



CONTACT:

H.R. 5772: FRANK MELVILLE SUPPORTIVE HOUSING INVESTMENT ACT OF 2008
KEY PROVISIONS AND CHANGES TO CURRENT SECTION 811 PROGRAM

Issue	Current Law and Practice	H.R. 5772
Program Transfer of Tenant-Based Rental Assistance	HUD is authorized to administer a Mainstream Tenant-Based Rental Assistance under which Section 811 Supportive Housing funds may be issued to PHAs and non-profits to provide tenant-based rental assistance.	H.R. 5772 terminates the Mainstream program and transfers current Mainstream vouchers and all future incremental vouchers for people with disabilities to the Section 8 Housing Choice Voucher program. Authorizes appropriations equal to 2008 amounts for incremental vouchers serving people with disabilities.
Reissue of Vouchers at Turnover	Appropriations bills for specific years require PHAs to reissue vouchers for non-elderly people with disabilities on turnover to qualified non-elderly disabled families; Section 811 is silent. HUD has required PHAs to track vouchers for people with disabilities only since 2004.	The requirement to reissue vouchers for non-elderly people with disabilities on turnover to qualified non-elderly disabled families is made permanent and applies to all vouchers issued by HUD since 1992.
Renewal of Project Rental Assistance Contracts (PRAC)	HUD is authorized to renew expiring PRAC for 5 year terms, with no provision for increases to account for higher operating costs.	PRAC may renew for 5 years, increased when needed to pay for project costs, supportive services, and service coordinators. Allows for emergency increases during the contract term for conditions outside of owner's control.



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Use Restrictions	Projects must remain supportive housing for 40 years.	Continues 40 year supportive housing use restriction. Authorizes HUD to permit conversion of a development to housing for very low-income people with disabilities if the development is no longer needed as supportive housing. Prohibits use of Section 811 funds to replace State or local funds used to provide housing for people with disabilities.
Facilitating Mixed-Finance Development with Low-Income Housing Tax Credits (LIHTC)	Projects may be developed as mixed-financed housing with capital advances and PRAC combined with LIHTC if the owner is controlled by a general partner that is wholly owned by a non-profit organization.	Requires PRAC renewal for a 30 year term where a project is assisted with LIHTC or tax-exempt bonds. Permits mixed-finance LIHTC development where general partner is controlled by a non-profit.
Facilitating Integrated Housing Opportunities	Housing may be developed as multifamily housing solely for people with disabilities, as group homes with shared living arrangements 8 people, or as independent living facilities for 24 people. HUD may approve higher number of occupants in group homes and independent living facilities.	Limits the number of Section 811 units in a multifamily development to 25% of all units. Group homes must provide a separate bedroom for each tenant. HUD authority to increase project size in groups homes and independent living facilities repealed. Requires HUD to set aside a minimum percentage of capital advance funds for multifamily housing.
Delegated Processing	HUD is the sole agency with the authority to process applications for Section 811 capital funding and PRAC.	Requires HUD to delegate multifamily processing to qualified state agencies that provide other sources of financing for a project while preserving HUD processing authority where no state agency applies for



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		or qualifies for delegation authority. For applications processed by State agencies, HUD retains authority to approve rents and development costs.
Leveraging Other Resources	Leveraging permitted but not encouraged.	In scoring competitive applications for Section 811 funding, HUD must consider the extent to which development and operations will be assisted with other private and public sources of financing.
Eligibility for Occupancy	Eligible applicants include any person with disabilities living with another person with disabilities, or another person essential to their care and well-being. Subject to HUD approval, occupancy may be limited to people with similar disabilities.	Limits eligibility to non-elderly people with disabilities living with another person with disabilities, or another person essential to their care. Repeals HUD authority to approve occupancy limitations based on category of disability, but allows HUD to limit occupancy to people with disabilities who can benefit from the services offered in connection with the housing.
Participation in Supportive Services and Resident Leasing Protections	Under HUD guidance, residents may decline or arrange services on their own and are protected with leases that are terminated only for good cause.	Adopts protections similar to HOME program by requiring leases of at 1 year and termination only with 30 days notice for good cause. Codifies existing HUD guidance by permitting residents to assume responsibility for choosing, acquiring, and directing services on their own, accepting services offered in connection with the housing, or declining services.



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Development Cost Limits	HUD establishes construction cost limits for group homes, multifamily housing, and independent living facilities based on factors like acquisition and construction costs, the cost of special design features, and other items.	HOME program cost standards apply. Limits may be waived to account for special design features, and to address added costs associated with providing housing accessible to public transportation and community based supportive services.
PRAC-Only Demonstration Program	No provision.	Authorizes a PRAC-only demonstration program through partnerships between State housing finance agencies and Medicaid agencies providing community based services. Projects must combine PRAC with LIHTC, HOME or other Federal, State, or local sources of financing in settings where supportive housing is no more than 25% of all units.
Technical Changes to Promote Permanent Housing	Current definition of “person with disabilities” is more narrow than definition in other HUD programs. “Supportive housing” is defined as a “special needs” program.	Amends definition of “person with disabilities” to make it consistent with the definition in other HUD programs. Amends “supportive housing” to include only <i>permanent</i> housing designed to meet the needs of people with disabilities.