housing coordinator* who is ultimately responsible for matching PRA-eligible applicants with available PRA units. This position is usually housed at the state Medicaid or health and human services agency, but in some states (Delaware and Georgia), the housing agency has taken on this role. In Illinois, the statewide housing coordinator in the Illinois Department of Human Services works with five statewide lead referral agents to track and process referrals. The housing coordinator is responsible for tracking PRA referrals and reporting information to the housing agency.

The housing coordinator may coordinate housing and services for other programs besides the PRA program, particularly when PRA outreach activities are coordinated

with or integrated with outreach activities for other programs. In states that administer an MFP program, the PRA housing coordinator is also often the MFP coordinator, a position that is partially or wholly funded by the MFP demonstration program. In some states, housing coordinators make some determination of applicant eligibility for the PRA program before placing applicants on waiting lists or referring applicants to property owners to complete applications.

Outreach and Referral Agencies

Housing coordinators interact with and provide some oversight to *referral agencies*. These referral agencies are service providers and other organizations that are responsible for directly engaging potential PRA residents and offering support as they apply for PRA-funded housing and transition to their new homes. Referral agencies educate individuals about the availability of PRA subsidies as part of the services already provided to target populations. Referral agencies are state or local agencies serving people with disabilities or contracted direct service providers. The agency type is generally a function of the ways in which long-term Medicaid and state plans provide and coordinate services in the state and depend on whether state agencies provide these services directly or contract with outside organizations to provide services.

Organizations that provide transition services to people moving from institutional settings or experiencing homelessness may be aware of existing affordable housing resources in the state, but the 811 PRA program is a new program resource. Grantees reported that service providers may not be aware of the 811 PRA program or its eligibility and application requirements. In many states, Medicaid agency and grantee staff gave extensive PRA program training and its application procedures to service providers and other agencies that regularly engage target populations. For example, in Texas, one primary agency is responsible for oversight of all referral agencies. The housing agency trained all 50 referral agencies to participate in and to make referrals to the PRA program.

Outreach Models Adapted From Existing Housing Programs for People With Disabilities

State approaches to outreach are highly dependent on the target population and the state's institutional framework. In some states, outreach methods build on procedures developed for existing supportive housing resources and initiatives. In Georgia and Illinois, state agencies were responding to Olmstead settlement agreements and already had established an application process for people with some categories of disabilities to search and

apply for affordable housing. Maryland administers the application process for the Section 811 PRA program and two related programs, the Bridge Program and the Weinberg Apartments Program, through a single portal. Maryland leveraged the existing referral networks of these permanent supportive housing programs to identify an applicant pool. As a result, most applicants on the Maryland waiting list came from Bridge and Weinberg Apartment Program waiting lists.

Outreach Approaches Based on Target Population

Within state PRA programs, states may have different outreach procedures for different target populations. Outreach strategies may be *disability-specific* (that is, state or contracted service providers are responsible for targeting specific disability populations) or *cross-disability* (state or contracted service providers are responsible for targeting multiple disability populations as part of the MFP or Projects for Assistance in Transition From Homelessness programs or other outreach efforts) strategies. MFP programs that assist people who are institutionalized transition into community-based housing and PATH programs that conduct outreach to people experiencing or at risk for homelessness are both examples of cross-disability outreach organizations.

Although most states use a combination of disability-specific and cross-disability outreach organizations, a few demonstration programs use only one or the other. Louisiana uses five referring sources, depending on population and type of disabilities, and relies on population-specific state-level agencies. Pennsylvania uses a cross-disability approach for outreach and referral that relies on an existing network of county-based local lead agencies with housing and service experts.

Outreach strategies to reach people who are homeless or at risk for homelessness differ greatly from outreach strategies to reach people living in institutions or other target populations. For example, about one-third of Minnesota's applicants (29 percent), as of June 2016, are people experiencing homelessness or at risk for homelessness. Minnesota's strategy to target homeless people includes outreach by PATH workers in streets, shelters, hospitals, and jails. The state's strategy to target people residing in institutions includes outreach in nursing homes, intermediate care facilities, and behavioral health hospitals.

PRA Resident Application Approaches

Of the 12 Section 811 PRA grantees funded in 2012, 6 use centralized outreach and referral models, and 6 use regional or targeted models (see table 6.1).

Centralized and Targeted Outreach and Application Models

In centralized models, one central point of contact exists for PRA applicants, regardless of in which part of state the applicant lives or which agency or service provider refers the applicant. PRA applications are all routed through a central system, person (typically the housing coordinator), or both. Applicants may be placed on waiting lists for units if no units are available that meet their needs. Applicants are then matched to available PRA units as units become available for lease, often based on their place on waiting lists (described in detail in the following section, desired location, and unit size. Referrals and waiting lists can be ordered based on the state's target population priorities or, in states with no ordered priorities, by application date.

Delaware has a centralized outreach model. All applicants work with case managers from the Medicaid agency to take program applications and refer eligible applicants to property owners. Similarly, Minnesota routes all applications to the housing coordinator at the state Medicaid agency.

In a *decentralized application model*, no centralized person or system exists that accepts applications and refers applicants to available units. California requires property owners to partner with one or more regional or local tenant referral organizations who refer applicants to their properties. Some tenant referral organizations also conduct preliminary criminal background checks and credit checks to ensure that applicants are eligible before making the referral.

In Pennsylvania, county-based local lead agencies handle outreach to potential applicants and referrals. The local lead agencies are community organizations that assist people with disabilities find affordable housing, manage outreach and referrals in their areas, and serve as a single point of contact for service providers and owners. Local lead agencies enter into agreements with direct service providers who reach out to people already served through existing programs and that may be eligible for PRA assistance.

Washington's PRA program has a *regional outreach model* that matches coordination services within the state. Each of Washington's three geographic regions employs a regional housing coordinator who works with all the case managers in a region. As units become available in a region, the regional housing coordinator notifies case managers with clients in the region about upcoming housing availability. Case managers help individuals submit applications to property owners. Each regional case manager maintains a waiting list of people interested in PRA units in their areas.

In Georgia, the outreach and referral system for the PRA program also uses a regional approach. Case managers from supportive service agencies contact clients that would benefit from the 811 PRA program to determine interest and likely eligibility. Case managers then provide completed applications to the housing agency.

Use of Waiting Lists for the PRA Program

All grantees developed some type of 811 PRA program waiting list that housing agencies or their partners maintain, but each PRA program uses waiting lists differently. Grantees and their partners maintain waiting lists at various levels, including state, region, outreach or referral agency (contracted service provider), and property. The grantees with a centralized application process also maintain statewide PRA program waiting lists. Two grantee programs combine the PRA waiting list with one for another established program. The Maryland Department of Disabilities maintains a statewide, centralized, waiting list that includes PRA applicants and applicants for two related programs serving people with disabilities. The Maryland Department of Disabilities selects individuals from the waiting list based on three established priorities for the PRA program and instructs property owners to review applications according to the predetermined order.

Grantees and Medicaid agencies maintain waiting lists using a variety of tools, including automated software tools, spreadsheets, or (particularly for staff who work in the field) paper. Of the 12 grantees, 8 report using automated software tools or resident management software (such as SocialServe and Yardi) to maintain centralized waiting lists. In Washington, where three regional housing program managers in the state Medicaid agency oversee applicant outreach in their respective regions, the managers each maintain their own, separate waiting list for their region.

Most grantees determine some level of PRA program eligibility prior to placing residents on waiting lists, although exceptions exist. In Maryland, where the PRA waiting list is combined with two other waiting lists, no PRA program eligibility determinations are made before residents are placed on the waiting list. In Louisiana, once an applicant is on the waiting list, their application is reviewed for eligibility for services, income, and age. If the applicant is determined eligible for a PRA unit, a letter is sent requesting additional information on unit preferences, including bedroom size. The waiting list is organized by parish and sorted by preference according to the state's PRA target population priorities.

Implications of Different Application Practices

Grantees report many advantages of centralizing the acceptance and review of applications and maintaining a single program waiting list, especially when using software tools to facilitate the process. Grantees report several benefits of using case management, spreadsheet, or database software to maintain PRA applicant lists. These benefits include the ability to automate some functions, such as making unit referrals to those on waiting lists, and the ability to sort applicants by target population priority, desired locations, and unit size and accessibility needs. Grantees can use software for program reporting to HUD and for sharing data internally and with partners. Waiting-list information can also help determine whether PRA units under contract match the needs and desires of applicants. This information may help grantees determine where to focus additional property outreach efforts.

Grantees also report the challenges they experienced with centralized application approaches. Centralized application models that rely on a single staff person can bottleneck or suffer from diminished quality of service if the staff person has difficulty keeping up with demand, is out of the office, or leaves the position. Another disadvantage of relying on an individual staff person manually matching applicants to housing is that such a labor-intensive process can be difficult to administer when large numbers of applications or referrals to units exist at one time.

Interviews with grantees also identified some advantages of regional or targeted outreach models. Regional or targeted, decentralized outreach models have the ability to scale to larger programs, because the administrative work can be more widely distributed across a larger number of organizations and staff. Regional or local housing coordinators may have more familiarity with the target population, available services and supports, and may have more knowledge of the local affordable housing

community and resources. These advantages help the referral process operate more efficiently. However, service providers and specific case managers will vary in their program knowledge and the speed with which they inform their clients of available units. As a result, some eligible applicants may have access to PRA units sooner than others may.

One of the benefits of formal waiting lists is the prioritization of applicants to ensure that individuals are matched to units in the order or priority established for the PRA program. Waiting lists can also be organized by desired bedroom size, location, and accessibility needs. A disadvantage of waiting lists is that the lists can very quickly become outdated when considering the changing preferences, interests, eligibility profiles of applicants, and the potential time difference between application submittal and unit availability. Massachusetts addresses this problem by calling its waitlisted PRA applicants every 6 months to determine continued eligibility and interest.

In large states, statewide waiting lists or lists that cover large geographic areas may be less effective tools to match applicants with available units. Georgia has a regional outreach model with a centralized waiting list organized by the six outreach regions in the state. Because the regions in Georgia are so large, an applicant may not be near a particular property when a unit becomes available, or no applicants may be available for a specific property, even though several applicants may be in the region. This challenge led Georgia's housing coordinator to combine the broad, regional waiting lists with more focused, property-based waiting lists.

PRA Program Eligibility Determination

All PRA residents must be determined eligible for the 811 PRA program and for the specific property where they would like to live. This section addresses an applicant's eligibility for the PRA program. The following sections of this chapter will address eligibility at the property level. The program statute requires that all Section 811 PRA program-assisted households have extremely low-incomes and a person between the ages of 18 and 61 at the time of move-in who has a disability and is enrolled in or eligible for state Medicaid services or similar state-funded program. Applicants must meet HUD's definition of disability (see chapter 2). Grantees and their partners must also determine whether applicants meet their specific target population definitions.

Eligibility Based on Age and Eligibility for Medicaid Services

State Medicaid agencies and their contracted service providers generally conduct the program eligibility determinations for age, disability status, and eligibility for Medicaid services on behalf of an applicant. If a contracted service provider determines eligibility, state agencies still typically confirm this information and compare it with available state records.

Eligibility Based on Income

State Medicaid agencies may confirm whether household incomes meet the requirements for PRA units, but property owners also confirm tenant income as part of the resident certification process. Property owners typically conduct income eligibility determinations, as they are responsible for certifying resident income to HUD. However, referral agencies may do some prescreening to determine if an applicant's income is in the general range for eligibility.

Oversight of Eligibility Determination

When service providers or referral agencies conduct program eligibility, a state's Medicaid agency typically oversees this process and confirms eligibility. For example, in Pennsylvania, the local lead agencies decide together whether an applicant is eligible for the 811 PRA program, but the Department of Human Services retains oversight by confirming eligibility. Similarly, in Texas, the referring agency conducts an initial 811 PRA program eligibility screening, but then the housing agency does further evaluation of program eligibility. In some states, the Medicaid agency may have access to state systems to help confirm age and eligibility for services.

When To Conduct PRA Program Eligibility

Grantees vary in the manner and the timing of determining eligibility for the 811 PRA program. Every grantee except California and Massachusetts performs some form of eligibility determination or prescreening, such as age, income, and criminal background, before placing applicants on waiting lists. Illinois conducts a complete eligibility determination prior to units becoming available. Maryland conducts prescreenings followed by eligibility verification prior to units becoming available.

Tradeoffs exist in the timing of eligibility determination. Grantees report that confirming applicant eligibility before placing applicants on waiting lists or referring applicants to available PRA units can save staff time later, but it takes extra time and effort for applicants and staff.

Applicants Determined Ineligible for the PRA Program

Of the 3,270 PRA applicants grantees reported through the second quarter of 2016, 403, or roughly 14 percent, were determined ineligible for the 811 PRA program based on age, income, or eligibility for Medicaid services (table 6.2). The most common reason for ineligibility was applicants being ineligible for Medicaid services (61 percent). Of the 246 applicants, not eligible for Medicaid services, 155 were in Louisiana, where applications are accepted online before determining eligibility. Other reasons applicants were ineligible for the 811 PRA program include exceeding the maximum age of 62 (10 percent) and household income above 811 PRA program's income limit (8 percent).

Table 6.2: Applicants Determined Ineligible for the Section 811 PRA Program by Reason, as of June 2016

| Categories of Applicants | Number of Ineligible PRA Applicants | Percent of Ineligible PRA Applicants |
|------------------------------------|-------------------------------------|--------------------------------------|
| Not disabled | 13 | 3 |
| Over income | 32 | 8 |
| Not eligible for Medicaid services | 246 | 61 |
| Criminal history | 5 | 1 |
| Older than age 62 | 42 | 10 |
| Unknown | 9 | 2 |
| Other | 56 | 14 |
| Total | 403 | 100 |

PRA = Project Rental Assistance.

Sources: 2014, 2015, and 2016 Section 811 PRA quarterly reports

Chapter 6. Identifying Project Rental Assistance Residents and Matching Them to PRA Units

Table 6.3 shows the number of ineligible applicants for the PRA program grouped by housing status at the time they applied. Applicants at risk of homelessness had the highest rate of program ineligibility at 43 percent. An additional 12 percent of ineligible applicants were

homeless at the time of applying, 12 percent were living in institutions, and 10 percent were at risk for institutionalization. Of ineligible applicants, 2 percent were leaving group homes, adult care homes, or other residential settings.

Table 6.3: Applicants Determined Ineligible for the Section 811 PRA Program by Housing Status, as of June 2016

| | Number of Ineligible PRA Applicants | Percent of Ineligible PRA Applicants |
|--|-------------------------------------|--------------------------------------|
| Institutionalized | 45 | 12 |
| At risk of institutionalization | 36 | 10 |
| Homeless | 43 | 12 |
| At risk of homelessness | 160 | 43 |
| Leaving group homes, adult care homes, or other residential settings | 7 | 2 |
| Exiting foster care | 0 | 0 |
| Other | 77 | 21 |
| Total | 368 | 100 |

PRA = Project Rental Assistance.

Sources: 2014, 2015, and 2016 Section 811 PRA quarterly reports

Matching Applicants to Available Units

Grantees and partner agencies refer PRA-eligible households directly to specific properties with units under contract to complete an application in order to occupy a residence in that property. In general, this referral process does not occur until appropriate units are vacant or soon coming available. Some grantees, particularly those who are targeting people experiencing homelessness, do not match PRA applicants to units until units are actually available for occupancy. Once units are available, state Medicaid agency staff or contracted service providers reach out to eligible members in their caseloads and identify those interested in living in the available PRA units that match unit size and accessibility needs. However, owners can also accept applications for PRA units that are not vacant and place PRA-eligible households on property-based waiting lists until an appropriate unit becomes available.

For most grantees, the state Medicaid agency also coordinates matching applicants to available units. Exceptions to this practice are Delaware, where the Delaware State Housing Authority maintains the PRA waiting and referral lists (with service providers submitting applications), and Georgia, where the housing agency plays this role. In Maryland, the Department of Disabilities, a statewide cross-disability organization, maintains and prioritizes the waiting list and coordinates applicant referrals with available units.

For PRA programs with prioritized waiting lists, housing coordinators provide property owners the order in which to consider eligible applicants for PRA units. If the state does not have a prioritized list, applicant selection is left to the discretion of property managers and is usually based on the date of application. Housing coordinators typically refer between two and four applicants to each available PRA unit, assuming that some applicants will not be interested in the property or will not meet the property's leasing requirements.

Applicants Referred to PRA Units

As of June 2016, grantees and their partners referred 542 PRA-eligible households to specific properties, referring most applicants during the second half of 2015 and the first two quarters of 2016. As programs matured, the pace of new applications in the 12 states trended upward.

On average, 1 household moved into a PRA unit for every 4 referrals to a PRA unit. Of the 542 households referred to properties after meeting PRA eligibility requirements, 14 percent (78 households) were ineligible at the property level, and 24 percent (133 households) moved into PRA units. The remaining 61 percent of applicants referred to specific PRA unit openings either dropped out of the application process and self-selected to be removed from consideration, did not complete or follow up with required documentation, or were not selected due to higher priority status of other applicants.

Chapter 6. Identifying Project Rental Assistance Residents and Matching Them to PRA Units

The time of submitting an application to a property owner may be the first opportunity for an applicant to see a property, unit, or neighborhood and may decide that the offer does not meet their needs. Grantees require owners to report when they deny applicants housing and the reasons why, but grantees do not report on (or may not be able to track) applicants who decide not to move forward with applications or the reasons.

Some lags exist in the data on lease ups. Households referred to PRA units during a given quarter may not move in until the following quarter. In addition, PRA-eligible households that fail to move into a particular property may receive a subsequent referral to a different property with PRA units or to other affordable housing programs.

Applicants Who Did Not Meet Property Leasing Requirements

To move into PRA units, applicants must meet application requirements for the property where they would like to live. Property owners can establish their own admission criteria and generally require that PRA applicants meet the same application criteria as other non-811 PRA residents of the same multifamily rental property, such as previous rental history, criminal history, or minimum credit score. An applicant's bedroom size and accessibility needs must also match an available unit. Property owners may maintain their own waiting lists of interested applicants

for their properties' PRA units, but grantees and partner agencies still need to determine whether applicants are eligible for the 811 PRA program.

The program requires owners to establish tenant selection procedures for leasing to PRA applicants. Each property's written tenant selection plan, developed as part of an owner's initial agreement with the grantee, establishes the procedures for selecting residents to live in specific properties. Tenant selection plans outline the procedures for resident selection, eligibility, and support for continued occupancy. Several grantees developed plan templates that owners could modify.

Approximately 14 percent of households did not to meet property eligibility requirements, or 78 out of the 542 individuals that grantees referred to complete lease applications with property owners. Table 6.4 shows the target populations of the 72 PRA-eligible households that did not pass landlord screening. Applicants who were denied by property owners were most likely to be homeless (45 percent), followed by those residing in institutions (28 percent), individuals at risk for institutionalization (11 percent), or persons leaving group homes or adult care homes or other residential homes (11 percent). Given the small number of households, these patterns may not reflect the overall pool of PRA applicants or eligible households.

Table 6.4: Households That Owners Screened Out by Housing Status, as of June 2016

| | | |
|--|-----------|------------|
| Institutionalized | 20 | 28 |
| At risk of institutionalization | 8 | 11 |
| Homeless | 32 | 45 |
| At risk of homelessness | 2 | 3 |
| Leaving group homes, adult care homes, or other residential settings | 8 | 11 |
| Exiting foster care | 0 | 0 |
| Other | 2 | 3 |
| Total | 72 | 100 |

Note: Total adds greater to 100 percent, because one grantee reported two target populations for one applicant.
Sources: 2014, 2015, and 2016 Section 811 Project Rental Assistance quarterly reports

Reasons Applicants Were Ineligible

The most common reasons property owners gave for applicant ineligibility were criminal history (61 percent), poor credit (13 percent), and poor rental history (10 percent). Nearly one-third of applicants who were screened out were in Minnesota, and the reason was criminal history. Of the 24 applicants screened ineligible in Minnesota, 23 were homeless. During field interviews,

outreach staff reported that PRA applicants were typically denied housing because they had a history of nuisance crimes stemming from homelessness. As a result, Minnesota state agency staff report that they have taken steps to reduce the number of denials of PRA applicants at the property level. These steps include educating property owners about the availability of tenancy support services to PRA residents and instituting prescreening

forms for applicants to disclose potential barriers to residency in order to preemptively discuss them with the property manager.

Conclusion

This chapter addressed what is arguably the most challenging aspect of the 811 PRA program—matching the right applicant to the right unit at the right time. Lessons from the first round of PRA grantees include:

- Grantees developed a variety of tools and procedures to identify and track eligible applicants and match them to appropriate PRA units. For both applicant and property tracking, the processes may be statewide or regional, centralized or decentralized, and organized by target population or geography.
- Housing coordinators, often funded by MFP grants, play a critical role in a number of states in coordinating this complex process. The expiration of the MFP funds is a concern as states consider how to pay for this function after 2020. States may want to consider changes to their Medicaid waivers to fund housing-related activities with Medicaid funds after the MFP demonstration ends. States could also consider incorporating some PRA housing coordinator functions into the state housing agencies, as the Delaware and Georgia PRA programs have done.
- Multiple layers to eligibility exist. An applicant must be eligible for Medicaid long-term services and supports, for the 811 PRA program (based on age, income, and disability), and for the property where the applicant would like to live (based on the property's tenant selection plan). In addition, a property must meet an applicant's needs and preferences. Many steps exist in which the approval process can slow down or derail entirely.
- In the early implementation period covered by this research, a substantial share of applicants were ineligible for the 811 PRA program, because they did not qualify for Medicaid, but this outcome was largely because of the public application process Louisiana uses.
- Also, some early evidence exists that people with histories of homelessness experienced higher rates of ineligibility, an issue for careful monitoring going forward.

The matching process in some states is largely manual. This manual process can result in successful matching, because it is so individualized, but the efficiency and success depend on staff making matches and distributing

information effectively and equitably. A few grantees reported that some staff may be more effective than others at this function, raising some concerns about equity. Further, such staff-intensive approaches may be difficult to scale up as volume increases.

Characteristics of Project Rental Assistance Applicants and Residents

This chapter provides a profile of Project Rental Assistance applicants and residents through June 2016. It summarizes information on applicants of the 811 PRA program by previous housing status (that is, institutions, group homes, homeless) or risk factor (at risk of homelessness or institutionalization without access to affordable housing), and source of applicant referral or type of agency that referred the individual residents.

PRA Applicants

Grantees report aggregate information on applicants to the PRA program to HUD on a quarterly basis

throughout the 5-year grant term. Through June 2016, grantees reported a combined 3,270 applicants for the 12 PRA programs. Grantees report the percentage of applicants by type of reported disabling condition, place of prior residence prior to PRA, and type of disability. As discussed in chapter 2, grantees can target their 811 PRA subsidies to nonelderly people with specific disability types such as physical, mental health, or intellectual or developmental disabilities. Some states focus on people with disabilities who live in institutions, at risk for institutionalization, who are homeless, or at risk for homelessness in support of state efforts to assist these populations.

Applicants by Referral Source

As discussed in chapter 6, referral agencies typically are agencies that provide services or supports to address mental health, intellectual, or developmental disabilities, or independent living needs. Referral agencies may be disability specific or may serve individuals with a number of different types of disabling conditions. As table 7.1 shows, across all states as of the second quarter of 2016, service providers accounted for 64 percent of all PRA applications, followed by state or local health agencies or authorities (27 percent) and other (10 percent).

Table 7.1: PRA Applicants by Referral Source, as of June 2016

| Applicant Source | Number of PRA Applicants | Percent of PRA Applicants |
|---|--------------------------|---------------------------|
| State or local mental health agency or authority | 277 | 9 |
| State or local intellectual or development disability agency or authority | 94 | 3 |
| State or local aging or adult services agency or authority | 212 | 7 |
| State or local child or family agency or authority | 48 | 2 |
| Other state or local human services agency or authority | 174 | 6 |
| Total State Agencies or Authorities | 805 | 27 |
| Service provider—mental health | 810 | 27 |
| Service provider—intellectual or development disabilities | 336 | 11 |
| Service provider—center for independent living | 257 | 8 |
| Service provider—other | 505 | 17 |
| Total Service Providers | 1,908 | 63 |
| Other | 316 | 10 |
| Total | 3,029 | 100 |

PRA = Project Rental Assistance.

Note: Grantees did not report applicant source for 241 applicants.

Sources: 2014, 2015, 2016 Section 811 PRA quarterly reports

Chapter 7. Characteristics of Project Rental Assistance Applicants and Residents

Among service providers, about a one-fourth of applicants came from providers of mental health services (27 percent), followed by providers of services to people with intellectual or developmental disabilities (11 percent), and centers for independent living (8 percent). Within state agencies or authorities, state mental health agencies referred 277 of the 805 applicants, with the remaining applicants referred by agencies that serve people with intellectual or developmental disabilities, local aging or adult services agencies, local child or family agencies.

The remaining 10 percent of applicants fall into the *other* category, which includes numerous other organizations focused on aging and elder services, veterans services, healthcare providers, emergency homeless services and shelters, housing authorities, health insurance providers, nursing facilities, community action agencies, school

districts, faith-based organizations, and other nonprofit organizations.

Applicants by Housing Status

Grantees report applicant characteristics based on the housing circumstances of the individual at the time of application to the PRA program. Table 7.2 shows the percentage of PRA applicants by place of prior residence through June 2016. More than a one-fourth of applicants were either residing in an institution (18 percent) or were at risk for institutionalization (9 percent). PRA programs can determine the definition of *at risk*. More than a third of applicants are either homeless (26 percent) or at risk for homelessness (10 percent). People living in group homes, adult care homes, or other residential settings constitute 11 percent of applicants.

Table 7.2: PRA Applicants by Housing Status, as of June 2016

| Target Population | All Grantees | |
|---|--------------------------|---------------------------|
| | Number of PRA Applicants | Percent of PRA Applicants |
| Institutionalized | 549 | 18 |
| At risk of institutionalization | 279 | 9 |
| Homeless | 785 | 26 |
| At risk of homelessness | 315 | 10 |
| Leaving group homes, adult care homes or other residential settings | 322 | 11 |
| Exiting foster care | 1 | 0 |
| Other | 802 | 26 |
| Total | 3053 | 100.0 |

PRA = Project Rental Assistance.

Note: Grantees did not report the housing status for 217 applicants.

Sources: 2014, 2015 and 2016 Section 811 PRA quarterly reports

Grantees vary in the distribution of applicants by place of prior residence, largely reflecting the states' priorities and eligible populations. Most homeless applicants are from three states that specifically target people who are homeless or at risk for homelessness. The three states are Minnesota (200 applicants), which targets individuals through its Projects for Assistance in Transition From Homelessness program, Louisiana (292 applicants), which uses PRA as a resource as part of its permanent supportive housing program, and Maryland (548 applicants), which has a combined application process and waiting list for PRA and two other housing programs.

All states target people who are institutionalized, and five states give priority for PRA units to applicants who reside in institutions at the time of application. In California, applicants who are institutionalized receive first priority

for PRA units, and 100 percent of applicants in the state were either living in institutions (67 percent) or at risk for institutionalization (33 percent). In Illinois, 74 percent of PRA applicants were institutionalized, and 22 percent were at risk for institutionalization. These high percentages reflect the state's target populations as discussed in chapter 2. Two-thirds of Pennsylvania's applicants are either institutionalized (38 percent) or at risk for institutionalization without affordable housing (30 percent).

Most of applicants from group homes, adult care homes, or other residential settings are from Maryland (267 of 322 applicants, or 83 percent), reflecting the state's PRA program's third priority for people wishing to move out of these residential homes.

Applicants by Disability Type

Through June 2016, grantees reported that 41 percent of applicants have mental health disabilities, 33 percent of applicants have physical disabilities, and 16 percent have an intellectual or developmental disability. Distributions of applicants by disability type vary greatly across state grantees.

Caution should be taken when interpreting these percentages. Data were available for only 2,780 of 3,270 applicants. Based on information in the grantee quarterly reports and the fact that applicants and residents can report more than one disability type, it was not possible to determine the exact proportion of applicants who report a specific type of disability or the percentage of residents with co-occurring disabilities.

Profile of PRA Residents

This section presents the characteristics and tenancy of the first 133 households assisted by 811 PRA between January 2015 and June 2016. The chapter provides a breakout of residents by place of prior residency and length of stay. For the few residents who exited the program to date, the section provides information on the

reasons those individuals exited the PRA program. This profile of PRA residents also provides some demographic information about the households that have been assisted by PRA including age, gender, and household income.

Through June 2016, the 12 demonstration PRA programs assisted 133 households with rental assistance, and 124 residents were living in PRA-funded units at the end of the month (8 households had exited the program since January 2015).

Table 7.3 shows the number of PRA residents by state. As of June 30, 2016, the states with the most residents were California (38 residents, or 16 percent of their 2012 grant goal), Washington (19 residents, or 9 percent of their grant goal), Minnesota (15 residents, or 18 percent of their goal), Louisiana (19 residents, 10 percent), and Maryland (13 residents, 10 percent). HUD authorized four states (California, Georgia, Illinois, and Washington) to increase their contract rents, which likely will reduce the total number of PRA units that the PRA grant will ultimately fund. PRA programs in three states had no residents, because they had not yet begun or had just begun the PRA leasing process (Georgia, Massachusetts, and Texas). The remaining three grantees all had less than 10 residents each.

Table 7.3: PRA Residents as of June 2016

| State | PRA Units Total 5-Year Goal ^a | PRA Units Leased Through June 2016 | Percent of 5-Year Unit Goal Under Lease Through June 2016 |
|---------------|--|------------------------------------|---|
| California | 233 | 38 | 16 |
| Delaware | 148 | 9 | 6 |
| Georgia | 143 | 0 | 0 |
| Illinois | 369 | 4 | 1 |
| Louisiana | 199 | 19 | 10 |
| Maryland | 150 | 13 | 9 |
| Massachusetts | 90 | 0 | 0 |
| Minnesota | 85 | 15 | 18 |
| Montana | 81 | 5 | 6 |
| Pennsylvania | 200 | 2 | 1 |
| Texas | 362 | 0 | 0 |
| Washington | 133 | 19 | 14 |
| Total | 2193 | 124 | 6 |

PRA = Project Rental Assistance.

^a As of March 2017.

Sources: 2014, 2015 and 2016 Section 811 PRA quarterly report

Chapter 7. Characteristics of Project Rental Assistance Applicants and Residents

Grantees report the prior housing status of residents. Table 7.4 shows that approximately one-half of PRA residents came from institutions (35 percent) or were at risk for institutionalization as defined by each PRA program (15 percent). An additional one-fourth of residents were previously experiencing homelessness (30 residents,

or 23 percent), 18 residents (14 percent) were at risk for homelessness, and 10 residents (8 percent) moved from group homes, adult care homes, or other residential settings. An additional 8 residents moved from other housing situations.

Table 7.4: PRA Residents by Prior Housing Status, June 2016

| Target Population | All Grantees | |
|---|---------------------|----------------------|
| | Number of Residents | Percent of Residents |
| Institutionalized | 47 | 35 |
| At risk of institutionalization | 20 | 15 |
| Homeless | 30 | 23 |
| At risk of homelessness | 18 | 14 |
| Leaving group homes, adult care homes or other residential settings | 10 | 8 |
| Exiting foster care | 0 | 0 |
| Other | 8 | 6 |
| Total | 133 | 100 |

PRA = Project Rental Assistance.

Sources: 2014, 2015 and 2016 Section 811 PRA quarterly reports

Characteristics of PRA Households

Information on income and rent is only available for 94 of the first 133 residents who moved into PRA units between January 2015 and June 30, 2016. The missing data for the remaining residents are due to lags in tenant reporting to HUD.

Household Composition

Most PRA households were single-person households (78 percent). Two-person households represent 16 percent of total households, and households of three or more people (6 percent) made up a smaller proportion (table 7.5). Some 15 percent of households have dependents. Eleven PRA residents reported a family member with a mobility impairment, and none reported a family member with a hearing or vision impairment.

Table 7.5: Household Composition of Section 811 PRA Residents, June 2016

| | Number of Households | Percent of Households |
|-------------------------------------|----------------------|-----------------------|
| Household size | | |
| One person | 73 | 78 |
| Two person | 15 | 16 |
| Three or more person | 6 | 6 |
| Households with dependents | 14 | 15 |
| Families with member who has | | |
| Hearing impairment | 0 | 0 |
| Vision impairment | 0 | 0 |
| Mobility impairment | 11 | 12 |
| Total households | 94 | 100 |

PRA = Project Rental Assistance.

Note: Data are available on only 94 of the first 133 PRA participants.

Source: Tenant Rental Assistance Certification System data

Chapter 7. Characteristics of Project Rental Assistance Applicants and Residents

Table 7.6 provides demographic characteristics of PRA resident heads of households. PRA residents range in age from 19 to 60 but skew toward the higher age limit of the 811 PRA program. The average head of household is 47 years old, and the median age is 50. Nearly one-half of the PRA head of households (49 percent) were at least 51 years of age in June 2016. Approximately one-half of

PRA heads of household are female (52 percent), and 48 percent are male. PRA residents self-reported race as: 48 percent White, 35 percent Black or African American, 3 percent Native American or Alaskan Native, 1 percent Asian or Pacific Islander, and 6 percent are classified as other.

Table 7.6: Characteristics of Section 811 PRA Heads of Household, June 2016

| | Number of Heads of Household | Percent of Heads of Household |
|-----------------------------------|------------------------------|-------------------------------|
| Age of head of household | | |
| 18–24 | 4 | 5 |
| 25–30 | 5 | 6 |
| 31–50 | 39 | 42 |
| 51–61 | 45 | 48 |
| 62 or more | 1 | 1 |
| Sex of head of household | | |
| Male | 45 | 48 |
| Female | 49 | 52 |
| Race of head of household | | |
| White | 45 | 48 |
| Black or African-American | 33 | 35 |
| Native American or Alaskan Native | 3 | 3 |
| Asian or Pacific Islander | 1 | 1 |
| Other | 6 | 7 |
| Total households | 94 | 100 |

PRA = Project Rental Assistance.

Notes: Data are available on only 94 of the first 133 PRA participants. Data on ethnicity of the heads of household were not available.

Source: Tenant Rental Assistance Certification System household data

Household Income and Assets

The reported household income represents the most recent income reported to HUD as of June 2016. HUD requires households to recertify their incomes at least annually as part of their lease agreements but may recertify it more often if they have increases or decreases in household income.

PRA participants must have extremely low-income, no more than 30 percent of Area Median Income, when they move into PRA units. Most households (91 out of 94) report extremely low household incomes as of June 2016. The average household income for 811 PRA households reported through June 2016 was \$9,113, ranging between \$0 and \$18,128. After taking deductions into account, average adjusted income of PRA residents was \$8,886. Based on this adjusted income, the average

household, spending 30 percent of monthly income on rent, could afford a monthly rent of \$236. Actual total monthly resident payments for this period range from \$5 to \$443, with an average resident rent payment of \$223. On average, adjusted PRA household income is about 16 percent of AMI.

Actual total resident payments were less than expected through June 2016. All PRA residents report at least one source of household income (table 7.7). Most PRA households (88 percent) receive Social Security benefits, either Social Security (42 percent), Supplemental Security Income (34 percent), or both (13 percent). Fewer residents had income from wages (6 percent), receive welfare assistance (6 percent), or have other income sources (7 percent).

Table 7.7: PRA Household Sources of Income, June 2016

| Source of Income | Number of Households | Percent of Households |
|---------------------------------------|----------------------|-----------------------|
| Wage | 6 | 6 |
| Pension | 0 | 0 |
| Social Security | 39 | 42 |
| Supplemental Security Insurance (SSI) | 32 | 34 |
| Both Social Security and SSI | 12 | 13 |
| Welfare | 6 | 6 |
| Other | 7 | 7 |
| Total households | 94 | 100 |

PRA = Project Rental Assistance.

Note: Households may report more than one source of income.

Source: Tenant Rental Assistance Certification System data

PRA residents report very low values of assets and savings. Two-thirds of PRA households (61 percent) reported cash assets on moving into PRA units, typically amounts in checking or savings accounts. For households with reported assets, the average value of these assets was \$729, and the median was \$170. Many PRA residents (42 percent) reported less than \$100 of value in assets.

Tenancy of PRA Residents

As the PRA program is new and the first residents did not move in to PRA-assisted units until January 2015, resident

tenancy is largely a reflection of the demonstration programs' implementation status at the time of the process evaluation. Of 121 households residing in PRA-subsidized units as of June 2016, 61 percent lived in the PRA unit for 6 or fewer months, and 29 percent lived in PRA units between 6 months and 1 year (table 7.8). Less than 10 percent of residents had lived in PRA-funded units for longer than 1 year as of June 2016.

Table 7.8: PRA Participants by Tenancy, June 2016

| Of the Total Number of Households Living in PRA Units at the End of the Quarter, Number by Length of Tenure | Number of PRA Participants | Percent of PRA Participants |
|---|----------------------------|-----------------------------|
| 6 months or fewer | 74 | 61 |
| 7–12 months | 35 | 29 |
| 13–24 months | 12 | 10 |
| 25–48 months | 0 | 0 |
| Total | 121 | 100 |

PRA = Project Rental Assistance.

Note: Does not include Maryland tenancy data.

Sources: 2014, 2015, and 2016 Section 811 PRA quarterly reports

Transfers With Program and Program Exits

As of June 30, 2016, grantees report only one resident transfer from one unit to another within the same property. Grantees reported that eight PRA households exited the Section 811 PRA program—three were reinstitutionalized, two died, one exit was owner-initiated for reasons other than nonpayment of rent, and two left for unknown reasons. The program requires property owners to report

the reasons residents move out of units or no longer participate in the PRA program, but property owners may not always be aware of the reasons.

Service Provision and Coordination

The Section 811 Project Rental Assistance program targets extremely low-income households with disabilities who live in institutions, are homeless, or are at risk of institutionalization or homelessness without access to affordable housing. Participants in the 811 PRA program must also be eligible for community-based long-term care services provided under the state's Medicaid or similar program, but services are voluntary and participation in services is not a requirement for receiving rental assistance.

The research questions for the process evaluation included what resources are used to pay for services for 811 PRA-assisted residents, what services are offered during the transition to housing and after residents have moved in, how are services coordinated across providers, whether available services adequately address the needs of the target population, and how services are monitored to ensure accountability. However, because most grantees were still in the early implementation stages of their 811 PRA programs during the data collection period for this study, few PRA residents were housed, and grantees had little experience with service delivery for individuals living in PRA units. As a result, this chapter reviews the expected sources of services funding and the planned structures for service delivery and monitoring based on program documents and discussions with program staff during field visits, but the chapter has few findings to present on grantees' actual experiences with service provision, coordination, adequacy, or monitoring. As described in chapter 9, a Phase II evaluation will collect data on the implementation of the first and second round 811 PRA grants and will assess resident outcomes. The Phase II study will collect more indepth information on service delivery (including resident outcomes) as more residents move to housing with 811 PRA assistance. The second phase of the evaluation includes surveys with PRA residents in six states.

This chapter begins with a brief overview of Medicaid, its coverage, and those eligible. It then summarizes the types of services the 811 PRA grantees planned to provide and the Medicaid and other resources they expected to draw on to pay for services for 811 PRA residents during their transitions to housing and after living in 811 PRA units.

What Does Medicaid Cover and for Whom?

Medicaid is a health insurance program implemented through partnerships between states and Centers for Medicare and Medicaid Services. Although states develop Medicaid state plans within the basic parameters set by the CMS in accordance with federal law, each state's Medicaid program is different. States must include a core set of benefits and may choose to offer additional benefits than the set required by CMS. Through waivers and state plan amendments, states may add benefits for specific purposes or populations, establish structures for care delivery such as managed care organizations, and follow other approaches to fit the program to state needs and budget constraints.

Before full implementation of the Affordable Care Act, most Medicaid beneficiaries were eligible, because (1) they were disabled as defined by eligibility criteria for Supplemental Security Income, (2) they were children, pregnant, or members of households that met Medicaid eligibility criteria, or (3) they were Medicare beneficiaries whose incomes were low enough to qualify them for Medicaid (these beneficiaries are known as dual-eligibles). As implemented, the Affordable Care Act enabled states to expand eligibility to people with incomes less than 133 percent of the federal poverty level, starting in 2014. This change resulted in more adults without children becoming eligible for Medicaid in states that implemented the expansion. All but 2 of the 12 states in this evaluation (Georgia and Texas) had expanded Medicaid eligibility under the Affordable Care Act to people with annual incomes less than 133 percent of the federal poverty level, regardless of their age, family status, or health.

Medicaid cannot pay for housing outside of institutional care, but it can pay for medical, mental health, and other services and supports that people with disabilities may need in order to maintain their health and, for 811 PRA participants, live stably in a community-based setting. Long-term care services may be provided under Medicaid waivers, Medicaid state plan options, or other comparable long-term services programs. In addition, in 2016, CMS issued guidance on the use of Medicaid to provide certain housing and tenancy supports to help Medicaid recipients obtain and retain housing, such as assessing housing and supporting needs, preparing housing support plans, helping prepare housing applications, and identifying resources for covering transition expenses. The guidance also covers the use of Medicaid for support to ensure successful tenancy, such as coaching residents on sustaining tenancy (for example, paying rent on

time, getting along with neighbors and landlords) and monitoring and intervening if any behaviors jeopardize tenancy. Finally, the guidance encourages state-level collaboration across agencies to identify resources and opportunities for coordinating housing, health, and long-term services and supports to help Medicaid beneficiaries live successfully in community settings (CMS, 2015).

Expected Services and Supports for PRA Residents

In responses to the 2012 Section 811 PRA Notice of Funding Availability, grantees proposed a variety of service types they planned to make available to 811 PRA residents, including transition services and supports to help eligible households search for appropriate units, complete housing applications, obtain household supplies, and move into units. Following the transition

period, grantees identified resources for services and supports to ensure successful tenancy in the community. These services were to be tailored to individual resident needs and preferences but could include supports, such as inhome skilled nursing, home health aide, transportation to medical appointments, medication management, and specialized medical equipment. Services also include case management, homemaker and chore services, personal care, recreational services, supported employment, accompaniment to medical appointments, and respite care for informal caregivers.

Medicaid is expected to be the primary source of services funding, but other federal and state sources may support 811 PRA residents as well. This section briefly describes the resources states plan to use to provide services. First, we provide a brief description of the Medicaid authorities the 811 PRA grantees plan to use to pay for services. Table 8.1 summarizes sources by grantee.

Table 8.1: Funding Sources for Services for PRA Residents

| State | Medicaid Waiver Programs Expected to Serve Section 811 PRA Participants | Other Medicaid or State Programs for Section 811 PRA Participants |
|---------------|---|---|
| California | Nine 1915c waiver programs; two specifically for people with developmental disabilities. 1115 renewal proposed to have tenancy supports services. | MFP; Health Homes starting in 2017. |
| Delaware | 1115 waiver consolidates several previous HCBS waiver programs under one Medicaid managed care program for people with long-term care needs. | MFP, PATH, HUD Continuum of Care. |
| Georgia | 1915c waivers for physical or functional and developmental disabilities. | MFP, PATH. |
| Illinois | 1915c waivers for people with brain injuries, developmental disabilities, mental illness. | MFP. State Plan Community Health Services. |
| Louisiana | 1915c for housing stabilization and housing transition or crisis intervention; four 1915c waivers for adults (two for people with developmental disabilities, two for physical disabilities). | MFP, 1915i State Plan Amendment for behavioral health includes services or skill building to get or keep housing. |
| Maryland | Waivers: Community Pathways (developmental disabilities); brain injury; medical daycare; HCBS options. | MFP. Under state plan: Community First Choice to consolidate three previous waivers for disabled adults; Balancing Incentive Program to supplement MFP and augment HCBS. |
| Massachusetts | 1915c for adults with intellectual disabilities, adults with brain injury. | MFP. Independent living supports for intermittent needs. State plan services that facilitate community living. |
| Minnesota | 1915c waivers for developmental disabilities, brain injury 1915(i) for mental health population; proposed tenancy supports. | MFP. Three state-funded services programs: two for mental health and one for homeless populations. |
| Montana | 1915c waivers for people with physical disabilities, developmental disabilities, mental illness. | MFP. |
| Pennsylvania | 1915c waivers for intellectual disabilities supports and services; Adult Autism Waiver; and HCBS waivers for physical disabilities. | MFP, 1915i (managed care), Nursing Home Transition, state block grants to counties. |
| Texas | 1915c waivers for people with developmental or physical disabilities. | MFP, 1115, state plan services for mental health. |
| Washington | Two 1915(c) waivers for people with functional disabilities; five HCBS waivers for developmental disabilities. | MFP plus state-funded supplement to MFP program. Medicaid rebalancing funds allocated to create temporary rental subsidy program for people transitioning from institution to community. Under state plan—Community First Choice, private duty nursing. |

HCBS = Home- and Community-Based Services. HUD = U.S. Department of Housing and Community Development. MFP = Money Follows the Person. PATH = Projects for Assistance in Transition From Homelessness. PRA = Project Rental Assistance. Sources: Grantee Notice of Funding Availability responses; field interviews with Section 811 PRA program staff in each state

Although states may have appropriate waiver programs for 811 PRA target populations, grantees noted that confirming that appropriate services are available in the vicinity is a key factor in identifying suitable properties for the program. Early in program implementation, some grantees (Georgia, Pennsylvania, and Texas) noted concerns about the availability of services in rural areas. The Louisiana grantee mentioned having difficulty finding interested property owners with one-bedroom units (which are generally in short supply compared with larger units) in communities with good access to services.

All 811 PRA residents are expected to be eligible for Medicaid, and many residents are expected to receive services through Medicaid waiver programs, as briefly described in the next paragraphs. The numbers refer to sections of the Social Security Act that authorize waivers.

Under Section 1915(c) Home- and Community-Based Services waivers, states may offer services in community settings to people who have disabilities severe enough that they qualify for institutional care. With review and approval from CMS, states can provide a variety of services, such as homemaker services, home health and personal care assistance, and adult day health care to people living in the community. The waiver services must be *cost neutral* for the state; that is, the cost of waiver services cannot exceed the cost of providing the same services without the waiver. States may limit the number of people served, the scope and duration of services, and the geographic area the waiver covers.

Section 1915(i) State Plan Option waivers enable states to provide services similar to those provided under 1915c but to people with a lower level of care need. These waivers are for people who meet state-defined need criteria but do not meet the institutional level of care requirement. States may target these services to particular disability groups. No cost neutrality requirement exists, but states must offer the program statewide, and they may not limit the number of eligible people served or establish waiting lists.

Section 1115 research and demonstration waivers can be used to give states broad flexibility to design and test innovative ways to deliver and pay for Medicaid coverage. With CMS review and approval, states can implement projects that test policy innovations. States can use an 1115 waiver to obtain approval to use Medicaid funding to pay for the costs of services that do not otherwise qualify for federal matching funds.

The Affordable Care Act established Section 1915(k), the Community First Choice Option. This option enables states to provide home- and community-based attendant services to some Medicaid enrollees with disabilities who otherwise qualify for institutional care. Community First

Choice provides an enhanced federal matching rate for expenditures related to this option.

The Balancing Incentive Program is a new mechanism under the Affordable Care Act that offers enhanced federal matching funds to states for long-term services and supports that are provided in noninstitutional settings. States must meet some other requirements, including developing a statewide, single entry point system and a standardized assessment tool to determine service needs. Maryland and Washington have each used Medicaid rebalancing efforts in ways that support the 811 PRA. To reassure owners interested in the 811 PRA, Maryland's Money Follows the Person program contributed \$1 million in rebalancing funds to be held in trust by the state housing agency. The funds will fund housing subsidy payments for 811 PRA participants for up to 6 months if HUD PRA funding is interrupted or discontinued. Washington allocated Medicaid rebalancing funds to create a temporary rental subsidy bridge program for people transitioning from institutions to the community.

The Affordable Care Act also established Health Home State Plan Options. This program targets people who have, or are at risk for, multiple chronic health conditions. To address the complex needs of this population, states receive 2 years of enhanced federal matching funds to provide comprehensive care coordination, health promotion, transition assistance from inpatient to other community-based settings, and community, social and family supports.

In addition to waiver programs, the MFP Rebalancing Demonstration Grant is a key source of transition services funding for 811 PRA residents. This CMS grant program provides funds to states to help people living in institutions transition to community living with help from grant-funded transition coordinators and home- and community-based services-funded services. States received enhanced federal matching funds from CMS for this program. The grant period ended in 2016, and states have through 2020 to spend grant funds. Transition services may include help locating community-based housing, purchasing household furnishings, moving expenses, transition support, and supported employment assistance. Transition assistance is available for 1 year after move-in. In a number of states, MFP funds state staff who help identify and refer eligible people for 811 PRA assistance and who provide transition services.

Some 811 PRA grantees proposed other federal sources of services funding to assist 811 PRA residents who have experienced homelessness. For example, Georgia and Minnesota plan to use funding from the Department of Health and Human Services' Projects for Assistance in

Transition From Homelessness program. Administered through the Substance Abuse and Mental Health Services Administration with the Department of Health and Human Services, the PATH program provides formula-based grants to states to provide a variety of services not usually covered by mental health programs, such as outreach, screening and diagnostic services, community mental health, substance use treatment, and some housing transition services. HUD's Continuum of Care Program may also be a source of service resources for grantees serving people who have experienced homelessness. Finally, most of the 811 PRA grantees will use state-funded services or services funded through Medicaid state plans to supplement these federal programs.

Early Lessons on Service Delivery for PRA Residents

Given the small number of 811 PRA residents housed at the time of data collection for this evaluation, it is too early to produce findings on the appropriateness, sufficiency, or the quality of services provided to residents during housing transitions and after settling into 811 PRA units or to comment on quality of coordination of services across providers. It is apparent that states identified appropriate funding sources for target populations, including various Medicaid waiver programs and other federal initiatives.

Phase II of the Section 811 PRA evaluation will explore the availability and appropriateness of transition and long-term services and supports through additional field interviews with staff from service provider organizations and state Medicaid agencies, surveys with PRA residents, and tenant-level administrative data on healthcare diagnoses, utilization, and costs. The second phase of the evaluation will explore the following early lessons on service delivery and funding for PRA residents, as more 811 PRA residents are housed.

Availability of long-term supportive services and supports. Some grantees expressed concern about the availability of services in rural areas. Some also mentioned mismatches between locations of suitable properties and locations of appropriate services.

Access to transition services. All 12 grantees reported assigning all people transitioning into PRA units a service coordinator or case management services coordinator to help the transition to PRA units. However, transition services may vary based on the waiver programs and specific services for which an individual is eligible. All grantees (no response from Maryland) responded that

transition services and supports may differ based on the disabling condition of the individual and the Medicaid waiver or state plan program under which residents are eligible to receive services.

Transition services and supports also vary depending on whether or not an applicant is a MFP participant. Individuals need to reside in an institution for at least 90 days to be eligible services and supports through the MFP program. Services and supports available through the MFP program are available for up to a year after the person moves into a PRA unit, although some MFP programs make transition services and supports available for less time. For example, MFP participants in Pennsylvania receive only transition services through MFP for up to 180 days after moving into PRA units.

Coordination with the MFP program. In a number of states, 811 PRA activities were closely coordinated with the states' MFP programs. MFP staff and systems were critical resources for identifying potential 811 PRA program applicants, determining eligibility, and (for those eligible for available units) assisting with transitions. A number of grantees expressed concerns about the impending expiration of the MFP program in 2020 (sooner in some states), given its important role in outreach and transition services.

Conclusions and Implications for Future Research

Within the statutory requirements and goals of the Section 811 Project Rental Assistance program, HUD's 2012 notice of funding availability for the demonstration round gave housing agencies and partnering Medicaid agencies latitude to tailor the 811 PRA program to meet the state needs and to design policies and procedures to meet their goals. This process evaluation report is the final report produced by the Phase I evaluation of the PRA program and provides an aggregate summary of the implementation of the program and the partnerships in the 12 initial states.

The grantees and their partners spent much of the period this research covers by solidifying partner roles and responsibilities and developing systems and procedures needed to accommodate this new and complex approach to providing affordable housing for nonelderly people with disabilities. This chapter briefly summarizes key lessons learned from the experiences of this inaugural group of grantees and looks ahead to implications for future research and practice.

Grantee Partnerships and Organizational Structures

The 811 PRA program requires housing agencies that allocate the PRA subsidies to work together with state Medicaid or health and human services agencies that provide and coordinate services for residents. Beyond the state-level partnerships of housing and Medicaid agencies, the program also requires coordination among other partners and stakeholders, including divisions within the housing and Medicaid agencies, other state agencies, referral agencies, service providers, property owners, public housing authorities, and most importantly, the program's intended residents.

Many states built PRA program partnerships from existing partnerships that were created for supportive housing initiatives or other programs that support people with disabilities. Regardless of whether partnerships were new or preexisting, the program requires a broad range of program decisions and activities that may be

new or different for grantees or Medicaid agencies to implement. These decisions and activities include ways to communicate and collaborate among partners facilitate with HUD contracting, payment, and tenant reporting systems; establish coordinated applicant outreach and referral networks; and procedures to match applicants to available PRA units.

Many states were still resolving the details of these arrangements at the conclusion of data collection.

Although the partnerships are a work in process in many states, partners reported strategies they found helpful in laying the groundwork for effective partnerships.

- Most states met every 2 weeks or monthly during the early implementation period. Document and data-sharing platforms such as SharePoint proved useful for collaboration and communication among grant stakeholders.
- Sustaining program staff is a concern in Medicaid agencies because of the approaching expiration of Money Follows the Person grants that, in many states, fund staff and services helping individuals transition out of institutions into community-based housing. To keep funding these activities, states may need to consider changes to their Medicaid waiver programs to incorporate housing-related activities and services and supports as eligible Medicaid waiver expenses.
- Partners reported the program took much more time and effort than expected, especially in the first year, considerably more than the 811 PRA's 8-percent administrative fee covers.

Target Populations

Each PRA partnership developed target population criteria based on the type of disabling condition (physical health, mental health, and intellectual and developmental disabilities). Partners also identified target populations based on whether individuals reside in institutions or at risk for institutionalization or homeless or at risk for homelessness.

- Five partnerships established priorities of target groups based on state affordable housing priorities for nonelderly people with disabilities or in response to settlement agreements or lawsuits that required states to develop affordable housing options for certain classes of people.
- States had to identify eligible applicants based on their previously defined target populations, as well as applicant age, income, and individual interest in the 811 PRA program. States with higher rates of program

ineligibility had open application systems or combined application systems and waiting lists for the PRA program and other housing programs, which may or may not have the same eligibility requirements as PRA.

- State-selected target populations informs the way in which a program conducts outreach, refers eligible households to properties with PRA subsidized units, and supports residents through the transition and ongoing tenancy. Transitioning a person from an institution is a different process than transitioning a person who is homeless or moving from a family home. For example, partners may need more lead time to work with discharge staff to transition individuals coming from institutions. People who are homeless or at risk for homelessness have more immediate housing needs, and maintaining contact with the person may be difficult during the application process if they are in temporary or unstable housing situations.
- Based on early data from quarterly reports and discussions with program staff, some evidence exists that people with mental health disabilities and people who are at risk for homelessness are ineligible for admission to PRA-assisted properties at higher rates than other groups. This finding is an issue for continued monitoring.

Outreach and Referral Processes

Grantees adopted varied approaches to referring, screening, and placing participants. Lessons on outreach and referral from the early 811 PRA grantees and their partners include—

- Initial research suggests a centralized application and referral model is an effective and scalable model for processing applications and referring applicants to available units. Most (8 of 12) grantees report using a centralized (at the state, regional, or county level) approach that, although not without some challenges, helps them process resident applications and refer applicants to units efficiently.
- Several states used or adapted case management or waiting-list software programs developed for other housing programs, in some cases specifically modified for the PRA program, to manage applications and waiting lists. Others report using standard spreadsheet or database software.
- States that provided cross-training—that is, training housing staff on Medicaid terminology and procedure and vice versa—reported this strategy both strengthened the partnerships and improved program operations, particularly outreach and referral where coordination is particularly critical.

Housing Strategies

The pace of attracting properties and units to the PRA program and leasing units identified for the program was slower than HUD and grantees expected. Grantees and their partners identified a variety of obstacles that had slowed the owner recruitment process.

- It was difficult to identify interested property owners whose properties met the program's eligibility criteria and who were willing to enter into lengthy contracts with HUD for only a few units. Grantees reported that some property owners had concerns about the 30-year use agreement, the 20-year contract period, and the lower PRA rents that grantees established in their grant applications, a particular concern in costlier urban areas. Some owners also had to learn to use HUD's subsidy administration and reporting systems, with which they may not have prior experience.
- Grantees reported that tax credits or other state resources fund many properties, already exceeding the 25-percent limit of units set aside for people with disabilities, often because other state affordable housing initiatives provide incentives to build properties with high concentrations of units for people with disabilities or other vulnerable populations. Some states adjusted their Qualified Allocation Plans for tax credit properties or funding priorities for other programs to better align incentives with the 811 PRA requirements.
- To reduce per-unit PRA costs and increase the number of units assisted, many states chose to limit PRA units to those affordable to lower income households. Low contract rents have posed a challenge for grantees to attract developers or owners. The PRA program may be competing with other housing assistance programs that allow for higher rent limits, such as the Housing Choice Voucher program or tax credit programs that enable rents up to Fair Market Rent or higher.
- Incentives in the Section 811 PRA NOFA encouraged grantees to propose cost effective uses of the PRA that may not be realistic. Since cooperative agreements were signed, four grantees received waivers from HUD to increase contract rents. Rent and subsidy levels should be closely monitored (and reevaluated) as the number of subsidized units grow in order to determine the extent to which grantees are accurately estimating rent and subsidy levels over time.
- States that were not able to identify PRA units through the funding process conducted extensive outreach to potential property owners and developers to encourage interest in the program. Grantees also developed streamlined funding applications and

procedures and provided technical assistance to property owners and developers to make the funding process less complicated and more inviting.

Grantees adopted various strategies to secure Rental Assistance Contracts for PRA units in newly built or rehabilitated housing, in existing affordable developments, or in a combination of the two. Newly built or renovated housing offers the advantage of having a number of units coming online at once, but construction can take a long time. Existing housing has the advantage that it is already built, but in many markets affordable developments have low vacancy rates. Units become available to PRA residents only on tenant turnover. Lessons from these choices include—

- Although the property strategies for nine grantees remain unchanged, grantees that made changes in their housing strategies either removed existing properties or added new properties to their strategies, mainly through incentives in state housing finance competitions. Grantees have until September 2020 to lease their PRA units to allow for 5 years of rental subsidies as funded by the grant. As new construction projects can take 1 to 2 years or more to build, grantees have to identify new construction properties for PRA units by 2017 or 2018 in order for the units to be subsidized for the full 5 years.
- Few RAC units were leased as of June 2016, largely because non-811 PRA residents occupied 70 percent of the units under RAC. PRA residents cannot lease units until non-PRA residents vacate them. Turnover rates vary considerably and sometimes unpredictably by property.
- Most PRA applications are for one-person households, and in most cases, applicants qualify for one-bedroom units. Three grantees reported that the demand for one-bedroom apartments is greater than the supply and spoke to the complexities associated with matching the supply with demand. Louisiana is an example of a grantee that uses tax credit competitions to increase the production of affordable one-bedroom units in the state.
- Some grantees also noted mismatches between locations of available vacancies in proximity to available and accessible services and desired residential locations of eligible applicants. Grantees that are tax credit-allocating agencies may consider using tax credit competitions to encourage the production of affordable housing in neighborhoods with access to transportation and services and supports necessary for people with disabilities to live independently.

Overall, grantees secured fewer units under RAC (28 percent) than their proposed target goal, although variation exists across grantees. Grantees established PRA unit goal targets based on assumptions of expected locations for PRA units, contract rent levels, and tenant rent contributions that may have been unrealistic or that changed since grantees signed cooperative agreements with HUD. Grantees also developed unit goals in response to incentives in the 2012 Notice of Funding Availability that encouraged them to make cost effective use of the PRA subsidies. As a result, the 2012 PRA grant could fund fewer than the grantee reported goal of 2,193 units. The actual number of units subsidized through the program will not be known until all the PRA units are under lease.

Service Provision and Coordination

Given the few number of people housed in 811 PRA units at the conclusion of data collection for this study, it is too early to assess the appropriateness or effectiveness of the offered services. Grantees and their Medicaid partners identified appropriate Medicaid waivers, state plan services, and other service sources to address the likely service needs of PRA residents in each state.

During administrative interviews conducted for the study, some respondents raised concerns that the large number of service providers who work with their target populations and the high turnover in some positions (such as home health aides) make monitoring service delivery and quality difficult. Further, given the newness of the 811 PRA program, some service providers are more knowledgeable than others about the program's procedures and requirements. States will need to provide ongoing training to familiarize service provider staff about the program.

HUD and grantees should assess access to services to determine possible links between services and long-term housing tenure. Adequate transition and long-term services and supports were often not equally available in all geographic areas, and some states have difficulty linking services to resident needs. A tool to map residents to available services would be beneficial.

Looking Ahead to Future Research and Practice

As of spring 2017, the research team for Phase II of the Section 811 PRA evaluation completed the design phase and will begin collecting data soon. The Phase I evaluation informed all aspects of the design approach for Phase II. Data collection in Phase II will continue to assess implementation as the 811 PRA program matures. The study will further explore the partnerships, assess

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success, and provide a framework for interpreting the partnership's effect on program outcomes. The study will also continue documenting states' experiences with outreach and referral methods and will identify characteristics of successful and effective outreach and referral methods.

The Phase II research will also begin to look at participant-level outcomes and access to services and to estimate PRA program costs compared with the outcomes and costs of comparison groups with similar characteristics and disabilities. A resident survey in the Phase II evaluation will provide residents' points of view on their experiences with transitioning to PRA-subsidized housing, views on the quality of properties and neighborhoods in which they live, and ability to access the needed supports and services to successfully maintain tenancy. A final report on the Phase II evaluation is expected in the spring of 2019.

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