



The Frank Melville Supportive Housing Investment Act: Section 811's New "Project Rental Assistance (PRA)" Authority

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SERVING A VULNERABLE POPULATION

Supportive Housing for Persons with Disabilities Program (Section 811)

- HUD has assisted approximately **30,000 units** assisted over **20 years** since the program's inception in 1990.
- Median household income for assisted households is **\$9,204**.
- Households served include **developmentally disabled, physically disabled, and mentally ill** persons.





SERVING A VULNERABLE POPULATION

Supportive Housing for Persons with Disabilities(Section 811)

- Provides capital advances to nonprofit organizations to develop rental housing with available supportive services for very low-income adults with disabilities, and provides rent subsidies to make projects affordable for the long-term
- Types of projects funded include:
 - Group homes (8 units or fewer)
 - Independent living complexes (16 units or fewer)
 - Condominium/cooperative units (owned by Section 811 sponsor)





FRANK MELVILLE SUPPORTIVE HOUSING INVESTMENT ACT

Amends Section 811 to provide for three types of investments by HUD:

1. Maintains traditional funding of **group homes** and **independent living complexes** developed by non-profit Section 811 sponsors (both capital subsidy and operating assistance)
2. Creates new emphasis on **multifamily housing** to encourage nonprofit sponsors to set-aside up to 25% of the units in a larger housing development for Section 811 supportive housing units developed and owned by a nonprofit sponsor (both capital subsidy and operating assistance)





FRANK MELVILLE SUPPORTIVE HOUSING INVESTMENT ACT

Three Types of Investments (Cont.):

1. Creates new **Project Rental Assistance (PRA)** authority which allows HUD to delegate award and oversight of Section 811 operating assistance to States which 1) can fully fund the initial costs of the Section 811 units without capital from HUD and 2) demonstrate a strong collaboration with their health and human service agency counterpart to comprehensively address the needs of persons with disabilities. States can only use this funding in the context of larger multifamily projects where the Section 811 units constitute no more than 25% of total units.





PROJECT RENTAL ASSISTANCE (PRA)

Key Provisions:

- **State housing finance (or other appropriate) agencies apply for allocations of Section 811 funding**
 - Specific projects need not be identified at time of application
 - Award amount could be based on a number of units or total funding
- **State or local housing agency awards Section 811 operating assistance to projects**
 - Operating assistance is minimum 15 year terms with first five-years pre-funded
 - 30 year use restriction
 - Must be receiving capital funding from housing agency (eg, LIHTC or HOME)
 - No Section 811 funds may be used for development costs





PROJECT RENTAL ASSISTANCE (PRA)

- **Selection criteria for projects to be specified by HUD**
 - No more than 25% of units in any building funded may be set-aside as supportive housing for persons with disabilities
- **Households served must include one person with a disability and be extremely low income at 30% of Area Median Income or less**
 - Agencies may target awards of funding to serve persons with disabilities that have been designated by the state as high need
- **State agency responsible for health and human services which administers the State Plan for medical assistance under the Social Security Act must:**
 - identify the target populations to be served by the project;
 - set forth methods for outreach and referral; and
 - make available appropriate services for tenants of the project.





DRAFT TIMELINE FOR PRA IMPLEMENTATION

April 2011	STAKEHOLDER ENGAGEMENT <ul style="list-style-type: none"> • Listening session at HUD
May - July	<ul style="list-style-type: none"> • HUD Drafts Proposed Rule • Proposed rule published in federal register with 60 day public comment
August - September	STAKEHOLDER ENGAGEMENT <ul style="list-style-type: none"> • Public hearing at HUD and in field • Request for written comment
October - December	<ul style="list-style-type: none"> • Incorporate comments and draft final rule • Publish final rule
January, 2012	<ul style="list-style-type: none"> • Invite applications from housing finance or other appropriate agencies for Project Rental Assistance (PRA) authority
March	<ul style="list-style-type: none"> • Select participants in PRA authority • Publish Fiscal Year 2012 Notice of Funding Availability
April	<ul style="list-style-type: none"> • Enter into agreements with agencies for PRA authority





DISCUSSION QUESTIONS

The legislation provides for “state housing agencies or other entities” to apply for PRA authority. Should HUD make this authority available to state health and human service agencies or just state housing agencies? Should HUD make this authority available to sub-state entities, such as cities or metropolitan area agencies?





DISCUSSION QUESTIONS

Should PRA funds be awarded through a competitive NOFA (with a limited number of participating states each year) or should HUD allow all administering agencies who demonstrate conformance with the PRA requirements to participate?





DISCUSSION QUESTIONS

What level of guidance and oversight should HUD provide for participating agencies for the award of funds? Should HUD restrict the types of entities that allocating agencies can provide funds to? Should HUD require that operating assistance offered under the PRA be similar to PRAC, allow for a debt service component similar to Section 8, or be more flexible?





DISCUSSION QUESTIONS

What level of guidance should HUD provide for administering agencies for the ongoing oversight and compliance of funded projects? Should HUD hold administering agencies to the same standards for processing, construction oversight, and reporting as would be applicable for traditional Section 811 sponsors or are there other models that would be more appropriate?





DISCUSSION QUESTIONS

An agency must be identified to “administer or supervise the administration of the State plan for medical assistance under title XIX of the Social Security Act”. What are the range of agencies that HUD should consider? For states that wish to qualify for a delegation of PRA, how should the collaboration between the state housing agency and the state health care agency be documented?





DISCUSSION QUESTIONS

For projects that would be funded under the PRA, what does that collaboration look like? Should HUD require services to be identified prior to award of PRA or on a project by project basis? How should HUD confirm that the services are appropriate to the population being served? Should HUD detail the kinds of funding streams (eg, Medicaid home and community based waivers) that must be evidenced?





DISCUSSION QUESTIONS

The legislation requires the administering agency to identify the “population” to be targeted. What kinds of disabled populations should HUD allow administering agencies to target? How narrow can administering agencies make this determination and to what extent should flexibility be provided if administering agencies realize they are too narrowly focused? And should administering agencies allow property owners to change their designations over time?





DISCUSSION QUESTIONS

Which are examples of best practices at the state and local level where operating assistance is provided for a set-aside of units in a larger affordable housing development to allow for supportive housing for persons with disabilities?





Please watch our website for news and updates:

<http://www.hud.gov/offices/hsg/hsgmulti.cfm>

**With further questions and inquiries on PRA Implementation efforts,
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