



**HUD Section 811 Project-Based Rental  
Assistance Program  
(HUD Section 811 PRA)**

**Program Guide**

*May 2023*



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# Introduction

## Program Guide

The purpose of the HUD Section 811 Project-Based Rental Assistance program (HUD Section 811 PRA), as authorized under the [Frank Melville Supportive Housing Investment Act of 2010](#), is to provide Extremely low Income (ELI) People with Disabilities (PWD) and ELI households with at least one person with a Disability, with decent, safe and sanitary rental housing through the use of Rental Assistance Payments to owners. HUD Section 811 PRA guidelines are applicable only to the Assisted Units. Owners that administer HUD Section 811 PRA must comply with these guidelines without modification, unless approved by the U.S. Department of Housing and Urban Development (HUD).

This Section 811 Project-Based Rental Assistance Program Guide sets forth the terms and conditions under which Minnesota Housing will provide Project-Based Rental Assistance to eligible properties under the U.S. Department of Housing and Urban Development (HUD) Section 811 Program.

## Chapter 1 – Program Overview

### 1.01 Program Purpose

The purpose of the HUD Section 811 Project-Based Rental Assistance Program (HUD Section 811 PRA) is to expand the supply of supportive housing that promotes and facilitates community integration for People with Disabilities (PWD).

### 1.02 Program Overview

HUD Section 811 PRA provides a Project-Based Rental Assistance subsidy that covers the difference between the tenant payment and the approved Contract Rent. Tenants pay 30% of their adjusted gross income for rent and utilities. Tenant referrals and service providers are coordinated by Minnesota’s Department of Human Services (DHS). No more than 25% of the total units in an Eligible Multifamily Property can:

- Be awarded HUD Section 811 PRA funds
- Be used for supportive housing for People with Disabilities; **OR**
- Have any occupancy preference for People with Disabilities

In addition, units must meet the program criteria for unit integration and accessibility. Properties with restrictions that serve elderly or disabled tenants are not eligible (i.e., HUD Section 202 Supportive Housing for the Elderly projects).

**Unit Types:** Primarily one-bedroom units are needed, but it is desirable that properties have two-bedroom units to allow flexibility to accommodate tenant needs. Accessible units for people with mobility impairments are also desirable and Units can be integrated throughout the property (as possible based on available units). To the extent possible, HUD Section 811 PRA units will float around the property.

**Property Locations:** Properties must be located in areas with community amenities, including jobs, transportation, recreation, retail services, health care, and social services. When requests for funding exceed the amount of funding available, preference will be given to properties located in cities or counties with the largest number of potentially eligible tenants for the Target Population.

**Rental Assistance Contract (RAC):** Minnesota Housing will enter into a Rental Assistance Contract (RAC) with selected owners for a minimum 20-year term, with initial funding for a period of five years. Funding beyond the first five years is subject to federal appropriations. If the federal appropriations do not continue, the RACs become null and void.

**Rent Levels:** Rent levels cannot exceed the applicable [Fair Market Rents \(FMR\)](#), as published annually by HUD. In addition, for properties funded prior to Federal Fiscal year (FFY) 19 HUD

Section 811 PRA unit rent levels must be lower than both the FMR and the 50<sup>th</sup> percentile rents, also published annually by HUD.

**TRACS:** Tenant data must be entered into HUD’s Tenant Rental Assistance Certification System (TRACS).

**EIV:** HUD’s Enterprise Income Verification (EIV) must be used to verify tenant income.

**Use Agreement:** Owners must agree to record a Use Agreement for a term not less than 30 years, in the form prescribed by HUD. During the Use Agreement period, owners shall make the approved number of Assisted Units available for occupancy only to households that meet the eligibility requirements. Minnesota Housing will not enforce or may terminate the Use Agreement if the funding is not appropriated by the United States Congress.

**Tenant Eligibility:** Households eligible for HUD Section 811 PRA include single adults and families. Households must meet **each** of the following three criteria:

- The household must include at least one adult with a Disability who is at least 18 but less than 62 years of age at the time of admission
- The household must include at least one adult with a Disability who is eligible for Community-Based, Long-term Services funded through Medicaid or state-funded sources, including Home and Community-Based Waivered Services, Housing Stabilization Services, Adult Mental Health Services, Money Follows the Person (MFP) (also known as Moving Home Minnesota) demonstration services, or Long-term Homeless (LTH) Supportive Services
- The household income cannot exceed the [Extremely Low Income \(ELI\) limit](#) established by HUD and published annually

**Outreach to Identify Potential Tenants:** This program uses a combination of existing resources for outreach and in-reach services. For persons that meet the definition of Long-term Homeless, the Projects for Assistance in Transition from Homelessness (PATH) outreach workers perform extensive outreach to connect with people experiencing Homelessness who also have a Serious Mental Illness or other Disability. For persons exiting institutional settings, the MFP transition coordinator or the DHS housing coordinator will identify potential HUD Section 811 PRA tenants. The DHS housing coordinator, the MFP transition coordinator, and PATH staff will assist HUD Section 811 PRA eligible tenants to identify housing needs and help them transition from institutions or Homelessness into the community.

PATH is a federal grant program that helps people who have a Serious Mental Illness (SMI) and are Homeless. The program funds community-based outreach, mental health, Substance Abuse, case management and other supportive services, as well as a limited set of housing services. MFP participants are individuals who are eligible for Medicaid and who have resided for 60 or more consecutive days in one or more Qualified Institutions, including hospitals, nursing

facilities, intermediate care facilities for persons with developmental disabilities, and institutions for mental diseases for individuals. Individuals may have developmental, physical, or psychiatric disabilities and will have a history of institutional placement.

**Eligible Sources to Refer Potential Tenants to the HUD Section 811 PRA Program:** The two programs that may provide referrals to the HUD Section 811 PRA program include: **Projects for Assistance in Transition from Homelessness (PATH)** and **Money Follows the Person (MFP)**.

Property owners and other organizations **cannot** directly refer people to HUD Section 811 PRA Assisted Units.

**Housing Referral Coordination of Eligible Tenants to HUD Section 811 PRA Assisted Units:** The DHS housing coordinator will coordinate referrals from MFP transition coordinators and PATH outreach workers. The DHS housing coordinator will work with referring providers to screen the applicant for HUD Section 811 PRA eligibility and place them on the waiting list based on the referral date. The DHS housing coordinator will coordinate the referral to available HUD Section 811 PRA Assisted Units and maintain a centralized waiting list. The DHS housing coordinator will also work proactively with owners of HUD Section 811 PRA Assisted Units to identify anticipated vacancies and minimize the time it takes to fill units by helping ensure a well-matched HUD Section 811 PRA participant is ready to move in.

**Service Menu:** The MFP transition coordinators and PATH staff are the referring providers and service coordinators for the HUD Section 811 PRA program. Tenants served through the HUD Section 811 PRA program will have access to an array of services funded by DHS. Individualized service packages will be designed on a case-by-case basis according to the participant's specific needs and desires. Each participant in the program will be matched with their own service coordinator. Service coordinators will help ensure that tenants have access to at least one service designed to provide longer-term support and stability for living in the community. These supports can include case management, transportation, employment supports, independent living skills, mental health services, connection to Community-Based Long-term Services Fund through Medicaid or other state-funded sources (Medicaid services, including access to home and community-based services), as well as helping ensure access to appropriate medical care.

DHS and Minnesota Housing will monitor implementation and administration processes outlined in the Program Operations Manual and as outlined in the Interagency Agreement, and revise them as needed to help ensure effective program delivery. Minnesota Housing and DHS will have regular meetings with housing and service providers to provide training, exchange information, and share progress reports.



## Chapter 2 – Eligible Properties

### 2.01 Eligible Properties

Properties eligible for HUD Section 811 PRA program funds must meet all of the following requirements:

- Funded with housing tax credits (HTC), properties financed with Minnesota Housing administered funds (e.g., HOME, LMIR), or properties within Minnesota Housing’s Section 8 portfolio that have some unsubsidized units within the property that are not designated for Section 8
- No more than 25% of the total units in an Eligible Multifamily Property can:
  - Be awarded HUD Section 811 PRA funds;
  - Be used for supportive housing for People with Disabilities; **OR**
  - Have any occupancy preference for People with Disabilities
- Must meet the program criteria for unit integration and accessibility

#### **Properties NOT eligible for HUD Section 811 PRA program funds:**

- HUD Section 202 or properties that were awarded HUD Section 811 capital dollars
- Properties that are restricted to serve seniors (persons aged 62 and over)
- Properties with existing use restrictions for People with Disabilities
- Properties where more than 25% of the units are designated supportive housing units that serve People with Disabilities or High Priority Homeless (HPH), funded by HUD or Minnesota Housing

### 2.02 Property Locations

Properties must be located in areas that have potential eligible tenants for the Target Population (s)/ Priority Population(s) and that have available social services to meet their needs.

### 2.03 Owner

- Eligible applicants include private and public owners of multifamily properties
- The owner of the property must not be suspended from doing business with Minnesota Housing or be debarred or suspended from HUD or other federal programs
  - Owner and or the management company hired by the owner must have experience administering HUD Rental Assistance to include any rental assistance programs that are subject to following HUD Handbook 4350.3 and sending TRACS files.

## Chapter 3 – Funding and Contract Terms

### 3.01 Funding Source and Amounts Available

The U.S. Department of Housing and Urban Development (HUD) awards Section 811 PRA program funding. Minnesota Housing is the grantee. Minnesota Housing contracts with and passes these funds through to owners. Minnesota Housing partners with the Minnesota Department of Human Services (DHS), via an Interagency Agreement, to help administer the program, particularly the housing referral process and post move stabilization services.

HUD Section 811 PRA may be available through an open application process for existing developments and/or the annual Multifamily Consolidated RFP, as determine by Minnesota Housing and based on funding availability. Application procedures will be posted on the [Minnesota Housing website](#) when funds are made available.

### 3.02 Use(s) of Funds

- HUD Section 811 PRA provides a Project-Based Rental Assistance subsidy that covers the difference between the tenant payment and the approved Contract Rent. Tenants pay 30% of their adjusted gross income for rent and utilities.
- Rental Assistance Payments will cover the difference between the Contract Rent and that portion of the rent payable by the eligible household as determined in accordance with 24 CFR (Code of Federal Regulations) Part 5 and other applicable requirements.
- Rental Assistance Payments will be paid to the owner for Assisted Units under lease for occupancy by eligible households in accordance with the Rental Assistance Contract (RAC).
- Payments to owners will be processed through voucher submissions in the Tenant Rental Assistance Certification System (TRACS).
- Vacancy payments during rent-up may be allowed, as determined by Minnesota Housing.
- Vacancy payments after rent-up will be allowed as described in Part II of the RAC.

### 3.03 Range of Assisted Units

If the units are awarded in the Multifamily Consolidated RFP, the current standard to be eligible for points in the RFP is five units (standard for units selected prior to the FFY 19 grant was 4 units). This number is subject to change and a lower number of units can be awarded outside of the RFP on a case-by-case basis. A maximum of 11 units at selected properties will be provided HUD Section 811 PRA funding. Minnesota Housing will not exceed 11 units as additional restrictions will be required by the [Davis-Bacon Act](#) if the threshold of 11 units is exceeded at a property.

## **Contract Length**

Funding for each HUD Section 811 PRA unit is for an initial period of five (5) years, with expected renewals for up to 20 years, subject to federal appropriations. The owner must also enter into and record a 30-year Use Agreement. Refer to Section 3.06 for additional Use Agreement details.

### **3.04 Rental Assistance Contract (RAC) and Agreement to Enter into a HUD Section 811 RAC (ARAC)**

Minnesota Housing will execute a RAC with owners of selected properties for a term of 20 years. The RAC consists of:

- **Part I of the Agreement to Enter into a HUD Section 811 RAC (ARAC).** This is the commitment between Minnesota Housing and the owner of the selected property to enter into the RAC. Refer to HUD Exhibit 7: [Exhibit 7: Agreement to Enter into Rental Assistance Contract](#).
- **RAC Part I and II.** The RAC describes the terms and conditions of the contract. The RAC designates the funding amount and the number of units that are expected to be available for HUD Section 811 PRA tenants within six months of the initial RAC. Refer to HUD [Exhibit 8: Rental Assistance Contract – Part I](#) and [Exhibit 9: Rental Assistance Contract – Part 2](#).
- Additional exhibits as determined by Minnesota Housing

### **3.05 Model Lease**

All properties must use the HUD Model Lease for HUD Section 811 PRA Assisted Units. Refer to HUD [Exhibit 11: Model Lease](#).

### **3.06 Use Agreement**

Owners of selected properties must record a 30-year Use Agreement, which restricts the use of the determined number of units for the HUD Section 811 PRA Program. The restriction is subject to federal appropriations. The use restriction will terminate if the United States Congress fails to appropriate adequate funding to provide for the financial needs of the Assisted Units.

Refer to HUD Exhibit 10: [Exhibit 10: Use Agreement](#).

### **3.07 Lease-up Terms**

HUD Section 811 PRA units must be leased by a specific date determined by HUD. Both the FFY12 and the FFY13 grants are fully utilized and the term to use these funds have expired. For the FFY 19 grant, Minnesota Housing will provide notification of the closeout date of this Agreement once established by HUD

### **3.08 Rent Adjustments**

HUD Section 811 PRA Assisted Units are eligible for an annual rent adjustment on the anniversary date of the RAC. Within the first year of the RAC, the owner may request to align their RAC anniversary date with an existing state or federal state housing program layered at the property.

Owners must submit their request for a rent adjustment in writing to Minnesota Housing, along with the documentation and within the timeframes to be determined by Minnesota Housing. Information and specific documentation will be provided to owners before the anniversary date of the executed RAC.

## Chapter 4 – Application Requirements

### 4.01 Applicant Responsibilities

The applicant is responsible to understand program requirements and application submission requirements necessary for a complete application.

### 4.02 Open Application Submission

When HUD Section 811 PRA funding is available, applicants are able to access the application, supplemental materials, and resources on [Minnesota Housing’s HUD Section 811 Program website](#). The open application is for existing developments that would like to add HUD Section 811 PRA, when funds are available. Applicants apply for funding through Minnesota Housing’s online Portal. The Portal allows applicants to log in, custom build an application checklist based on the type of proposal submitted and upload all application materials. **Most items have descriptive help text that provides important information on submission.**

[Review instructions here on how to navigate the Portal and submit an application.](#)

To apply through the Portal, applicants will need to request a user account. To request an account, complete the [online form](#). Refer to the [Multifamily Customer Portal User Guides](#) for more information.

### 4.03 Multifamily Consolidated RFP Application Submission

Applicants for capital financing through the Multifamily Consolidated Request for Proposals (RFP) may apply for HUD Section 811 PRA, when funds are available.

To submit a Multifamily Consolidated RFP Application for HUD Section 811 PRA:

- Complete and submit the HUD Section 811 PRA pre-application and supporting materials by the Intent to Apply deadline. Applications must be submitted using Minnesota Housing’s online [Portal](#).
- If eligible for HUD Section 811 PRA, Minnesota Housing will provide the applicant an eligibility letter to submit with their application. If the applicant is not eligible, the applicant will be notified and will not be able to include HUD Section 811 PRA in the Consolidated RFP application.
- Further eligibility for HUD Section 811 PRA will be determined through the selection and feasibility process. The development may require an environmental review to determine eligibility. Refer to HUD’s website for more information:  
<https://www.hudexchange.info/trainings/courses/section-811-pra-environmental-review/>

## Chapter 5 – Program Guidelines and Eligible Tenants

### 5.01 HUD Program Guidelines

All selected applicants must understand and follow HUD Program Guidelines, specifically Part C – Rental Assistance Contract and Part D – Owner Requirements. Refer to [Exhibit 5: HUD Program Guidelines](#).

### 5.02 Tenant Eligibility

Households eligible for HUD Section 811 PRA include single adults and families. Households must meet **each** of the following three criteria:

- The household must include at least one adult with a disability who is at least 18 but less than 62 years of age at the time of admission.
- The household must include at least one adult with a disability who is eligible for community-based, long-term services funded through Medicaid or state-funded sources, including Home and Community-Based Waivered Services, Housing Stabilization Services, Adult Mental Health Services, Money Follows the Person (MFP), or Long-term Homeless Supportive Services.
- The household income cannot exceed the [Extremely Low Income \(ELI\) limit](#) established by HUD and published annually.

### 5.03 Target Populations

Beyond the initial eligibility for HUD Section 811 PRA, Minnesota Housing will work for maintain a balance between the following targeted populations who meet the eligibility criteria:

- Experiencing long-term homeless (LTH), have a serious mental illness (SMI), and are enrolled in Minnesota’s Projects for Assistance in Transition from Homelessness (PATH) outreach program (up to 25% of the units for this population will be further targeted to unsheltered LTH populations); **OR**
- Exiting a qualified institution after a long-term stay of 60 days or more and enrolled in the MFP program. Qualified institutions include:
  - Intermediate care facilities for individuals with developmental disabilities
  - Nursing facilities
  - Hospitals, including community behavioral health hospitals
  - Institutions for Mental Disease (IMF), to the extent Medical Assistance pays for the stay (Medical Assistance typically pays if the person is under 21 years or 65 years plus therefore only these applicants would be eligible for HUD Section 811 PRA);
  - Child and adolescent behavioral health services facility in Willmar (CABHS); **OR**

- At risk of institutionalization and living in segregated settings

**NOTE:** Program eligibility for PATH and MFP is determined by the PATH outreach worker and the MFP transition coordinator, respectively. Minnesota Housing does not make eligibility determinations for these programs.

#### **5.04 Additional Eligible Applicants**

If there are no applicants on the waiting list for a site location from the target populations, the following individuals will be eligible for the program:

- People experiencing homelessness and SMIs with or without substance abuse and that do not have a PATH outreach worker available in their location and who meet the tenant eligibility criteria

#### **5.05 Disability**

Persons (People) with Disabilities (PWD) shall have the meaning provided in HUD Section 811 PRA (42 U.S.C. 8013(k)(2)):

(2) The term “Person with Disabilities” means a household composed of one or more persons who is 18 years of age or older and less than 62 years of age, and who has a Disability. A person shall be considered to have a Disability if such person is determined, pursuant to regulations issued by the Secretary to have a physical, mental, or emotional impairment which:

- (A) is expected to be of long-continued and indefinite duration,
- (B) substantially impedes his or her ability to live independently, and
- (C) is of such a nature that such ability could be improved by more suitable housing conditions. A person shall also be considered to have a Disability if such person has a Developmental Disability as defined in [Section 15002](#) of this title. The Secretary shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to and occupancy of housing assisted under this section. Notwithstanding the preceding provisions of this paragraph, the term “person with disabilities” includes two or more Persons with Disabilities living together, one or more such persons living with another person who is determined (under regulations prescribed by the Secretary) to be important to their care or well-being, and the surviving member or members of any household described in the first sentence of this paragraph who were living, in a unit assisted under this section, with the deceased member of the household at the time of his or her death.

The term “*person with disabilities*” shall also include the following:

- (1) A person who has a Developmental Disability, as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(5)), i.e., if he or she has a severe chronic Disability which:
  - (i) Is attributable to a mental or physical impairment or combination of mental and physical impairments;
  - (ii) Is manifested before the person attains age twenty-two;
  - (iii) Is likely to continue indefinitely;
  - (iv) Results in substantial functional limitation in three or more of the following areas of major life activity:
    - (A) Self-care;
    - (B) Receptive and expressive language;
    - (C) Learning;
    - (D) Mobility;
    - (E) Self-direction;
    - (F) Capacity for independent living;
    - (G) Economic self-sufficiency; and
  - (v) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated.
- (2) A person with a Chronic Mental Illness, i.e., a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently, and which impairment could be improved by more suitable housing conditions.
- (3) A person infected with the human acquired immunodeficiency virus (HIV) and a person who suffers from alcoholism or drug addiction, provided they meet the definition of “*person with disabilities*” in HUD Section 811 (42 U.S.C. 8013(k)(2)). A person whose sole impairment is a diagnosis of HIV positive or alcoholism or drug addiction (i.e., does not meet the qualifying criteria in HUD Section 811 (42 U.S.C. 8013(k)(2)) will not be eligible for occupancy in a HUD Section 811 PRA unit.



## Chapter 6 – Selection Thresholds and Priorities

Minnesota Housing will review applications for selection based on threshold requirements and selection priorities.

### 6.01 Threshold Requirements

The following requirements must be met to be eligible to administer HUD Section 811 PRA:

- Properties are owned and/or managed by entities with demonstrated experience operating a Section 8 or other HUD rental assistance program
- Rents may not exceed the local Fair Market Rent (FMR). For properties funded prior to FFY19, HUD Section 811 PRA unit rent levels must be lower than both the FMR and the 50<sup>th</sup> percentile rents, also published annually by HUD.
- Owner will make available from five to 11 units for HUD Section 811 PRA
- No more than 25% of the total units in Eligible Multifamily Properties can:
  - 1) be provided HUD Section 811 PRA funds;
  - 2) be used for supportive housing for People with Disabilities, and
  - 3) have any occupancy preference for People with Disabilities.

### 6.02 Selection Criteria and Priorities

Minnesota Housing will select applicants that best meet the following criteria:

- Integration: Applicant may designate unit type (accessible, 1 BR, etc.), but should not designate specific units be set aside for HUD Section 811 PRA supportive housing units. Units must be integrated throughout the property (as much as possible based on available units).
- Site linkages: The extent to which the site is in an area that has an identified need for housing for People with Disabilities that qualify and is located near jobs, transportation, recreation, retail services, healthcare, and social services, particularly services that provide stability to the Target Population
- Experience submitting tenant data via the Tenant Rental Assistance Certification System (TRACS) and compliance with TRACS automation rules
- Experience accessing and using the Enterprise Income Verification (EIV) system, including using EIV to verify income on all HUD Section 811 PRA Assisted Units
- Experience with federal Rental Assistance Contracts
- Knowledge of HUD Handbook 4350.3 or occupancy requirements and other related regulations relevant to HUD Section 811 PRA, including fair housing and Section 504

- Experience with supportive housing to include working with service providers, people experiencing Homelessness, people with Disabilities, low-income/ELI populations
- Knowledge and experience with reasonable accommodations
- Ability to make units available as current units turn over until all HUD Section 811 PRA units are leased (based on turnover data) within 18 months of signed RAC
- Willingness to work with DHS and referring service providers to coordinate available units, tenant applications, etc.
- Willingness to work with DHS, service providers, and Minnesota Housing to address occupancy issues, tenant complaints, etc.

Applicants that are selected must meet the following criteria:

- Owner agrees to execute and record a Use Agreement with a term of not less than 30 years in the form prescribed by HUD
- Owner agrees to enter into a minimum 20-year RAC
- Property is in good condition; all HUD Section 811 PRA units must meet local and state housing code, ordinances, zoning requirements, and minimum Uniform Physical Condition Standards (UPCS) or other HUD mandated/approved inspection protocol for rent assisted units

### **6.03 Environmental Standards**

All projects must have a Phase I Environmental Site Assessment (ESA) performed in accordance with [ASTEM E1527-13](#), or current approved Phase 1 ATSM standard.

For existing properties that will not undergo rehabilitation work, Minnesota Housing will accept an existing Phase I ESA completed in the previous 12 months (from the time of the HUD Section 811 PRA application). Minnesota Housing will request a copy of the review and reliance letter if the property is selected for HUD Section 811 PRA.

If the property has not had a Phase I ESA completed in the 12 months prior to HUD Section 811 PRA application submission, Minnesota Housing will evaluate to determine the need for a Phase I ESA review. If Minnesota Housing determines a Phase I ESA is needed, Minnesota Housing will order and pay the cost of the review, but not for any work that may be required or recommended.

## **Chapter 7 – Application Selection**

### **7.01 Review and Selection**

Minnesota Housing staff will review the application package and required submissions, including threshold and selection priorities and standards. All proposals are subject to Minnesota Housing’s underwriting, marketing, management, closing review, and processing requirements.

A Minnesota Housing housing management officer (HMO) will review owner and property management qualifications, experience, and performance history. A site visit may be conducted.

Selections are subject to review and approval by Minnesota Housing board members. All applicants will be notified of their status after the board has taken action.

### **7.02 Launch Meeting**

A launch meeting may be held to review the details and specific requirements of the program after accepted applicants are notified. If the owner/applicant uses a qualified management company to operate and manage the property, representatives of the management company will be required to attend the meeting. The meeting may be in person at Minnesota Housing offices or via teleconference.

### **7.03 Due Diligence Requirements**

HUD Section 811 PRA recipients are required to complete the following minimum due diligence items to complete the Rental Assistance Contract (RAC):

- Phase I Environmental Site Assessment review (refer to Section 6.03, above)
- Executed Use Agreement
- Part I of the Agreement to Enter into a HUD Section 811 PRA Rental Assistance Contract (ARAC) signed by the owner and Minnesota Housing
- Other items as required by Minnesota Housing

### **7.04 Issuance of Rental Assistance Contract (RAC)**

Once the due diligence is complete and approved, Minnesota Housing will enter into a RAC with the owner.

- RAC Part I and II
- Additional exhibits (as determined by Minnesota Housing)

## **Chapter 8 – Monitoring, Reporting and Compliance Review**

### **8.01 Monitoring Requirements**

Minnesota Housing will monitor properties that receive HUD Section 811 PRA funding to help ensure compliance with program requirements. The protocol used during the monitoring will be similar to that used in existing project-based Section 8 properties, with certain unique requirements specific to HUD Section 811 PRA. Monitoring will occur every three years but may be more frequent if Minnesota Housing receives notifications that there are concerns or issues at the property. Owners will be notified in advance of monitoring visits.

### **8.02 Reporting Requirements**

Tenant data must be entered into HUD's Tenant Rental Assistance Certification System (TRACS). Owners must submit vouchers to Minnesota Housing by the tenth (10<sup>th</sup>) day of the month preceding the month for which the owner is requesting payment.

The HUD Section 811 PRA program requires quarterly and annual reports from Minnesota Housing regarding program management, efficient utilization of PRA units, tenant outcomes, etc. It is important that owners submit tenant data via TRACS in a timely and accurate manner to help ensure reporting requirements are met.

### **8.03 Program Compliance Requirements**

During monitoring visits, Minnesota Housing will review the following areas to confirm compliance with applicable HUD Section 811 PRA program requirements:

- Physical inspections of units
  - UPCS protocol will be used during the physical inspections
- File compliance reviews and audits
  - Review general management policies and practices to help ensure overall compliance with the HUD Section 811 PRA program
  - Review tenant files to help ensure initial and at least annual eligibility with all applicable income and program requirements
  - Review income, asset, and expenses verification and calculation
  - Review applicant rejections and move-out records
  - Verify compliance with document retention requirements
- Review of waiting list(s)
  - Verify that the DHS referral process was followed and properly documented
  - Review site's tenant selection plan (TSP) and policies
- TRACS data

- Ensure data is entered into TRACS accurately and timely
- EIV use monitoring
  - Ensure the site is accessing and retaining EIV reports at interim and annual recertification in accordance with HUD regulations and the property's EIV Use Policy
  - Ensure that the site is accessing and retaining EIV master file reports in accordance with HUD regulations and the property's EIV Use Policy
- Annual rent adjustments
  - Verify that rent changes are timely and consistently implemented
- Other reporting
  - Staff who monitor HUD Section 811 PRA units may be responsible for ongoing reporting, gathering data, and providing narrative reports on program compliance and effectiveness, as needed or required by HUD, Minnesota Housing, or DHS.

## Chapter 9 – Minnesota Housing’s Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

### **9.01 Affirmative Fair Housing Marketing Plan (AFHMP) for HUD Section 811 PRA**

All Minnesota Housing programs require owners to market affirmatively, using specific steps geared to the particular program. The HUD Section 811 PRA program is unique in that Minnesota Housing (the HUD Section 811 PRA grantee, Minnesota Housing, in partnership with DHS) is required to have an AFHMP approved by HUD. All marketing is done by Minnesota Housing to reach the most unlikely to apply for HUD Section 811 PRA.

Owners are not required to have their own AFHMP for HUD Section 811 PRA but must follow affirmative fair housing practices in determining eligibility and conducting all transactions with prospective tenants.

## **Chapter 10 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting**

### **10.01 Fraud**

Fraud is any intentionally deceptive action made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into an Agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the ways described in Section 10.05.

### **10.02 Misuse of Funds**

A loan or grant Agreement is a legal contract between Minnesota Housing and the borrower or grantee. The borrower or grantee promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the borrower or grantee to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the borrower or grantee must use Minnesota Housing funds as agreed, and the borrower or grantee must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a borrower or grantee; or (2) A borrower or grantee cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the loan or grant Agreement.

Any borrower or grantee (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the ways described in Section 10.05.

### **10.03 Conflict of Interest**

A conflict of interest, actual, potential, or perceived, occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A potential or perceived conflict of interest exists even if no unethical, improper or illegal act results from it.

An individual conflict of interest is any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a friend, relative, acquaintance or business or organization with which they are involved.



Organizational conflicts of interest occur when:

- A contracting party is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties
- A contracting party's objectivity in carrying out the award is or might be otherwise impaired due to competing duties or loyalties
- A contracting party has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into an Agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest through one of the ways described in Section 10.05.

A contracting party should review its contract Agreement and request for proposals (RFP) material, if applicable, for further requirements.

## **10.04      Suspension**

By entering into any Agreement with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the Agreement) has not been suspended from doing business with Minnesota Housing. Refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#).

## **10.05      Disclosure and Reporting**

Minnesota Housing promotes a "speak-up, see something, say something" culture whereby internal staff, external business partners (e.g., grantees, borrowers) and the general public are encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation. You may report wrongdoing or other concerns by contacting:

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769

- Any member of Minnesota Housing's [Servant Leadership Team](#) (visit [mnhousing.gov](http://mnhousing.gov) and enter **SLT** in the Search box)
- [Report Wrongdoing or Concerns](#) (visit [mnhousing.gov](http://mnhousing.gov) and enter **Wrongdoing** in the Search box)

## Appendix A – Terms

Term	Definition
Adult Mental Health Services: Adult Rehabilitative Mental Health Services (ARMHS)	ARMHS are rehabilitative and enable the recipient to develop and enhance psychiatric stability, social competencies, personal and emotional adjustment, and independent living and community skills. These services instruct, assist and support the recipient in areas such as interpersonal communication skills, community resource utilization and integration skills, crisis assistance, relapse prevention skills, health care directives, budgeting and shopping skills, healthy lifestyle skills and practices, cooking and nutrition skills, transportation skills, medication education and monitoring, mental illness symptom management skills, household management skills, employment-related skills, and transition to community living services.
Agreement to Enter into a HUD Section 811 RAC (ARAC)	This is the commitment between Minnesota Housing and the owner of the selected property to enter into the RAC.
Assisted Units	Rental units made available to or occupied by eligible tenants in Eligible Multifamily Properties receiving assistance under 42 U.S.C. § 8013(b)(3)(A).
At Risk of Institutionalization	Determined to be At Risk of Institutionalization by a MnCHOICES assessor and eligible for Medicaid Home and Community-Based Services.
Community- Based Long-term Services Fund through Medicaid or state-funded sources (Medicaid services, including access to home and community-based services)	Medicaid Home and Community-Based Services, Adult Mental Health Services, Money Follows the Person (MFP) (also known as Moving Home Minnesota) Demonstration Services and Minnesota’s Long-term Homeless Supportive Services.
Contract Rent	The total amount of rent specified in the Rental Assistance Contract (RAC) as payable to the Owner for the Assisted Units. Contract Rent Adjustment means the Contract Rent that is adjusted at the anniversary of the Rental Assistance Contract (RAC). The Contract Rent adjustment must be approved in accordance with the RAC and HUD requirements.
Disability	For the purpose of eligibility for HUD Section 811 PRA, a Disability is defined as a physical, mental or emotional impairment that:

Term	Definition
	<ul style="list-style-type: none"> <li>• Is expected to be of long-continued and indefinite duration</li> <li>• Substantially impedes a person’s ability to live independently</li> <li>• Is of such a nature that such ability could be improved by more suitable housing conditions</li> </ul> <p>This includes, but is not limited to:</p> <p><b>Developmental Disability:</b> A severe, chronic Disability that:</p> <ul style="list-style-type: none"> <li>• Is attributable to a mental or physical impairment or a combination of mental and physical impairments</li> <li>• Is manifested before the individual attains age 22</li> <li>• Is likely to continue indefinitely</li> <li>• Results in substantial functional limitations in three or more of the following areas of major life activity (self-care, receptive and expressive language, learning mobility, self-direction, capacity for independent living, economic self-sufficiency)</li> <li>• Reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports or other forms of assistance that are a lifelong or extended duration and are individually planned and coordinated</li> </ul> <p><b>Chronic Mental Illness:</b> A severe and persistent mental or emotional impairment that seriously limits the ability to live independently and which impairment could be improved by more suitable housing conditions.</p> <p><b>NOTE:</b> A person whose <b>sole</b> impairment is a diagnosis of HIV positive, alcoholism or drug addiction does not meet the definition of Disability that is required to be eligible for HUD Section 811 PRA.</p>
Eligible Multifamily Properties	Any new or existing property owned by a nonprofit, public, or a private entity with at least five housing units. Financing commitments have been made by the Eligible Applicants or any housing agency currently allocating: LIHTC under Section 42 of the Internal Revenue Service Code of 1986 (IRC) or any

Term	Definition
	<p>state housing or state community development agency allocating and overseeing assistance under the HOME Investment Partnerships Act (HOME); and/or any federal agency or any state or local government program. Development costs, if any, are paid with other public or private resources. HUD Section 811 and Section 202 Capital Advances may not be used. Properties with existing use restrictions for Persons with Disabilities are not eligible, unless such PRA Funds are being used to support other units in the building without such restrictions. Existing units receiving any form of long-term (longer than six months), project-based operating housing subsidy, such as assistance under Section 8, within a six-month period prior to receiving Rental Assistance Payments are ineligible to receive this assistance. In addition, units with use agreements requiring housing for persons 62 or older would not be eligible to receive Rental Assistance Payments.</p>
Enterprise Income Verification (EIV)	EIV is a web-based computer system containing employment and income information on individuals participating in HUD’s rental assistance programs. This information assists HUD in making sure “the right benefits got to the right persons.”
Extremely Low Income (ELI)	Annual income which does not exceed 30% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 30% of the median income for the area if HUD finds that such variations are necessary because of unusually high or low family incomes. HUD’s income exclusions, as defined under 24 CFR § 5.609, apply in determining income eligibility at the time of admission and in calculating the Eligible Tenant’s income during the interim/annual recertification stages.
Fair Market Rent (FMR)	HUD established rent limits for geographical areas.
High Priority Homeless (HPH)	High Priority Homeless households means households prioritized for permanent supportive housing by the Coordinated Entry System.
Homeless/Homelessness	The State of Minnesota defines as homeless “any individual, unaccompanied youth or family that is without a permanent place to live that is fit for human habitation.” Doubling-up is considered homeless if that arrangement has persisted less than 1 year
Housing Stabilization Services	Housing Stabilization Services is a Minnesota Medical Assistance benefit to help people with disabilities, including

Term	Definition
	mental illness and substance use disorder, and seniors find and keep housing.
HUD	The United States Department of Housing and Urban Development
Long-term Homeless (LTH)	A household experiencing Homelessness for one continuous year or more or has had four or more episodes of Homelessness in the last three years.
Long-term Homeless Supportive Services	Includes intensive case management, including assessment and individualized service planning; help accessing benefits, income support programs, health care; aid with family relationships, support and reunification; life skills development; support through treatment and recovery, including aftercare; tenant and financial literacy training, including the rights and responsibilities of tenancy; support for self-advocacy with landlords, neighbors, and criminal justice and school systems; and other formal and informal supports.
Long-term Supportive Services	Services funded through Medicaid or state-funded sources, including Home and Community-Based Waivered Services, Housing Stabilization Services, Adult Mental Health Services, Money Follows the Person( MFP) (also known as Moving Home Minnesota) demonstration services, or Long-term Homeless Supportive Services (LTHSS).
Medicaid Home and Community-Based Services 1915(c) waivers	Minnesota currently administers four waivers for Persons with Disabilities (Developmental Disabilities [DD], Brain Injury [BI], Community Alternatives for Disabled Individuals [CADI], Community Alternative Care [CAC]). These waiver programs are provided for Minnesotans with disabilities or chronic illnesses that need certain levels of care and are designed as alternatives to placing Medicaid-eligible persons in hospitals, nursing facilities or Intermediate Care Facilities for Persons with Developmental Disabilities (ICFs/DD). Specific services that may be provided include 24-hour emergency assistance, adult companion services, adult day care, assisted living; behavioral programming, caregiver living expenses, caregiver training and education, case management, case management aide, chore services, consumer directed community supports, consumer training and education, crisis respite, day training and habilitation, environmental accessibility adaptations, extended home care services, family training and counseling, foster care, home delivered meals, home health aide, homemaker services, housing access coordination, independent living skills, personal care assistant, pre-

Term	Definition
	vocational services, residential care services, respite services, skilled nurse, specialized supplies and equipment, structured day program, supported employment services, transitional services, and transportation.
Minnesota Department of Human Services (DHS)	<p>DHS provides long-term support programs that help people with disabilities as they live in the community. Disabilities can include:</p> <ul style="list-style-type: none"> <li>• Developmental disabilities</li> <li>• Chronic medical conditions</li> <li>• Acquired or traumatic brain injuries</li> <li>• Physical disabilities</li> </ul> <p>Provides such support services as:</p> <ul style="list-style-type: none"> <li>• Assistive technology training and education</li> <li>• Economic assistance programs – help with housing, nutrition and income</li> <li>• Environmental modifications and provisions</li> <li>• Personal support services – home care services, home delivered meals, personal care assistance</li> <li>• Social Security Advocacy – help to apply or maintain benefits</li> <li>• Health care programs – such as community dental clinics, chemical dependency services</li> <li>• Trainings – providing life skills and employment opportunities</li> </ul>
Minnesota Housing aka Minnesota Housing Finance Agency	The Minnesota Housing Finance Agency.
Money Follows the Person (MFP) (also known as Moving Home Minnesota Demonstration)	Short term supportive services such as home visits, health and wellness checks, problem solving, assisting an individual to establish informal supports in the community, ongoing support in maintaining housing (tenancy support, dispute resolution with landlords and neighbors), and information and education.
Moving Home Minnesota Demonstration	Coordination of the performance of assessments of functional skills and needs; the development, review and revision of individual service plans; informing persons and their legal representatives of service options and providers; assisting the

Term	Definition
	<p>person to access services; coordination of service delivery; and the monitoring and evaluation of the outcomes of services.</p>
<p>Persons/People with Disabilities (PWD)</p>	<p>Persons/People with Disabilities shall have the same meaning as defined under 42 U.S.C. §8013(k)(2) and shall also include the following, as found in 24 CFR § 891.305:</p> <p>A person who has a developmental Disability, as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(5)), i.e., if he or she has a severe chronic Disability which:</p> <ul style="list-style-type: none"> <li>(i) Is attributable to a mental or physical impairment or combination of mental and</li> <li>(ii) physical impairments;</li> <li>(iii) Is manifested before the person attains age twenty-two;</li> <li>(iv) Is likely to continue indefinitely;</li> <li>(v) Results in substantial functional limitation in three or more of the following areas</li> <li>(vi) of major life activity: <ul style="list-style-type: none"> <li>(a) Self-care;</li> <li>(b) Receptive and expressive language;</li> <li>(c) Learning;</li> <li>(d) Mobility;</li> <li>(e) Self-direction;</li> <li>(f) Capacity for independent living;</li> <li>(g) Economic self-sufficiency; and</li> <li>(h) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated; or A person with a chronic mental illness, i.e., a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently, and which impairment could be improved by more suitable housing conditions; or A person infected with the human</li> </ul> </li> </ul>



Term	Definition
	<p>acquired immunodeficiency virus (HIV) and a person who suffers from alcoholism or drug addiction, provided they meet the definition of "person with disabilities" in 42 U.S.C. § 8013(k)(2).</p> <p>A person whose sole impairment is a diagnosis of HIV positive or alcoholism or drug addiction (i.e., does not meet the qualifying criteria in HUD Section 811 PRA (42 U.S.C. § 8013(k)(2)) will not be eligible for occupancy in an Assisted Unit.</p>
Project-Based Rental Assistance (PRA)	A rental assistance subsidy that is attached to a rental unit and covers the difference between the tenant payment and the approved Contract Rent.
Projects for Assistance in Transition from Homelessness (PATH)	A state administered federal program that provides outreach, engagement and linking to mainstream services for persons with Serious Mental Illness or Serious Mental Illness with co-occurring substance abuse that are Homeless or at imminent risk of becoming Homeless.
Qualified Institution	Hospital or nursing home, with a stay of 60+ days and Medical Assistance (MA) covering at least one day of payment.
Rental Assistance Contract (RAC)	The RAC is the contract (form HUD-92235-PRA and form HUD92237-PRA), as prescribed by HUD, between MSHDA and the Owner of the Eligible Multifamily Property which sets forth the rights and duties of the parties with respect to the Assisted Units in the Eligible Multifamily Property.
Rental Assistance Payments	Payment made by the grantee or contract administrator to the owner, as provided in the Rental Assistance Contract. Where the Assisted Unit is leased to an eligible tenant, the payment is the difference between the Contract Rent and the tenant rent. An additional payment is made to or on behalf of the eligible tenant when the utility allowance is greater than the total tenant payment. A vacancy payment may be made to the owner when an Assisted Unit is vacant, in accordance with the Rental Assistance Contract and program requirements.
Segregated Settings	Segregated Settings include, but are not limited to: (1) congregate settings populated exclusively or primarily with individuals with disabilities; (2) congregate settings characterized by regimentation in daily activities, lack of privacy or autonomy, policies limiting visitors, or limits on individuals' ability to engage freely in community activities and to manage their own activities of daily living; or (3) settings

Term	Definition
	that provide for daytime activities primarily with other individuals with disabilities.” Examples of institutions or segregated settings include a regional treatment center (RTC), a community behavioral health hospital, nursing homes, adult foster care, or other hospital or residential treatment center.
Serious Mental Illness (SMI)	SMI is defined as a mental, behavioral, or emotional disorder resulting in serious functional impairment, which substantially interferes with or limits one or more major life activities. The burden of mental illnesses is particularly concentrated among those who experience Disability due to SMI.
Servant Leadership Team	Leadership team at Minnesota Housing.
Substance Abuse	Overindulgence in or dependence on an addictive substance, especially alcohol or drugs.
Target Population(s)/ Priority Population(s)	The specific group or groups of eligible applicants and tenants described in the grantee’s Inter-Agency Partnership Agreement who are intended to be solely served or to be prioritized under the grantee’s program.
Tenant Rental Assistance Certification System (TRACS)	TRACS is a HUD computer system developed to help improve financial controls over assisted housing programs by automating manual procedures and incorporating automated controls.
Uniform Physical Conditions Standards (UPCS)	Standards must ensure that the housing will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703.