



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 9, 2010

**S. 1481
Frank Melville Supportive Housing Investment Act of 2010**

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs
on September 30, 2010*

SUMMARY

S. 1481 would amend the Cranston-Gonzalez National Affordable Housing Act to make changes to the Section 811 housing program that provides supportive housing for low-income persons with disabilities. CBO estimates that implementing S. 1481 would cost \$1.4 billion over the 2011-2015 period, assuming appropriation of the necessary amounts.

Pay-as-you-go procedures do not apply because enacting the legislation would not affect direct spending or revenues.

S. 1481 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1481 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					2011- 2015
	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Housing for Persons with Disabilities						
Estimated Authorizations Level	215	217	219	222	225	1,098
Estimated Outlays	16	72	113	166	199	566
Tenant-based Rental Assistance						
Estimated Authorizations Level	114	115	116	117	119	581
Estimated Outlays	98	115	116	117	119	565
Project-based Rental Assistance Demonstration Program						
Estimated Authorizations Level	10	32	53	75	98	268
Estimated Outlays	6	23	45	66	89	229
Technical Assistance						
Estimated Authorizations Level	10	10	10	10	10	50
Estimated Outlays	2	9	10	10	10	41
Delegated Processing Fees						
Estimated Authorizations Level	0	*	1	1	1	3
Estimated Outlays	0	*	1	1	1	3
Total Changes						
Estimated Authorization Level	349	374	399	425	453	2,000
Estimated Outlays	122	219	285	360	418	1,404

Note: * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1481 will be enacted near the end of calendar year 2010, that the necessary amounts will be appropriated each year, and that outlays will follow historical spending patterns for existing programs.

The Section 811 Supportive Housing for Persons with Disabilities program was established by the Cranston-Gonzalez National Affordable Housing Act of 1990. The program makes capital grants and project-based rental assistance available to nonprofit entities to develop affordable housing for low-income households headed by people with disabilities. In addition, the program provides about 15,000 tenant-based rental assistance vouchers to such households.

Housing for Persons with Disabilities

Section 6 of the bill would authorize the appropriation of such sums as necessary for each of fiscal years 2011 through 2015 for the Section 811 program. In 2010, \$213 million was made available for that program. Assuming appropriation of similar amounts, and adjusting for inflation, CBO estimates that implementing this provision would cost \$566 million over the 2011-2015 period. (Additionally, about \$500 million would be spent in years after 2015.)

Tenant-based Rental Assistance

Section 2 would authorize the appropriation of the amounts necessary to fund approximately 15,000 tenant-based vouchers for rental assistance for persons with disabilities through the Housing Choice Voucher program. Based on the Department of Housing and Urban Development's (HUD's) data, CBO estimates that the average cost for such vouchers in 2011 would be about \$7,800. Assuming appropriation of the necessary amounts, and adjusting for inflation, CBO estimates that implementing this provision would cost \$565 million over the 2011-2015 period.

Project-based Rental Assistance Demonstration Program

Section 6 would authorize the appropriation of such sums as necessary to subsidize 2,500 rental units in 2011, and 5,000 additional rental units in each of fiscal years 2012 through 2015. Based on HUD data, CBO estimates that in 2011 the average cost for such units would be about \$4,200. Assuming appropriation of the necessary amounts, and adjusting for inflation, CBO estimates that operating the demonstration program would cost \$229 million over the 2011-2015 period.

Technical Assistance

Section 2 also would authorize HUD to provide technical assistance to public housing agencies to facilitate using rental assistance vouchers to provide housing for persons with disabilities. Based on amounts provided for similar technical assistance programs, and assuming appropriation of the necessary amounts, CBO estimates that implementing this provision would cost \$41 million over the 2011-2015 period.

Delegated Processing Fees

Section 3 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 \$3 million over the 2011-2015 period, assuming availability of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1481 contains no intergovernmental or private-sector mandates as defined in UMRA. Activities authorized in the bill would benefit state, local, and tribal governments that participate in housing assistance programs.

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