

*The Frank Melville Supportive Housing  
Investment Act of 2010:*

**HUD Section 811 Supportive Housing for Persons  
with Disabilities Program**

Technical Assistance Collaborative

[www.tacinc.org](http://www.tacinc.org)

# Frank Melville Supportive Housing Investment Act

- ▶ Reforms HUD Section 811 Supportive Housing for Persons with Disabilities program
- ▶ Modernizes and reforms the Section 811 program
- ▶ Emphasizes integrated housing models
- ▶ Creates incentives to link Section 811 rent/operating subsidy funding to other sources of affordable housing capital
- ▶ New Section 811 option for State Housing Agencies, Health and Human Service/Medicaid agencies

# Section 811 Background

- ▶ Outdated 20+ year old HUD supportive housing program
- ▶ Created “single purpose” group homes (8 units or less) and independent living apartments (16 units or less)
- ▶ Only 30,000 units produced in 20 years
- ▶ High Section 811 capital costs – little leveraging of other affordable housing programs
- ▶ Excess bureaucracy and low rating
- ▶ Stagnant appropriation created less than 800 new units nationally
- ▶ Low demand (less than 200 applications per year)
- ▶ Reforms were essential to protect future of Section 811

# How Section 811 Worked Before

- ▶ Section 811 provided non-profit Section 811 sponsors with
  - ▶ Capital Advance to develop the project
  - ▶ Project Rental Assistance Contract (PRAC) for rent subsidies
  - ▶ Tenants pay 30% of income for rent
- ▶ Projects were primarily group homes and independent living complexes exclusively for people with disabilities
- ▶ Supportive services linkages were required but little connection to state disability policy objectives

# Reformed Section 811 Program

- ▶ Melville Act incentivizes integrated supportive housing units in affordable housing projects that leverage other affordable housing capital funds (federal tax credits, HOME funds, State bond funds, etc.)
  - Reduces Section 811 capital funding per unit
  - Produces more units from the Section 811 appropriation provided by Congress
  - Could create 3,000+ units annually

# 3 Section 811 Options

1. **Capital Advance/PRAC option for group homes and independent living apartment**
2. **Project Rental Assistance (PRA) option for State Housing Agencies**
3. **Capital Advance/PRAC option for Multi-Family projects**

# Section 811: Option Two The PRA Option

# New Section 811 PRA Option

- ▶ **Applicant: State Housing Agency**
- ▶ **Goal:** Integrated supportive housing units in affordable housing developments
- ▶ **Mechanism:** Supportive housing partnership agreement between State Housing Agency and State Health and Human Service/Medicaid agencies
- ▶ HUD will provide competitive Section 811 PRA rent subsidy funds to successful HFA applicants
- ▶ No Section 811 capital is provided.
- ▶ State housing agency then selects projects to include Section 811 units
- ▶ No more than 25% of the units in a property can be set-aside for people with disabilities



# New Section 811 PRA Option

- ▶ Section 811 PRA option requires:
  - 30 year use restriction on the units
  - 15 year PRA contract
  - Extremely low income targeting (30% of AMI and below)
  - Tenant rents @ 30% of income
- ▶ State housing agency must have policies to select projects that will receive Section 811 PRA funds. Examples:
  - Qualified Allocation Plan for Low Income Housing Tax Credits
  - Consolidated Plan for HOME funds

# PRA Option Examples

- ▶ New 100 unit Low Income Housing Tax Credit project has 10 Section 811 units including 3 accessible units
- ▶ New 20 unit HOME financed project has 5 Section 811 units
- ▶ Re-financed 40 unit HFA bond-funded rental housing project has 2 Section 811 units
- ▶ New 30 unit rental property owned by a CDC includes 5 Section 811 units financed with CBH capital

# New Section 811 PRA Option:

- ▶ To apply, State Housing Agency must have formal written agreement with Health & Human Services / Medicaid agency which covers:
  - Target population
  - Outreach and referral methods
  - Supportive service commitments
- ▶ HUD will publish proposed regulations in late 2011
- ▶ HUD consulting with HHS

# Next Steps on PRA Option for Advocates

- ▶ Get the word out in your State!
- ▶ Urge Health and Human Services and Medicaid officials to contact the State Housing Agency
- ▶ Relevance to current state initiatives such as:
  - Olmstead lawsuits
  - HHS Money Follows the Person Demonstration program
  - Initiatives to reduce reliance on segregated congregate settings
- ▶ State Housing Agencies may need help “selling” this new program to developers of affordable housing

# Section 811: Option Three The Multi-Family Option

# The Section 811 Multi-Family Option

- ▶ **Permits non-profit affordable housing developers to apply directly to HUD for Section 811 funds:**
  - Capital funds to develop Section 811 units
  - PRAC funds to ensure affordable rents
- ▶ Must be integrated housing
- ▶ No more than 25% of the units in a non-profit affordable housing development can be set-aside for people with disabilities
- ▶ Tenant rents at 30% of income

# New Multi-Family Section 811 Opportunities for Your Organization

- ▶ Partnerships with non-profit housing affordable housing developers in your community
- ▶ Non-profits may be attracted by Section 811 funding
- ▶ Supportive services commitments from community-based providers/state HHS agencies
- ▶ Engage local Housing and Community Development officials
- ▶ Seek their support to expand integrated Section 811 housing in your community
  - ▶ Remind them of their obligation to “affirmatively further fair housing opportunities” for people with disabilities