



## Section 811 Program Frequently Asked Questions (FAQs)

### Part Three: Questions on the Section 811 Multifamily Capital Advance Approach

#### **Question #17: What is the Section 811 Multifamily Capital Advance Approach?**

The Section 811 Multifamily Capital Advance/Project Rental Assistance Contract (PRAC) modernizes the traditional Section 811 model by providing a Capital Advance as well as a Project Rental Assistance Contract (PRAC) to nonprofit developers for the development of integrated permanent supportive housing for very-low-income households with disabilities. Unlike the traditional Section 811 program, under the new Multifamily Capital Advance approach, no more than 25% of the units in the Section 811 project may have occupancy restrictions for non-elderly people with disabilities. As with the PRA approach, this new 25% limitation provides more opportunities for community integration for people with disabilities by including Section 811 units in rental properties that are primarily occupied by households without disabilities.

#### **Question #18: Who is eligible to apply for Section 811 Multifamily Capital Advance funds?**

Only nonprofit organizations are eligible to apply for Section 811 Multifamily/PRAC funding.

#### **Question #19: What are eligible activities under the Multifamily Capital Advance Approach?**

Section 811 funds are provided for Capital Advances and for PRAC, but only for the actual number of units that will be occupied by Section 811 eligible tenants. For example, if there will be 10 Section 811 units in a 50 unit nonprofit rental housing project, Section 811 Capital Advance/PRAC funding can only be provided for those 10 units.

#### **Question #20: How Does Section 811 Multifamily Capital Advance/PRAC funding work?**

Capital advances to purchase existing property or to develop new property, bear no interest and repayment is not required as long as the housing remains available for very-low-income persons with disabilities in accordance with the Section 811 statute for 40 years. The Melville Act requires HUD to use the HOME program cost limits for Section 811 Multifamily projects receiving Capital Advances. In certain cases HUD may:

- Waive those limits under the same circumstances that HUD can waive HOME limits generally;
- Waive the HOME cost limits to provide for the cost of special design features to make the housing accessible to persons with disabilities; the cost of special design features necessary to make individual dwelling units meet the special needs of persons with disabilities; and the cost of providing the housing in a location that is accessible to public transportation and community organizations that provide supportive services to persons with disabilities.

Under the PRAC, HUD makes monthly payments to cover any part of the costs attributed to units occupied by very low-income persons with disabilities that is not met from project income. The amount provided under the contract for each year covered by the contract for any project cannot exceed the sum of the initial annual project rentals for all units and any initial utility allowances for such units.

Multifamily projects that have Low Income Housing Tax Credits (LIHTC) will have an initial contract term of 30 years. Multi-family developments that do not have LIHTC have an initial term of 20 years.

**Question #21: Who can live in units funded under the Multifamily Capital Advance Approach?**

A household composed of one or more persons with a disability who is at least 18 years of age and less than 62 years of age, is low-income (at or below 50% AMI), and who can benefit from the supportive services offered in connection with the housing.

**Question #22: Are there examples of integrated supportive housing properties that are similar to the new Section 811 Multifamily Capital Advance/PRAC approach?**

See <http://811resourcecenter.tacinc.org> and click on 'Toolkit' for supportive housing project profiles that are similar to the new Section 811 PRAC approach.

**Question #23: Are there use restrictions under the Section 811 Multifamily Capital Advance/PRAC approach?**

Any project for which a Capital Advance is provided must be operated for not less than 40 years as supportive housing for persons with disabilities and must be made available for occupancy only by very low-income persons with disabilities (i.e., households with incomes at or below 50% of AMI).