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Webinars

The Frank Melville Supportive Housing Investment Act of 2010:

Revitalizing HUD Section 811 Supportive Housing for Persons with Disabilities Program

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Frank Melville Supportive Housing Investment Act

- > Reforms HUD Section 811 Supportive Housing for Persons with Disabilities program
- > Modernizes and reforms the Section 811 program
- > Emphasizing integrated housing models
- > Creating incentives to link Section 811 rent/operating subsidy funding to other sources of affordable housing capital
- > New Section 811 option for State Housing, Medicaid/HHS agencies



Section 811 Background

- > Troubled 20+ year old program
- > Created “single purpose” group homes (8 units or less) and independent living apartments (16 units or less)
- > Outdated law, excess bureaucracy and low rating
- > Stagnant appropriation created less than 800 new units nationally
- > Low demand (less than 200 applications)
- > Reforms essential to protect future of Section 811



How Section 811 Worked

- > Capital Advance/PRAC Program (30,000 units)
- > Non-profit sponsors
- > “Single purpose corporation”
- > Supportive services Certification
- > Little connection to state policy
- > Tenant Based Assistance through the Mainstream Voucher program (14,800 vouchers)



Reformed Section 811 Program

- > Melville Act incentivizes integrated projects that leverage other capital funds including federal tax credits, HOME funds, State bond funding, etc.
 - Leveraging reduces Section 811 capital funding per unit
 - Leveraging produces more units from the Section 811 appropriation provided by Congress



Reformed Section 811 Program

- > Shifts Mainstream vouchers to Section 8 HCV program
 - Vouchers remain targeted to people with disabilities
- > Reforms Section 811 Capital Advance program
- > Creates new “stand alone” Section 811 Project Rental Assistance (PRA) option
- > Could fund 3,000+ new Section 811 units



3 Section 811 Options

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



How Will Reformed Capital Advance/PRAC Options Work?

- > Both Capital Advance and PRAC funds will be provided to non-profit Section 811 sponsors
- > Option 1: “Single purpose” group homes and independent living apartment projects still permitted
- > Option 2: Creates new category of integrated “Multi-Family” 811 project:
 - May not have more than 25% of the units set-aside for people with disabilities
 - Example: 40 unit project could contain 10 Section 811 units



New Multi-Family Section 811 Opportunities

- ▶ Partnerships with non-profit housing developers similar to Massachusetts CBH program model
- ▶ Non-profits may be attracted by Section 811 Capital Advance/PRAC funding
- ▶ Capital Advance incentives for Section 811 “gap” financing
- ▶ Housing and community development officials can “affirmatively furthering” fair housing goals by supporting Section 811 Multi-family option projects



New Section 811 PRA Option

- ▶ Applicant: State Housing Finance Agency
- ▶ Goal: Supportive housing partnership agreement between State Housing Finance Agency and State Health/Human Service/Medicaid agency
- ▶ Only Section 811 PRA funds will be provided
- ▶ State housing agency 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

> PRA requires

- 30 year use restriction
- 15 year PRA contract
- Income 30% of AMI and below

> State housing agency selects projects to include Section 811 units

- Tax credit projects, HOME projects, etc



Examples of New PRA Option

- > New 100 unit Low Income Housing Tax Credit project has 10 units 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 HFA must have formal agreement with Health & Human Services/Medicaid agency which covers:
 - Target population
 - Outreach and referral methods
 - Supportive service commitments
- > HFA not required to identify projects in HUD application
- > HFA must have “criteria” for eligible projects – as determined by HUD Secretary –



New Section 811 PRA Option

- > HUD criteria for eligible projects likely to include provisions within:
 - Low Income Housing Tax Credit Qualified Allocation Plan
 - HOME Consolidated Plan
 - State bond-financing legislation

- > 1,000 - 2,000 new Section 811 units each year



Next Steps on PRA Option

- > Plan for HFA-HHS/Medicaid agreement, QAP and Consolidated Plan modifications, etc.
- > MFP? Other relevant initiatives?
- > Assess affordable housing project “pipeline” for likely Section 811 units
- > Begin “marketing campaign” with HFA, developers for PRA option
- > Analyze Capital Advance/PRAC Multi-Family option



HUD Suggested PRA Timeline

- > May-July: HUD drafts Proposed Rule
- > Aug-Sept: Public Hearing/Comment
- > December: Publish Final Rule
- > January: Invite HFA applications for PRA
- > March: Select PRA participants
- > March: Publish FY 2012 NOFA
- > April: Enter into PRA Agreements



NOFAs

- > FY 2010 NOFA published April 8th
 - New Multi-family option included

- > FY 2011 NOFA?

- > FY 2012 NOFA will include new Section 811 options



Section 811 Appropriations

- > FY 2010: \$300 million (a \$50 million increase)
- > FY 2011: \$186 million
- > FY 2012: President requested \$196 million
 - Results in an 5% increase because of Mainstream voucher shift
 - Could fund 2,000 – 3,000+ new units using new Section 811 options