



ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

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

Special Attention of:

All Multifamily Regional Center Directors
All Multifamily Satellite Office Directors
All Multifamily Asset Management Division
Directors
All Multifamily Project Owners

Notice H-2023-02

Issued: 2/9/2023

Expires: This Notice remains in effect
until amended, superseded, or
rescinded

Cross-reference: Notice H 2019-09

Handbook 4350.1, Chapter 7

Handbook 4381.5, Chapter 8

SUBJECT: Supportive Housing for the Elderly—Supportive Services Plans and Supportive Services Funds in 202 Capital Advance Projects with Project Rental Assistance Contracts

I. Background

Section 202 Capital Advance properties with Project Rental Assistance Contracts (hereafter referred to as “202 PRAC”) provide affordable supportive housing for very low-income elderly households. Rental subsidies for these properties are based on the operating budget for the property, which may include the costs for a full or part-time Service Coordinator position and up to \$15 per unit per month for direct provision of supportive services. To ensure supportive service needs are adequately addressed, properties are expected to coordinate with community service providers and access other funding streams consistent with the property Supportive Services Plan.

Project Sponsors were first required to prepare a Supportive Services Plan as part of the original Notice of Funding Opportunity (NOFO) requirements for Section 202 Capital Advances. A Supportive Services Plan was submitted with the initial application for funding for a property and is required to be updated by a property’s Service Coordinator based on the original NOFO. The timeline for updating the Supportive Services Plan varied in the multiple published NOFOs. Also, the Supportive Services Plan must address how 202 PRAC subsidies support service coordination and service provision as well as how other funding streams are used to address additional resident needs. The Office of Multifamily Housing Programs has determined that many 202 PRAC owners have not updated their Supportive Services Plan according to the applicable NOFO, resulting in the

Support Service Plans becoming outdated.

Service coordination activities are subject to additional budgetary planning and performance requirements. The Service Coordinator is a social service staff person/contractor hired by the property owner who is responsible for ensuring that the elderly residents of the project, especially those who are frail and disabled, are linked to the supportive services they need to continue living independently in that project. [Handbook 4381.5, REV-2, Chapter 8](#), provides the requirements for implementing and maintaining the Service Coordinator Program. Additional guidance may be found on the HUD Exchange website under programs, [Service Coordinators in Multifamily Housing Programs](#). HUD funding for service coordination activities is approved and monitored separately from the per-unit funding available for direct provision of supportive services.

II. Purpose

This Notice explains the purpose and allowable uses of supportive services funds and the requirements and process for requesting U.S. Department of Housing and Urban Development (HUD) approval to include these funds in the annual operating budget for Section 202 PRACs. Also, this Notice reiterates the Supportive Services Plan requirements to have one in place and provides additional guidance for the scope, content, and standardization of the timeline for required updates to the plans to be every three (3) years, as noted in Section V. This Notice does not, however, address requirements for the review and approval of Service Coordinator funding that is found in resource noted above in the Background Section.

Section 202(g) of the Housing Act of 1959, 12 U.S.C. § 1701q(g), requires the provision of tailored supportive services for elderly persons in Section 202 PRAC properties. Pursuant to 24 C.F.R. § 891.225, HUD provides limited funds for supportive services through 202 PRACs. Funding for 202 PRACs that include supportive services and Service Coordinators is provided in the annual appropriations Acts.

Providing supportive services to 202 PRAC residents may help meet the needs of elderly persons aging in place and avoid unnecessary, unwanted, and more costly institutionalization. The HUD funding amounts (up to \$15 per unit per month; see Section V.E below) are not expected to cover all the supportive services needs of residents at the property. Properties are expected to provide necessary services and access to services using other non-project sources.

III. Applicability

This Notice applies to the use of supportive services funds by owners/agents of Section 202 PRACs. Owners of Section 202 PRAC properties converting under the Rental Assistance

Demonstration Program should also refer to Notice H 2019–09, or any successor notices.

IV. Uses of Supportive Services Funds

The purpose and general categories of supportive services allowed in Section 202 PRACs are provided in 12 U.S.C. § 1701q(g)(1). The requirements and guidance on the general and specific eligible and ineligible uses governing supportive services funds are as follows:

A. Requirements

1. The use of HUD supportive services funds is one component of a property’s comprehensive Supportive Services Plan for the resident community (see 24 C.F.R. § 891.225 — Provision of services) to ensure that the residents live independently and avoid unnecessary institutionalization. The balance of service costs shall be provided from other sources, which may include co-payment by the tenant receiving the service. Such co-payment must not be included in the Total Tenant Payment. (See 24 C.F.R. § 891.225 (b)(2).) (See Section IV below for more information about comprehensive Supportive Services Plans.)
2. The supportive services funds may be used to provide services to all elderly residents of the property. The supportive services funds must be used to provide a range of services as determined through a resident assessment noted in paragraph IV.B.2 of this Notice and tailored to the needs of any category or categories of elderly persons (see 12 U.S.C. § 1701q(k)(1), (2) and (7) for definitions) occupying the housing. For example, the funds may support activities and services that address the needs of the general resident population (e.g., fall prevention programs) or that addresses subgroups with specific needs (e.g., housekeeping services for frail elderly (“frail elderly” is defined by 12 U.S.C. § 1701q(k)(1) and (2), counseling for residents with diabetes, etc..). Owners must not require residents to accept any supportive services as a condition of occupancy or admission or limit resident choice of providers.
3. HUD may approve the use of supportive services funds for services that support elderly persons who are unassisted, but reside in the project, or who do not reside in the project, if the participation of such persons will not significantly add to the operating budget of the property, or adversely affect the operation of the program (e.g., increased liability insurance, security, or building maintenance expenses). See 12 U.S.C. § 1701q(g)(1).

4. Supportive services funds must not be used to supplant another source of federal, state, or local funding that is available for the purposes listed in paragraph III, C of this Notice.
5. Supportive services funds must not be expended for capital items for which Reserve for Replacement funds are available, even if such replacement items are related to providing supportive services for residents. Such expenditures must be requested and paid with Reserve for Replacement or Residual Receipts funds with HUD approval. As an example, sidewalks around the building that need repair to be safe for resident exercise programs would be a Reserve for Replacement expense.

B. Goals of Service Provisions

Supportive services funds may be used to further the following general goals:

1. To supplement programming, activities, and services that facilitate independent living in the community by helping participants proactively address their health and social support needs. In turn, this may lead to increases in resident tenure and reduction of unit turnover (e.g., prevent evictions and transitions to nursing homes and higher levels of care).
2. To provide an ongoing benefit to maximize the impact of the funds; for example, equipment available for all residents that has repeated use; programming that increases participants' ability to self-manage their health and wellness.
3. To provide programming and support that may benefit multiple participants. HUD encourages the use of evidence-based programming (EBP) or evidence-informed programs. EBPs include initiatives that have been scientifically evaluated and found effective in improving the health and wellbeing, or reducing disease, disability, or injury among older adults. Numerous evidence-based health promotion and disease-prevention programs have been developed to address many common health and functional issues that older adults experience, such as managing chronic disease, experiencing falls, and feeling depressed. Sources of EBPs include the National Council on Aging, local Areas Agencies on Aging (AAA), YMCA/YWCA, and local public health departments, hospitals, and health plans.
4. To support programming and services that exceed the amount allowed in Section VI.F. below, owners are encouraged to seek other funding sources for resident services, whenever possible.

C. Eligible Uses of Supportive Services Funds

1. Services that, if provided, may be provided to an individual resident:

- i. Meal services to meet nutritional needs, such as grocery shopping, meal preparation service, or supporting collaboration with a food bank; and, meals, if not covered by a food assistance program such as Supplemental Nutritional Assistance Program (SNAP) (formerly called food stamps).
- ii. Housekeeping aid. Assistance with tasks in residents' units such as cleaning, laundry, trash removal.
- iii. Personal assistance. Assistance with activities of daily living (ADLs) (i.e., basic self-care tasks that include, but are not limited to, bathing, dressing, eating, transferring (e.g., getting in and out of chairs, grooming, using the toilet, and walking), and instrumental activities of daily living (IADLs) (i.e., skills related to independent living that include, but are not limited to, meal planning and preparation, managing finances, shopping for food, clothing, and other essential items, performing essential household chores, communicating by phone or other media, and traveling around and participating in the community). IADLs include escort services to accompany or physically assist a resident who is unable to travel to medical appointments or wait alone.

2. Services that, if provided, must be provided to the entire community:

- i. Transportation services. To support transportation of residents for off-site group health and wellness programs and activities, essential shopping, medical appointments, and other essential services.
- ii. Health-related services.
 - a. End-user equipment necessary to support telehealth for residents. If the property offers such equipment, all residents must have access, and technical support (i.e., digital navigation) must be provided. The number of computer devices purchased should not exceed ten percent (10%) of the total number of units. Equipment maintenance must be covered by supportive services funds.
 - b. Fees for activities and educational programs that address common health and wellness challenges of residents including health

behaviors (e.g., disease management, fall prevention, fitness/exercise, or nutrition education).

- c. Programs and activities to reduce social isolation and encourage social interaction, which have a positive impact on health, including supplies for group activities (e.g., arts and craft materials, puzzles, games). If congregate activities have been suspended for public health reasons, supplies for recreational activities to help enforce social distancing required in a public health emergency are allowable.
 - d. Materials, supplies, and limited physical modifications to common areas to support health and wellness programs, activities, or events (e.g., exercise equipment, pedometers, lumber to build a raised garden bed, gardening supplies, instructional books, health journals, or videos). This includes ingredients and equipment necessary to teach hands-on classes on nutrition and healthy meal preparation.
 - e. Educational materials that may be used or shared with participants around specific health needs (e.g., posters, brochures, booklets).
 - f. Discussion group facilitator to assist residents struggling with issues that may impede the ability to manage their own needs (e.g., grief, loneliness, depression, trauma).
 - g. Individual education/counseling sessions to assist residents who could benefit from a more intensive or focused interaction (e.g., counseling to address hoarding, nutrition, grief).
 - h. Access to medical services (e.g., transportation, aide to accompany resident to medical appointment).
- iii. Fees for education and outreach to protect residents from telemarketing and internet fraud and identity theft.

D. Ineligible Uses

1. Programs and services funded by federal, state, and local government agencies; Medicare, Medicaid, or private insurance; or community-based, philanthropic, and other sources or that duplicate such services.

2. Expenses related to providing safe, decent, and affordable housing, and relocation. Supportive services funds may not be used to cover basic housing services for residents (e.g., clean water, utilities, pest control, maintenance, upkeep, and improvements).
3. Service Coordinator Program costs. The cost for Service Coordinators are separate eligible expenses from the supportive services allowance (up to \$15 per unit per month) in the Section 202 PRAC operating budget. Please see [Handbook 4381.5, REV-2, Chapter 8](#) for discussion of eligible uses of Service Coordinator funds.
4. The direct cost of medical services. Project owner/management agent/service coordinators may coordinate with appropriate third parties (e.g., federal, state, and local government agencies; Medicare, Medicaid, or private insurance; or community-based and philanthropic sources) to have such services provided by those entities, consistent with state and local law.
5. Compliance with physical accessibility requirements, program access requirements, and providing reasonable accommodations (e.g., physical modifications to units, language interpreters). Owners of federally assisted housing are required to provide applicants and residents with disabilities reasonable accommodations that are needed to enable those individuals to make effective use of the federal programs and provide equal access to persons with limited English proficiency. Reasonable accommodation expenses are funded by Reserve for Replacement, Residual Receipts, project operations or owner contributions.
6. Promotional materials, including but not limited to, T-shirts, water bottles, coffee cups, or hats.
7. Admission tickets to entertainment events and locales.
8. Party refreshments.
9. Wi-Fi networks and/or internet access for individual residents in their units.
10. Computer or telecommunication devices for individual residents or units.

V. Supportive Services Plans

As required in 24 C.F.R. § 891.225(b)(1), HUD must ensure that Owners have the

managerial capacity to perform the coordination of services described in the statute (12 U.S.C. § 1701q(g)(2)). One of the methods for fulfilling this requirement is to ensure that the owner has a Supportive Services Plan. As discussed under Section III.A.1 above, the use of HUD supportive services funds is one component of a property's comprehensive Supportive Services Plan for the resident community. The guidance in this Notice on eligible uses of supportive services funds does not apply to the elements in the Supportive Services Plan that are paid for through non-HUD sources.

A. Requirements

1. Owners are required to maintain and update (every three (3) years, with exceptions as described below in Section VI. A. of this Notice), over the useful life of the housing, a comprehensive Supportive Services Plan to accommodate the provision of supportive services that are expected to be needed by the category or categories of elderly persons the housing is intended to serve (12 U.S.C. § 1701q(k)(7)).
2. The comprehensive Supportive Services Plan describes how the property will provide the range of services that is both tailored to the needs of the residents and essential for maintaining independent living (12 U.S.C. § 1701q(g)).
3. The cost of the services described in the Supportive Services Plan that is not covered by the supportive services funds in the HUD approved budget, i.e., up to \$15 per unit per month, shall be provided from other sources, which may include co-payment by the tenant receiving the service. Such co-payment shall not be included in the Total Tenant Payment. (See 24 C.F.R. § 891.2254 (b)(2)).
4. If the Supportive Services Plan is not current and the owner does not submit an updated Supportive Services Plan or certification, any existing supportive services funds in the operating budget will not be renewed.

B. Supportive Services Plan Components

Owners/agents are encouraged to include the following information in their Supportive Services Plan. Based on each project's respective Section 202 Capital Advance NOFO that the project was originally funded under, some or all of these items may be required and be updated upon each 3-year submission:

1. **Service Coordination:** How the project is meeting the needs of residents either through a Service Coordinator (full-time or part-time) funded through the annual

project budget or through another service coordination/service provision arrangement.

2. Resident Assessment: How the property assesses the supportive services needs of individual residents and the *resident community* as a whole.
3. Resident Access to Community-Based Supportive Services: How the property assists *individual residents* to identify and access local, state, and federal benefits or community-based services that support independent living (such as personal care services).
4. Supportive Services Activities: How the property ensures that the *resident community* has access to supportive services essential for maintaining independent living.
5. Outreach Strategies: How the property conducts outreach and engages residents in the supportive services offered. This must include a description of how the property provides access to supportive services for residents who have a communication-related disability (e.g., ASL interpretation, Braille documents, accessible electronic communication), require a reasonable accommodation, and/or have limited English proficiency, including the following:
 - a. Compliance with physical accessibility requirements, program access requirements, and providing reasonable accommodations. Owners of federally assisted housing must ensure that their properties (including common areas, routes, and designated accessible units) comply with all applicable physical accessibility requirements, including under Section 504, the Americans with Disabilities Act, and the Fair Housing Act. Additionally, owners of federally assisted housing must ensure program access for individuals with disabilities, which could include providing auxiliary aides and services for individuals with communication-related disabilities (e.g., ASL interpreters), and are required to provide applicants and residents with disabilities with reasonable accommodations that are needed to enable those individuals to make effective use of the federal program.
 - b. Translation and language interpretation to provide meaningful access to persons who are limited English Proficient (LEP). Owners of federally assisted housing are required to provide translation and language interpretation to comply with Title VI. See <https://www.hud.gov/sites/documents/FINALLEP2007.PDF>

6. Community Partnerships: What community partnerships, if any, the property is using or plans to use to facilitate resident access to supportive services.
7. Resource Terms: How any funding required for providing the services outlined in the plan will remain available over time.
8. Spending Plan: A detailed explanation of how the supportive services funds will be spent and how that fits into the property's comprehensive Supportive Services Plan.

Additional information that may be helpful to owners in developing a Supportive Services Plan is available on HUD Exchange in Service Coordinators in the Multifamily Housing Program section (<https://www.hudexchange.info/programs/scmf/>).

VI. Requests for Supportive Services Funds

The following requirements apply when an owner's operating budget includes supportive services funds, or an owner's plans to request supportive services funds. These requirements are not applicable to Service Coordinator funding, which is addressed in other HUD guidance.

A. Submission Requirements

1. Owners that have supportive services in their operating budget on the effective date of this Notice must ensure their Supportive Services Plan is current (updated within 3 years of the date of this Notice). If not, the owner will submit a Supportive Services Plan within 180 days of the effective date of this Notice, or within 90 days of the date of their next contract renewal if the plan on file with HUD has not been updated within 3 years. An owner with extenuating circumstances beyond their control may request an extension of the time to submit the updated Supportive Services Plan. This may include a natural disaster that is affecting the routine operations of the property or change of ownership of the property within 120 days of the anniversary date of the 202 PRAC contract. An approved extension will allow the funding to continue during the extension period. The extension must be approved by the Regional or Satellite Asset Management Division Director. An owner may evaluate the Supportive Services Plan at the 3-year expiration and if no changes have occurred, provide a certification that the plan is still current for the next 12 months.
2. Owners that are requesting supportive services for the first time must submit an updated or new Supportive Services Plan with their next contract renewal.

B. Process for requesting HUD approval with the submission of the operating budget

1. Follow Chapter 7 of HUD Handbook 4350.1 and subsequent guidance for requesting a budget-based rent increase.
2. Include the supportive services funds expense amount in Line 6900 “Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses” or any future account or subaccount created for this purpose.

C. Threshold conditions

Owners must include the following in their request:

1. The owner’s most recent Supportive Services Plan for the resident community if one of the following conditions applies.
 - a. The Owner has not submitted an updated plan within 3 years since the last submitted Supportive Services Plan or provided a certification that the plan is still current; or
 - b. The Owner is requesting a budget-based increase that includes supportive services; or
 - c. The Owner is changing the spending plan for the supportive services funds.
2. A cover letter (as described in Chapter 7 of HUD Handbook 4350.1) that includes the following information:
 - a. Amount of supportive services funds being requested; and
 - b. A detailed explanation for how the supportive services funds will be spent and how the spending plan fits into the property’s comprehensive Supportive Services Plan. The explanation may describe specific planned expenditures or categories of expenditures as outlined in this Notice.

D. Partial funding requests

Owners are not required to request the full amount of supportive services funds; requests should be aligned with resident needs and resource gaps.

E. No carry-over of funds

Supportive services funds must be spent on eligible supportive services only in the budget year for which they are approved. Owners cannot redirect these funds to other operating expenses. Unspent funds remain project funds and must be deposited into the Residual Receipts account annually and will be subject to 24 C.F.R. § 891.400(e).

F. Funding limits

Pursuant to 24 C.F.R. § 891.225(b)(2), and notwithstanding guidance published in Handbook 4571.3 REV-1, Para 1-8, PRAC funds may be used to cover up to \$15 per unit per month of supportive services costs. For Section 202 Capital Advance properties converting under the Rental Assistance Demonstration (RAD) program, HUD may approve an increase in supportive services up to \$27 per unit per month, if necessary, to provide effective supportive services if supported by a Supportive Services Plan. See Notice H 2019–09, Section 4.4.T.

VII. HUD Review of Supportive Services Funds Spending Plan

- A. Amount requested. The HUD Account Executive (AE) will review the requested supportive services funds amount in the annual operating budget to ensure it does not exceed the amount established by regulation.
- B. Eligibility. The HUD AE will review the proposed supportive services funds expenses to ensure the requested supportive services uses are eligible.
- C. Responsive to needs of residents. The HUD AE will review the explanation of how the proposed expenditure of supportive services funds will address the needs of residents, as described in the Supportive Services Plan.

VIII. Financial Accounting

Owners shall report HUD supportive services funds expenses on the Annual Financial Statement, Statement of Activities (Statement of Profit and Loss) in a subaccount entitled “Other Services” under account 6900—Nursing Homes/Assisted Living/Board & Care/Other Elderly Expenses—or any future subaccount created specifically for supportive services funds expense reporting.

IX. Paperwork Reduction Act

The information collection requirements in this Housing Notice are approved under OMB Approval number 2502-0470, issued under the Paperwork Reduction Act of 1995 (44

U.S.C. 3501-3520). In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Julia R. Gordon

FHA Commissioner - Assistant Secretary for
Housing