



HUD Section 811 Reform Update

Lisa Sloane

Technical Assistance Collaborative

August 10, 2011

Workshop Agenda

- What is the Section 811 Supportive Housing for Persons with Disabilities Program?
- FY10 /FY11 Section 811 NOFA
- Melville Act: Section 811 Reforms
- New PRA Option
- Opportunities and Strategies

What is the Section 811 Supportive Housing for Persons with Disabilities Program?

- U.S. Department of Housing and Urban Development (HUD) provides funding to nonprofit organizations to develop rental housing with the availability of supportive services for very low-income adults with disabilities.
- The project must make support services available. However, use of services by a tenant is voluntary.
- Section 811 target population is a sub-population of very low income people with disabilities eligible for HUD subsidy programs.

Section 811 Timeline: 1990-2001

1990	Section 811 (People with Disabilities) separated from Section 202 (Elders)
1991 – 2001	1600 projects with 15,500 units developed
As of 2001	<ul style="list-style-type: none">•65% of projects contained between 8 and 24 units•32% of projects were 8 units or less

How Section 811 Worked

- Section 811 Capital Advance/PRAC Program
 - Capital funds to develop the housing
 - Renewable project-based rental assistance to operate the housing and ensure tenants pay only 30% of income for rent
- Tenant Based Assistance through the Mainstream Voucher program (14,800 vouchers)

Section 811 Issues: Capital/PRAC

- Outdated statute; 20+ year old program which created “single purpose” housing, primarily group homes and independent living facilities
- Only non-profit sponsors were eligible
- Sign-off on supportive services required from state; little connection to state policy
- Extensive HUD bureaucracy
- Low demand (less than 200 applications nationally);
- Low Office of Management and Budget (OMB) score
- Stagnant appropriations; fewer than 1,000 new Section 811 units created annually since 2005

Section 811 Issues: Mainstream Program

- Administered as Section 8 tenant-based Housing Choice Voucher (HCV) by PHAs but renewed from Section 811 appropriation
- Some PHAs did not keep track of Mainstream vouchers

FY10 + FY11 Combined 811 NOFA

HUD	UNITS	HUB	UNITS
Boston	51	Columbus	41
New York	59	Detroit	38
Buffalo	22	Minneapolis	30
Philadelphia	84	Ft. Worth	129
Baltimore	46	Kansas City	58
Greensboro	53	Denver	31
Jacksonville	103	San Francisco	84
Atlanta	100	Los Angeles	86
<u>Chicago</u>	<u>66</u>	<u>Seattle</u>	<u>40</u>
TOTAL	1,121 units		

Frank Melville Supportive Housing Investment Act

- Reforms HUD's Section 811 Supportive Housing for Persons with Disabilities Program
- Bipartisan legislation signed into law on January 4, 2011
- Modernizes and reforms the Section 811 program by:
 - Emphasizing integrated housing models
 - Creating incentives to link Section 811 rent/operating subsidy funding to other sources of affordable housing capital (tax credits, HOME funds, etc)
 - Implementing new 811 option targeted to state housing agencies and state Medicaid agencies

Reformed Section 811 Program

- Shifts Mainstream vouchers to Section 8 HCV program
 - Vouchers remain targeted to people with disabilities
- Reforms Section 811 Capital Advance/PRAC program (2 options)
- Creates new Section 811 Project Rental Assistance (PRA) option
 - PRA funding to State HFAs in partnership with Medicaid
- Could fund 2,000 – 4,000 new units annually depending on appropriations

3 Options in Reformed Section 811 Program

1. Capital Advance/PRAC option for group homes and independent living apartments
2. Capital Advance/PRAC option for Multi-Family projects (includes condos and cooperatives)
3. PRA option for States

Options 2 and 3 will provide more integrated housing opportunities

How Will Reformed Capital Advance/PRAC Option Work?

- Income limit = 50% of AMI
- Both Capital Advance and PRAC funds will be provided
- Applicants must be non-profits
- “Single purpose” group homes and independent living apartment projects still permitted
- Creates New Multi-Family Capital/PRAC option to promote community integration
 - Multi-family projects may not have more than 25% of the units set-aside for people with disabilities
 - Examples:
 - A Community Development Corporation creates a 40 unit rental project with 10 Section 811 units
 - A non-profit housing organization creates a 20 unit project with 3 Section 811 units including 1 barrier free unit

How Will Reformed Capital Advance/PRAC Option Work?

- Melville Act incentivizes integrated projects that also leverage other capital funds including:
 - Federal Low Income Housing Tax Credits
 - HOME funds
 - State Housing Trust funds
- Leveraging reduces Section 811 capital funding per unit
- Leveraging produces more Section 811 units from the appropriation provided by Congress

Multi-Family Section 811 Opportunities

- Partnerships with non-profit housing developers
- State/local housing officials can help identify non-profits
- Non-profits may be attracted by Section 811 Capital Advance/PRAC funding
- Multi-family option can help local governments “affirmatively furthering” fair housing goals
- Service providers will need to establish partnerships with housing providers

New Section 811 Project Rental Assistance (PRA) Option

- Goal: Supportive housing partnerships between State Housing Agencies and State Health/Human Service/Medicaid agency
- PRA funds will be provided by HUD to State Housing Agencies
- State Housing Agencies will commit PRA funds to affordable housing properties
 - Provides only HUD Section 811 PRA rent subsidy
 - Affordable housing created through State Housing Agencies, e.g. LIHTC, HOME, bond financing, etc.

The PRA Option

- No more than 25% of the units in any property can be set-aside for people with disabilities
- Examples:
 - A 100 unit LIHTC project financed by the State Housing Agency could have 25 Section 811 PRA units
 - A 40 HOME funded project financed by the State Housing Agency could have 2 accessible units funded with Section 811 PRA
 - A 60 unit LIHTC/HOME project financed by the State Housing Agency could have 6 Section 811 PRA units, including 3 accessible units
- Supportive housing units will be owned by affordable housing providers not service providers or affiliates

How PRA Will Work

- State Housing Agency will apply to HUD
- State Housing Agency will select new or existing properties for the Section 811 PRA rental assistance, e.g. Housing Agency may select 10 properties, with 10 units each
- Accessible units could be one priority

Section 8 I I State Housing Finance Agency/Medicaid Agreement

- For PRA Option, State Housing Agency required to enter into an Agreement with the State Medicaid/Human Services Agency
- Agreement 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; use of services is voluntary

Target Population and Services

- Intentional linkage in Melville Act to Medicaid
- If you identify target population by their eligibility for certain Medicaid or comparable state appropriated long-term care services, you have also identified the services.
- Target population: People who can be expected to need/benefit from long-term services and supports
- Services: The types of services provided through Home and Community Based and similar Waivers

Section 811 Appropriations FY 2010 and FY 2011

- FY 2010 Appropriation = \$300 million (a \$50 million increase from FY 2009)
- FY2011 Appropriation = \$50 million for new units
- FY 2010 Notice Of Funding Availability (NOFA)
 - was due June 23, 2011
 - included money from both FY10 and FY11 appropriations

FY 2012 Appropriations

- Melville Act authorizes \$300 million
- The Presidents FY 12 budget proposal = \$195 million
 - \$111 million for new units
 - \$85 million to renew existing PRAC contracts
 - shifts Mainstream Vouchers to HCV program

Timing

- FY 2010/2011 NOFA: was due 6/23/11
- HUD Proposed Rule on new Section 811 options published: Fall 2011
- Comment period: 60-90 days
- Final Rule published: early 2012
- FY 2012 Section 811 NOFA: Spring of 2012??

Advocacy: PRA Option

- Inform state housing and human services officials
- Urge State to convene a workgroup to plan for Housing/Medicaid agreement
- Assess housing project “pipeline” for likely Section 811 units
 - Non-elderly projects
 - Smaller bedroom units might be a priority
 - Locations
- Begin marketing PRA concept with developers
- Participate in QAP and Consolidated Plan hearings

Federal Advocacy

- Advocate with Senators and Representatives for \$300 million in FY12 Appropriation
- Comment on draft Section 811 regulations Fall 2011

Contact Information

Lisa Sloane

lsloane@tacinc.org

(617) 266-5657 ext. 128