



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

Obama Administration's Proposal Would Devastate HUD Section 811 Program

In a major disappointment, the President's budget seeks a deep reduction for the HUD Section 811 Supportive Housing for Persons with Disabilities program. Section 811 is the only federal program that produces non-profit owned affordable and accessible housing units for non-elderly people with severe disabilities. Specifically, the FY 2011 budget proposes only \$90 million for the HUD Section 811 program – a \$210 million reduction from the FY 2010 appropriation of \$300 million.

Specifically, the President is requesting the following with respect to Section 811:

- A transfer of \$113 million out of Section 811 to the Housing Choice Voucher appropriation for the cost of renewing roughly 14,000 Section 811 “mainstream” tenant-based rental vouchers with few assurances of accountability on the part of Public Housing Agencies administering these vouchers for continued targeting to people with disabilities upon turnover;
- \$90 million in funding for Section 811 for FY 2011 – nearly all of which would be directed toward renewals and contract amendments for 811 operating subsidies (Project Rental Assistance Contracts -- PRACs) for existing Section 811 units; and
- No funding for the development of new Section 811 permanent supportive housing units for non-elderly adults with the most severe disabilities.

What Justifies the Administration's Proposal to Devastate Funding for the HUD Section 811 Program?

Administration officials are currently offering the following arguments in defense of the FY 2011 budget to make deep cuts to Section 811:

- 1) ***The Section 811 capital advance/project-based development program is in need of reform. This budget calls for a time-out on the development of new units to “redesign”the program***

The Administration's budget proposal completely ignores bipartisan legislation to reform HUD Section 811 that has passed the House twice since 2008 – most recently on July 22, 2009 by a vote of 376-51 – with every member of the House T-HUD Subcommittee (except Mr. Carter) voting aye. The bill, also known as the Frank Melville Supportive Housing Investment Act, HR 1675/S 1481, addresses every concern that the Administration has raised regarding the Section 811 capital advance/project-based program, e.g. 811 projects take too long to develop, 811 costs per unit are too high, 811 fails to leverage other sources for capital, etc. Specifically, HR 1675/S 1481 reforms Section 811 by:

- Streamlining the development process by creating new options for non-profit sponsors to leverage other capital development resources such as LIHTC, HOME, state trust funds, Federal Home Loan Bank funds, etc. and allowing state housing finance agencies (at their option) to take over underwriting of 811 projects; and
- Authorizing a new PRAC-only demonstration program that would allow 811 funding to be used exclusively for shallow project-based subsidies to support small set asides of 811 units integrated within other affordable rental housing developments – and tripling the number of new units with the same appropriation.

In short, Congress has already endorsed major reforms for the Section 811 program – through the normal authorization process. It is time for HUD to get on board with these long overdue reforms rather than cutting funding and “suspending” 811 production.

2) The proposed cut is not nearly as bad as it looks since \$113 million is being transferred to the Section 8 Housing Choice Voucher appropriation for renewal of all current 811 “mainstream” tenant-based vouchers

It is important to note that the Administration's proposal to shift the renewal cost for 811 “mainstream” vouchers to Section 8 for FY 2011 differs from the policy in HR 1675/ S 1481 which also authorizes a transfer of 811 tenant-based renewals to Section 8.

- HR 1675 simultaneously authorizes a Section 811 PRAC-only demonstration designed to maximize the opportunity to retain resources being drained from Section 811 and promote integrated scattered site supportive housing,
- Allowing the shift of renewal costs to Section 8 as part of the authorizing legislation allows Congress the opportunity to put in place statutory protections to ensure that HUD and Public Housing Agencies meet specific obligations to track targeting and leasing of these tenant-based vouchers, particularly with respect to turnover and linkages to related federal permanent supportive housing policies (Community Living, Olmstead, HHS “Money Follows the Person” program and community plans to end homeless, etc.).

3) The Administration is requesting increases in other HUD programs that will provide housing assistance to people with disabilities

It is true that the President is requesting \$85 million for “special purpose” vouchers for homeless individuals and families and that 4,000 of these vouchers would be targeted to people with disabilities experiencing chronic homelessness. However, this proposal is no substitute for the unique and compelling need that 811 meets:

1. These “special purpose” vouchers do nothing to target resources for people with severe disabilities who desperately need permanent supportive housing but fail to meet HUD’s definition of chronic homelessness – that is, people with disabilities currently in nursing homes and other institutional settings waiting for community-based options or living at home with aging parents;
2. These “special purpose” vouchers would not build a single new unit of accessible permanent supportive housing;
3. There are some people with the most severe disabilities who – because of unwilling landlords and/or the lack of fully accessible rental housing – cannot successfully rely on tenant-based rental assistance programs like the Housing Choice Voucher program. They need a dedicated supply of permanent supportive housing units that can be linked with supports and services order to live in the community and avoid costly institutionalization.

Over the past decade, disability policy has shifted away from investment in large congregate housing that segregates people with specific disabilities into single purpose buildings owned by service providers. HR 1675/S 1481 are designed to spur investment in more integrated, scattered site supportive housing options. This does not however mean that federal policy should shift away from investing in the development of new supportive housing and rely solely on tenant-based assistance – especially in communities with vast shortages of accessible rental units and/or landlords unwilling to accept Housing Choice Vouchers. Wiping out funding for Section 811 would only serve to set the Section 811 reform process back and leave people with severe disabilities – the most vulnerable in our nation – with no permanent supportive housing options.

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