

Exhibit 21

A Brief Explanation of the HUD 202 Supportive Housing for the  
Elderly Program

# section 202 supportive housing for the elderly program

## **Summary:**

Section 202 provides capital advances to finance the construction and rehabilitation of structures that will serve as supportive housing for very low-income elderly persons and provides rent subsidies for the projects to help make them affordable.

## **Purpose:**

This program helps expand the supply of affordable housing with supportive services for the elderly. It provides low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, transportation, etc.

## **Type of Assistance:**

This program provides capital advances to finance property acquisition, site improvement, conversion, demolition, relocation, and other expenses associated with supportive housing for the elderly. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years. Project Rental Assistance is used to cover the difference between the HUD-approved operating cost per unit and the tenant's rent. Project Rental Assistance contract payments can be approved up to 5 years. However, contracts are renewable based on the availability of funds. Construction on projects must start within 18 months of the date of fund reservation, with limited exceptions up to 24 months. Funds are advanced on a monthly basis during construction.

## **Eligible Grantees:**

To be eligible for funding under Section 202 the applicant must be a private, nonprofit organization with prior experience in housing or related social service activities. As a minimum capital investment, the owner must deposit in a special escrow account 0.5 percent of the HUD-approved capital advance, up to a maximum of \$25,000 for national sponsors or \$10,000 for other sponsors.

Government entities are not eligible for funding under this program.

Criteria for allocation of program funding include the number of elderly rental households served, the number of very low-income elderly renters in the area, and the number of very low-income elderly renters with housing problems who pay more than 30 percent of their incomes for rent.

## **Eligible Customers:**

The program benefits any low-income residents age 62 years and older.

## **Application:**

Applicants must submit an application for a capital advance, including a Request for Fund Reservation (HUD Form 92015-CA) and other information in response to the Notice of Fund Availability (NOFA) published in the Federal Register each fiscal year. Organizations that apply for Section 202 compete for program funds allocated to each individual HUD Field Office. Awards are usually announced in September.

## **Funding Status:**

The 1995 NOFA provided \$510,518,387 in capital advances for 7,409 units; the 1996 NOFA provided \$474,370,274 in capital advances for 6,726 units; the 1997 NOFA provided \$393,821,826 in capital advances for 5,554 units. The FY 1998 Appropriations Act provides \$645,000,000 for capital advances and project rental assistance, including amendments.

## **Technical Guidance:**

The program is authorized under the Housing Act of 1959; Section 210 of the Housing and Community Development Act of 1974 P. L. 86-372 (12 U.S.C. 1701q, 73 Stat. 654, 667) and the National Affordable Housing Act, P. L. 101-625 (42 U.S.C. 12701). Program regulations are in 24 CFR Part 891. Section 202 is administered by HUD's Office of Multifamily Housing. For more information, contact the Director of Multifamily Housing or the local HUD Field Office.

## **For More Information:**

Prospective sponsors should contact the closest HUD Field Office for more information. Two HUD Handbooks, Supportive Housing for the Elderly (#4571.3) and Supportive Housing for the Elderly--Conditional Commitment--Final (#4571.5), are available on the Internet at <http://www.hudclips.org> or from the HUD Multifamily Clearinghouse at 1-800-685-8470. Also see notice H96-102 (HUD).