



# HUD Section 202 PRAC Properties: Supportive Services Fee

## **Background**

HUD regulations ([24 C.F.R. §891.225](#)) make up to \$15 Per Unit Per Month (PUPM) available for the provision of supportive services in Section 202 PRAC properties, **in addition** to the HUD funding for the costs of a service coordinator. The \$15 PUPM costs have already been factored into Operating Cost Standards for properties utilizing OCAF rent increases, but they have to be proactively incorporated into budgets for PRAC properties utilizing a Budget-Based Rent Increase (BBRI) request.

In other words, the Supportive Services Fee is only for 202 PRAC properties, and only for those who proactively request it and get it approved.

## **History**

Due to a lack of HUD guidance implementing the \$15PUPM services fee for Section 202 PRAC properties, very few housing providers have included it in their budgets. When LeadingAge alerted HUD Headquarters to this issue in early 2021, HUD agreed to begin work on guidance for the Section 202 affordable housing portfolio. LeadingAge's Services and Service Coordination Workgroup has since had the opportunity to weigh in on drafts of the HUD notice, and as of early Fall 2022, the guidance is in clearance and expected to be published by HUD soon.

In the meantime, LeadingAge has been working with individual housing providers and with HUD staff to incorporate the Supportive Services Fee into PRAC Budget-Based Rent Increase (BBRI) requests at renewal cycles.

## **How Can the Fee Be Used?**

Broadly, statute ([12 U.S.C. 1701q\(g\)\(1\)](#)) dictates what the \$15 PUPM Supportive Services Fee can be used for: (A) meal service adequate to meet nutritional need; (B) housekeeping aid; (C) personal assistance; (D) transportation services; (E) health-related services; (F) providing education and outreach regarding telemarketing fraud; and (G) other services as the Secretary deems essential for maintaining independent living.

The statute is being interpreted by HUD to include a variety of services at senior housing communities; the fee is NOT for Service Coordination costs, but for developing resident wellness and supportive independent aging in Section 202 PRAC communities. LeadingAge has come to the following conclusions based on our conversations with HUD headquarter and regional staff, and from viewing successful and unsuccessful requests from LeadingAge members:

- **What HUD WILL Approve:** The fee, and the services it supports, should be directly tied to resident wellness. Importantly, the fee is to be used for services geared toward "frail/vulnerable" older adults to support their aging independently; in justifying the fee, owners must demonstrate the need (showing resident demographics and health needs) and justify why HUD funds should cover the service (for example, showing that the service is not offered in the broader community).

This is applied differently throughout the regions. However, we know from our conversations with HUD that the services fee has been approved specifically for homemaking and meal supports, as well as transportation services and technology. For example, the fee could support a service provider who would run nutritional classes, or a bus to bring residents to the grocery store, or technology equipment to facilitate telehealth (NOT for the cost of internet connection). LeadingAge is also aware of areas of emphasis that HUD would like to see, relating specifically to supporting ADLs, IADLs, and telehealth.

- **What HUD Will NOT Approve:** HUD will NOT approve requests for the \$15 PUPM for costs that are not justified/documented as actual projected costs. HUD will also not approve costs that veer into “assisted living” in terms of clinical or medical care. HUD is also unlikely to approve requests for the fee if a provider’s supportive services plan does not include an educational or nutritional element (refreshments at bingo night vs. a class on age-appropriate nutrition strategies to manage diabetes).

### **How to Request the Services Fee?**

PRAC properties build the supportive services fee into their budget through the regular Budget-Based Rent Increase Request (BBRI) at their next cycle (120 days ahead of renewal) with the following components:

- **Budget Line Item:** Currently, there is no unique line item in the PRAC budget packet to include the \$15 PUPM. HUD headquarters has advised LeadingAge that housing providers should add the Supportive Services Fee amount to the Service Coordinator budget line item 6900, regardless of whether the budget includes a Service Coordination program or not (the budget should include a note that the fee amount is separate from the RSC budget). The line item should reflect the sum of actual projected expenses, minus any other leveraged funds, for a total of up to \$15 per HUD-assisted PRAC unit per month.
- **Supportive Services Plan:** HUD expects a supportive services plan that documents the planned services and justifies the costs per unit based on resident characteristics and need. This includes a specific cost outline for each projected expenditure, an narrative for how the services are needed to support independent aging, and an explanation of other (non-HUD) funding and services sources already leveraged by the property that fall short of providing the necessary resident services.

As a first step, we recommend reaching out to your HUD Account Executive to check for specific requirements or expectations from HUD throughout the process; currently, this is a de-centralized process and each region has a separate approach and different expectations for documentation.

### **Sample Supportive Services Fee Plan**

We have developed a sample plan that has been approved by HUD in various regions. LeadingAge encourages housing providers to customize the sample plan at the bottom of this narrative:

- Demographics of the Community (derived from occupancy information)
- Health Conditions (derived from Standards for Success reporting information, if available)
- ADLs and IADLs (also derived from SfS reporting, if available)
- Wellness and Community-Based Programs (tied to resident wellness and independent aging)
- Community Based Resources and Services (describing other partnerships already leveraged, and services still needed)

A remaining component is necessary to request the \$15 PUPM Supportive Services Fee:

- Projected Expenditure Budget (outlining the projected cost, up to \$15 per unit per month, of the services planned to support independent aging)

### **How to Get More Information**

Because there is no detailed guidance available on this yet from HUD, LeadingAge has gathered information from three HUD areas that interact with the Supportive Services Fee:

- **HUD Headquarters**, which broadly sets the tone for approving the fee in budgets;
- **HUD Multifamily Housing Regions**, including HUD’s assigned Account Executives, which implement policy and oversee individual budget increase requests from housing communities within their regional jurisdiction; and
- **HUD’s Office of Recapitalization**, which oversees the services fee for RAD for PRAC converting properties, where the fee is capped at \$27 PUPM rather than \$15 and must be included prior to conversion.

If housing providers have questions about the fee, LeadingAge recommends starting with your property’s assigned Account Executive. LeadingAge can support housing provider members in elevating questions “up the chain” as necessary to get answers and get the fee approved. This includes letting LeadingAge know of any denials of the fee so that we can escalate the issue with HUD at the regional or headquarter level.

### **Statute and Regulation:**

Here is the regulatory language: § 891.225 Provision of Services.

*(a) In carrying out the provisions of this part, HUD shall ensure that housing assisted under this part provides services as described in Section 202 (12 U.S.C. 1701q(g)(1)).*

*(b) (1) HUD shall ensure that Owners have the managerial capacity to perform the coordination of services described in 12 U.S.C. 1701q(g)(2).*

*(2) Any cost associated with this paragraph shall be an eligible cost under the contract for project rental assistance. Any cost associated with the employment of a service coordinator shall **also** be an eligible cost, except if the project is receiving congregate housing services assistance under section 802 of the National Affordable Housing Act. The HUD-approved service costs will be an eligible expense to be paid from project rental assistance, not to exceed \$15 per unit per month. 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 shall not be included in the Total Tenant Payment.*

The code that this paragraph refers to is 12 U.S.C. 1701q(g)(1), which should be interpreted broadly: (A) meal service adequate to meet nutritional need; (B) housekeeping aid; (C) personal assistance; (D) transportation services; (E) health-related services; (F) providing education and outreach regarding telemarketing fraud; and (G) such other services as the Secretary deems essential for maintaining independent living