



## H.R. 5772 – Frank Melville Supportive Housing Investment Act of 2008

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### FLOOR SITUATION

H.R. 5772 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Christopher Murphy (D-CT) on April 10, 2008. The Committee on Financial Services ordered the bill to be reported, as amended, by voice vote on July 30, 2008.

H.R. 5772 is expected to be considered on the floor of the House on September 17, 2008.

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### BACKGROUND

The Department of Housing and Urban Development's (HUD) Section 811 program allows persons with disabilities to live independently in the community by increasing the supply of affordable rental housing with the availability of supportive services. Capital advances are made to eligible nonprofit sponsors to finance the development of rental housing with the availability of supportive services for persons with disabilities. The advance is interest free and does not have to be repaid if the housing remains available for very low-income persons with disabilities for at least 40 years. HUD also provides project-based assistance through the Project-Based Rental Assistance Contract (PRAC), which covers the difference between the HUD-approved operating cost and the amount residents pay in rent.

Section 811 is the only Federal housing program solely dedicated to assisting very low-income people with serious and long-term disabilities. Recently, Congress has maintained the same funding level of \$237 million for Section 811. The Administration has proposed significant cuts to the program by requesting \$160 million for fiscal year 2009. The number of supportive housing units produced declined to 700 and 1,008 units in 2006 and 2007 respectively, as opposed to over 3,000 units per year in the 1990s. Reasons for this decline include application processing problems, cost inefficiencies, and outdated barriers for the program.

[Department of Housing and Urban Development – Section 811](#)

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### SUMMARY

**Tenant-based Rental Assistance:** The bill transfers all existing tenant-based Mainstream vouchers, and any future incremental vouchers for disabled persons to the Section 8 Housing Choice Voucher program. H.R. 5772 authorizes such sums as necessary for fiscal year 2009 to provide this tenant-based assistance. The Secretary of Housing and Urban Development is required to give guidance to public housing agencies to ensure that these vouchers are provided to qualified persons with disabilities.

**Modernized Capital Advance Program:** The bill modernizes the Capital Advance Program. H.R. 5772 requires the Secretary, when renewing project-based rental assistance contracts, to adjust the annual contract amount to account for reasonable cost increases. The bill also lengthens the initial contract term for projects assisted with low-income housing tax credits or bonds from 20 to 30 years. This provision prohibits the use of Federal funds to replace State or local funds.

The bill states that the Secretary must delegate processing of Section 811 multi-family projects that provide funding apart from the capital advance program to a qualified state or local agency. The delegated processing agency may charge a reasonable fee for processing, which will be included in the capital advance amount. If no State or local housing finance agency has applied or agreed to serve as a delegated processing agency, the Secretary may continue to process capital advances.



In addition, the bill makes changes to the program to encourage integration and mixed-use developments, such as Low-income Housing Tax Credits (LIHTC). Housing units that are already being built using such funds may receive Section 811 monies to have up to 25% of the total units be supportive housing for people with disabilities.

Project Rental Assistance Competitive Demonstration Program: The bill authorizes a new demonstration program which will award project-based rental assistance contracts for the creation of supportive housing for people with disabilities within larger multifamily housing projects. Specifically, up to 25 percent of the total number of units per project may be for people with disabilities. The initial contract between HUD and an eligible project is for 15 years, with 5-year renewals. The demonstration program would include the creation of 2,500 incremental dwelling units under such program for 2008 and 2009 and 5,000 incremental dwelling units under the demonstration program for fiscal years 2010-2012. Projects must provide supportive housing for people with disabilities for at least 30 years under this provision. The bill authorizes such sums as are necessary for carrying out the demonstration program for 2008-2012.

Other Provisions: H.R. 5772 requires the Secretary to issue regulations for implementing the Act within 180 days. GAO is directed to study the number of households assisted by Section 811, and the extent to which they have access to supportive services. The Secretary must report to Congress five years after enactment on the demonstration program's effectiveness.

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#### COST

The Congressional Budget Office (CBO) estimates that implementing H.R. 5772 "would cost \$652 million over the 2009-2013 period, assuming appropriation of the necessary amounts."

[Full CBO Cost Estimate](#)

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#### STAFF CONTACT

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