



OFFICE OF HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

DEC 13 2011

MEMORANDUM FOR: Hub Directors
Program Center Directors
Operations Officers

FROM: *Marie D. Head*
Marie D. Head, Deputy Assistant Secretary
for Multifamily Housing Programs, HT

SUBJECT: Update on Section 202 and Section 811 Programs for Fiscal
Year 2012

As you are aware, Congress passed a full year spending bill for HUD for Fiscal Year (FY) 2012 which requires significant spending cuts across the Department's budget. While Section 202 and Section 811 appropriations unfortunately does not provide for any new Capital Advance funds to support NOFAs for new construction activities, there will still be funds available to renew all PRAC contracts and for implementation of new authorities. The following details how FY 2012 funds will be used:

- Existing PRAC Renewal Obligations - Funding will be available to support all PRAC renewal costs for existing Section 202 and Section 811 properties.
- Assisted Living Conversion Program - HUD will be issuing a NOFA for approximately \$25 million in FY 2012. Please advise your partners that, under the Section 202 Supportive Housing for the Elderly Act of 2010, funds provided under this program can now be used also for conversion of properties to "Service-Enriched Housing" in addition to licensed residential care facilities. Service-Enriched Housing does not require facility licensure.
- Section 811 Project Rental Assistance Demonstration – Under a new authority created by the Frank Melville Supportive Housing for the Elderly Act of 2010, HUD will be issuing a NOFA for approximately \$75 million in FY 2012. Eligible applicants will only be state housing or other appropriate governmental agencies. Funds can be used to layer operating assistance into buildings for supportive housing set-asides for persons with

disabilities. More information on this new authority can be found on the Section 811 webpage on hud.gov.

- Section 202 Senior Preservation Rental Assistance Contracts – Under a new authority created by the Section 202 Supportive Housing for the Elderly Act of 2010, new Section 8 HAP contracts will be made available starting in FY 2012 for Section 202 Direct Loan properties with units not currently covered by a rental assistance contract. More information on this authority will be provided through forthcoming notice.
- Service Coordinator Program – We will be issuing a NOFA for approximately \$11 million for new Service Coordinator funding.
- Capital Advance New Construction – No funds will be available for this purpose in FY 2012 for either Section 202 or Section 811.
- Emergency Capital Repair Program – No funds will be available for this purpose in FY 2012.
- Predevelopment Grants – No funds will be available for this purpose in FY 2012.
- Capital Advance and PRAC Amendments – Extremely limited funds will be available for this purpose for the balance of FY 2012. Please work with your partners to assist them in seeking other sources of funding or aiding them in finding ways to lower project costs. Our priority for amendment money will be those projects that require PRAC-only amendments. While funds remain available, we will also have capital advance amendment funds to support those projects that have already gone through initial closing and require additional funding to get to final closing.

Please ensure your staff and partners are aware of our budgetary limitations this year, particularly those project sponsors who may be anticipating applying for 202 or 811 Capital Advances, Capital Advance Amendments, Emergency Repair Funds, or Predevelopment Grants. If you have questions on this, please contact Aretha Williams.