



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

September 11, 2008

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

*As ordered reported by the House Committee on Financial Services  
on June 30, 2008*

**SUMMARY**

H.R. 5772 would amend the Cranston-Gonzalez National Affordable Housing Act to make changes to a housing program that provides supportive housing for low-income persons with disabilities.

CBO estimates that implementing H.R. 5772 would cost \$652 million over the 2009-2013 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues.

H.R. 5772 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would be incurred voluntarily.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 5772 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars					2009- 2013
	2009	2010	2011	2012	2013	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Modernized Capital Advance Program						
Estimated Authorization Level	167	170	173	176	0	686
Estimated Outlays	7	40	71	114	134	366
Renewal of Mainstream Tenant-Based Vouchers under Section 8 Program						
Estimated Authorization Level	106	0	0	0	0	106
Estimated Outlays	92	14	0	0	0	106
Project Rental Assistance Competitive Demonstration Program						
Estimated Authorization Level	11	33	55	79	0	178
Estimated Outlays	6	23	45	68	36	178
Delegated Processing Fees						
Estimated Authorization Level	0	*	1	1	0	2
Estimated Outlays	0	*	1	1	*	2
Total Changes						
Estimated Authorization Level	284	203	229	256	0	972
Estimated Outlays	105	77	117	183	170	652

Note: \* = between zero and \$500,000.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5772 will be enacted near the start of fiscal year 2009, that the necessary amounts will be appropriated each year, and that outlays will follow historical spending patterns for existing programs. (H.R. 5772 also would authorize appropriations in 2008 for supportive housing for the disabled; however, those amounts are not included in this cost estimate because CBO assumes that no further appropriations will be provided in 2008 for such programs.)

The Supportive Housing for Persons with Disabilities program was established by the Cranston-Gonzalez National Affordable Housing Act of 1990. The program currently makes capital grants and project rental assistance available to nonprofit entities to develop affordable housing for low-income households headed by people with disabilities. In addition, the program currently funds tenant-based vouchers for such households. Prior to

1990, housing units for persons with disabilities were made available under the Housing for the Elderly program.

### **Modernized Capital Advance Program**

Section 3 would authorize the appropriation of such sums as necessary for each of fiscal years 2008 through 2012 for the Capital Advance/Project Rental Assistance Contract program. In 2008, \$162 million was made available for that program. Based on data from the Department of Housing and Urban Development (HUD) for current operations, and adjusting for inflation, CBO estimates that implementing this section would cost \$366 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

### **Renewal of Mainstream Tenant-Based Vouchers under Section 8 Program**

Section 2 would transfer all current vouchers under the supportive housing program and all future incremental vouchers for people with disabilities to the Section 8 housing choice voucher program. The bill would authorize the appropriation of such sums as necessary in 2009 to provide funding for the number of vouchers provided in fiscal year 2008 under the current mainstream voucher program. In 2007, HUD provided about 15,000 vouchers at an average cost of \$540 a month; the numbers for 2008 are not yet available. Adjusting for inflation, CBO estimates that providing the same number of vouchers in 2009 would cost \$106 million over the 2007-2010 period, assuming appropriation of the necessary amounts.

### **Project Rental Assistance Competitive Demonstration Program**

Section 4 would authorize a new demonstration program for project-based assistance to subsidize housing units developed with funds not provided under the supportive housing program, including units developed through the Low-Income Housing Tax Credit and the HOME Investment Partnerships Program. Specifically, the bill would authorize the appropriation of such sums as may be necessary to provide 2,500 incremental dwelling units in each of fiscal years 2008 and 2009 and 5,000 incremental dwelling units in each of fiscal years 2010, 2011, and 2012. Based on information from HUD, CBO estimates that beginning in 2009, 2,500 units would receive such rental assistance at an average cost of about \$4,200 per unit, reaching a cumulative total of 17,500 units in 2012. Assuming appropriation of the necessary amounts, CBO estimates that providing such assistance to the tenants of those properties would cost \$178 million over the 2009-2013 period.

## **Delegated Processing Fees**

Section 3 also would require HUD to delegate the processing of certain capital grants to interested state or local housing agencies. The provision would direct HUD to develop a schedule of reasonable fees to be paid to the delegated processing agencies and would allow the fees to be included as part of the total capital grant amount. Based on information provided by HUD, industry groups, and state agencies, CBO estimates that paying those fees would cost \$2 million over the 2009-2013 period, assuming availability of the necessary amounts.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 5772 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit state, local, and tribal governments that participate in affordable housing projects and programs. Any costs those governments incur to comply with program requirements would be incurred voluntarily.

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