Summary – SECTION 811 Project Rental Assistance Demonstration Program

In February 2013, the U. S. Department of Housing and Urban Development (HUD) announced the award of Section 811 Project Rental Assistance Demonstration (PRA Demo) funding to 13 states, including Maryland. The Maryland Department of Housing and Community Development (DHCD) in partnership with the Maryland Department of Health and Mental Hygiene (DHMH) and the Maryland Department of Disabilities (MDOD) applied under HUD's Notice of Funding Availability (NOFA) for $10,917,383 of Section 811 PRA Demo funding to serve 150 individuals with disabilities, as further described below. Maryland's application was fully funded. In July 2014, HUD increased the award amount to $11,229,308.

PRA Demo funds will be used as project-based rental assistance for DHCD–financed rental units, including Low-Income Housing Tax Credits (LIHTC) units. These PRA demo units will then be rented to persons with disabilities referred by DHMH and MDOD, who meet the following criteria:

- Non-elderly adults with disabilities, age 18 and over, but below 62 years of age at selection, with income at or below 30% of AMI who are Medicaid recipients. Within this target population, the following persons will be prioritized, in order:
  1. Institutionalized Medicaid Recipients
  2. Households At Risk of Institutionalization Due to Current Housing Situation
  3. Developmental Disabilities Administration (DDA) Community Pathways Waiver Participants moving from Group Homes/Alternative Living Units (ALUs) to independent renting and Mental Hygiene Administration (MHA) Residential Rehabilitation Program participants moving to independent renting, and
  4. Homeless persons who are Medicaid recipients, prioritized in HEARTH Act definition order (HEARTH Act of 2009)

The Section 811 funding will cover the difference between the rent the household can afford, paying no more than 30% of income for rent, and up to the fair market rent for the unit for a period of up to 5 years. Under the PRA Demo, DHCD will operate the rental housing subsidy for participating tenants. DHCD will award PRA Demo funds in conjunction with its administration of its existing financing programs, including the award of federal Low Income Housing Tax Credits and State Rental Housing funds. It will also utilize a NOFA process to award PRA Demo funds to projects with existing DHCD financing.

The Initiative will strive to locate about half of the units in the Washington D.C. metropolitan area and half in the Baltimore metropolitan area, where demand for the units is expected to be strong. The need for one-bedroom units is likely to be stronger than for larger units so DHCD anticipates about 70% of the units to be one-bedrooms and 30% to be two-bedrooms. These percentages are estimates and may change as the Initiative moves forward.

MDOD, working with DHMH will refer tenants to the available units. Supportive services for persons in the PRA Demo will be provided by DHMH and MDOD. DHMH will make available the following voluntary support services to tenants in PRA units who are eligible for Medicaid funded services: The Community-based Options Waiver (CO), Community First Choice (CFC), the Brain Injury Waiver (BI), the Medical Day Care Program (MDC), Medical Assistance Personal Care (MAPC), Psychiatric Rehabilitation Program Services and other State Plan behavioral health services. Case managers will monitor and ensure the implementation and adequacy of the service plan and maintain contact with participants in PRA units. MDOD will make available the Attendant Care Program and will extend service coordination through a formal agreement with the six Centers for Independent Living in Maryland to participants who may not otherwise have case management.

DHCD and local Public Housing Authorities (PHAs) are also committing to provide local preferences for up to 97 Housing Choice Vouchers (HCV) or public housing units to support non-elderly disabled clients. Additionally, Maryland's Medicaid-directed Money Follows the Person (MFP) Demo will contribute $1,000,000 in MFP rebalancing funds to support the Section 811 PRA Demo. The MFP funds will be held in trust by the DHCD and will fund the housing subsidy for Demo participants for a period of up to 6 months if the PRA Demo is not renewed and funding is no longer available from HUD for the units. This 6 month time period will allow time for residents to move to new homes or secure other subsidies. In the event that the PRA Demo receives ongoing funding past the first 5 year period, the MFP funds will be directed towards an expansion of the Weinberg Apartments Initiative, which also increases affordable, accessible and integrated housing for the same population served by the 811 PRA Demo.

Update as of July 2014:

The signed Cooperative Agreement was received and once the agreement is fully ratified, the document will be posted to the DHCD website. Currently, a copy of the final, unsigned Cooperative Agreement is available on the DHCD website.

Through DHCD's Fall 2013 Competitive Round for Low Income Housing Tax Credits and Rental Housing Funds, 5 projects have agreed to accept Section 811 PRA funding. The five projects are located in Anne Arundel, Baltimore, Frederick, Harford, and Prince George's counties. In total, 58 units will be provided for occupancy by Section 811 PRA eligible tenants. The units are expected to be available for initial occupancy in 2016.

DHCD expects to identify additional Section 811 PRA units through a NOFA it expects to issue over the Summer of 2014 and through the September 2014 Competitive Round.

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