



Section 811 Project Rental Assistance (PRA) Option for State Housing Agencies

Overview

The Melville Act¹ authorizes a new and innovative Section 811 Project Rental Assistance (PRA) option to promote the creation of integrated permanent supportive housing units. The PRA option is the first federal 'stand alone' project-based rental assistance approach to help governments systematically and efficiently create integrated and highly cost-effective supportive housing units in affordable rental housing developments. Section 811 PRA units are projected to cost 60-80% less than traditional Section 811 units – and will leverage the development of thousands more units of permanent supportive housing each year.

Eligible Applicants

According to the statute, eligible applicants for PRA funds are State Housing Finance Agencies and other appropriate entities.² The PRA option also requires that a formal Section 811 partnership be established between the eligible applicant for the PRA funds and the state health and human services agency responsible for the administration or supervision of the State Plan for medical assistance under title XIX of the Social Security Act (i.e. the State Medicaid Plan).

Eligible Activities

PRA funds can only be used as rental assistance. Capital Advances are not an eligible activity.

Eligible Projects

Eligible projects will be selected by the State Housing Finance Agency (or other eligible applicant as determined by the HUD Secretary) and can be either new or existing multifamily developments in which the development costs are paid for with other public or private sources, including projects that have a commitment of federal Low Income Housing Tax Credits, HOME funds, or other commitments of funding from federal, state, or local government or any other source. Project owners can be nonprofit or for-profit developers.

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 extremely low-income (30% AMI), and who can benefit from the supportive services offered in connection with the housing.

¹ "The Melville Act" is 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.

² The final rule published by HUD will most likely clarify "other appropriate entities".

How Integration is Achieved

To ensure community integration goals are achieved under the PRA option, the statute specifies that the number of units of supportive housing for persons with disabilities (including those to which any occupancy preference for person with disabilities applies), in any multifamily housing project containing PRA funds, may not exceed 25 % of the total units in the housing project.

Use Restrictions

PRA units must be operated as supportive housing for persons with disabilities for not less than 30 years.

Partnership Requirements

The PRA option requires a joint state agency partnership, between the State Housing Finance Agency (or other appropriate entity as determined by the HUD Secretary) and the state health and human services agency as well as (if different) the state agency responsible for the administration of the State Medicaid Plan. The State Housing Finance Agency must have a **formal written agreement** with the state health and human services/ Medicaid agency. This agreement must address:

- The target population to be served.
- Outreach and referral methods for reaching the target population.
- Supportive service commitments for tenants.

Leveraging Requirements

The PRA option requires that Section 811 units are set-aside in new or existing multifamily developments in which the development costs are paid for/leveraged from other public or private sources, including projects that have a commitment of federal Low Income Housing Tax Credits, HOME funds, or other commitments of funding from federal, state, or local government or any other source. Capital advances are not allowed under the PRA option.

Contract Term & Funding

HUD's PRA contract will have a term of not less than 15 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'.