



Modernized Section 811 Multifamily Capital Advance Approach

Overview

The Multifamily Capital Advance/Project Rental Assistance Contract (PRAC) modernizes the traditional Section 811 model by providing capital as well as project rental assistance to nonprofit organizations for the development of integrated permanent supportive housing for very low-income households with disabilities.

Eligible Applicants

Only nonprofit agencies are eligible to apply for the Multifamily Capital Advance/PRAC option.

Eligible Activities

Section 811 funds are provided for Capital Advances and for Project Rental Assistance Contracts.

Capital Advance:

Capital advances, to purchase or rehabilitate 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 for 40 years, in accordance with the Section 811 statute.

The Melville Act¹ requires HUD to use the HOME program cost limits for 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.

Rental Assistance: Under PRAC, HUD makes monthly payments to cover any costs attributed to units occupied by very low-income persons with disabilities that are not met from project income.

¹ The Melville Act is also known as The Frank Melville Supportive Housing Investment Act of 2010, which amends Section 811 of the Cranston-Gonzalez National Affordable Housing Act to improve the program under such section for supportive housing for persons with disabilities.

Eligible Population

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 very low-income (at or below 50% AMI), and who can benefit from the supportive services offered in connection with the housing.

How Integration is Achieved

Multifamily projects receiving Capital Advance grants must limit the number of units targeted to people with disabilities including Section 811 supportive housing units, plus any other units with occupancy preferences for people with disabilities, to 25% of the total number of units in the project.

Use Restrictions

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.

Program Requirements

Applicants for Section 811 funds must provide a description of the support services that will be made available to Section 811 tenants. Applicants must also provide a certification from the appropriate State or local agency that the provision of the support services are well designed to serve the housing and community-based services needs of persons with disabilities as well as a certification from the public official responsible for submitting a housing strategy for the jurisdiction to be served in accordance with Section 105 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705) that the proposed housing is consistent with the approved housing strategy.

Leveraging Requirements

Leveraging of other resources is encouraged by incorporating it as a rating factor in project selection. Project selection will consider the extent to which the per-unit development cost of units to be assisted with Section 811 capital funds will be supplemented with resources from other public and private sources.

Contract Term & Funding

Multifamily projects that have Low Income Housing Tax Credits (LIHTCs) have an initial contract term of 30 years. Multifamily developments that do not have LIHTCs have an initial term of 20 years. The contract provides funding for 5 years, with renewal funding subject to appropriation.

For More Information

To view project profiles, Frequently Asked Questions (FAQs), a summary of Section 811 Program reforms, and legislative language, visit <http://811resourcecenter.tacinc.org> and click on 'Toolkit'.