



Minimum Percentage of “Frail or At-Risk” Residents in HUD-Assisted Properties: Background on HUD Policy Related to Property Qualifications for Service Coordinator Funding

In late 2022, LeadingAge members in HUD’s Midwest Multifamily Housing region reported HUD field staff discontinuing funding for Service Coordination programs at Section 202 PRACs. According to the HUD field staff, the reason for cutting long-standing Service Coordination programs from Section 202 property budgets was due to apparent non-compliance with HUD’s Service Coordinator policy.

To terminate the Service Coordination programs in question, HUD’s field office cited outdated guidance requiring a property to have a minimum percentage of 25% frail or at-risk residents in order for the property to qualify for Service Coordination funding through the property’s budget. The outdated guidance also required a property to have a minimum of 40 units.

After reviewing HUD guidance, LeadingAge did not find support in current HUD regulation or statute that limits property eligibility for Service Coordination funding based on specific frailty levels or minimum unit count. LeadingAge also disagreed fundamentally with any HUD policy that limits Service Coordination.

LeadingAge pushed back strongly to the cuts at the HUD field office level by assisting impacted properties with budget appeals. At the HUD Headquarters level, LeadingAge advocated with HUD to reverse funding cuts and to establish an official and consistent policy for a property’s eligibility for Service Coordination. Lastly, LeadingAge assisted properties with adjustments to their resident assessments to better reflect the true frailty and risk levels of residents, and to better certify resident need for Service Coordination.

LeadingAge worked with HUD leadership to current the agency’s position on property eligibility for Service Coordinator funding. In September 2023, HUD Headquarters agreed to approve waivers submitted by impacted properties on a case-by-case; HUD also agreed to establish an official position that supports broad Service Coordinator eligibility at properties, regardless of unit count or frailty levels.

LeadingAge will continue our work on this to ensure that all properties have access to Service Coordination, including by clarifying current and future HUD policy related to Service Coordinator funding. We will also continue our work to limit confusion among HUD field staff and promote consistent application of HUD policy. In the meantime, we urge properties to examine methods of resident data collection to ensure the property-recorded data reflects the true needs of older adults, and to request waivers where needed.

Background: Minimum Resident Frailty or At-Risk Requirements

HUD’s 2010 Service Coordinator NOFO and the HUD Handbook 4381.5 provide definitions of frail and at-risk. These definitions are out of date and do not align with more current definitions outlined by other federal agencies:

- “Frail” is defined by HUD as: limitations on 3 or more Activities of Daily Living (ADLs)
- “At-risk” is defined by HUD as: limitations on 1 or 2 ADLs

Frailty and at-risk levels are assessed by Service Coordinators throughout the annual Standards for Success reporting process, which are voluntary for residents and do not reflect the whole property.

A minimum frailty requirement goes against the very goals of the Service Coordinator program, which are in part to help residents age with independently, improve health outcomes, and avoid premature institutionalization, including to take preventative action. Without medical staff at the property, housing providers cannot clinically assess residents, nor are housing providers allowed to require residents to undergo assessments. Lastly, the definitions of “frail” and “at-risk” do not incorporate IADLs, which are the focus of many Service Coordinator programs.

Regulatory and Statutory Basis for Terminating Service Coordination Funding in Property Budgets

LeadingAge research has found regulatory language requiring a minimum of 25% frail or at-risk residents, and the minimum unit count, for properties receiving HUD funding for Services Coordination programs in the following regulatory documents:

- Expired HUD Notice H-93-71 related to Service Coordinator funding out of the budget
- HUD’s 2010 NOFO for Service Coordinator grants, but not in the current renewal guidance for grants
- Chapter 8 of the Management Agent Handbook - 4381.5 - but this references the expired HUD Notice and only partially reiterates the requirement in the current handbook.

LeadingAge did NOT find requirements in the following HUD guidance or regulation:

- The renewal guidance for current Service Coordinator grants
- In the Service Coordinator Resource Guide
- Current, not-expired HUD Notices

Expired HUD Notice H-93-71 was specifically cited by HUD staff in terminating the Service Coordinator funding, and yet the Notice clearly allows housing providers to “estimate” frailty levels among residents.

In addition to outdated regulatory requirements, LeadingAge did not find a statutory basis for establishing the property eligibility requirements. The National Affordable Housing Act (NAHA), Section 808 (https://www.hud.gov/sites/documents/SCP_NAHA101-625.PDF), which references “especially frail” and “principally frail,” but does not stipulate specific property eligibility for Service Coordinator funding.